

Minutes of the Audit Committee

29 October 2025

-: Present :-

Councillor Penny (Chair)

Councillors Brook (Vice-Chair), Fellows, Long and Foster

21. Apologies

An apology for absence was received from Councillor Maddison.

It was reported that, in accordance with the wishes of the Conservative Group, the membership of the Committee had been amended for this meeting by including Councillor Foster.

22. Minutes

The Minutes of the meeting of the Audit Committee held on 8 September 2025 were confirmed as a correct record and signed by the Chairman subject to the following amendment:

The last paragraph of Minute 14 Draft Annual Governance Statement 2024/25 being amended to read:

On the whole Members acknowledged that the draft Annual Governance Statement 2024/2025 fulfilled statutory requirements and should be submitted to the External Auditors alongside the draft Statement of Accounts, **however, Members welcomed the suggestion for greater involvement of the Chair and Vice-Chair of the Audit Committee in the developmental stages of the 2025/26 Draft Annual Governance Statement.**

23. Declarations of interests

No declarations of interest were made.

24. 2025/26 Treasury Management Mid-Year Review

Members considered a report that reviewed Treasury Management activities during the first part of 2025/26. The Treasury function aimed to support the provision of all Council services through management of the Council's cash flow and debt and investment operations.

Members were advised that the Treasury Management strategy for 2025/26 was approved by Council on 25 February 2025. The Council had borrowed and invested substantial sums of money and was therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's Treasury Management Strategy. Treasury Management decisions and strategies had been made in consultation with the Council's advisors, Arlingclose Ltd, who were appointed via a procurement exercise.

Resolved:

- 1) that the update on Treasury Management performance for the half year to 30 September 2025 be noted; and
- 2) Council be recommended:

that the Treasury Management decisions made during the half year to 30 September 2025 as detailed in the submitted report be noted.

25. Audit Committee Progress Report and Sector Update (Grant Thornton) - Verbal update

Members received a verbal update from Roz Apperley, Audit Manager for Grant Thornton. Members noted that the audit of the accounts commenced in October, and work had been ongoing for a couple of weeks. Good progress had been made overall; however, there were slight delays in some areas due to outstanding information. A full set of accounts had not yet been received, particularly IFRS 16 and the group accounts, which were expected imminently. Progress was continuing, albeit at a slower pace than initially hoped. Liaison was ongoing to ensure the process remained on track. Resources were available until December, and it was noted that assurance information needed to be provided in a timely manner to avoid reliance on the backstop. At present, there was no indication that delivery would not be achieved within the agreed timeframe.

26. 2024/25 Draft Statement of Accounts

The Audit Committee considered a report on the draft Statement of Accounts for 2024/25. The Head of Corporate Finance informed Members that under the Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015, the Council was required to publish the draft Statement of Accounts for the year ended 31 March 2025 by 30 June which was the statutory deadline. As explained to Members at the Audit Committee on 8 September 2025, it was not possible to achieve this deadline, due to a number of complex technical accounting issues. Subsequently a public notice was issued to this effect.

The Head of Corporate Finance advised Members that most of these issues had now been resolved, with a few technical adjustments outstanding. The intention was to publish the accounts on the Council's website during the first week of November. The public inspection of the accounts would also begin then. An informal training session for Members on the key components within the Statement of Accounts was scheduled

for 14 January 2026 in advance of presenting the final, audited statements to the Audit Committee in January.

27. Whistleblowing Complaints and HR Investigations

Members noted a report that provided a high-level summary of the number of HR investigations and Whistleblowing investigations in the year 1 October 2024 to 30 September 2025. Members also noted the difference between the Whistleblowing Policy and a complaint or grievance. The Director of Corporate Services advised when someone blows the whistle, they were raising a concern about danger or illegality that affects others for example customers, members of the public, or their employer. The person blowing the whistle was usually not directly, personally affected by the danger or illegality. Consequently, the whistleblower rarely has a personal interest in the outcome of any investigation into their concern – they are simply trying to alert others. This was very different from a complaint or grievance. When someone complains or raises a grievance, they were saying that they have been personally treated poorly. This poor treatment could involve a breach of their individual employment rights or unacceptable behaviour and the complainant was seeking redress or justice for themselves.

28. Exclusion of the Press and Public

Prior to consideration of the items in Minute 29 and 30, the press and public were formally excluded from the meeting on the grounds that the item involved the likely disclosure of exempt information, as defined in paragraph 7 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

29. Internal Audit Report and Management Action Plan on Counter Fraud (Risk Assessments)

Members noted a report that set out the key actions arising from the recent internal audit of the Council's Counter Fraud Risk Assessment Framework, which received a Limited Assurance rating.

The Counter Fraud and Error Manager informed Members, the audit highlighted the need for improvements in fraud risk governance, culture, and accountability. The subsequent action plan agreed by the Senior Leadership Team would strengthen the Council's resilience against fraud and ensure compliance with the upcoming 'Failure to Prevent Fraud' offence. Devon Assurance Partnership (DAP) would undertake a follow up audit with the outcome being reported to committee as part of the DAP reporting process.

(Note: Upon conclusion of this item a vote was taken to readmit the Press and Public.)

30. Counter Fraud and Error - 6 monthly Update

Members considered a report that provided an update on counter fraud activity undertaken for the period of 1 April 2025 to 30 September 2025, including progress against the 2025/26 Counter Fraud Plan.

The Counter Fraud and Error Manager informed Members that Torbay Council and DAP were trialling a secondment of Torbay's Counter Fraud and Error manager and a Counter Fraud Technician. Both teams work tirelessly to identify and undertake initiatives to plug losses that would otherwise go unidentified by the respective organisations. With a recognised need to maintain continuity and resilience in fraud prevention and investigation, there was an opportunity to bring the remaining expertise together with a view to a more integrated and collaborative approach. By consolidating resources, it was envisaged the teams could support the continued provision of counter fraud services more effectively.

Members were advised that the Council introduced a relatively inexpensive tool to allow safe, secure and necessary data sharing across Local Authority departments and boundaries, to prevent fraud across multiple departments with the added benefit of enhancing debtor tracing. The Revenues Team undertook a trial of the tool, as this area was identified as potentially securing the maximum benefit from the tool. The Counter Fraud and Error Manager confirmed the tool had realised its cost within the trial period.

Resolved:

- 1) that the secondment of Torbay's Counter Fraud and Error Manager and a Counter Fraud Technician with Devon Assurance Partnership be endorsed; and
- 2) that the Priorities and Resources Panel consider the resourcing of the Fraud Prevention Team during the 2026/2027 budget setting process.

31. Strategic and Corporate Risk Report

Members noted a report that provided an update on the Council's current risk position and made them aware of any notable information with regards to the Council's overall risk management arrangements. The Director of Corporate Services advised Members that Directors had approved the adoption of the below new risks onto the Council's corporate risk register:

- CP85 - Potential loss of Community Equipment Service;
- CP86 - Failure to have effective support and controls in place to support increased Elected Home Education; and
- CP87 - Failure to have safe implementation of Liquid Logic for Adult Social Care

In addition to the above, Directors also approved the removal of the below risks:

- CP38 – Health and wellbeing of staff; and
- CP63 – Potential loss of data through cyber breach (Adult Social Care)

One corporate risk had been de-escalated onto a service risk register. This risk was CP16 - Quality of performance and data.

Members sought clarification on the removal of CP63 – Potential loss of data through cyber breach (Adult Social Care), expecting the risk of a cyber breach to always be

present. The Performance and Risk Manager informed Members that this particular risk was regarding client records, client records relating to Adult Social Care weren't held by the Council therefore the risk was removed from the Council's risk register.

Members were informed that Directors had been working to develop the Council's risk appetite statements and had set optimal and tolerable risk scores for each of their strategic and corporate risks. Members were advised of the next steps which were to embed the newly adopted risk appetite statements into the Council's decision-making framework enabling Members and Officers to make informed decisions. Future risk reports would include information that showed if risks were out of tolerance so Directors and Members could ensure appropriate action was taken to respond accordingly. To assist Members, the Performance and Risk Manager confirmed that training for Members on risk was being developed with colleagues from DAP.

32. Audit Committee Workplan

Members noted the Audit Committee's workplan.

Chair