

Tuesday, 18 March 2025

AUDIT COMMITTEE

A meeting of **Audit Committee** will be held on

Wednesday, 26 March 2025

commencing at **2.00 pm**

The meeting will be held in the Banking Hall, Castle Circus entrance on the left corner of the Town Hall, Castle Circus, Torquay, TQ1 3DR

Members of the Committee

Councillor Penny (Chairman)

Councillor Brook (Vice-Chair)

Councillor Long

Councillor Fellows

Councillor Maddison

Councillor Hutchings

Independent Person: Mr Kristian Hawkes

A Healthy, Happy and Prosperous Torbay

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Governance Support, Town Hall, Castle Circus, Torquay, TQ1 3DR

Email: governance.support@torbay.gov.uk - www.torbay.gov.uk

AUDIT COMMITTEE AGENDA (REVISED)

1. **Apologies**
To receive any apologies for absence, including notifications of any changes to the membership of the Committee.
2. **Minutes** (Pages 5 - 10)
To confirm as a correct record the Minutes of the meeting of the Audit Committee held on 25 February 2025.
3. **Declarations of interests**
 - (a) To receive declarations of non pecuniary interests in respect of items on this agenda
For reference: Having declared their non pecuniary interest members may remain in the meeting and speak and, vote on the matter in question. A completed disclosure of interests form should be returned to the Clerk before the conclusion of the meeting.
 - (b) To receive declarations of disclosable pecuniary interests in respect of items on this agenda
For reference: Where a Member has a disclosable pecuniary interest he/she must leave the meeting during consideration of the item. However, the Member may remain in the meeting to make representations, answer questions or give evidence if the public have a right to do so, but having done so the Member must then immediately leave the meeting, may not vote and must not improperly seek to influence the outcome of the matter. A completed disclosure of interests form should be returned to the Clerk before the conclusion of the meeting.

(**Please Note:** If Members and Officers wish to seek advice on any potential interests they may have, they should contact Governance Support or Legal Services prior to the meeting.)
4. **Urgent Items**
To consider any other items that the Chairman decides are urgent.
5. **Internal Audit Charter and Strategy** (Pages 11 - 30)
To note the Internal Audit Charter and Internal Audit Strategy as required by the Public Sector Internal Audit Standards.
6. **Internal Audit Plan 2025-26** (Pages 31 - 44)
To consider a report that sets out the Audit Plan for 2025-26.
7. **Torbay Council Audit Progress Report and Sector Update** (To Follow)
To consider a report on the above.
8. **Counter Fraud Plan 2025-26** (Pages 45 - 50)
To consider a report that provides details of current and future Counter Fraud plans supporting delivery of the Counter Fraud and

Corruption Policy.

9. **Torbay Council Management Action Plan in response to the Auditor's Annual Report for the year ended 31 March 2024** (To Follow)
To consider a report on the above.
10. **Treasury Management Mid-Year Review 2024/25 Revisions** (To Follow)
To consider a report on the above.
11. **Audit Committee Self Assessment (CIPFA Guidance) 2024-25: Agree Committee Responses** (To Follow)
To consider a report on the above.
12. **Audit Committee Draft Annual Report** (To Follow)
To provide feedback on the draft Annual Report of the Audit Committee.
13. **Consultation Response: Local audit reform - a strategy for overhauling the local audit system in England** (To Follow)
To note the consultation response on the Local Audit Reform: a strategy for overhauling the audit system in England.
14. **Audit Committee Work Plan** (Pages 51 - 52)
To note the Audit Committee Work Plan.

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Minutes of the Audit Committee

25 February 2025

-: Present :-

Councillor Brook (Chairman)

Councillors Fellows (Vice-Chair), Hutchings, Long and Penny

28. Apologies

An apology for absence was received from Councillor Maddison.

29. Minutes

The Minutes of the meeting of the Audit Committee held on 27 November 2024 were confirmed as a correct record and signed by the Chairman.

30. 2023/24 Torbay Council Audit Findings Report (Grant Thornton)

Members noted a report that set out the findings of the work undertaken by the Council's External Auditors – Grant Thornton on the Council's financial statements for 2023/24. Members were advised that a number of adjustments to the financial statement had been identified, resulting in amendments to the Council's Comprehensive Income and Expenditure Statement and Balance sheet. In addition, to the adjustments there were also misclassification and disclosure errors and consequently recommendations for management have been raised as a result of the work of External Audit.

Julie Masci, Director of Grant Thornton, informed Members that unfortunately, owing to the challenges of undertaking an audit where the previous audit was disclaimed due to the local authority backstop, full assurance has not been regained as it had not been possible for External Audit to undertake sufficient work to support an unmodified audit opinion in advance of the proposed backstop date of 28 February 2025. The limitations imposed by not having assurance on opening balances had meant that External Audit had been unable to form an opinion on the financial statements and it was anticipated that the financial statements audit opinion would be disclaimed.

Members were reassured that a report would be presented to the next Audit Committee meeting which would detail as part of a progress report, the path of recovery for Torbay Council due to the impact of the backstop and the disclaimer.

31. 2023/24 Statement of Accounts including Annual Governance Statement

The Head of Corporate Finance informed Members that the Accounts and Audit Regulations 2015, as amended by the Accounts and Audit (amendment) Regulations 2022 stated that draft 2023/24 Statement of Accounts had to be issued by 31 May 2024 and the Audit Committee were required to approve the audited accounts by 28 February 2025 in line with the backstop legislation that was recently passed. The draft statement of accounts had been published in July 2024 subsequently the audit of accounts commenced in September 2024, with it being anticipated that the audit would be completed in line with the backstop date. There had been a number of factors that had delayed the conclusion of the audit, these factors were detailed in 2023/2024 Torbay Council Audit Findings Report (Grant Thornton). Members were advised that the Director of Finance and Head of Corporate Finance addressed these issues by securing additional external resource and redirecting internal resources in order to provide more capacity and to reduce the delays and challenges that had been seen in the early stage of the process.

Resolved:

- i) that the Annual Governance Statement be approved;
- ii) that the authority be delegated to the Chair of Audit Committee and Section 151 Officer to sign the 2023/24 Statement of Accounts and the letter of representation, at the conclusion of the outstanding queries of the Audit report; and
- iii) that the final 2023/24 Torbay Council Audit Findings Report be presented to the March meeting of the Audit Committee with incorporated recommendations from 2023/24 with an update on previous years recommendations.

32. Interim Auditor's Annual Report for the Year Ended 31 March 2024

Members considered and noted the Interim Auditor's Annual report for the year ended 31 March 2024 which provided a summary of the work completed by the External Auditors for Torbay Council.

Members were advised that there were no high-level recommendations to be issued and that the Council had made good progress which included good improvements to financial processes. The recommendations included within the report were key improvement recommendations to assist improving processes further.

Members asked questions and received responses on the following areas:

- if there were any neighbouring authorities in a similar position to Torbay Council, that officers could engage with for best practice sharing and if there was any Local Government Association training available for members to attend; and
- when further feedback would be received detailing the actions taken on the listed recommendations.

33. Interim Progress Report 2024-25

Members considered and noted the Interim Progress Report 2024-2025 which included a summary of performance highlighting the key areas of work undertaken and summarised the main findings and recommendations. The Deputy Head of the Devon Assurance Partnership informed Members that the Internal Audit Plan for 2024/25 was presented and approved in March 2024.

Members were advised that overall, and based on work performed to date during 2024/25, and internal Audits experience from previous years, and the outcome of the Annual Follow Up exercise, the Head of Internal Audit's Opinion was one of 'Reasonable Assurance' on the adequacy and effectiveness of the Authority's internal control framework.

Members asked questions and received responses on the following areas:

- how identity fraud was monitored for Torbay Council;
- what actions were taken regarding IT user management for agency staff no longer working for the Authority;
- how data could be provided in the summary of 'Limited Assurance' audits for previous years to allow comparison;
- how the number of planning enforcement cases progressing to 'closed' was monitored;
- the rationale as to why there were a number of deferred audits for a number of Council services; and
- the route causes for the identified key issues identified.

34. 2025/2026 Treasury Management Strategy

Members considered a report on the Treasury Management Strategy which aims to support the provision of all Council services by the management of the Council's cash flow, debt and investment operations in 2025/26 and effectively control the associated risks and the pursuit of optimum performance consistent with those risks.

The Strategy set out the Council's policies for managing its investments under the priorities of security first, liquidity second and then returns. In addition, the Treasury Management Strategy had regard to the CIFPA Prudential Code and set Prudential Indicators for the next three years to ensure that the Council's capital investment plans were affordable, prudent and sustainable.

Resolved:

That the Council be recommended:

that the:

- i) 2025/26 Treasury Management Strategy;
 - ii) 2025/26 Prudential Indicators 2025/26; and
 - iii) 2025/26 Annual Minimum Revenue Provision Policy Statement;
- as set out in the Appendix 2 to the submitted report be approved.

35. LGA Corporate Peer Challenge - Progress Update

Members noted the report that provided an update on the progress made on implementing the Local Government Association (LGA) Corporate Peer Challenge Action Plan which had been approved by Cabinet in July 2024.

Members were informed that whilst this would be the second time that the Audit Committee had had the opportunity to view the progress that had been made. Directors and other officers across the Council had been actively working on implementing the Action Plan with monthly monitoring reports considered at the Directors' Overview Meeting.

Members were advised by the Director of Corporate Services that an impact column had been introduced which detailed the impacts against the recommendations.

36. Counter Fraud and Error Update

Members noted a report that provided an update on counter fraud activity undertaken for the period 1 April 2024 to 30 September 2024 including progress against the 2024/25 Counter Fraud Plan. The Counter Fraud and Error Manager informed Members that the update was intended to support Members in obtaining assurance that the Council had robust processes in place to prevent, detect and deter fraud and error. Thereby preventing financial losses, identifying additional revenue for recovery, securing income through the supply of services, and seeking redress in cases of civil or criminal offending.

Members raised questions in relation to:

- recruitment issues and noted that there had been difficulties experienced in recruiting qualified counter fraud specialists;
- the review of Single Persons Discount for Council Tax that had been completed and whether Officers were happy with the results received;
- what methods were available for people to respond to the letters received regarding the review of Single Persons Discount for Council Tax;
- if Officers were concerned about the increase in identity fraud;
- what back up methods did the Council have should IT Systems fail; and
- the difference between Single Persons Discount amnesty and Single Persons Discount National Fraud Initiative.

37. Risk Management Update

Members noted an update on the Council's current risk position and the Council's overall risk management arrangements. Members were informed that the report would be the second of three risk reports that would be presented to Audit Committee for financial year 2024/25, Officers were unable to present a fourth report due to the cancellation of a previous Audit Committee. Members were advised that four risk reports would be submitted for the forthcoming financial year, 2025/26.

Members raised questions in relation to:

- whether the Economic Growth risk took into consideration cost of living crisis residents were experiencing;
- Net Zero Climate Change Strategy and whether the Council would be achieving 2030 deadline. The Director of Corporate Services confirmed that Torbay Council is signed up to achieve Net Zero by 2050;
- whether new risks would be implemented in regard to Local Government Review;
- if the Risk Management Update report could be amended to provide an explanation as to the keys used for highlighting the direction of travel; and
- if the comments stated by Officers within the Risk Management Update could provide a more in-depth commentary.

38. HR Investigations and Whistleblowing

Members noted the contents of the submitted report that provided a high-level summary of the number of HR investigations and Whistleblowing investigations that had been conducted between 1 October 2023 and 30 September 2024.

39. Work Programme

The Audit Committee Work Programme for 2025/26 was noted.

Chairman

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REFERRAL TO TORBAY COUNCIL AUDIT COMMITTEE MARCH 2025

This Internal Audit Charter and Strategy is referred to the Audit Committee to be noted.

MISSION

The Mission of Devon Assurance Partnership is to enhance and protect organisational value by providing risk based and objective assurance, advice and insight across its partners.

TERMS OF REFERENCE

This document details the **Internal Audit Charter** and **Internal Audit Strategy** as required by the Public Sector Internal Audit Standards (PSIAS). The Audit Charter formally describes the purpose, authority, and principal responsibilities of the Internal Audit Service, which is provided by the [Devon Assurance Partnership \(DAP\)](#), and the scope of Internal Audit work. This Charter complies with the mandatory requirements of the PSIAS. The accompanying Audit Strategy is designed to deliver the requirements outlined in the Charter.

DEFINITIONS

Internal auditing is defined by the Public Sector Internal Audit Standards (PSIAS) as “an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”.

The PSIAS set out the requirements of a ‘Board’ and of ‘Senior Management’. For the purposes of the internal audit activity within Torbay Council the role of the Board within the Standards is taken by the Audit Committee and Senior Management is the Senior Leadership Team. They also make reference to the role of “Chief Audit Executive”. For Torbay Council this role is fulfilled by the Head of Devon Assurance Partnership (HoDAP).

INDEX TO SECTIONS OF THE CHARTER AND STRATEGY

Charter

1. Statutory Requirements and Purpose of Internal Audit
2. Professionalism, Ethics and Independence
3. Authority
4. Accountability
5. Responsibilities
6. Management
7. Internal Audit Plan and Resources
8. Internal Audit Reporting
9. Relationship with the Audit Committee and Non-Conformance to the Charter
10. Quality Assurance and Improvement Programme

Strategy

- Audit Strategy - Purpose
- Annual Audit Opinion
- Audit Planning & Delivery
- Performance Management & Quality Assurance
- Resources and skills
- Staff Development and use of MKI

CHARTER - STATUTORY REQUIREMENTS AND PURPOSE OF INTERNAL AUDIT

Statutory Requirements

Internal Audit is a statutory service in the context of The Accounts and Audit (England) Regulations 2015, which state:

5.—(1) A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

In addition, the Local Government Act 1972, Section 151, requires every local authority to designate an officer responsible for the proper administration of its financial affairs. One way in which this duty is discharged is by maintaining an adequate and effective internal audit service.

The Purpose and Aim of Internal Audit

The role of Internal Audit is to understand the key risks, to examine and evaluate the adequacy and effectiveness of the system of risk management and the entire control environment as operated throughout the organisation, and contribute to the proper, economic, efficient and effective use of resources. In addition, the other objectives of the function are to:

- Support the Section 151 Officer or equivalent to discharge their statutory duties
- Contribute to and support the Finance function in ensuring the provision of, and promoting the need for, sound financial systems
- Support the corporate efficiency and resource management processes by conducting value for money and efficiency studies and supporting the work of corporate working groups as appropriate
- Provide a quality fraud investigation service which safeguards public monies.

The existence of Internal Audit does not diminish the responsibility of management to establish systems of internal control to ensure that activities are conducted in a secure, efficient and well-ordered manner.

Internal Audit is provided by Devon Assurance Partnership. We aim to provide a high quality, professional, effective and efficient Internal Audit Service to the Members and service areas of Torbay Council, adding value whenever possible.

CHARTER - PROFESSIONALISM, ETHICS AND INDEPENDENCE

Being Professional

Devon Assurance Partnership will adhere to the relevant codes and guidance. We adhere to the Institute of Internal Auditors' (IIA's) mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the Public Sector Internal Audit Standards. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing within the public sector and for evaluating the effectiveness of Internal Audit's performance. The IIA's Practice Advisories, Practice Guides, and Position Papers will also be adhered to as applicable to guide operations. In addition, Internal Audit will adhere to the relevant policies and procedures and the internal audit manual. Internal Auditors must apply the care and skill expected of a reasonably prudent and competent internal auditor. Due professional care does not, however, imply infallibility.

Our Ethics

Internal auditors in UK public sector organisations must conform to the Code of Ethics as set out by IIA. This Code of Ethics promotes an ethical culture in the profession of internal auditing. If individual internal auditors have membership of another professional body, then he or she must also comply with the relevant requirements of that organisation. The Code of Ethics extends beyond the definition of internal auditing to include two essential components:

1. Principles that are relevant to the profession and practice of internal auditing.
2. Rules of Conduct that describe behaviour norms expected of internal auditors.

The Code of Ethics provides guidance to internal auditors serving others and applies to both individuals and entities that provide internal auditing services. The Code of Ethics promotes an ethical, professional culture. It does not supersede or replace Codes of Ethics of employing organisations. Internal auditors must also have regard to the Committee on Standards of Public Life's Seven Principles of Public Life.

CHARTER - PROFESSIONALISM, ETHICS AND INDEPENDENCE (Continued)

Being Independent

Internal Audit should be independent of the activities that it audits. The status of Internal Audit should enable it to function effectively. The support of the Authority is essential and recognition of the independence of Internal Audit is fundamental to its effectiveness.

The Head of Devon Assurance Partnership should have direct access to and freedom to report in their own name and without fear or favour to, all officers and members and particularly to those charged with governance (the Audit Committee). In the event of the necessity arising, the facility also exists for Internal Audit to have direct access to the Chief Executive, the S.151 Officer or equivalent and the Chair of the Audit Committee.

Torbay Council should make arrangements for Internal Audit to have adequate budgetary resources to maintain organisational independence.

The Head of Devon Assurance Partnership should have sufficient status to facilitate the effective discussion of audit strategies, audit plans, audit reports and action plans with senior management and members.

Auditors should be mindful of being independent, and must:

- Have an objective attitude of mind and be in a sufficiently independent position to be able to exercise judgment, express opinions and present recommendations with impartiality;
- Notwithstanding employment by the Partnership / Authority, must be free from any conflict of interest arising from any professional or personal relationships or from any pecuniary or other interests in an activity or organisation which is subject to audit;
- Be free from undue influences which either restrict or modify the scope or conduct of their work or significantly affect judgment as to the content of the internal audit report; and
- Not allow their objectivity to be impaired by auditing an activity for which they have or have had responsibility.

CHARTER - AUTHORITY

Internal Audit, with strict accountability for confidentiality and safeguarding records and information, is authorised to have full, free, and unrestricted access to any and all of the organisation's records, physical properties, and personnel pertinent to carrying out any engagement.

All employees are requested to assist Internal Audit in fulfilling its roles and responsibilities. This is enforced in the Accounts and Audit (England) Regulations 2015 section 5(2-3) that state that: Any officer or member of a relevant authority must, if required to do so for the purposes of the internal audit:

- 2) (a) make available such documents and records; and
- 3) (b) supply such information and explanations; as are considered necessary by those conducting the internal audit.
- 4) (c) in this regulation “documents and records” includes information recorded in an electronic form.

In addition, Internal Audit, through the HoDAP, where deemed necessary, will have unrestricted access to:

- The Chief Executive
- Members
- Individual Directors
- Section 151 Officer or Equivalent
- Monitoring Officer
- All authority employees
- All authority premises.

CHARTER - ACCOUNTABILITY

Devon Assurance Partnership is a shared service established and managed via a Partnership Committee and Board with representation from each full partner. The Partnership operates as a separate entity from the client authorities and Internal Audit is therefore independent of the activities which it audits. This ensures unbiased judgements essential to proper conduct and the provision of impartial advice to management. DAP operates within a framework that allows:

- Unrestricted access to senior management and members.
- Reporting in its own name.
- Separation from line operations.

Every effort will be made to preserve objectivity by ensuring that all audit members of audit staff are free from any conflicts of interest and do not, ordinarily, undertake any non-audit duties.

The HoDAP fulfils the role of Chief Audit Executive at the Authority and will confirm to the Audit Committee, at least annually, the organisational independence of the internal audit activity. The Section 151 Officer will liaise with the HoDAP and is therefore responsible for monitoring performance and ensuring independence.

The HoDAP reports functionally to the Audit Committee on items such as:

- Approving the internal audit charter;
- Approving the risk based internal audit plan and resources;
- Receiving reports from the Head of Devon Assurance Partnership on the section's performance against the plan and other matters;
- Approving the Head of Devon Assurance Partnership's annual report'
- Approve the review of the effectiveness of the system of internal audit.

The HoDAP has direct access to the Audit Committee and has the opportunity to meet privately with Committee members if required.

CHARTER - RESPONSIBILITIES

The Chief Executive, Directors and other senior officers are responsible for ensuring internal control arrangements are sufficient to address the risks facing their services. The HoDAP will provide assurance to the Section 151 Officer or equivalent regarding the adequacy and effectiveness of the financial framework, helping meet obligations under the LGA 1972 Section 151.

The HoDAP will provide assurance to the Monitoring Officer in relation to the adequacy and effectiveness of the systems of governance helping them meet their obligations under the Local Government and Housing Act 1989 and the Constitution. The HoDAP will also work with the Monitoring Officer to ensure the effective implementation of the Whistleblowing Policy.

Internal Audit responsibilities include:

- Examining and evaluating the soundness, adequacy and application of the systems of internal control, risk management and corporate governance arrangements;
- Reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information;
- Reviewing the systems established to ensure compliance with policies, plans, procedures and regulations which could have a significant impact on operations;
- Reviewing the means of safeguarding assets and, as appropriate, verifying the existence of such assets;
- Investigating alleged fraud and other irregularities referred to the service by management, or concerns of fraud or other irregularities arising from audits, where it is considered that an independent investigation cannot be carried out by management;
- Appraising the economy, efficiency and effectiveness with which resources are employed and the quality of performance in carrying out assigned duties including Value for Money Studies;
- Working in partnership with other bodies to secure robust internal controls that protect interests;
- Advising on internal control implications of new systems;
- Providing consulting and advisory services related to governance, risk management and control as appropriate for the organisation; and,
- Reporting significant risk exposures and control issues identified to Audit Committee and to senior management, including fraud risks, governance issues.

CHARTER - MANAGEMENT

The PSIAS describe the requirement for the management of the internal audit function. This sets out various criteria that the HoDAP (as Chief Audit Executive) must meet, and includes:

- Be appropriately qualified;
- Determine the priorities of, deliver and manage the internal audit service through a risk based annual audit plan;
- Regularly liaise with the external auditors to ensure that scarce audit resources are used effectively;
- Include in the plan the approach to using other sources of assurance if appropriate;
- Be accountable, report and build a relationship with the Audit Committee and S.151 Officer; and
- Monitor and report upon the effectiveness of the service delivered and compliance with professional and ethical standards.

These criteria are brought together in an Audit Strategy which explains how the service will be delivered and reflect the resources and skills required.

The HoDAP is required to give an annual audit opinion on the governance, risk and control framework based on the audit work done.

The HoDAP should also have the opportunity for free and unfettered access to the Chief Executive and meet periodically with the Monitoring Officer and S.151 Officer or equivalent to discuss issues that may impact on governance, risk and control framework and agree any action required.

CHARTER - INTERNAL AUDIT PLAN AND RESOURCES

At least annually, the HoDAP will submit to the Audit Committee a risk-based internal audit plan for review and approval.

The HoDAP will:

- Develop the annual plan through discussions with senior management based on an understanding of the significant risks of the organisation;
- Submit the plan to the Audit Committee for review and agreement;
- Implement the agreed audit plan;
- Maintain a professional audit staff with sufficient knowledge, skills and experience to carry out the plan and carry out continuous review of the development and training needs;
- Maintain a programme of quality assurance and a culture of continuous improvement;

The internal audit plan will include timings as well as budget and resource requirements for the next fiscal year. The Head of Internal Audit will communicate the impact of resource limitations and significant interim changes to senior management and the Audit Committee.

Internal Audit resources must be appropriately targeted by assessing the risk, materiality and dependency of the Authority's systems and processes. Any significant deviation from the approved Internal Audit plan will be communicated through the periodic activity reporting process.

A requirement of the anti-Fraud and Corruption Strategy is that the HoDAP be notified of all suspected or detected fraud, corruption or impropriety. All reported irregularities will be investigated in line with established strategies and policies. The audit plan will include sufficient resource to undertake proactive anti-fraud work. Internal audit activities will be conducted in accordance with strategic objectives and established policies / procedures.

Monitoring of internal audit's processes is carried out on a continuous basis by internal audit management. Authority's members and management may rely on the professional expertise of the HoDAP to provide assurance. Periodically, independent review may be carried out: for example, through peer reviews; ensuring compliance with the PSIAS is an essential approach to such a review.

CHARTER - INTERNAL AUDIT REPORTING

The primary purpose of Internal Audit reporting is to provide to management an independent and objective opinion on governance, the control environment and risk exposure and to prompt management to implement agreed actions. Internal Audit should have direct access and freedom to report in their own name and without fear or favour to, all officers and members, particularly to those charged with governance (the Audit Committee).

A written report will be prepared for every internal audit project and issued to the appropriate manager accountable for the activities under review. Reports will include an 'opinion' on the risk and adequacy of controls in the area that has been audited, which, together, will form the basis of the annual audit opinion on the overall control environment.

The aim of every Internal Audit report should be to:

- Give an opinion on the risk and controls of the area under review, building up to the annual opinion on the control environment; and
- Recommend and agree actions for change leading to improvement in governance, risk management, the control environment and performance.

The Manager will be asked to respond to the report within 30 days, although this period can be extended by agreement.

The response must show what actions have been taken or are planned in relation to each risk or control weakness identified. If action is not to be taken, this must also be stated. The HoDAP is responsible for assessing whether the manager's response is adequate.

Where deemed necessary, the Internal Audit report will be subject to a follow-up, normally within six months of its issue, in order to ascertain whether the action stated by management in their response to the report has been implemented.

The HoDAP will:

- Submit periodic reports to the Audit Committee summarising key findings of reviews and the results of follow-ups undertaken;
- Submit an Annual Internal Audit Report to the Audit Committee, incorporating an opinion on the control environment. This will also inform the Annual Governance Statement.

CHARTER - RELATIONSHIP WITH THE AUDIT COMMITTEE AND NON-CONFORMANCE TO THE CHARTER

The Audit Committee will act as “the Board” as defined in the Public Sector Internal Audit Standards (PSIAS),

The Specific Functions of the Audit Committee are set out in the Constitution.

The HoDAP will assist the Committee in being effective and in meeting its obligations. To facilitate this, the HoDAP or suitable representative will:

- Attend meetings, and contribute to the agenda;
- Ensure that it receives, and understands, documents that describe how Internal Audit will fulfil its objectives (e.g. the Audit Strategy, annual work programmes, progress reports);
- Report the outcomes of internal audit work, in sufficient detail to allow the committee to understand what assurance it can take from that work and/or what unresolved risks or issues it needs to address;
- Establish if anything arising from the work of the committee requires consideration of changes to the audit plan, and vice versa;
- Present an annual report on the effectiveness of the system of internal audit; and
- Present an annual internal audit report including an overall opinion on the governance, risk and control framework

Any instances of non conformance with the Internal Audit Definition, Code of Conduct or the Standards must be reported to the Audit Committee, and in significant cases consideration given to inclusion in the Annual Governance Statement.

The Head of Devon Assurance Partnership will advise the Audit Committee on behalf of the Authority on the content of the Charter and the need for any subsequent amendment. The Charter should be approved and regularly reviewed by the Audit Committee.

CHARTER - QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

The PSIAS states that a quality assurance and improvement programme must be developed; the programme should be informed by both internal and external assessments.

An external assessment must be conducted at least once in five years by a suitably qualified, independent assessor. For DAP this was conducted at the end of 2024 by an IIA Qualified ex Assistant Director of an Audit Partnership.

The assessment result was that *“Based on the work carried out, it is our overall opinion that DAP generally conforms* with the Standards and the Code of Ethics”*.

The report noted that *“As a result of our work, a small number of areas where partial conformance was identified. These were minor observations, none of which were significant enough to affect the overall opinion”*.

DAP is actively addressing these improvement areas which includes “Develop the use of data analytics; rotate staff across clients; consider how to support the development of audit committees; consider a range of cross partner audits and share best practice; review current arrangements for the delivery of IT audit to ensure maximum value; develop the role of Senior Auditors”.

* **Generally Conforms** – This is the top rating and means that the internal audit service has a charter, policies and processes that are judged to be in conformance to the Standards

AUDIT STRATEGY - PURPOSE

The PSIAS require the HoDAP to produce an Audit Charter setting out audits purpose, authority and responsibility. We deliver this through our Audit Strategy which:

- Is a high-level statement of how the internal audit service will be delivered and developed in accordance with the Charter and how it links to the organisational objectives and priorities;
- Should be approved, but not directed, by the Audit Committee.
- Will communicate the contribution that Internal Audit makes to the organisation and should include:
 - Internal audit objectives and outcomes;
 - How the HoDAP will form and evidence their opinion on the governance, risk and control framework to support the Annual Governance Statement;
 - How Internal Audit's work will identify and address significant local and national issues and risks;
 - How the service will be provided, and
 - The resources and skills required to deliver the Strategy.

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The Strategy should be kept up to date with the organisation and its changing priorities.

AUDIT STRATEGY - OPINION ON THE GOVERNANCE, RISK AND CONTROL FRAMEWORK

A key objective of Internal Audit is to communicate to management an independent and objective opinion on the governance, risk and control framework, and to prompt management to implement agreed actions.

Significant issues and risks will be brought to the attention of the S.151 Officer as and when they arise. Regular formal meetings will be held to discuss issues arising and other matters.

The HoDAP will report progress against the annual audit plan and any emerging issues and risks to the Audit Committee. The HoDAP will also provide a written annual report to the Audit Committee, timed to support their recommendation to approve the Annual Governance Statement, to Torbay Council.

The Head of Devon Assurance Partnership's annual report to the Audit Committee will:

- Provide an opinion on the overall adequacy and effectiveness of the governance, risk and control framework;
- Disclose any qualifications to that opinion, together with the reasons for the qualification;
- Present a summary of the audit work from which the opinion is derived, including reliance placed on work by other assurance streams;
- Draw attention to any issues the HoDAP judges particularly relevant to the preparation of the Annual Governance Statement;
- Compare audit work actually undertaken against the work that was planned and summarise the performance of the internal audit function against its performance measures and targets; and
- Comment on compliance with the Public Sector Internal Audit Standards and communicate the results of the internal audit quality assurance programme.

AUDIT STRATEGY - PLANNING & AUDIT DELIVERY

INCLUDING LOCAL AND NATIONAL ISSUES AND RISKS

The audit planning process includes the creation of and ongoing revision of an “audit universe”. This seeks to identify all risks, systems and processes that may be subject to an internal audit review.

The audit universe will include a risk assessment scoring methodology that takes account of a number of factors including: the risk score; value of financial transactions; level of change, impact on the public; political sensitivity; when last audited; and the impact of an audit. This will inform the basis of the resources allocated to each planned audit area.

The results from the audit universe will be used in creating an annual audit plan; such a plan will take account of emerging risks at both local and national level.

Assignment Planning & Delivery

Further planning and risk assessment is required at the commencement of each individual audit assignment to establish the scope of the audit and the level of testing required.

The primary objective of the audit is to provide management with an independent opinion on the risk and control framework through individual audits in the audit plan. Individual audits will be completed using our methodology in our Audit Manual to the standards set by PSIAS, to independently evaluate the effectiveness of internal controls. Our audit assignment report will communicate our opinion and include agreed management action, where required, to improve the effectiveness of risk management, control and governance processes.

AUDIT STRATEGY - PERFORMANCE MANAGEMENT & QUALITY ASSURANCE

The PSIAS state that the HoDAP should have in place an internal performance management and quality assurance framework; this framework must include:

- A comprehensive set of *targets to measure performance*. These should be regularly monitored and the progress against these targets reported appropriately.
- Seeking *user feedback* for each individual audit and periodically for the whole service.
- A periodic review of the service against the Strategy and the achievement of its aims and objectives. The results of this should inform the future Strategy and be reported to the Audit Committee.
- Internal quality reviews to be undertaken periodically to ensure compliance with the PSIAS and the Audit Manual (self-assessment).
- An action plan to implement improvements.

The PSIAS and the Internal Audit Manual state that internal audit performance, quality and effectiveness should be assessed for each individual audit; and for the Internal Audit Service as a whole. The HoDAP will closely monitor the performance of the team to ensure agreed targets are achieved. A series of performance indicators have been developed for this purpose (please see the following pages).

Customer feedback is also used to define and refine the audit approach. Devon Assurance Partnership will seek feedback from:

auditees; senior leadership; and executive management. The results from our feedback will be reported to Senior Management and the Audit Committee in the half year and annual reports.

The HoDAP is expected to ensure that the performance and the effectiveness of the service improves over time, in terms of both the achievement of targets and the quality of the service provided to the user.

AUDIT STRATEGY - PERFORMANCE MANAGEMENT & QUALITY ASSURANCE (2)

Performance Indicator		Full year target
Percentage of Audit Plan completed		90%
Customer Satisfaction - % satisfied or very satisfied as per feedback forms		90%
Draft reports produced with target number of days (currently 15 days from final debrief)		90%
Final reports produced within target number of days (currently 10 days from receipt of management actions)		90%
Task	Performance measure	
Agreement of Annual audit plan	Agreed by Chief Executive, Leadership Team and Audit Committee prior to start of financial year	
Agreement of assignment brief	Assignment briefs are agreed with and provided to auditee at least two weeks before planned commencement date.	
Undertake audit fieldwork	Fieldwork commenced at agreed time	
Verbal debrief	Confirm this took place as expected; was a useful summary of the key issues; reflects the findings in the draft report.	
Draft report	Promptly issued within 15 days of finishing our fieldwork. Report is "accurate" and recommendations are both workable and useful.	
Draft report meeting (if required)	This meeting was useful in understanding the audit issues	
Annual internal audit report	Prepared promptly and ready for senior management consideration each June. Report accurately reflects the key issues identified during the year.	
Presentation of internal audit report to Management and Audit and Governance Committee.	Presentation / update is clear and concise. Presenter was knowledgeable on the subject area and able to answer questions posed by management / members.	
Contact with the audit team outside of assignment work.	You were successfully able to contact the person you needed, or our staff directed you correctly to the appropriate person. Emails, letters, telephone calls are dealt with promptly and effectively.	

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Internal Audit
Performance
Monitoring
Targets

Other indicators measured as part of the audit process that may be captured and reported to senior management.

Overall performance is reported to the DAP Committee three times per year.

AUDIT STRATEGY - RESOURCES AND SKILLS

The PSIAS and the Audit Manual states that:

- Internal Audit must be appropriately staffed in terms of numbers, grades, qualifications and experience, having regard to its responsibilities and objectives, or have access to the appropriate resources;
- The Internal Audit service shall be managed by an appropriately qualified professional with wide experience of internal audit and of its management; and
- The Chief Audit Executive (Head of Devon Assurance Partnership) should be of the calibre reflecting the responsibilities arising from the need to liaise with members, senior management and other professionals, and be suitably experienced.

DAP currently has c.45 staff who operate from any one of our three main locations (Plymouth, Torquay and Exeter), we also operate from offices at Torridge DC (Bideford), Mid Devon DC (Tiverton) and South Hams, West Devon Councils (Totnes). The Partnership employs specialists in areas such as Computer Audit, Contracts Audit and Counter Fraud Investigators as well as a mix of experienced, professionally qualified and non-qualified staff.

The Partnership draws on a range of skilled staff to meet the audit needs. Our current staff includes: -

- 2 x Chartered Accountants
- 11 x qualified IIA (CMIIA, PIIA, IIA Cert)
- 2 x qualified computer audit (QICA, CISA, ITIL)
- 2 x risk management (IRM)
- 9 x AAT (qualified and part qualified)
- 3 x ACFS / ACFT (accredited counter fraud specialists)
- 3 x ILM (Institute of Leadership & Management) level 5 or above
- 8 Apprentices/Students (Finance, Data Analyst, IIA, Business Admin)

AUDIT STRATEGY - STAFF DEVELOPMENT AND TRAINING AND USE OF IDEAGEN AUDIT

Staff Skills and Development

Devon Assurance Partnership management assess the skills of staff to ensure the right people are available to undertake the work required.

Staff keep up to date with developments within internal audit by attending seminars, taking part in webinars and conferences, attending training events and keeping up to date on topics via websites and professional bodies. Learning from these events helps management to ensure they know what skills will be required of our team in the coming years, and to plan accordingly.

Devon Assurance Partnership follows formal appraisal processes that identify how employees are developing and create training and development plans to address needs.

Internal Audit Software System

Devon Assurance Partnership uses Ideagen as an audit management system. This system allows Partnership management to effectively plan, deliver and report audit work in a consistent and efficient manner. The system provides a secure working platform and ensures confidentiality of data. The system promotes mobile working, allowing the team to work effectively at client locations or at remote locations should the need arise.

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devonassurancepartnership
Support, Assurance and Innovation

Internal Audit Plan 2025-26

Torbay Council Audit Committee

March 2025

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Official



Tony Rose
Head of Devon Assurance Partnership

Jo McCormick
Deputy Head of Devon Assurance
Partnership

Lynda Sharp-Woods
Audit Manager

Agenda Item 6



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Devon Assurance Partnership

The Devon Assurance Partnership has been formed under a joint committee arrangement comprising of Plymouth, Torbay, Devon, Mid Devon, North Devon, Torridge, South Hams, West Devon councils and Devon and Somerset Fire and Rescue. We aim to be recognised as a high-quality assurance service provider in the public sector. We work with our partners by providing a professional internal audit service that will assist them in meeting their challenges, managing their risks and achieving their goals. In carrying out our work we are required to comply with the Public Sector Internal Audit Standards along with other best practice and professional standards.

The Partnership is committed to providing high quality, professional customer services to all; if you have any comments or suggestions on our service, processes or standards, the Head of Partnership would be pleased to receive them at tony.d.rose@devon.gov.uk.

Confidentiality and Disclosure Clause

This report is protectively marked in accordance with the Government Security Classifications. It is accepted that issues raised may well need to be discussed with other officers within the Council, the report itself should only be copied/circulated/disclosed to anyone outside of the organisation in line with the organisation's disclosure policies.

This report is prepared for the organisation's use. We can take no responsibility to any third party for any reliance they might place upon it.

Introduction

Internal auditing is defined by the Public Sector Internal Audit Standards (PSIAS) which set out the requirements of a 'Board' and of 'senior management'. For the purposes of the internal audit activity within the Council the role of the Board within the Standards is taken by the Council's Audit Committee and senior management is the Council's Senior Leadership Team. The Audit Committee, under its Terms of Reference contained in the Council's Constitution, is required to consider the Internal Audit Plan to provide assurance to support the governance framework (see Appendix 2).

This Council's Internal Audit Charter formally describes the purpose, authority, and principal responsibilities of the Council's Internal Audit Service, which is provided by the Devon Assurance Partnership (DAP) as represented in the audit framework at Appendix 1, and the scope of Internal Audit work. The PSIAS refer to the role of 'Chief Audit Executive'. For the Council this role is fulfilled by the Head of DAP.

The Chief Audit Executive is responsible for developing a risk-based plan which considers the organisation's risk management framework, including using risk appetite levels set by management for the different activities or parts of the organisation as represented in Appendix 3.

The need for robust and effective controls to ensure that resources are used to best effect and deliver the authority's objectives has never been greater. National factors largely beyond the control of the Authority, including rapidly rising energy costs, demand pressures and costs in social care has placed unprecedented pressures on the budget and Internal Audit will help provide independent assurance that risks are known, understood and addressed, and that systems and procedures are sound, effective and efficient.

The audit plan for 2025-26 is a high-level plan which outlines areas for coverage. In collaboration with senior management, we will prioritise areas, issues, and risks for review as the year progresses. This will ensure that the focus of audit coverage is targeted according to the needs and priorities of the Council at that point in time enabling us to add most value. At the start of each audit the scope is discussed and agreed with management with the view to providing assurance to senior management, the Director of Finance (Section 151) and Members with assurance on the control framework to manage the risks identified. Delivery of the plan will continue to be reported, and any changes agreed formally with management and reported to Audit Committee.

Expectations of the Audit Committee for this annual plan

Audit Committee members are requested to consider: -

- the annual governance framework requirements;
- the basis of assessment of the audit work in the proposed plan;
- the resources allocated to meet the plan;
- proposed areas of internal audit coverage in 2025-26.

Following consideration of the above the Audit Committee are required to note the proposed audit plan.

Tony Rose
Head of Devon Assurance Partnership

High Level Audit Plan 2025/26

There has been a growing trend in the sector towards more flexible audit plans to enable internal audit to be more agile and responsive to the rapidly changing risks, in turn maximising resource focus to clients' needs as and when needed – *Agile Auditing*. This principle looks set to continue and has several benefits with ever changing priority and related risks. Key benefits provide for:

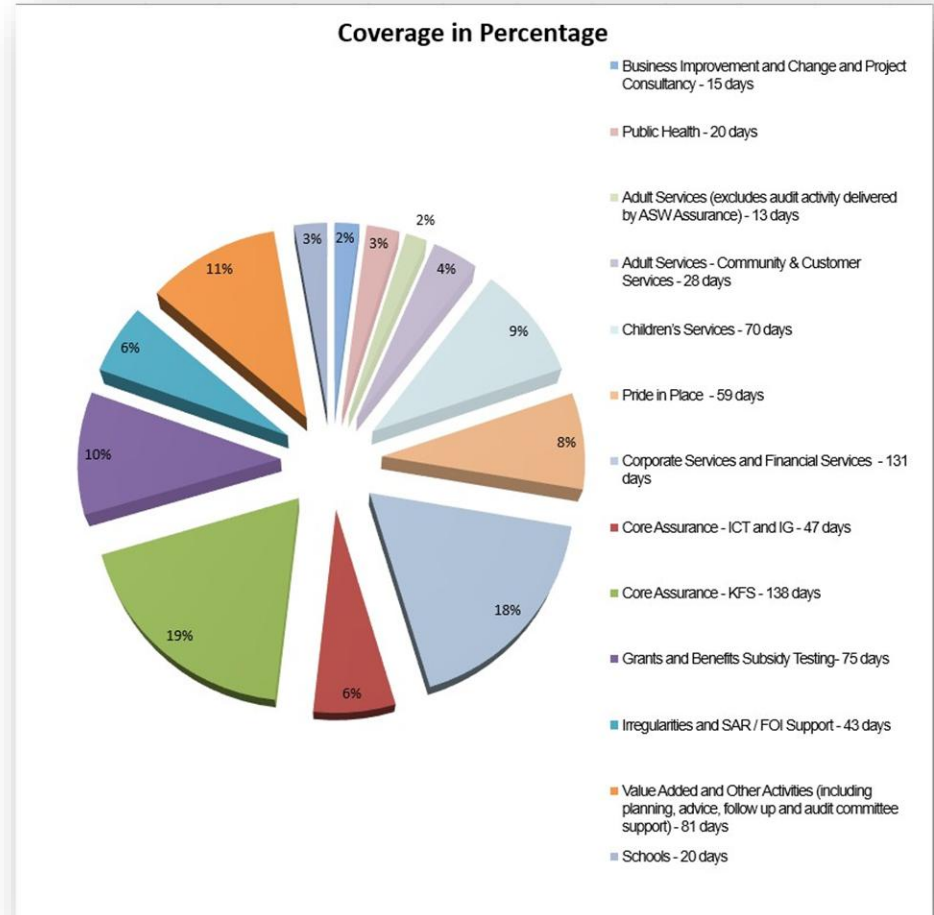
- reduction in non-productive resource planning which subsequently require significant plan changes.
- improved opportunity to keep plan aligned to current risks within Service Areas and as a whole for the Authority.
- more effective and timely pre-audit engagement with Service Leads.
- greater and more regular discussion with client leads – supporting current risk and work priorities.
- agile auditing.
- experience that plans change regularly.
- changes in external risk drivers are more easily picked up in audit assurance needs.

The table on the following page details our proposed high-level overview of audit coverage, this should be considered alongside the pie chart to the right, showing indicative allocation of resource to meet this summary plan. Audit coverage is spread across service areas to ensure provision of assurance on the wider control framework to inform our annual assurance opinion.

The high-level plan has been developed around the risks identified through risk management, audit needs and perceptions of current issues, through robust consultation with client Senior Leadership Team, the S151 Officer and Audit Committee in line with expectations of PSIAS.

Audit work in the most high-risk areas is underpinned by our core assurance work on the main financial systems, numerous grant certifications and work to evaluate management of the Council's ICT and Cyber risks. We also continue to provide an internal audit service to the maintained schools within Torbay.

Audit coverage for the year, based on the priority areas for review referred to in the table below shows a good spread of coverage across service areas enabling us to provide assurance on the wider control framework from which we will build our annual assurance opinion. More detailed terms of reference will be drawn up and agreed with management prior to the start of each individual assignment which may include input from the Council's Counter Fraud Manager – in this way we can ensure that the key risks to the operation or function are considered during our review.



High Level Summary Audit Plan

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Prioritised Risk Areas

High Level Summary Audit Plan						Business Projects & Value Added
Adult Services and Community Services	Public Health	Children's Services	Pride in Place	Corporate Services	Financial Services	
ASC Transformation Plan (QA role) Q2-3 ANA Critical ASC – Client Debt Follow Up Q3 ANA High ASW Assurance <i>The Director of Adult Services works with ASW Assurance to devise an audit plan covering Adult Services delivered by the Trust.</i> Cost of Temporary Accommodation Follow Up Q3 ANA High Housing Stock Q2-3 ANA High Licensing Q3-4 ANA Medium	Pandemic / Infectious Disease Outbreak Q2 ANA Critical Winter Planning Q2 ANA Critical	Safety Valve (QA role) Q1-4 ANA Critical Placements Q3 ANA High Section 17 Q2 ANA High Performance and Data Q1 ANA Medium PFI Schools Q4 ANA High	Economic Growth Q2 ANA High Planning Development Management Q1 ANA High Harbours Follow Up Q2 ANA Medium Climate Change - follow up Q3-4 ANA Medium Transport (Strategic and Public) Q1-2 ANA High S106 and CIL (including follow up) Q1 ANA Medium SWISCo Commissioning follow up Q4 ANA Medium	Health & Safety Follow Up Q4 ANA Medium Coroner Q4 ANA Medium Legal Services (Agency) Q3 ANA Medium IG & DQ CCTV Follow Up Q4 ANA Medium Financial Resilience Q1 ANA High Procurement (inc Events Festival Follow Up) Q4 ANA High Supply Chain Management Q4 ANA High Counter Fraud (Risk Assessments) Q1 ANA High Revs and Bens integration (QA role) Q1-4 ANA Medium Asset Management Q1-2 – ANA High	Business Improvement and Change (QA role) Q1-4 ANA Critical Subject access and freedom of information requests Audit Advice Annual Follow Up Activity Irregularity Investigations	
						Audit Process
						Audit Plan Preparation and Monitoring Audit Committee Reporting External Audit liaison (information provision) AGS (supporting information) Counter Fraud Liaison

Organisational Assurance	ICT ANA Critical – IT Risk Management (Q2); Firewall (Q2); IT Asset Management (Follow Up) (Q4); IT User Management (Follow Up) (Q4); ICT KFS (Follow Up) (Q3); Patch Management (Q3-4)
	Key Financial Systems (KFS) ANA High – Open Revs & Civica W2 System Admin (follow up) (Q1); FIMS System Admin (Q1); Treasury Management (Q1); Payroll (Q4); Income Collection (Q2); Creditors and POP (Q4); Working Age Council Tax Support Scheme (follow up) (Q2); Main Accounting System and Bank Rec (Q2); Housing Benefits (Q3); CTAX and NDR (follow up) (Q3); Debtors (Q3); Asset Register (Q3)
	Business Governance, Schools Assurance, Grant Certifications ANA High (Q1-4) – Finance, Ethics and Probity Group; Information Governance Steering Group; Grant Certifications; HB Subsidy; Schools audits

The above diagram shows the planned audit coverage in the coming year underpinned by defined, core assurance work. ANA is described in Appendix 3.

Fraud Prevention and Detection and Internal Audit Governance

Counter-fraud arrangements are a high priority for the Council and assist in the protection of public funds and accountability. Devon Assurance Partnership will continue to investigate instances of potential fraud and irregularities as requested by the Financial, Ethics and Probity (FEP) Group, and will also carry out pro-active anti-fraud and corruption testing of systems considered to be most at risk to fraud as directed by FEP. In recognition of the guidance in the Fraud Strategy for Local Government “Fighting Fraud Locally”, and the TEICCAF (The European Institute for Combatting Crime and Fraud) publication “Protecting the English Public Purse 2016”, DAP will liaise with the Council’s Counter Fraud Manager, to enable resource to be focussed on identifying and preventing fraud before it happens. Additionally, new guidance introduced by CIPFA, in their ‘Code of practice on managing the risk of fraud and corruption’, and also the Home Office ‘UK Anti-Corruption Plan’, will further inform the direction of counter-fraud arrangements going forwards. The collaborative working arrangements between the Internal Audit and Counter Fraud teams, enables intelligence to be shared and resources focussed on higher risk areas to prevent a fraud occurring.

The Cabinet Office runs a national data matching exercise (The National Fraud Initiative - NFI) run every two years, which is managed by Torbay Council’s Counter Fraud Manager. The NFI programme has identified cumulative savings since its creation in 1996. The outcomes exclude the non-financial benefits also experienced by participants, such as improvements in the accuracy of records, or a greater knowledge of the extent and types of risks their organisations might face.

Internal Audit Governance

An element of our work is classified as ‘audit process’ - this is work that ensures effective and efficient audit services are provided to the Council and the internal audit function continues to meet statutory responsibilities. In some instances, this work will result in a direct output (i.e. an audit report) but in other circumstances the output may simply be advice or guidance. Some of the areas that this may cover include: -

- Preparing the internal audit and counter fraud plans and monitoring implementation;
- Preparing and presenting monitoring reports to Senior Management and the Audit Committee;
- Assistance with the Annual Governance Statement;
- Liaison with other inspection bodies e.g. External Audit (Grant Thornton) and ASW Assurance (Internal Audit for NHS);
- Support to the Council’s internal Risk Management team.
- On-going development within the Partnership to realise greater efficiencies in the future.

Partnership working with other auditors

We will continue to develop and maintain effective partnership working arrangements between ourselves and other audit agencies where appropriate and beneficial. We participate in a range of internal audit networks, both locally and nationally which provide for a beneficial exchange of information and practices with the aim of improving the effectiveness and efficiency of the audit process, through avoidance of instances of “re-inventing the wheel” in new areas of work.

Appendix 1 - Audit Framework

Internal Audit is a statutory service in the context of The Accounts and Audit (England) Regulations 2015 (revised 2021), which state:
 'A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, considering public sector internal auditing standards (PSIAS) or guidance'.

DAP, through external assessment, demonstrates that it meets the Public Sector Internal Audit Standards (PSIAS).

The Standards require that the Chief Audit Executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals. When completing these plans, the Chief Audit Executive should take account of the organisation's risk management framework. The plan should be adjusted and reviewed, as necessary, in response to changes in the organisation's business, risk, operations, programs, systems and controls. The plan must take account of the requirement to produce an internal audit opinion and assurance framework.

This audit plan has been drawn up, therefore, to enable an opinion to be provided at the end of the year in accordance with the above requirements.



We will seek opportunity for shared working across member authorities. In shared working Devon Assurance Partnership will maximise the effectiveness of operations, sharing learning and best practice, helping each authority develop further to ensure that risk remains suitably managed.

Appendix 2 - Annual Governance Framework Assurance

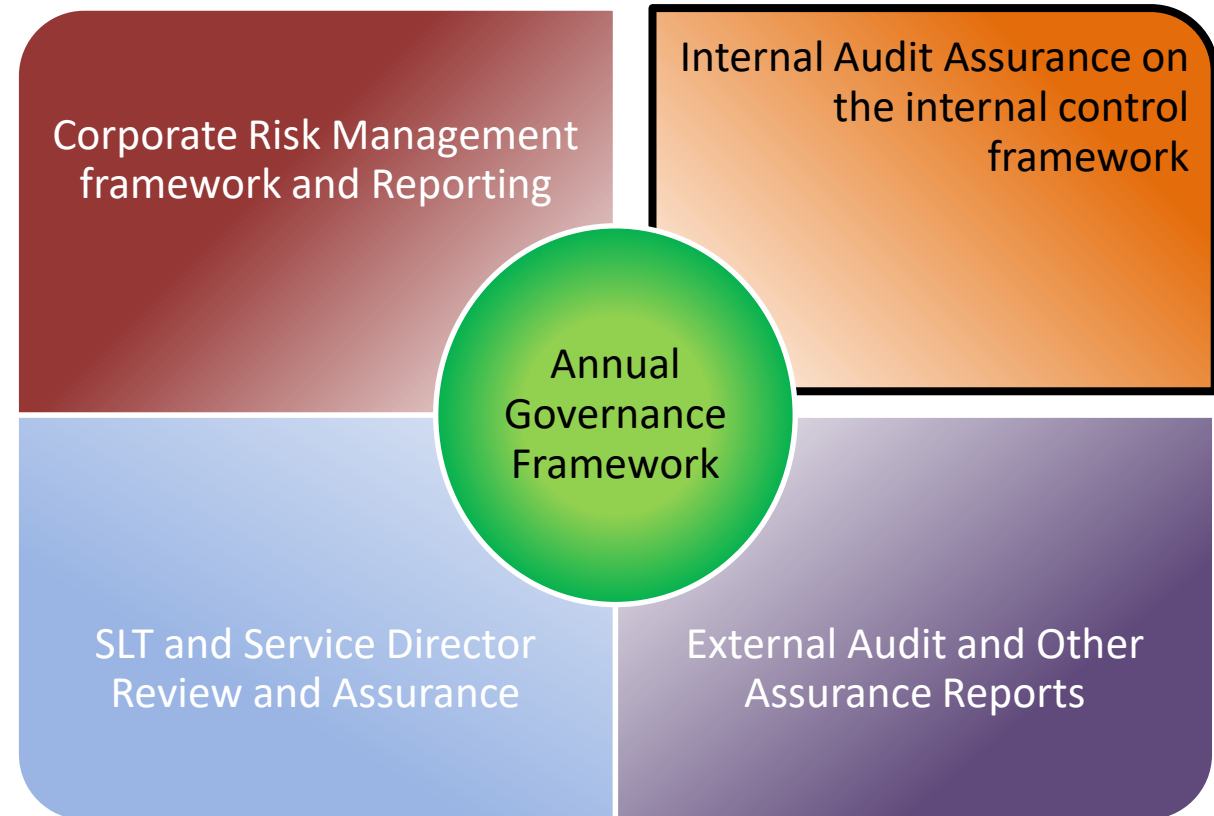
The Annual Governance Statement provides assurance that

- The Authority's policies have been complied with in practice;
- high quality services are delivered efficiently and effectively;
- ethical standards are met;
- laws and regulations are complied with;
- processes are adhered to;
- performance statements are accurate.

The statement relates to the governance system as it is applied during the year for the accounts that it accompanies. It should: -

- be prepared by senior management and signed by the Chief Executive, Leader of the Council and Chair of the Audit Committee;
- highlight significant events or developments in the year;
- acknowledge the responsibility on management to ensure good governance;
- indicate the level of assurance that systems and processes can provide;
- provide a narrative on the process that is followed to ensure that the governance arrangements remain effective. This will include comment upon:
 - The Authority;
 - Audit Committee;
 - Risk Management;
 - Internal Audit;
 - Other reviews / assurance;

Provide confirmation that the Authority complies with CIPFA recently revised International Framework – Good Governance in the Public Sector. If not, a statement is required stating how other arrangements provide the same level of assurance.



The AGS needs to be presented to, and approved by, the Audit Committee, and then signed by the Chair.

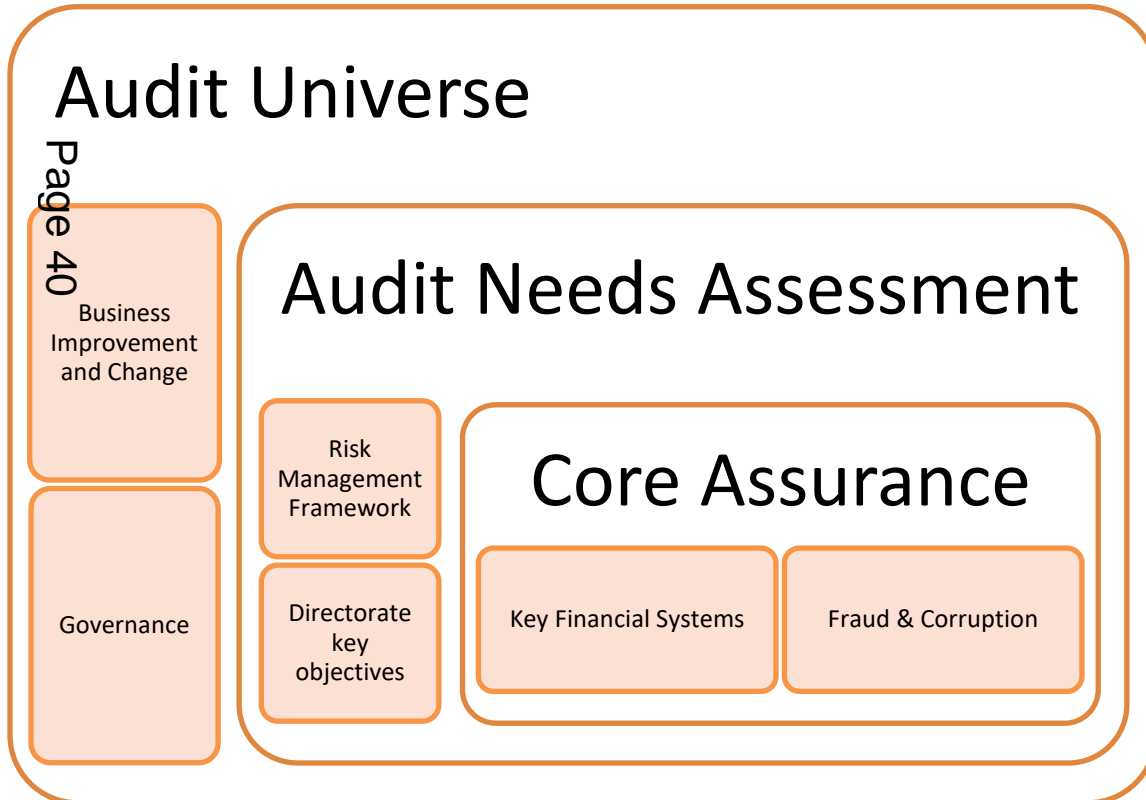
The Committee should satisfy themselves, from the assurances provided by the Annual Governance process, SLT, Internal Audit, and other assurance providers (e.g., ASW Assurance) that the statement meets statutory requirements.

Appendix 3 - Audit Needs Assessment

We work closely with the Section 151 Officer, Directors, and Members to employ a risk-based priority audit planning approach to identify those areas where audit resources can be most usefully targeted.

This involves consideration of global risk themes, the Council’s risk register, budget consultation information, and Internal Audit assurance mapping. The plan consultation process recorded areas considered but excluded from the plan in accordance with PSIAS.

The result is the Internal Audit Plan set out within the plan on page 3 of this report. A number of areas are placed on a reserve list for future consideration (page 4).

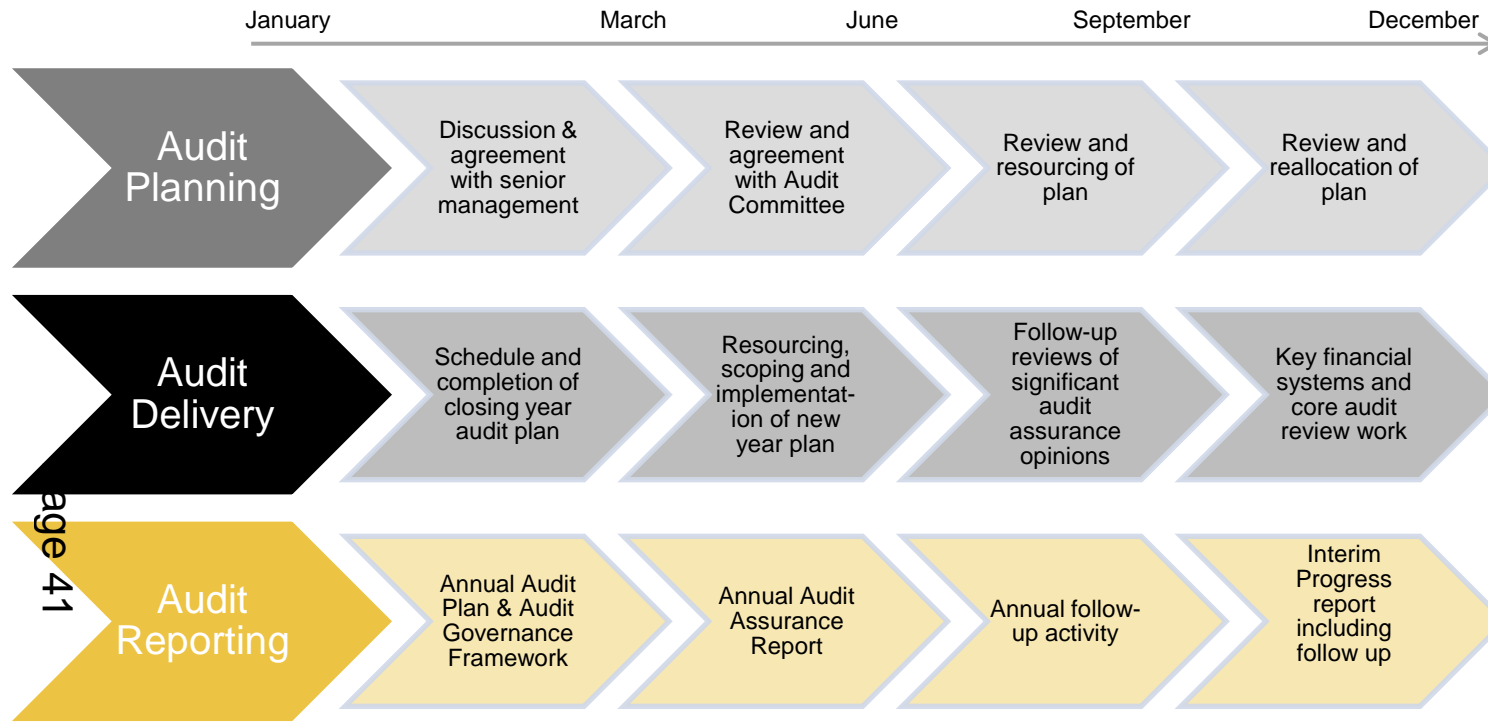


The result is the Internal Audit Plan set out earlier in this report.

The audit plan for the year has been created by:

- Consideration of risks identified in the Authority’s strategic and operational risk registers
- Review and update of the audit universe
- Discussions with the S151 Officer, Senior Leadership Team and Members regarding the risks which threaten the achievement of corporate or service objectives, including changes and / or the introduction of new systems, operations, programs, and corporate initiatives
- Taking into account results of previous internal audit reviews
- Taking into account Internal Audit’s knowledge and experience of the risks facing the Authority, including factors and systems that are key to successful achievement of the Council’s delivery plans
- Requirements to provide a 'collaborative audit' approach with the external auditors

Appendix 4 - Our Audit Team and the Audit Delivery Cycle



Date	Activity
Jan 2025 / Feb 2025	Directorate planning meetings
March 2025	Internal Audit Plan presented to Audit Committee
	Internal Audit Governance Arrangements reviewed by Audit Committee
March / April 2025	Year-end field work completed
April / May 2025	Annual Performance reports written
May 2025	Annual Internal Audit Report including outcomes of follow up activity presented to Audit Committee
Jan 2026	Interim Progress report presented to Audit Committee
Jan 2026	2026/27 Internal Audit Plan preparation commences

<p>Tony Rose Head of DAP T 01392 383000 M 077971 322914 E tony.d.rose@devon.gov.uk</p>	<p>Jo McCormick Deputy Head of DAP T 01392 383000 M 079616 50617 E joanne.mccormick@devon.gov.uk</p>	<p>Lynda Sharp-Woods Audit Manager – Torbay Council T 01392 382322 E Lynda.Sharp-Woods@devon.gov.uk</p>
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Appendix 5 - Professional Standards and Customer Service

Conformance with Public Sector Internal Audit Standards (PSIAS)

Conformance - Devon Assurance Partnership conforms to the requirements of the PSIAS for its internal audit activity. The purpose, authority and responsibility of the internal audit activity is defined in our internal audit charter, consistent with the *Definition of Internal Auditing*, the *Code of Ethics* and the *Standards*. Our internal audit charter was approved by senior management and the Audit Committee in March 2024. This is supported through external assessment of conformance with Public Sector Internal Audit Standards & Local Government Application Note.

The Institute of Internal Audit (IIA) are the key body involved in setting out the global standards for the profession which form the basis for the Public Sector Internal Audit Standards (PSIAS) and have been undergoing review and revision. The proposed new standards will take effect in the public sector in April 2025 and provide clarity and raise awareness of the audit committee's governance roles and responsibilities. [2024 Global Internal Audit Standards \(theiia.org\)](https://theiia.org)

Quality Assessment - the Head of Devon Assurance Partnership maintains a quality assessment process which includes review by audit managers of all audit work. The quality assessment process and improvement is supported by a development programme.

External Assessment - The PSIAS states that a quality assurance and improvement programme must be developed; the programme should be informed by both internal and external assessments.

An **external assessment** must be conducted at least once every five years by a suitably qualified, independent assessor. For DAP this was recently conducted in 2024 by an IIA qualified ex Assistant Director of an Audit Partnership.

The assessment result was that *“Based on the work carried out, it is our overall opinion that DAP generally conforms* with the Standards and the Code of Ethics”*. The report noted that *“As a result of our work, a small number of areas where partial conformance was identified. These were minor observations, none of which were significant enough to affect the overall opinion”*. DAP is actively addressing these improvement areas.

* **Generally Conforms** – This is the top rating and means that the internal audit service has a charter, policies and processes that are judged to be in conformance to the Standards

Improvement Programme – DAP maintains a rolling development plan of improvements to the service and customers. All recommendations of the external assessment of PSIAS and quality assurance are included in this development plan which is ongoing. Our development plan is regularly updated and links to our overall strategy, both of which are reported to the DAP Management Board and DAP Committee.

Customer Service Excellence (CSE)

DAP was successful in re-accreditation by G4S Assessment Services of the CSE standard during 2024. This accreditation is a UK-wide quality mark which recognises organisations that prioritise customer service and are committed to continuous improvement.

During the 2024-25 year we have issued client survey forms for some of our reports, and the results of the surveys returned were very good / positive. The overall result is very pleasing, with near 98% being "satisfied" or better across our services. It is very pleasing to report that our clients continue to rate the overall usefulness of the audit and the helpfulness of our auditors highly.

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Meeting: [Audit Committee](#)

Date: [26 March 2025](#)

Wards affected: [All](#)

Report Title: [Counter Fraud Plan 2025-26](#)

When does the decision need to be implemented? [Not applicable](#)

Director Contact Details: [Malcolm Coe, Director of Finance,](#)
Malcolm.coe@torbay.gov.uk

1. Key points and Summary

- 1.1 This report provides the Audit Committee with details of current and future Counter Fraud plans supporting delivery of the Counter Fraud and Corruption Policy.
- 1.2 The Corporate Counter Fraud and Error team deliver a service across the Council which aims to prevent, detect, and deter fraud, error and criminality related to fraud. The Counter Fraud plan provides a framework for the prevention, detection and response activity undertaken by the team.
- 1.3 Though undertaking the planned activity, financial losses are prevented, assurance is provided, additional revenue identified for recovery, income is secured through the supply of services, and redress sought in cases of civil or criminal offending.
- 1.4 Raising awareness of fraud across the organisation and across the community is vital to not only protect the councils finances but to safeguard the Torbay Community from financial and social harm caused by fraud.

2. Introduction

- 2.1. The cost of fraud to UK local government was estimated to be between £33.2 and £58.8 billion per year in 2020/21. This figure represents the financial impact of fraudulent activities on local government finances and underscores the importance of effective fraud prevention and detection measures to protect public resources. It's crucial for local authorities to adopt robust strategies to combat fraud and safeguard funds intended for vital public services.

3. Counter Fraud Plan Summary

- 3.1 A counter fraud plan is essential for preventing and detecting fraudulent activities within the public sector. The plan aims to strengthen the response to fraud and corruption. It involves leadership commitment, risk assessment, clear policies, staff training, collaboration, technology adoption, and ongoing monitoring.
- 3.2 By implementing these measures, the Council is demonstrating its commitment to prevent, detect, and address fraudulent activities. The Counter Fraud Plan

supports the Council's Counter Fraud and Corruption Policy [Counter Fraud and Corruption Policy - Torbay Council](#). The key elements of the Counter Fraud Policy and Plan are detailed below in items 3.3 to 3.9:

3.3 Leadership and Governance:

- There are clearly defined responsibilities for fraud prevention and detection.
- There is a dedicated counter-fraud team.
- Senior management are committed to anti-fraud efforts.

3.4 Risk Assessment and Understanding:

- We conduct regular risk assessments to identify areas vulnerable to fraud.
- We understand the types of fraud prevalent in the local government context.
- We analyse historical fraud cases to inform prevention strategies.

3.5 Fraud Policies and Procedures:

- We have developed and communicated our fraud policy.
- The policy outlines procedures for reporting, investigating, and managing fraud cases, including the Council's whistleblowing arrangements.

3.6 Training and Awareness:

- We train staff on fraud awareness, prevention, and detection.
- We promote a culture of vigilance and ethical behaviour.
- We regularly update staff on emerging fraud risks.

3.7 Collaboration and Information Sharing:

- We collaborate with Internal Audit (see Flow diagram below), other local authorities, law enforcement, and relevant agencies.
- We share intelligence on fraud trends and best practices.
- We establish partnerships and relationships to tackle cross-boundary fraud
- We undertake investigations with Department of Works and Pensions Fraud Officers
- We provide information to the Department of Works and Pensions to support their investigations through the management of Local Authority Information Exchange Forms (LAIEFs)

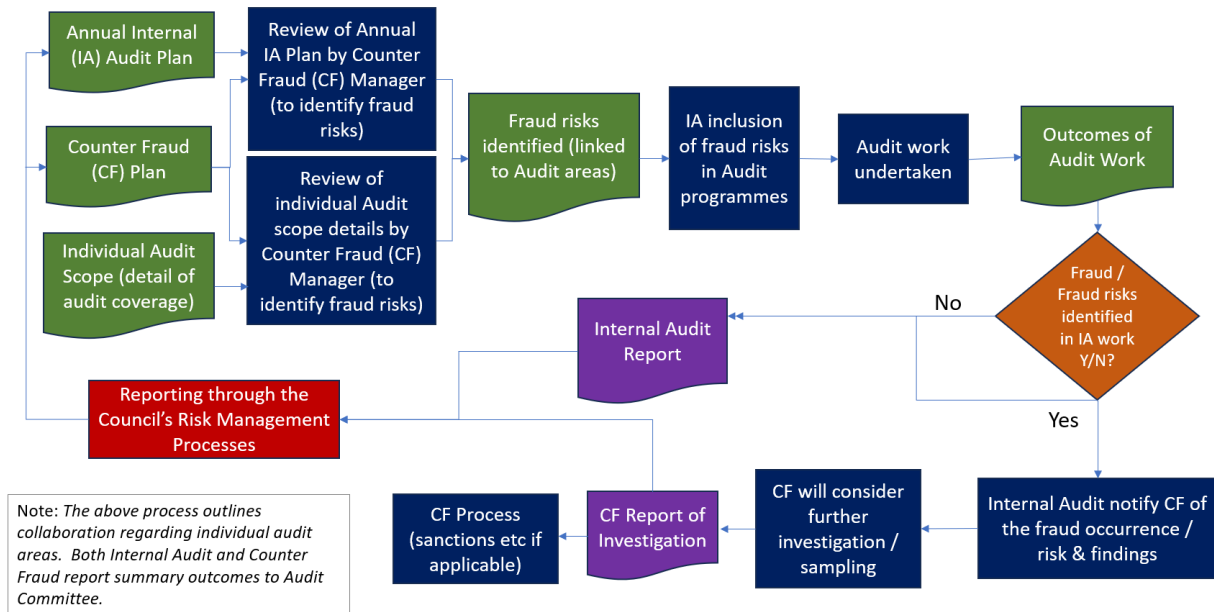
3.8 Use of Technology:

- We leverage technology tools for fraud detection (e.g., data analytics).
- We have secure systems in place for managing sensitive information.
- We continually explore digital solutions for fraud prevention and detection.

3.9 Monitoring and Reporting:

- Fraud incidents and outcomes are monitored and tracked.
- Fraud losses and recovery efforts are reported.
- We regularly review the effectiveness of anti-fraud measures.

Counter Fraud and Internal Audit Collaboration Process



4. Counter Fraud Plan Detail

4.1 In order to develop the detailed plan, each area has been risk assessed based on various factors, which determined the areas of priority for the coming year.

4.2 **The Rolling Work Programme** incorporates the work that is continual within the Counter Fraud team. These include the following:

- Receive, review and respond to Local Authority Information Exchange Forms from DWP.
- Receive and review fraud referrals/allegations.
- Receive, review and respond to suspected Money Laundering Reports
- Conduct Investigations into allegations deemed to breach a regulation or policy.
- Provide case by case prevention advice
- Monitor companies House movement.
- Conduct regular visits.
- Cllr Council Tax checks for Section 106 of the Local Government Finance Act 1992
- Deceased monitoring to ensure prevention across, but not limited to Council Tax, Blue badges and concessionary fares.
- Ongoing Team Training in Counter Fraud.
- Fraud detection through programmes of work
- Identification, Introduction and Procurement of fraud prevention and detection tools
- Act as the Key Contact on behalf of Torbay Council for the National Fraud Initiative, ensuring data compliance, deadlines and outcomes are met.
- Identify new areas of data matching to enhance the National Fraud Initiative exercise and participate in any pilot exercises resulting.
- Fraud landscape horizon scanning
- Attending national fraud events to share knowledge and network with like minded peers to learn and gain insight to fraudulent activity
- Receive review and respond to fraud intelligence alerts providing awareness of current/known threats to necessary departments or individuals
- Providing fraud awareness training through mandatory i-learn courses

- Give fraud awareness presentations to new starters at their induction events
- Raise awareness of fraud across the Torbay Community through social media platforms
- Participate in the strategic group targeting of empty properties
- Participate in the Tax Compliance Group
- Participate in the Information Governance Steering Group
- Data match – domestic refuse collection to council tax charge-base for the identification of empty properties

4.3 **The Scheduled Work Programme for 2025-26**, incorporates the following:

- Recruitment to the empty post of Counter Fraud Officer
- Corporate Fraud Risk Assessments.
- Council Tax SPD review through procured wholly managed service
- Complete the Review of composite properties, commenced 2024/25
- Business Rates relief reviews (except CHARITY) including potential procurement of services to assist with Small Business Rates abuse
- Limited Companies Review across Council Tax, Business Rates, debtors and Housing Benefit payees
- Continue with procured services to identify unregistered Council Tax Properties
- Continue with procured services to identify undeclared alterations to business rated premises
- Run procurement exercise to ensure new contract for identification of unregistered council tax properties and undeclared alterations to business rated premises is in place when current contract expires
- complete trial and evaluation of LoCTA fraud prevention tool across Council Tax, Business Rates and its Recovery Team
- If trial of LoCTA deemed successful, deploy use of the tool across the wider Local Authority to include but not limited to Housing Benefits, Housing Needs, Housing Options, Licensing, ASB, Community Protection, Education, Empty Homes, Finance and Procurement, Parking, Post Room, Pensions.
- Explore business case for procurement of a tool to protect council services from identity fraud
- If business case identifies clear benefits, feasibility and necessity, undertake procurement exercise to identify and secure a tool for the prevention and detection of identity fraud
- Implement any procured identification fraud prevention tool across departments
- Explore potential for working with credit reference agency and/or NFI to develop methods for the identification of council tax properties incorrectly rated as occupied when they are empty.
- Identify and procure a company to identify council tax properties registered as empty but are occupied.
- Matching between Council Tax, Business Rates and Sundry Debtor Accounts to identify irregularities.
- Test Household Support Fund for duplicate payments.
- Continued Development of Procurement Fraud test methods including identification of tools to support procuring officers in the process of “KYC”
- Seek to develop a new Blue Badge anti-fraud strategy together with the Head of Parking Service and the Baywide Community Services and Business Support manager from Torbay and South Devon NHS Foundation

Trust.

- Seek to develop a strategy, together with the Head of Parking Services for tackling parking abuse schemes
- Council Tax data match on joint bank accounts to single person discount properties. (external and internal data)
- Review attachment of earnings linked to earned income for Working Age Council Tax Reduction Scheme (WACTR).
- Test through data matching - School admissions to Council Tax SPD.
- Test through data matching – Council Tax to School Admissions
- Test through data matching – housing and homeless applications to credit reference agency data
- Review all Social Housing Tenancies awarded to Council owned properties
- Test for irregularities in Benefit payees to deceased persons
- Test for irregularities in temporary accommodation placements

4.4 **The Future Work Programme for 2026-27 onwards**

- Fraud testing of school admissions process
- Fraud testing of school transport process
- Fraud testing of free school meal awards
- Fraud Detection in Council Tax Single Person Discounts against CRM records
- Data match – Disabled Facilities Grant (DFG) applications to WACTR.
- Data match - DFG applications to Council tax single person discount (SPD).
- Data match - Refuse registrations/slot bookings to council tax
- Data match - Street trading licensing to WACTR incomes.
- Data match - Rent in advance single claimants who move to new address with second person.
- Data match - WACTR with no earned income to Business Rates.
- Data match – Business Rates to Companies House.
- Data match – Council Tax company liabilities to Companies House.
- Data match - ER to ER to identify duplicate registrations.
- Test any right to buy applications for Council Owned properties to ensure AML obligations are present

4.5. The Counter Fraud activities and outcomes are reported to Audit Committee on a regular basis which will provide details of progress against the planned work.

Rachel Worsley
Counter Fraud and Error Manager

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Audit Committee Work Plan 2025/2026

Date of Meeting	Report Title
28 May 2025	<ul style="list-style-type: none"> • Audit Committee Terms of Reference • Treasury Management Outturn • Annual Audit Report (Internal Audit) • Draft Annual Governance Statement 2024/25 • Audit Committee Annual Report 2024/25 • Strategic and Corporate Risk Report • Counter Fraud and Error Update • Performance Update: Collection of Council Tax & Non-Domestic Rates • Audit Committee Workplan
30 July 2025	<ul style="list-style-type: none"> • Risk Assurance Report - Integrated Adult Social Care Services • Performance Update: Collection of Council Tax, Non-Domestic Rates & Corporate Debt • 2024/25 External Audit Plan (Grant Thornton) • Audit Committee Progress Report and Sector Update (Grant Thornton) • Audit Committee Workplan
29 October 2025	<ul style="list-style-type: none"> • 2025/26 Treasury Management Mid-Year Review • Progress against Corporate Peer Challenge Action Plan • Whistleblowing Complaints and HR Investigations • Audit Committee Workplan • Strategic and Corporate Risk Report

Audit Committee Work Plan 2025/2026

21 January 2026	<ul style="list-style-type: none">• Internal Audit - Half Year Report including the outcomes of the Follow Up on Areas Requiring Improvement• 2025/26 Treasury Management Strategy• 2024/25 Torbay Council Audit Findings Report (Grant Thornton)• 2024/25 Torbay Council Auditor's Annual Report (Grant Thornton)• 2024/25 Statement of Accounts including Annual Governance Statement• Strategic and Corporate Risk Report (plus wholly owned companies risk update)• Audit Committee Progress Report and Sector Update (Grant Thornton)• RIPA Update• Counter Fraud and Error - 6 monthly Update• Audit Committee Workplan
25 March 2026	<ul style="list-style-type: none">• Internal Audit Plan• Internal Audit Charter and Strategy• Counter Fraud and Error Annual Plan• Strategic and Corporate Risk Report• Audit Committee Workplan