



The Scottish Parliament
Pàrlamaid na h-Alba

Public Audit Committee

Shona Robison MSP
Cabinet Secretary for Finance and Local Government
Scottish Government

15 November 2024

Dear Cabinet Secretary

The National Fraud Initiative in Scotland 2024

At its meeting on [26 September 2024](#), the Public Audit Committee took evidence from Audit Scotland on its [National Fraud Initiative in Scotland 2024 report](#) (the NFI report).

The Committee has a long-standing interest in the effectiveness of the National Fraud Initiative, (NFI) which seeks to proactively detect and prevent fraud in the public sector. Indeed, the session 5 Public Audit and Post-Legislative Scrutiny (PAPLS) Committee published a [report on its post legislative scrutiny of the NFI](#) which included the following recommendation—

“We believe all public bodies and private organisations in receipt of public money should participate in the NFI, where this would deliver clear benefits to the public purse.”

The NFI report confirms that there are “potential benefits from expanding the NFI to include more public sector bodies in Scotland”. The report further states that housing associations and universities were invited to participate in the 2024/25 NFI on a voluntary pilot basis. However, no universities have volunteered, and it is also unclear how many housing associations will participate.

During the recent evidence session, the Committee explored with Audit Scotland the extent to which the current legislative powers for the NFI are fit for purpose. What was apparent from the evidence heard was the significant work Audit Scotland undertakes to encourage organisations to participate in the NFI on a voluntary basis. However, this clearly does not guarantee participation by all bodies in receipt of public funds.

Following the meeting, we [wrote to the Auditor General for Scotland](#) (AGS) to ask whether he considered there was scope to strengthen the legislation in relation to the NFI to improve participation by a wider range of public bodies in Scotland.

Contact: Public Audit Committee, The Scottish Parliament, Edinburgh, EH99 1SP.
Email: publicaudit.committee@parliament.scot. We welcome calls through Relay UK and in BSL through Contact Scotland BSL.

In his [response](#), the AGS confirmed that only bodies Audit Scotland audits under Part 2 of the Public Finance and Accountability (Scotland) Act 2000 are mandated to participate in the NFI. The AGS goes on to state—

“Expanding participation to wider public sector bodies for whom we do not appoint the auditors presents us with a challenge in terms of supporting those bodies and holding them to account on their participation.”

On the question of strengthening the legislation, the AGS confirmed that while it would be for the Scottish Government to consider any changes, “there is merit in this exploration taking place so that the Scottish Government can be satisfied that the NFI delivers upon its ambitions.”

The Committee echoes our predecessor committee’s recommendation that public bodies in receipt of public money should participate in the NFI, where there would be clear value for money benefit. We therefore ask the Scottish Government to undertake a review of the benefit, disadvantages and cost effectiveness of changing the legislation to mandate NFI participation by additional public bodies.

The Committee would be grateful for a response by **13 December 2024**.

Yours sincerely,

A handwritten signature in black ink that reads "Richard Leonard". The signature is written in a cursive, slightly slanted style.

**Richard Leonard MSP
Convener**