

Internal Audit Progress Report 2022-23

Mid Devon District Council Audit Committee

January 2022

Tony Rose
Head of Audit Partnership



Auditing for achievement

Introduction

The Audit Committee, under its Terms of Reference contained in Mid Devon District Council's Constitution, is required to consider the Chief Internal Auditor's annual report, to review and approve the Internal Audit programme, and to monitor the progress and performance of Internal Audit.

The Accounts and Audit (Amendment) (England) Regulations 2015 introduced the requirement that all Authorities carry out an annual review of the effectiveness of their internal audit system and incorporate the results of that review into their Annual Governance Statement (AGS), published with the annual Statement of Accounts.

The Public Sector Internal Audit Standards require the Head of Internal Audit to provide an annual report providing an opinion for use by the organisation to inform its governance statement. This report provides our proposed opinion for 2022-23 based on work undertaken to date in the Opinion Statement.

The Internal Audit plan for 2022-23 was presented and approved by the Audit Committee in March 2022. The following report and appendices set out the background to audit service provision; summaries of audit work undertaken during the year and provides an opinion on the overall adequacy and effectiveness of the Authority's internal control environment.

Expectations of the Audit Committee from this progress report

Audit Committee members are requested to consider:

- the assurance statement within this report.
- the basis of our opinion and the completion of audit work against the plan.
- the scope and ability of audit to complete the audit work.
- audit coverage and findings provided.
- the overall performance and customer satisfaction on audit delivery.
- approve the amendments to the audit plan.

In review of the above the Audit Committee are required to consider the assurance provided alongside that of the Executive, Corporate Risk Management and external assurance including that of the External Auditor as part of the Governance Framework and satisfy themselves from this assurance that the internal control framework continues to be maintained.

Tony Rose
Head of Devon Audit Partnership

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Opinion Statement

Overall, based on work performed during 2022/23 and our experience from the current year progress and previous years' audit, the Head of Internal Audit's Opinion is of "Reasonable Assurance" on the adequacy and effectiveness of the Authority's internal control framework.

This opinion statement will support Members in their consideration for signing the Annual Governance Statement.

Internal Audit assesses whether key, and other, controls are operating satisfactorily within audit reviews. An opinion on the adequacy of controls is provided to management as part of the audit report.

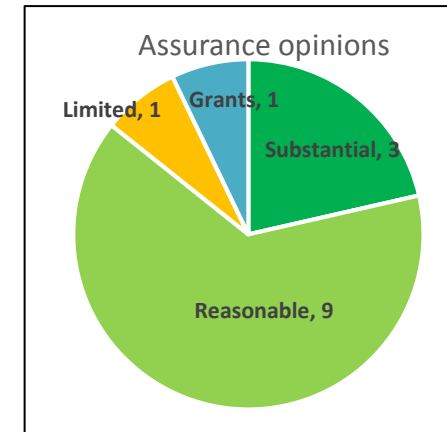
All final audit reports include an action plan which identifies responsible officers, and target dates, to address control issues identified. Implementation of action plans is the responsibility of management yet may be reviewed during subsequent audits or as part of specific follow-ups.

Directors and Senior Management are provided with details of Internal Audit's opinion on each audit review to assist them with compilation of their individual annual governance assurance statements at year end.

Substantial Assurance	A sound system of governance, risk management and control exist across the organisation, with internal controls operating effectively and being consistently applied to support the achievement of strategic and operational objectives.
Reasonable Assurance	There are generally sound systems of governance, risk management and control in place across the organisation. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of some of the strategic and operational objectives.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified across the organisation. Improvement is required to the system of governance, risk management and control to effectively manage risks and ensure that strategic and operational objectives can be achieved.
No Assurance	Immediate action is required to address fundamental control gaps, weaknesses or issues of non-compliance identified across the organisation. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of strategic and operational objectives.

Executive Summary of Audit Results

In support of our current overall assessment of Reasonable Assurance, this chart represents the opinions provided to date:



In this report, we provide two Substantial reports: on Treasury Management, and on Car Park Operations.

The remainder of our reports on Ground Management; Customer Care and Complaints; and Capital Asset Management, are assessed as Reasonable Assurance. We also provide detail on an advisory report on Void Management. A summary is contained in **Appendix 1**.

Fraud Prevention and Detection

We continue to work with council officers on measures to identify and prevent fraud. We attach our recent Counter Fraud Resilience and Assessment report as **Appendix 2**. We are undertaking the same assessment for our other District partners.

We have helped the council to create an Anti-Fraud Bribery and Corruption Strategy, and Policy which is to be discussed at this Audit Committee.

We provided Counter Fraud training to the council managers in early January 2023.

We have received agreement from Devon Council to proceed with single tender action to engage a contractor to support review of Council Tax

Single Person Discounts by Devon District Councils. This will allow Mid Devon to participate in this activity if it decides to.

Audit Coverage and Performance Against Plan

We have progressed a large proportion of the plan in the last few months. We do not currently anticipate any problem in substantially delivering this year's plan, to inform our Annual Assurance Opinion.

The Committee will be aware that the Internal Audit Plan is intended to cover the period April 2022 to March 2023. We know from our experience that the work we undertake does not start on the 1 April or finish on the 31 March. The delivery of the work plans leans towards commencing in April with the bulk of the work delivered within each financial year, concluding with our reports being finalised up to and including the following April and May. This timeframe helps to ensure the Annual Head of Internal Audit Assurance Opinion is based on the fullest possible breadth of work in line with each Internal Audit Plan.

Audit Recommendations

Appendix 3 - There are currently 19 overdue recommendations (3 High, 14 Medium, 2 Low) listed on Spar (See **Appendix 3**). This compares to the 12 recommendations reported at the last Audit Committee.

Appendix 4 provides detail of recommendations that have been extended by management more than six months beyond the original agreed implementation date. Only High priority recommendations need Audit Committee agreement to extend target dates and that management can decide to extend Medium and Low recommendation target dates. We provide appropriate challenge if we have any concerns that the weakness has not been addressed. There is one Low recommendation in this area.

Customer Satisfaction – For each review we ask for feedback on the audit. This year we have received the following CSQ scores:

Audit	Percentage Satisfaction
Lord Meadows Leisure Centre	98%
Development Management	100%

Service Charges

99%

Value Added

It is important that the internal audit service seeks to "add value" whenever it can. We believe internal audit activity has added value to the organisation and its stakeholders by:

- Providing objective and relevant assurance.
- Contributing to the effectiveness and efficiency of the governance, risk management and internal control processes.
- Undertaking similar audits across different councils to identify and share good practice, such as current audits of Climate Change being undertaken for North Devon, Torridge, South Hams, West Devon, and Mid Devon.
- Confirming that core controls continue to be effective despite changing work conditions and current pressure of work.

Appendix 1 – Summary of audit reports and findings for 2022-23

Audit and Assurance Opinion	Summary, Risk Exposure and Management Actions	Summary of Actions High / Med / Low		
<p>Treasury Management</p> <p>Substantial Assurance</p>	<p>The council has strong and clear procedures when it comes to Treasury Management. All the recommendations from our audit last year have been implemented. This has reduced the number of spreadsheets used to record and manage transactions. We provide a Substantial Assurance as core controls are in place which we consider effective, and we make no recommendations in this report.</p> <p>The council has no current loans it needs to pay, and government grants have been well managed so that original reserves were not dipped into.</p> <p>Treasury management is conducted in accordance with the approved Treasury Management Strategy and designed to minimise investment risk. This includes placing loans only to UK registered banks and building societies with good credit scores, with a limit of £5m on the amount loaned to each individual bank. Expert advice and guidance are obtained from the Link Group to ensure that investments achieve the best interest rate. No long-term investments are held which means the council will be able to take advantage of increasing interest rates as they occur.</p> <p>There are appropriate arrangements to ensure the Current Account is maintained at the £5m figure excluding grant funds to ensure the council has appropriate cash to meet short term obligations and not to exceed that total. The cash and bank statements are checked daily which is good practice. The council has good segregation of duty restrictions to ensure appropriate approval of investment transactions from its current account.</p>	0	0	0
<p>Car Park Operations</p> <p>Substantial Assurance</p>	<p>The recently appointed Environment and Enforcement Manager runs a well-established operation with staff using detailed and comprehensive guidance and procedures. Following his appointment an end of year report is now produced detailing all aspects of car park related performance. This includes the numbers of Penalty Charge Notices (PCNs) issued per District Officer; the value of PCNs issued, paid, written off, and outstanding; the total visits made to each location; the total amount of Pay & Display revenue received and staff sickness levels. A monthly report is also provided to senior management with an overview of car parks activity and performance. This information is being used to manage the service and consider how to address issues and make improvements.</p> <p>Actual expenditure for the first six months of 2022 was £334,243; this compares to a year budget of £648k, which indicates that income collected may exceed the budget.</p> <p>Review of PCNs indicates a resolution rate (paid or written off) of about 90% of PCNs. The number of PCNs issued appear to have gone back to pre-C19 levels.</p>	0	0	1

	<p>Different payment options exist for car park customers enabling payment to be made via cash, card or through the RingGo app. Customers may purchase a virtual parking permit via use of an online link upon the council's website. These payment options are in line with those found at other local authorities.</p> <p>Systems and processes in use remain effective with Pay & Display cash machine boxes collected by a third party being emptied and counted remotely; the income then credited into the Council's bank account.</p> <p>An issue identified in the previous audit review regarding PCN reports and balances on certain individual PCN records appears to still be an issue requiring resolution and has therefore been reported again.</p> <p>The safety of the District Officers has been enhanced by the recent introduction of body worn videos allowing recording of any instances of anti-social behaviour, threats or abuse directed towards staff in undertaking their duties.</p>			
<p>Ground Maintenance</p> <p>Reasonable Assurance</p>	<p>The Ground Maintenance service is well managed, with good control over the GM programme.</p> <p>There was good financial management and oversight with forecasts produced through the year. Financial information is reasonable; budgets for fuel and agency costs are highlighted as a nationwide issue this year which were not allowed for when budget setting. The Service represents a net cost to the council of about £490k-£590k per year (Joint budget of HRA and General Fund).</p> <p>Various performance measures are used which are well measured and reported in spreadsheets. These are used to manage resources allocation in the different work areas. It is difficult to measure service performance over recent years given C-19 impacts. They are currently due to meet their targets this year.</p> <p>An extensive detailed programme is held of all the GM work requirements. This supports management of the work programme. Ad-hoc internal work is quickly accommodated when needed. The Service continues on-plan to deliver support to external and internal clients. Review of the complaints received indicates only three last year, and one compliment.</p> <p>The Service is fully staffed and there are no current concerns about resources. Management report staff are well motivated. Staff have undertaken the range of necessary training to help them in their duties and everyone has an annual H&S risk assessment.</p> <p>The council has a detailed asset register of equipment recording cost, serial number, purchase date etc, which we identify as good practice. It includes dates of equipment service.</p> <p>Compared to a neighbouring council, there has been less consideration of Climate Change and Biodiversity aspects into the GM service. We encourage a closer working relationship between the</p>	<p>0</p>	<p>2</p>	<p>0</p>

	Climate and Sustainability Officer and GM to reducing the carbon footprint and encouraging biodiversity across the district.			
Customer Care and Complaints	The Customer Service Team (CST) team had a good ethos and approach, and training is good. Complaints about the standard of Customer Service provided are low. The CST continue to resolve circa 70% of calls.			
Reasonable Assurance	<p>The Council has a Customer Care Policy and a Complaints and Feedback Policy approved by Cabinet aligned with MDDC core values. The CST answer around 100,000 phone calls per annum; in 2021/22 this was over 96% of calls to the Council. In context, MDDC typically has 2 million+ customer interactions each year across all services. A new telephone system went live in April 2022 which has enabled collection of more data about incoming calls to the CST who fulfil 71% of all calls during 2021/22, rather than being referred onto Service areas. Where calls cannot be dealt with by the CST, a handover is necessary to the correct service area; we observed the good quality of handovers taking place.</p> <p>However, data is limited on the outcomes for those calls handed on to Service areas. The CRM system does not record what happens beyond the CST. There is therefore a risk that calls passed from the CST to the service areas are not then effectively addressed on a timely basis.</p> <p>A pilot is currently running within Revenues and Benefits with a Revenue Information Officer taking specialist calls for the department, owning the initial call and aiming to provide a one-stop solution for customers. Customers using this service are surveyed by email to help measure success of the pilot.</p> <p>Complaint handling is of a good standard; however, some training needs were evident from our sampling of the way complaints are processed on the system. There is a consistent approach to logging complaints via the CST, aided by scripted screens which are aligned with MDDC values. Complaint numbers are almost back to pre-pandemic levels. Feedback on council services is actively encouraged with a page dedicated to this and highlighting the multiple channels available for this on the public website. E-mail traffic has increased significantly in recent years which is requiring additional resources and consideration will be necessary on how this can be mitigated in the future e.g., use of smart forms.</p> <p>Resourcing of this area appears to have been challenging during the pandemic, however this has been overcome with sufficient staff in place. New-entrant training is intensive, structured, and well-organised.</p>	0	2	1
Capital Asset Management	We provide an overall 'Reasonable Assurance' rating as the Strategy is a clear, concise, stand-alone document that details how asset management will support the Authority in achieving its vision and meeting its long-term goals. This also includes detail on how asset management activities are implemented, measured, and continuously improved, and it contains clear long-term performance targets.	0	3	4

	<p>A detailed Asset Management Action Plan is Appendix 6 of the Strategy. Fourteen actions are listed in the action plan which is reviewed and discussed at Capital Strategy Asset Management Group (CSAG) meetings. We consider member involvement in this group is good practice that we have not seen in other councils. Given that CSAG meeting minutes are not published, we suggest updating the Strategy to report when each specific action/objective has been implemented. We have suggested that an official mid-point review of the progress to deliver the strategy would be beneficial to ensure it is achieving its goals.</p> <p>Assets and related performance are well managed along with a robust performance reporting process. Members are actively involved in asset management through the relevant CSAG meetings and Cabinet. We have not seen a full list of KPIs that are in place and from a recent audit conducted on Repairs and Maintenance we have concluded that basic KPIs are needed for effective management of the service. Benchmarking activity should also be undertaken against other relevant authorities.</p> <p>Improvements are possible to the Council's asset record base. This is held on the Uniform system but is only used to store lease information and does not have the facility to manage other aspects of asset management, including repairs and maintenance. We are unable to provide assurance that all asset information on the system is reliable with many fields being empty. This was a recommendation highlighted in our previous audit and needs to be addressed. Property Services have a budget available to acquire a new system which provides a good opportunity for a new system to manage all aspects of asset management.</p> <p>We looked at whether planned maintenance and compliance checks are undertaken including undertaking condition surveys in line with an agreed timetable. The Strategy states the importance of condition surveys to prolong the life of the Council's asset base. We confirmed that statutory compliance checks (i.e., Health and safety, Fire checks etc) and other condition surveys are undertaken on assets to review their condition. These reviews are used to help build the Council's 30-year maintenance programme and medium-term financial plan. However, further work is desirable to document the surveys required for each key building asset and list the planned work required to support a more strategic approach to planned maintenance.</p>			
<p>Void Management arrangements</p>	<p>We undertook this advisory work to support an internal review being undertaken by the business area on void management. As processes were being revised, we did not provide an assurance opinion, although the report includes management actions which have fed into the newly updated Voids Management Policy of December 2022.</p> <p>We note that the voids process has evolved and there were some processes no longer matching the Void policy. For instance, the policy states that 'the Council does not decorate properties before being let. It is the responsibility of the incoming tenant to decorate as they see fit.' The</p>	<p>0</p>	<p>9</p>	<p>2</p>

Advisory, so no assurance rating

Council provides a paint pack to the new tenant to help them start to decorate their new home. We viewed a recently vacated property and saw that the condition of the property was poor, and a full redecoration was required to restore the property to a relatable standard. We are advised that most voids are returned in a poor condition and require a full repaint. There are also other requirements for pest control services before starting void repairs. All these factors have an impact on timescales to complete void works. Historic turnaround time has been 14 days for a standard void. These timescales do not now reflect current reality given void property condition.

Our analysis indicates that the average number of days for each void was 76 working days. The number of void properties has increased every year since 2019/20 but is now starting to reduce. Various factors have contributed to this, including covid, staff shortages in the allocation team, and decarbonization work. Updated voids targets and categorisations have now been included in the updated Voids Management Policy and are based upon the current legal, strategic and operational context with realistic turnaround times encompassing the end – to – end voids management process for building services and tenancy management.

Pre-void inspections are mentioned within the void policy, these used to be carried out by tenancy/allocations but stopped during Covid. These were carried out to identify any works required upon the end of tenancy which are likely to be rechargeable works. Management has now agreed to recommence targeted inspections from April 2023.

The Orchard system is used to manage voids and repair work. All Council stock properties are on Orchard and tenancies are attached to each property. We found that the integrity of the information held in the void's module was not reliable. There are no procedure notes on data entry of voids and during a period of staff shortages an apprentice was adding voids information to the void's module. Dedicated officers have now been made responsible for raising all voids.

New tenants are asked to complete a satisfaction survey which includes questions about the standard of the property. We reviewed some survey forms and noted that most of the tenants said they were either very satisfied or fairly satisfied with the standard of the property.

Appendix 2 – Counter Fraud Resilience and Assessment Report

1. Introduction

- 1.1 The following is the [Devon Audit Partnership](#) (DAP) [Counter Fraud Services Team](#) Report and Update 22/23. It outlines the ever-increasing fraud threats affecting all areas of public spending and the responses expected from Mid-Devon District Council. Our aim is to support Mid-Devon District Council in its continued efforts to ensure that appropriate processes are in place. This includes good governance processes, acknowledging the threats posed by fraud, preventing and pursuing those who would look to commit fraud and providing assurance that the Council, the public and the wider public purse are being protected from fraud wherever possible.
- 1.2 The Counter Fraud Services Team within Devon Audit Partnership (DAP) continues to support and facilitate the development of the Council's Counter Fraud processes and capability, which improves its resilience to fraud and related offences.

2. Fraud response / resilience assessment.

- 3.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) reports that local authorities have achieved success by taking a structured response to fraud and that they now need to respond to an ever-increasing fraud threat, and further develop and enhance their counter fraud response by ensuring that it is comprehensive and effective and focused on the key changes that will make the most difference.
- 3.2 A local authority is self-regulating in respect of counter fraud. It should aim to show that it undertakes realistic self-assessment and has identified and understands the major risks it faces. It should acknowledge the problems and put in place plans which can demonstrate that it is taking action with visible outcomes. It should aim to create a transparent process and report the results to the corporate management team and those charged with governance.
- 3.3 The table in Annex 1 shows the expected response from a local authority, and our assessment of Mid-Devon's arrangements against expectations. It is clear that the Council complies in almost all areas of Counter Fraud best practice. However further work in Joining up the 'Fraud Risk Management' process and Counter Fraud knowledge between DAP and MDDC will add further value to the Counter Fraud Activity.

4 National Fraud Initiative

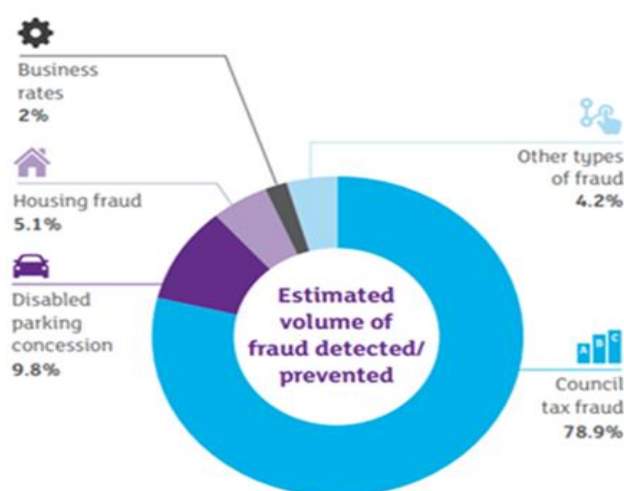
- 4.1 The [National Fraud Initiative](#) (NFI) is an exercise run and reported on by the [Cabinet Office](#); matches electronic data within and between public and private sector bodies to prevent and detect fraud and error.
- 4.2 Devon Audit Partnership acts as the point of contact between the Cabinet Office and the Council in matters relating to the National Fraud Initiative, this being a mandatory Biannual exercise in fraud prevention and detection.
- 4.3 The Biannual National Exercise for 22/23 has now started and data will be being uploaded to the Cabinet Office for inclusion in the exercise. It is anticipated that all matches will be returned for checking in Jan / Feb 2023.
- 4.4 The last National Exercise assisted the Council to identify changes in entitlement which resulted in an estimated (Figures supplied by the Cabinet Office) total of £21k in potential

savings. DAP is committed to supporting the Council in maximising savings from this exercise in the coming year.

4.5 Departments that complete the returned matches show that they are actively involved reducing fraud risk as well making sure that wherever possible their data management is compliant with the Data Protection Act 2018 by ensuring -

- **Data minimisation** by ensuring that MDDC only holds data that is required.
- **Accuracy** by ensuring that the data held is as accurate as it can reasonably be expected to be.
- **Data retention periods**, showing that data is not being held longer than is necessary for its intended use.

4.6 In the Chartered Institute of [Public Finance and Accountancy \(CIPFA\) survey in 2019](#), the most common types of fraud faced by all Councils in England and Wales were identified as per the graphic below, it remains imperative that the Council continues to maximise counter fraud activity in these areas to ensure the minimisation of any loss to fraud.



5 Information for Committee

5.1 Local Authorities are far from immune to fraud and its related offences. It is also clear that fraud activity is and has been increasing for some time. Local Authority defences must keep pace with developments or face increasing losses at a time when every penny counts. Every pound saved fighting fraud is a pound that can go back into front line services. Below are some of the most recent reports into the scale of fraud faced by the country and the respective views of those who produce them.

5.2 **Creation of the Public Sector Fraud Authority (Aug 2022)** - [The Public Sector Fraud Authority](#) is the UK government's Centre of Expertise for the management of fraud (and associated error) against the public sector. It leads the Government's Counter Fraud Function.

5.3 **The House of Commons Justice Committee Report (Oct 2022)** - [Fraud and the Justice System](#) is a wide ranging report setting out its recommendations for a new approach to, as the report puts it, 'an epidemic of fraud cases in England and Wales'. The scale is evident from the most recent Office of National Statistics report.

5.4 **The House of Lords Report (Nov 2022) - [How do we break the fraud chain?](#)** Highlights that Fraud is the most common crime in this country today. An adult aged 16 or over in England and Wales is more likely to become a victim of fraud than any other individual crime type.

6 Conclusion

6.1 Mid-Devon District Councils Counter Fraud resilience continues to improve, moving towards an ever-stronger assurance position. The benchmarking against best practice exercise is encouraging and supports the opinion that the Council is committed to reducing fraud losses to the minimum level possible. However constant vigilance and flexibility are required to ensure that wherever possible every pound of the public purse is protected and spent on those in genuine need of the Councils services.

6.2 The word unprecedented has been used many times over the past three years as a result of circumstances beyond Local Authority control, the current financial pressures on Councils and the people they serve remain unprecedented and the effects should not be underestimated. Financial pressure is a driver for fraud, and as such all Councils should, wherever possible look to increase their fraud resilience. It is noteworthy that Mid-Devon is committed to building further resilience.



Ken Johnson
Counter Fraud Services Manager

Tony Rose
Head of Devon Audit Partnership



Devon Audit Partnership has been formed under a joint committee arrangement comprising of Plymouth, Torbay, Devon, Mid Devon, North Devon, Mid-Devon, South Hams and West Devon councils and Devon and Somerset Fire and Rescue Authority. We aim to be recognised as a high-quality assurance service provider in the public sector.

We work with our partners by providing a professional assurance services that will assist them in meeting their challenges, managing their risks and achieving their goals. In carrying out our work we are required to comply with the Public Sector Internal Audit Standards along with other best practice and professional standards.

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

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

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

(Fighting Fraud and Corruption Locally 2020)



Annex 1

Counter Fraud resilience and Best Practice Checklist

CIPFA / CIFAS expected Local Authority response to the risk of fraud and corruption.	Mid-Devon current position and action
<p>1. The local authority has made a proper assessment of its fraud and corruption risks, has an action plan to deal with them and regularly reports to its senior Board and its members.</p>	<p>The Authority annually prepares a Fraud and Corruption risk register. This identifies the risks and the controls in place to address these risks.</p> <p>This is considered by the Senior Management Team.</p> <p>The Corporate Risk Register, which incorporates the risk for fraud, is taken to the Audit & Governance Committee.</p>
<p>2. The local authority has undertaken a fraud risk assessment against the risks and has also undertaken horizon scanning of future potential fraud and corruption risks. This assessment includes the understanding of the harm that fraud may do in the community</p>	<p>The fraud risks to the Authority are assessed at least annually and are updated as and when new risks arise.</p> <p>In terms of horizon scanning, internal audit (DAP) provide updates on emerging fraud risks and the Devon Audit Group also helps to inform officers of locally developing issues.</p> <p>A local network of key contacts also helps to identify trends and developments.</p>
<p>3. There is an annual report to the audit committee, or equivalent detailed assessment.</p>	<p>It is proposed that each year a report is taken to the Audit & Governance Committee, reporting the results of a self-assessment against the relevant updated and current requirements in line with Managing the Risk of Fraud and corruption. This being the first.</p>
<p>4. The relevant portfolio holder has been briefed on the fraud risks and mitigation</p>	<p>The Chair of the Audit & Governance Committee will be briefed on fraud risks and the mitigations thereof.</p>
<p>5. The audit committee supports counter fraud work and challenges the level of activity to ensure it is appropriate in terms of fraud risk and resources.</p>	<p>The Audit & Governance Committee supports all officers in their work to prevent, detect and investigate fraud and corruption.</p> <p>Officers from partner organisations (e.g. Devon Audit Partnership) will be used to provide specialist skills and additional resources as and when required.</p>
<p>6. There is a counter fraud and corruption strategy applying to all aspects of the local authority's business which has been communicated throughout the local authority and acknowledged by those charged with governance.</p>	<p>The Authority has in place an Anti-Fraud, Corruption Policy, This was updated in 2021. The Policy has been taken to, and approved by, the Audit & Governance Committee.</p> <p>It is recommended that this Policy is updated by an 'Accredited Counter Fraud Specialist' in future and that an appropriate Strategy and Response Plan are created and linked to the Policy on its review.</p>
<p>7. The local authority has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.</p>	<p>Section 4 of the Strategy sets out various policy statements that cover staff, members, partner organisations and members of the public, which ensure probity and propriety are in place.</p> <p>However, no system or process can ever be 100% secure, and so employee diligence is always needed, and this referred to in section 6 "deterrence and prevention".</p> <p>The Council includes anti-bribery clauses in contracts with third parties and agents.</p>

CIPFA / CIFAS expected Local Authority response to the risk of fraud and corruption.	Mid-Devon current position and action
8. The risks of fraud and corruption are specifically considered in the local authority's overall risk management process.	A specific fraud and corruption risk entry is recorded in the risk register.
9. Counter fraud staff are consulted to fraud-proof new policies, strategies and initiatives across departments, and this is reported upon to committee.	<p>The Authority does not have a dedicated "counter fraud" team and so this role is undertaken by a range of officers, including the Service Improvement Officer and Internal Audit (DAP).</p> <p>New policies and strategies are always considered in the light of possible fraud and corruption and are designed to limit such exposure.</p> <p>Access to the Counter Fraud Services Manager and Accredited Counter Fraud Specialist investigators at DAP will further strengthen this position.</p>
10. Successful cases of proven fraud/corruption are routinely publicised to raise awareness.	<p>Successful cases of proven fraud / corruption would be reported in the local paper.</p> <p>The Policy also states that "The Council's Communications Team will liaise with the press to publicise any anti-fraud and corruption initiatives undertaken by the Council which will help act as a deterrent to others.</p>
11. The local authority has put in place arrangements to prevent and detect fraud and corruption and a mechanism for ensuring that this is effective and is reported to committee.	<p>All systems are designed to prevent fraud occurring. The diligence of management and staff is also key in this.</p> <p>The annual Internal Audit plan is prepared taking in to account risks, which include fraud risks. Internal audit will provide assessment on the effectiveness of controls, and test controls to ensure that they are being complied with in practice.</p> <p>The Audit and Governance Committee is provided reports on risk, and the results of Internal Audit, and this, combined with management assessment of controls, is summarised in the Annual Governance Statement.</p>
12. The local authority has put in place arrangements for monitoring compliance with standards of conduct across the local authority covering:	
– codes of conduct including behaviour for counter fraud, anti-bribery and corruption	The Council has a Code of Conduct for Councillors and Co-Opted Members which was updated in Oct 2021, this document does not include counter fraud, anti-bribery and corruption.
– register of interests	The Councils Code of Conduct for Councillors and Co-Opted Members does cover the registration and recording of interests.(Section 1.3 onwards) This information is published on the Councils website .
– register of gifts and hospitality.	The Councils Code of Conduct for Councillors and Co-Opted Members does cover the registration of gifts and hospitality. (Section 7) All gifts and hospitality over the value of £50 must be registered with the Councils Monitoring Officer.

CIPFA / CIFAS expected Local Authority response to the risk of fraud and corruption.	Mid-Devon current position and action
<p>13. The local authority undertakes recruitment vetting of staff prior to employment by risk assessing posts and undertaking the checks recommended in FFCL 2020 to prevent potentially dishonest employees from being appointed.</p>	<p>MDDC internet pages have the following - Recruitment process, which covers the employee vetting and pre-employment checks undertaken. All offers of employment are subject to satisfactory completion of these checks.</p> <p>Mandatory checks include: -</p> <ul style="list-style-type: none"> • References • Verification of employment history Verification of professional qualifications and memberships • Verification of ID, nationality and immigration status and right to work in the UK • Medical clearance <p>Some posts require additional checks including</p> <ul style="list-style-type: none"> • DBS • Credit checks <p>Checks on company directorships held, resigned, or disqualified from (not routinely undertaken)</p>
<p>14. Members and staff are aware of the need to make appropriate disclosures of gifts, hospitality, and business. This is checked by auditors and reported to committee.</p>	<p>At the start of each meeting a declaration of interests is requested. See also 12 above.</p>
<p>15. There is a programme of work to ensure a strong counter fraud culture across all departments and delivery agents led by counter fraud experts.</p>	<p>As previously stated, the Council now also has access to an Accredited Counter Fraud Manager and Accredited Counter Fraud Specialists at DAP, which can be utilised as and when required.</p> <p>This report is designed to assist the organisation further improve its resilience.</p>
<p>16. There is an independent whistle-blowing policy which is monitored for take-up and can show that suspicions have been acted upon without internal pressure.</p>	<p>A separate whistleblowing policy is in place and was updated January 2020.</p> <p>This includes the Policy, employee guide and Manager's guide.</p> <p>All such alerts and reports will be monitored for intelligence purposes.</p>
<p>17. Contractors and third parties sign up to the whistle-blowing policy and there is evidence of this. There should be no discrimination against whistle-blowers.</p>	<p>At present the whistleblowing policy applies to all Council workers, including elected and co-opted Members, employees, staff of Council contractors, suppliers of goods and services and agency staff.</p>
<p>18. Fraud resources are assessed proportionately to the risk the local authority faces and are adequately resourced.</p>	<p>Since the transfer of benefits counter fraud staff to Department for Work and Pensions (DWP), fraud resources have been limited.</p> <p>However, the internal audit provider (DAP) recently expanded its service provision by taking on the Counter Fraud Team, previously working solely at Plymouth. The team has fully trained and qualified fraud investigators. The Authority will look to "call off" resources as and when the need arises.</p>

CIPFA / CIFAS expected Local Authority response to the risk of fraud and corruption.	Mid-Devon current position and action
<p>19. There is an annual fraud plan which is agreed by committee and reflects resources mapped to risks and arrangements for reporting outcomes. This plan covers all areas of the local authority's business and includes activities undertaken by contractors and third parties or voluntary sector activities.</p>	<p>There is no annual fraud plan as such.</p> <p>However, there are a range of "work programmes" that are prepared each year, including actions arising for the Annual Governance Review process, Risk Management and Internal Audit.</p> <p>The elements of each of these various plans enables senior management to be assured that suitable resources are being allocated to prevent, detect and investigate fraud.</p> <p>However, it should be noted that the current level of referrals of fraud and corruption are limited.</p>
<p>20. Statistics are kept and reported by the fraud team which cover all areas of activity and outcomes.</p>	<p>The S151 officer, will maintain a record of referrals.</p> <p>However, and as referred to above, there is no separate fraud team.</p>
<p>21. Fraud officers have unfettered access to premises and documents for the purposes of counter fraud investigation.</p>	<p>As stated above there are no dedicated "fraud officers" within the Council.</p> <p>However, in such instances then lawful access would be granted. For example, if DAP were asked to investigate using their Counter Fraud Team, then "full access" would be granted as per the service level agreement already in place and in accordance with Schedule 2 Part 1 2(1) of the Data Protection Act 2018</p>
<p>22. There is a programme to publicise fraud and corruption cases internally and externally which is positive and endorsed by the council's communication team.</p>	<p>Not a programme as such, but cases will be publicised in the local newspaper and via the internal newsletter and the Members bulletin.</p>
<p>23. All allegations of fraud and corruption are risk assessed.</p>	<p>Each referral or suspicion will be "risk assessed" before embarking upon a course of action proportionate to the issue and in line with Mid-Devon's "zero tolerance" policy.</p>
<p>24. The fraud and corruption response plan cover all areas of counter fraud work:</p> <ul style="list-style-type: none"> • Prevention • Detection • Investigation • Sanctions • Redress 	<p>As mentioned above, there is no response plan as such, however the Anti-Fraud & Corruption Policy does lightly touch on these areas.</p>
<p>25. The fraud response plan is linked to the audit plan and is communicated to senior management and members.</p>	<p>There is currently no Strategic Response Plan for fraud. Counter Fraud Manager and the Audit Manager at DAP can ensure that the plans are created linked and communicated to senior management and members going forward if agreed.</p>
<p>26. Asset recovery and civil recovery is considered in all cases.</p>	<p>Currently Section 6.7 of the Anti-Fraud & Corruption Policy</p> <p>2021 is the only reference to Sanctions and Redress.</p>
<p>27. There is a zero-tolerance approach to fraud and corruption which is always reported to committee.</p>	<p>Yes - there is a "zero tolerance" approach to fraud, as stated in section 3.3 of the Policy.</p> <p>Instances of fraud and corruption will be reported to the Audit & Governance Committee via this</p>

CIPFA / CIFAS expected Local Authority response to the risk of fraud and corruption.	Mid-Devon current position and action
	annualised report. Due to the sensitive nature of some instances, this may be in summary form.
28. There is a programme of proactive counter fraud work which covers risks identified in assessment.	Proactive counter fraud work is delivered in a variety of ways each year. Some examples of how this is achieved include: - <ul style="list-style-type: none"> • Participation in the bi-annual National Fraud Initiative (NFI) • Elements of internal audit work focused on controls that may be more susceptible to fraud risk • Work by Service Managers – such as Council Tax Single Persons Discount review
29. The fraud team works jointly with other enforcement agencies and encourages a corporate approach and co-location of enforcement activity.	There is no “fraud team” as such, however early referral to the Police or other agencies will be considered as part of the risk assessment for each referral.
30. The local authority shares data across its own departments and between other enforcement agencies.	The main external data sharing is via the National Fraud Initiative (NFI). Where appropriate lawful sharing of data will be permitted in accordance with Schedule 2 Part 1 2(1) of the Data Protection Act 2018
31. Prevention measures and projects are undertaken using data analytics where possible.	Such examples include making good use of <ul style="list-style-type: none"> • the NFI • Council Tax - Single persons discount review
32. The local authority actively takes part in the National Fraud Initiative (NFI) and promptly takes action arising from it.	Data is submitted every two years, with “matches” then investigated in accordance with the scoring of the match (e.g. higher scored matches reviewed first, lowest reviewed last and in accordance with resources available).
33. There are professionally trained and accredited staff for counter fraud work. If auditors undertake counter fraud work they too must be trained in this area.	As mentioned earlier, the Authority does not have an in house counter fraud team. However, the Authority has access to, and will make use of, Counter Fraud Specialists as and when the need arises. For example, the Counter Fraud Team of DAP are available to assist as and when required.
34. The counter fraud team has adequate knowledge in all areas of the local authority or is trained in these areas.	As above The Counter Fraud Team at DAP are fully trained and accredited Counter Fraud Specialists and have dealt with and prosecuted hundreds of cases for Councils in the region.
35. The counter fraud team has access (through partnership/other local authorities/or funds to buy in) to specialist staff for: <ul style="list-style-type: none"> • Surveillance • Computer forensics • Asset recovery • Financial investigations. 	As above The Counter Fraud Team and wider Devon Audit Partnership Team have access to specialist staff that can fully and professionally fulfil the legal requirements under all of the disciplines in this section. (Should the Council wish to buy in these skills as and when required)

CIPFA / CIFAS expected Local Authority response to the risk of fraud and corruption.	Mid-Devon current position and action
<p>36. Weaknesses revealed by instances of proven fraud and corruption are scrutinised carefully and fed back to departments to fraud proof systems.</p>	<p>The Authority is committed to ongoing and continual improvement. Any weaknesses identified will be addressed wherever possible, although it should be noted that no system can ever be considered 100% free from the risk of fraud.</p>
<p>37. Counter Fraud Training is available for all staff and members to ensure that they are up to date with relevant threats and can identify and report fraud appropriately. Fraud awareness is specifically important for those involved in the Procurement process as highlighted in Review into the risks of fraud and corruption in local government procurement</p>	<p>There is no formal training in place at this time however Fraud Awareness training is now being organised with the Counter Fraud professionals at DAP. Recommend - fraud awareness sessions are arranged for those in the highest risk positions in the Council. The Authority will look to “call off” resources as and when the need arises.</p>
<p>38. The Local Government Transparency Code Identifies what information must be published annually (para 53) and what is suggested (para 68)</p>	<p>It does not appear that this information is currently published. As per 19 above, current referral levels are limited.</p>

Appendix 3 – Clearance of audit recommendations

Audits with open recommendations	Year	Total Number	High		Medium		Low		Totals		MANAGEMENT COMMENTS ON IMPLEMENTATION
			N	O	N	O	N	O	N	O	
Procurement	2020	2			1		1		0	2	DAP will review these recommendations as part of the Procurement audit starting shortly.
Care Services	2021	1			1				1	0	
Climate Change	2020&22	5			4	1			4	1	
Cyber Security	2021	4		3	1				0	4	DAP are completing a review and will report on the current position on these recommendations.
Business Continuity	2021	3			3				0	3	
Emergency Planning	2021 & 2022	4			4				0	4	
Stores	2021	1			1		1		2	0	
Service charges	2021	1					1		0	1	
Housing Rents	2021	2			2					2	
Leisure Centre	2021	6	1		3		2		6	0	
Housing Benefit	2021	5			3		2		5	0	
Payroll	2021	3			1	2			1	2	
Car Parks	2022	1					1		1	0	
Capital Asset Management	2022	7			3		4		7	0	
Grounds Maintenance	2022	4			2		2		4	0	
Customer Care and Complaints	2022	7			2		5		7	0	
Void Management Arrangements	2022	11			9		2		11	0	
		67	1	3	29	14	19	2	49	19	

N= Not yet due [72%](#)

O = Overdue [28%](#)

Appendix 4 - Recommendations more than six months beyond original agreed implementation date

Priority	Audit	Recommendation	Management Action	Priority	Original Action Date	Current Planned Date	Last Management Update
3	Service Charges	A meter reference number is required to monitor electrical costs for communal areas. The electrical costs are divided by the number of flats in a block and costs are invoiced to leaseholders. Reference numbers for three of the blocks is not known. A serial number for one of the blocks has been recently supplied by Housing Repairs. This is being looked into and may resolve one of the block communal electrical costs. For those with no meter reference, it is not possible to charge leaseholders for the electric costs in these blocks of flats.	We are in discussions with Npower about installing AMR Meters into the remaining blocks that do not have them, this will enable us to see any charges remotely as we do for the other blocks. There is usually no charge for these additional installations although we will need to confirm this, but any potential charge would be less than the physical inspections that are currently required.	Low	30/6/2022	30/6/2022	We have allowed N Power and also SSE access to convert some of our communal supplies to smart meters. We will continue to allow access to suppliers to do this as it allows more accurate and timely billing.