

Tuesday, 14 March 2023

AUDIT COMMITTEE

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

Wednesday, 22 March 2023

commencing at **2.00 pm**

The meeting will be held in the Meadfoot Room, Town Hall, Castle Circus,
Torquay, TQ1 3DR

Members of the Committee

Councillor Loxton (Chairman)

Councillor Brooks

Councillor Johns

Councillor Douglas-Dunbar

Councillor Kennedy (Vice-Chair)

Councillor Hill

Councillor O'Dwyer

Together Torbay will thrive

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

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

AUDIT COMMITTEE AGENDA

1. **Apologies**
To receive any apologies for absence, including notifications of any changes to the membership of the Committee.
2. **Minutes** (Pages 4 - 10)
To confirm as a correct record the Minutes of the meeting of the Audit Committee held on 25 January and 6 February 2023.
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. **Risk governance process for our integrated Adult Social Care Services** (Pages 11 - 16)
To note a report that sets out the risk governance process for the Council's integrated Adult Social Care Services.
6. **Internal Audit Plan - Including the Internal Audit Charter and Strategy 2023-24** (Pages 17 - 50)
To consider a report that sets out the Internal Audit Plan, Internal Audit Charter and Strategy for 2023-24.
7. **Counter Fraud and Corruption Policy Update** (Pages 51 - 79)
To consider a report that sets out a review of the Council's Counter Fraud and Corruption Policy.

8. HR Investigations and Whistleblow

(Pages 80 - 82)

To consider a report that provides a high-level summary of the number of HR investigations and Whistleblow investigations.

Meeting Attendance

Please note that whilst the Council is no longer implementing Covid-19 secure arrangements attendees are encouraged to sit with space in between other people. Windows will be kept open to ensure good ventilation and therefore attendees are recommended to wear suitable clothing.

If you have symptoms, including runny nose, sore throat, fever, new continuous cough and loss of taste and smell please do not come to the meeting.

Minutes of the Audit Committee

25 January 2023

-: Present :-

Councillor Loxton (Chairman)

Councillors Brooks, Hill, Johns, Kennedy (Vice-Chair) and O'Dwyer

27. Apologies

An apology for absence was received from Councillor Douglas-Dunbar.

28. Minutes

The Minutes of the meeting of the Audit Committee held on 7 November 2022 were confirmed as a correct record and signed by the Chairman.

29. Internal Audit Areas Requiring Improvement - Follow Up Report

Members noted the Internal Audit – Follow Up Report on Areas Requiring Improvement. The Head of the Devon Audit Partnership informed Members that the Annual Internal Audit Report was presented to the Audit Committee in May 2022, the report provided a summary of the audits undertaken and an assurance opinion. Members were advised that originally there were four areas with 'limited assurance' but two had improved to 'reasonable assurance' one still remained 'limited' and the other had a change in circumstances so was no longer an issue. Overall, management responses indicate that positive progress had been made but further work was required in respect of Children's Services. This work would form part of the end of year assurance from the Devon Audit Partnership.

The Committee noted that Devon and Somerset Fire and Rescue Service had now formally joined the Devon Audit Partnership.

30. Internal Audit Half Year Audit Report 2022-23

Members considered the Internal Audit – Half Year Audit Report 2022-23. The Head of the Devon Audit Partnership informed Members that the Internal Audit plan for 2022/21 was presented and approved in March 2022. The half year report provides Internal Audits current opinion on the overall adequacy and effectiveness of the Authority's internal control environment.

Overall, and based on work performed to date during 2022/23, 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 much of the Authority's internal control framework. The exception to this was Children's Services Directorate which is of 'Limited Assurance' due to the lack of audits undertaken in this area during the first half of the year.

Members thanked the Devon Audit Partnership Team for all their work supporting the Council and noted that some of the work from 2021/2022 had been finalised in year due to delays as a result of the pandemic.

Members raised questions in relation to:

- What the issues were in respect of tenders and contracts and requested a written response to be provided by the Head of the Internal Audit.
- What were the issues relating to the Service Level Agreement with the Coroner and when would this be resolved.
- Under the section 'Irregularities Prevention and Detection' who was responsible for picking up the action and how would this be addressed.
- What action was being taken to address the issues in connection with public toilets – the Director of Finance agreed to chase the Director of Pride in Place up for a response and the Head of Internal Audit agreed to provide more detail around this issue with the Committee and Director of Pride in Place.
- What was the reason for the parking charges not going through proper procedures and financial regulations.
- What was the reason for the difficulty in recovering fines from parking charges.
- Were there any other areas that the Head of Internal Audit had concerns.
- The audit provided 'reasonable assurance' in respect of Corporate Complaints, however, there had been a history of problems with Corporate Complaints and Freedom of Information requests not being responded to on time. There was a need to look at this over a longer period of time to identify patterns and trends. Members questioned how the Audit Committee could make a difference to improve responses.
- Have Council Tax and business rates processes been reviewed as changes were taking a long time to be implemented/updated.
- What work has been done around commissioning and TDA.
- What was the relationship between SWISCo and Healthmatic regarding toilets and was the contract held by the Council or SWISCo.

Resolved (unanimously):

Members challenged the reasonable assurance given to Corporate Complaint System having had four years of reviewing performance on complaints and two action plans and requested that consideration be given to the 2023/2024 Audit Programme to reviewing the overall effectiveness of the Corporate Complaints process, especially the services which have high levels of complaints.

31. Treasury Management Strategy 2023/24 including adoption of the CIPFA Code of Practice: Treasury Management in the Public Services

Members considered a report on the Treasury Management Strategy which aims to support the provision of all services by the management of the Council's cash flow, debt and investment operations in 2023/24 and effectively control the associated risks and the pursuit of optimum performance consistent with those risks.

The Strategy sets 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 gives regard to the CIPFA Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

Members were also asked to recommend that the Council adopt the CIPFA Code of Practice: Treasury Management in the Public Services.

Members raised questions in relation to:

- The figures for the liability benchmarking.
- The Director of Finance advised that he did not believe the Council would need to borrow money over the next 12 months, however, the Council has recently needed to borrow money to cover the costs of some of its capital projects, what assurance could be given that other capital projects would not require additional funding to progress/complete.
- How do we ensure that we are following our approved policies and strategies such as the Treasury Management Strategy.
- How will we ensure that we do spend the money identified in the Capital Plan Budget.
- Should a recently purchased property be included within the report.

Resolved (unanimously):

That Council be recommended:

1. that the CIPFA Code of Practice: Treasury Management in the Public Services as set out in the Appendix 1 to the submitted report be adopted; and
2. that the:
 - a) Treasury Management Strategy for 2023/24;
 - b) the Prudential Indicators 2023/24; and
 - c) the Annual Minimum Revenue Provision Policy Statement for 2023/24; as set out in the Appendix 2 to the submitted report be approved.

32. Torbay Council Audit Progress Report and Sector Update

Members noted a report which detailed the progress Grant Thornton had made in delivering their responsibilities as the Council's External Auditors. The report also included a summary of emerging national issues and developments that may be relevant to the Council.

The Audit Manager outlined the difficulties in finalising the 2021/2022 audit and gave assurance that work was being progressed as quickly as possible and that the value for money work for 2021/2022 would be completed in conjunction with the work for 2022/2023 with the reports being merged together to help them catch up.

33. TDA Management Accounts

The Audit Committee considered and noted the TDA Management Accounts as set out in the submitted exempt report and raised questions in relation to the following:

- The costs associated with the change of Leadership and who picked up these costs.
- How the charges were calculated and the reason behind some of the fluctuation in costs during the year.
- If it was possible to include text narrative with some of the charts.
- How the relationships worked with the companies owned by the TDA.
- What impact was Torvista having on TDA finances and resources and where did the liabilities sit.

Members suggested that it would be useful to have an additional column for future reports with the annual budget.

(Note 1: the Management Accounts for TDA were exempt as the public statutory accounts were not yet available, therefore during discussion of this item once the public elements had been discussed the press and public were formally excluded from the meeting on the grounds that exempt information was likely to be disclosed as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).)

(Note 2: prior to consideration of the item in Minute 33, Councillor O'Dwyer declared a non-pecuniary interest as a Council appointed Director of TDA.)

34. Management Accounts - SWISCo

Members considered and noted the SWISCo Management Accounts as set out in the submitted exempt report and raised questions in relation to the following:

- Were there any outstanding issues in respect of TOR2 Ltd.
- What was the extra potential funding to the Council for.
- What was the reason for the plant material and other sub-contracted works being higher than planned.
- What were the minimum levels of gross profit that would be acceptable to the Director of Finance.

(Note: the SWISCo Statutory Accounts were available and open to public examination, however, the Management Accounts for SWISCo were exempt, therefore prior to consideration of the item in Minute 34 the press and public were formally excluded from the meeting on the grounds that exempt information was likely to be disclosed as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).)

Chairman/chairwoman

Minutes of the Audit Committee

6 February 2023

-: Present :-

Councillor Loxton (Chairman)

Councillors Brooks, Douglas-Dunbar, Johns, Kennedy (Vice-Chair) and O'Dwyer

35. Apologies

An apology for absence was received from Councillor Hill.

36. Quarter 3 Performance Report

Prior to Members considering the submitted Quarter 3 Performance and Risk Reports, a statement was read out which was agreed unanimously, as set out in the recommendation below.

Members were advised that the Quarter 3 Performance Report contained the summaries of progress, updates on projects and performance of key indicators used to deliver and track the priorities within the Community and Corporate Plan.

At the meeting Members were joined by the Divisional Director of Planning, Housing and Climate Emergency and Director of Strategic Projects and held a debate which focused on the indicators within their service areas.

Members raised questions in relation to:

- Perceived slow progress and little improvement of the Development Management Services, concerns over large backlogs and slow decision making, despite the additional resources that had been deployed as part of the PID. Members asked when would Development Management be fixed and the performance in line with other Council's;
- When would a replacement for the Head of Development Control be sought and the reason for the delay in recruiting to the post;
- The lack of detail in the narrative regarding 'Working with Registered providers on Social and Affordable homes';
- Stalled sites and the reasons for sites not being developed. The Divisional Director of Planning, Housing and Climate Emergency agreed to write to the developers of the stalled sites seeking the reason for not developing the sites;
- The 'Tackling Climate Change' risk score which had been identified as significant risk but there still appearing to be a lack of progress towards the climate change targets;

- The lack of implementation and improvement in cycling and walking routes and slow installation of Electric Vehicle Charging points;
- The timescales for the implementation of the Preston and Paignton Community Sea Defences;
- The risk of having a lack of regeneration and development as a whole and what mitigations were in place to avoid further delays to the major capital projects we are already committed to..

Resolved:

That the Leader of the Council and Chief Executive provide a formal response, for consideration by the Audit Committee on 22 March 2023, to the following statement:

‘This Committee has been very ably challenging officers time and again on weaknesses within their areas. Those challenges have apparently fallen on deaf ears as the same issues keep coming up in reports despite a number of assurances and action plans.

As a Committee we need to understand, and have evidence of, how our Chief Executive and Leader of the Council are holding our officers and portfolio holders to account for failing processes. As elected Members accountable to our taxpayers we seek to understand and have evidence of how our Leadership Group is tackling the current culture of weakness when it comes to driving improvements across the Council.’

37. Quarter 3 Risk Report

This item was considered alongside the Quarter 3 Performance Report, see the minute above.

38. Risk Management Policy

The Audit Committee considered the submitted report on Torbay Council’s Risk Management Policy. The Senior Performance and Risk Officer informed Members that the policy had been developed in conjunction with the Devon Audit Partnership Manager and sets out the Council’s commitment and how it intends to manage risk around it’s business activities. The policy includes the legislative requirements, priorities for the council, an explanation of the Council’s registers, how the Council scores its risks, the Council’s current tolerance thresholds and details on officers’ roles and responsibilities.

Resolved:

That Audit Committee recommends to Cabinet:

the immediate adoption and implementation of the Council’s new Risk Policy as set out in Appendix 1 to the submitted report.

Chairman/woman

Meeting: Audit Committee

Date: 22nd March 2023

Wards Affected: None

Report Title: Risk governance process for our integrated Adult Social Care Services

Is the decision a key decision? No

When does the decision need to be implemented? N/A

Cabinet Member Contact Details: Councillor Stockman, Cabinet Member for Adults & Public Health Jackie.stockman@torbay.gov.uk and Councillor Carter, Cabinet Member for Equality & Diversity and Corporate & Community Services christine.carter@torbay.gov.uk

Supporting Officer(s) Contact Details: Joanna Williams, Director of Adult Social Services, Joanna.williams@torbay.gov.uk and Eve Bates, Senior Performance & Risk Officer, eve.bates@torbay.gov.uk

1. Introduction

- 1.1 At Audit Committee held on 26th January 2022, the council's Section 151 Officer shared a letter from ASW Assurance. ASW Assurance provide internal audit, counter fraud and consultancy services to Torbay and South Devon NHS Foundation Trust. The letter summarised their assurance findings in relation to the adult social care services provided to the council by the Trust for 2020/21. ([Audit Committee Agenda 26th January 2022](#)) (Page 48).
- 1.2 On reviewing the letter, members of Audit Committee questioned the Section 151 Officer if this letter was sufficient reassurance for the council. The council's Section 151 Officer provided a verbal response and following the meeting requested that the Senior Performance and Risk Officer formulate the Council's and Trust's risk assurance arrangements into a written process.
- 1.3 The process is attached to this report at Appendix A and will be appended to the council's Risk Management Framework document.

2. Formulating The Risk Governance Processes

- 2.1 The Senior Performance and Risk Officer has worked in conjunction with the Director of Adult Social Services (DASS), the Head of ASW Assurance and the Head of Devon Audit Partnership to draft the process.
- 2.2 A meeting took place between the two audit providers where they discussed and shared their existing arrangements before providing a formal response to the DASS.

- 2.3 Separately, the DASS considered the arrangements as stated in the existing Strategic Agreement and suggested some minor changes.
- 2.4 The Senior Performance and Risk Officer met with the Head of ASW Assurance to discuss the initial draft and suggested changes. The final draft was shared with the Trust's Deputy Chief Finance Officer and the Council's Section 151 Officer(s) and both organisation's auditors for comment before being brought forward to Audit Committee as the final version set out in Appendix A.
-

3. Recommendation(s) / Proposed Decision

- (i) That Audit Committee notes Appendix A, which will be appended to the council's Risk Management Framework document.

Appendices

Appendix A: Risk Governance Process For Our Integrated Adult Social Care Service – March 2023

Background Documents

Report clearance:	This report has been reviewed and approved by:	Date:
Chief Executive	Anne-Marie Bond	9 th March 2023
Monitoring Officer	Amanda Barlow	9 th March 2023
Chief Finance Officer	Martin Phillips	10 th March 2023
Relevant Director/Assistant Director	Matthew Fairclough-Kay	9 th March 2023

Risk Governance Process For Our Integrated Adult Social Care Service

This document is an appendix to the council's risk management framework. It sets out the processes that provide the risk assurance of our Adult Social Care services in Torbay.

Introduction

Torbay Council holds the statutory duty to ensure that Adult Social Care is in place in Torbay. This consists of duties under The Care Act 2014, The Mental Capacity Act 2005 and the Mental Health Act 1983/2007. The Director of Adult Social Services (DASS) holds the statutory duty for Adult Social Care (ASC) in Torbay.

A Section 75 agreement is in place with Torbay and South Devon NHS Foundation Trust (TSDFT) who deliver operational services in relation to the Care Act 2014, the Mental Health Act 1983/2007, and the Mental Capacity Act 2005.

Practically, this means the delivery of Social Work Services, operational delivery of Safeguarding Adult Services, operational commissioning, and contract management of the social care market are delivered by TSDFT. Torbay Council retains responsibility for oversight of the Adult Social Care market and the wider delivery of wellbeing, information, and advice.

This arrangement was originally founded in 2005 and was refreshed in 2012 when Torbay and Southern Devon Health and Care Trust was established and novated to Torbay and South Devon NHS Foundation Trust on the 1st October 2015.

Nationally, Adult Social Care services are facing big challenges due to increasing demand, complexity of need and availability of resources. For Torbay Council, the Adult Social Care spend represents approximately 38% of the council's overall budget, therefore it is a significant spend and the risks must be carefully managed.

Risk Assurance

Both organisations follow their own risk management frameworks. Risks for Adult Social Care are included in both. The risk management framework in operation within each organisation is audited by each organisation's auditors: Torbay Council's auditors are Devon Audit Partnership (DAP) and Torbay & South Devon NHS Foundation Trust's auditors are ASW Assurance.

As the Council's DASS holds the overall responsibility for Adult Social Care in Torbay, this post works in partnership with both DAP and ASW Assurance to ensure identified control systems and processes are reviewed providing assurance that risk is appropriately managed.



Torbay Council

The council's Section 151 Officer holds the statutory responsibility for ensuring there are effective arrangements in place to manage the organisation's risks. The council's DASS takes responsibility for identifying, managing, and updating the Adult Social Care risks as per the council's risk management framework.

Each year, the DASS will be consulted by the Section 151 Officer to identify the areas that need to be included within the council's annual audit plan. This audit plan is delivered by the Devon Audit Partnership. The council's Audit Committee have oversight of the entire audit plan for the council and DAP's annual report. After each audit the DASS is supplied a draft report of DAP's findings and recommendations. The report is finalised once the DASS has provided a response to the recommendations. Should the need arise, the DASS can make a request to the Section 151 Officer for additional audits.

Torbay and South Devon NHS Foundation Trust

The Board of Torbay and South Devon NHS Foundation Trust (TSDFT) is collectively accountable for maintaining a sound system of internal control and is responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system. This governance framework includes the committee structure, the structure and use of the Board Assurance Framework, and risk assessment and management processes.

TSDFT's internal auditors, ASW Assurance, include within an overall annual audit plan Adult Social Care related operational audit reviews, identified and approved through discussion with the DASS. The annual audit plan is agreed through the Risk Group prior to consideration and approval by the Audit and Risk Committee.

Section 75 Strategic Agreement

To formalise the above, the Section 75 Strategic Agreement between Torbay Council and Torbay and South Devon NHS Foundation Trust states that the Trust will:

- ✓ Along with the council put forward areas of Adult Social Care audit priorities;
- ✓ Consult with the Director of Adults Social Services (DASS) of Torbay Council on proposed internal audit coverage;
- ✓ Provide to the DASS copies of assignment reports that relate to control arrangements for Adult Services;

- ✓ Provide an annual statement to the DASS on the adequacy and effectiveness of the overall system of internal control for the Trust, and in particular, those areas directly affecting Adult Services.

Devon Audit Partnership & ASW Assurance

In addition to the processes laid out in the Strategic Agreement. The auditors for both organisations have agreed to:

Joint Planning:

- Meet in January each year to consider how ASC is included in their audit plans for the forthcoming year. The auditors will meet again in June/July to discuss their assurance reports.
- Share between each other their proposed audit plans to inform the overall picture of ASC assurance sources.
- Discuss and consider both organisation's risks in relation to ASC to inform planning discussions (annual and in year) with the DASS.

ASW Assurance:

- At the start of each audit year ASW Assurance will set out the expected assurance reviews that will be required to be shared, upon completion, with the council's DASS, Section 151 Officer and DAP.
- ASW Assurance and TSDFT to agree a process for early/urgent identification and consideration of audit control concerns to the DASS.
- ASW Assurance and TSDFT to agree the format of the Annual Assurance Statement that is provided to the council's DASS, Section 151 Officer and DAP.
- ASW Assurance's Annual Assurance Statement to be agreed by TSDFT Deputy Chief Executive and Chief Finance Officer prior to sharing with the Council's DASS, Section 151 Officer and DAP.

Governance

All council risks associated with Adult Social Care will be managed in accordance with the council's risk policy and framework. The council's strategic, corporate and service risks are held, managed and reviewed using the council's risk management software SPAR.net. The council's strategic and corporate risk registers are reported to and reviewed by the Senior Leadership Team, Senior Elected Members and Audit Committee at least three times per year.

The TSDFT risks associated with Adult Social Care are managed in accordance with their risk management framework and policy. TSDFT's strategic, corporate and service risks to objectives are held, managed and reviewed using the Trust's risk management software Datix. Risks identified to the delivery of the Adult Social Care Services are reported to the Adult Social Care Operational Oversight Group and when necessary escalated to the specific Integrated Governance Group meeting for: Families Community and Place Based Care and potentially to the Trust's Risk Group.

When TSDFT mitigated risks score 16 or above, the council's DASS will be made aware. These risks, the controls they have in place and officer reviews/updates will be shared with the DASS until the mitigated risk score reduces down again below 16.

On receipt of ASW Assurance's Annual Assurance Statement, which provides an overall opinion on the Adult Social Care services provided by the Trust, the council's DASS will review the findings with the Section 151 Officer.

The DASS in conjunction with the council's Section 151 Officer will prepare a report for Audit Committee and when considered necessary also the Adult Social Care and Health Overview and Scrutiny Sub-Board. This report will include:

- Any notable outcomes or concerns that DAP or ASW Assurance have identified as part of their audit reports.
- Any responses made by the DASS in relation to audit report recommendations.
- The DASS's overarching opinion on any risks or assurances that need to be shared with the committees.
- The audit plan for the current year and thoughts on future audits required.
- ASW Assurance's latest Annual Assurance Statement.

Internal Audit

Internal Audit Plan - Including the Internal Audit Charter and Strategy 2023-24

Torbay Council
Audit Committee

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March 2023

Not Protectively Marked



Tony Rose
Head of Devon Audit Partnership

Support, Assurance and Innovation



Agenda Item 6

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<p>Devon Audit Partnership</p> <p>The Devon Audit Partnership has been formed under a joint committee arrangement comprising of Plymouth, Torbay, Devon, Mid-Devon, South Hams & West Devon, Torridge and North Devon councils and Devon & Somerset Fire & Rescue Service. We aim to be recognised as a high-quality internal audit service 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.</p> <p>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</p>	<p>Confidentiality and Disclosure Clause</p> <p>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.</p> <p>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.</p>
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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 review, and approve the Internal Audit Plan to provide assurance to support the governance framework (see appendix 2).

This Council's Internal Audit Charter at Appendix 5 formally describes the Purpose, Authority, and Principal Responsibilities of the Council's Internal Audit Service, which is provided by the Devon Audit Partnership (DAP) as represented in the audit framework at Appendix 1, along with 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 Devon Audit Partnership.

The Chief Audit Executive is responsible for developing a risk-based plan which takes into account 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 audit plan represents the proposed internal audit activity for the year. At the start of each audit the scope is discussed and agreed with management with the view to providing management, the Chief Finance Officer (Section 151) and members with assurance on the control framework to manage the risks identified. The plan will remain flexible, and any changes will be 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 2023/24.

In review of the above the Audit Committee are required to consider the proposed audit plan.

Tony Rose
Head of Audit Partnership

High Level Audit Plan

This chart shows a summary of planned audit coverage for the year totalling 720 direct days (756 including 36 days for Schools). It should be borne in mind that, in accordance with the Public Sector Internal Audit Standards, the plan needs to be flexible to be able to reflect and respond to the changing risks and priorities of the Council and, to this end, it will be regularly reviewed with directorates, and updated as necessary, to ensure it remains valid and appropriate.

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 changing risks. The value of this approach has been highlighted in previous years during the Covid-19 pandemic.

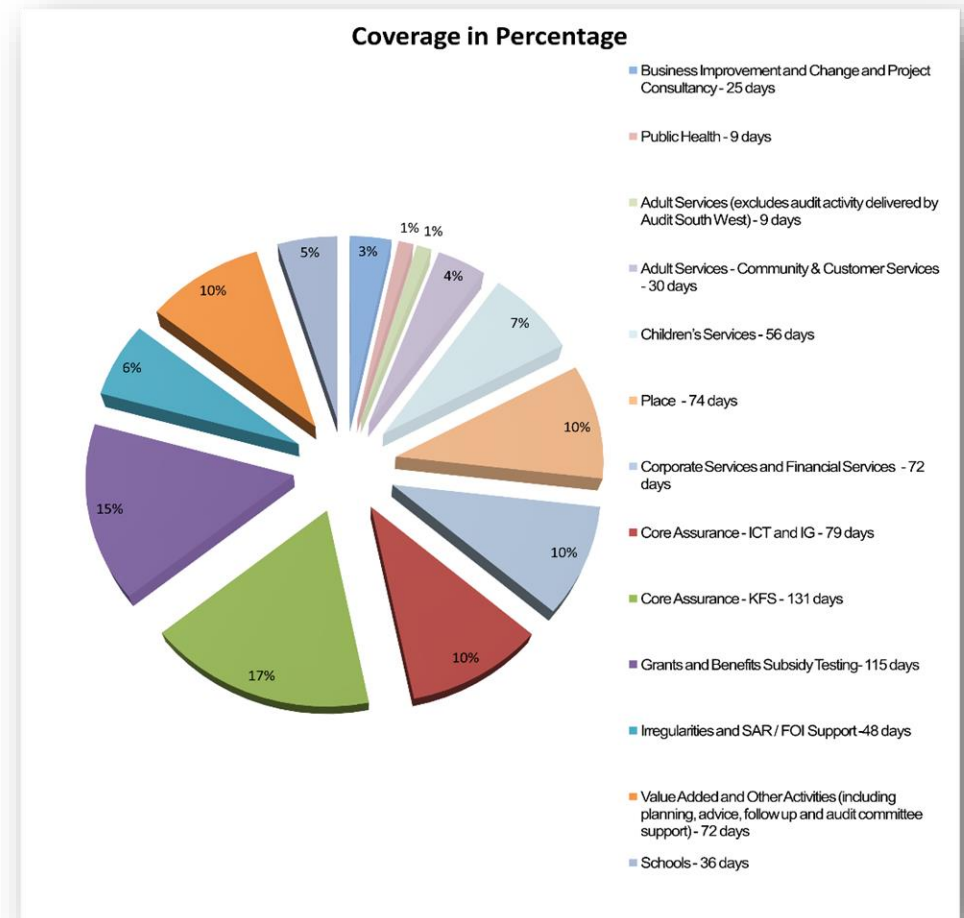
As outlined in Appendix 3 to this report, the Audit Plan is drawn up considering various factors including risks to the Council as outlined in the Council's risk register, and the views of Directors and Senior Officers. Detailed terms of reference will be drawn up and agreed with management prior to the start of each assignment – in this way we can ensure that the key and current risks to the operation or function are considered during our review. A brief overview of proposed audits is provided on the following page.

As we progress through the year, any changes to the audit plan will be agreed by the s151 officer and are notified to the Audit Committee via our six-monthly monitoring reports.

The Internal Audit Plan is intended to cover the period 1st April to 31st March. We know from our experience that our work does not start on the 1st April or finish on the 31st March. The delivery of the work commences in April with the bulk of the work delivered within each financial year, concluding with our reports being finalised after year end. This timeframe helps to ensure the Annual Head of Internal Audit Assurance Opinion is based on the fullest possible breath of work in line with each Internal Audit Plan

We regularly review wider risk information to help inform our Internal Audit Plans. Recently the [Institute of Internal Auditors \(IIA\)](#), the [World Economic Forum](#) and Institute of Risk Management (IRM) [IRM Global Risk Trends 2023 \(theirm.org\)](#) have produced documents linked to global, national, and regional risks, many of which are relevant to the services delivered by Local Authorities. In addition, Mazars undertake an annual review of emerging risks, the latest one being the [2022 version](#).

These documents provide a useful information source for Auditors, Senior Management and Audit Committee Members as they consider what items should be included in the Annual Internal Audit plan. These can be found using the links should you wish to view them.



Service Area Overview of Audit Coverage

Adult Services	Adult Services Community & Customer Services	Public Health	Children's Services	Corporate Services & Financial Services	Pride in Place	Business Projects & Value Added
ICO Sustainability and Improvement Plan (management and monitoring) 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>	Housing (including cross Council joint working e.g., with Pride in Place) Health & Safety	Mental Health Commissioning and Performance Management	Fostering and Connected Carers Sufficiency Strategy Residential Placements Safety Valve Recovery Plan Progress	Performance and Risk Management CRM System – following implementation Democratic Services and Member Allowances Elections Registrars Printing (contract management) Procurement of IT Solutions	Tor Bay Harbour Authority - Income s106 and CIL Green Waste Collection Scheme (commissioning, monitoring, income and borrowing) Land Release Fund (use of monies, adherence to conditions) Events Highways (commissioning, monitoring)	Business Improvement and Change Information Governance Steering Group Irregularity Prevention and Investigation Subject access and freedom of information requests Advice Audit Follow Up Schools incl. Financial Value Standard

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 Thematic Overview
 Audit Coverage

Core Assurance	Business Processes & Governance – Commissioning and Performance Monitoring, Grant Certification, and Audit Assurance Planning and Reporting
	Key Financial Systems – Payroll, IBS Sys Admin, Creditors & Electronic Ordering, FIMS Sys Admin, Debtors & Corporate Debt, Benefits & Council Tax Support Scheme, Income Collection, Asset Register, Council Tax & Non-Domestic Rates, General Ledger & Bank Reconciliation, Treasury Management
	ICT and IG – Firewall - deep dive, IT Asset Management - deep dive, User Management - deep dive, ICT KFS (including Continuity and Disaster Recovery arrangements for key systems) Follow up audit, Information Governance – Data Quality and Records Management, SARs Processes

The diagram shows the thematic approach to the elements proposed for audit coverage in the coming year as identified through risk assessment and discussion with Senior Management. This overview is supported by the detailed plans from page 4.

Proposed audit reviews

* Whilst audit area titles are detailed below, our practice is to agree detailed scopes closer to the actual timing of the audits.

Risk Area / Audit Entity *	Audit Needs Assessment (ANA) – an assessment of the priority of the planned review	Proposed Timing
		Quarter
Business Improvement and Change and Project Consultancy		
Business Improvement and Change Programme - project 'trusted advisor' including review of <ul style="list-style-type: none"> o Council Redesign Programme (including sub-projects such as Customer Relationship Management / Open Portal) o Children's Services (including CS IT Systems Board) o Digitalisation o S106 & CIL System Implementation o Other emerging projects as required 	ANA – critical	1-4
Other Directorate Areas (excluding Business Improvement and Change and project consultancy)		
Public Health		
Mental Health Commissioning and Performance Management	ANA – high, client request	2
Adult Services		
ICO Sustainability and Improvement Plan (management and monitoring)	ANA – high, client request	2
The Director of Adult Services is working with colleagues at ASW Assurance to devise an audit plan that meets key risks / challenges regarding services delivered by the Trust.	Audit areas to be notified and agreed by the Director of Adult Services Audit Plan to be approved at TSDFT's Audit Committee	
Adult Services – Community and Customer Services		
Housing (including cross council joint working, e.g., with Pride in Place)	ANA - medium	1
Health & Safety	ANA - high	1
Children's Services		
Fostering and Connected Carers	ANA – medium	1
Sufficiency Strategy Progress	ANA – high, client request (s151)	2
Residential Placements	ANA – medium, client request (s151)	2
Safety Valve Recovery Plan Progress	ANA – high, client request (s151)	3

Risk Area / Audit Entity *	Audit Needs Assessment (ANA) – an assessment of the priority of the planned review	Proposed Timing
		Quarter
School Financial Value Standard (SFVS)	n/a	1
Schools - summary of findings provided in relation to Authority Controlled Schools	Service bought by Schools	n/a
Pride in Place		
Tor Bay Harbour Authority - Income	ANA – medium, client request (s151)	2
Section 106 and Community Infrastructure Levy (including the determination process in Planning, how specific projects are commissioned, and reallocations)	ANA – high	1
Green Waste Collection Scheme (commissioning, monitoring, income and borrowing)	ANA – medium, client request (s151)	3
Land Release Fund (use of monies, adherence to conditions)	ANA – high, client request (s151)	2
Events	ANA – medium, client request (s151)	3
Highways (commissioning, monitoring)	ANA – high, client request (s151)	1
Corporate Services and Finance		
Performance and Risk Management	ANA – high, client request	4
CRM System – following implementation	ANA – high, client request (s151)	4
Democratic Services and Member Allowances	ANA – medium, client request	3
Elections	ANA – medium, client request	3
Registrars	ANA – medium, client request	2
Printing (contract management)	ANA – medium, client request (s151)	4
Procurement of IT Solutions	ANA – high, client request (s151)	4
Core Assurance – ICT and IG		
Firewall - deep dive	ANA - high	3
IT Asset Management - deep dive	ANA – high	2
User Management - deep dive	ANA – high	4
ICT KFS (including Continuity and Disaster Recovery arrangements for key systems) Follow up audit	ANA - medium	3
Information Governance – Data Quality and Records Management	ANA - high	2
SARs Processes	ANA – high, client request	2

Risk Area / Audit Entity *	Audit Needs Assessment (ANA) – an assessment of the priority of the planned review	Proposed Timing
		Quarter
Information Governance Steering Group	ANA – high, client request	1-4
Core Assurance – Key Financial Systems and Grant Certification		
General Ledger (Main Accounting System) and Bank Reconciliation	ANA – medium	3
Creditors & Electronic Ordering (POP)	ANA – high	3
Debtors and Corporate Debt (follow up audit)	ANA – high	3
FIMS Sys Admin	ANA – high	1
Asset Register (follow up audit)	ANA – medium	1
Treasury Management	ANA – medium	1
Income Collection	ANA – medium	2
Payroll	ANA – high	4
Benefits and CTAX Support Scheme	ANA – high	2
Council Tax and Non-Domestic Rates	ANA – medium	3
IBS Open / W360 Sys Admin	ANA – high	1
<p>A rolling programme of audits is adopted for key financial systems whereby although the overall planned days is likely to remain stable each year, the work programmes may differ, with each audit having varying amounts of system review, testing or a combination of the two, or follow up of the previous year's audit findings. This approach enables us to deliver a more cost-effective service, whilst providing enough assurance as to the adequacy of the Authority's material system control environment.</p>		
Grant Certification	ANA – client request	n/a
Benefits Subsidy		2-3
Value Added and Other Activities		
Irregularity Prevention and Investigation	business driven requirement, client request	n/a
Subject access and freedom of information requests		n/a
Advice		n/a
Audit Follow Up		3
Other activities (including audit planning and annual plan report; support for audit committee; 6 month and annual monitoring reports; support for the preparation of the AGS; attendance at corporate meetings; external audit liaison etc.)		n/a

Risk Assessment Key

ANA - Audit Needs Assessment risk level

Fraud Prevention and Detection and Internal Audit Governance

Fraud Prevention and Detection and the National Fraud Initiative

Counter-fraud arrangements are a high priority for the Council and assist in the protection of public funds and accountability. Internal Audit 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”, Internal Audit will liaise with the Council’s Corporate Fraud Officer, 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 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 Officer.

Internal Audit Governance

An element of our work is classified as “other chargeable activities” – this is work that ensures effective and efficient 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 plan 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., Grant Thornton),
- Support to the Council’s internal Risk Management team.

Partnership working with other audit agencies

We will continue to work towards the development of 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. This often improves the effectiveness and efficiency of the audit process, through avoidance of instances of “re-inventing the wheel” in new areas of work which have been covered in other authorities.

The most significant partnership working arrangement that we currently have with other auditors continues to be that with the Council’s external auditors (Grant Thornton) and ASW Assurance (Internal Audit for NHS).

Appendix 1 - Audit Framework

Internal Audit is a statutory service in the context of The Accounts and Audit (England) Regulations 2015 amended 2021, which state:
 “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 (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 Audit Partnership will maximise the effectiveness of operations, sharing learning & best practice, helping each authority develop further to ensure that risk remains suitably managed.

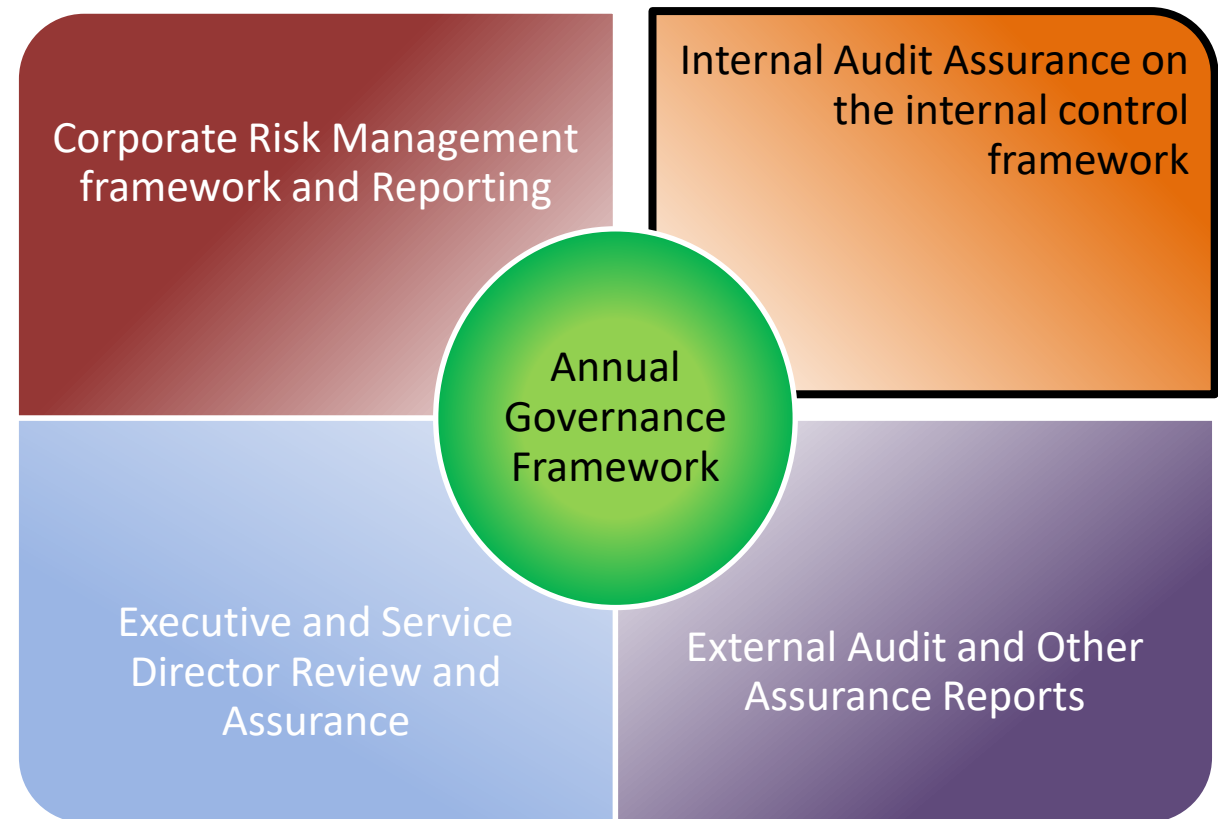
Appendix 2 - Annual Governance Framework Assurance

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's 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.

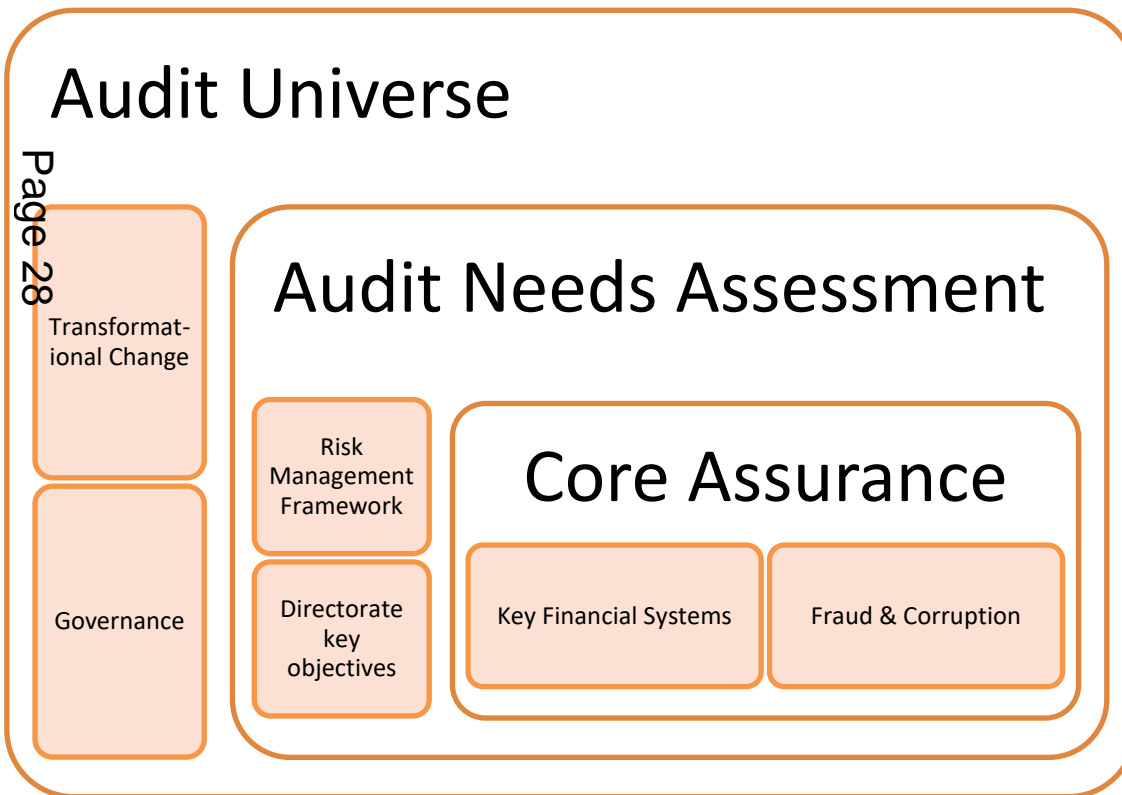
The Committee should satisfy themselves, from the assurances provided by the Annual Governance process, SLT, Internal Audit, and other assurance providers (e.g., ASW Assurance) that the statement meets statutory requirements.

Appendix 3 - Audit Needs Assessment

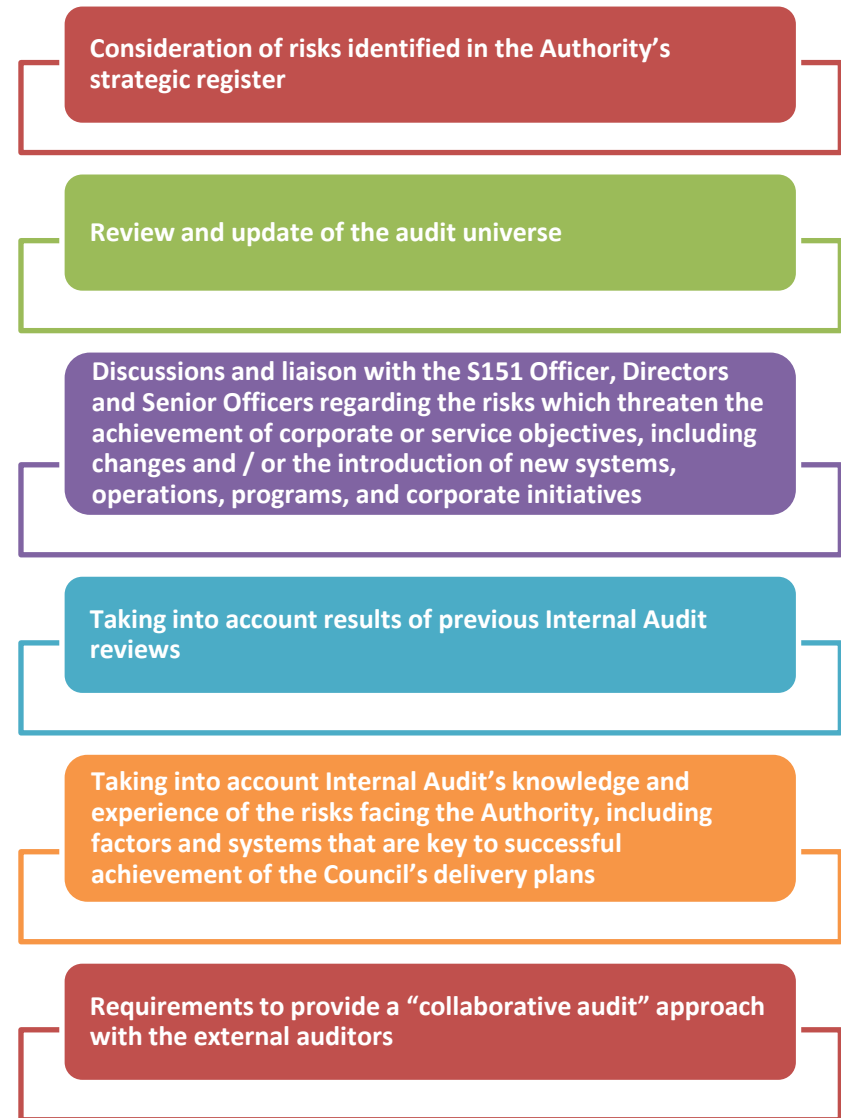
We work closely with the Council’s S151 Officer and employ a risk-based priority audit planning tool to identify those areas where audit resources can be most usefully targeted.

This involves scoring a range of systems, services, and functions across the whole Authority, known as the “Audit Universe” using a number of factors/criteria. The final score, or risk factor for each area, together with a priority ranking, then determines an initial schedule of priorities for audit attention.

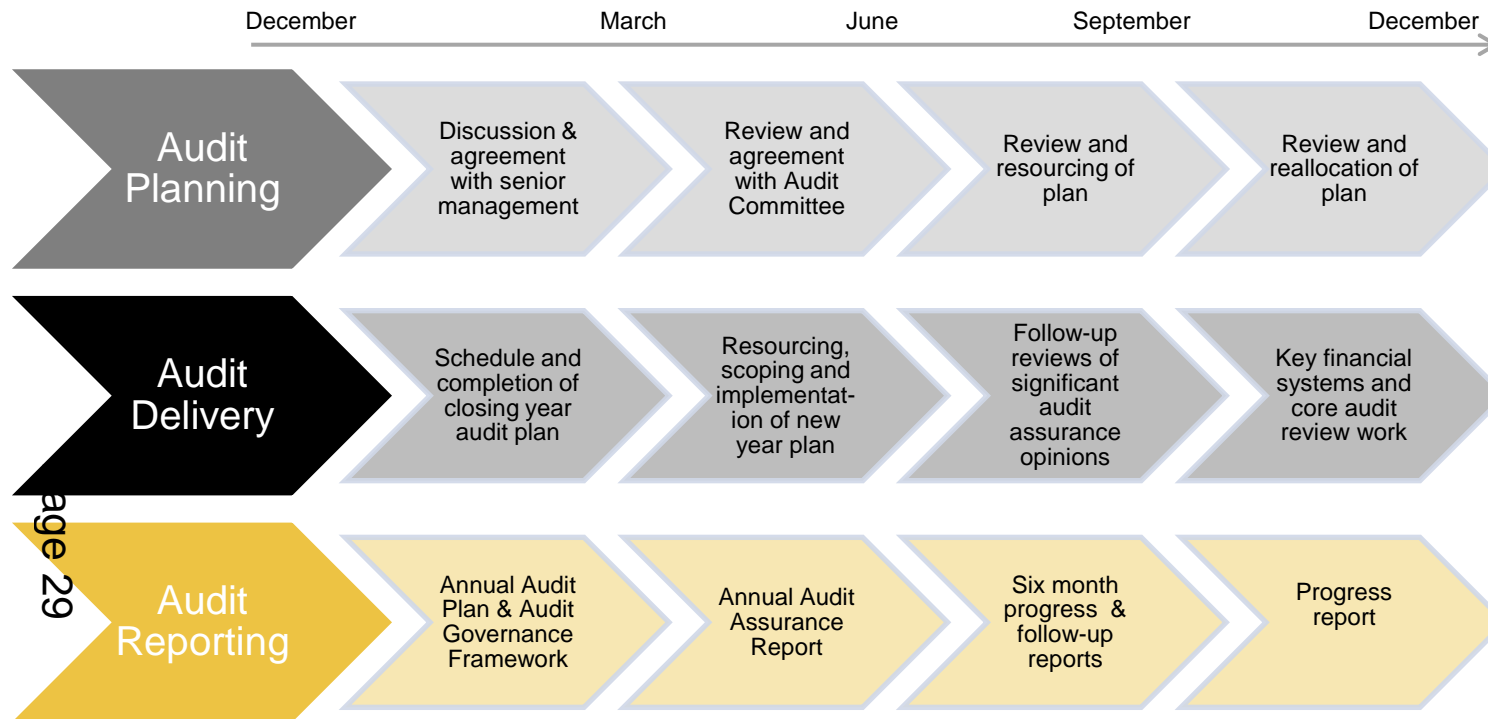
The result is the Internal Audit Plan set out earlier in this report.



The audit plan for the year plan has been created by:



Appendix 4 - Our Audit Team and the Audit Delivery Cycle



Date	Activity
Dec to Feb 2023	Directorate planning meetings
March 2023	Internal Audit Plan presented to Audit Committee
	Internal Audit Governance Arrangements reviewed by Audit Committee
	Year-end field work completed
Apr / May 2023	Annual Performance reports written
May 2023	Annual Internal Audit Report presented to Audit Committee
	Follow –up work of previous year’s audit work commences
January 2024	Follow-up and progress reports presented to Audit Committee
January 2024	Six-month progress reports presented to Audit Committee
	2024/25 Internal Audit Plan preparation commences

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		Claire Moore Audit Manager – Schools T 01392 383000 E claire.moore@devon.gov.uk

MISSION

The Mission of Devon Audit 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** for Torbay Council as required by the Public Sector Internal Audit Standards (PSIAS). The Audit Charter formally describes the purpose, authority, and principal responsibilities of the Council's Internal audit Service, which is provided by the [Devon Audit 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 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. They also make reference to the role of “Chief Audit Executive” For the Council this role is fulfilled by the Head of Devon Audit Partnership (HoDAP).

INDEX TO SECTIONS OF THE CHARTER AND STRATEGY

Charter

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

Strategy

14. Audit Strategy - Purpose
15. Annual Audit Opinion
16. Audit Planning & Delivery
17. Performance Management and Quality Assurance
19. Resources and skills
20. 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. In the Council, the Director of Finance is the 'Section 151 Officer'. 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 of the Council, 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 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 for the Council is provided by Devon Audit Partnership. We aim to provide a high quality, professional, effective, and efficient Internal Audit Service to the Members, directorate areas and service areas of the Council, adding value whenever possible.

CHARTER - PROFESSIONALISM, ETHICS, AND INDEPENDENCE

Being Professional

Devon Audit Partnership will adhere to the relevant codes and guidance. In particular, 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 Council's 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 they 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

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 Council is essential and recognition of the independence of Internal Audit is fundamental to its effectiveness.

The Head of Devon Audit Partnership should have direct access to and freedom to report in his or her 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 and the Chair of the Audit Committee.

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

The Head of Devon Audit 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 of the Council.

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 / Council, 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 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
- 2) (b) supply such information and explanations as are considered necessary by those conducting the internal audit.
- 2) (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 and Heads of Service
- Section 151 Officer
- Monitoring Officer
- All authority employees
- All authority premises.

CHARTER - ACCOUNTABILITY

Devon Audit Partnership is a shared service established and managed via a Partnership Committee and Board with representation from each 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;
- and Separation from line operations

Every effort will be made to preserve objectivity by ensuring that all 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 Director of Finance '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 Audit Partnership on the section's performance against the plan and other matters;
- Approving the Head of Devon Audit 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 the Audit Committee.

CHARTER - RESPONSIBILITIES

The Chief Executive, Directors, Heads of Service 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 Director of Finance 'Section 151 Officer' regarding the adequacy and effectiveness of the Council's 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 within the Council helping them meet their obligations under the Local Government and Housing Act 1989 and the Council's Constitution. The HoDAP will also work with the Monitoring Officer to ensure the effective implementation of the Council's Whistleblowing Policy

Internal Audit responsibilities include:

- Examining and evaluating the soundness, adequacy, and application of the Council's 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 the Council's 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 Council's internal audit service through a risk based annual audit plan;
- Regularly liaise with the Council's 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 Council's Audit Committee and S151 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 S151 Officer to discuss issues that may impact on the Council's 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 Leadership and Heads of Service 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 Council'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 Council's 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 Council strategic objectives and established policies / procedures.

Monitoring of internal audit's processes is carried out on a continuous basis by internal audit management. Council'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 21 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, 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 Council's control environment. This will also inform the Annual Governance Statement.



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

The Council's 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 Council's Constitution (Part 2 Article 9 Audit Committee).

The HoDAP will assist the Committee in being effective and in meeting its obligations. To facilitate this, the HoDAP 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 Audit Partnership will advise the Audit Committee on behalf of the Council 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 recently conducted at the end of 2021 by the Head of Southwest London Audit Partnership, and the Chief Internal Auditor of Orbis (a partnership organisation covering Brighton and Hove, East Sussex, and Surrey County Council).

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

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 his 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 the Council.

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

- Provide an opinion on the overall adequacy and effectiveness of the Council's 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 Council’s own 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 AND 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);
and
- 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 Audit 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 AND QUALITY ASSURANCE

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)	90%
Final reports produced within target number of days (currently 10 days)	90%

Internal Audit
Performance
Monitoring
Targets

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)	Such a meeting was useful in understanding the audit issues
Annual internal audit report	Prepared promptly and ready for senior management consideration by end of May. Report accurately reflects the key issues identified during the year.
Presentation of internal audit report to Management and Audit Committee.	Presentation was clear and concise. Presented was knowledgeable in 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.

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

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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 Audit 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.40 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 a number of 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: -

- 3 x Chartered Accountants
- 8 x qualified IIA (CMIIA and PIIA)
- 1 x qualified computer audit (QICA)
- 1 x risk management (IRM)
- 11 x AAT (qualified and part qualified)
- 6 x ACFS / ACFT (accredited counter fraud specialists)
- 4 x ILM (Institute of Leadership & Management) level 5 or above
- 4 Apprentices (Fraud, Cyber, Data Analyst, IIA)

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

Staff Skills and Development

Devon Audit 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 Audit 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 Audit Partnership uses Pentana MK 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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Meeting: Audit Committee

Wards affected: All Wards

Report Title: Counter Fraud and Corruption Policy Update

When does the decision need to be implemented? Immediately

Director/Divisional Director Contact Details:

Malcolm Coe, Director of Finance, malcolm.coe@torbay.gov.uk,

Rachel Worsley, Corporate Fraud and Error Manager, rachel.worsley@torbay.gov.uk

1. Purpose of Report

- 1.1 Fraud is an ever-more complex and continuously evolving crime that poses a serious threat to the public sector presenting a major drain on the public purse. Therefore, it is imperative that all public-sector staff work to prevent fraud activity and understand the threats and risks involved to the economy of the Country and the economy of Torbay. The 2017 Annual Fraud Indicator from the National Crime Agency provides a figure of more than £40 billion to be lost to tax and benefit fraud each year.
- 1.2 Within the Council's constitution the Chief Finance Officer is responsible for a Council wide anti-fraud and anti-corruption policy.
- 1.3 The terms of reference for the Audit Committee are "to monitor policies on raising concerns" this includes the Anti-Fraud and Corruption Policy. This report is to review the councils Anti-Fraud and Corruption Policy and provides a summary of the policy.

2. Reason for Proposal and its benefits

- 2.1 Any business whether in the private or public sector can lose revenue to Fraud. Prevention, not detection or punishment is the most efficient and cost-effective way to reduce fraud loss.
- 2.2 The revised policy helps to deliver this ambition by setting out the Council's commitment of how it intends to manage the risk from fraud within its business activities to protect the public purse.
- 2.3 To provide assurance to Audit Committee and S151 the council is employing mitigating processes to deter and prevent fraud and those processes are robust.
- 2.4 To inform a fraud work plan.

3. Recommendation(s) / Proposed Decision

- 1) that the revised Counter Fraud & Corruption Policy be noted.

Appendices

Appendix I Counter Fraud and Corruption Policy 2023

Background Documents

The following documents/files were used to complete this report

Torbay Counter Fraud and Corruption Policy 2017

CIPFA managing the risk of fraud and corruption

Supporting Information

1. Introduction

- 1.1 The Councils Counter Fraud & Corruption Policy requires updating, it has not been subject to a formal review since its adoption in 2017.
- 1.2 The policy supports the Counter Fraud Manager in the delivery of a counter fraud and error work plan and is the key document that sets out the council's commitment to how it intends to manage its counter fraud activities. The revised policy provides that the Council will:
- continue to raise awareness of fraud across the council and encourage the reporting of suspected wrongdoing.
 - continue to raise awareness of fraud externally and encourage the reporting of suspected wrongdoing.
 - continue to work with partner agencies.
 - Continue to seek innovative ways to prevent and detect fraud
 - continue to vet all employees prior to their employment with Torbay Council
 - continue to take appropriate action to recover any losses.
 - continue to seek prosecutions and impose appropriate actions.
 - Introduce a requirement for all managers to accept responsibility for their departments fraud risks by introducing departmental fraud risk assessments with a need to employ preventative measures to mitigate any risks identified. Ensuring new risks are identified and mitigating processes implemented prior to the introduction of any new process or service.

- Recognise the requirement for all directors to ensure all managers have controls in place.
- Introduce a corporate fraud risk register to provide assurance to audit committee and S151 officer.
- Introduce a fraud risk plan informed by the corporate fraud risk register.

2. Options under consideration

2.1 There are no options under consideration.

3. Financial Opportunities and Implications

3.1 There are no direct financial implications in relation to the revised policy, however failure to maintain effective fraud and error policies and practices could lead to loss of income or overpayment for services.

4. Legal Implications

4.1 There are no legal implications of not having a Counter Fraud and Corruption Policy, however our position in detecting and prosecuting of those undertaking fraudulent activities would be hindered.

5. Engagement and Consultation

5.1 There are no engagement and consultation requirements.

6. Purchasing or Hiring of Goods and/or Services

6.1 There is no requirement for the purchasing or hiring of goods or services.

7. Tackling Climate Change

7.1 There are no climate change implications.

8. Associated Risks

8.1 Failing to introduce and implement fraud risk assessments across the organisation to inform a corporate risk register will prevent the council:

- identifying areas most at risk to fraud, error and corruption

- identifying areas of weakness where mitigating processes are required
- from gaining a measure of the success of any mitigating processes
- from preventing fraud and error at the outset
- from being assured it has the right processes in place to prevent loss to the council's purse

9. Equality Impacts - Identify the potential positive and negative impacts on specific groups

- There is no differential impact on any specific group

	Positive Impact	Negative Impact & Mitigating Actions	Neutral Impact
Older or younger people			X
People with caring Responsibilities			X
People with a disability			x
Women or men			x
People who are black or from a minority ethnic background (BME) (Please note Gypsies / Roma are within this community)			x
Religion or belief (including lack of belief)			x
People who are lesbian, gay or bisexual			x
People who are transgendered			x
People who are in a marriage or civil partnership			x
Women who are pregnant / on maternity leave			x
Socio-economic impacts (Including impact on child poverty issues and deprivation)			x

Public Health impacts (How will your proposal impact on the general health of the population of Torbay)			x
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10. Cumulative Council Impact

10.1 there is no cumulative council impact.

11. Cumulative Community Impacts

11.1 there is no cumulative community impact.



March 2023

Counter Fraud and Corruption Policy

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1 Executive Summary

Torbay Council believes strongly in the honesty and integrity of its members and employees.

The Council expects that all outside individuals and organisations, including suppliers, contractors and claimants, will act towards the council with honesty and integrity. The council will not tolerate fraud, corruption or other irregularities, regardless of the perpetrator. Torbay Council is determined to prevent, deter and detect all forms of fraud and corruption committed against it and take appropriate action where fraud, bribery or corruption is detected.

This policy sets out the requirements for the council in relation to combating fraud, bribery corruption and dishonest dealings within or against the council.

This policy applies to any actual or suspected internal or external fraud, bribery, corruption and dishonest dealing that involves the council, its councillors and staff. It also covers contractor, suppliers, partners, agents and service users.

The Fraud Act 2006 provides a general offence of fraud with three ways of committing it which are by:

- False representation
- Failing to disclose information
- Abuse of position

The Bribery Act 2010 provides two general offences covering the offering, promising or giving of an advantage, and requesting, agreeing to receive or accepting an advantage. It also created an offence of failure by an organisation to prevent a bribe being paid for or on its behalf. In simple terms it is the act of taking or receiving something with the intention of influencing the recipient in some way favourable to the party providing the bribe.

The term corruption is seen as the giving or obtaining advantage through means which are illegitimate, immoral and or inconsistent with employees/councillors duties or the rights of others.

Torbay Council recognises the requirement of a corporate counter fraud function to lead the Council's counter fraud activities and assist the Council to deter, prevent, detect, investigate and pursue all types of fraud affecting the authority.

This includes:

- raising awareness internally and externally.
- maximising income
- minimising loss by pro-active work
- co-ordinating prosecutions for fraud
- complying with legislation and codes of practice

This Policy supports these points and the anticipated outcomes of the unit whilst setting out the Council's commitment and approach to maintain a strong anti-fraud culture across the authority.

The council will take all steps to minimise the risk of fraud, bribery, corruption and dishonesty by ensuring that we;

- carry out appropriate fraud risk assessments throughout all levels of the authority.
- appropriately vet all potential employees prior to their employment with Torbay Council
- have the right culture with council and senior leadership commitment.
- have a robust internal control framework, including clear policies and procedures, which are effectively implemented, monitored and reviewed
- encourage the reporting of suspected wrong doings
- take appropriate action to recover any losses
- publicise cases identified and action taken
- seek prosecutions and impose appropriate sanctions

In a time of financial crisis and increased social demand, it is more important than ever that we protect the council's income, this policy sets out the tools we can and will use to ensure correct and accurate administration of public funds such as investigations, participation in the national fraud initiative and data-matching, internally and externally.

Prevention is widely accepted as the best tool for tackling fraud. Once fraud has entered systems it can be costly, not only to take action, but to recover funds that might have been lost. The Audit Commission has estimated between 3% - 11% fraud and error in the Council Tax system and 20% of blue badges in circulation used to avoid parking charges alone.

This Policy sets to outline to all levels of employees and members, their responsibility to prevent fraud from entering systems with links into some of our other policies and regulations (i.e. financial regulations, procurement policy, recruitment policy).

To assist in instilling an anti-fraud culture across the organisation and to support this document, an on-line fraud awareness course improves awareness and prevention across the organisation and highlights how all services can be a target for fraudsters. To maintain this awareness, all staff are asked periodically to undertake this method of learning.

This Policy is supported by an internal risk register and plan, held by the Corporate Fraud Unit which aims to ensure it identifies circumstances which may expose the Council to risk of loss through fraud, corruption or other eventualities.

As not all fraud or irregularities can be prevented, there is a on-line reporting form available on Torbay Council's web pages. To deter fraudsters, action against proven perpetrators, alongside recovery of any financial loss, is necessary. Torbay Council will seek to take action.

A Corporate Sanction and Prosecution Policy accompanies this Counter Fraud and Corruption Policy which outlines the various penalties/sanctions that can be imposed or offered by the council permitted by legislation.

The publication of these policies aims to highlight that fraud against the authority will not be tolerated.

2 Introduction

Delivering over 700 services to more than 139,000 residents, Torbay Council is one of few large employers in Torbay. In common with other large organisations, both in the public and private sectors, the size, complexity, and general nature of the services provided to our community leaves us at risk to potential losses as a result of fraud and error. Government estimates that £31-£49 billion of public sector money is lost to fraud and error each year.

Torbay Council's Director of Finance has the statutory responsibilities in line with Section 151 of the Local Government Act 1972, the Accounts and Audit Regulations 2015 and the Council's own Financial Regulations to ensure proper administration of Torbay Council's financial affairs.

The Fraud Act 2006 established criminal laws to assist in the fight against fraud by creating a general offence of fraud. It is defined as Fraud by

- False representation
- Failing to disclose information, and
- Abuse of position

Fraud has a direct financial and social harm impact on local people and local taxpayers.

Allowing error into our systems provides opportunities for fraudsters.

Detected fraud and error results can be instructive in identifying trends and emerging risks.

This data can provide an important and robust evidence base for the council to inform a strategic response.

Some possible frauds that the council may incur include:

- **Application:** making an application for any service with incorrect/false details
- **Identity;** submitting false identification documentation, deceased identification, stolen identification, impersonation, false immigration documentation
- **Procurement :** false /duplicate invoices, false suppliers, inflated invoices, mis-use of grant project funding, bid rigging, rotation, suppression
- **Schools:** false invoices, abuse of resources, expenses, overtime, free school meals, transport
- **Insurance fraud;** false slips n trip /pothole claims/multiple claims
- **Social Care fraud;** direct payment budget, bogus carers, false records, deceased relatives not being promptly declared and payments continuing, duplicate care in different are
- **Recruitment;** false CVs, false identity, no right to work in uk
- **Blue Badge** use of a deceased persons badge, disabled persons badge but disabled person is not in the vehicle, stolen badges, counterfeit badges
- **Residential Parking:** permit misuse and counterfeit permits
- **Council Tax;** false single person discount claims, false exemptions, false discounts, false residency, false holiday lettings

- **Business rates;** small business relief, charitable exemptions, discounted properties, empty properties, illegal billboards
- **Concessionary bus passes;** use of 'lost' or 'stolen' or 'deceased passes,
- **Housing Fraud;** false homeless claims and social housing tenancy fraud
- **Employee Fraud:** overstated expenses, false time representations, working while off sick, working elsewhere, recruitment, compensation payments (injury at work), improper payments, breach of procurement rules
- **Electoral Fraud:** false statements by candidates or candidates nomination forms, pretending to be someone else and using their vote, influencing someone against their will, registering to vote under a false name or without someone's consent

Whilst this policy does not in itself prevent the risk of fraud occurring, it sets out the council's commitment and approach to maintain a strong anti-fraud culture.

Torbay councils core values are a commitment to being forward thinking, people orientated and adaptable – always with integrity. In support of those core values, the Council will seek to ensure risk from fraud, error, bribery and corruption is kept to a minimum.

This means questioning our practices and seeking to find innovative solutions to provide new or tighten existing working practices which deter Fraud and Error while protecting or generating income. This policy is separated into the following areas:

- Culture
- Prevention
- Information Security & IT
- Whistle-blowing
- Audit & Fraud
- Awareness and Training
- Detection
- Action
- Operational
- Conclusion

This Policy will not compromise the Council's Equal Opportunities Policy or any obligations as an employer under the Employee Code of Conduct or Members Code of Conduct.

3 Culture

Supporting the opposition to fraud through a non-tolerant approach

The Council recognises that the success of this Policy and its general credibility will depend largely on the effectiveness of:

- Training and responsiveness of all employees throughout the organisation
- The adoption of preventative measures by managers
- Awareness to residents of Torbay
- Corporate Fraud Team
- Prevention and detection
- Torbay Economic Development Company, contractors, consultants, suppliers, service users
- Intelligence infrastructure
- Members
- Response to identified fraudsters

When members or employees reasonably believe that one or more of the following, is likely to, or is in the process of occurring or has occurred, will report it immediately using the council's fraud reporting form or whistleblowing policy

- A criminal offence
- A failure to comply with statutory or legal obligation
- Improper unauthorised use of public or other funds
- A miscarriage of justice
- Maladministration, misconduct or malpractice
- Endangering of an individual's health and safety
- Damage to the environment
- Deliberate concealment of any of the above

All allegations and concerns are taken seriously and investigated in an appropriate manner immaterial of seniority, rank or status and wherever possible, treated in confidence, with integrity and properly investigated.

The Chief Executive, Directors, Divisional Directors, and service managers will report concerns of instances of internal fraud to the section 151 officer and instances of external fraud to Corporate Fraud Manager.

All members, employees, partner organisations and members of the public have an important role to play in dealing with any instance of fraud. The Council encourages everyone to use the fraud reporting form.

Managers are expected to identify risks across their areas of responsibility. Those risks will inform the corporate risk register. Managers can seek the assistance of the corporate fraud manager if necessary. Working together we will identify appropriate mitigating measures. Managers will ensure those measures are introduced and followed by team members. This is

with the aim to mitigating the risk to fraud. Directors will ensure managers have appropriate controls in place.

When fraud and error happens, following a breakdown in the Council's systems or procedures, Directors and managers will ensure that appropriate improvements are implemented to prevent re-occurrence.

In response to the Money Laundering Regulations 2007 the Council has an Anti-Money Laundering Policy in place and a Money Laundering Reporting Officer.

All business units and public functions have a responsibility to control the risk of bribery or corruption occurring within all levels of the organisation. The responsibility does not rest solely with assurance functions.

Those who defraud the Council, who are corrupt, or where there has been financial malpractice will be dealt with firmly.

4 Prevention

The most efficient and cost-effective way to tackle fraud

Directors and managers will ensure resources are used in preventing fraud in the first instance.

A risk register and recommendations to rectify any system weaknesses will be recorded and monitored via a centralised tracking system.

An enforcement response will pursue fraudsters and deter others.

Where an employee or councillor is suspected of fraudulent behaviour, they will be subjected to investigation, potential disciplinary and criminal sanctions as appropriate.

Directors' responsibilities

Directors are required by Financial Regulations to report all suspected instances of internal fraud to Section 151 Officer or authorised representative (Devon Audit Partnership). Reporting is essential to the success of this policy and ensures the consistent treatment of information regarding fraud to facilitate the proper investigation by the appropriate officer(s).

Depending on the nature of an allegation, the Section 151 Officer will work closely with the director concerned to ensure all allegations are thoroughly investigated and reported on.

Disciplinary procedures will be used to facilitate a thorough investigation of any allegation of improper conduct as well as the holding of disciplinary hearings and dealing with any recommendations and proceedings thereafter.

Following discussion between investigating officers Chief Executive and if appropriate directors a decision will be made whether there are grounds to report the matter to the Police.

Managers' responsibilities

Managers are required to ensure they and their teams adhere to council policies to safeguard the council and themselves.

To ensure their teams undertake the periodic online fraud awareness training.

To accept responsibility for their departments fraud risks and as such must keep an up-to-date fraud risk registers. The register must be used to ensure new risks are identified and mitigating processes are implemented and adhered to. Risk registers must be maintained and undergo periodic review to ensure the councils corporate fraud risk register is comprehensive.

When implementing new systems or providing a new service, the manager has a responsibility to ensure new products, systems or service provision has a fraud risk assessment.

Council's Recruitment and Selection Policy. This policy contains appropriate safeguards on matters such as written references, eligibility to work in the UK and verifying qualifications held. Criminal records of successful candidates are checked where appropriate and considered for recruitment purposes only. It is at the recruitment stage, as far as possible, the honesty and integrity of potential employees is established.

Safeguards to ensure the appropriate documentation is provided as evidence of entitlement to work in the United Kingdom are included in the recruitment process.

All Employees' responsibilities

To adhere to standards set out in the Code of Conduct, which are to Act with honesty and integrity, objectivity, accountability, respect for others, duty to uphold the law, stewardship, leadership.

The Code of Conduct for employees includes adherence to this policy and guidance.

Employees are further governed by the council's Disciplinary procedure which contains reference to disciplinary rules and gives examples of misconduct/gross misconduct and how such situations will be managed.

The role that employees are expected to play in the framework of prevention and detection of fraud is included in staff induction procedures via I-learn as appropriate.

All employees are reminded of their obligation to comply with section 117 of the Local Government Act 1972 which requires any interests in contracts that have been or proposed to be entered into by the Council to be declared. The legislation also prohibits the acceptance of fees or rewards other than by means of proper remuneration.

Employees must register any interests they have in the departmental register via **Register of Financial and other Interests** available on the intranet. It is the employees' responsibility to ensure information relating to interests remains up to date.

All offers of gifts and hospitality over £25 must be reported via **Registration of Gifts and Hospitality** available on the intranet (regardless if accepted or declined). Each business unit is responsible for maintaining a Register of Gifts and Hospitality and providing those reports to corporate fraud.

All employees have a responsibility to ensure Fraud is prevented from entering Torbay Council's systems and must follow the processes provided to them introduced to prevent and detect fraud and error.

All employees have a role to play in the detection of fraud by ensuring all instances of suspected fraud are reported to the corporate counter fraud team using the fraud reporting form available on the intranet and internet.

Councillors' responsibilities

Councillors are reminded of their responsibilities included in the Constitution. These include

- Members Code of Conduct
- Financial Regulations and contracts procedures
- Local Protocol on gifts and hospitality

These matters are specifically brought to the attention of members in their induction and include the declaration and registration of potential areas of conflict. The Monitoring Officer advises members of new legislative or procedural requirement.

Within 28 days of election or appointment to office, members are required to declare specific information concerning financial and other interests. Members are responsible for notifying the monitoring officer as soon as any change occurs within 28 days of any change occurring.

Members are required to declare interests at all meetings, both internal and external, whether decision making or not.

All offers of gifts and hospitality over £25 must be reported via Registration of Gifts and Hospitality Form available on the intranet.

Members are required to register details of any contracts entered either externally or internally.

Systems

In addition to Financial Regulations and Contract Procedure Rules, the Council's Procurement Policy requires employees to act in accordance with best practice. A procurement toolkit ensures process is consistent.

External services are commissioned by the Corporate Procurement Team who ensures external organisations are aware of the Authority's anti-fraud, bribery and corruption policy.

Managers and employees are made aware of various sources of guidance and acceptable working practices using an on-line package.

Regulations and accounting instructions are in place governing the procedures and responsibilities of employees in relation to the key financial activities.

The Council has developed and is committed to systems and procedures, which incorporate efficient and effective internal controls, and which include adequate separation of duties.

Managers are responsible for ensuring that such controls, including those in a computerised environment, are properly maintained and documented. Their existence and appropriateness is independently monitored by Audit Services in accordance with the approved annual internal audit plan.

5 Information Security and IT

The Council has detailed Information and IT security policies that concentrate on specified areas.

Mandatory I-learn courses provide awareness of Information Governance and Information Security.

All employees and members participate in an IT induction session. Awareness is provided of security issues around network passwords and the Computer Security Policy.

The Council acknowledges that access to the internet is an integral part of many jobs and employees are provided with Internet access at work to enable them to do their job. The council has a policy that employees should only use and get information from the internet for their official duties and responsibilities. Use of internet and email services on Council IT equipment is covered by the Council's Internet and e-mail policies.

Full compliance with policies help the council to manage risk from information security threats, external or internal sources, deliberate or accidental.

The Council will seek to ensure information it shares internally and with partner organisations is appropriate and secure.

6 Whistle-blowing

Encouraging and enabling staff to raise serious concerns

Torbay Council has a **Whistle-blowing policy** to enable employees to raise concerns about malpractice/wrongdoing at an early stage and in the correct way. The Whistle-blowing Policy is used for reporting concerns where the employee holds a reasonable belief that the concern is within the public interest or where the organisation, and/or members of it, may be at risk. The policy explains how concerns raised will be dealt with.

The Council will do its utmost to protect an individual's identity when they raise a concern and do not want their name to be disclosed. It must be acknowledged by the employee raising the concern though that the investigation process itself may reveal the source of the information and depending on the outcome, a formal witness statement by the individual may be required as evidence in a Court.

In accordance with law, the Council undertakes that no employee who reports a concern in the public interest under this procedure will be subjected to any detriment as a result. In the event that the employee believes they are being subjected to a detriment by any person within the Council, they have the right to raise concerns of harassment via the Council's **Acceptable Behaviour Policy**.

Where allegations are found to be malicious, they will also be considered for further investigation and subject to appropriate disciplinary action. All referrals are treated in the strictest confidence and callers who wish to may remain anonymous.

7 Audit and Fraud

A robust opposition to fraud

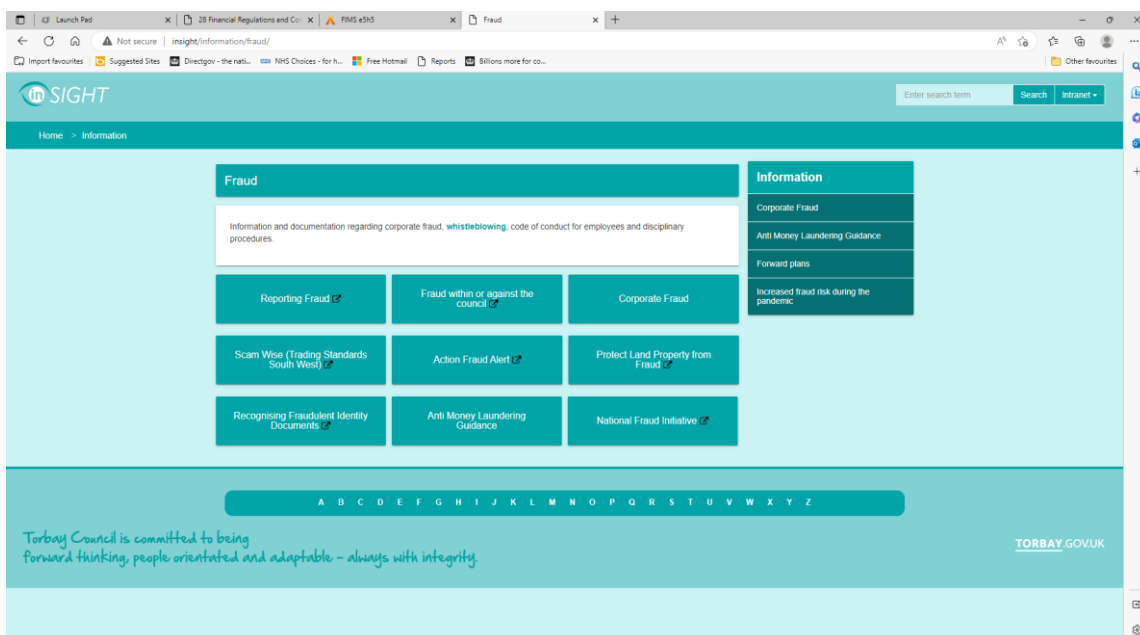
The Accounts and Audit Regulations 2015 part 2 specifies the section 151 officer, on behalf of the authority, must ensure, through internal controls that it has:

- effective financial and operational management
- effective arrangements for the management of risk
- financial control systems which include measures to prevent and detect inaccuracies and fraud
- appropriate management of risk

Internal Audit and Corporate Fraud play a role in reviewing and assessing to ensure that systems and procedures prevent and detect fraud. The Audit and/or Fraud team investigate all cases of suspected irregularity. They will liaise with each other and management to recommend changes in procedures to prevent further losses to the authority.

Corporate Fraud and Audit are responsible for all internal and external fraud investigations. All investigations are conducted in accordance with the requirements of the Human Rights Act 1998, Police & Criminal Evidence Act 1994, Criminal Procedures Investigation Act 1996 and other relevant legislation. In cases where employees are involved, they will work with Human Resources and appropriate senior management to ensure correct procedures are followed and this strategy is adhered to. In addition, there is a protocol for the disclosure of information about employees found guilty of fraud, so that this information can be held on their employee file.

In addition to the whistle-blowing procedure, the corporate fraud team operates an online reporting form.



8 The cost of fraud

The true cost of fraud is not alone financial but also causes inconvenience and sometimes direct harm by depriving individuals in genuine need. It also causes reputational damage.

Council Tax

The Audit Commission estimated between 3% - 11% fraud in the Council Tax system. In line with this estimation, if Torbay can decrease fraud, within the discounts and council tax reduction scheme by the lowest percentage of 3%, an increase in the collection fund of £0.7m.

Bromley Borough Council successfully prosecuted a man for falsely claiming Council Tax exemption and single person discount on his Council Tax, was sentenced to a suspended custodial sentence and ordered to pay substantial costs.

The man was summonsed to attend Bromley Magistrates Court where he pleaded not guilty to three charges under Sections 1(2)(a) and 2(1) of the Fraud Act 2006 of making false representations to make a gain for himself totalling £2,637.65. The case went to trial at Bexley Magistrates Court where he was found guilty and sentenced to 17 weeks imprisonment, suspended for two years on each count to run consecutively totalling 51 weeks. He was also ordered to complete 300 hours unpaid work and ordered to pay costs of £2,700.00 to Bromley Council at a rate of £350.00 a month after the Council Tax debt is cleared.

The Charge-payer had fraudulently claimed a single persons discount and a pastoral disregard by submitting false documentation.

Business Rates

If the same argument is used for small business rates relief a 3% rate equates to £0.1m (although Torbay would only retain a percentage of this figure).

Torbay Council continues to work with the Cabinet Office to develop methods to protect the Business Rates charge base. Previous exercises have been adopted nationally.

Housing

Research published by the Chartered Institute of Public Finance and Accountancy concludes social housing fraud is wide ranging. A pilot undertaking work on Housing Tenancy fraud recovered properties with a value of £1.62 million with 90 properties being recovered each assumed to save £18,000.

Increased demand for bed and breakfast accommodation following Covid- 19 has meant the council spent an additional £1.5 million in this area during 2021/22 and anticipates further ongoing demand in provision for 2023/24 due to the current economic climate. As at 3 October 2022, the total number of people on the Housing waiting list stood at 1621.

Working with our Housing Associations and Subsidiary company to prevent and detect social housing fraud can ensure that those not entitled to social housing are not depriving a family, on the waiting list, of a home.

Birmingham City Council successfully prosecuted a woman who fraudulently claimed a 70% right to buy discount to buy her property while living in a second home that she had owned for over 10 years.

The tenant, who had rented her social property for 34 years, was living at another home she had bought and was renting out her social property. When completing her right to buy application, she failed to declare ownership of her second property.

She pleaded guilty at court and received a 10-week custodial sentence suspended for 18 months together with an 18-month supervision order. The court ruled the whole value of the property, and not just the discount, had been defrauded. The council is seeking to recover the loss under the Proceeds of Crime Act.

Torbay is currently developing its own housing stock via a combination of direct purchase or via TorVista. TorVista, as a subsidiary company will need to implement appropriate controls to prevent fraud and ensure obligations imposed by the Money Laundering regulations are adhered to.

Blue Badge

The value of a blue badge (outside London) is estimated at £500 per annum by the Audit Commission.

Torbay has a total of 8129 blue badges in circulation, 8220 to individuals and 94 to organisations. The National Fraud Authority estimated that around 20% of all blue badges in circulation are abused at a cost of £46 million per annum to local authorities. This means a potential misuse figure in Torbay of up to 1625.

Misuse of a blue badge deprives those with a genuine need from using disabled parking facilities. There is also a knock-on effect to local businesses as it could force individuals to shop or use facilities elsewhere where parking is less of an issue.

A man from Northfleet was found guilty after being caught using a blue badge which had been cancelled. The badge holder had passed away six months previously. The man pleaded guilty of the offence and was ordered to pay £400 fine with £400 costs and a £40 victim surcharge. The maximum fine in such an offence is £1,000.

Free School Meals

The cost of the provision of free school meals by Torbay Council (non-academy schools) is circa £0.3m pa.

Although statistics of fraud in this area are not available, abuse of the system provides a risk to budget provisions.

9. Awareness and training

The continuing success of this Policy and its general credibility will depend largely on the effectiveness of training and responsiveness of employees throughout the organisation.

To facilitate this, appropriate provision is made through induction and refresher training via the Council's on-line I-learn system.

Teams may be invited to participate in targeted training such as training facilitated by The Fraud Team or agencies such National Anti-Fraud Network.

Fraud alerts are provided by partner agencies, these are communicated to employees via the councils communications Team.

Emerging issues are communicated across the authority using the on-line training platform or other media as appropriate. Employees who ignore such training and guidance risk the possibility of disciplinary action.

It is often the vigilance of members, employees and members of the public that enables detection to occur and appropriate action to take place.

Campaigns raise fraud awareness and encourage people to report suspicious activity.

Regular reports submitted to the Audit Committee and high-profile campaigns publicised accordingly.

10 Detection

Members of the public

All members of the public have a role to play in the detection of fraud, bribery, corruption and or dishonest dealings within or against the council.

For all suspected cases of service user fraud and or dishonesty, concerns should be raised by reporting it using the fraud reporting form available on the internet.

All members and employees

All members and employees have a role to play in the detection of fraud, bribery, corruption and or dishonest dealings within the council.

If an employee thinks they have grounds for suspicion of dishonesty, it should be raised with their manager, internal audit or raise it under the whistleblowing policy. Such concerns will, so far as possible, be dealt with confidentially as described by the whistleblowing policy

For suspected cases of service user fraud and or dishonesty concerns should be raised by reporting it using the fraud reporting form available on the intranet and internet.

Audit

Internal Audit may identify fraud and irregularities because of the work they undertake. Included in their plans are reviews of systems, financial controls, specific fraud checks, error tests, spot checks and unannounced visits. The Council's preventative systems, particularly internal control systems, are designed to deter any fraudulent activity.

Torbay Counter Fraud Team

The counter fraud team use data analytics and data matching to identify potential instances of fraud and error. Audit work plans are reviewed to highlight potential frauds before testing an area

Complete comprehensive reviews of areas highlighted by audit tests and the corporate fraud risk register as having poor internal controls to ensure targeted detection and to provide assurance.

Seek to develop new ways to identify frauds and collaborate with national organisations such as the National Fraud Office and Competition and Markets Authority

Torbay and South Devon NHS Foundation Trust

The responsibility for investigating fraud within adult social services has been delegated to the Director of Finance of Torbay and Southern Devon Care Trust. The Trust's Director of Finance is supported in this role by the Torbay and Southern Devon Care Trust Counter Fraud Service. Where appropriate, issues will be discussed with Torbay Council's Corporate Counter Fraud Team to ensure cases are investigated in the most effective manner. The Council's Section 151 Officer receives an annual letter of assurance.

Torbay Development Agency Group of companies

Arrangements for Fraud and Error within this business group is yet to be established.

However, the Torbay Economic Development Group chief executive has this as a target for completion during 2023/24.

Co-operating with others

The exchange of information on national and local fraud activity and its impact on local authorities will be shared with:

- The Police
- Inter Authority Audit Groups
- External Audit
- Her Majesty's Revenues and Customs
- The Department of Works and Pensions
- Borders and Immigration
- Housing Associations

Data Matching

The Council will undertake specific fraud drives where it may use its own data bases such as Payroll, Personnel, Parking, Council Tax, Claimants of Housing Benefit/Council Tax Support, electoral registration, licensing etc.

The Council will exchange information with other agencies such as Police, Benefit Agencies, HMRC and Housing Associations.

The Council will undertake data matching with other Local Authorities and relevant external organisations to pro-actively identify fraudulent activity.

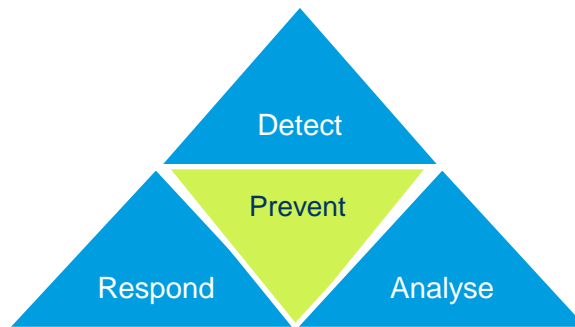
The Council will use National Fraud initiatives, social media, Charities Commission and tracing companies and seek to identify other sources of data as necessary to ensure correct and accurate administration of public funds.

Torbay Council will work with the Cabinet Office to develop methods to prevent fraud to set the path for local authorities across the country, this includes but is not restricted to Public Funerals, Second Home owners occupancy status, Procurement rotation bidding

National Anti-Fraud Network (NAFN)

The Council subscribes to and works with the National Anti-Fraud Network (NAFN) to ensure it has access to all intelligence sources to combat fraud and corruption.

11 Action



Sanction and redress

The Council has developed a Corporate Sanction and Prosecution Policy.

In all cases where the Council has suffered financial loss, it will seek to recover it in full, in addition to costs incurred by the Authority because of pursuing this repayment. As a deterrent and to make public its position about misappropriation of public money or other resources, the Council will seek to publicise successful sanctions in the press and through social media.

Members

The Council will fully utilise its own Standards Committee to promote high standards and regulate the conduct of members.

Staff

If an allegation is made against an employee, the Counter Fraud Officer will consult with Audit, Human Resources and the relevant service manager. Any disciplinary action will be taken in conjunction with HR.

The decision to refer the issue to any other enforcement agency, for example the Police or HMRC will be a joint decision between the Counter Fraud Manager, HR and Service Manager.

Sanctions may include warnings or dismissal.

No Action

A case may be closed without action. This may be due to the following:

- Offence is minor
- Evidence is not robust or reliable
- Cost to pursue the case is not proportional to the offence

The decision to refer the matter on for further action, such as prosecution will be taken by the relevant director in conjunction with Corporate Fraud Manager or Section 151 Officer.

System weaknesses identified because of any investigation will be addressed through an agreed action plan which the relevant service area manager is responsible for implementing.

As appropriate, the Corporate Fraud section will monitor implementation of agreed actions and report progress to the council's Audit Committee.

Contractors

The terms of the council's contracts require that contractors take all reasonable steps, in accordance with good industry practice, to prevent any fraudulent activity by the staff, the contractor (including its shareholders, members, directors) and/or any of the contractor's suppliers, in connection with the receipt of monies from the Authority. The contractor must notify the council immediately if it has reason to suspect that any fraud has occurred or is occurring.

In response to this information, the council will decide how to respond. Its response will usually involve one of the following steps

- Investigation by management/Internal Audit or by disciplinary procedures
- Referral to the Police
- Referral to the external auditor or
- Set up an independent enquiry

At the conclusion of an investigation, the investigator will produce a report. The manager whose responsibility encompasses the area of that investigation must formally accept the report and take the appropriate action (disciplinary or other).

Public and External Organisations

The Council seeks to apply a sanction in all appropriate cases of fraud and attempted fraud.

This will range from financial penalties, official warnings to criminal prosecution.

In all cases, the Council will seek to recover any fraudulently obtained amounts, and where necessary and appropriate, its costs incurred in doing so, and will utilise all means available to recover these amounts. This will include freezing assets, confiscation orders, civil litigation and general debt recovery.

12 Operational

Resources

Dependant on the type of allegation, corporate fraud or internal audit will utilise resources as necessary. Initial intelligence and evidence gathering is necessary to establish if there is grounds to commence a formal investigation. What is reasonable in each case will depend on the particular circumstances.

Any information obtained will be retained in an evidentially secure manner and the confidentiality of the information will also be maintained.

Transparencies

In line with section 53 of the Government's Transparency Code, the following will be made available and updated annually on the corporate fraud web pages

- number of occasions powers under the Prevention of Social Housing Fraud are used (Power to Require Information) (England) Regulations 201444, or similar powers
- total number (absolute and full time equivalent) of employees undertaking investigations and prosecutions of fraud
- total number (absolute and full time equivalent) of professionally accredited counter fraud specialists
- total amount spent by the authority on the investigation and prosecution of fraud, and
- total number of fraud cases investigated.

Plan

As an outcome of the corporate fraud risk register, informed by managers own risk registers and corporate fraud investigations, the council will adopt a yearly pro-active counter fraud plan.

Intended in the interest of mitigating the council exposure to risk which may result in loss of revenue or reputational damage, the corporate counter fraud team and audit will make recommendations to managers and use the risk register to inform pro-active work.

Reporting

Suspicious of fraud will be made through the council's fraud reporting form or whistleblowing process

Instances of fraud and whistleblowing will be reported to the Council's Audit Committee every six months.

Delivery

The internal audit team and corporate counter fraud team work side by side to provide the Council's audit and fraud investigation functions. They employ a multi-disciplinary approach that includes pro-active work. In addition, the team are free to work with other agencies in pursuance of anti-fraud.

The ability to report suspected fraud using the on-line reporting form or fraud hotline provides a deterrent to fraudulent activity.

Any instance of fraud reported will be assessed to establish:

- details of the allegation
- If the allegation provides detail to suggest an offence has occurred to warrant investigation
- Elements of the offence to be proved
- Potential Lines of Enquiry

All reported frauds will be treated confidentially and with integrity.

Any documentation obtained or recorded will be kept and maintained in a secure manner in the council's fraud case management system.

Details of investigations will not be released to the reporter.

If a suspect makes a subject access request during an investigation, details of the investigation will not be released as may prejudice the investigation.

In cases where fraud is discovered we will take criminal, civil or disciplinary action or a combination of these. Decisions will be based on council policies and the Code for Crown Prosecutors which includes the evidential and public interest tests for prosecution

The corporate counter fraud team will work in partnership with other organisations such as the UK Borders Agency and the Police.

Training

Torbay Council is committed to preventing fraud and will invest to ensure development and knowledge to minimise the impact from fraud.

Corporate counter fraud officers are trained as Accredited Counter Fraud Specialists.
Supporting roles trained as Accredited Counter Fraud Technicians

Corporate counter fraud team and audit members will partake in regular training and events hosted by companies that specialise in Fraud Prevention such as Chartered Institute of Public Finance and Accountancy (CIPFA).

13 Conclusion

We have a responsibility to the residents of Torbay to be:

- Transparent
- Accountable
- Honest
- Selfless
- Preventing, deterring and promoting detection of fraudulent and corrupt acts
- Taking action when fraud or irregularities occur

The Council has in place a clear network of systems and procedures to assist it in dealing with fraud and corruption. It is determined that these arrangements will keep pace with any future developments in both preventative and detection techniques regarding fraudulent or corrupt activity that may affect its operation.

The Council takes pride in setting and maintaining high standards and a culture of openness, with core values of Forward thinking, people orientated and adaptable always with integrity.

This strategy fully supports the Council's desire to maintain an honest authority, free from fraud and irregularities.

This Policy will be reviewed periodically.

TORBAY COUNCIL

Meeting: Audit Committee

Date: 22nd March 2023

Wards Affected: None

Report Title: Risk governance process for our integrated Adult Social Care Services

Is the decision a key decision? No

When does the decision need to be implemented? N/A

Cabinet Member Contact Details: Councillor Stockman, Cabinet Member for Adults & Public Health Jackie.stockman@torbay.gov.uk and Councillor Carter, Cabinet Member for Equality & Diversity and Corporate & Community Services christine.carter@torbay.gov.uk

Supporting Officer(s) Contact Details: Joanna Williams, Director of Adult Social Services, Joanna.williams@torbay.gov.uk and Eve Bates, Senior Performance & Risk Officer, eve.bates@torbay.gov.uk

1. Introduction

- 1.1 At Audit Committee held on 26th January 2022, the council's Section 151 Officer shared a letter from ASW Assurance. ASW Assurance provide internal audit, counter fraud and consultancy services to Torbay and South Devon NHS Foundation Trust. The letter summarised their assurance findings in relation to the adult social care services provided to the council by the Trust for 2020/21. ([Audit Committee Agenda 26th January 2022](#)) (Page 48).
- 1.2 On reviewing the letter, members of Audit Committee questioned the Section 151 Officer if this letter was sufficient reassurance for the council. The council's Section 151 Officer provided a verbal response and following the meeting requested that the Senior Performance and Risk Officer formulate the Council's and Trust's risk assurance arrangements into a written process.
- 1.3 The process is attached to this report at Appendix A and will be appended to the council's Risk Management Framework document.

2. Formulating The Risk Governance Processes

- 2.1 The Senior Performance and Risk Officer has worked in conjunction with the Director of Adult Social Services (DASS), the Head of ASW Assurance and the Head of Devon Audit Partnership to draft the process.
- 2.2 A meeting took place between the two audit providers where they discussed and shared their existing arrangements before providing a formal response to the DASS.

- 2.3 Separately, the DASS considered the arrangements as stated in the existing Strategic Agreement and suggested some minor changes.
- 2.4 The Senior Performance and Risk Officer met with the Head of ASW Assurance to discuss the initial draft and suggested changes. The final draft was shared with the Trust's Deputy Chief Finance Officer and the Council's Section 151 Officer(s) and both organisation's auditors for comment before being brought forward to Audit Committee as the final version set out in Appendix A.
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3. Recommendation(s) / Proposed Decision

- (i) That Audit Committee notes Appendix A, which will be appended to the council's Risk Management Framework document.

Appendices

Appendix A: Risk Governance Process For Our Integrated Adult Social Care Service – March 2023

Background Documents

Report clearance:	This report has been reviewed and approved by:	Date:
Chief Executive	Anne-Marie Bond	9 th March 2023
Monitoring Officer	Amanda Barlow	9 th March 2023
Chief Finance Officer	Martin Phillips	10 th March 2023
Relevant Director/Assistant Director	Matthew Fairclough-Kay	9 th March 2023

Document is Restricted