

## Completed "Checklist for those responsible for governance" and action plan

Ref	Question asked in Appendix 1 of PPP 2011 report	IA assessment of current position	Details of current arrangements upon which IA based assessment	Action needed	Responsibility & Target Date
<b>General</b>					
2.1	Do we have a zero-tolerance policy towards fraud?	Substantial assurance	The authority has adopted a zero-tolerance stance on fraud and corruption and promotes this in relevant communications to staff.	No further action needed.	Internal Audit Ongoing
2.2	Do we have the right approach, and effective counter-fraud strategies, policies and plans? Have we aligned our strategy with 'Fighting Fraud Locally'?	Good assurance	A coordinated approach to countering fraud and corruption at Leeds City Council has been developed based on the guidance detailed in CIPFA's <i>'Managing the risk of fraud'</i> (Red Book 2) that includes linked policies and strategies.  We are also developing an action plan based on the draft corporate strategy detailing how we intend to work proactively in line with the modern approach to continually improve the level of assurance that can be provided on the prevention, detection and investigation of fraud and corruption.  We are awaiting the publication of the National Fraud Authority's <i>'Fighting Fraud Locally'</i> prior to submitting our revised strategy and policies for approval to ensure they are aligned with the guidance within it.	The revised strategy and policies are to be reviewed against the best practice detailed within the NFA's <i>'Fighting Fraud Locally'</i> prior to publication.  The revised strategy and policies should be approved by senior officers and councillors and publicised across the authority.	Internal Audit Counter Fraud and Corruption Team April 2012
2.3	Do we have dedicated counter fraud staff?	Substantial assurance	We have a dedicated Counter Fraud and Corruption Team within Internal Audit on which key staff are permanently included and additional resources deployed to it when necessary.  There is a separate Benefits Fraud Investigations Team that works in partnership with the Department of Work and Pensions under the One City One Team arrangements.	No further action needed.	Internal Audit Benefits Fraud Investigations Team Ongoing
2.4	Do the resources cover all activities of our organisation?	Substantial assurance	Internal Audit and the Benefits Fraud Investigation Team work closely to ensure the corporate risk of not embedding an anti-fraud culture within Leeds City Council is appropriately managed.  Counter fraud initiatives are also undertaken on specific fraud risks by teams within directorates which the Internal Audit Counter Fraud and Corruption Team always seeks to provide adequate support to.	No further action needed.	Internal Audit Benefits Fraud Investigations Team Directorates Ongoing

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2.5	Do we receive regular reports on how well we are tackling fraud risks, carrying out plans and delivering outcomes?	Substantial assurance	<p>Information on the ongoing caseload and outcomes of proactive and reactive work of the Counter Fraud and Corruption Team are included in the bi monthly and annual Internal Audit reports to the Corporate Governance and Audit Committee (CGAC).</p> <p>Quarterly reporting on action taken to mitigate the corporate risk of Fraud and Corruption (LCC29) has taken place and this risk has now been downgraded to a directorate risk due to the work done on this area.</p> <p>Progress on investigations referred by whistleblowers and throughput statistics for such referrals have been provided to the Chief Executive and are to be provided to the Director of Resources on a quarterly basis.</p> <p>Ad hoc reports, such as that on our response to the introduction of the Bribery Act 2010 and 'Protecting the Public Purse 2010' are also produced and reported to the CGAC when appropriate.</p>	No further action needed.	Internal Audit Counter Fraud and Corruption Team Ongoing
2.6	Have we assessed our management of counter-fraud work against good practice?	Substantial assurance	<p>We reviewed our arrangements against CIPFA's <i>'Managing the risk of fraud'</i> (Red Book 2) and Protecting the Public Purse 2010. Any action needed identified from these reviews have subsequently been considered when developing our strategy and plans.</p> <p>We continually assess our arrangements against all key guidance issued and intend to carry out a detailed analysis of how we manage our counter-fraud work against <i>'Fighting Fraud Locally'</i> when it is published.</p>	No further action needed.	Internal Audit Counter Fraud and Corruption Team Ongoing
2.7	Do we raise awareness of fraud risks: <ul style="list-style-type: none"> <li>• With new staff (including agency staff);</li> <li>• With existing staff;</li> <li>• With elected</li> </ul>	Good assurance	<p>The Whistleblowing Policy is included in the first month checklist for all new staff. The Fraud and Corruption Policy and Whistleblowing Policies are both on the intranet and are publicised in relevant presentations and other staff communications,</p> <p>Presentations and workshops have been provided to key staff groups on Fraud Awareness and the Bribery Act and it has been suggested that such training is provided to members in addition to that they receive on the Code of Conduct.</p> <p>More regular reporting on fraud risks is now made to members on the Corporate Governance and Audit Committee (as detailed above in 2.6)</p>	The Fraud and Corruption Policy/ Strategy, Whistleblowing and Raising Concerns Policies should be publicised in accordance with a risk based Communications Strategy upon approval by senior officers and members.	Internal Audit Counter Fraud and Corruption Team April 2012

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	members; and <ul style="list-style-type: none"> <li>With our contractors?</li> </ul>		The organisations zero tolerance stance on bribery is currently being communicated to all contractors by the Corporate Procurement Unit. Consideration is also being given by the CPU to requiring all potential contractors being asked to submit a method statement on their approach to countering bribery at the tender stage to ensure we have ‘adequate procedures’ in place in line with the Bribery Act 2010.		
2.8	Do we work well with national, regional and local networks and partnerships to ensure we know about current fraud risks and issues?	Substantial assurance	We are members of the West and South Yorkshire Fraud Investigators Group, the national PriceWaterhouse Coopers Fraud Academy and Core Cities groups.  We also receive bulletins from the National Fraud Authority (NFA), Walker Morris Solicitors and TIS On-line (CIPFA) to ensure we are aware of current fraud risks and issues.	No further action needed.	Internal Audit Counter Fraud and Corruption Team Ongoing
2.9	Do we work well with other organisations to ensure we effectively sharing of knowledge and data about fraud and fraudsters?	Good assurance	We are a member the West and South Yorkshire Fraud Investigator Group (SWYFIG) who share knowledge and data about fraud and fraudsters as much as possible after accounting for Data Protection legislation.  We are developing our partnership links with the Department of Work and Pensions and the Police and currently share information on specific investigations with them via Data Protection Act requests and joint working arrangements.	Partnership working protocols should be developed and agreed with relevant external bodies that include details of data sharing arrangements for both investigative and proactive work.	Internal Audit Counter Fraud and Corruption Team December 2012
2.10	Do we identify where our internal controls may not be performing as well as intended? How quickly do we then take action?	Substantial assurance	Both general Internal Audit work and specific proactive counter fraud and corruption exercises, supported by appropriate whistleblowing arrangements and sound management across the authority to embed an anti-fraud culture should identify any significant systems weaknesses.  Where weaknesses are identified recommendations are made to prevent future opportunities for fraud and/ or enable us to detect attempts at fraud more easily in conjunction with the responsible directorate staff. If significant recommendations are not accepted by management issues are reported to the Corporate Leadership Team (CLT) and Corporate Governance and Audit Committee (CGAC).	No further action needed.	Directorates Internal Audit Counter Fraud and Corruption Team Ongoing

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2.11	Do we maximise the benefit of our participation in the Audit Commission National Fraud Initiative and receive reports on the matches investigated?	Acceptable assurance	This is currently reported to the Corporate Governance and Audit Committee by exception as part of the standard Internal Audit reporting arrangements.	To specifically report to the Corporate Governance and Audit Committee on NFI outcomes when work is completed.	Internal Audit Counter Fraud and Corruption Team Ongoing
2.12	Do we have arrangements in place that encourage our staff to raise their concerns about money laundering?	Substantial assurance	The Head of Internal Audit is the designated Money Laundering Reporting Officer (MLRO). A Money Laundering Policy and Guidance Notes are available for the majority of staff to access on the intranet.	Updates to the Anti-Money Laundering Policy and reporting arrangements should be publicised in accordance with a risk based Communications Strategy.	Internal Audit Ongoing
2.13	Do we have effective whistleblowing arrangements?	Substantial assurance	A whistleblowing hotline and a 'Concerns' e-mail address are in place that are checked on a daily basis. All whistle-blowing calls are logged and risk assessed to determine further action and the most appropriate investigator (Internal Audit or the directorate).  The Whistleblowing and Raising Concerns Policies are to be reviewed against 'Fighting Fraud Locally'.	Updates to the Whistleblowing and Raising Concerns Policies should be publicised in accordance with a risk based Communications Strategy.  To undertake a review of the Whistleblowing and Raising Concerns Policies against 'Fighting Fraud Locally' upon its publication.	Internal Audit Counter Fraud and Corruption Team Ongoing
2.14	Do we have effective fidelity insurance arrangements?	Substantial assurance	The Insurance Manager has advised Internal Audit that LCC has in force "Crime" insurance which provides a wider form of cover than the traditional "Fidelity Guarantee" policy wording.  The policy covers losses up to £10m and LCC self insures the first £1m. This	No further action needed.	Insurance section Annual review

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			follows the principle by which large organisations achieve savings in insurance premium expenditure by insuring 'catastrophe' losses only and providing for attritional losses within revenue budgets.		
<b>Fighting fraud with reduced resources</b>					
2.15	Have we re-assessed our fraud risks since the change in the financial climate?	Substantial assurance	We continually assess our fraud risks and report on them on a quarterly basis as part of the risk management process. A specific fraud risk register is in place developed from our data on referrals, issues and trends identified from government, professional bodies and the press that is considered on a regular basis to ensure we are responsive to the latest trends and risks.	Continue to update the fraud risk register on a regular basis.	Internal Audit Counter Fraud and Corruption Team Ongoing
2.16	Have we amended our counter-fraud action plan as a result?	Substantial assurance	Our fraud and corruption team workplan is reviewed and amended on a weekly basis to ensure we are responsive to emerging risks,  A formal proactive work plan detailing how we are to achieve our strategic aims is to be updated on a regular basis to ensure action is taken on all areas of counter fraud and corruption work.	Continue to update the proactive workplan on a regular basis to demonstrate achievement of longer term strategic aims.	Internal Audit Counter Fraud and Corruption Team Ongoing
2.17	Have we reallocated staff as a result?	Substantial assurance	The Counter Fraud and Corruption Team has commenced proactive work on data matching in conjunction with a leading credit reference agency and additional staff have been added as a result.  The adequacy of the allocation of staff to counter fraud and corruption is considered within the wider Internal Audit workplan which is flexed in order to meet requirements as far as overall resources allow.	No further action needed.	Chief Officer Audit and Risk As needed
<b>Current risks and issues</b>					
<b>Housing Tenancy</b>					
2.18	Do we take proper action to ensure that social housing is allocated only to those who are	Good assurance	The Housing Partnership team in Environment and Neighbourhoods introduced an ALMO/ BITMO Assurance Framework in 2010/11 to provide assurance that all risks transferred through the delegation of functions to the ALMO / BITMO are being appropriately managed and monitored.  As part of Internal Audit work on this framework undertaken on a cyclical basis,	No further action needed.	Housing Partnership team in Environment and Neighbourhoods (formerly Strategic Landlord)/ ALMO's/

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	eligible?		<p>it has been confirmed that there are policies and procedures are in place to ensure only eligible people are allocated properties.</p> <p>The application processing system requires Housing Officers to assess eligibility when a new application is processed, and again prior to the tenant being signed up for the property. This includes specifying the documentation required to confirm this.</p>		Internal Audit Ongoing
2.19	Do we ensure that social housing is occupied by those to whom it is allocated?	Substantial assurance	The Housing Partnerships team uses NFI matches to identify potential fraud cases and is to use their remaining CLG funding on data matching reports generated by Internal Audit and our credit reference agency partner to identify further fraudulent housing tenancies.	No further action needed.	Housing Partnerships team (as above)/ ALMO's/ Internal Audit Ongoing
<b>Procurement</b>					
2.20	In the context of fraud are we satisfied our procurement controls are working as intended?	Acceptable assurance	<p>Procurement fraud is included as a key risk in the Fraud Risk Register. Internal Audit undertakes detailed compliance work on the register of interests and procurement processes and reviews of major LCC and ALMO contracts to provide assurances on the processes in place.</p> <p>These reviews have found that our procurement controls are in need of improvement and to address this a Procurement Transformation Board (PTB) has been established to monitor progress against recommendations made.</p> <p>The Corporate Procurement Unit has recently updated the authority's standard contract terms and conditions to account for the introduction of the Bribery Act 2010 by including fraud as a 'prohibited act' that can result in the termination of a contract.</p> <p>Abuse of the expenditure and creditor information that local authorities are now required to publish under the CLG transparency code has also been identified in PPP 2012 as an emerging risk area. Testing on our controls on changes to creditor bank details is included in the scope of the annual fundamental audit on the Creditors system to obtain assurance we are not subject to this type of fraud.</p>	Joint proactive fraud work should be undertaken by the Corporate Procurement Unit and Internal Audit to ensure we adopt a holistic approach to tackling procurement fraud.	Internal Audit Corporate Procurement Unit Creditor Payments Team (BSC) Ongoing

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2.21	Have we reviewed our contract letting procedures since the investigations by the OFT into cartels and compared them with best practice?	Acceptable assurance	The latest version of the contract procedure rules were issued in July 2011. This review considered the OFT findings and referred to the latest best practice.	No further action needed.	Corporate Procurement Unit
<b>Recruitment</b>					
2.22	<p>Are we satisfied our recruitment procedures achieve the following?</p> <ul style="list-style-type: none"> <li>• Do they prevent us employing people working under false identities?</li> <li>• Do they confirm employment references effectively?</li> <li>• Do they ensure applicants are eligible to work in the UK?</li> <li>• Do they require agencies supplying us with staff undertake the checks that we require?</li> </ul>	Acceptable assurance	<p>Internal Audit has been advised that staff on the BSC Recruitment Administration team check identification and ask that recruiting managers verify the documentation to certify that it is a true likeness; and check work permits and if there is any uncertainty regarding an individuals right to work in the UK contact the Home Office for additional verification.</p> <p>However, unless it a safer recruitment post employment references are accepted on face value. If they are safeguarding posts the referees are contacted to verify their details by the recruiting managers.</p> <p>The bi- annual NFI includes various matches to identify any staff who are working under false identities or who are not eligible to work in the UK should initial recruitment checks not flag up any issues.</p> <p>The Comensura contract which covers the engagement of the majority of agency staff used by LCC states that all recruitment agencies are required to hold standard documentation for all temporary workers supplied by them.</p>	<p>To undertake an audit of the recruitment procedures in place to protect us from fraud.</p> <p>To obtain assurance that audit checks are being undertaken on agency staff working for us in line with our contractual agreements for their supply.</p>	Internal Audit April 2012

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<b>Personal budgets</b>					
2.23	Where we are expanding the use of personal budgets for adult social care, in particular direct payments, have we introduced proper safeguarding arrangements proportionate to risk and in line with recommended good practice?	Acceptable assurance	<p>Internal Audit undertook a brief systems review of the Self Directed Support (direct payments) team and made recommendations to improve controls.</p> <p>The Senior Finance Officer on the Direct Payments (Audit) team has advised Internal Audit that the Direct Payments are audited at the three month stage and thereafter after 12 months unless a customer is thought to need additional support in order to safeguard their interests, in which case their expenditure is audited every three months.</p> <p>Where concerns are held regarding how the monies have been spent the relevant ASC team is informed and they decide whether to replace the direct payment with an alternative service. Customers are informed of this audit process at the initial agreement stage and the agreement is currently being rewritten to be more specific about what the monies can be used for.</p>	To establish joint working arrangements between Internal Audit and the Direct Payments team for both proactive and reactive counter fraud work in this area.	<p>Adult Social Care Finance Team</p> <p>Internal Audit</p> <p>June 2012</p>
2.24	Have we updated our whistleblowing arrangements, for both staff and citizens, so that they may raise concerns about the financial abuse of personal budgets?	Good assurance	The published LCC Whistleblowing and Raising Concerns policies already state they should be used to raise any concerns held regarding unlawful activity or improper conduct. However these need to be updated to make specific reference to the safeguarding of children and young people (in line with the guidance given on the <a href="#">Ofsted Safeguarding Children hotline</a> web pages) and regarding concerns held about direct payments abuses.	To amend the draft Whistleblowing and Raising Concerns Policies to specifically included reference to direct payments fraud concerns and promote whistleblowing arrangements further to staff and members of the public.	<p>Adult Social Care</p> <p>Internal Audit</p> <p>April 2012</p>
<b>Council Tax</b>					
2.25	Are we effectively controlling the discounts and allowances we give to council taxpayers?	Substantial assurance	<p>Action is already being taken to address the risk of single person discount (SPD) fraud through the data matching work of Internal Audit with a leading credit reference agency which commenced in September 2011. It is also intended to use data matching to identify potentially fraudulent empty property discounts.</p> <p>Current procedure is to cancel invalid claims identified, and attempt to reclaim any lost revenue rather than record and prosecute them as fraud.</p>	The adequacy of the checking process for each kind of Council Tax discount should be reviewed as part of the 2011/12 fundamental audit in this area.	<p>Internal Audit</p> <p>Counter Fraud and Corruption Team</p> <p>Head of Revenues and Benefits/ Council Tax</p>



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			The Council Tax section has various controls in place to check the eligibility of householders claiming other Council Tax discounts, such as those for students and the disabled. A sample of accounts with such discounts are then checked for adequacy on a cyclical basis by Internal Audit.	Consideration should be given to undertaking proactive fraud work on student exemption fraud on a similar basis to that used by other core cities.	Manager April 2012
<b>Housing and council tax benefits</b>					
2.25	<p>In tackling housing and council tax benefit fraud do we make full use of the following?</p> <ul style="list-style-type: none"> <li>• National Fraud Initiative (NFI);</li> <li>• Department for Work and Pensions Housing Benefit matching service?</li> <li>• Internal data matching?</li> <li>• Private sector data matching?</li> </ul>	<p>Substantial assurance</p> <p>Substantial assurance</p> <p>Substantial assurance</p> <p>Good assurance</p>	<p>The Housing Benefit Fraud Investigations Team (One City One Team) data matches using both the NFI (which includes internal data matching) and DWP HBMS to identify potential cases for investigation. They also undertake internal data matching work to the benefits claims on Academy on an ad hoc basis.</p> <p>The team is also currently in the early stages of data matching with selected private sector data employers payroll systems to proactively identify potentially fraudulent claims for investigation,</p>	No further action needed.	Benefits Fraud Investigation Team Ongoing