

LEEDS CITY COUNCIL

Internal Audit Report 1st October 2012 to 31st January 2013

2012/13

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Section 1

INTRODUCTION

1.1 The Reporting Process

1.1.1 This quarterly report provides stakeholders, including the Corporate Governance & Audit Committee, with a summary of internal audit activity for the period 1st October 2012 to 31st January 2013.

1.2 Background

1.2.1 The changing public sector environment continues to necessitate an ongoing re-evaluation of the type & level of coverage required to give stakeholders the appropriate level of assurance on the control environment of the Council. This report outlines the work completed in the 4 month period to 31st January 2013.

1.3 Progress against the 2012/13 Operational Plan – High Level

1.3.1 The following table shows the progress against the operational plan for the first 10 months of the financial year, broken down by assurance block. Coverage is still anticipated to provide the evidence to support the annual audit opinion.

Assurance Block	Total Days per Audit Plan 2012/13	Days spent at 31 st January 2013	% completion at 31 st January 2013
Financial and Other Key Systems	800	632	79%
Compliance Reviews	800	747	93%
Procurement, Monitoring and Improvement	595	360	61%
Risk Based Audits	650	422	65%
Spending Money Wisely	525	380	72%
Counter Fraud and Corruption	869	603	70%
Update, Communication and Monitoring	55	24	44%
Head of Audit Assurances	50	58	116%
Contingency	480	119	25%
Professional Liaison	43	5	12%
Total Audit Days	4867	3350	69%

In addition, the audit plan also included days for the following:

Audit Area	Days per Audit Plan 2012/13	Days spent at 31 st January 2013	% completion at 31 st January 2013
Business Analysis	1626	1187	73%
Data Analytics Project	400	226	57%
External Contracts	840	439	52%
Total Days	2866	1852	65%

1.4 *How Internal Control is reviewed*

- 1.4.1 There are three elements to each internal audit review. Firstly, the control environment is reviewed by identifying the objectives of the system and then assessing the controls in place mitigating the risk of those objectives not being achieved. Completion of this work enables internal audit to give an assurance on the control environment.
- 1.4.2 However, controls are not always complied with which in itself will increase risk, so the second part of an audit is to ascertain the extent to which the controls are being complied with in practice. This element of the review enables internal audit to give an opinion on the extent to which the control environment, designed to mitigate risk, is being complied with.
- 1.4.3 Finally, where there are significant control environment weaknesses or where the controls are not being complied with and only limited assurance can be given, internal audit undertakes further substantive testing to ascertain the impact of these control weaknesses.
- 1.4.4 To ensure consistency in audit reporting, the following definitions of audit assurance are used for all systems and governance audits completed:

Control Environment Assurance		
Level		Definitions
1	SUBSTANTIAL ASSURANCE	There are minimal control weaknesses that present very low risk to the control environment.
2	GOOD ASSURANCE	There are minor control weaknesses that present low risk to the control environment.
3	ACCEPTABLE ASSURANCE	There are some control weaknesses that present a medium risk to the control environment.
4	LIMITED ASSURANCE	There are significant control weaknesses that present a high risk to the control environment
5	NO ASSURANCE	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment.

Compliance Assurance		
Level		Definitions
1	SUBSTANTIAL ASSURANCE	The control environment has substantially operated as intended although some minor errors have been detected.
2	GOOD ASSURANCE	The control environment has largely operated as intended although some errors have been detected.
3	ACCEPTABLE ASSURANCE	The control environment has mainly operated as intended although errors have been detected.
4	LIMITED ASSURANCE	The control environment has not operated as intended. Significant errors have been detected.
5	NO ASSURANCE	The control environment has fundamentally broken down and is open to significant error or abuse.

Organisational impact will be reported as either major, moderate or minor. All reports with major organisational impacts will be reported to CLT along with the appropriate directorate's agreed action plan.

Organisational Impact		
Level	Definitions	
1	MAJOR	The weaknesses identified during the review have left the council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole.
2	MODERATE	The weaknesses identified during the review have left the council open to medium risk. If the risk materialises it would have a moderate impact upon the organisation as a whole.
3	MINOR	The weaknesses identified during the review have left the council open to low risk. This could have a minor impact on the organisation as a whole.

1.4.5 Specifically for the compliance reviews undertaken, the following definitions have been used to assess the level of compliance in each individual area reviewed:

Opinion for Compliance Audits – Levels of Compliance		
Level	Definitions	
1	HIGH	There was significant compliance with agreed policy and/or procedure with only minor errors identified.
2	MEDIUM	There was general compliance with the agreed policy and/or procedure. Although errors have been identified these are not considered to be material.
3	LOW	There was limited compliance with agreed policy and/or procedure. The errors identified are placing system objectives at risk.

1.5 *Progress against the 2012/13 Operational Plan – Individual Reviews*

1.5.1 The individual reports, and the opinions given within those reports, are detailed in the following table. Not all audit reviews will have an opinion in each of the boxes as this is dependant on the type of review undertaken. The following table includes reports issued between 1st October 2012 and 31st January 2013.

Report Title	Audit Opinion			Directorate	Date Issued
	Control Environment	Compliance	Organisational Impact		
Financial and Other Key Systems					
Housing Benefit Counter Fraud	Good Assurance	Good Assurance	Minor Impact	Resources	29/10/2012
Central Financial Controls of Local Authority Maintained Schools	Good Assurance	N/A	Minor Impact	Resources	21/11/2012

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Compliance Area	Report Title	Level of compliance	Directorate	Date Issued
Policies and Procedures	Policies and Procedures: External Consultants – Compliance with CPRs	Medium	City Development	14/11/2012
Policies and Procedures	Policies and Procedures: External Consultants – Compliance with CPRs	Medium	Adult Social Care	14/11/2012
Policies and Procedures	Policies and Procedures: External Consultants – Compliance with CPRs	Medium	Children's Services	03/12/2012
Policies and Procedures	Travel and Subsistence– (Memo on overarching issues)	N/A	Resources	17/01/2013

Report Title	Audit Opinion			Directorate	Date Issued
	Control Environment	Compliance	Organisational Impact		
Compliance Reviews					
Swarcliffe Primary School – follow up review	Acceptable Assurance	Acceptable Assurance	Minor Impact	Children's Services	12/10/2012
Risk Based Reviews					
Car Loans	Substantial Assurance	Good Assurance	Minor Impact	Resources	12/10/2012
Insurance	Good Assurance	Good Assurance	Minor Impact	Resources	24/10/2012
Children's Centre Fee Income – Central Controls	Acceptable Assurance	N/A	Minor Impact	Children's Services	30/10/2012
Mortgages	Good Assurance	N/A	Minor Impact	Environment & Neighbourhoods /Resources	06/11/2012
Strategy and Commissioning	Good Assurance	Good Assurance	Minor Impact	Environment and Neighbourhoods	15/11/2012
Schools Trading Follow Up Review	Acceptable Assurance	N/A	Minor Impact	Children's Services	14/12/2012
Spending Money Wisely Reviews					
ICT Software Licences	Spending Money Wisely Review – standard assurance opinion not provided. Recommendations made to improve controls to ensure there is a system in place that can appropriately manage and monitor software licences throughout the Council.			Resources	21/12/2012
Strategic Landlord Assurance Framework					
Information Governance - East North East Homes	Good Assurance	Good Assurance	Minor Impact	Environment and Neighbourhoods	11/12/2012
Information Governance – West North West Homes	Good Assurance	Good Assurance	Minor Impact	Environment and Neighbourhoods	10/01/2013
Head of Audit Assurances					
Building Hope Charity	N/A			Resources	12/10/2012
Temple Moor High School Science College – Voluntary Fund	N/A			Children's Services	25/10/2012

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Report Title	Audit Opinion			Directorate	Date Issued
	Control Environment	Compliance	Organisational Impact		
Boston Spa School – Voluntary Fund		N/A		Children’s Services	29/10/2012
Holy Name Catholic Primary School – Voluntary Fund		N/A		Children’s Services	23/11/2012
Whitecote Primary School – Voluntary Fund		N/A		Children’s Services	23/11/2012
Oakwood Primary School – Voluntary Fund		N/A		Children’s Services	23/11/2012
Bus Operators Grant Claim		N/A		Resources	17/12/2012
Leeds City Region - Growing Places Grant Declaration 2012		N/A		Customer Access and Performance	21/12/2012
Troubled Families Programme Review including the Troubled Families Grant Claim 2012/13		N/A		Children’s Services	22/01/2013

Further details of key issues identified within each assurance block are included below in the *Summary of Audit Activity and Key Issues at Section 2*.

Section 2

SUMMARY OF AUDIT ACTIVITY AND KEY ISSUES

A summary of reports issued within each assurance block is included in the table in Section 1. The following section highlights any key issues and outcomes within each assurance block.

2.1 Financial and Other Key Systems

Central financial controls of local authority maintained schools

- 2.1.1 The purpose of the audit was to review the systems in operation for the central financial oversight of local authority maintained schools. The review concluded that a good framework is in place that supports financial management in schools.
- 2.1.2 There are some gaps in independent monitoring and assurance processes in respect of ensuring compliance with the Leeds Scheme for Financing Schools, Financial Procedure Rules and Contract Procedure Rules, which places greater emphasis on the school's own compliance monitoring arrangements. In previous years, Internal Audit conducted a programme of schools audits to provide independent assurance in these areas. In accordance with the 2012/13 agreed Internal Audit Plan, the role of providing specific assurances in respect of compliance with the framework has changed. The Internal Audit plan does not include provision to undertake a similar programme for auditing schools for 2012/13. The absence of a regular programme of audits may increase the risk that issues with the propriety of spending remain undetected. However, the good control environment, support framework and existing monitoring arrangements in place provide a 'system of audit for schools' that is required.
- 2.1.3 Internal Audit has written to all LEA maintained schools to offer a paid consultative service to cover the systems that are not currently subject to independent review.

Reviews of Financial and Other Key Systems

- 2.1.4 The reviews of the key financial systems are usually undertaken between November and March so are currently in progress. Results from these will be reported in the next Internal Audit report to Corporate Governance and Audit Committee.

2.2 Compliance Reviews

- 2.2.1 As part of the annual audit plan, compliance audits are being undertaken against the Council's various policies and procedures. This is to provide assurance to the

relevant Directorates and the Section 151 Officer that services are complying with existing procedures.

Travel and Subsistence

- 2.2.2 As part of the Compliance Assurance block, Internal Audit has reviewed compliance with the Travel and Subsistence Policy. An audit of the 20 highest travel and subsistence payments made in 2011-12 has been completed. This was to give assurance that the travel and subsistence agreed to supporting documentation, was accurately processed and claimed in accordance with the policy. The detailed results, by Directorate, will be reported in the next quarter.
- 2.2.3 The purpose of this audit report was to highlight the key overarching issues that were identified and offer proposals for improvement.
- 2.2.4 The Directorate reviews concluded that some of the key requirements of the Travel and Subsistence Policy as they currently stand do not easily facilitate high levels of compliance. In particular, the approving officers in the sample tested each advised that no checks were undertaken on the claims. The key explanation provided for this was a lack of resources. Internal Audit proposed several options for amendments to how the Travel and Subsistence policy can be applied to retain the required level of control and reduce bureaucracy. The following option was recommended by Internal Audit and agreed with the Director of Resources:

Retain the requirement for the travel expense claim to be authorised by a second person, but reduce this to a reasonableness check, and implement independent sample checking of claims. The regular sample checking of claims will be undertaken by Internal Audit as part of compliance reviews on a risk basis, including trends analysis. This will continue to act as a deterrent for fraudulent claims. A 'zero tolerance' approach will need to be introduced and where people are found to be fraudulently claiming, this should result in disciplinary action.

The following benefits should be derived from this approach:

- Managers that currently perform comprehensive checks will benefit from the reduced bureaucracy;
 - Sample checking undertaken by Internal Audit will act as a deterrent for fraudulent claims.
- 2.2.5 Several other recommendations were made to improve the existing policy and guidance by reducing bureaucracy and facilitating higher levels of compliance.

Procurement Cards

- 2.2.6 At the request of the Committee, an analysis of procurement card holders has been carried out. There are 676 live procurement cards split by Directorate as follows:

Area	Number of Procurement Cards
ALMOs	3
Adult Social Care	32
Customer Access and Performance	22
City Development	77
Children's Services	108
Environment and Neighbourhoods	32
Resources	102
Schools	289
Lodged cards with suppliers	11
Total Number of Cards	676

Swarcliffe Primary Follow Up

- 2.2.7 Further to previous reports, the Office Manager at the school has recently appeared in court on charges of theft of dinner monies and other funds at the school. She pleaded not guilty but was found guilty of the theft of approximately £31,000. Following this fraud, Internal Audit reviewed the internal control environment.
- 2.2.8 The audit found that revised systems and procedures have been introduced at the school for the receipting and recording of income and the banking of the After School Club (Night Owl) income and these are operating satisfactorily.

2.3 *Spending Money Wisely*

Spending Money Wisely Challenge

- 2.3.1 Internal Audit is reviewing a sample of transactions – from the monthly published payments list - on a regular basis and challenging the expenditure in order to identify whether services are spending money wisely. The samples of transactions from the July and August 2012 published payments lists have been reviewed.
- 2.3.2 The majority of responses provided showed that officers had a good understanding of how to obtain value for money and had considered this for the transactions selected for review. In addition, a number of instances of good practice were identified. The review also identified potential areas where savings could be made, for example, in the use of external venues when council facilities could have been considered. The review identified that the hire of external venues is still occurring in some areas of the council and made the recommendation that external venues must only be hired in exceptional circumstances where suitable Council facilities are not available. This should help to reduce the level of external spend in this area. These findings have been highlighted in reports to members of Corporate Leadership Team and Directorate Heads of Finance and areas such as external venue costs will

continue to be monitored as part of the Spending Money Wisely challenge process.

- 2.3.3 The aim of this exercise is not only to find savings but also to raise awareness of spending money wisely across the Council.

Spending Money Wisely Ideas Service (ideas@leeds.gov.uk)

- 2.3.4 Internal Audit continues to carry out work to find savings, improve services, and raise awareness about how to spend money wisely. For some time, Internal Audit has had an ideas service for staff to share their suggestions for savings and service improvements. It was recently agreed with the Communications team that Internal Audit would incorporate their staff suggestion scheme into the ideas service. This will give staff one consistent point of contact for ideas and advice, and will make sure that Internal Audit can get the most out of the ideas received. For example, part of Internal Audit's work involves carrying out reviews to find savings or service improvements, and the ideas received will be considered for future potential review areas.
- 2.3.5 The Communications team have passed over the suggestions received to date and staff have now been informed about the changes through the 'Essentials' email updates. Internal Audit are urgently corresponding, personally, with all colleagues who have submitted ideas so far (about 250 to date) to acknowledge receipt and thank them for their ideas. The InSite intranet page will be regularly updated to highlight the types of positive suggestions being received and the action taken.
- 2.3.6 Staff are also able post their ideas on the Spending Money Wisely InSite page on the intranet, where Internal Audit has a blog that will be used to share staff ideas and good practice.

2.4 Counter Fraud and Corruption

Referrals

- 2.4.1 22 new referrals were received by the Internal Audit Fraud and Corruption team between the 1st October 2012 and 31st January 2013. Eleven of these were received under the Council's Whistleblowing and Raising Concerns Policies and the remaining 11 were received from Directorates/Services.
- 2.4.2 8 cases have been investigated and closed in the same period. There are a total of 25 on-going investigations:
- 15 cases are currently being investigated by the Fraud team;
 - 8 have been referred to the relevant Directorate for action; and,
 - 2 have been referred to Human Resources to consider disciplinary action.

Protecting the Public Purse

- 2.4.3 Every year the Audit Commission publishes details of all reported fraud and corruption within the public sector. Protecting the Public Purse 2012 was published in November 2012 and included a self-assessment checklist for those who have responsibility in this area.
- 2.4.4 Internal Audit has reviewed Leeds City Council's arrangements against this checklist and confirmed compliance. Full details of the evaluation are included at Appendix A.

Reports Issued

- 2.4.5 A list of investigation reports issued to directorates and services from 1st October 2012 to 31st January 2013 is shown in the table below:

Report Title	Date Issued
Primary School	09-Nov-12
Fuel Card	21-Nov-12
Procurement	11-Jan-13
Reclaimed stone	22-Jan-13
Inefficient use of resources	29-Jan-13
Rotas, Overtime, Use of Vehicles	30-Jan-13

2.5 Data Analytics Project

- 2.5.1 The Single Person Discount (SPD) exercise - initially being done by Internal Audit - is now being undertaken by the Council Tax team. For the period October 2012 – January 2013, 108 SPDs have been cancelled at a net estimated value of £24,200.

2.6 Head of Audit Assurances

- 2.6.1 A number of assignments have been carried out including grant claims and school voluntary fund audits.

2.7 External Clients

Housing Partnerships

- 2.7.1 The Assurance Framework audit programme is progressing according to the timetable agreed with the clients. Regular updates are provided to Housing Partnerships and the ALMOs/BITMO through the Performance Review Group and Audit Committees. Early discussions have taken place regarding the scope of work for 2013/14. This will be further developed over the next couple of months.

Contracts

- 2.7.2 Work on the individual ALMO/BITMO contracts is continuing and is being reported to the individual Audit Committees. Discussions on next year's plan will take place once the Assurance Framework for 2013/14 has been agreed.
- 2.7.3 Work has concluded on three follow up reports (BITMO and WNW Lettings and ENE Construction Services). These have all resulted in an improvement in opinion from limited to either good or acceptable.

2.8 Business Process Re-engineering

- 2.8.1 As previously reported, the first 6 months of 2012 saw the successful implementation of a change in the way in which the Internal Audit BPR team was deployed which saw them working on a long term basis directly for major projects throughout the Council. Since then some of the team have taken up direct positions within the projects they were working on. A review of the working arrangements in place for the remainder of the team identified that projects were keen to recruit directly onto their projects rather than utilise a central BPR function. Arrangements have therefore been made with projects to transfer the posts for the remaining central BPR team members to the projects they are working on. It does however mean that there is no central BPR team with projects now required to source their own BPR resource directly. This has removed the risk of over recruiting a BPR resource, reduced the tensions between competing projects when deploying finite central resources and will ensure that projects only recruit BPR analysts to where they are needed.
- 2.7.2 However, Internal Audit will continue to promote good standards and good guidance to all project teams across the organisation. Work is underway to create a BPR 'centre of excellence' intranet page which will be a valuable source of information and best practice methodology for business analysts working directly for Directorates throughout the council. The aim of this intranet page is to provide users with a toolkit for undertaking different types of business analysis along with standardised reporting documentation. In addition, there will be guidance on training and development opportunities – including a programme of internal seminars and external qualifications, a guide to key competencies required of a business analyst.

Section 3

AUDIT PERFORMANCE 2012/2013

3.1 ENSURING QUALITY

Internal Audit is committed to delivering a quality product to the highest professional standards that adds value to our customers. We actively monitor our performance in a number of areas and encourage feedback from customers.

All our work is undertaken in accordance with our quality management system; we have now been ISO accredited for over fourteen years.

A customer satisfaction questionnaire (CSQ) is issued with every audit report. The questionnaires ask for the auditees opinion on a range of issues and asks for an assessment ranging from 5 (for excellent) to 1 (for poor). The results are based on the percentage of those assessments that are 3 (satisfactory) or above. The results of the questionnaires are reported to the Audit Leadership Team and used to determine areas for improvement and inform the continuing personal development training programme for Internal Audit staff. The results are also benchmarked with other core cities who have adopted the same questionnaire.

Also shown in the table are the percentage scores of 4 or above (good and excellent) to further identify marginal areas for improvement.

Results from Customer Satisfaction Questionnaires

Question	Actual to 31 st January 2013 % Score 3 or above	Actual to 31 st January 2013 % Score 4 or above
Notice	100%	92%
Scope	96%	83%
Understanding	96%	75%
Efficiency	92%	92%
Consultation	100%	92%
Professional/Objective	100%	92%
Accuracy of Draft	96%	80%
Opportunity to comment	96%	92%

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Question	Actual to 31st January 2013 % Score 3 or above	Actual to 31st January 2013 % Score 4 or above
Final Report - Clarity & Conciseness	96%	96%
Final Report – Prompt	92%	76%
Recommendations	96%	92%
Added Value	96%	88%

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Appendix A – Self-assessment against the requirements of ‘Protecting the Public Purse 2012’

Appendix A

Question	Comply (Yes or No?)	Comments	Action required
General			
Do we have a zero tolerance policy towards fraud?	Yes	Currently being reviewed.	To consider the benefits of publicising successful prosecutions.
Do we have the right approach, effective counter-fraud strategies, policies and plans?	Yes	Based upon the guidance contained within the CIPFA Red Book (Managing the risk of fraud). Policies are based upon good practice guidance including ‘Fighting Fraud Locally’ and ‘Protecting the Public Purse’.	No action required.
Have we aligned our strategy with ‘Fighting Fraud Locally’?	Yes	Existing strategies and policies have been reviewed against ‘fighting fraud locally’ guidance.	No action required.
Do we have dedicated counter-fraud staff?	Yes	3 qualified staff within Internal Audit. Also separate Fraud Team (in partnership with DWP) to investigate HB fraud. Their arrangements are reviewed on an annual basis by Internal Audit.	No action required.
Do counter-fraud staff review all the work of our investigation.	Yes	All referrals are risk assessed by Internal Audit Counter-Fraud Team. Directorates are required to refer all cases of suspected fraud and corruption to Internal Audit.	No action required.
Do we receive regular reports on how well we are tackling fraud risks, carrying out plans and delivering outcomes?	Yes	Fraud work is included in Internal Audit Reports to CG&AC. Quarterly updates are made to the Fraud and corruption risk.	No action required.

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Question	Comply (Yes or No?)	Comments	Action required
Have we assessed our management of counter-fraud work against good practice?	Yes	Reviewed against CIPFA Red Book 2, Protecting the Public Purse and Fighting Fraud Locally.	No action required.
Do we raise awareness of fraud risks with: <ul style="list-style-type: none"> § New staff (including agency staff); § Existing staff; § Elected Members; § Contractors. 	Yes	Examples of compliance include: <ul style="list-style-type: none"> § The induction process includes reference to the Code of Conduct. § There are modern policies & procedures in place to combat fraud. 	No action required.
Do we work well with national, regional and local networks and partnerships to ensure we know about current fraud risks and issues?	Yes	Attend a local benchmarking group – the South and West Yorkshire Fraud Investigation Group. Attend fraud awareness events and receive alerts from relevant organisations (National Fraud Authority, Price Waterhouse Cooper).	No action required.
Do we work well with other organisations to ensure we effectively sharing of knowledge and data about fraud and fraudsters?	Yes	See above. Leeds City Council participates in the National fraud Initiative. Progress against matches is co-ordinated through Internal Audit. Internal Audit will work with directorates to ensure compliance with fair processing of data requirements and data protection issues.	No action required.

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Question	Comply (Yes or No?)	Comments	Action required
Do we identify where our internal controls may not be performing as well as intended? How quickly do we then take action?	Yes	<p>Any significant issues identified during planned audits reported to management for immediate attention.</p> <p>Agreed timescales within which audit reports should be issued.</p> <p>Follow up audits within 6 months where a limited assurance opinion is provided.</p>	No action required.
Do we maximise the benefit of our participation in the Audit Commission National Fraud Initiative and receive reports on our outcomes?	Yes	<p>Leeds City Council fully complies with the requirements of the NFI exercise.</p> <p>Internal Audit monitors progress against the outcomes. This is reported to the Audit Commission.</p>	No action required.
Do we have arrangements in place that encourage our staff to raise their concerns about money laundering?	Yes	Designated money laundering officer is Neil Hunter (Head of Audit).	No action required.
<p>Do we have effective arrangements for:</p> <ul style="list-style-type: none"> § Reporting fraud; § Recording fraud; and § Whistle-blowing? 	Yes	<p>Whistle-blowing Policy in place and posters have been distributed to all the main Council buildings.</p> <p>Dedicated whistleblowing telephone number within Internal Audit.</p> <p>All referrals recorded and risk assessed.</p> <p>Frauds over the value of £10,000 reported to the Audit Commission.</p>	No action required.

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Question	Comply (Yes or No?)	Comments	Action required
Do we have effective fidelity insurance arrangements?	Yes	Leeds City Council has in force Crime Insurance which provides a wider form of cover than traditional fidelity guarantee policy wording. This covers losses of up to £10 million with LCC liable for the first £1 million. This follows the principle by which large organisations achieve savings in insurance premium expenditure by insuring catastrophe losses only and providing for attritional losses within existing revenues budgets'.	No action required.
Fighting fraud with reduced resources			
Have we re-assessed our fraud risks since the change in the financial climate?	Yes	Fraud risks reviewed throughout the year.	No action required.
Have we amended our counter-fraud action plan as a result?	Yes	The pro-active fraud strategy reviewed on an on-going basis factoring in any national and local trends.	No action required.
Have we re-allocated staff as a result?	Yes	Internal Audit has a dedicated Counter-fraud team. The work has links to the compliance audits and this has resulted in the teams merging. This will allow additional resources to be provided to investigations. All work will continue to be monitored by a qualified investigator.	No action required.
Current risks and issues			
<u>Housing Tenancy</u> Do we take proper action to ensure that we only allocate social housing to those who are eligible?	Yes	The Housing Partnership Team (Environment and Neighbourhoods) has developed a self-assessment that should be completed by each ALMO to give assurance in this area.	No action required.

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Question	Comply (Yes or No?)	Comments	Action required
		The returns will then be reviewed by the Housing Partnership Team and sample checks to supporting evidence will be undertaken by Internal Audit.	
Do we take proper action to ensure that social housing is occupied by those to whom it is allocated?	Yes	See above. Various data matches are undertaken to identify potentially fraudulent cases.	No action required.
<u>Procurement</u> Are we satisfied that our procurement controls are working as intended?	Yes	A yes/no answer for such an activity as diverse as procurement is not appropriate and continual improvements are made in this area. The key controls are subject to Internal Audit Review on an annual basis and assurances given, hence the yes answer. In 2011/12 a number of key recommendations for control environment improvement, and compliance were agreed and developed into an Action Plan.	Audit will review progress against the agreed action plan in the final quarter of 2012/13
Have we reviewed our contract letting procedures since the investigations by the Office of Fair Trading into cartels, and compared them with best practice?	Yes	Procedures reviewed by the then Deputy Chief Procurement Officer and found to comply with best practice.	No action required.

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Question	Comply (Yes or No?)	Comments	Action required
<p><u>Recruitment</u> Are we satisfied our recruitment procedures:</p> <ul style="list-style-type: none"> § Prevent us employing people working under false identities; § Confirm employment references effectively; § Ensure applicants are eligible to work in the UK; and, § Require agencies supplying us with staff to undertake the checks that we require. 	Yes	<p>Example of existing controls include:</p> <ul style="list-style-type: none"> § Pre-employment checks such as health, CRB and references; § Checks to ensure that the person has the right to work in the UK (passport, national Insurance Number etc); § Legal requirements, including the Asylum and Immigration Act 1996; § Recruitment and Safeguarding for children and vulnerable people; § The need to take up and assess references. 	No action required.
<p><u>Personal Budgets</u> Where we are expanding the use of personal budgets for adult social care, in particular direct payments, have we introduced proper safeguarding proportionate to risk and in line with recommended good practice.</p>	Yes	<p>A number of good controls are in place within Adult Social Care and Children’s Services, including:</p> <ul style="list-style-type: none"> § Guidance on direct payments and personal budgets; § Direct Payment Agreements, detailing what customers should spend the direct payment on; § Financial reviews to ensure that expenditure is in accordance with the approved care. § Scheduled reviews within 3 months and annual thereafter to ensure eligible needs are continuing to be met. 	No action required

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Question	Comply (Yes or No?)	Comments	Action required
<p><u>Council Tax discount</u> Do we take proper action to ensure that we only award discounts and allowances to those who are eligible?</p>	Yes	<p>Discounts are reviewed on an annual basis.</p> <p>Data matching exercise continuing in partnership with a credit agency to identify potential undeclared adults in a property that has a 25% sole occupiers discount.</p>	No action required.
<p>In tackling housing and council tax benefit fraud do we make full use of the following?</p> <ul style="list-style-type: none"> § National Fraud Initiative (NFI)? § Department for Work and Pensions Housing Benefit matching service? § Internal data matching? § Private sector data matching? 	Yes	<p>The Housing Benefit Fraud Investigations Team works in partnership with the DWP. Also participate in the NFI data matching exercise.</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 action required.