

**Report to** Audit committee  
10 July 2012  
**Report of** Head of internal audit and risk management, LGSS  
**Subject** Annual report on internal audit and fraud 2011-12

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**Item**  
**12**

### **Purpose**

To inform members of the work of the internal audit and fraud team for 2011-12.

### **Recommendations**

To receive the annual audit opinion and review the work of internal audit and fraud for 2011-12.

### **Financial Consequences**

The financial consequences of this report are none directly, but the work of audit helps to promote proper financial arrangements throughout the council.

### **Strategic Priority and Outcome/Service Priorities**

The report helps to achieve the strategic priority Value for money services

### **Contact Officers**

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### **Background Documents**

None

# Report

## Background

1. Internal audit is part of the corporate governance and internal financial control arrangements within the council.
2. Members will be aware that in April the council's ICT and finance functions (including internal audit) were transferred to LGSS (local government shared services).
3. Internal audit is now the responsibility of the head of internal audit and risk management at LGSS. References to the audit manager in this report refer to the manager of internal audit during 2011-12.
4. Under the Accounts and Audit Regulations 2011, the council must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control.
5. The guidance accompanying the regulations states that proper internal audit practices are those contained within the CIPFA Code of Practice for Internal Audit in Local Government – 2006.
6. Under that code the person responsible for managing the internal audit function is required to submit a formal annual report to members which should:
  - Include an opinion on the overall adequacy and effectiveness of the organisation's internal control environment
  - Disclose any qualifications to that opinion, together with the reasons for the qualification
  - Present a summary of the audit work undertaken to formulate the opinion, including reliance placed on the work by other assurance bodies
  - Draw attention to any issues particularly relevant to the preparation of the statement on internal control
  - Compare the work actually undertaken with the work that was planned and summarise the performance of the internal audit function
  - Comment on compliance with the CIPFA Code of Practice for Internal Audit in Local Government.

## **Audit manager's opinion on the overall adequacy and effectiveness of the internal control environment**

7. The system of internal control is designed to manage risk to a reasonable level rather than to eliminate the risk of failure to achieve corporate and service policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.
8. The audit manager's opinion is based on the findings of internal audit reviews, including following up previous recommendations.

9. Audit recommendations are followed up in order to gauge progress on action plans and are formally reported upon.
10. The opinion for 2011-12 takes account of reviews that were started in 2011-12 but were reported on in 2012-13.
11. There has been a mix of opinions from individual audits. The opinions are included in annex 2, but are summarised below:
12. Moderate assurance ('medium risk' used by external supplier):
  - National non-domestic rates (NNDR)
  - Leasehold services
  - Paris cash receipting IT system
13. Limited assurance ('high risk' used by external supplier):
  - Accounts payable
  - Council tax
  - Procurement
  - Highways agency
  - Provision market
  - Northgate revenues and benefits IT system
  - Civica customer contact IT system

In addition, housing service procured an independent review of CCTV by Housing Management Services Ltd. The audit manager reviewed the findings and recommendations and made two additional recommendations. The audit manager's opinion is that only limited assurance can be given in relation to the control environment.

14. Unsatisfactory assurance:
  - Investment property portfolio (commercial properties let by the council). Although this function was earmarked for transfer to NPS, the strategic property adviser welcomed the planned audit prior to the transfer as it would help to benchmark the situation at the time and provide recommendations for improvements. The review found significant weaknesses in control processes relating to procedures, lettings and IT systems, resulting in an unsatisfactory assurance opinion. All the recommendations were accepted by management.
15. For those reviews that resulted in an unsatisfactory or limited assurance opinion, a summary of the significant issues and management responses are shown at **annex 1**.
16. For every review recommendations are agreed with management if possible for inclusion in the final report. Each audit is followed up to review whether the agreed management actions have been implemented, the results of which are reported to management.

17. During 2011-12 two members of the audit team continued to spend considerable time on New Deal claims, working with staff at NELM (N. Earlham, Larkman & Marlpit, the project name), PwC and Department of Communities and Local Government (CLG) to ensure that all the issues raised are fully addressed in order to minimise the risk of loss of funding. This exceeded the estimated time in the plan and had a severe impact on the resources available for the audit plan. Despite outsourcing eight assurance reviews the audit plan was not completed.
18. The council's internal control environment includes effective processes for risk management, and is referred to in the annual governance statement. In 2011-12 the council's risk management strategy was updated and audit committee and cabinet received reports on corporate risks, which are regularly reviewed.
19. However, in view of the predominance of limited and unsatisfactory review opinions from internal audit reviews, together with limited progress against the audit plan, the audit manager's opinion is that only **limited assurance** can be given on the overall adequacy and effectiveness of the internal control environment. This is reported in section 5 of the annual governance statement.

### Annual audit plan – progress

20. The table below compares the days planned for the different areas of work with days actually delivered.

Description	Days required for plan	Planned days to be delivered	Actual days delivered
Audit assurance work	425		210
Other non-assurance and consultancy work	80		79
NELM	50		215
Allowance for unplanned work	30		32
TOTALS	585	530	536

21. Further details of progress against the annual audit plan for 2011-12 are in **annex 2**, showing the planned and actual days for audit assurance work.
22. Annex 2 also shows the other areas of other non-assurance and consultancy work, which goes to make up the total workload of the section.
23. **Annex 3** shows that there were 530 planned available audit days, against a requirement in the plan of 585 days. The deficit was felt to be manageable at the time, but it became apparent during the year that work on NELM was taking

far longer than anticipated; therefore some reviews were outsourced to PwC (following a tendering exercise).

24. Annex 3 also shows how the planned chargeable days of 530 were originally calculated based on available working days less any non-chargeable (lost) time. The actual figures for each category are shown alongside, which resulted in a total of 536 actual chargeable days.

### **Issues relevant to the annual governance statement**

25. The Audit Commission has previously reported on the diversion of audit resources to non-audit work and the risks that this presented to the completion of the audit plan. The resource shortfall in 2011-12 was partially addressed by the use of PwC for eight assurance reviews; however, the audit plan was not completed. This will be reported in section 5 of the annual governance statement.
26. All of the audit reviews that resulted in an unsatisfactory or limited assurance opinion are referred to in section 5 of the annual governance statement.

### **Performance of internal audit**

27. The performance of Internal Audit is measured against the criteria below.

<b>Measure</b>	<b>Target</b>	<b>Actual</b>
Percentage of audits reported on	90%	35%
Percentage of staff chargeable time	69%	75%
Average time taken to produce draft reports by internal audit	20 days	32 days

28. The percentage of audits reported on is well below the target. The work on New Deal appeared to be complete by July/August 2011, which meant that the two auditors were available to resume normal audit reviews. However, in October New Deal again became a priority due to the queries raised by CLG, resulting in a number of unfinished audits and time spent on New Deal taking much longer than planned. The audit manager considers that sufficient audits were completed in order to inform the overall opinion.
29. The figure for producing draft reports was increased because the issuing of the NNDR report was delayed due to the auditor having to prioritise work on New Deal, together with further testing following file review by the audit manager. If this figure is excluded the figure becomes 16 days.

### **CIPFA Code of Practice for Internal Audit**

30. As previously reported to members, the Audit Commission's triennial review of internal audit in 2008-09 found weaknesses in compliance with the code. An action plan to address the weaknesses has been drafted, but work to improve compliance was not progressed during 2010-11 pending options for the future

delivery of the internal audit function. This will be reported in section 5 of the annual governance statement.

### **Counter fraud activity 2011-12**

31. The following sections summarise counter fraud activity in 2011-12 by the fraud team, in conjunction with other council staff and staff from other organisations.

32. **Annex 4** shows progress against the counter fraud plan 2011-12.

### **Continuing counter fraud initiatives**

33. In September 2009 the council obtained a grant to investigate unlawful sub-letting of social housing. The fraud team has been involved in investigating potential housing offences since that time. As part of this initiative, the team has mentored neighbourhood housing officers (NHO) and housing options staff in what to look for and how to gather information to assist an investigation. Some of the money was used to fund two training courses for housing options, neighbourhood housing and income officers to better understand the different types of tenancy fraud and the indicators to identify it.

34. The fraud team carried out its first full investigation for purely tenancy fraud matters in the year, resulting in the offer and acceptance of a simple caution for an offence relating to a housing application.

35. Cameras have recently been purchased for housing officers to photograph tenants at sign-up. These can then be referred to when doing tenant audits and for any other contact with the tenant.

### **Liaison and joint-working**

36. On a day to day basis, the team works in partnership with the fraud section of the Department for Work and Pensions (DWP) on cases where there is a similar interest. This contributed to about 45% of the team's successful outcomes, which is a higher percentage than in previous years.

37. The team also works with other government departments to combat the threat of fraud, including the police, HM Revenue and Customs, UK Border Agency, Serious and Organised Crime Agency and the Security Industry Authority.

### **Training**

38. One member of the team is now an accredited financial investigator under the Proceeds of Crime Act 2002. This has included successful financial investigations outside the fraud team's area of work such as private sector housing.

39. Fraud awareness training was provided to various sections of the authority dealing with front line and back of house services, including revenues and benefits, neighbourhood housing arrears and sections which had not previously received training, including property services.

40. Also, the fraud team leader now provides a two-hour drop in session once a month to home options and private sector leasing to discuss cases of possible concern as well as updates on cases that are ongoing.

### **Performance of the fraud team**

41. Proven fraud (for benefit purposes) is measured by the number of sanctions and prosecutions achieved in a year. Sanctions are defined as simple cautions (a warning where an offence has occurred, but is less serious and court is not the first option) or an administrative penalty (similar to a simple caution, but the customer accepts a fine of 30% of the overpaid benefit).
42. There were 771 benefit referrals to the fraud team in 2011-12 (873 in 2010-11), of which 577 required further investigation (706 in 2010-11). This should be seen in the context of approximately 20,000 claimants.
43. The team achieved 106 sanctions and prosecutions (109 in 2010-11), of which 57 were NCC led (71 in 2010-11) (the team was without one full time fraud officer for 11 months of the year, due to maternity leave, however for five months an officer joined on secondment from the benefits service). The council works with the local press to publicise successful prosecutions to act as a deterrent.
44. The total overpaid benefit (including admin penalties) identified for these cases was £265,280 (£257,525 in 2010-11), at an average of £2,503 per case (£2,362 in 2010-11).
45. The team took the first case to court for an offence relating to false representations for a student discount in a council tax case.
46. The team had direct input into the recovery of five NCC properties through investigation (four in 2010-11).

### **Progress against Audit Commission's national fraud initiative (NFI) 2010**

47. The results from the 2010 NFI data matching exercise were received at the end of January 2011.
48. In total there were 3,336 matches spread over 66 reports covering benefits, housing tenancy and right to buy, payroll, insurance claims, transport passes (concessionary bus passes and permit parking), and creditors.
49. Staff in housing, internal audit, fraud, customer contact and accounts payable have almost completed reviewing the matches and the results are summarised in the following paragraphs.
50. Where a match is found it may indicate that there is an inconsistency in the data that requires further investigation. No assumption can be made as to whether there is fraud, error, etc until an investigation is carried out.
51. Three of the 66 reports remain open as at June 2012, all of which relate to benefits (four matches outstanding). All of the outstanding matches are being progressed by staff in fraud or benefits.

52. Therefore 3,332 matches have either been closed individually or globally as part of closing whole reports. This represents **99.9%** of the total matches.

53. An analysis of the results from investigating the matches follows:

<u>Report type</u>	<u>No. of frauds</u>	<u>No. of errors</u>	<u>Value £</u>
Benefits	3	14	38,077
Housing tenancy	3	56	0
Housing right to buy	0	1	0
Parking permits	0	1	0
Concessionary passes	0	161	0
Creditors standing data	0	13	0
Creditors history	0	2	11,495
<b>Total</b>	<b>6</b>	<b>248</b>	<b>49,572</b>

54. Headline results from investigations to date are:

- One case of subletting a housing property identified, plus one of non-occupation – the properties were recovered.
- Benefits overpayments, either due to fraud (3), customer error (7) or official error (5), totalling £38,077. This has resulted in a reduction of weekly benefit of £506 and recovery of £19,136 is in progress.
- A duplicate creditor payment of £2,085. This has been recovered.
- An overpayment of VAT of £9,410. This was corrected on the last VAT return.

55. For information, members who wish to see the Audit Commission's report on the national results from the 2010-11 data matching exercise, together with a members' briefing, can view these on the NFI website at <http://www.audit-commission.gov.uk/fraud/nfi/reports/pages/default.aspx>.

### **National fraud initiative 2011**

56. The results of the Audit Commission's 2011 matching exercise for council tax single person discounts were released in February 2012 – approximately 1600 matches will require investigation, although it should be emphasised that there is no assumption of fraud just because there is a match.

57. The council is currently exploring options on how to resource the investigation of individual matches. Agreement has been reached in principle with Norfolk County Council to jointly fund extra resources, similar to previous years. Progress will be reported to members.



Significant issues	Response	Implementation Date
<b>Investment property portfolio:</b>		
Significant weaknesses in control processes relating to procedures, lettings and IT systems, resulting in an unsatisfactory assurance opinion	Recommendations accepted. However, following the transfer to NPS, timescales for completion of the actions will depend on the outcome of the new management structure.	Action plan to be updated by end July 2012
<b>Accounts payable:</b>		
Access to make changes to vendor data not sufficiently restricted and no independent authorisation or review of changes made. Inadequate segregation of duties between ordering, receipting and inputting invoices onto Oracle	Recommendations accepted. Access to be reduced and sample checking to be considered. Access levels to Oracle will be reviewed.	June 2012
<b>Council tax:</b>		
Recovery section not required to provide reporting on council tax arrears to senior management and no structured methodology on dealing with arrears reports and debt management.	Recommendations accepted. The draft debt management policy will be approved and communicated to all relevant members of staff. We will also formulate a policy for the prioritisation of debt recovery procedures and will take action to address the backlog in the review of arrears.	September 2012
<b>Procurement:</b>		
Key council policies/strategies relating to counter-fraud are not regularly reviewed. In particular, the anti-fraud and corruption strategy does not reflect the Bribery Act 2010. The council's standing orders relating to contracts have not been updated since March 2008. The procurement team do not actively or consistently address the potential risks of supplier failure.	Recommendations accepted. We will update the council's strategies at least every two years to ensure that they remain current and up to date. In particular, the anti-fraud and corruption strategy will be updated to reflect the Bribery Act. We will introduce detailed procurement procedures for quotations and tenders to support contract standing orders and circulate them to all relevant officers. The procurement team will identify and address the potential risks of supplier failure and the subsequent exposure of the council.	September 2012
<b>Highways agency:</b>		
48 members of staff have access to the council's penalty charge notice (PCN) database, including 33 staff who also have access to the council's cash receipting system	The cash receipting system needs to be available for all staff who can take payments, the council has set up a multi-tasking environment and this will need a corporate decision to change this and limit cash receipting to a selected few.	April 2012

Significant issues	Response	Implementation Date
	In future, we will review access to the PCN database on at least an annual basis to ensure access granted remains appropriate	
<b>Provision market:</b>		
Weaknesses in control processes relating to lack of strategic policy, lack of detailed procedures, public liability insurance, content of leases, rental basis.	Recommendations accepted. An action plan to address the issues will be taken to CLT with a view to full implementation by March 2013	March 2013
<b>Northgate revenues and benefits IT system:</b>		
There has not been a review of Northgate user access rights since 2008.	Recommendations accepted. We will ensure at least annual review of user access rights, in conjunction with the users' departmental managers, to ensure access rights are current and appropriate	April 2012
<b>Civica customer contact IT system:</b>		
The council does not obtain any assurance that controls performed by 'Civica' over information security and other IT activities are designed and operate effectively. There has not been a review of Civica user access rights since 2008. Staff outside of the customer contact team that use the Civica system are not routinely trained on how to use the system.	Recommendations accepted. Management will seek to validate that critical third parties supplying IT services have a robust internal control framework. We will ensure at least annual review of user access rights, in conjunction with the users' departmental managers, to ensure access rights are current and appropriate. Access to Civica will only be granted once appropriate training has been received.	August 2012

<b>Internal Audit Plan 2011-12</b>			
	<b>2011-12</b>		
<b>Audit Assurance Work</b>	<b>Indicative Days</b>	<b>Actual to Wk 52</b>	<b>Comments</b>
<b>Fundamental systems</b>			
Accounts payable (creditors)	15	n/a	Outsourced - complete. High risk
Accounts receivable (debtors)	10		
Payroll	10		Outsourced - final report issued in 2011-12. Followed up in 11-12 - see below
Housing rents/arrears	20	15.4	In progress but delayed due to work on New Deal
Income/cash receipting	10	2.6	In progress
Treasury & cashflow management	10	6.5	In progress but delayed due to work on New Deal
Housing & council tax benefits	15		
Council tax/NNDR	20	8.1	Council tax outsourced - complete. High risk. NNDR - complete. Moderate assurance
Asset management	20	29.3	Ordering procedures complete; regalia in progress
<b>Sub-total</b>	<b>130</b>	<b>61.9</b>	
<b>Corporate resources</b>			
Grant claim certification	15	0.3	LEGI complete. Slip other certification work to 2012-13 plan
Data protection/freedom of information	15	0.5	Slip to 2012-13 plan
Procurement	20	n/a	Outsourced - complete. High risk
<b>Sub-total</b>	<b>50</b>	<b>0.8</b>	
<b>Regeneration &amp; development</b>			
Investment portfolio - rents, voids, etc.	15	31.5	Completed April 2012. Unsatisfactory assurance
Highways agency	15	n/a	Outsourced - complete. High risk
NCAS & CCTV	5	2.8	NCAS in progress. CCTV independently reviewed - audit to review report for assurance
Car parks income	10		Slip to 2012-13 plan
Provision market	10	12.3	Completed June 2012. Limited assurance
Leasehold services	15	n/a	Outsourced - complete. Medium risk
<b>Sub-total</b>	<b>70</b>	<b>46.6</b>	
<b>Strategy &amp; programme management</b>			
Energy efficiency	15	0.3	Slip to 2012-13 plan
<b>Sub-total</b>	<b>15</b>	<b>0.3</b>	
<b>Communications and culture</b>			
Tourism, sports and events	10		Slip to 2012-13 plan
<b>Sub-total</b>	<b>10</b>	<b>0</b>	

<b>Audit Assurance Work (cont.)</b>	<b>Indicative Days</b>	<b>Actual to Wk 52</b>	<b>Comments</b>
<b>Corporate reviews</b>			
Commissioning and grants payable	15	1.0	Involvement in new commissioning framework working party
Ad-hoc investigations	20	0.7	No major investigations
Probity	25	20.2	Accounts payable; member/officer expenses; PCN reconciliations
Outsourced IT audits:	15	12.1	Client function plus work on PCI compliance
Northgate (revenues & benefits)		n/a	Outsourced - complete. High risk
Civica (customer contact)		n/a	Outsourced - complete. High risk
PARIS (cash receipting)		n/a	Outsourced - complete. Medium risk
<b>Sub-total</b>	<b>60</b>	<b>34.0</b>	
<b>To complete 2010-11 plan:</b>			
HR - recruitment/leavers	0	8.9	In progress but delayed due to work on New Deal
Performance management system	10		Slip to 2012-13 plan
Mtce. of housing stock/care & repair	15	10.8	In progress but delayed due to work on New Deal
Major contracts & Leisure Centre	15	0.7	In progress but delayed due to work on New Deal
General ledger	10	13.9	Interim report on Oracle Purchasing issued
Private sector leasing	10	0.1	In progress but delayed due to work on New Deal
Choice based letting	10	12.5	In progress but delayed due to work on New Deal
<b>Sub-total</b>	<b>70</b>	<b>46.9</b>	
<b>Follow-ups and post-audit work</b>	20		
Budgetary control		0.2	Satisfactory progress on action plan
Insurance arrangements		0.9	Satisfactory progress on action plan
Tourist Information Centre		1.1	Satisfactory progress on action plan
Cemeteries		2.1	Satisfactory progress on action plan
Stray dog scheme		1.4	Satisfactory progress on action plan
Purchase cards		6.3	Includes additional testing and audit review of updated procedures
Licensing		1.4	Unsatisfactory progress on action plan
Payroll		3.5	Includes additional testing. Status of some actions awaiting response from HR manager
General		2.8	Post audit work not requiring reports
<b>Sub-total</b>	<b>20</b>	<b>19.7</b>	
<b>Total for audit assurance work</b>	<b>425</b>	<b>210.2</b>	

	Indicative	Actual	
	Days	to Wk 52	Comments
<b>Non-assurance &amp; consultancy work</b>			
New Deal - grant claims	50	214.7	Post-scheme involvement of audit staff
Corporate governance	30	29.8	Financial regulations; AGS
Fraud plan, incl. NFI	30	29.3	Fraud plan & matches from NFI 2010
Risk management	15	12.9	Corporate risk register; risk strategy
Financial appraisals/tenders/final a/cs	5	7.1	Housing repairs & maintenance contract
Advice, unplanned work, requests	30	31.5	
<b>Total for non-assurance/consultancy</b>	<b>160</b>	<b>325.3</b>	
<b>Total allocated days</b>	<b>585</b>	<b>535.5</b>	

**AUDIT & FINANCIAL CONSULTANCY****ANALYSIS OF TIME (EMPLOYEE RESOURCE DAYS) - PLANNED & ACTUAL 2011/12**

	PLANNED TOTAL	ACTUAL TOTAL
<b>1. <u>AVAILABLE WORKING DAYS</u></b>		
Total Days (52 x 5 = 260)	936	918
Less: Bank Holidays	38	39
Annual Leave	115	118
Sick, Special Leave, Strike, etc.	20	43
<b>Available Days</b>	<b>763</b>	<b>717</b>
<b>Less:</b>		
<b>2 <u>NON-CHARGEABLE TIME</u></b>		
2.1 ADMINISTRATION / MGT		
Administration - General	80	55
Section Meetings	10	4
Service Centre Management	80	82
Departmental Management	3	4
SUB - TOTAL	173	146
2.2 TRAINING ETC		
Training - Courses	20	6
SUB - TOTAL	20	6
2.3 OTHER GENERAL OVERHEAD		
IT Support / Time Recording	25	22
Folder Structure Administration	15	8
SUB - TOTAL	40	30
<b>Total Non Chargeable Days</b>	<b>233</b>	<b>182</b>
<b>Total Chargeable Days</b>	<b>530</b>	<b>536</b>
<b>% NON-CHARGEABLE (DAYS)</b>	<b>31%</b>	<b>25%</b>
<b>% CHARGEABLE (DAYS)</b>	<b>69%</b>	<b>75%</b>

## Internal Audit and Fraud

### Counter Fraud Plan 2011-12

Area	Comments	Resourcing	Progress in 2011-12
Housing – unlawful subletting	<p>Highlighted as a risk in 'Protecting the Public Purse'.</p> <p>This risk is the subject of a national initiative – the council received a grant for participating.</p> <p>We also received potential matches from NFI 2010 results, and these have all been investigated.</p>	Fraud team in conjunction with housing staff	<p>A new housing fraud policy has been implemented; procedures are being strengthened.</p> <p>Two properties have been recovered as a result of NFI and five by investigation from the fraud team. One person was offered and accepted a caution for a false housing application.</p> <p>Two training courses were funded from the DCLG tenancy fraud fund for housing options, neighbourhood housing and income officers to highlight areas of possible tenancy fraud.</p>
Council tax – single person discounts	<p>Highlighted as a risk in 'Protecting the Public Purse'.</p> <p>We have received potential matches from NFI 2011 results, and these will be investigated.</p> <p>Joint funding to help with the resourcing of investigations will be explored.</p>	<p>Fraud team and council tax staff.</p> <p>Possibility of joint funding for extra resources</p>	<p>Pilot SPD data matching exercise – four discounts cancelled and re-billed.</p> <p>The fraud team took its first case of council tax fraud to court, where a customer had provided false student certificates to obtain an exemption from paying council tax. This case remains ongoing as the customer absconded during the court process and a warrant for their arrest remains outstanding.</p> <p>Agreement in principle received from Norfolk County Council to jointly fund extra resources.</p>
Recruitment	<p>Highlighted as a risk in 'Protecting the Public Purse'.</p> <p>Included in internal audit plan.</p>	Internal audit	<p>Audit started, but delayed due to work on NELM.</p> <p>Not considered to be a high risk at present due to limited external recruitment.</p>

## Annex 4

Area	Comments	Resourcing	Progress in 2011-12
Housing and council tax benefit	Highlighted as a risk in 'Protecting the Public Purse'. Experience shows that this continues to be an area with a high risk of fraud, and is the main target for the work of the fraud team. We also received potential matches from NFI 2010 results, and these have nearly all been investigated.	Fraud team	Ongoing work.  A summary of investigations and outcomes, including from NFI, is included in the covering report.
Procurement	Highlighted as a risk in 'Protecting the Public Purse'. Included in internal audit plan for 2011-12.	Internal audit	Audit outsourced – resulted in assurance opinion of 'high risk'. Recommendations accepted by management.
Insurance claims	Highlighted as a risk in 'Protecting the Public Purse'. Our insurance arrangements audited in 2009-10, and were given adequate assurance. We also receive potential matches from NFI results, and these will be investigated.	Internal audit	The recommendations were followed up in June 2011 and showed satisfactory progress.  10 matches from NFI investigated – no evidence of fraud found.
Purchase cards	Potential for over £1m. spend annually	Internal audit	Final report issued in June 2011 which gave limited assurance, although no evidence of fraud found. Recommendations accepted by management; will be followed up
Private sector leasing – payments to landlords	Large number of landlords paid on a regular basis, many of whom are individuals	Internal audit	In progress, but delayed due to work on NELM