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To: The Chair and Members
of the Audit Committee

County Hall
Topsham Road
Exeter
Devon
EX2 4QD

Date: 12 June 2023

Contact: Wendy Simpson, 01392 384383

Email: wendy.simpson@devon.gov.uk

AUDIT COMMITTEE

Tuesday, 20th June, 2023

A meeting of the Audit Committee is to be held on the above date at 2.15 pm at
Committee Suite - County Hall to consider the following matters.

Donna Manson
Chief Executive

A G E N D A

PART I - OPEN COMMITTEE

1 Apologies for absence

2 Minutes

Minutes of the meeting held on 28 February 2023 (previously circulated).

3 Items Requiring Urgent Attention

Items which in the opinion of the Chair should be considered at the meeting as a
matter of urgency.

4 External Audit Update

Verbal update from Grant Thornton.

5 Publication of Statement of Accounts 2022/23 (Pages 1 - 4)

Report of the Director of Finance and Public Value (DF/23/57), attached.

6 Internal Audit End of Year Report for 2022/23 (Pages 5 - 46)

Report of the Director of Finance and Public Value (DF/23/65), attached.

7 Risk Management Update (Pages 47 - 68)

Report of the Director of Finance and Public Value (DF/23/66), attached.

8 Counter Fraud End of Year Report and Update 2022/23 (Pages 69 - 86)

Report of the Director of Finance and Public Value (DF/23/67), attached.

9 Future Meetings

Please use link below for County Council Calendar of Meetings:

<http://democracy.devon.gov.uk/ieListMeetings.aspx?CId=161&Year=0>

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Induction Loop available



DF/23/57
Audit Committee
20 June 2023

Publication of Statement of Accounts 2022/23

Report of the Director of Finance and Public Value

Please note that the following recommendations are subject to consideration and determination by the Committee before taking effect.

1) Recommendations

That Members note the update on the publication of the 2022/23 accounts and the audit status of the Statements of Accounts for 2020/21 and 2021/22.

2) Summary

At the time of writing this report, the external auditors have yet to issue audit opinions on the Authority's Statements of Accounts for 2020/21 and 2021/22. At the last Audit Committee (28 February 2023) there were no issues raised by the auditors that suggested that audit opinions could not be issued.

On 5 April external audit raised with officers, a national issue regarding the results of the triennial valuation of the Pension Fund (31 March 2022) – that may require adjustment of the 2021/22 accounts – but would certainly delay any 2021/22 audit opinions nationally before auditors could determine their response.

The Accounts and Audit Regulations 2015, Regulation 15, requires an effective date of completion of upper tier local authority unaudited accounts by 31st May, so that such accounts can be made available for public inspection for 30 working days from the first working day of June (i.e. 1st June to 12th July)

As a response to the disruption caused by the COVID-19 pandemic, government extended the date by which local authorities should publish their draft accounts from 31st May to 31st July. 2022/23 is therefore the first year since the pandemic that the regulation date has been brought forward to 31st May, two months earlier than the past two years.

Devon County Council has not been able to complete all necessary processes in order to meet this earlier deadline and is instead, targeting completion of the draft Statement of Accounts by the end of June, one month later than the Regulations specify.

Consequently, as required by Regulation 15(1a), a notice has been added to the Authority's website setting out this position.

Agenda Item 5

3) Closure of Accounts

Days before the end of the financial year the Department for Levelling Up, Housing and Communities (DLUHC) consulted on whether the 31 May deadline should remain for making accounts available for public inspection. Responses on our behalf by the Local Government Association, Society of County Treasurers, along with the Association of Local Authority Treasurers and others stated that the 31 May deadline is not realistic in the current environment and the national state of ongoing audit delays.

Despite this response to their consultation, DLUHC has pressed ahead with re-introducing the 31 May date for the publication of 2022/23 accounts.

At the time of writing, it is becoming apparent through publicly available reports and industry sources that most Authorities have not been able to meet the regulation date of 31 May for 2022/23 accounts. As at 1 June, according to research by a local government expert only 30% of upper and lower tier authorities had published their accounts by 31 May.

The national position in respect of the timeliness of local government accounts is a matter of concern. A National Audit Office report on the Timeliness of local auditor reporting² dated 25 January 2023, stated that only 12 per cent of local authority audited accounts for 2021/22 were signed off by the extended November deadline, and at the end of 2022 over 600 audit opinions were outstanding, some of which being so for several years.

On 24 May, Rob Whiteman, Chief Executive of CIPFA, was reported¹ to state that “senior leaders in local government finance have told us [CIPFA] the 31 May deadline will not be achievable without considerable risk to their organisations and their professional standing”.

I am not prepared to take such risks with regards to the veracity of our financial statements. This is a view which is widely shared amongst my peers.

Furthermore, county councils, such as Devon County Council, are reliant on lower tier authorities to complete their accounting for council tax, business rates income, and specifically, pooling gain, before this Authority's accounts can be produced. Given the strain on local government accounting as described above, it has not been any surprise that any delays will impact on this Authority's closedown timetable.

4) Triennial Valuation of the Pension Fund and Delayed Audit Opinion

One particular issue has caused problems for the production of the 2022/23 Statement of Accounts is the issue that external audit brought to our attention early April – the delayed audit and timing of the triennial valuation of the Pension Fund.

Local Government Pension Funds are valued every three years to estimate future liabilities (payments to pensioners), asset values and other statistics to arrive at a funding level. The triennial valuation determines future employer contributions for the following three years.

The 2021/22 statement of accounts was produced in the summer of 2022 based on the latest triennial valuation (March 2019) and updated by the actuary for conditions at March 2022.

Local Government Pension Funds, including Devon were subject to the triennial valuation (March 2022). Because of the complicated nature and involved work, the actuaries do not release preliminary results until late autumn (i.e. November/December).

Before COVID, audit opinions would have been issued by end of September (end of July for 2018 and 2019) and the accounts closed before the results of the triennial review were available.

However, because the 2021/22 accounts have not been signed off by the auditors, the results of the triennial review 2022 are available. The auditors have indicated that this new valuation could mean that there is now subsequent information that would mean that our 2021/22 accounts would have to be amended. However, the external auditors said that they were not in a position to determine whether or not the Authority should adjust.

Although I would have liked to have waited for the auditors to deliberate and come to a conclusion whether our accounts needed to be amended I also have a responsibility to produce the Statement of Accounts for 2022/23. In April the Authority commissioned a revised actuarial report which concluded that the revised net liability on the Pension Fund at 31 March 2022 has reduced by £271 million (updated estimates for the same date).

I have decided that I cannot ignore this revised report and I will use the revised actuarial report to adjust the 2021/22 Statement of Accounts and the opening balances for 2022/23. These changes have resulted in more work and delays to close the accounts. I regret the complications that have been caused by the delayed audit opinions (affecting so many local authorities) but I cannot ignore the potential impact on the Authority's financial statements and my statutory responsibility to certify that the Statement of Accounts gives a true and fair view of the financial position of the Authority and its income and expenditure.

5) **Conclusion**

As at 1 June, all information from Districts has been received allowing a final Outturn report to be ready for Cabinet at its meeting on 14 June.

It is expected that, in spite of the technical accounting challenges outlined in this report the Authority expects to publish its Statement of Accounts 2022/23 by the end of June (which would be almost a month earlier than last year).

Finally, I would like to put on record my thanks and appreciation to the Finance team who have done an incredible job servicing two audits simultaneously and also closing a third set of accounts.

Angie Sinclair

Director of Finance and Public Value

Agenda Item 5

Electoral Divisions: All

Local Government Act 1972

Contact for Enquiries: Tony Rose

Tel No: (01392) 385488 Larkbeare House

<u>Background Paper</u>	<u>Date</u>	<u>File Ref</u>
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Nil

¹ [Finance chiefs fear ‘considerable risk’ to their councils and reputation in face of reporting deadline | Public Finance](#)

² [Progress update: Timeliness of local auditor reporting on local government in England - National Audit Office \(NAO\) report](#)

Internal Audit End of Year Report for 2022/23

Report of the Director of Finance and Public Value

Please note that the following recommendations are subject to confirmation by the Committee before taking effect.

1) Recommendation

That the Committee reviews and considers:

- (a) the overall annual assurance opinion.
- (b) that Members review and consider the performance of Devon Audit Partnership during the year.
- (c) that Members review and consider the outcomes of the work completed
- (d) that Members review the ongoing commitment to counter fraud activities.

2) Introduction

The key objective of Internal Audit is to provide assurance to Members, Leadership Group and the Director of Finance (as the Council's "section 151 responsible officer"), on the adequacy and security of those systems on which the County Council relies for its internal control, both financial and management.

The attached report provides the end of year opinion of the Council's Internal Audit Service (Devon Audit Partnership) and describes the progress against the internal audit plans for 2022/23 that were approved by the Audit Committee in February 2022 and as subsequently revised.

This work and the continuing contribution of Devon Audit Partnership to both risk management and anti-fraud arrangements within the Council, lead to an opinion that the Council continues to have an effective framework of control which provides reasonable assurance regarding the effective, efficient and economic achievement of its objectives.

The Committee can take assurance from these findings.

3) Strategic Plan

There are no Strategic Plan issues associated with this report.

Agenda Item 6

4) **Financial Considerations**

There are no direct Financial Considerations issues associated with this report.

5) **Legal Consideration**

There are no specific Legal Considerations or issues associated with this report.

6) **Environmental Impact Considerations (Including Climate Change)**

There are no specific Environmental Impact Considerations or issues associated with this report.

7) **Equality Considerations**

There are no specific Equality Considerations associated with this report

8) **Management Considerations**

This report supports the Councils Risk Management process and is integral to an overall integrated assurance approach.

9) **Public Health Impact**

There is no specific impact on Public Health in connection with this report.

10) **Summary/Conclusions/Reasons for Recommendations**

Reasons for noting the report, include showing compliance with Anti-Fraud Bribery and Corruption Policy, and recognised best practice in line with good Governance

Angie Sinclair
Director of Finance and Public Value

Electoral Divisions: All
Local Government Act 1972

Contact for Enquiries: Tony Rose
Tel No: (01392) 385488 Larkbeare House

<u>Background Paper</u>	<u>Date</u>	<u>File Ref</u>
Nil		

Risk Management – Annual Report 2022/23

Report of the Director of Finance and Public Value

Please note that the following recommendations are subject to confirmation by the Committee before taking effect.

1) Recommendation

That the committee considers in relation to its oversight of the Risk Management Process:

- (a) the movement of risks during 2022/23.
- (b) the changes and updates to the risk management process (as supported by Devon Audit Partnership).
- (c) the plans for further enhancements for Risk Management for 2023/24.
- (d) the summary risk position for current risks.
- (e) the extract of risks currently ranked the highest.
- (f) that the Committee endorse the Risk Management Policy (updated in May 2023).

2) Introduction

The attached report sets out the changes to risk management during 2022/23 and confirms the role of the Audit Committee as per the Council's Risk Management Policy. It further summarises the existing risk position and links to visual reporting via Power BI.

Appendix A Shows an extract of the highest scoring risks at the time of writing this report.

Appendix B Provides Impact Scoring guidance.

Appendix C Contains an extract of the Power BI Audit Committee Risk Dashboard.

Appendix D Risk Management Policy

Appendix D Project Risk guidance

4) Strategic Plan

There are no Strategic Plan issues associated with this report. A future development will include reporting on risk linked to the Council's Strategic Priorities.

Agenda Item 7

5) Financial Considerations

There are no direct Financial Considerations issues associated with this report, however Financial Considerations are taken into consideration in risk assessment and scoring.

6) Legal Considerations

There are no specific Legal Considerations or issues associated with this report, however Legal Considerations may be taken into consideration in risk assessment and scoring.

7) Environmental Impact Considerations (Including Climate Change)

There are no specific Environmental Impact Considerations or issues associated with this report, however Environmental Considerations may be taken into consideration in risk assessment and scoring.

8) Equality Considerations

There are no specific Equality Considerations associated with this report, however Equality Considerations may be taken into consideration in risk assessment and scoring.

9) Risk Management Considerations

This report supports the Councils Risk Management process and is integral to an overall integrated assurance approach.

10) Summary/Conclusions/Reasons for Recommendations

Reasons for noting the report include recognised best practice and good Governance.

Angie Sinclair
Director of Finance and Public Value

Electoral Divisions: All
Local Government Act 1972

Contact for Enquiries: Tony Rose
Tel No: (01392) 385488 Larkbeare House

<u>Background Paper</u>	<u>Date</u>	<u>File Ref</u>
Nil		



devon**audit**partnership



CIR Risk Management

AWARDS 2022

shortlisted

Risk Management

Annual Report for 2022/23

June 2023



Audit Committee

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Support, Assurance & Innovation
Pages

Introduction

Devon Audit Partnership (DAP) continues to support and facilitate the development of the Council's Risk Management Framework and Processes. This support is designed to assist members, senior management and staff in identifying risks, recognising and recording the "true" risk, mitigation thereof and promote effective monitoring and reporting of those risks.

Background

The Risk Management Policy includes a description of the Roles and Responsibilities in relation to risk management. In respect of the Audit Committee the wording is shown below.

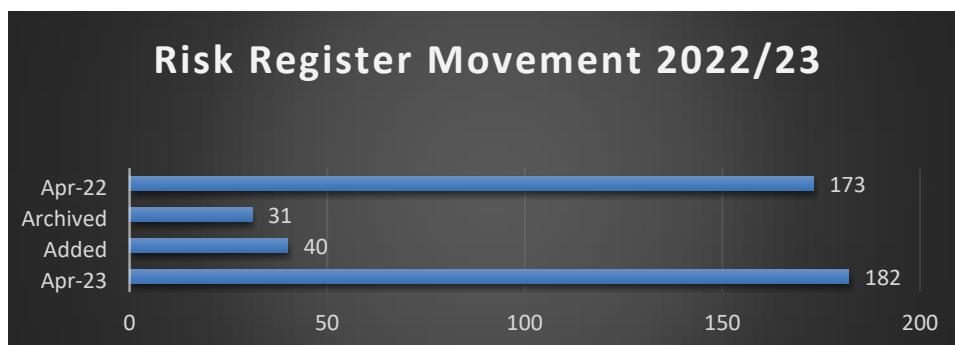
The Audit Committee is responsible for ensuring that the council's Risk Management process is carried out effectively. It will not normally examine specific risks to objectives in detail but satisfy itself that risks are being monitored appropriately by the risk owner and relevant Scrutiny Committee. The Audit Committee may also consider the "top ten" risks to ensure that action is being taken to mitigate these risks. The Audit Committee will receive bi-annual reports on new "High" risks and other key developments within risk management.

In practical terms this is achieved through the receipt, review and discussion of the Risk Management Reports presented periodically to the Committee, enhanced by the subsequent actions determined by the Committee.

As communicated in previous reports the system used to record risks (the Risk Register) continues to be developed to ensure that risks can be recorded, reviewed and managed and the data used. Furthermore, work continues across the Council to ensure that the data within the risk registers is clear, accurate, relevant and, importantly, linked to organisational objectives.

2022/23 Risk Movements

Changes during 2022/23 resulted in a net increase of nine risks during 2022/23 as per the chart below.



Reasons for increases in risk recording include:- changes in the risks facing the Council such as risks relating to the Economic situation, including in relation to increased cost of living, cost of fuel; changes to budget book risks; an increased awareness of risk management; and additional service areas using the risk management system.

Reasons for archiving risks include the Current Risk Score falling below that set in the Risk Management Policy for monitoring risks, and risks evolving and being replaced by or merged with others. Also, amendments to budget book risks (as per above). Further information on the risks archived in 2022/23 is shown in the chart below.



Key – TP&R Transformation Performance and Resources, CYPF Children and Young People's Futures, IASC Integrated Adult Social Care, CEE&T Climate Change, Environment and Transport; P&SD Policy and Strategic Development.

Further actions, changes and events during the year

Other notable actions and changes linked to risk management during the year include:

- Work in support of the Council's Disaster and Emergency Management System Tactical Development Group, including in relation to identification of shared/council-wide risks.
- Risk analysis input in support of the Council's approaches to PROTECT and Corporate Parenting duties.
- Work with service areas and Risk Champions to develop and populate risks for inclusion on the Risk Register, including in relation to new in-year budget book risks. Fraud risk awareness.
- Support to service areas in developing and managing risks relating to the impact of the 'Cost of Living' crisis. Including updates made to budget book risks impacted by cost of living increases.
- Development of Cause-Event-Impact risk models for new risk areas, including relating to the use of Drones.
- Continuation of the development of a Budget Book Risk Register to support the monitoring of risks directly linked to the budget setting and monitoring processes.
- Regional Risk Management Group - Working together to identify cross-cutting Regional Risks and share good practice, including in relation to Regional Risk identification.
- Work shortlisted for the CIR Risk Management Awards 2022, in the category Risk Management Team of the Year Public Sector.

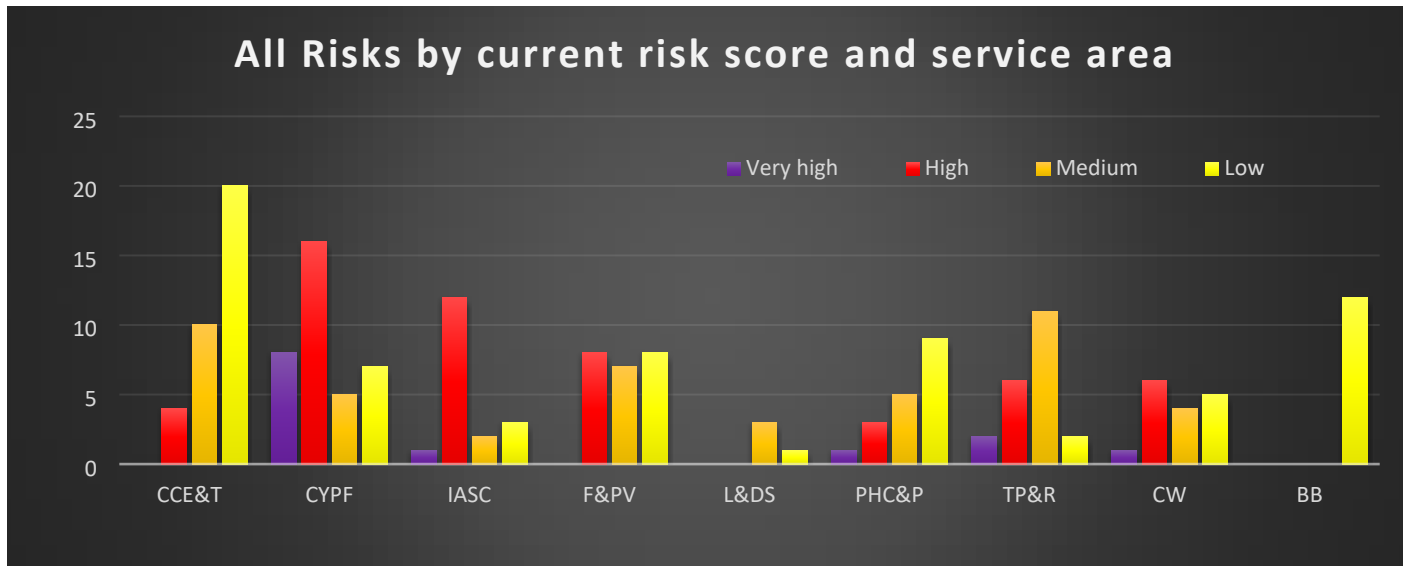
The management and reporting of risks during 2022/23 has continued to evolve and build on the positive culture of expectation around risk information. This has led to greater interaction and requests for enhancements, further growing levels of reporting, expectation and overall risks management.

The Council's Risk Management Policy and Risk Management Strategy 2020-25 is published at [Manage risks - tasks and guides \(devon.gov.uk\)](https://www.devon.gov.uk/management-risks-tasks-and-guides). The Risk Management Policy has been reviewed and minor updates made. No change is required to the Strategy. The updated Policy document is attached at Appendix D. Any comments on the Policy can be sent to finance.riskmanagement-mailbox@devon.gov.uk

Current Risk Position (May 2023)

There are 182 risks recorded in the Risk Register as of 12th May 2023. Of these, twenty-six were initially assessed to be Very High; however, following the application of mitigating controls by management the Current risk score for seventeen had been reduced to High, and two to Medium. Seven risks (relating to Children's and Young People's Futures, Integrated Adult Social Care, Covid-19, and Cyber attack) remain as Very High.

Of the 182 risks, thirteen risks show a Current Risk score of **Very High**, being in relation to Children's and Young People's Futures, Integrated Adult Social Care, Covid-19, Cyber attack, and Economy, Enterprise and Skills. Fifty-five showed a Current Risk Score of High, forty-seven Medium and sixty-seven Low. The following chart shows the risks by their Current (Residual) risk score on 12th May 2023 by service area.



Key – CCE&T Climate Change, Environment and Transport; CYPF Children and Young People's Futures; IASC Integrated Adult Social Care; F&PV Finance and Public Value; L&DS Legal and Democratic Services; PHC&P Public Health, Communities and Prosperity; TP&R Transformation Performance and Resources; CW Council wide; BB budget book risks (outside of service area risk registers).

Further information on the latest position of existing risks can be found using the following link to Power BI Reporting [Power Bi – Current Risk Data](#).

The 'direction of travel' of a risk is included. This is determined from the most recent risk review, comparing current risk score to the previous risk score (unchanged, increased or reduced), and corresponding change in score.

In some instances, a current risk score may be higher than the original 'inherent' risk score; for example, where circumstances beyond the Council's control, such as budget availability, have increased the original risk since its inception.

Risk Management in 2023/24

Impacts from climate change, world events (such as those in Russia and Ukraine) and the national and global economic situation will, amongst other areas, feed into the Council's risks and challenges, including the increases to living and fuel costs and their impact on communities, employees and the wider workforce.

Demand for Council services is anticipated to increase in many areas. Balancing limited financial resources with the demand for and delivery of services remains a key risk area for the Council.

Future Areas of Focus – Further consolidation and development of Risk Management activity will continue in 2023/24 building on the progress made to date. As we move through 2023/24 and beyond the key areas of challenge include ***Demand for Services, Finance and Resource availability and Climate Adaptation***. The Council will need to tackle these areas, both in terms of the risks that they pose, and the opportunities that the changing UK context could present.

Risk Management activity across the Council continues to be focused on these and other emerging areas with planned activity including:

- Updating the format of risk wording – This will allow easier description and wider understating of risks, along with a greater ability to clearly link the mitigations to the different aspects of each risk.
- Risk Scoring – Continued work to ensure that there is consistency of risk scoring across all areas, in turn allowing easier comparison and prioritisation of risks and response actions. This will include the development of Corporate Risk scoring to assist with the scoring of cross-cutting and shared risks.
- Risk Appetite – Work with service areas to develop Risk Appetite Statements for the various areas of the Council, in turn supporting consistent approaches and expectations for risk management.
- Consideration of global, national and regional 'external' risks and their impact on the Council, it's service and population. For example, the World Economic Forum, Global Risks Report 2023 identifies the top five most severe risks on a global scale over the next two years, as being Cost-of-living crisis,

Natural Disasters and extreme weather events, Geoeconomic confrontation, Failure to mitigate climate change, and Erosion of social cohesion and societal polarization; and the top five most severe risks on a global scale over the next ten years, as being Failure to mitigate climate change, Failure of Climate Change Adaptation, Natural Disasters and extreme weather events, Biodiversity loss and Eco-system collapse, and Large scale Involuntary Migration.

- Risk information will continue to be provided to Members of the Scrutiny Committees and Audit Committee via Power BI Dashboards, which will provide Members with a link to 'live' Risk Register information. The Risk Management Power BI Dashboards will be updated in 2023/24 to include planned enhancements, including the functionality to report risks by their associated Strategic Plan priority theme.
- Prevention/Early Intervention and Horizon scanning. Building on our development of cause-event-impact risk models, we will continue to work with service areas to identify new and emerging risks and to identify and put mitigating actions in place to address and reduce risks before issues arise. This will include consideration of risks and opportunities pertaining to new technologies, such as Artificial Intelligence and Chat GPT.

Counter-fraud arrangements are a high priority for the Council and assist in the protection of public funds and accountability. During the year we will continue to implement our Joint Assurance arrangements involving close working between Internal Audit, Counter Fraud and Risk Management teams.

This brings a more organic approach to service delivery with the aim of improving depth and quality in all three areas. It includes actions such as updating risk information based on internal audit feedback, including in respect of mitigating actions, and internal audit planning taking into consideration the Council's risk position.



There will be a targeted review of existing risks with a focus on the potential for fraud, and an active programme of fraud risk assessment with the various service areas.

Council Priorities - Risk Management provides maximum value when it is driven by clear links to objectives, therefore we have linked the Council's risks to the Council's [Strategic Plan 2021-2025](#) priorities.

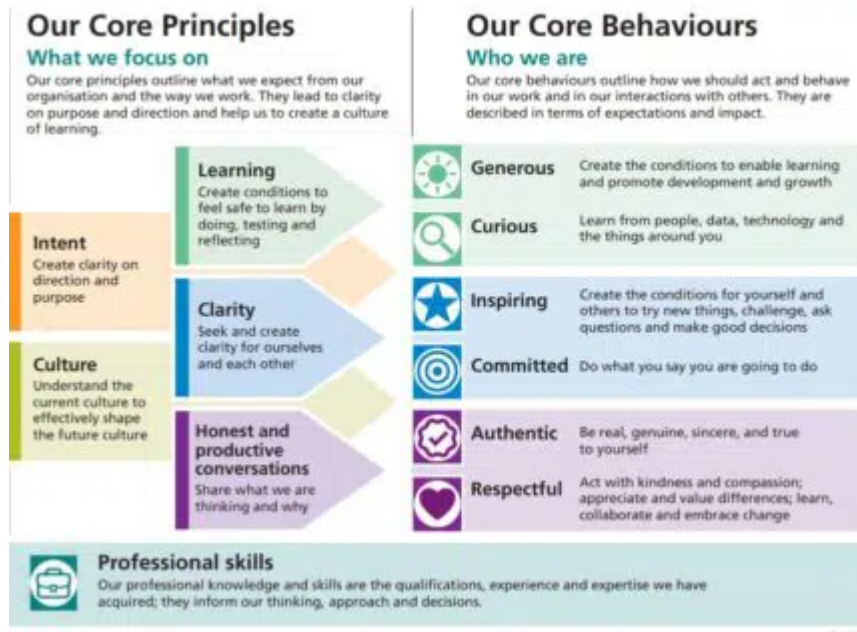
Devon County Council [priorities](#), as part of the strategic plan, are:

- [Respond to the climate emergency](#)
- [Be ambitious for children and young people](#)
- [Support sustainable economic recovery](#)
- [Tackle poverty and inequality](#)
- [Improve health and wellbeing](#)
- [Help communities be safe, connected and resilient](#)

Risk reporting in relation to Strategic Plan priorities will be used to inform the Annual Plan reporting and will be included in the risk management Power BI Dashboards.

Race Equality Audit outcomes - The CIRS Scrutiny Committee has oversight of the Council's [Race Equality Audit 2021](#) and [Race Equality Action Plan](#), and receives progress reports on a six monthly basis.

Risk Management Culture - Risk Management activity in 2022/23 will continue to support the enhancement of a positive risk management culture across the Council, including in support of the Council's [Core Principles and Behaviours](#)



Supporting Appendices

Appendix A – Risk Register Extract (See the link above for access to the latest risk register information)

Appendix B – Risk Management Scoring Guidance

Appendix C – Power BI High Level Extract

Appendix D – Risk Management Policy

Appendix E – Project Risk guidance

Background Paper

The World Economic Forum, Global Risks Report 2023 referred to above, available at the following location

[Global Risks Report 2023 | World Economic Forum \(weforum.org\)](https://www.weforum.org/publications/global-risks-report-2023/)

Children and Young People’s Futures risks (sample extract of risks with a current score of High or above at 12th May 2023)

Risk Title	Inherent Score	Current Score	Risk Category	Risk Owner	Accountable Officer	Last Review	Change at Last Review
Education and Learning: High Needs Block/DSG Deficit	30 : Very High	24 : Very High	Financial	Jackie Ross	Julian Wooster	Feb 2023	↑ +8
Demand for Children’s Services exceeds the financial provision	24 : Very High	24 : Very High	Strategic	Karen Powlesland	Julian Wooster	Feb 2023	↔
Insufficient capacity of the High Needs Block to meet demand	20 : High	24 : Very High	Operational	Jackie Ross	Julian Wooster	Feb 2023	↔
SC1: Education and Learning Services budget availability	20 : High	24 : Very High	Operational	Damien Jones	Julian Wooster	Feb 2023	↔
Demand for Children’s Social Work	16 : High	24 : Very High	Operational	Jassi Broadmeadow	Julian Wooster	Jan 2023	↔
Death or Serious Injury to a Child or Young Person (Council-wide risk)	20 : High	20 : High	Operational	Julian Wooster	Leadership Group	Feb 2023	↔
Insufficient Capacity in Education and Learning Services to ensure the quality of education and safety of children subject to elective home-schooling	20 : High	20 : High	Operational	Rachel Shaw	Julian Wooster	May 2023	↔
Fast ILCAS improvement	30 : Very High	16 : High	Strategic	Jassi Broadmeadow	Julian Wooster	Jan 2023	↑ +7
Insufficient staffing capacity to deliver full Public Health Nursing service offer	25 : Very High	16 : High	Operational	Victoria Howard	Kate Stephens	Apr 2023	↔
Failure to adhere to the statutory SEND Code of Practice: 0 to 25 Years	16 : High	16 : High	Compliance	Jackie Ross	Julian Wooster	Feb 2023	↔
Challenges in recruitment of permanent SW staff and managers (and implications)	16 : High	16 : High	Operational	Jassi Broadmeadow	Julian Wooster	Feb 2023	↔
Being able to meet our statutory responsibility for ensuring that enough AMHPs are available to carry out their roles under the Mental Health Act*	20 : High	16 : High	Operational	Jacqueline Sims	Steve Liddicott	Feb 2023	↑ +4

*Risk title is subject to update by the service area

- ↔ Current score unchanged at last review
- ↑ Current score increased at last review
- ↓ Current score reduced at last review

Details on the controls and mitigations planned or in place for the risks with a current risk score of Very High (at the time of preparing this report) shown above can be found on the following pages

Risk Mitigations (RAG rated as per the Risk Register Entry)

The table below outlines the mitigations recorded against the current score Very High risks identified above. Each mitigation has been rated as Red, Amber, Green or Completed by the owner of the action. Guidance on RAG ratings is included at page 14.

Risk Title	Current Risk Score	Risk Description, and Controls and Mitigations							
Education & Learning: High Needs Block/DSG Deficit	24: Very High	Risk Description: The unmitigated risk of continuing to meet demand for EHC plans and independent/non-maintained sector placements would lead to topping out/cumulative deficit of £150 million by 22/23.The impact of mitigating this by stepping up early intervention and SEN Support would mean that children and young people's needs would be met earlier and locally. A significant number of young people would prepare for adulthood within their community with the development of the PFA pathway. The outcome would be a balanced budget of £138.9 million. This is our recovery plan agreed and scrutinised by DfE's safety valve intervention programme. The risks in relation to wider stakeholder engagement, parental confidence, joint work across education, health and social care, would be mitigated through collaborative working, and recruitment through a county wide drive.							
		Summary of Controls and Mitigations:-							
		Amber	Ongoing stakeholder engagement, strategically and operationally-establish High Needs Funding Subcommittee of the Schools Forum	Amber	Collaboration and joint ways of working are being promoted through the leadership group, who plan to oversee delivery.	Amber	Work closely with Education providers to ensure a robust offer is available. Including wrap around support from Health and social care.	Amber	Invest in building capacity now, develop process for ongoing oversight and support to ensure staff and teams are supported appropriately.
		Amber	Refresh Schools Forum approach to scrutiny of the High Needs Block and ensure greater collaboration between schools and the Authority.	Amber	Quality assurance of annual reviews-leader appointed and training underway.				
Demand for Children's Services exceeds the financial provision	24: Very High	Risk Description: Due to an increase in demand for the different services provided by the Children's Services teams, the budget set for the current financial year may be exceeded, resulting in a potential reduction of service delivery or the possibility of a failure to deliver statutory responsibilities.							
		Summary of Controls and Mitigations:-							
		Green	Regular review of Budgets to consider pressures and demand and to identify where costs can be reduced.	Amber	Ongoing recruitment initiatives		Lobbying of Government to increase funding in this area	Green	Inclusion of risks in register including CS Demand, SEN and High Need pressures as well as some linked to Education such as transport.
		Amber	Use of meaningful KPI's	Green	Provision of updates to Leadership Group				
Insufficient capacity of the High Needs Block to meet demand	24: Very High	Risk Description: Due to the ongoing HNB deficit budget and changes in the SEND Code of Practice including age range, Element 3 payments to maintained schools, cost of independent sector places and increases in capacity for Special Schools, funding remains insufficient to meet the demand to deliver the statutory requirements, resulting in reduced SEND outcomes for 0-25, reputational damage including fault found by Ombudsman, and legal challenges through SENDIST.							
		Summary of Controls and Mitigations:-							
		Amber	A reduction in placements in the Independent sector, (management action has set a target to reduce by 40), achievement of this target is adversely affected by statutory protection given to parental preference. This is not being achieved - more and more demand for specialist placements exists - all maintained special schools places are full as of August 2018. Mitigating control is now looking at cost management in this sector.	Red	Quality assurance of provision and strategic market management. Good QA processes in place - recently confirmed in Independent review of EHCP policy and process.	Red	Capping of element 3 payments, Practice is implemented in mainstream schools, completion date of Dec 2018 planned.	Amber	Increased capacity in maintained special schools. Forward plans proposed in SEN Strategic Review, additional capacity added over 130 places in last two years
		Green	New Special School settings to be agreed. Free school (Glendinning House) start date postponed by DfE to Sep 2020. New school (ACE Tiverton) agreed opening Sep 2019 with additional 30 places rising to 72 over next three years. New special SEMH School in Okehampton - 100 places for KS1 to KS4, planned opening Sep 2022 New special school in South Hams ASC with SEMH (in partnership with Plymouth). 140 places for aged 7 to 16. Date to be agreed with DfE	Red	Cost analysis of Independent sector placements to achieve value for money in contracts with providers. Block contracting arrangements with preferred providers under discussion in Summer 2019	Red	Review of options for specialist units in mainstream schools to avoid Independent placements	Amber	HNB Task Group looking at moderation and consistent models of funding independent placements
		Green	New special school places funded through agreed corporate budget to increase places available within state funded sector to reduce future placements in Ind sector - 300 places to be created over 5 years from Sep 2020	Amber	Request to transfer funding from Schools Block to HNB to implement central outreach and support services to mainstream schools to increase	Green	SEND 100 Projects to reduce demand for EHCPs and demand for change of placements		

Risk Title	Current Risk Score	Risk Description, and Controls and Mitigations							
					confidence in mainstream sector and reduce need for specialist provision.				
SC1: Education and Learning Services budget availability	24: Very High	<p>Risk Description: Continued growth in SEN number leading to increased costs for home to school transport (which is a statutory duty). This could lead to a budget overspend which would need to be absorbed within the Education and Learning Core budgets, reducing the ability to deliver other services and initiatives.</p> <p>Summary of Controls and Mitigations:-</p>							
		Amber	Management actions within TCS including route analysis and efficiency savings. Target for 2017/18 met but overspend remains due to ongoing SEN transport costs.	Green	TCS monitoring and regular review across all areas of spend to identify potential problems and overspend	Green	Policy regularly reviewed and adjusted to reduce areas of discretionary spend. Revised Post 16 Policy phased in from September 2017.		
		Completed	Actions were identified through corporate transport project board which have been implemented.	Amber	Growth and market forces build into budget preparation and planning	Green	Additional budget allocated for 2020/21 with ongoing monitoring and growth predictions	Amber	Review of budget for 2021/22 taking into account continued growth in SEND transport request
			Budget setting for 2022/23 identified significant gap (£5.5million) - TCS will review networks to identify efficiencies to free up capacity and reduce costs - Relook at discretionary areas of policy and review of fee levels - Transport linked to wider review of EHCP and SEND processes with transports input into decision making processes - Longer term budget planning to take into account future financial years	Amber	Additional network review officers in place for 2022/23 to increase output	Red	Savings target for 2022/23 increased to £1.3million but this will not impact on the budget deficit of £5.6million identified at the start of the financial year		
Demand for Children's Social Work	24: Very High	<p>Risk Description: Demand for statutory children's social work and cost of social care increases and cannot be met within available resources.</p> <p>Summary of Controls and Mitigations:-</p>							
		Completed	Development of Early Help offer to prevent needs from escalating.	Completed	Consideration of the impact and effectiveness of the relationship between Early Help and Social Care teams , including the MASH to be conducted.	Completed	Work with partners through the DCFP and MASH to reduce rates of referrals.	Completed	Market management, improved brokerage to ensure better value for money approaches.
		Green	Edge of care' model introduced to reduce adolescent entrants to care.	Completed	Development of an 'edge of care approach alongside a revised Sufficiency Strategy.	Amber	Introduce Edge of Care service (May/June 2020). For implementation November 2020.		

Integrated Adult Social Care risks (sample extract of risks with a current score of High or above at 12th May 2023)

Risk Title	Inherent Score	Current Score	Risk Category	Risk Owner	Accountable Officer	Last Review *	Change at Last Review
OSLT-CM1 – Failure of the Authority to meet its statutory obligations under The Deprivation of Liberty Safeguards (DoLS)	24 : Very High	24 : Very High	Operational	Sandra Geary	Gary Patch	May 2023	↔
OSLT-CM8 – Safeguarding Adults at Risk with Care and support needs	25 : Very High	20 : High	Operational	Tina Ramage	Keri Storey	May 2023	↔
OSLT-D4 - Insufficient financial resources to support people with eligible social care needs	25 : Very High	20 : High	Financial	Keri Storey	Tandra Forster	May 2023	↔
CSLT-D5 – Sub-optimal partnership working arrangements across the health and care system	20 : High	20 : High	Operational	Solveig Wright	Tandra Forster	May 2023	N/A
CSLT-CH1 – The Council fails to meet its Care Act market sufficiency duty for care homes	30 : Very High	16 : High	Operational	Nicola Tribble	Solveig Wright	May 2023	↔
CSLT-PC1 – The Council fails to meet its Care Act market sufficiency duty for personal care	30 : Very High	16 : High	Operational	Nicola Tribble	Solveig Wright	May 2023	↔
CSLT-D2 – Insufficient financial resources to meet increased demand for advocacy resulting from Liberty Protection Safeguards (LPS) legislation	20 : High	16 : High	Financial	Paul Giblin	Solveig Wright	May 2023	↔
CSLT-CH2 – The Council fails to meet its Care Act market sufficiency duty for care home places for people with dementia and complex care needs	20 : High	16 : High	Operational	Nicola Tribble	Solveig Wright	May 2023	↔
OSLT-CM5 – Challenge in recruiting appropriately qualified adult social care professionals to the in-house workforce	20 : High	16 : High	Operational	Tina Ramage	Keri Storey	Mar 2023	↔
OSLT-CM4 – Lack of assurance of the quality of social care practice which may result in increased risk, poor interventions and outcomes for service users	16 : High	16 : High	Operational	Tina Ramage	Keri Storey	Mar 2023	↑ +8
OSLT-CM2 – Delivery of short-term services fails to fully meet the reablement needs of users referred to the service	16 : High	16 : High	Operational	Gary Patch	Keri Storey	May 2023	↔
CSLT-D9 – Adult Social Care Reform: Government intervention and support resulting from a poor Care Quality Commission (CQC) performance assessment	20 : High	15 : High	Operational	Damian Furniss	Tandra Forster	May 2023	↔
Preventable death, injury or serious harm to an adult at risk as a result of institutional abuse (Council-wide risk)	20 : High	15 : High	Operational	Tandra Forster	Leadership Group	May 2023	↔
OSLT-CM7 – Capacity challenges and systems complexity in the preparing for adulthood process results in poor experiences for vulnerable young people and financial consequences to the Council	15 : High	15 : High	Operational	Amy Howard	Keri Storey	May 2023	↔

↔ Current score unchanged at last review

↑ Current score increased at last review

↓ Current score reduced at last review

Details on the controls and mitigations planned or in place for the risk with a current risk score of Very High (at the time of preparing this report) shown above can be found on the following pages.

Risk Mitigations (RAG rated as per the Risk Register Entry)

The table below outlines the mitigations recorded against the current score Very High risks identified above. Each mitigation has been rated as Red, Amber, Green or Completed by the owner of the action. Guidance on RAG ratings is included at page 14.

Risk Title	Current Risk Score	Risk Description, and Controls and Mitigations							
OSLT-CM1 Failure of the Authority to meet its statutory obligations under The Deprivation of Liberty Safeguards (DoLS)	24: Very High	<p>Risk Description:</p> <p>Cause - 2014 Supreme Court judgement P v Cheshire West and Chester Council and P & Q v Surrey County Council” lowered the threshold for what amounts to a deprivation of liberty. Individuals who lack capacity in relation to their care, treatment and place of residence and are subject to continuous supervision and control, not free to leave their care setting and the care is imputable to the state, are deprived of their liberty.</p> <p>Event - Greater numbers of individuals likely to be experiencing a deprivation of their liberty than pre–Supreme Court ruling. Without assessment and authorisation under DoLS or applications to the Court those individuals are unlawfully deprived and not able to easily access safeguards such as Advocacy, regular review and independent oversight by specialist assessors and appeal to the Court.</p> <p>Impact - The Council fails to meet its statutory obligations regarding the application of The Deprivation of Liberty Safeguards (DoLS) and Community Deprivations of Liberty. As a result, individuals are put at unacceptable risk of Human Rights breaches, overly restrictive practices and a lack of legal recourse to appeal to the Court of Protection. An inability to assess High Risk cases where the individual / family are objecting and cases which require recourse to the Court. Potential for high level fines / financial and reputational damage to the Organisation.</p> <p>Summary of Controls and Mitigations:-</p>							
		Green	CLT approved Prioritised plan remains in place to address both residential/nursing/hospital and community deprivations.	Completed	Assessments are prioritised where an individual or family / supporter is objecting to the place of residence and / or care and support plan. DCC is proactive in its positive obligation to support individuals to appeal to the Court of Protection.	Green	Requests on the waiting list are routinely re-screened to establish if there is any change in the individuals circumstances that would indicate higher risk such as objections. The Managing Authority (Hospital / Care home) is informed in writing on receipt of initial request of the need to ensure they notify us of changes in circumstances / objections.	Red	1-year additional funding provided in 2018 was highly successful with the completion of 1000 additional assessments. This reduced the risks associated with the high waiting list. The impact of this mitigation as of 2023 is significantly reduced. Ongoing year on year additional resource would be required to maintain the performance levels attained during the project period.
		Red	Limited Temp BIA use to maximise the opportunities to ensure		Future mitigation: Mental Capacity	Amber	LPS Project / implementation Board in place	Amber	An updated paper has been prepared for

Risk Title	Current Risk Score	Risk Description, and Controls and Mitigations							
			individuals subject to existing Dol orders from the court are reviewed by the service and back with the Court within timescales. The number of cases requiring applications to the Court of Protection has increased year on year with cases of objection at around 33% of all applications received.		Amendment. The Liberty Protection Safeguards will replace DoLS and Community Dol process. Providing a one system approach to authorising a deprivation of liberty.		reports provided to Scrutiny and CHLT outlining significant changes and Risk / cost implications. Updates provided as required or as new risk becomes apparent.		Heads of Service outlining the implementation costs of LPS with a comparison of costs to right size the DoLS Service.

Corporate risks (sample extract of risks with a current score of High or above at 12th May 2023)

Risk Title	Inherent Score	Current Score	Risk Category	Risk Owner	Accountable Officer	Last Review	Change at Last Review
Communities							
Refugees and migrants are not adequately supported to access services and integrate into local communities (Council-wide risk)	20 : High	16 : High	Strategic	Simon Kitchen	Leadership Group	Mar 2023	↔
Digital Transformation and Business Support							
BI21 - Successful Cyber Attack	30 : Very high	24 : Very High	Operational	Robyn Dennis	Gary Dempster	May 2023	↔
ICT05 - Shadow IT in Devon County Council	16 : High	16 : High	Operational	Robyn Dennis	Gary Dempster	May 2023	↔
BI06 - Data Protection breaches	24 : Very high	15 : High	Compliance	Martin Lawrence	Gary Dempster	May 2023	↔
Economy Enterprise and Skills							
Animal Health Disease Control	16 : High	16 : High	Operational	Dolores Riordan	Fakir Osman	Apr 2023	↔
Finance and Public Value							
FIN05 - Failure to Prepare or Control Robust Budget	20 : High	20 : High	Operational	Matthew Thorpe	Angie Sinclair	May 2023	↔
FIN39: Failure to deliver priority services as a result of significantly reduced finances	20 : High	20 : High	Operational	Matthew Thorpe	Angie Sinclair	Apr 2023	↔
Finest	20 : High	20 : High	Operational	Jenny Ryding	Angie Sinclair	Feb 2023	↑ +4
PR11 - Lack of resource to support all early engagement requests	16 : High	16 : High	Operational	Justin Bennetts	Justin Bennetts	Feb 2023	↔
FIN06 - Failure to Properly Plan Finance Workforce Requirements	12 : Medium	16 : High	Operational	Matthew Thorpe	Angie Sinclair	Apr 2023	↔
Pre-Paid Cards – Direct Payments Delivery	24 : Very High	15 : High	Operational	Helena Freeman	Angie Sinclair	May 2023	↔
FIN40: Impact of reform of the Intermediaries Legislation (Off-Payroll working in the Public sector) (Council-wide risk)	18 : High	15 : High	Compliance	Raymond Rimes	Angie Sinclair	Feb 2023	↔
Council Tax arrears / Support charges	12 : Medium	15 : High	Financial	Alex Hosking	Leadership Group	Feb 2023	↔
Highways, Infrastructure, Development and Waste							
HTM1: Deterioration of minor road network due to insufficient maintenance	25 : Very high	20 : High	Strategic	Joe Deasy	Meg Booth	Feb 2023	↑ +8

Risk Title	Inherent Score	Current Score	Risk Category	Risk Owner	Accountable Officer	Last Review	Change at Last Review
HTM2: Lack of capacity or capability to respond effectively to highway safety related issues	24 : Very high	20 : High	Operational	Ian James	Meg Booth	Mar 2023	↔
HTM3: Lack of capacity or capability to effectively respond to extreme weather events	24 : Very high	20 : High	Operational	Joe Deasy	Meg Booth	Feb 2023	↔
Human Resources							
HR: Health and Safety	30 : Very high	16 : High	Strategic	Simon Bates	Maria Chakraborty	May 2023	↔
HR: Employee Services: System Failures	16 : High	16 : High	Operational	Zoe Robbins	Maria Chakraborty	Feb 2023	↔
Mental Health issues and absence (Council-wide risk)	18 : High	15 : High	Operational	Gemma Vine	Maria Chakraborty	May 2023	↔
HR: Recruitment and Retention	16 : High	15 : High	Operational	Andrew Owen	Maria Chakraborty	May 2023	↓ -5
Planning Transport and Environment							
Climate Change	30 : Very high	20 : High	Strategic	Doug Eltham	Meg Booth	May 2023	↔
Policy and Strategy Development							
SP16: Failure to properly implement Impact Assessment in decision making (Council-wide risk)	24 : Very high	16 : High	Compliance	Jo Hooper	Sarah Cretney	May 2023	↑ +4
Public Health							
Covid-19 Pandemic (Council-wide risk)	30 : Very high	24 : Very high	Operational	Steve Brown	Leadership Group	May 2023	↔
Potential Flu Pandemic (Council-wide risk)	15 : High	16 : High	Operational	Risk to be re-assigned shortly	Amanda Palmer	Feb 2023	↔

- ↔ Current score unchanged at last review
- ↑ Current score increased at last review
- ↓ Current score reduced at last review

Details on the controls and mitigations planned or in place for the risks with a current risk score of Very High (at the time of preparing this report) shown above can be found on the following pages

Risk Mitigations (RAG rated as per the Risk Register Entry)


The table below outlines the mitigations recorded against the current score Very High risks identified above. Each mitigation has been rated as Red, Amber, Green or Completed by the owner of the action. Guidance on RAG ratings is included beneath the table.

Risk Title	Current Risk Score	Risk Description, and Controls and Mitigations							
Covid-19 Pandemic	24: Very High	Risk Description: The Covid-19 pandemic impacts the delivery of DCC Services including in relation to staff members being unable to perform their usual functions for reasons relating to illness, self-isolation, impact of lock-down restrictions, caring responsibilities, and Council offices being closed - resulting in the functions of the Council and services provided to the Community being reduced. DCC Services may also be impacted by key partners and suppliers being unable to fulfil their roles.							
		Summary of Controls and Mitigations:-							
		Green	The situation is being monitored at the highest levels within the Council.	Green	Support to Council employees, through HR advice, Employee Assistance Programme etc.	Green	Support to key suppliers through temporary fee uplifts (Adult Social Care) and via the PPN02 process	Green	Payments of grants to organisations and District Councils
		Green	Council colleagues assisting with the prevention and recovery effort	Green	Internal and external communications to confirm Government advice and local support	Green	Liaison with central Government and delivery in conjunction with Devon District Councils	Green	Provision of PPE to relevant front-line colleagues
		Completed	PIMT and SIMT Structure for Response	Green	Formation of Recovery Group	Green	Creation of Health Protection Board; Local Outbreak Management Plans published. Associated Tactical Management Group Structure and Tactical Resource Incident Management Group established.	Green	Covid 19 booster vaccination programme was launched at the beginning of September by NHS colleagues.
BI21 – Successful Cyber Attack	24: Very High	Risk Description: Successful Cyber Attack on the Authority							
		Summary of Controls and Mitigations:-							
		Amber	Annual PSN Compliance process	Amber	Business Continuity Planning	Amber	Disaster Recovery Plan	Amber	Communication and Reporting
		Green	Policy and Guidance	Green	Training and awareness	Green	New cyber security platform rolled out	Completed	Strategic Cyber Security Manager appointed

Guidance provided to officers for using the RAG ratings is as follows:

Mitigating Control RAG rating	
Not started	Where a control is planned but has not yet been put into action
Red	Where a control is in place but is not effective in reducing or mitigating the risk
Amber	Where a control is in place and is partially effective in reducing or mitigating the risk
Green	Where a control is in place and is effective in reducing or mitigating the risk
Completed	Where a control has been completed (for example a one-off event that has taken place)

Risk management scoring guidance

Risk Management - is a modern management discipline and is about getting the right balance between innovation and change on the one hand, and the avoidance of shocks and crises on the other.																																	
1. Identify your risks	2. Assess your risks																																
Risk: an event or action that will have affect our ability to achieve our objectives	Combination of the probability of an event and its consequences; Impact x Likelihood::																																
Opportunities and Threats	<table><tr><td rowspan="5">LIKELIHOOD</td><td>6</td><td>12</td><td>18</td><td>24</td><td>30</td></tr><tr><td>5</td><td>10</td><td>15</td><td>20</td><td>25</td></tr><tr><td>4</td><td>8</td><td>12</td><td>16</td><td>20</td></tr><tr><td>3</td><td>6</td><td>9</td><td>12</td><td>15</td></tr><tr><td>2</td><td>4</td><td>6</td><td>8</td><td>10</td></tr><tr><td></td><td colspan="5">IMPACT</td></tr></table>	LIKELIHOOD	6	12	18	24	30	5	10	15	20	25	4	8	12	16	20	3	6	9	12	15	2	4	6	8	10		IMPACT				
LIKELIHOOD	6		12	18	24	30																											
	5		10	15	20	25																											
	4		8	12	16	20																											
	3		6	9	12	15																											
	2	4	6	8	10																												
	IMPACT																																
Event leads to Impact	24 - 30 VERY HIGH (VIOLET)																																
Identify in groups - by those responsible for delivery of the objectives	<ul style="list-style-type: none">Immediate action																																
When:	15 - 20 HIGH (RED)																																
Setting strategic aims	<ul style="list-style-type: none">Regular review to seek better control																																
Setting business objectives	10 - 12 MEDIUM (AMBER)																																
Early stages of project planning & key stages	<ul style="list-style-type: none">Review current controls / incorporate into action plan																																
Entering partnerships	1 - 9 LOW (YELLOW)																																
Categories can help:	<ul style="list-style-type: none">Limited action - long term plans																																
Political, Economic/Financial, Social, Technological, Legislative/Legal, Environmental, Community, Professional/Managerial, Physical, Partnership/Contractual.																																	
3. Respond to risks	4. Monitor & Review																																
Concentrate on Top Risks:	Risk Registers:																																
Set risk appetite	Baseline data to be prepared and monitored regularly; these should clearly indicate impacts, responses and contingencies as well as the risk owner.																																
Proportionate and cost-effective response	Use early warning indicators.																																
Can we reduce likelihood?	Review Top Risks regularly as agenda item.																																
Can we reduce impact?	Report progress to senior management.																																
Can we change the consequences?																																	
Treat																																	
Transfer																																	
Tolerate																																	
Terminate																																	
Devise Contingencies																																	
Business Continuity Planning																																	

Impact Assessment Guide

	Health & Wellbeing	Service Users	Stakeholders	Reputation	Performance / quality standards	Legal	Financial	Pensions & Investments
1 Negligible	Insignificant impact on public's health and wellbeing. Very small number of the population affected.	Minimal impact or service disruption to customers. Contained within service area.	Affects only 1 group of stakeholders	Minimal and transient loss of public trust. Contained within the individual service area.	No impact on local standards.	No legal action is anticipated.	Under £25,000	Under £100,000
2 Minor	Minor impact on health and wellbeing affecting a small number of the population. Likelihood of fatalities is negligible.	Minor impact to customers and customer. Limited service disruption.	Affects more than 1 group of stakeholders	Slight loss of trust with no lasting impact. Little adverse publicity.	Failure to meet local standards.	Tribunal / DCC legal team involvement required (potential for claim).	£25,000-£100k	£100k - £1m
3 Moderate	Significant impact on health and wellbeing affecting a large number of the population. Fatalities not anticipated.	Moderate impact to customers and customer. Moderate service disruption.	Affect 2-3 groups of stakeholders	Moderate loss of trust that receives significant adverse publicity locally with no lasting impact.	Failure to meet national standards.	Defensible legal action anticipated.	£100k - £1m	£1m - £10m
4 Major	Significant impact on health and wellbeing affecting a large number of the population. Fatalities are anticipated.	Significant impact to customers and customer. Threat of legal action	Affects 4-5 groups of stakeholders	Significant loss of trust and receives local media attention with potential for lasting impact.	Failure to meet professional standards / statutory requirements	Criminal prosecution anticipated and or civil litigation (>1 person).	£1m - £10m	£10m - £100m
5 Catastrophic	Large impact on health and wellbeing affecting a very large number of the population. Multiple fatalities are anticipated.	Major service disruption. Significant customer opposition. Legal action. Long term public memory	Affects more than 5 groups of stakeholders	Significant loss of trust and receives national media attention with potential for persisting impact.	Sustained failure to meet professional standards or statutory requirements.	Criminal prosecution anticipated and or civil litigation (>1 person).	>£10m	>£100m

1. Choose the relevant columns and note the closest description of potential impact.
2. Then use the score from the most relevant column. For example, if there may be a high financial impact, but the initial impact may be loss of life, choose the Health and Wellbeing Score.

Likelihood Guide

Consider the statements below as guides, choose scoring as appropriate to the risk being considered. For advice contact your [Risk Champion](#) or [Tony Rose](#)

Score	Likelihood	Threat/Risk (not all need apply)
2	Rare	It is never likely to occur and/or Very unlikely this will ever happen e.g. Once in 100 years.
3	Unlikely	May occur in exceptional circumstances and/or Not expected to happen, but is possible, e.g. Once in 25 years.
4	Possible	Could occur in certain circumstances and/or May happen occasionally, e.g. once in every 5 - 10 years and/or Has happened elsewhere.
5	Likely	Will probably occur in many circumstances and/or Will probably happen, but not a persistent issue, e.g. at least once every 1- 2 years. and/or Has happened in the past.
6	Almost Certain	Is expected to occur in most circumstances and/or Will undoubtedly happen, possibly frequently. and/or Imminent/near miss.

Appendix C – Power BI Extract

See PowerPoint document embedded below. The [Live link](#) is also in the body of the report above.

This is a point in time high level extract of the Power BI Risk Dashboard for the Audit Committee.



Audit Committee
Dashboard.pdf

Please note that the data contained within the above pdf extract is representational. Please view the Power BI link for full risk information.

The Dashboard will be updated in 2023/24 including to link risks to Strategic Plan priorities, to reflect the new Council structure and to incorporate Budget Book risks.

Appendix D – Risk Management Policy

See Risk Management Policy pdf document accompanying this report.

Appendix E – Project Risk Guidance

See Project Risk Guidance pdf documents accompanying this report.

Audit Committee
20 June 2023
DF/23/67

Counter Fraud End of Year Report and Update 2022/23

Report of the Director of Finance and Public Value

Please note that the following recommendations are subject to confirmation by the Committee before taking effect.

1) Recommendation

That the Committee be asked to note the work undertaken in 2022/23 and its impact on Fraud Prevention and Detection in DCC.

2) Introduction

The attached report sets out the Counter Fraud work being undertaken on behalf of and by Devon County Council 2022/23 and supports the Council's ongoing commitment as outlined in its Anti-Fraud Bribery and Corruption Policy / Strategy and Response Plan.

The report is aimed at informing members of the progress made in the ongoing fight against fraud and outlines future planned and continuing work to protect the public purse and retain public confidence that the Council recognises the harm that fraud can cause in the community and that it is protecting itself and its residents from fraud.

3) Strategic Plan

There are no Strategic Plan issues associated with this report.

4) Financial Considerations

There are no direct Financial Considerations issues associated with this report.

5) Legal Consideration

There are no specific Legal Considerations or issues associated with this report.

6) Environmental Impact Considerations (Including Climate Change)

There are no specific Environmental Impact Considerations or issues associated with this report.

7) Equality Considerations

Agenda Item 8

There are no specific Equality Considerations associated with this report

8) **Risk Management Considerations**

This report supports the Councils Risk Management process and is integral to an overall integrated assurance approach.

9) **Public Health Impact**

There is no specific impact on Public Health in connection with this report.

10) **Summary/Conclusions/Reasons for Recommendations**

Reasons for noting the report, include showing compliance with Anti-Fraud Bribery and Corruption Policy, and recognised best practice in line with good Governance

Angie Sinclair, Director of Finance and Public Value

Electoral Divisions: All
Local Government Act 1972

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<u>Background Paper</u>	<u>Date</u>	<u>File Ref</u>
Nil		



devon**audit**partnership

Counter Fraud Services

Devon County Council

Devon Audit Partnership

End of Year Report

Audit Committee June 2023

**CUSTOMER
SERVICE
EXCELLENCE**



CSE



Support, Assurance and Innovation

Page 31

1. Introduction

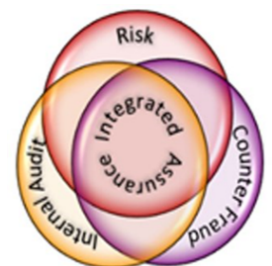
- 1.1 The Counter Fraud Services Team within [Devon Audit Partnership](#) (DAP) continues to support and facilitate the development of the Council's Counter Fraud processes and capability to improve its resilience to fraud and related offences.
- 1.2 The ongoing work will assist all Council staff, management, and members in identifying fraud and the risks associated with it. The aim is to ultimately provide the highest level of assurance possible utilising a joined-up service in association with our colleagues involved in Audit, Risk Management, and the Council itself to minimise fraud loss to the lowest level possible.
- 1.3 Audit Committee members requested regular updates on the Council's Counter Fraud activity to improve accountability; this report aims to meet this requirement and that required under the Anti-Fraud, Bribery and Corruption Policy and the accompanying Strategy and Response Plan.

2. Embedding the Anti - Fraud Culture.

- 2.1 The [Anti-Fraud Bribery and Corruption Policy](#) and the accompanying [Anti-Fraud Bribery and Corruption Strategy and Response Plan](#) are available to view and represent the Councils commitment to fighting fraud and corruption and ensuring that it continues to build resilience in protecting the public purse.
- 2.2 These documents give clear guidance and ensure that all staff and members and the public can report fraud and irregularity suspicions directly to counter fraud specialists retained within the assurance services provided by the Partnership. The team have direct contacts with the Police and other law and enforcement agencies, which in turn ensures that all allegations are taken seriously and dealt with appropriately.
- 2.3 As part of the integrated approach to fighting fraud across the region, the Counter Fraud Services team are looking to rationalise the Policy's and Strategies of all the DAP Partners and clients across the piece. This will allow for a consistent and robust response to fraud across Devon and beyond.
- 2.4 The Policy and the accompanying Strategy and Response plan are due for update later this year.

3. Integration of Counter Fraud, Risk Management, and Internal Audit.

- 3.1 The integration between these assurance arms continues to evolve and strengthen. Regular meetings between the relevant managers and staff ensure that cross collaboration is growing and improving so that auditors are aware of fraud and risk issues (See Appendix 1).
- 3.2 Assurance meetings between Devon Audit Partnership and the Director of Finance and Public Value (Section 151 Officer), along with members of the Finance and Public Value Leadership Team ensure that direction, clarity and flexibility continue to improve.
- 3.3 The team continues to support our colleagues in Audit and Adults and Children's Social Care teams, specifically looking at the risks linked to Cyber Enabled frauds that may affect some of the most vulnerable members of our society. We are committed to further increasing awareness and supporting the most vulnerable in society who are more at risk of falling victim to fraudsters. DAP is working with its colleagues in the NHS and Audit South West closely to understand and reduce fraud risks within pre-paid accounts funded care plans. More information can be obtained via the [Action Fraud website](#) on fraud affecting the most vulnerable.



3.4 We are currently networking with all the Devon District / Borough Councils to improve overall fraud resilience in Devon. We are also obtaining a mutual support and knowledge exchange with our counterparts in Cornwall County Council and the Local NHS Trusts. The West of England Fraud Group has now been revived, which involves Councils across the region looking at Fraud, Risk and Audit issues which affect us all. Resilience and overall assurance are improved by the sharing awareness and knowledge, joining with others increases confidence in decision making and the Team will continue to look for new partners and agencies to further this end.

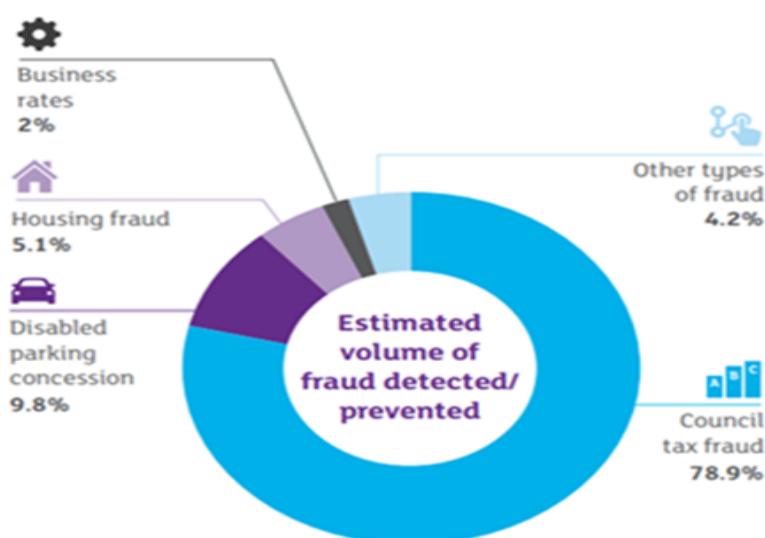
4. National Fraud Initiative

4.1 The [National Fraud Initiative](#) (NFI) is an exercise run and reported on by the [Cabinet Office](#) that 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 next cycle of the NFI National Exercises has started. The previous exercise resulted in changes in entitlement which have resulted in an (estimated) total of **£1,451,893.86** in potential savings across the Council.



4.4 The Counter Fraud Team have successfully submitted data in the following areas of business.

- Creditors
- Payroll
- Pensions (Able to submit their own data)
- Blue Badge (Supplied by National Blue Badge Scheme)
- Concessionary Travel Passes
- Parking Permits

4.5 A total of 18,204 matches have been returned with 14,278 being considered as key matches, many of these matches will be risk scored to assist in the resolution of the records. Low grade matches may only require sample testing, to give assurance.

At the time of writing this report the following matches have been dealt with.

- Concessionary Travel Passes - all matches completed totalling 1487 with 630 passes cancelled. The Cabinet Office saving figure attributed to this area in total is £19,530.00
- Payroll – all 18 matches reviewed, 16 closed as already known, 2 under further review.
- Parking Permits – all 38 matches reviewed, 28 cleared as already known, 10 under further review.
- VAT potentially overpaid – all 361 matches reviewed and all cleared as no issue and accurate.
- Action continues in other areas and will be included in future updates to the Committee and further savings figures are expected.

4.6 Devon Audit Partnership will support and encourage completion of the NFI returns and results will be reported to the Audit Committee in the regular Counter Fraud Updates in future.

5. Investigations and other ongoing work

5.1 In the financial year 22/23, the Counter Fraud Services (CFS) Team received a total of 85 referrals, 55 of which related to potential Blue Badge misuse. A further 22 related the loss or theft of IT equipment.

5.2 The CFS team currently have 16 live investigations. *(Details of individual investigations cannot be disclosed due to the sensitive nature of the information).*

5.3 The team has highlighted and is heavily involved in assisting DCC with setting up, managing, and completing an exercise which allows participating Councils to identify instances of the incorrect application of Single Person Discounts, (SPD) related to Council Tax across Devon with all Councils who agree to participate. Most Councils will have been involved in this type of exercise in the past, however in this instance we are looking to involve all Districts and Boroughs in the same exercise to maximise Council Tax accuracy and correct billing across the County.

All Districts and Boroughs have submitted a point of contact to enable this exercise to progress and all Councils will be approached by the third-party agent with a view to completing this exercise within twelve months.

5.4 We continue to support service areas that require data analysis and monitoring of transactions to act as early warning of impending cyber-attacks.

5.5 In the coming months the DAP Counter Fraud Team will be looking to support the Traffic Management Team in the enforcement process around Blue Badge misuse. A plan of action will be submitted to maximise publicity and outcomes whilst improving general awareness and access for those with genuine entitlement.

5.6 Work towards creation of a Council wide Fraud Risk Register continues and will be reported on in a future update to Audit Committee.

5.7 Regular reports and updates from varying sources such as the [National Anti-Fraud Network](#) (NAFN) and the [National Cyber Security Centre](#) (NCSC) are circulated across the Council by the Counter Fraud Services team to ensure knowledge and awareness are kept at levels suitable for the protection of the public purse and the public themselves.

6. Counter Fraud resilience and Best Practice Checklist

6.1 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.

6.2 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.

6.3 The results in **Table 1** below (page 6) shows the expected response from a local authority, and our assessment of Devon County Councils 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 and Audit knowledge between DAP and the Council will add further value to the give a more robust integrated assurance.

7. Counter Fraud 2023/24

7.1 During 2022/23 we undertook a review of the DCC strategy and approach, for 2023/24 we proposed the following plan.

- Policy and Strategy – Review due in August 2023
- An increase in the use of data analysis to highlight and resolve potential high risk fraud threat areas. **This work has started and will continue.**
- Focused reviews – Blue Badge operation, Pensions, (using data analysis), other loss avoidance / revenue maximisation initiatives, such as the current Single Person Discount review exercise across Devon. **Ongoing**
- Integration with Audit Plan Work - Reducing fraud risk in systems (key areas). **Ongoing**
- Assurance on corporate risk and support for NFI. **Ongoing**
- Investigation of potentially fraudulent activity. **Ongoing**
- Awareness – Creation of a proactive publicity campaign for Counter Fraud.
- Training – Ensure that training is available and up to date for Staff, Members and beyond. **Ongoing**

8. Other fraud related updates

8.1 On the 27th March 2023 the Government launched a review of the whistleblowing framework and the legislation that supports workers who blow the whistle on wrongdoing in the workplace [Government reviews whistleblowing laws](#).

The review will cover central topics, key to the whistleblowing framework:

- who is covered by whistleblowing protections.
- the availability of information and guidance for whistleblowing purposes (both on gov.uk and that provided by employers).
- how employers and prescribed persons respond to whistleblowing disclosures, including best practice.

The full terms of reference can be found on the gov.uk website.

8.2 In May HM Government produced a substantial Policy Paper entitled - [Fraud Strategy: stopping scams and protecting the public](#). The aims of the strategy are that it “will tackle fraudsters head on and cut fraud by 10% by 2025, protecting the British people’s hard-earned cash from criminals and putting more fraudsters behind bars.” By committing to three ‘Key Actions’ to -

- Pursue fraudsters
- Block fraudsters
- Empower the public

9. Conclusion

9.1 Fraud attacks the very foundations of society and that of any fair and equitable system of support for those who need Devon County Councils services the most. All indicators show that as finances become more difficult, individuals make decisions that they would otherwise potentially not make under other circumstances.

9.2 Devon County Council’s continues to show that it is committed to improving its assurance

position in respect of its fight against fraud and it has never been more important to minimise losses to fraud in order to protect Council Services and those they serve.

- 9.3 We will continue to assist the Council in building stronger defences and protection against fraud to ensure that every £ of public spending goes on those who legitimately require it, when they need it and that those who would defraud the system are dealt with appropriately and robustly.

Counter Fraud resilience and Best Practice Checklist

CIPFA / CIFAS expected Local Authority / Public Body response to the risk of fraud and corruption.	DCC Response
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>The Authority is working towards a Fraud and Corruption risk register. This will identify the risks and the controls in place to address these risks.</p> <p>This will then be considered by the Senior Management Team.</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>The creation of a fraud risk register assessment is ongoing and risks will now be 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>
3. There is an annual report to the audit committee, or equivalent detailed assessment.	<p>The Devon Audit Partnerships Counter Fraud Services Manager produces regular updates for Audit Committee.</p> <p>An Annual and Half Year Report on counter fraud and corruption activity are produced for Audit Committee.</p>
4. The relevant portfolio holder has been briefed on the fraud risks and mitigation	<p>The Chair of the Audit Committee is briefed on fraud risks, mitigations and other activity directly.</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>The Audit 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>
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>The Council has an up-to-date Anti-Fraud Bribery and Corruption Policy, an Anti-Fraud, Bribery and Corruption Strategy and Response Plan. Both documents have been made available to all staff and form part of the eLearning training available to staff and Members.</p> <p>These documents will be reviewed later this year to ensure they continue to conform with the latest standards and known issues.</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>No system or process can ever be 100% secure, and so employee diligence is always needed, and this is referred to in section 4 "prevention" in the current Strategy and Response Plan as above.</p> <p>The Policy above also identifies expectations and responsibilities of those conducting Council business.</p>
8. The risks of fraud and corruption are specifically considered in the local authority's overall risk management process.	<p>Several specific fraud and corruption risks are recorded in the risk register.</p>

CIPFA / CIFAS expected Local Authority / Public Body response to the risk of fraud and corruption.	DCC Response
	The creation of a specific list of risks for areas with each part of the Councils business remains a work in progress.
9. Counter fraud staff are consulted to fraud-proof new policies, strategies and initiatives across departments.	<p>The Authority has access to the Counter Fraud Services Manager and Accredited Counter Fraud Specialist investigators at 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>
10. Successful cases of proven fraud/corruption are routinely publicised to raise awareness.	The Council has committed to maximising publicity in cases of proven fraud or corruption to ensure that awareness is raised and others are discouraged from potentially attempting to defraud the Council in the future.
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>A risk assessment is undertaken of the key risks of fraud, and the controls in place to prevent this taking place.</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 Committee is provided reports on risk, fraud and the results of Internal Audit, and this, combined with management assessment of controls.</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 Anti-Fraud Policy, Strategy and Response Plan clearly set out duties and responsibilities in connection with Fraud, Bribery and Corruption.
– register of interests	<p>Staff</p> <p>The Council has Guidance on the declaration of business or pecuniary interests page. Which clearly states "Section 117 of the Local Government Act 1972 states that: "If it comes to the knowledge of an officer employed by a local authority that a contract in which he has any pecuniary interest, whether direct or indirect, has been, or is proposed to be entered into by the authority or any committee thereof, he shall as soon as practical give notice in writing to the authority of the fact that he is interested therein".</p> <p>Elected Members declaration of interests are held on their individual records within the Councils systems and can be accessed via Your Councillors.</p>

CIPFA / CIFAS expected Local Authority / Public Body response to the risk of fraud and corruption.	DCC Response
– register of gifts and hospitality.	Elected Members register of gifts and hospitality are held on their individual records within the Councils systems and can be accessed via Your Councillors
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>The Council undertakes 'recruitment' and 'employment screening' which cover the employee vetting. All offers of employment are subject to satisfactory pre-employment 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>
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>At the start of each Council meeting a declaration of interests is requested.</p> <p>The Governance lead will remind all officers and members of the need to declare all offers of gifts and hospitality.</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>This is constantly being addressed and the Council is engaged with Counter Fraud professionals to improve knowledge understanding and culture across the organisation.</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>A separate Whistleblowing Policy is in place. This Policy will be reviewed as and when required and will be taken through the Audit Committee.</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>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>
18. Fraud resources are assessed proportionately to the risk the local authority faces and are adequately resourced.	<p>The DAP Counter Fraud Services Team have 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 / Public Body response to the risk of fraud and corruption.	DCC Response
<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 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>20. Statistics are kept and reported by the fraud team which cover all areas of activity and outcomes.</p>	<p>The Counter Fraud Services Team within DAP record and report on all allegations of fraud against the Council. All evidence is held and disposed of in accordance with the relevant legislation.</p>
<p>21. Fraud officers have unfettered access to premises and documents for the purposes of counter fraud investigation.</p>	<p>DAP is a partnership that supplies and supports the Internal Audit, Fraud and Risk functions of the Council. Where access is required to investigate fraud, 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 the Council is committed to proven cases of fraud being publicised in the local newspaper and via internal channels. 23/24 sees a commitment to improved Comms around this subject.</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 the Councils Anti-Fraud, Bribery and Corruption Policy.</p>
<p>24. The fraud and corruption response plan covers all areas of counter fraud work:</p> <ul style="list-style-type: none"> • Prevention • Detection • Investigation • Sanctions • Redress 	<p>The Councils Anti-Fraud, Bribery and Corruption Policy along with the Strategy and Response Plan cover all of 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>The Counter Fraud Manager and the Audit Manager at DAP ensure that the plans are linked and communicated to senior management and members.</p>
<p>26. Asset recovery and civil recovery is considered in all cases.</p>	<p>The Anti-Fraud, Bribery and Corruption Policy along with the Strategy and Response Plan commit the Council to this course of action.</p>
<p>27. There is a zero-tolerance approach to fraud and corruption which is always reported to committee.</p>	<p>There is a "zero tolerance approach to fraud, endorsed by the Audit Committee. (See</p>

CIPFA / CIFAS expected Local Authority / Public Body response to the risk of fraud and corruption.	DCC Response
	<p>Sections 1 and 2 of the Anti-Fraud, Bribery and Corruption Policy)</p> <p>Instances of fraud and corruption are reported to the Audit Committee. Due to the sensitive nature of some instances, this may be in summary form.</p>
<p>28. There is a programme of proactive counter fraud work which covers risks identified in assessment.</p>	<p>Proactive counter fraud work is delivered in a variety of ways each year. Some examples of how this is achieved include:-</p> <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 Districts and Boroughs – such as Council Tax Single Persons Discount review.
<p>29. The fraud team works jointly with other enforcement agencies and encourages a corporate approach and co-location of enforcement activity.</p>	<p>Early referral to the Police or other agencies such as the Department for Work and Pensions will be considered as part of the risk assessment for each referral.</p> <p>Joint working is always considered in order to facilitate learning and cost efficiency.</p>
<p>30. The local authority shares data across its own departments and between other enforcement agencies.</p>	<p>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.</p> <p>Internal data analysis is also undertaken to prevent and detect fraud. This is an area of that DAP is looking to explore and expand further in the coming months.</p> <p>The Council has also supported and continues to support initiatives at District / Borough level.</p>
<p>31. Prevention measures and projects are undertaken using data analytics where possible.</p>	<p>Such examples include making good use of</p> <ul style="list-style-type: none"> • The National Fraud Initiative • Council Tax - Single persons discount review • Departmental support for fraud prevention, detection and audit support are regularly undertaken.
<p>32. The local authority actively takes part in the National Fraud Initiative (NFI) and promptly takes action arising from it.</p>	<p>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).</p>
<p>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.</p>	<p>The Council has access to, and will make use of, Counter Fraud Specialists at Devon Audit Partnership as and when the need arises.</p> <p>All Counter Fraud Team staff are Accredited Counter Fraud Specialists by the Counter Fraud Professional Accreditation Board (CFPAB)</p>

CIPFA / CIFAS expected Local Authority / Public Body response to the risk of fraud and corruption.	DCC Response
34. The counter fraud team has adequate knowledge in all areas of the local authority or is trained in these areas.	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 involving many areas of Council business.
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. 	The Council, the Counter Fraud Team and wider Devon Audit Partnership Team and affiliates have access to specialist staff that can fully and professionally fulfil the legal requirements under all of the points.
36. Weaknesses revealed by instances of proven fraud and corruption are scrutinised carefully and fed back to departments to fraud proof systems.	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.
37. Counter Fraud Training is available for all staff and members to ensure that they are up to date with relevant threats and are able to 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	The Council has an eLearning package that is available to all staff and Members. All new starters are required to complete this learning. Specific counter fraud risk area training has and will be obtained through the Counter Fraud Services Team as required. Specific training has previously been given to Procurement and Finance areas of the Councils business.
38. The Local Government Transparency Code Identifies what information must be published annually (para 53) and what is suggested (para 68)	It does not appear that this information is currently published. Recommend that this is resolved and the DAP Counter Fraud Services Manager can assist with clarification where required.

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, Torridge, South Hams and West Devon councils. We aim to be recognised as a high-quality assurance service provider in the public sector.

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

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

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

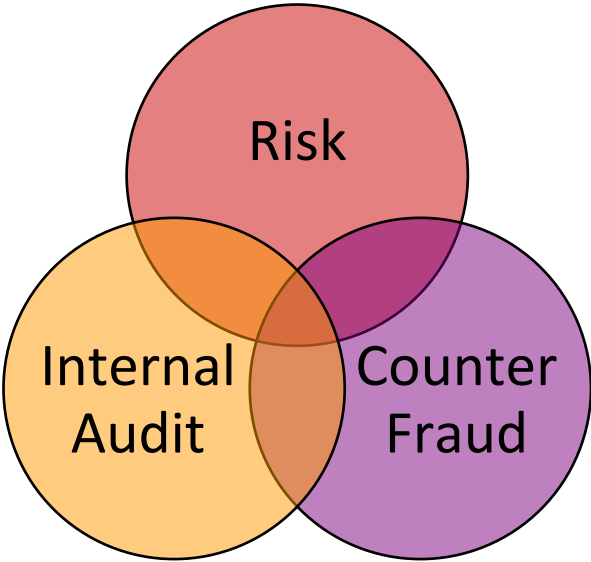
This report is prepared for the organisation's use. We can take no responsibility to any third party for any reliance they might place upon it.

(Fighting Fraud and Corruption Locally 2020)



Our Vision

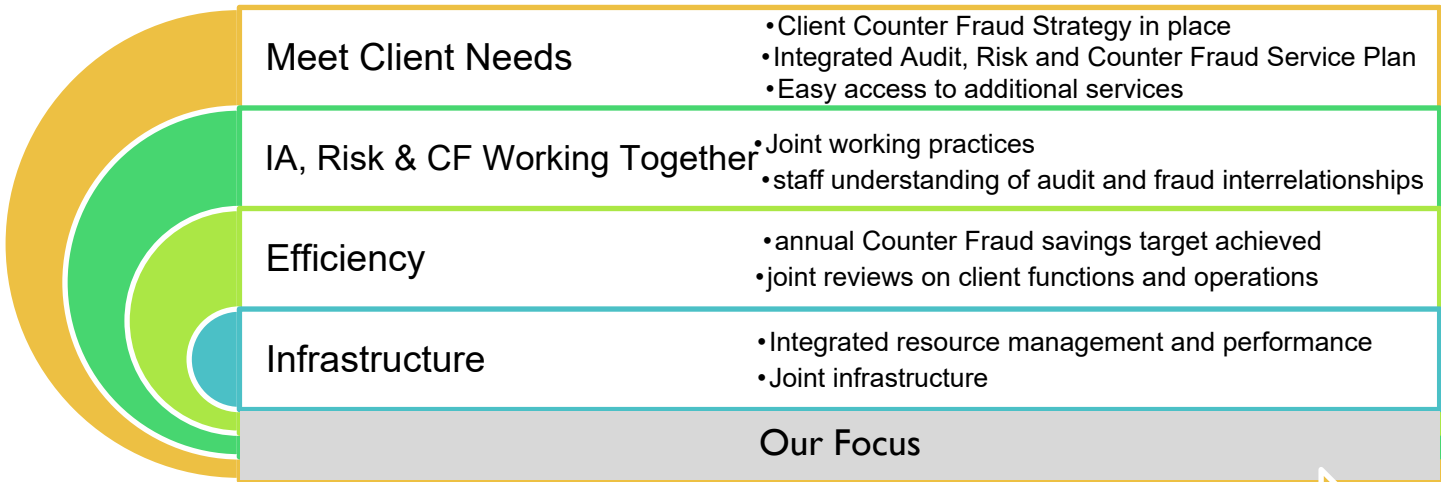
To be a leading provider of internal audit, counter fraud, risk management and other assurance services to public and not-for-profit organisations in the South West and beyond.



Operational delivery

- CFT to co-ordinate / undertake irregularities work coming through the audit plan
- Potential irregularities are triaged to fraud or audit for review
- Proactive fraud work e.g. NFI, developing delivery plan at client level
- Investigation work to be completed jointly (where appropriate) to progress possible fraud review and strengthen internal control frameworks
- Audit scoping to include counter fraud input
- Three-way liaison confirming risk and control
- Integrated reporting to be delivered on a case basis

Our Goals



Client Services

Counter Fraud Strategy with each client
Regular client liaison Mtgs.
POC access to additional integrated services
CF Service plan with each client for both pro-active and re-active services
Joint Partner CF work e.g. SPD
Client training on Fraud Awareness

IA, Risk & CF Working Together

Joint Working Practices
Joint scoping of audit and Irregs
CF Risk Assessment Review - CIFAS
Joint IA, Risk & CF plan
Pro-active **Prevention** work
Pro-active **Detection** work
Effective **Investigation**
NFI work co-ordinated by CFT

Efficiency

Savings Plan £55k by year three
Restructure of PCC Team work plan (releasing resources)
Joint working practices
Single Point of Contact for Fraud and Irregs

Infrastrucrture

Budget - Costcentre focused
Laptops for CFT
ICT Platform & common network access
Data Sharing Agreements updated
Terms and Conditions review

