

Monday, 18 May 2026

AUDIT COMMITTEE

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

Wednesday, 27 May 2026

commencing at **2.00 pm**

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

Members of the Committee

Councillor Penny (Chair)

Councillor Brook (Vice-Chair)

Councillor Fellows

Councillor Long

Councillor Maddison

Conservative Group - Vacnacy

Independent Member: Mr Kristian Hawkes

A Healthy, Happy and Prosperous Torbay

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

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

AUDIT COMMITTEE AGENDA

1. **Apologies**
To receive any apologies for absence, including notifications of any changes to the membership of the Committee.
2. **Minutes** (Pages 5 - 8)
To confirm as a correct record the Minutes of the meeting of the Audit Committee held on 25 March 2026.
3. **Declarations of interests**
 - (a) To receive declarations of non pecuniary interests in respect of items on this agenda
For reference: Having declared their non pecuniary interest members may remain in the meeting and speak and, vote on the matter in question. A completed disclosure of interests form should be returned to the Clerk before the conclusion of the meeting.
 - (b) To receive declarations of disclosable pecuniary interests in respect of items on this agenda
For reference: Where a Member has a disclosable pecuniary interest he/she must leave the meeting during consideration of the item. However, the Member may remain in the meeting to make representations, answer questions or give evidence if the public have a right to do so, but having done so the Member must then immediately leave the meeting, may not vote and must not improperly seek to influence the outcome of the matter. A completed disclosure of interests form should be returned to the Clerk before the conclusion of the meeting.

(**Please Note:** If Members and Officers wish to seek advice on any potential interests they may have, they should contact Governance Support or Legal Services prior to the meeting.)
4. **Urgent Items**
To consider any other items that the Chairman decides are urgent.
5. **Terms of Reference** (Pages 9 - 12)
To note the Audit Committee's Terms of Reference as approved by Adjourned Annual Council on 14 May 2026.
6. **External Audit - The Audit Plan for Torbay Council** (Pages 13 - 52)
To consider the Audit Plan for Torbay Council, year ending 31 March 2026.
7. **Internal Audit - Annual Report 2025-2026** (Pages 53 - 76)
To consider a report that provides a summary of the performance against the Internal Audit Plan for the 2025-26 financial year.

- 8. Draft Annual Governance Statement 2025/2026** (Pages 77 - 120)
To consider a report on the Annual Governance Statement which provides the opportunity for the organisation to review its processes, controls and objectives and to provide assurance to Members, Senior Officers and stakeholders as to the reliability of its Statement of Accounts and the probity of its operations.
- 9. Treasury Management Outturn 2025/26 Report** (To Follow)
To consider a report on the 2025/2026 Treasury Management Outturn.
- 10. Annual Report - Requests to Waive Contract Procedures** (Pages 121 - 142)
To consider a report that provides details of the procurement waivers for the 2024/2025 and 2025/2026 financial years.
- 11. Counter Fraud & Error 2025-26** (Pages 143 - 194)
To consider a report on the above.
- 12. Work Programme** (Pages 195 - 196)
To note the above.

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Minutes of the Audit Committee

25 March 2026

-: Present :-

Councillor Penny (Chair)

Councillors Fellows and Long
Independent Person Mr Kristian Hawkes

47. Apologies

Apologies for absence were received from Councillors Brook and Maddison.

48. Minutes

The Minutes of the meeting of the Audit Committee held on 18 February 2026 were confirmed as a correct record and signed by the Chair.

49. Declarations of interests

No declarations of interest were made.

50. Internal Audit Charter for Devon Assurance Partnership (DAP) in Torbay Council

The Committee noted the Internal Audit Charter, which set out the purpose, authority and responsibilities of the Internal Audit function delivered by the Devon Assurance Partnership. Members were advised that the Charter confirmed compliance with the Global Internal Audit Standards and outlined requirements for independence, objectivity, reporting arrangements, quality assurance and continuous improvement.

51. Internal Audit Plan 2026-27

Members noted the Internal Audit Plan for 2026–27. The Deputy Head of Devon Assurance Partnership (DAP) informed Members that the Plan had been developed using a risk-based and agile approach to reflect changing organisational and sector risks with input from both the Council's Senior Leadership Team and members of the Audit Committee. The Plan provided for coverage across strategic risk areas, key financial systems, ICT/cyber security, adult and children's services, regeneration activity and governance processes.

Members noted that a reserve list of potential audit areas had been developed to cover topics that could not be accommodated within the commissioned audit days for 2026–27. The Committee was informed that this list had been created following a structured prioritisation exercise to ensure that the highest-risk audits were included

within the main programme. It was acknowledged that, while the reserve list provided flexibility should circumstances change during the year, only a small number of items were likely to be brought forward.

Members welcomed the inclusion of additional background information that demonstrated the careful consideration that had been given to the planning process. It was recognised that the improved transparency provided assurance that the plan had been developed using a risk-based methodology rather than simply balancing available resources. The Committee noted that recording the reasons for exclusion from the plan, particularly where the wording referred to balancing commissioned days, should also be framed in the context of risk prioritisation.

Members queried the level of cyber security coverage, the Deputy Head of DAP confirmed that this area was fully incorporated within the plan. Informing Members that the Council had both an IT audit specialist and an IT Manager who had undertaken extensive work to review and strengthen the ICT risk framework. This provided confidence that the audit programme would continue to focus on the most significant cyber-related risks and emerging threats.

52. Risk Management Update

The Committee noted the report which provided an update on the Council's strategic and corporate risk position. It was reported that the Council held eight strategic risks and sixty-eight corporate risks, with four strategic and ten corporate risks scoring 16 or above. Members were advised of changes in risk trajectory over the previous 12 months, the addition and archiving of risks, and several risks currently out of tolerance. The Committee further noted that risk appetite training had been delivered and would be embedded into future reporting.

Members raised the following points in relation to specific strategic and corporate risks:

- ST05 – Failure to Supply Sufficient Housing for Torbay's Needs – Members queried the reference within the risk description indicating that the risk was “not fit for purpose” and asked whether this reflected the complexity of the issue. The Performance and Risk Management advised that, ideally, risks should reflect matters within the control of the risk owner. Therefore, officers intended to review and refine the risk to ensure it continued to accurately reflect both its scope and ownership.
- CP73 – Failure to Undertake Proactive Improvement Works to Cliffs and Coastal Defences – Members sought clarification as to what the increased risk score meant in practical terms and whether it served primarily to highlight concerns for senior management. Officers explained that the impact of the increased score related to the uncertainty of winter conditions, the potential extent of damage, and the limited budget available to respond. It was noted that although the current budget broadly met existing needs, climate-related deterioration and rising sea levels were generating additional pressures. The Committee was advised that Senior Officers had confirmed that no additional funding was currently available, and therefore the risk was being held at a high but tolerable level unless new information required reassessment. This risk

was an example of a risk that, while rated high, remained within agreed tolerance.

- ST10 – Failure of the NHS Foundation Trust to Deliver Adult Social Care Statutory Duties – Members queried whether the existence of the risk had been beneficial, unhelpful, or had no material impact. The Performance and Risk Manager confirmed that the risk had provided significant benefit, as its strategic nature and link to associated corporate risks had ensured sustained oversight. The Committee was informed that the risk had been monitored closely since 2022, resulting in frequent review and accurate reflection of both operational and strategic challenges.

53. Counter Fraud and Error Work Plan 2026 to 2027

Members noted the report on the Counter Fraud and National Fraud Initiative (NFI) Work Plan for 2026–27, which outlined activity to prevent, detect and respond to fraud. It was reported that the Plan aligned with the Council's Counter Fraud Policy and Strategy and the national “Fighting Fraud Locally” framework. Members noted the emphasis on risk assessments, data matching, strengthened governance, proactive investigations, and compliance with the Economic Crime and Corporate Transparency Act 2023.

Members requested that the 6 monthly update provide the numbers of reported errors and fraud, including trends over the last three years. Furthermore, Members sought clarification regarding staff training and were advised that staff training was a continuous process, all new staff were trained at induction and e-learning modules were used for refresher training.

54. Performance Update: Collection of Council Tax and Non-Domestic Rates

The Committee noted an update on performance in relation to the collection of Council Tax and Non-Domestic Rates. It was reported that processing performance had remained stable, with 86% of liability changes completed within six weeks. Members noted that outstanding processes had stabilised, though collection rates were slightly behind the previous year due to operational change and delayed automation projects. The number of residents receiving Council Tax Support continued to reduce, though overall costs increased in line with tax levels.

Members sought further clarification on several aspects of service performance and ongoing transformation activity and sought the reason for the continued reduction in the number of residents receiving Council Tax Support. The Strategic Head – Revenue and Benefits advised Members that this trend reflected an overall increase in household income levels compared with previous years, which in turn had reduced eligibility for Council Tax Reduction. Members noted the explanation and the wider economic context influencing entitlement levels.

Members sought further detail on the transformation programme within the Revenues and Benefits Service and whether there were opportunities for customers to speak directly with advisers. Members were advised that several initiatives had already been implemented, including the transfer of Council Tax related calls from the corporate Contact Centre back into the specialist Council Tax team. This change had

enabled more cases to be resolved at first contact, as experienced Council Tax officers were better equipped to understand liability issues and apply changes correctly. The Committee was advised that this approach was designed not to reduce the cost of transactions but to reduce the *number* of transactions altogether by resolving matters promptly and accurately at the outset. The Strategic Head – Revenue and Benefits further explained that the next stage of the transformation programme would focus on automation, enabling greater efficiency and freeing up capacity for more complex casework. In response to a request for comparative data, officers confirmed that the service used KPIs set nationally by the Ministry of Housing, Communities and Local Government (MHCLG), allowing for benchmarking with other local authorities.

Members sought clarification on what operational issues had arisen due to the delay in implementing the Integrated Workflow System. Members were advised that the delay had in turn postponed other planned developments. It was explained that the long-term aim was to create a 24/7 service model in which customers could communicate with the Council at any time, with automated processes managing the majority of transactions behind the scenes. The delay was attributed to resource constraints, but officers remained hopeful that implementation would proceed during Quarter 1 or Quarter 2.

55. Torbay Council Audit Committee Annual Report 2025/26

The Committee reviewed its Annual Report for 2025–26, which summarised how it had discharged its governance, risk, internal control and financial reporting responsibilities. It was reported that the Annual Report had been prepared in accordance with CIPFA's 2022 Position Statement. Members noted key areas of activity, including oversight of Internal and External Audit, risk management, counter fraud arrangements and the Annual Governance Statement.

Resolved:

That the Torbay Council Audit Committee Annual Report 2025/26 be approved for submission to Council.

56. Audit Committee Work Programme 2026/2027

The Audit Committee Work Programme for 2026/2027 was noted.

Chair

Schedule 4 – Terms of Reference

Name and Terms of Reference	Membership
<p>Audit Committee</p> <p>Audit Activity:</p> <ol style="list-style-type: none"> 1. To consider the Head of Internal Audit’s annual report and opinion, and a summary of Internal Audit activity (actual and proposed) and the level of assurance it can give over the Council’s corporate governance arrangements. 2. To approve, but not direct, the Internal Audit Strategy and annual audit plan ensuring that appropriate risk assessments have been carried out when formulating the internal audit plan and to monitor performance against the plan. 3. To review any revisions to the plan as advised by the Head of Internal Audit and agreed by the Director of Finance. 4. To review half yearly internal audit reports and the main issues arising and seek assurance from management that action has been taken, where necessary 5. To consider summaries of specific Internal Audit reports as requested. 6. To consider reports dealing with the management and performance of the providers of Internal Audit Services. 7. To consider a report from Internal Audit on agreed recommendations not implemented within a reasonable timescale. 8. To consider the External Auditor’s Annual Letter, relevant reports, and the report to those charged with governance. 	<p>6 members of the Council excluding members of the Cabinet, in accordance with the political balance requirements.</p> <p>Normally chaired by an Opposition Member, where political balance allows.</p> <p>Conservative Group (3):</p> <p>Liberal Democrat Group (2):</p> <p>Independent Group (1):</p> <p>Non-voting Independent Member:</p>

Name and Terms of Reference	Membership
<p>9. To consider specific reports as agreed with the External Auditor.</p> <p>10. To comment on the scope and depth of external audit work and to ensure it gives value for money.</p> <p>11. To liaise with the Public Sector Audit Appointments Ltd over the appointment of the Council's external auditor.</p> <p>12. To commission work from Internal and External Audit within approved resources.</p> <p>13. To support the Council's compliance with the CIPFA Code of Practice for Treasury Management in Public Services including the role as nominated Committee to be responsible for ensuring effective scrutiny of the capital strategy, treasury management strategy and policies.</p>	
<p>Regulatory Framework</p> <p>14. To maintain a strategic overview of the Council's Constitution in respect of contract procedure rules, financial regulations and codes of conduct and behaviour (the primary responsibility for considering and ensuring that the constitution is fit for purpose lies with the Monitoring Officer and the Standards Committee in relation to the codes of conduct).</p> <p>15. To maintain a strategic overview of the Council's compliance with the prevailing Accounts and Audit Regulations.</p>	

Name and Terms of Reference	Membership
16. To review any issue referred to it by the Chief Executive, a Director, the Monitoring officer, Section 151 Officer (Chief Finance Officer) or any Council body.	
17. To monitor the effective development and operation of risk management and corporate governance in the Council and agree necessary actions to ensure compliance with best practice	
18. To monitor the “Whistle blowing Policy” which meets the requirements of the Public Interest Disclosure Act 1998, to encourage employees to report suspected malpractice, fraud or crime by other staff, the public or organisations having dealings with the Council.	
19. To approve and monitor the Council Policy on ‘Counter Fraud and Corruption’ and to be responsible for the Council’s procedure for investigating and responding to complaints.	
20. To consider the findings of reviews of the effectiveness of the system of internal control including the Annual Governance Statement and to recommend its adoption.	
21. To oversee the Council’s arrangements for corporate governance and consider necessary actions to ensure compliance with best practice.	
22. To monitor the Council’s compliance with its own and other published standards and controls.	
23. To maintain a strategic overview of the Council’s compliance with the Regulation of Investigatory Powers Act 2000 (RIPA).	

Name and Terms of Reference	Membership
<p>Accounts</p> <p>24. To consider the External Auditor’s report to those charged with governance on issues arising from the audit of the accounts.</p> <p>25. On behalf of the Council, to consider and approve the annual statement of accounts.</p> <p>26. To consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.</p>	

The Audit Plan for Torbay Council

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Year ending 31 March 2026

14 May 2026

Agenda Item 6



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The Backstop

The Future of the Backstop

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 came into force. This legislation introduced a series of backstop dates for local authority audits. These Regulations require audited financial statements to be published by a specific date. The upcoming backstop dates are as follows:

- for years ended 31 March 2026 by 31 January 2027

for years ended 31 March 2027 by 30 November 2027; and

for years ended 31 March 2028 by 30 November 2028.

The Regulations are supported by the National Audit Office's (NAO) Code of Audit Practice 2024. The backstop dates were introduced to clear the backlog of historic financial statements and support the reset of local audit. Where audit work is not complete, this will give rise to a disclaimer of opinion. This means the auditor has not been able to form an opinion on the financial statements.

Local Audit Recovery

In the audit report for the year ended 31 March 2025, a disclaimer of opinion was issued due to the backstop. As a result, we anticipate that for 2025/26:

- we will not have sufficient assurance over the Authority and group's opening balances of property, plant and equipment and reserves reported in the financial statements for the year ended 31 March 2025. Consequently, we will be unable to satisfy ourselves over their in-year movements. Similarly, this will result in uncertainty over the closing balance of property, plant and equipment and reserves of as at 31 March 2026.
- we will follow up on identified deficiencies in the Authority's financial accounting and record keeping. The Authority was unable to provide sufficient appropriate audit evidence to support the balances of debtors and classification of leases as operating or finance leases and the associated disclosures reported in the financial statements as at 31 March 2025.

We have had initial discussion with the Council to explore how we will rebuild assurance over time. We are working with the Council to develop a build back plan to regain assurance fully before 31 March 2028, in anticipation of any possible decisions arising from Local Government Reorganisation.

Our Work

In order to meet future statutory deadlines, for 2025/26 we will be working towards an internal deadline of 30 November 2026, as a dry run for future years. Our initial focus for the audit will be on in-year transactions including income and expenditure, journals, capital accounting, payroll and remuneration disclosures; and closing balances for 2025/26. Our objective is to establish a pathway to recovery, by providing assurance over the in-year 2025/26 transactions and movements, where possible, and those closing balances which can be wholly determined in isolation without regard to the opening balance, such as creditors and debtors. As our work progresses, we will formulate a more detailed strategy as to how assurance can be gained on prior years. We will need the cooperation and input of management throughout the rebuilding process.

Introduction and headlines



Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Torbay Council ('the Council') and Group for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued the Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Torbay Council. We draw your attention to these documents.

Scope of our Audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Council's and Group's financial statements that have been prepared

by management with the oversight of those charged with governance (the Audit committee); and we consider whether there are sufficient arrangements in place at the Council and Group for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that arrangements are in place to use resources efficiently in order to maximise the outcomes that can be achieved as defined by the Code of Audit Practice.

The audit of the financial statements does not relieve management or the Audit Committee of your responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Council and Group and is risk based.

Introduction and headlines (continued)

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management override of control
- Valuation of land and building assets (other land and buildings)
- Valuation of Investment Properties
- Valuation of the Net Pension Liability/Asset

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality to be £7.847m (PY £7.800m) for the Council, which equates to 2.1% of your prior year gross operating costs for the year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. As part of our risk assessment, we have considered the impact of unadjusted prior period errors (where applicable). Our performance materiality for both the group and council has been set at 65% of council/group materiality.

Clearly trivial has been set at £392.4k (PY £390k).

Group Audit

The Council is required to prepare group financial statements that consolidate the financial information of Torbay Economic Development Company (TEDC) and subsidiaries (TDA group), CSW Group, and Swisco Limited.

Group planning materiality has been set at £8.3m.

Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money has identified the following risks of significant weakness:

- Governance
- Improving economy, efficiency and effectiveness

These arise as a result of reporting in the 2024/25 Auditor's Annual report. Please see page 25 and 26 for further detail.

Audit logistics

Our planning and interim work took place in March & April and our final visit will take place between September and November. Our key deliverables are this Audit Plan, our Audit Findings Report, our Auditor's Report and Auditor's Annual Report.

Our proposed fee for the audit is £347,158 (scale fee) (PY: £417,954) for the Council, subject to the Council delivering a good set of financial statements and working papers, no significant changes in scope to the Audit, management being responsive to audit requests and providing sufficient appropriate audit evidence when requested.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2024) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Significant risk	Audit team's assessment	Planned audit procedures
<p>Management override of controls</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities.</p> <p>Risk relates to Council and Group</p>	<p>We have therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • review accounting estimates, judgements and decisions made by management • test journal entries using risk-based selection • review unusual significant transactions.



“In determining significant risks, the auditor may first identify those assessed risks of material misstatement that have been assessed higher on the spectrum of inherent risk to form the basis for considering which risks may be close to the upper end. Being close to the upper end of the spectrum of inherent risk will differ from entity to entity and will not necessarily be the same for an entity period on period. It may depend on the nature and circumstances of the entity for which the risk is being assessed. The determination of which of the assessed risks of material misstatement are close to the upper end of the spectrum of inherent risk, and are therefore significant risks, is a matter of professional judgment, unless the risk is of a type specified to be treated as a significant risk in accordance with the requirements of another ISA (UK).” (ISA (UK) 315).

In making the review of unusual significant transactions “the auditor shall treat identified significant related party transactions outside the entity’s normal course of business as giving rise to significant risks.” (ISA (UK) 550).

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
<p>The revenue cycle includes fraudulent transactions</p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue</p>	<p>We have identified and completed a risk assessment of all revenue streams for the Council. We have rebutted the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue streams. We have assessed these revenue streams as being at greater risk of being manipulated and as such we have identified a significant risk of fraud in these revenue streams.</p>	<p>We do not consider this to be a significant risk for the Council/Group and standard audit procedures will be carried out. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate.</p>
<p>Risk relates to</p> <p>Council and Group</p>	<p>Where we have rebutted the risk of fraud in revenue recognition for revenue streams this is due to the low fraud risk in the nature of the underlying transactions, or immaterial nature of the revenue streams both individually and collectively.</p>	
	<p>Where revenue streams of the Council's subsidiaries are material, we will place reliance on the work of the component auditor and do not propose to perform any specific work on these revenue streams ourselves. We do not assess these streams as a significant risk or at risk of fraud for our audit.</p>	

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Management should expect engagement teams to challenge them in areas that are complex, significant or highly judgmental which may be the case for accounting estimates, going concern, related parties and similar areas. Management should also expect to provide engagement teams with sufficient evidence to support their judgments and the approach they have adopted for key accounting policies referenced to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements management should expect teams to challenge management's assumptions and request evidence to support those assumptions.

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
<p>The expenditure cycle includes fraudulent transactions</p> <p>Practice Note 10 (PN10) states that as most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition. As a result under PN10, there is a requirement to consider the risk that expenditure may be misstated due to the improper recognition of expenditure.</p> <p>Risk relates to</p> <p>Council and Group</p>	<p>We have identified and completed a risk assessment of all expenditure streams for the Council/Group. We have considered the risk that expenditure may be misstated due to the improper recognition of revenue for all expenditure streams (including REFCUS and capital expenditure) and concluded that there is not a significant risk.</p> <p>We have not identified a significant risk of fraud in expenditure recognition for expenditure streams this is due to the low fraud risk in the nature of the underlying transactions, or immaterial nature of the expenditure streams both individually and collectively. The Council have not historically had issues with inappropriate capitalisation of costs and therefore we do not believe there is a higher risk of this within the 2025/26 audit.</p> <p>Where expenditure streams of the Council's subsidiaries are material, we will place reliance on the work of the component auditor and do not propose to perform any specific work on these expenditure streams ourselves. We do not assess these streams as a significant risk or at risk of fraud for our audit.</p>	<p>We do not consider this to be a significant risk for the Council/Group and standard audit procedures will be carried out. We will keep this consideration under review throughout the audit to ensure this judgement remains appropriate.</p>

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
<p>Valuation of Land and Buildings / Investment Properties</p> <p>Risk relates to</p> <p>Council and Group</p>	<p>The valuation of land and buildings / Investment Properties represents a significant estimate in the financial statements. It is considered a significant estimate due to its size, complexity and sensitivity to changes in key assumptions. We have therefore identified it as a significant risk for the audit.</p> <p>The Council revalue their Land & Buildings on a 5-year rolling programme. They also revalue their Investment Properties every year to ensure the carrying value is not materially different from the fair value at the financial statements date. Management engage both an internal and external valuer respectively to assist with the determination of these accounting estimates. Management will need to consider the revised requirements of the CIPFA Code in relation to the use of indexation in Land & Building valuations for the year ending 31 March 2026.</p>	<p>We will:</p> <ul style="list-style-type: none"> • document our understanding management's process and controls for the calculation of the estimates • evaluate the competence, capabilities and objectivity of management's experts • evaluate the consistency of the disclosure with the valuation reports • evaluate the basis on which the valuations have been carried out • evaluate the information and assumptions used by the valuers • evaluate the accounting entries for the valuations • evaluate the reasonableness of the assumptions used to form the estimate • review management's application of the new requirements of the CIPFA Code in relation to use of indices in Land & Buildings valuations

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
<p>Valuation of the pension fund net asset / liability</p> <p>Risk relates to</p> <p>Council and Group</p>	<p>The valuation of the pension fund net asset/liability represents a significant estimate in the financial statements. It is considered a significant estimate due to its size, complexity and sensitivity to changes in key assumptions. We have therefore identified it as a significant risk for the audit.</p>	<p>We will:</p> <ul style="list-style-type: none"> • document our understanding management's process and controls • evaluate the competence, capabilities and objectivity of management's expert • evaluate the consistency of the disclosure with the actuarial report • evaluate the reasonableness of the assumptions used to form the estimate • obtain assurances from the pension fund auditor on the underlying data shared by the fund to the actuary which has been used in the calculation of this estimate • where IFRIC 14 is applicable we will review the IFRIC 14 assessment carried out by the actuary and evaluate the reasonableness of the assumptions used as part of the assessment.

Other risks identified

Risk	Description	Planned audit procedures
<p>Quality of Accounts preparation</p> <p>Risk relates to Council</p>	<p>Due to the quality of the draft accounts produced in 2023/24 being unsatisfactory and significant misstatements identified and adjusted for; and due to the delay in the production of the draft accounts for the 2024/25 financial year which resulted in the Council failing to meet the statutory deadline for publishing these draft statement, we have recognised a risk in relation to the quality of the accounts preparation.</p> <p>We recognise the steps that the Council are taking in 2025/26 to rebuild skills and capacity within its finance team to improve its arrangements and we will keep this under review during the fieldwork stage of the audit. However, at the planning stage, this risk remains relevant.</p>	<ul style="list-style-type: none"> We will follow up the Council's progress in implementing the recommendations arising from our financial statements Audit Findings and VFM assessment for 2023/24 and 2024/25 and its revised quality assurance arrangements. We will continue to update the Council's audit committee on progress of audit work and will escalate any delays promptly in line with our escalation policy.

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement and any other information published alongside your financial statements to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Council.

We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.

We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.

- We consider our other duties under legislation and the Code, as and when required, including:
 - giving electors the opportunity to raise questions about your financial statements, consider and decide upon any objections received in relation to the financial statements
 - issuing a report in the public interest or written recommendations to the Council under section 24 of the Local Audit and Accountability Act 2014 (the Act)

- application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act
- issuing an advisory notice under section 29 of the Act.
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, 'irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure'. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Description

Determination

We have determined planning materiality (financial statement materiality for the planning stage of the audit) based on professional judgement in the context of our knowledge of the Council and Group, including consideration of factors such as stakeholder expectations, sector developments, financial stability and reporting requirements for the financial statements

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Other factors

An item does not necessarily have to be large to be considered to have a material effect on the financial statements

Reassessment of materiality

Our assessment of materiality is kept under review throughout the audit process

Planned audit procedures

We determine planning materiality in order to:

- establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements
- assist in establishing the scope of our audit engagement and audit tests
- determine sample sizes and
- assist in evaluating the effect of known and likely misstatements in the financial statements.

An item may be considered to be material by nature when it relates to instances where greater precision is required.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Our approach to materiality (continued)

Description	Amount (£)	Qualitative factors considered
Materiality for the group financial statements	8.300m	The latest audit of the Council's financial statements identified significant errors in the accounts and deficiencies in the control environment. Senior management and key reporting personnel in the finance team have remained stable from the 2024/25 audit. We are not aware of any key personnel leaving Torbay Council.
Materiality for the Council financial statements	7.847m	The impact of changes in accounting standards is expected to be limited. We have also considered that Torbay Council operate in a low-risk industry and no going concern risk has been identified in prior year audits.
Materiality for specific transactions, balances or disclosures – Senior Officer Remuneration disclosures	20k	Due to the sensitivity of these disclosures, we have applied a lower materiality of £20k per senior officer.

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Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK) 320)

Scope of group audit

Company name	Risk of material misstatement to the group	Location	Auditor	Audit scope	Statutory audit
Torbay Council	Yes	Torquay	Grant Thornton UK		Yes
SWISCo	No	Torquay	Bishop Fleming		Yes
TEDC and subsidiaries (TDA group)	No	Torquay	Bishop Fleming		Yes

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Audit scope

- Audit of the entire financial information of the component
- Specific audit procedures designed by the group auditor
- Specific audit procedures designed by a component auditor
- Analytical procedures at group level

Scope of group audit (continued)

In accordance with ISA (UK) 600 Revised, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

Key changes within the group

- During 2025/26, we are aware that further assets were transferred from TEDC (TDA group) to the Council as part of the process of bringing all TDA Group services back 'In-House' which began from 1 April 2024. We will assess the extent of transfers in during the 2025/26 as part of the year end audit and this will help inform the scope of our audit work on TEDC and its subsidiaries.

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Fraud and litigation

We have not been made aware of any actual or attempted frauds in the year during our planning procedures performed to date. Should any factors arise in relation to fraud risk or actual or attempted fraud we ask that you inform us of this at the earliest possible opportunity.

Involvement in the work of component auditors

In order to use the work of the component auditor, we will require the ability to access relevant component auditor documentation to complete our group audit. The nature, time and extent of our involvement in the work of SWISCo's auditor will begin with a discussion on risks, guidance on designing procedures, participation in meetings, followed by the review of relevant aspects of the SWISCo audit documentation and meeting with appropriate members of management. We will also require that the component auditor is independent under the independence requirements of the FRC and this may be stricter than the requirements for completing their local reports.

If we are unable to secure access to the component auditor's working papers we will report the impact of such impediments on the audit of the group financial statements.

Where a member of the Grant Thornton International network is involved, we will communicate to them your policy on non-audit services. You will ensure that each component entity within your group is aware of your policy.

Progress against prior year audit recommendations

Issues found in our 2024/25 audit and issues carried forward from older audits of the Council's financial statements, resulted in 22 recommendations being reported in our 2024/25 Audit Findings Report. We are pleased to report that management have implemented 16 of these recommendations, with 6 remaining in progress. Our year end audit will confirm whether these can be formally closed.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
Addressed	When processing the year end accrual journals, the Council consolidate multiple transactions from across many council departments into a small number of large journal entries for posting. This is not best practice and introduces complexities for reviewing individual transactions.	As part of the year end procedures and training this has been discussed with staff and they are aware that journals in smaller groupings are required and not bulked together.
	We recommend that the council disaggregate their year end department journals into smaller batches in future to facilitate a clearer audit trail.	The year end audit will confirm whether this recommendation has been fully closed.
Addressed	The Council processes a number of manual adjustments to mappings in the trial balance to ensure the CIES is accurately reflected.	FIMS mappings have been updated and training on use of correct codes has been given so no manual mapping will be undertaken.
	We recommend these mappings are updated in within the FIMS financial system rather than being manually adjusted outside of FIMS to facilitate a clearer audit trail and minimise risk of manual errors.	The year end audit will confirm whether this recommendation has been fully closed.
In progress	The Council do not hold floor plans for their investment properties and instead rely on valuation certificates from their purchase.	The Valuer is currently checking to ensure floor plans are available or can be obtained for all investment properties. We will revisit this recommendation during our audit fieldwork.
	We recommend the council obtain measurable floor plans for their investment properties.	

Progress against prior year audit recommendations (continued)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
Addressed	<p>The Council currently applies a de-minimis threshold of £10,000 for year-end accruals. During our testing of transactions around year-end, we identified several items below this threshold which, when considered in aggregate, indicate that the current limit may be set too high. Although we have completed additional audit work to gain assurance that there is no material misstatement for 2024/25, the threshold presents a potential risk for future years.</p> <p>We recommend that the Council reviews the appropriateness of the £10,000 de-minimis threshold ahead of the next financial year. This review should consider both the volume and value of transactions typically processed around year-end, as well as the cumulative impact of unaccrued items.</p>	<p>Year end procedures documents have been issued reducing the deminimus for revenue items to £5,000. Accrual sheets reiterate this and it has been highlighted in year end meetings and communications</p>
in progress	<p>During our review of assets transferred from TEDC, we identified inconsistencies in the accounting treatment applied. In several cases, the treatment adopted does not align with the approach set out in the agreed briefing note. Additionally, some assets have revaluation dates that precede the transfer date, yet the associated revaluation amounts have been recognised by the Council within the revaluation reserve. This creates uncertainty regarding the correct cut-off and recognition of valuation movements. The amounts involved are trivial.</p> <p>As transfers will continue beyond 2024/25 we recommend that future transfers are considered in detail to ensure they are being treated appropriately in the accounts.</p>	<p>We can confirm that we have an agreed approach to accounting for the properties transferred from both TVH and TEDC during 2025/26. We have shared transfer documents with you.</p> <p>The year end audit will confirm whether this recommendation has been fully closed.</p>

Progress against prior year audit recommendations (continued)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
Addressed	<p>During our review of asset records, we noted instances where assets had been recorded as external works with a nil land value, despite the valuation indicating that the asset should be treated as land. While the financial impact of this misclassification is trivial for the current year, it indicates a weakness in the asset classification and valuation application process.</p> <p>We recommend that management should ensure that future valuations appropriately reflect the correct asset classification, and that land components are recognised where required.</p>	<p>The Valuation process has been reviewed to ensure that the valuations include the correct asset classification and that the components are recognised as required.</p> <p>The year end audit will confirm whether this recommendation has been fully closed.</p>
Addressed	<p>The Council prepares its accounts to the nearest £100,000. This has caused significant rounding errors in the primary statements to ensure the statements balance.</p> <p>We recommend the council prepare their accounts to the nearest £1,000 as is common with other councils of a similar size.</p>	<p>The accounts are to be issued in £'000s for the 2025/26 period. Comparator figures are in the process of being reworked and the skeleton accounts word document updated. As discussed with the outgoing Audit manager it has been agreed that there is no need for 'restated' to be included in the comparator values as this is only a movement in the display of values.</p>
In progress	<p>The Council's Fixed Asset register contains £9.6million of assets that are fully depreciated. Whilst this will not have a material impact upon depreciation it could suggest inappropriate lives are being applied. We also identified 3 assets that did not have useful lives.</p> <p>We recommend the Council undertake a review of these assets to ensure it is appropriate for them to remain on the Fixed Asset Register. The council should also consider that all assets have a useful life and that asset lives being applied are appropriate.</p>	<p>Given the closedown/audit cycle over the last couple of years we have not been able to schedule in this piece of work. It is our intention to use the period between the completion of the audit of the 2025/26 accounts and the lead up to the closedown of the 2026/27 accounts to review the asset register and make any appropriate adjustments.</p> <p>The year end audit will assess the impact of this on the 2025/26 accounts.</p>

Progress against prior year audit recommendations (continued)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
Addressed	<p>In our completeness testing we identified an item that was not accrued for. Whilst the impact of this was not significant, the council should ensure it has appropriate process in place to ensure accruals are raised in the appropriate year.</p> <p>We recommend the Council ensure everyone is aware of the process in place around raising accruals particularly around year end accruals.</p>	<p>Year-end procedures and timescales have been updated. A team meeting was held with the key financial staff to run through the processes and procedures. The importance of accruals was reiterated to the team including discussions on the evidence required to back up the accruals.</p> <p>The year end audit will confirm whether this recommendation has been fully closed.</p>
Addressed	<p>In our work on cash we identified a few items had been coded incorrectly, the value of these items was trivial but the council were unable to identify and explain the differences. It was noted that this is due to bank reconciliations not being performed on smaller accounts such as 'Children in Need' or petty cash.</p> <p>We recommend the council implement reconciliations on all accounts in future years.</p>	<p>A review of all bank accounts and reconciliations has been undertaken and this will be shown in full set of Cash & Bank working papers.</p> <p>The year end audit will confirm whether this recommendation has been fully closed.</p>
Addressed	<p>From our work on employee remuneration we identified that the Council do not regularly reconcile their pay runs per bank to payroll reports.</p> <p>We recommend the council implement reconciliations on all accounts in future years to ensure any variances are investigated in a timely manner.</p>	<p>Pay runs have been reconciled to Payroll reports to month 10 of 2025/26 with the completion of the final two months during the year end process. Due to be complete by end of April as per year end timetable.</p> <p>The year end audit will confirm whether this recommendation has been fully closed.</p>

Progress against prior year audit recommendations (continued)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
In progress	<p>In our work on PPE valuations one of our sample items was a car park valuation. The Council and its valuers were unable to provide evidence to support the percentage of costs applied in the valuation. Although this evidence was not available, we were able to obtain assurance over the reasonableness of the figure through our valuation specialists at Grant Thornton, we are therefore satisfied that the valuation is not misstated.</p> <p>We recommend the council ensure that they have evidence to support the appropriateness of key inputs in valuations.</p>	<p>This work is ongoing as part of the 2025/26 year end.</p>
Addressed	<p>The Council was unable to provide explanation for the movement in Finance Expenditure.</p> <p>We recommend the council improve their mappings so that comparisons can be easily made. We do recognise improvements are already being made in this area.</p>	<p>This issue related to problems understanding the mapping in 2023/24. Analysis between 2024/25 and 2025/26 will not have this issue and as such explanations will be available.</p> <p>The year end audit will confirm whether this recommendation has been fully closed.</p>
In progress	<p>In our payroll work we identified two employees who started secondments without signed secondment letters in place (letters were signed two months later).</p> <p>We recommend the council ensures secondment paperwork is completed before secondments begin.</p>	<p>Processes and procedures are being revised to ensure the paperwork is completed in advance of the start of secondments</p>
Addressed	<p>The Council has not formally documented the process for reconciling the subsidiary and council balances and any misstatements that were identified as part of this reconciliation.</p> <p>We recommend the Council document this process in the future.</p>	<p>We have an agreed approach and these reconciliations are now being carried out.</p> <p>The year end audit will confirm whether this recommendation has been fully closed.</p>

Progress against prior year audit recommendations (continued)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
Addressed	<p>The Group cash flow does not disclose comparator notes.</p> <p>We recommend the council disclose these comparators in future.</p>	<p>This was because the 2023/24 comparators were not available. This will not be the case for 2025/26 as the 2024/25 comparators are available.</p>
In progress	<p>Our testing identified that the SWISCO budgets are not formalised and recorded so audit evidence of budget setting process could not be obtained.</p> <p>We recommend that the council document this process and retain evidence.</p>	<p>The SWISCO commissioning fee and service budget allocations are updated each year in line to reflect additional funding agreed as part of the budget setting process.</p> <p>As part of the closedown process it is the intention to document the methodology behind this process.</p>
Addressed	<p>The council did not add in year movements to council tax bad debt, this is a trivial movement so no amendment require.</p> <p>We recommend that this is considered by the council in future years.</p>	<p>Provisions relating to the Collection Fund are being worked on and a reasoned figures will be included in the Collection Fund statements and working papers</p> <p>The year end audit will confirm whether this recommendation has been fully closed.</p>
Addressed	<p>The Council has not formally documented the process for reconciling the subsidiary and council balances and any misstatements that were identified as part of this reconciliation.</p> <p>We recommend the council document this process in the future.</p>	<p>We have an agreed approach and these reconciliations are now being carried out.</p> <p>The year end audit will confirm whether this recommendation has been fully closed.</p>

Progress against prior year audit recommendations (from audits prior to 24/25)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
Addressed	<p>Weaknesses in Financial Procedures and Controls</p> <p>During our audit, we observed that the financial statement review and journal review controls failed to detect several errors and inconsistencies between the general ledger and the published accounts for the financial years 2022/23 and 2023/24. These issues were attributed to multiple weaknesses, including the absence of robust account closedown procedures, which resulted in transactions being recorded in accounting periods for which the accounts had already been published. Additionally, there was a deficiency in the financial statement review controls, preventing the identification of these errors both before and after the accounts were published for the affected years.</p> <p>As a result, significant and numerous adjustments were necessary to reconcile the published accounts for 2022/23 and 2023/24 with the general ledger.</p> <p>Whilst we did not identify these specific issues in 2024/25 there have still been issues in the processes and controls in place in 2024/25.</p>	<p>Processes and procedures have been reviewed and updated to ensure that these errors will not re-occur, this is including ensuring that transactions can not be entered into accounting periods for accounts that have been published.</p>
Addressed	<p>Journal users</p> <p>As part of our Journals work, we have identified a number of users with access to FIMS (accounting system) and the ability to post manual journal entries. We identified that the majority of these users did not actually post manual entries in the year and therefore this suggests such individuals do not require this level of access. While these entries would still go through the normal review process, there is still a control risk of unauthorised journals, with individuals being able to post entries that do not fall within the scope of their job role.</p> <p>This recommendation remains in 2024/25 as there are still number of users with the ability to post journals who don't post journals.</p>	<p>Now Completed.</p> <p>Year end 2025/26 journals work will confirm this.</p>

Progress against prior year audit recommendations (from audits prior to 24/25) (continued)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
Addressed	<p>Depreciation of assets</p> <p>According to IAS 16 and the CIPFA Code, an asset should be depreciated when it becomes available for use. Currently, the Council is depreciating additions in the subsequent year without considering whether the asset is available for use in the current year.</p> <p>The Council is still depreciating additions in the subsequent year without considering whether the asset is available for use in the current year.</p>	<p>Agreed. Will revise treatment from 1 April 2025. Assuming no materiality issues, depreciation will be adjusted in 2025/26 rather than making a prior period adjustment. Accounting Policies will be amended accordingly.</p> <p>Final 25/26 audit will confirm this.</p>

IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the IT environment related to all key business processes, identify all risks from the use of IT related to those business process controls judged relevant to our audits and assess the relevant IT general controls (ITGCs) in place to mitigate them. Our audits will include completing an assessment of the design and implementation of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure.

The following IT applications are in scope for IT controls assessment based on the planned financial statement audit approach. We will perform the indicated level of assessment:

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application	Audit area	Planned level IT audit assessment
MS	Financial reporting	<ul style="list-style-type: none"> Streamlined ITGC design assessment Understanding of link to feeder systems
Real Asset Management	Property, Plant and Equipment	<ul style="list-style-type: none"> Streamlined ITGC design assessment

Value for Money Arrangements

Approach to Value for Money work for the period ended 31 March 2026

The National Audit Office updated its Code of Audit Practice in November 2024. The Code expects auditors to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are expected to report a commentary each year under the specific reporting criteria and where significant weaknesses in arrangements are identified. The new Code requires auditors to share a draft Auditor's Annual Report (AAR) with those charged with governance by a nationally set deadline each year, and for the audited body to publish the AAR thereafter. This new deadline requirement was introduced from November 2025. The three specified reporting criteria are set out below:

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Financial sustainability

How the Council plans and manages its resources to ensure it can continue to deliver its services.



Governance

How the Council ensures that it makes informed decisions and properly manages its risks.



Improving economy, efficiency and effectiveness

How the Council uses information about its costs and performance to improve the way it manages and delivers its services.



We will continue our review of your arrangements until we sign the opinion on your financial statements before we issue our AAR. Should any further risks of significant weakness be identified, we will report this to those charged with governance as soon as practically possible. Any significant weaknesses identified will be reflected in our AAR and included within our audit opinion.

Risks of significant weakness in VFM arrangements

Risk assessment of the Council's VFM arrangements

The Code of Audit Practice 2024 (the Code) sets out that the auditor's work is likely to fall into three broad areas: planning; additional risk-based procedures and evaluation; and reporting. We undertake initial planning work to inform this Audit Plan and the assumptions used to derive our fee. Consideration of prior year significant weaknesses and known areas of risk is a key part of the risk assessment for 2025/26. We will continue to evaluate risks of significant weakness and if further risks are identified, we will report these to those charged with governance. We set out our reported assessment below:

Criteria	2024/25 Assessment of arrangements	2025/26 Risk assessment	2025/26 risk-based procedures planned
Financial sustainability	The Council has robust arrangements in place, and no significant weaknesses were identified in its approach to securing financial sustainability. Improvement recommendations have been raised regarding the DSG deficit, identifying savings to support the MTFs, and strengthening the management of a key financial risk.	No risk of significant weakness identified from our planning work in relation to financial sustainability arrangements.	As no risk of significant weakness has been identified, no additional risk-based procedures are specified at this stage. We will undertake sufficient work to document our understanding of your arrangements as required by the Code and follow up the three improvement recommendations we raised last year.
Governance	The Council continues to experience a significant weakness in finance team capacity, first identified in the prior year. Governance, risk management and internal controls remain generally sound, supported by effective internal audit, counter-fraud activity and strong scrutiny. The Council has responded to procurement changes, and we have raised an improvement recommendation on contract waiver oversight.	We have identified a risk of significant weakness within the Council's governance arrangements. We raised a key recommendation to address significant weaknesses in arrangements identified in 2023/24 relating to the Council's finance team capacity and capability and whilst finding some improvement in 2024/25 we identified that work remained to complete the improvement journey. There is a risk that the Council has not yet fully addressed this weakness.	We will undertake additional risk-based work to assess the impact of the ongoing action the Council is taking to ensure the capacity and capability of its finance team to address the key recommendation we raised in 2023/24 and retained in 2024/25. We will also follow up the improvement recommendation we raised last year.

Risks of significant weakness in VFM arrangements

(continued)

Criteria	2024/25 Assessment of arrangements	2025/26 Risk assessment	2025/26 risk-based procedures planned
<p>Improving economy, efficiency and effectiveness</p> <p>Page 40</p>	<p>The Council has a significant weakness relating to Ofsted and CQC findings on SEND service provision. Performance monitoring arrangements are comprehensive and were further strengthened during 2024/25, alongside active learning from external reviews and extensive preparation for forthcoming CQC inspection of adult social care. The Council also prioritises stakeholder engagement, evidenced by its resident satisfaction survey and commitment to driving improvements from the feedback.</p>	<p>We have identified a risk of significant weakness within the Council's improving economy, efficiency and effectiveness arrangements. We raised a key recommendation to address a significant weakness in arrangements identified in 2024/25 relating to the Council updating members on progress and providing regular oversight updates in driving forward required improvements in SEND following the receipt of the DfE improvement notice in October 2025. There is a risk that the Council has not yet fully addressed this weakness.</p>	<p>We will undertake additional risk based work to assess the impact of the ongoing action the Council is taking to ensure ongoing Member engagement in delivery of improvements required.</p>

Risks of significant VFM weaknesses

As part of our initial planning work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources where we needed to perform additional procedures. The risks we have identified are detailed on the table overleaf along with the further work we will perform. We will continue to review the Council's arrangements and report any further risks of significant weaknesses we identify to those charged with governance. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the table below.

Potential types of recommendations

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Statutory recommendation

Written recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the Council to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Council. We have defined these recommendations as 'key recommendations'.

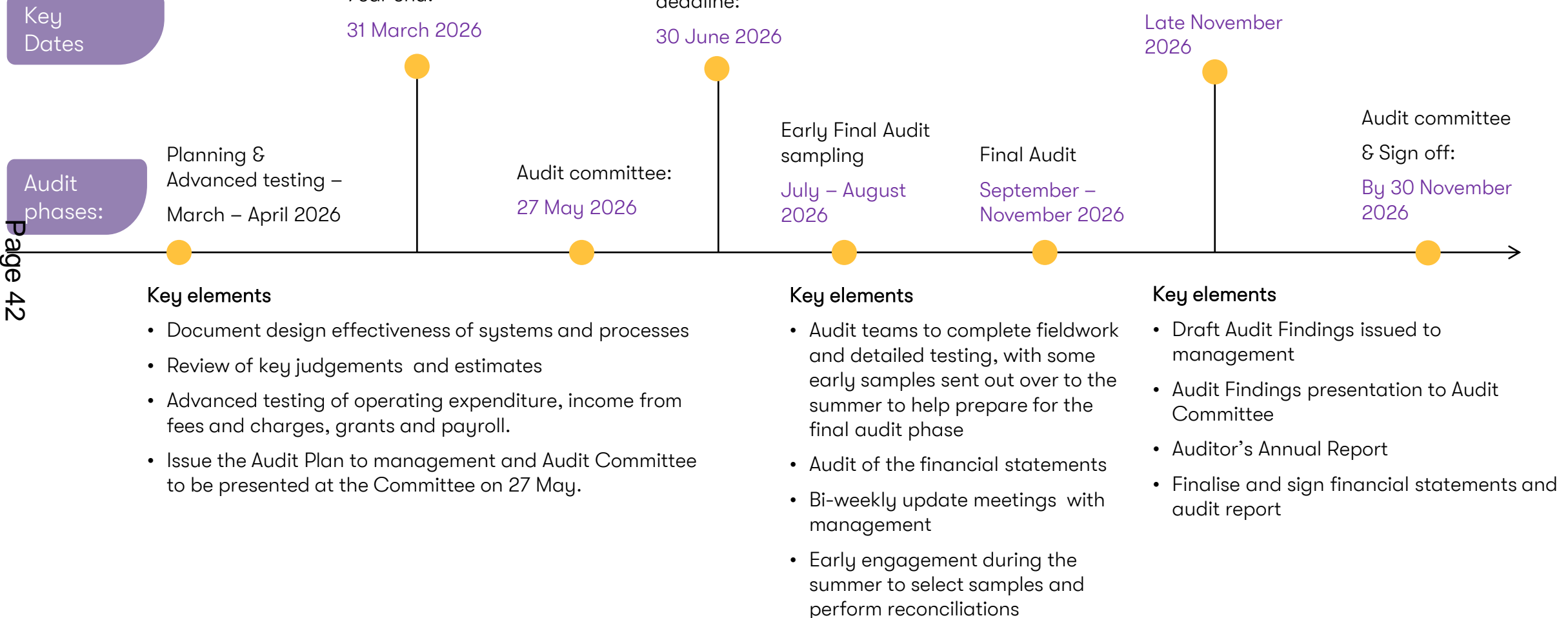


Improvement recommendation

Auditors may also include areas for improvement or to keep in view even if they do not identify any underlying significant weaknesses in arrangements. These recommendations set out actions for consideration which are not a result of identifying significant weaknesses in arrangements, but which if not addressed could increase the risk of a significant weakness in future periods.

Logistics

The audit timeline



Our team and communications

Grant Thornton core team



Julie Masci
Engagement Lead/Key
Audit Partner

- Key contact for senior management and Audit Committee
- Overall quality assurance



George Amos
Audit Manager

- Audit planning & reporting
- Resource management
- Performance management reporting



Priya Sharma
In-charge

- Everyday audit team management
- Day-to-day point of contact
- Audit fieldwork oversight and delivery

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	Service delivery	Audit reporting	Audit progress	Technical support
Formal communications	<ul style="list-style-type: none"> • Annual client service review 	<ul style="list-style-type: none"> • The Audit Findings Report • Auditor’s Annual Report 	<ul style="list-style-type: none"> • Audit planning meetings • Audit clearance meetings • Communication of issues log 	<ul style="list-style-type: none"> • Technical updates
Informal communications	<ul style="list-style-type: none"> • Open channel for discussion 		<ul style="list-style-type: none"> • Communication of audit issues as they arise 	<ul style="list-style-type: none"> • Notification of up-coming issues

Our fee estimate

Our fee estimate

We have set out below our specific assumptions made in arriving at our estimated audit fees, we have assumed that the Council will:

- prepare good quality sets of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant estimates made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements
- maintain adequate business processes and IT controls, supported by an appropriate IT infrastructure and control environment.

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Our fee estimate also assumes that you will engage suitably competent experts to assist management in the following areas:

- Qualified Valuation experts to perform the Valuation of Land, Buildings and Investment Properties – to provide accounting estimates in the form of a Valuation Report and to be on hand to assist with audit queries.
- Qualified Actuary to produce an IAS 19 report detailing the net asset/liability disclosures in respect of the Local Government Pension Scheme. They must also be on hand to assist with any audit queries.

Previous year

In 2024/25 the scale fee set by PSAA was £340,484. The actual fee charged for the audit, including audit of subsidiary companies (where applicable) was £417,954.

As the audit report from the 2024/25 (and the two years preceding this) audit is a disclaimer of opinion due to the imposition of a backstop date, we will need to undertake further audit work in respect of opening balances. We will discuss the practical implications of this with you and provide a fee estimate once it is clear what this work will involve.

Company	Audit Fee for 2024/25 (£)	Proposed fee for 2025/26 (£)
PSAA scale fee	340,484	347,158
Other additional fees (see 2024/25 Audit Findings Report for detailed breakdown)	77,470	N/a
Rebuilding assurance work	N/a	TBC
Total (Exc. VAT)	417,954	347,158

Our fee estimate (continued)

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2024\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

PSAA

Local Government Audit fees are set by PSAA as part of their national procurement exercise. In 2023 PSAA awarded a contract of audits for the Council to begin with effect from 2023/24. The scale fee set out in the PSAA contract for the 2025/26 audit is £347,158.

This contract sets out four contractual stage payments for this fee, with payment based on delivery of specified audit milestones:

- Production of the final auditor's annual report for the previous Audit Year or opinion issued (but not before 1 December 2025)
- Production of the draft audit planning report to Audited Body
- 50% of planned hours of an audit have been completed
- 75% of planned hours of an audit have been completed

Any variation to the scale fee will be determined by PSAA in accordance with their procedures as set out here [Fee Variations Overview – PSAA](#)

Updated Auditing Standards

The FRC has issued updated Auditing Standards in respect of Quality Management (ISQM 1 and ISQM 2). It has also issued an updated Standard on quality management for an audit of financial statements (ISA 220). We confirm we will comply with these standards.

Fees and non-audit services

The following tables below sets out the non-audit services that we have been engaged to provide or charged from the beginning of the financial year to April 2026, as well as the threats to our independence and safeguards have been applied to mitigate these threats.

The below non-audit services are consistent with the Council's policy on the allotment of non-audit work to your auditor.

None of the below services were provided on a contingent fee.

For the purposes of our audit we have made enquiries of all Grant Thornton teams within the Grant Thornton International Limited network member firms providing services to Torbay Council. The table summarises all non-audit services which were identified. We have adequate safeguards in place to mitigate the perceived self-interest threat from these fees.

Assurance Service Fees

Service	Fees £	Threats Identified	Safeguards applied
Page 46 Certification of Housing benefit subsidy	(2024-25)	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £64,560 in comparison to the total fee for the audit of £340,484 and relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. The service is subject to additional fees if extra work is required but this is proportionate to the time inputs necessary to complete the work and no more. The service is provided by a separate Grants team at GT who operate independently from the Financial Statement Audit team. These factors all mitigate the perceived self-interest threat to an acceptable level.
	£28,565		
	(2023-24) £27,910 (plus additional fee TBC)		
	(2022-23) £36,500		
Total	92,975 (plus additional fee TBC)		Please note, this additional fee is yet to be determined for the 23/24 financial year, but it will not be significant enough to impact the assessment against the main audit fee.

This covers all services provided by us and our network to the council, its directors and senior management and its affiliates, and other services provided to other known connected parties that may reasonably be thought to bear on our integrity, objectivity or independence.

Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers and network firms). In this context, we confirm there are no matters that we are required to report.

As part of our assessment of our independence at planning we note the following matters:

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Council/Group that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Council/Group.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Council/Group as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Council/Group .
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Council/Group's board, senior management or staff (that would exceed the threshold set in the Ethical Standard).

We confirm that there are no significant facts or matters that impact on our independence at planning as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	●	
Planned use of internal audit	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●
Matters in relation to the group audit, including: Scope of work on components, involvement of group auditors in component audits, concerns over quality of component auditors' work, limitations of scope on the group audit, fraud or suspected fraud	●	●

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ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

Communication of audit matters with those charged with governance (Continued)

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Our communication plan	Audit Plan	Audit Findings
Views about the qualitative aspects of the Council and Group's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●

Escalation Policy

The Backstop

The Ministry of Housing, Communities and Local Government has introduced an audit backstop date on a rolling basis to encourage timelier completion of local government audits.

As your statutory auditor, we understand the importance of appropriately resourcing audits with qualified staff to ensure high quality standards that meet regulatory expectations and national deadlines. It is the Council's responsibility to produce true and fair accounts in accordance with the CIPFA Code by the statutory deadline and respond to audit information requests and queries in a timely manner.

Escalation Process

To help ensure that accounts audits can be completed on time in the future, we have introduced an escalation policy. This policy outlines the steps we will take to address any delays in draft accounts or responding to queries and information requests. If there are any delays, the following steps should be followed:

Step 1 - Initial Communication with S151 Officer (within one working day of statutory deadline for draft accounts or agreed deadline for working papers)

- We will have a conversation with the S151 Officer to identify reasons for the delay and review the Authority's plans to address it. We will set clear expectations for improvement.

Step 2 - Further Reminder (within two weeks of deadline)

- If the initial conversation does not lead to improvement, we will send a reminder explaining outstanding queries and information requests, the deadline for responding, and the consequences of not responding by the deadline.

Step 3 - Escalation to Chief Executive (within one month of deadline)

- If the delay persists, we will escalate the issue to the Chief Executive, including a detailed summary of the situation, steps taken to address the delay, and agreed deadline for responding..

Step 4 - Escalation to the Audit Committee (at next available Audit Committee meeting or in writing to Audit Committee Chair within 6 weeks of deadline)

- If senior management is unable to resolve the delay, we will escalate the issue to the audit committee, including a detailed summary of the situation, steps taken to address the delay, and recommendations for next steps.

Step 5 - Consider use of wider powers (within two months of deadline)

- If the delay persists despite all efforts, we will consider using wider powers, e.g. issuing a statutory recommendation. This decision will be made only after all other options have been exhausted. We will consult with an internal risk panel to ensure appropriateness.

Aim

By following these steps, we aim to ensure that delays in responding to queries and information requests are addressed in a timely and effective manner, and that we are able to provide timely assurance to key stakeholders including the public on the Authority's financial statements.

Financial reporting changes

Changes to the CIPFA Code of practice on local authority accounting for 2025/26

The main change is a revaluation expedient for property, plant and equipment. From 1 April 2025, revaluations are required once every five years or on a five year rolling basis with indexation in intervening years. This is a substantial change to the accounting for non current asset, that may require engagement with valuers, changes to underlying systems, asset records and accounting treatment.

New or revised accounting standards that are expected to be adopted by the CIPFA Code in future years.

Amendment to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity

The International Accounting Standards Board (IASB) issued amendments to IFRS 9 and IFRS 7 to improve the reporting of nature-dependent electricity contracts, such as power purchase agreements (PPAs). These contracts, which secure electricity from sources like wind and solar power, can vary due to uncontrollable factors like weather. The amendments clarify the 'own-use' requirements, permit hedge accounting for these contracts, and introduce new disclosure requirements to help users of the accounts understand their impact on an entity's financial performance and cash flows. The amendments are expected to be adopted by the CIPFA Code for **2026/27**.

Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities (including settling financial liabilities using an electronic payment system), adds guidance on the solely payment of principal and interest (SPPI) criteria, and includes updated disclosures for certain instruments. The amendments are expected to be adopted by the CIPFA Code for **2026/27**.

IFRS 18 Presentation and Disclosure in the Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements. All entities reporting under IFRS Accounting Standards will be impacted.

The new standard will impact the structure and presentation of the comprehensive income and expenditure statement as well as introduce specific disclosure requirements. Some of the key changes are:

- introducing new defined categories for the presentation of income and expenses
- introducing specified totals and subtotals, for example the mandatory inclusion of 'Operating profit or loss' subtotal
- disclosure of management defined performance measures
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

IFRS 18 will be effective in the UK from 1 January 2027 and so could impact the CIPFA Code from **2027/28**.



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devonassurancepartnership
Support, Assurance and Innovation

Internal Audit

Annual Report 2025-26

Torbay Council Audit Committee

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May 2026

Official



Tony Rose
Head of Devon Assurance Partnership

Jo McCormick
Deputy Head of Devon Assurance Partnership

Lynda Sharp-Woods
Audit Manager

CUSTOMER
SERVICE
EXCELLENCE



Agenda Item 7

Introduction

This report provides a summary of the performance against the Internal Audit plan for the 2025-26 financial year, highlighting the key areas of work undertaken and summarising our main findings and recommendations aimed at improving controls, and provides our Annual Assurance Opinion on the overall adequacy and effectiveness of the Authority's Internal Control Environment. The Internal Audit plan for 2025-26 was presented and approved by the Audit Committee in March 2025.

The level of risk associated with each of the areas in Appendix 1 has been determined either from the Local Authority's Risk Register (LARR), or the Audit Needs Assessment (ANA) carried out at the planning phase. Where the audit was undertaken at the request of client it has not been risk assessed. Assurance and recommendations should be considered in light of these risk levels and the impact this has on achievement of corporate / service goals.

The Global Internal Audit Standards (GIAS) require the Head of Internal Audit to provide an annual report providing an opinion that can be used by the organisation to inform its governance statement. This progress report provides a summary of work completed that will help inform the annual assurance opinion.

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

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

Expectations of the Audit Committee from this progress report

Audit Committee members are requested to consider:

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

In review of the above the Committee are required to consider the assurance provided alongside that of the Senior Leadership Team, Corporate Risk Management and external assurance including that of the External Auditor.

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Overall Opinion Statement

Based on work performed during 2025-26, our experience from previous years, the outcome of the Annual Follow Up exercise, the Head of Internal Audit's Opinion on the adequacy and effectiveness of the Authority's internal control framework is one of "Reasonable Assurance".

Our audit planning process is both risk based and agile, as such our resources, and consequently our annual report will inevitably focus upon higher risk areas.

There are a number of limited assurance opinion audits shown in the table on page 3. It is pleasing to acknowledge that management have included many of these limited assurance audits for further audit activity in the 2026-27 plan, demonstrating a robust response with the aim of maintaining or improving the overall level of assurance.

The Council's internal audit plan for the year includes specific assurance, risk, governance, and value-added reviews which, with prior years audit work, provide a framework and background within which we assess the Authority's control environment.

The reviews in 2025-26 have informed the Head of Internal Audit's Opinion. If significant weaknesses have been identified, these will need to be considered by the Council in preparing its Annual Governance Statement as part of the 2025-26 Statement of Accounts.

In carrying out reviews, Internal Audit assesses whether key, and other controls are operating satisfactorily and an opinion on the adequacy of controls is provided to management as part of the audit report. All final audit reports include an action plan which identifies responsible officers, and target dates, to address control issues identified. Implementation of action plans rests with management, and these are reviewed during subsequent audits or as part of a specific follow-up.

This statement of opinion is underpinned by:

Internal Control Framework

The control environment comprises the Council's policies, procedures and operational systems and processes in place to establish and monitor the achievement of the Council's objectives; facilitate policy and decision making; ensure economical, effective, and efficient use of resources, compliance with established policy, procedure, law, and regulation; and safeguard the Council's assets and interests from losses of all kinds. Core financial and administrative systems are reviewed by Internal Audit in accordance with the agreed Internal Audit Plan.

Risk Management

Risk Management (RM) continues to develop as described by the Director of Corporate Services on page 4.

Counter Fraud Risk Assessment processes have been examined this year with outcomes as per App.1

IT RM is currently being examined following close working between the Risk Manager and Head of IT and IT SLT.

We audited RM in 2023-24 and provided a reasonable assurance opinion.

We maintain involvement through DAP's RM arm when support is requested.

RM is reported to Senior Leadership Team (SLT) and Members.

DAP run the Regional Risk Management Group of which Torbay is a member.

Governance Arrangements

Our involvement in Programmes and Projects provides a governance assurance role which has been expanded to include LGR activity.

The Information Governance Steering Group and AI sub group provides overarching governance in relation to information security and cyber.

Finance, Ethics and Probity (FEP) maintain governance over issues within their remit aligned with their terms of reference.

We provide our reports for consideration within the Annual Governance process. In addition, we now summarise key arising issues to support the AGS preparation process, which has been considered by Directors.

Performance Management

The audit of Performance Management in 2023-24 was deferred to allow new processes to embed and has not yet been in the audit plan.

Irregularity and whistleblowing complaints, alongside Counter Fraud work are reported to Audit Committee.

Budget performance is monitored by SLT and Council.

The Children's Services Financial Project Board monitor financial performance (refer to Safety Valve on page 16).

Children's Services performance and data has been examined with outcomes as per App.1.

Performance is reported to SLT and Members.

Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.	Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.	No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

Summary Assurance Opinions

High Level Summary Audit Plan

99 66 Prioritised Risk Areas

Adult Services and Community Services	Public Health	Children's Services	Pride in Place Regeneration and Place Delivery	Corporate Services Financial Services	Business Projects & Value Added
ASC Transformation Plan – System Implementation (QA role) <i>(Draft Report)</i> ASC – Client Debt Follow Up <i>(Deferred to future year)</i> ASW Assurance The Director of Adult Services works with ASW Assurance to devise an audit plan covering Adult Services delivered by the Trust. The outcomes of this work are reported to Audit Committee. Housing Prevention (Follow Up) Cost of Temporary Accommodation Follow Up <i>(Draft Report)</i> Licensing <i>(Deferred to future year)</i> Housing Stock <i>(Deferred to future year)</i>	Pandemic / Infectious Disease Outbreak Winter Planning Growth in Action Alliance <i>(Additional Work)</i>	Safety Valve (QA role) – unable to provide assurance opinion <i>(Draft Report)</i> Placements Section 17 <i>(Draft Report)</i> Performance and Data <i>(Draft Report)</i> SEND (Follow Up) PFI Schools <i>(Deferred to 2026-27)</i>	Seven Dials Café Banking <i>(Additional work)</i> Planning Development Management Harbours Follow Up Climate Change follow up Transport (Strategic and Public) S106 and CIL (including follow up) Planning Enforcement (Follow Up) SWISCo Commissioning follow up <i>(Draft Report)</i> Highways Commissioning (Follow up) Land Release Fund & Grants (Follow Up) Capital Programme (Follow Up) Economic Growth <i>(Deferred to 2026-27)</i>	Health & Safety Follow Up Coroner Service CRM (Follow up) IG & DQ CCTV Follow Up Financial Resilience Procurement (incl. Events Festival Follow Up) <i>(Work ongoing)</i> Supply Chain Management <i>(Work ongoing)</i> Counter Fraud (Risk Assessments) Revs and Bens integration (QA role) <i>(Draft Report)</i> Asset Management Legal Services (Agency) <i>(Deferred to 2026-27)</i>	Business Improvement and Change (QA role) (Draft Report) Subject access and freedom of information requests (pg.7) Audit Advice Annual Follow Up Activity (see Audits in bold) Finance, Ethics and Probity Group (pg.7) Audit Process Audit Plan Preparation and Monitoring Audit Committee Reporting External Audit liaison (information provision) AGS (supporting information) Counter Fraud Liaison

Organisational Assurance	ICT ANA Critical – IT Asset Management (Follow Up); IT User Management (Follow Up); ICT KFS (Follow Up); Patch Management (follow up) <i>(Draft Report)</i> ; Firewall (follow up) <i>(Draft Report)</i> ; IT Risk Management <i>(Work ongoing)</i> .
	Key Financial Systems (KFS) ANA High – Open Revs & Civica W2 System Admin (follow up); FIMS System Admin; Treasury Management; Group Company Loans; Income Collection; Working Age Council Tax Support Scheme (follow up); Sundry Debtors (follow up); Housing Benefits (follow up); Sundry Debtors (follow up); Corporate Debt (follow up); Main Accounting System and Bank Rec (follow up); CTAX and NDR (follow up); Creditors and POP; Asset Register <i>(Draft Report)</i> ; Payroll <i>(Draft Report)</i> .
	Business Governance, Schools Assurance, Grant Certifications ANA High (Q1-4) – Information Governance Steering Group <i>(Draft Report)</i> ; Bus Subsidy Grant; Local Transport Capital Block Funding Grant; Schools Capital Allocation Grant; Adult Numeracy Provision Multiply Grant; HB Subsidy (nature of work does not result in provision of an assurance opinion); Schools audits (assurance opinions reported separately to individual schools).

Assurance Mapping

Assurance Maps can be a valuable tool for organisations, aiding in monitoring and decision making and providing a source of reference for management at all levels on the overall health of the organisations control environment and in support of the Annual Governance Statement.

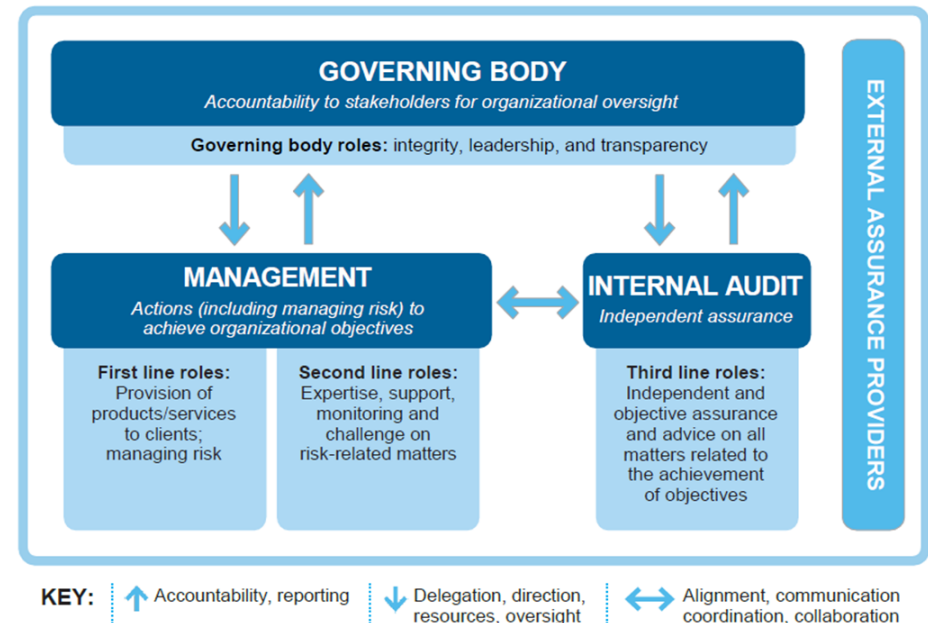
The Institute of Internal Auditors provides a summary of the benefits of Assurance Mapping:

- An assurance map brings an organisations risk appetite to life. At the same time as highlighting assurance gaps, it also shows where there is duplication or too much assurance. It is a simple way of aligning assurance resource, risk and internal control.
- It improves awareness of the control environment by looking across the organisation rather than at individual reports which can lead to siloed thinking.
- It drives positive behaviours by enabling robust discussions about risk, educating on the value of assurance and aiding collaboration between functions.
- Collectively, the assurance community of an organisation often has a more powerful voice when it works together; an assurance map is a practical platform benefiting all parties.

The Three Lines Model helps organisations identify structures and processes that best assist the achievement of objectives and facilitate strong governance and risk management. It can typically be used to indicate sources of assurance as well as strengths and weaknesses. The Assurance Map we have produced is based around the principles of the Model. The diagram is a typical representation of this model. Assurance mapping would typically form part of organisational governance arrangements and therefore sit within the Management section of the Three Lines Model.

We reported the outcomes of the 2023-24 Assurance Mapping process to Audit Committee on the 24 July 2024 [Agenda for Audit Committee on Wednesday, 24 July 2024, 2.00 pm](#). The Director of Corporate Services and the Director of Finance, agreed management actions as a result of the related Internal Audit report. Management confirmed the status in May 2026 as below:

- The assurance map was shared with the Council's senior management team,
- An Assurance Framework based on the Three Lines Model has been developed,
- Directors have agreed their risk appetite statements, with input from Devon Assurance Partnership,
- Tolerable and optimal risk scores have been set for all risks on the Strategic and Corporate Risk Register,
- Work has been undertaken to embed risk appetite and scores within our decision making framework and will continue,
- We continue to test that the Risk Management Framework is as effective as possible.



Value Added

Internal audit activity adds value to the organisation and its stakeholders by:

- **Improving Efficiency and Effectiveness:** By evaluating the Council's operations and processes, internal audits identify areas where resources can be used more efficiently and effectively, leading to better service delivery.
- **Enhancing Risk Management:** Internal audits help identify and assess risks, providing recommendations to mitigate them. This proactive approach helps the Council avoid potential issues and ensures a more stable and secure operating environment.
- **Ensuring Compliance:** Internal audits supports the Councils adherence to relevant laws, regulations, and policies. This helps maintain legal and regulatory compliance, reducing the risk of penalties and enhancing the Council's reputation.
- **Promoting Accountability and Transparency:** By providing independent and objective assessments, internal audits promote accountability and transparency within the Council. This builds trust with stakeholders, including the public, and supports good governance practices.

Our work has identified specific added value benefits in key areas and in mitigating key risks. Notable benefits have been reported below:

Annual Follow Up Activity

We have completed the follow up reviews to provide updated assurance to Officers and Members. This follow up activity is an opportunity to facilitate, review and expedite progress for individual audits, to inform Management of the current position and to integrate the outcomes into the organisation's strategic management arrangements.

There are seven audits within the annual follow up activity. Of the seven, all have been completed and reported. These follow up audits are included in the table on page 3 (in bold) .

Public Health

- Additional Request for a Growth in Action Alliance review at the request of the Director of Public Health.

Corporate Services and Financial Services

- Ongoing engagement in Business Improvement and Change programmes and projects.
 - Our People Project
 - Learning Management System Project
 - Revenues and Benefits Integration
 - Local Government Reorganisation Project
- Provision of Local Government articles and guidance.
- Attendance at and support to Finance, Ethics and Probity Group.
- Irregularity investigations (17 referrals as per page 7).
- Control improvement observations arising from FEP activities.
- Attendance at and support to the Council's Information Governance Steering Group and AI sub group.
- Support to Subject Access Requests received by the Council.
- Support to Freedom of Information Requests received by the Council.
- Advice to the Tax Compliance project group as required.
- ICT horizon scanning, including Cyber defences, Artificial Intelligence, and updates to National Cyber Security Centre (NCSC) guidance.
- Five specific areas of advice as requested by Officers.
- Regular liaison with the Counter Fraud Officer.
- Resource for Counter Fraud investigation.
- Additional request for a Local Resilience Forum governance review at the request of the Director of Corporate Services.

Adult Social Care

- Support and advice to the CMS implementation project.

Pride in Place

- Additional request to review Seven Dials café banking arrangements.

Children's Services

- Engagement in the Children's Services IT Systems Board.

Schools

- The SFVS Dedicated Schools Grant Chief Finance Office assurance statement submitted to the Department for Education.
- Ongoing delivery of the maintained schools plan.

Audit Coverage and performance against plan

This progress report compares the work carried out with the work that was planned through risk assessment and reported at Audit Committee in March 2025.

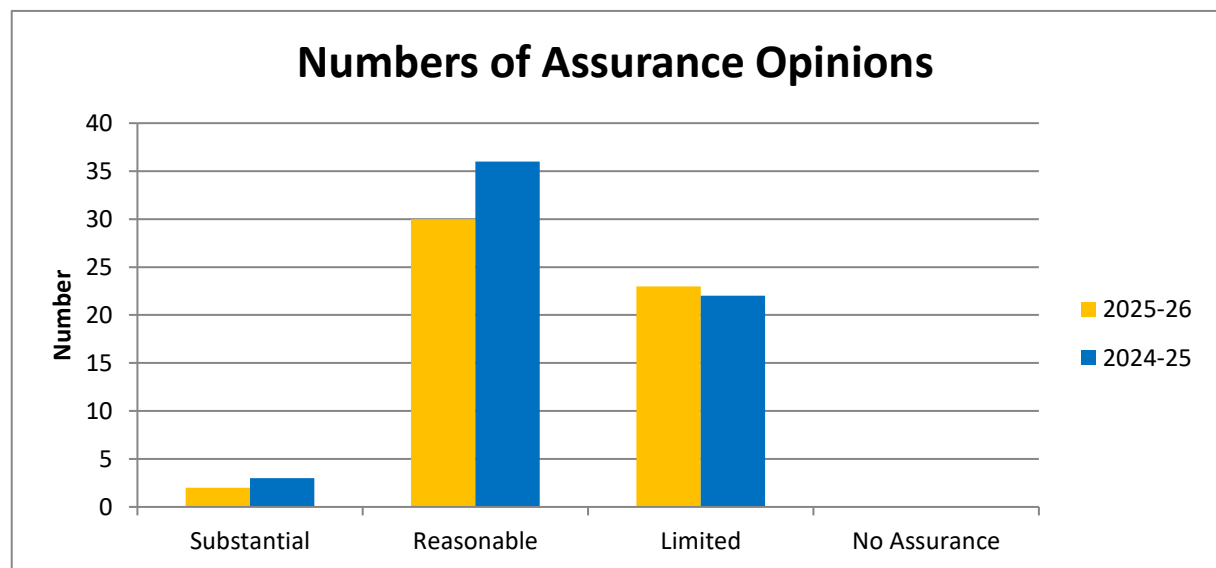
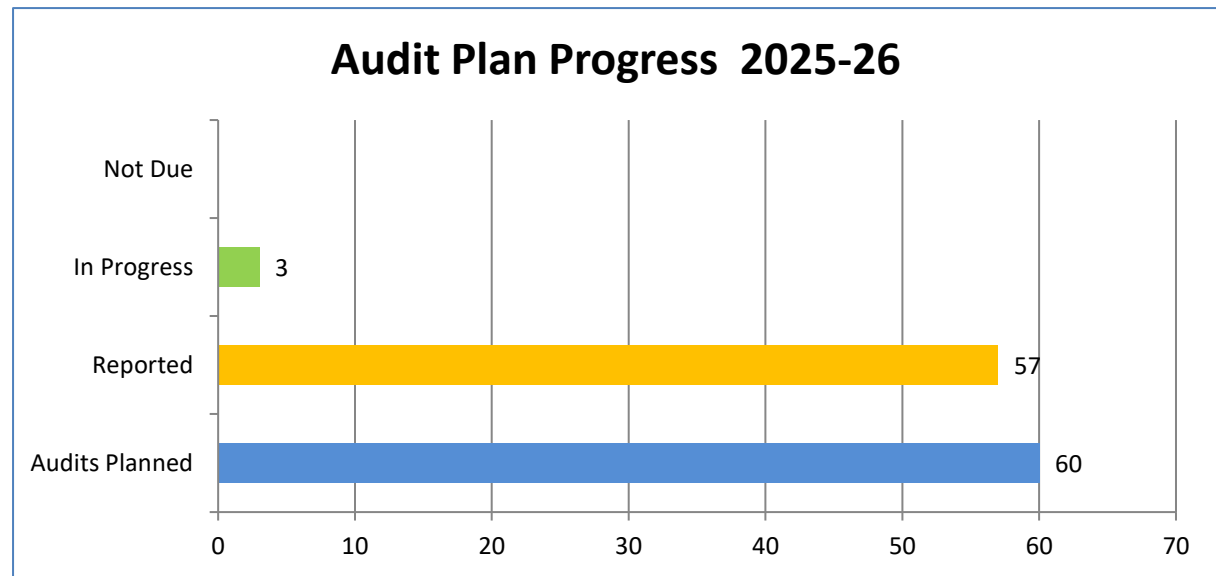
It presents a summary of the audit work undertaken, includes an opinion on the adequacy and effectiveness of the Authority's internal control environment and summarises the performance of the Internal Audit function. The report outlines the level of assurance that we are able to provide, based on the internal audit work completed during the year. It gives:

- a comparison of internal audit activity during the year with that planned, placed in the context of internal audit need, and
- a statement on the effectiveness of the system of internal control in meeting the Authority's objectives.

The bar charts right show the status of audit progress against the plan and the numbers of assurance opinions compared with the previous year total. The charts demonstrate that progress is in line with expectations albeit that a small number of audits remain ongoing. There have been changes to the plan as per page 3. Those audits shown as 'In Progress' will be reported in the 2026-27 Progress Report.

There has been a growing trend in the sector towards more flexible audit plans to enable internal audit to be more responsive to changing risks, in turn maximising resource focus to clients' needs as and when needed – Agile Auditing. This principle has several benefits with ever changing priorities and related risks. We endeavour to ensure that sufficient coverage across the Authority is maintained to ensure that we can provide an assurance opinion.

This report provides a summary of the key issues reported and being addressed by management. Appendix 1 to this report provides a summary of the 'Limited Assurance' audits undertaken in 2025-26. Those reports showing as in 'draft' status on page.3 and Appendix 1 will be progressed to final in line with our usual process.



Irregularities Prevention and Detection

Counter-fraud arrangements are a high priority for the Council and assist in the protection of public funds and accountability. The Chartered Institute of Public Finance and Accountancy (CIPFA) code of practice [Code of practice on managing the risk of fraud and corruption | CIPFA](#) states that "Leaders of public sector organisations have a responsibility to embed effective standards for countering fraud and corruption in their organisations. This supports good governance and demonstrates effective financial stewardship and strong public financial management". The government has formed the Public Sector Fraud Authority and the Home Office have now produced the guidance on the new Criminal Offence of [Failure to Prevent Fraud](#). The offence came into force on 1st September 2025. It is important that councils have effective measures to reduce the risk and impact of fraud. Management can refer any suspected issues to the Corporate Fraud Officer, Internal Audit or the Finance, Ethics & Probity (FEP) Group.

Devon Assurance Partnership (DAP) regularly liaise with the Corporate Counter Fraud Officer; the key outcomes of this role are the identification and investigation of external frauds and integration of fraud related aspects into our audit work. In relation to the Council's Counter Fraud investigations, DAP are providing operational counter fraud investigative resource to support capacity in the Council's Counter Fraud team. Additionally from November 2025, Torbay's Counter Fraud Team are seconded to DAP to trial an integrated approach; the results of this pilot will be used to inform future working arrangements.

The Cabinet Office now run the national data matching exercise (National Fraud Initiative – NFI) every two years. NFI activity on behalf of the Council is undertaken by the Corporate Fraud Officer, with Internal Audit providing support in relation to Payroll matches.

We have continued to provide support to the Council's FEP Group; and undertake daily monitoring and management of the Council's Whistleblowing Inbox. We interrogate the Council's email archive system to support investigations, Freedom Of Information and Subject Access Requests.

Irregularities – During 2025/26 Internal Audit have carried out or assisted in **17** new irregularity investigations. Analysis below:

Issue Classification *	2025/26 Number (whole year)	2024/25 Number (whole year)	2023/24 Number (whole year)	2022/23 Number (whole year)
Poor Procedures	12	7	4	11
Employee / Member Conduct	2	9	7	1
Financial Irregularities	0	1	0	0
IT Misuse	0	0	0	1
Tenders & Contracts	2	3	1	0
Support to HR Investigations	1	0	1	2
Total	17	20	13	15

* The 'Issue classification' title relates to the allegation made and may not be reflective of the investigation outcomes, which are summarised below:

- Support to HR investigations - This work is limited to provision of emails from the archive solution, and we have no further involvement.
- Poor Procedures – Of the 12 matters raised, five have been concluded and management are taking actions forward. One has a formal draft report which is awaiting a management response, and work is ongoing for the remaining six.
- Employee / Member Conduct – Of the 2 matters raised, one has been concluded and management action taken, and work is ongoing on the other.
- Tenders and Contracts – both investigations are currently ongoing.

Summary details as follows: - Some irregularity investigations are as a result of allegations made by whistle blowers. In addition, we have supported Information Governance and Human Resources with the provision of emails in relation to their investigations.

Freedom of Information / Subject Access Requests and Referrals made under the Unacceptable Behaviour Policy: -



We assisted with **three** requests under Freedom of Information and Data Protection requirements or the Unacceptable Behaviour Policy in 2025-26.

Appendix 1 – Summary of ‘Limited Assurance’ audits for 2025-26

Risk Assessment Key

- ANA - Audit Needs Assessment risk level as agreed with Client Management
- Client Request – audit at request of Client Senior Management



Direction of travel key

-  Appropriate Management Action Plan agreed
-  Agreed Management Action Plan not yet received

CORPORATE SERVICES and FINANCIAL SERVICES

Risk Area / Audit Entity / Assurance Opinion	Audit Report
	Executive Summary


ICT and Information Governance


<p>IT Asset Management – Follow up (ANA – Critical) Status: Final</p> <p>Limited Assurance</p> <p>Direction of Travel </p> <p>Page 61</p>	<p>Since the original audit in 2023-24 and the first follow up in 2024-25, the IT Team has seen a change in the Head of IT role. As such, we understand that originally agreed observations will be subject to further review and where risks were originally accepted, these we'll be further considered to determine whether the risks remain accepted or whether action will now be taken.</p> <p>We noted that in most cases work remained ongoing and as such we have re-reported these observations. It was pleasing to note that software has been purchased to support supply chain mapping, recording and management, with the intention that this may become a corporate solution following completion of the pilot which we understand is in its early stages. Physical security was originally reviewed, however the IT Team has recently moved offices and as such a further review will be required to ensure physical security remains at an appropriate level. Identification and accurate recording of all assets required a software update and as such work remains ongoing to fully populate the records with sufficient granularity.</p> <p>The observation regarding the need to consider software to wipe drives that were subject to disposal was assessed and existing measures were deemed by IT Services to be sufficient and mitigate associated risks. Although we acknowledge the response, the existing processes are not subject to audit evaluation, and as such we have noted this in the report for completeness, albeit no further recommendation has been made.</p> <p>As part of this follow up we confirmed that, other than areas evaluated within the follow up of the agreed management actions, there had been no changes to processes or systems since the original audit that impact the associated control environment.</p>
<p>Information Governance – Data Quality and Records Management (CCTV) - Follow Up (ANA – High)</p> <p>Status: Final</p> <p>Limited Assurance</p> <p>Direction of Travel </p>	<p>It was pleasing to note that a majority of the previous observations and associated recommendations made have been considered and addressed since the original audit in 2023-24 and the subsequent follow up in 2024-25.</p> <p>Progress has been made with new processes established in relation to CCTV subject access requests (SAR); maintenance and monitoring of associated SAR records; retention and data controller responsibilities in relation to footage released to the Police; and protected time being allowed to allow CCTV team to complete the mandatory IG training.</p> <p>The risks that remain are corporate pieces of work in relation to the Council's retention schedule and information asset register, both of which require review and update. We understand that prior capacity within the IG team has delayed completion and it is intended that a Data Protection Support Officer will take on responsibility for completion once they are in post. These remaining risks are not specific to CCTV and Security although the CCTV and Security data will require consideration and inclusion.</p>

CORPORATE SERVICES and FINANCIAL SERVICES


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Key Financial Systems



<p>Group Company Loans (ANA – High)</p> <p>Status: Final</p> <p>Limited Assurance</p> <p>Direction of Travel </p>	<p>A follow-up of last year’s report found that the majority of recommendations have yet to be implemented, including the lack of a formal documented governance framework for Group company and commercial loans made by the Council.</p> <p>We acknowledge that there have been some recent changes in terms of key officers within the department, and it would be good to see these issues resolved once new officers settle into their roles.</p>
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<p>Corporate Debt Follow Up (ANA – High)</p> <p>Status: Final</p> <p>Limited Assurance</p> <p>Direction of Travel </p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 62</p>	<p>We acknowledge that progress has been made in a number of key areas, however although some new processes have been introduced, these have been relatively recent, so it is too early to be able to assess their effectiveness and hence provide assurance that related risks have been mitigated.</p> <p>Areas where good progress has been made include HB Overpayment (HBOP) recovery, the responsibility for which has now passed to the HB Team. There is now comprehensive guidance in place, and training materials and manuals have been developed to expand staff knowledge and resilience in handling multiple types of HBOP debt. HBOP accounts are now being reviewed to assess the most appropriate form of recovery, with progress monitored weekly.</p> <p>Previous issues in relation to the recovery timetable have mainly been resolved and further automation of the corporate debt recovery process will be introduced as part of the implementation of Integrated Workflow.</p> <p>Two new enforcement agencies were procured in December, and it is hoped that many cases at the liability order stage will be passed to them for recovery. More effective recovery monitoring arrangements can then be devised.</p> <p>Progress remains outstanding in relation to monitoring the appropriateness of recovery suppression, and the planned review and update of procedural documentation, including an update of the Fair Debt Policy, continues.</p>
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Corporate Services

<p>Health and Safety Follow Up (ANA – High)</p> <p>Status: Final</p> <p>Limited Assurance</p> <p>Direction of Travel </p>	<p>We are pleased to report that some progress has been made in addressing the previous observations and associated recommendations made. The original audit undertaken in 2023-24, was followed up in 2024-25, and again in 2025-26. We acknowledge that progress has been made by the Corporate Health and Safety (H&S) Team including audit and reporting procedures, publication of policy, guidance, and templates on the Assure system (Evotix), supporting by training and quarterly staff communications. We have been advised that the Corporate H&S team are also commencing their own targeted auditing from 10 November 2025 to further progress some of the areas previously identified. However, a number of previously agreed management actions remain ongoing, noting that in some cases responsibility for these sits outside of the Corporate H&S Team.</p> <p>A key area that remains ongoing is completion of risk assessments within service areas. Whilst we understand that these have been completed, we have been advised that there remain concerns in relation to the priority given to completing and maintaining these, and the competency of staff undertaking the assessments. In addition, related to the competency aspect, there remains a low take up of mandatory H&S training. Given the ongoing actions and present risks, the overall level of assurance remains as Limited.</p> <p>We added an observation in relation to the provision of ongoing support SWISCo.</p>
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CORPORATE SERVICES and FINANCIAL SERVICES


Risk Area / Audit Entity / Assurance Opinion	Audit Report
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<p>Coroners (ANA – Medium)</p> <p>Status: Final</p> <p>Limited Assurance</p> <p>Direction of Travel </p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 63</p>	<p>The coronial arrangements have changed, with Devon County Council (DCC) now the lead authority responsible for all Coroner service costs, and both Torbay Council and Plymouth City Council (PCC) being recharged parties.</p> <p>We undertook a Coroner Service audit of the previous arrangements in 2021-22, which we followed up in 2023-24 when at that time PCC were the lead authority. The current status update to the 2023-24 follow up audit provided by Torbay Council Legal Services has confirmed that the charge rates with PCC as the lead authority were as expected with little deviation to expected mortality trends and that a number of other areas gave no cause for concern. However as the management action activity on observations made then was paused pending the review of arrangements, arising from the merger we have been advised that the 2023-24 follow up report points will be considered as part of the ongoing SLA discussions between current parties.</p> <p>Whilst we understand that the Council is content with the service provision from the current merged coronial arrangements, the 2025-26 audit has identified similar issues to those identified previously. We found that the SLA remains unsigned due ongoing discussions regarding SLA content. The SLA covered a number of expected clauses, however our work identified some SLA recharge clauses which may disadvantage Torbay, primarily around the recharge calculation method, the allocation of shared costs and the lack of inclusion of controls on expenditure. We would conclude that the SLA is ambiguous in parts, and does not clearly and consistently support compliant and equitable recharging.</p> <p>We reviewed a sample of invoices received in relation to overhead and case cost allocation recharges. We found inconsistencies in timeliness of invoicing, and a lack of transparency and detail in invoice / recharge records. The lack of transparency is impacting the Council's ability to assess appropriateness of recharges applied to them, and could, coupled with the recharge methodology issues noted above, lead to a risk of unidentified over charging.</p>
<p>Customer Relationship Management (CRM) System Follow Up (ANA – High)</p> <p>Status: Final</p> <p>Limited Assurance</p> <p>Direction of Travel </p>	<p>Following completion of our follow up work in 2025-26, which evaluated the management responses and supporting evidence provided against each management action from the 2024-25 report, we note that progress has been made and remains ongoing. A small number of risks were previously accepted, these, along with the ongoing management actions have been re-reported.</p> <p>The original audit reported sixteen observations and previously agreed management actions. We have confirmed that of the sixteen management actions, one has been assessed as no longer required (relating to the need for additional performance measures); one relating to service areas engaging IT services in procurement activity will be subject to review with related 2025-26 and 2026-27 Audit activity; and fourteen have been re-reported as either ongoing or confirmation is required as to whether the risk continues to be accepted.</p> <p>The ongoing management actions relate to the Council's access to data; outstanding contractual deliverables; PBI integration; supply chain mapping; change control; system administration policies and procedures; implementation of MFA; service area BCP updates and DR provision; and definition of roles and responsibilities. The paused management action relates to the Data Quality assessment framework, whilst the team focus on some higher priority work.</p> <p>The four management actions where the risk has previously been accepted and where we require confirmation that the status remains as originally assessed relate to delivery of the audit trail functionality; interdependent user access system issue resulting in some elevated privileges; supplier system access controls; and report auto-distribution. We understand that apart from the report auto-distribution action, the three other management actions are reliant on the supplier providing the solution which may require ongoing engagement with the Supplier linked to delivery of full contractual expectations.</p>

CORPORATE SERVICES and FINANCIAL SERVICES




Risk Area / Audit Entity / Assurance Opinion	Audit Report Executive Summary
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Financial Services




<p>Counter Fraud Risk Assessments (ANA – High)</p> <p>Status: Final</p> <p>Limited Assurance</p> <p>Direction of Travel </p>	<p>Our evaluation of Counter Fraud risk management processes, and evaluation of the Counter Fraud risk assessment questionnaire to Officers, found that there are a number of processes in place to support an effective Counter Fraud framework, including a Corporate risk within the Council’s risk management framework reviewed by SLT; established reporting to Audit Committee; a training programme (i-learn and induction); and a policy framework.</p> <p>However, we did identify significant gaps in the process, primarily being the lack of a counter fraud culture being embedded in the organisation, and a low completion rate at service level of fraud risk assessments. The lack of a robust framework leaves the Council vulnerable in relation to the prevention of fraud, particularly in light of the pending offence of ‘Failure to prevent fraud’ coming in to force on 1 September 2025.</p> <p>We have made a number of observations regarding the ongoing development of the Counter Fraud framework, in particular relating to the risk culture, and risk identification, assessment and monitoring across the organisation.</p>
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<p>Asset Management (ANA – High)</p> <p>Status: Final</p> <p>Limited Assurance</p> <p>Direction of Travel </p>	<p>The scope for this audit did not include any assessment of lease or billing arrangements for rental properties.</p> <p>There is a board in place as part of the governance of the investment fund portfolio which is positive, and we were able to confirm further governance arrangements were as expected. We have however noted from the information provided that the capital value of investment assets is now significantly less than the value at acquisition which could have an impact in the longer term if assets are not to be retained.</p> <p>The Strategic Asset Management Plan (SAMP) which consists of a Strategy, Policy, and an Action Plan includes reference to commercial/investment assets. This information is limited and whilst aspects such as the 'Asset Challenge' process provide a reasonable amount of detail relating to identification and disposal of surplus assets, there is minimal additional detail regarding the governance and decision-making processes for commercial/investment assets, and so there is enhancement needed to the SAMP. In addition the creation of a disposals strategy remains on the Action Plan as a work in progress.</p> <p>In relation to repairs and maintenance, we noted that the budget to meet the required maintenance for assets of poor condition as set out in the condition assessment reports is not sufficient. The associated financial and safety risks related to ongoing deterioration could increase due to the backlog of condition surveys / overdue inspections, and delays in repairs of assets rated as in poor condition. This could lead to further budget demands that cannot be met, and this is a significant factor in our Audit Opinion.</p> <p>The service have advised that the backlog of condition surveys is a temporary matter arising from the transition from TDA to the Council. They indicated that their team has an array of experience, local knowledge, technical experience in mechanical and electrical engineering as well as building surveying, asserting that they believe that the risks noted above will be addressed.</p>
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PRIDE IN PLACE and REGENERATION AND PLACE DELIVERY

Risk Area / Audit Entity / Assurance Opinion	Audit Report Executive Summary
<p>Transport (Strategic and Public) (ANA – High)</p> <p>Status: Final</p> <p>Limited Assurance</p> <p>Direction of Travel </p>	<p>This internal audit reviewed at a high level the delivery of Torbay Council’s Local Transport Plan 3 (LTP3), covering the period 2011–2026. The audit assessed the adequacy of governance, strategic alignment, implementation, monitoring, and performance management associated with the plan.</p> <p>We found that LTP3 was appropriately approved and remains aligned with the Council’s strategic goals. The strategy and its associated implementation plans are comprehensive and well-structured, with clear objectives and a strong focus on sustainable transport, economic growth, and community wellbeing.</p> <p>However, several areas for improvement were identified. Notably, the strategy lacks defined performance indicators, making it difficult to assess the success of its objectives. Monitoring arrangements for non-capital transport schemes are weak, with limited evidence of formal oversight, reporting, or project tracking. Additionally, several recommendations from the previous audit remain outstanding, including the need for structured monitoring, clearer ownership of delivery, and formal review of completed schemes.</p> <p>While a new strategy (LTP4) is in development and incorporates lessons from national and local policy, there is currently no formal process for integrating local learning from LTP3. Strengthening governance, monitoring, and performance evaluation will be essential to ensure the effective delivery of future transport plans.</p>
<p>Harbour Income Follow Up (ANA – Medium)</p> <p>Status: Final</p> <p>Limited Assurance</p> <p>Direction of Travel </p>	<p>We are pleased to report that some progress has been made in addressing the previous recommendations made, however many still remain outstanding and in some cases are now issues that have remained unresolved for several years. We acknowledge that the changes in management and the current Harbour Master being an interim position have impacted capacity to resolve the matters.</p> <p>Issues previously identified regarding recharging and calculation of service charges remain unresolved. There remains a lack of knowledge and involvement by the Harbour Team of rent reviews undertaken by the Estates Team. Further, the uncertainty regarding charging of direct fish landings continues.</p>
<p>Planning Enforcement Follow Up (ANA – High)</p> <p>Status: Final</p> <p>Limited Assurance</p> <p>Direction of Travel </p>	<p>It is pleasing to note the progress made against previously agreed management actions. Whilst a number have been actioned in full, there remain some actions that had been progressed with aspects ongoing and a small number outstanding.</p> <p>Ongoing or outstanding actions and residual risks relate to the need for further enforcement policy review, with inclusion of corruption risks in the policy to ensure decision making is safeguarded from undue influence or abuse of power; establishing processes for officer declarations and associated recording; and the need for identification and management of planning fraud risks within the risk framework to ensure accountability, protect public funds, and support effective governance.</p> <p>The management actions completed and evidenced during this follow up include a review and update of the enforcement policy, with inclusion of information governance expectations, document version control, responsibility for producing and maintaining an up to date policy, and performance targets with associated monitoring processes, noting the ongoing review with Legal Services. Additionally the Planning webpage has been updated around breach reporting, public access to enforcement register and processes. We also noted development of a training needs analysis and ongoing delivery of training requirements. An authorisation process has been established, for example Manager authorisation of service of notice and case closures, and the ongoing development of the dashboard supporting performance monitoring which has seen an improvement in case management.</p>


PRIDE IN PLACE and REGENERATION AND PLACE DELIVERY

Risk Area / Audit Entity / Assurance Opinion	Audit Report Executive Summary
<p>S106 and CIL – Follow Up (ANA – Medium)</p> <p>Status: Final</p> <p>Limited Assurance</p> <p>Direction of Travel </p>	<p>We noted some positive improvements, including capacity expansion of the S106/CIL team to provide greater resilience; ongoing review of historic cases; an improved control framework in relation to CIL and Section 106 recording; and greater collaboration with Financial Services, including engagement with the Council’s S151 Officer on the CIL Spend Panel.</p> <p>S106 findings primarily relate to but are not limited to s106 spend deadlines exceeded; currency of s106 charging information; local s106 procedural requirements; sufficiency of s106 records; transparency of s106 calculations; level of debt; debt recovery procedures; write off records; allocation of project management; and spend of s106 monies. The CIL observations primarily relate to re-reported issues but do include new observations related to local policy and procedural requirements; CIL calculation records; delegated authority; overdue payments; and charging schedule.</p> <p>MHCLG’s proposed powers for Councils to fine developers for delays in development completion could impact the Council’s approach to managing planning obligation. By requiring developers to commit to delivery timeframes upfront, the Council may need to reassess how infrastructure funding and obligations are phased and enforced. Delays could trigger earlier intervention or renegotiation of s106 terms, while CIL receipts that are often tied to commencement and completion milestones, may be affected by delayed progress. These changes could enhance accountability but also introduce complexities in aligning financial planning with actual development timelines.</p>
<p>Seven Dials Café Banking (Additional Work)</p> <p>Status: Final</p> <p>Limited Assurance</p> <p>Direction of Travel </p>	<p>We undertook an onsite visit at the request of both Financial Services and Pride in Place to support the café in its cash and banking arrangements.</p> <p>We discussed the findings from our work and provided observations to improve and strengthen banking arrangements. Management have provided a comprehensive action plan to take forward the agreed improvements.</p>
<p>Land Release Fund and Other Grants (ANA – High)</p> <p>Status: Final</p> <p>Limited Assurance</p> <p>Direction of Travel </p>	<p>Following completion of our follow up work in 2025-26, which evaluated the management responses and supporting evidence provided against each management action from the 2024-25 report, we note that significant progress has been made and in some cases remains ongoing.</p> <p>The original audit reported sixteen observations and previously agreed management actions. We have confirmed that of the sixteen management actions, seven have been actioned, two are re-reported as we have not yet received supporting evidence; and seven re-reported as work remains ongoing.</p> <p>Completed actions relate to Capital project pipeline; the capital position spreadsheet which was addressed through the RAG status report, and will be enhanced when the portal is live; improvement to the process documentation; improved maintenance of more recent project records; improved recording and use of lessons learnt records to inform future project activity; and reconciliation of grant income.</p> <p>The two actions where we have not yet received supporting evidence relate to some historic LUF funding, including evidence supporting decisions on use; and FIMS records evidencing how a specific grant was spent.</p> <p>Whilst ongoing, there has been notable progress on population of the tracker, central record provision and development of the portal which we understand is intended to go-live in May 2026 and be fully embedded by July 2026. The project framework has greatly improved from the original audit and will support the ongoing action regarding CGB and general bid approvals once fully embedded; referencing older records relating to a specific project; and opportunity observations relating to consideration of the use of automation to provide efficiencies in record keeping; and maintenance of the capital programme RAG status record.</p>



PRIDE IN PLACE and REGENERATION AND PLACE DELIVERY

Risk Area / Audit Entity / Assurance Opinion	Audit Report Executive Summary
<p>Capital Programme Follow Up (ANA – High)</p> <p>Status: Final</p> <p>Limited Assurance</p> <p>Direction of Travel </p>	<p>It is pleasing to note that some progress has been made against previously agreed management actions. Whilst we can see progress having been made, particularly in relation to strengthening of aspects of the governance and reporting arrangements, there remain some actions that whilst having been progressed in part, aspects remain ongoing and a small number outstanding. In these cases the ongoing/outstanding actions have been re-reported.</p> <p>The overall assurance opinion remains as Limited to reflect the residual risks, noting progress made in relation to process changes that have strengthened governance and reporting arrangements. Since the audit, we understand that further progress has been made and a number of actions are now considered by the Capital Programme Delivery Manager and the Head of Corporate Finance as completed. We will evaluate these during the 2026-27 follow up process.</p>
<p>SWISCo Commissioning Follow Up (ANA – Medium)</p> <p>Status: Draft</p> <p>Limited Assurance</p> <p>Direction of Travel </p>	<p>Based on the follow up work undertaken, some progress has been made in addressing the issues identified in previous audits. However, a number of key observations remain ongoing and have been re-reported with revised implementation dates.</p> <p>Developments such as the introduction of a revised Commercial Policy, improvements in financial monitoring, and progress towards drafting revised and updated Service Level Agreements (SLA) and Key Performance Indicators demonstrate a positive direction of travel. However, these are not yet fully embedded, and several areas such as introduction of the commissioning form, formalised performance monitoring, documentation of review meetings, escalation processes, and consistent evidence of value for money considerations, require further strengthening.</p> <p>We acknowledge that there has always been formal monitoring and reporting to SWISCo Board and the Shareholder Panel. High level arrangements exist, however there remains work to do to ensure that SLA's are effectively performance managed.</p>



ADULTS SERVICES

Risk Area / Audit Entity / Assurance Opinion	Audit Report Executive Summary
<p>Community Services</p> <p>Cost of Temporary Accommodation Follow Up (ANA – High)</p> <p>Status: Draft</p> <p>Limited Assurance</p> <p>Direction of Travel </p>	<p>It is pleasing to note that some progress has been made against the original agreed management actions particularly in relation to the budget coding structure and implementation of the Community Safety Power BI dashboard to support ongoing monitoring and reporting.</p> <p>Our follow up has confirmed that whilst there has been progress, work remains ongoing and all three original observations have been re-reported. We understand that there remains a lack of collective view of Temporary Accommodation (TA) spend across the organisation, the need for which was the basis for the audit originally being commissioned in 2022-23.</p> <p>One aspect relating to related ASC Bay Wide spend is dependent on the ongoing ASC CMS system implementation and as such progress or completion of this action is dependent on the project timescales. Additionally we undertook a separate audit of s17 in 2025-26 where there are related observations that should be considered in the wider context of this report linked to improved departmental integration to support the provision of Council understanding of Temporary Accommodation costs.</p>


CHILDRENS SERVICES

Risk Area / Audit Entity / Assurance Opinion	Audit Report Executive Summary
<p>SEND (Special Educational Needs and Disabilities) Follow Up (ANA – High)</p> <p>Status: Final</p> <p>Limited Assurance</p> <p>Direction of Travel </p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 68</p>	<p>From our follow up it was evident that the team are focussed on aiming to deliver processes that improve outcomes for SEND children and families, albeit within what is nationally recognised as a system that is no longer resilient to change in demand. A National Audit Office (NAO) report in October 2025 stated that 43% of Local Authorities are expected to have a SEND deficit exceeding or close to their reserves. Progress is evident in relation to re-baselining of the original project, which is supported by a new governance structure and Board; the establishment of 'New Ways of Working' from September 2025 onwards; development of a BI task tracker; recruitment of additional EHCP co-ordinators; and development of a SEND Priority Impact plan.</p> <p>The Priority Impact Plan (PiP) sets out five priority areas for improvement. These targeted actions, developed in close partnership with stakeholders, are designed to address both mandatory requirements and emerging priorities, ensuring the service delivers meaningful and measurable improvements Priority Impact Plan - Family HubFamily Hub. The five areas are Governance: Strengthening oversight and accountability (mandatory); Commissioning (Partnership): Enhancing joint working across agencies (mandatory); Multi-Agency Support: Improving integrated support for families (mandatory); Health Assessments and Waiting Times (NHS): Reducing delays and promoting timely access (mandatory); Preparation for Adulthood (Partnership); Supporting transitions, linked directly to Family Hub and the PiP (additional).</p> <p>We note that following the June 2025 inspection, Ofsted and CQC concluded that Torbay had not made sufficient progress in addressing SEND weaknesses. Their report highlighted priority actions and additional areas for improvement. Following the June inspection, the Department for Education issued an Improvement Notice in October 2025 requiring urgent action. We acknowledge the significant progress made in addressing the recommendations from the January 2025 internal audit. While improvements are evident, processes are not yet fully embedded, and continued focus will be required to ensure sustainable improvement.</p> <p>Given the ongoing actions (e.g., embedding of project improvements, parent/carer voice, compliance with statutory timescales, ECHNA (Education, Health and Care Needs Assessment) monitoring, engagement with Graduated Response processes) some of which link to the Ofsted and CQC findings and Improvement Notice requirements, the overall level of assurance remains as Limited.</p> <p>Management Response to Executive Summary:</p> <p>The significant improvement journey undertaken since the last audit demonstrates a positive trajectory, underpinned by strong partnership working, strategic planning, and a commitment to continuous improvement. With the local area partnership at the heart of the approach, and a clear roadmap for the next five years, the service is well placed to deliver better outcomes for SEND children and families. Sustained focus, proactive leadership, and ongoing collaboration will remain central to their success.</p>
<p>Placements (ANA – High)</p> <p>Status: Final</p> <p>Limited Assurance</p> <p>Direction of Travel </p>	<p>As with other Councils across England, the service continues to face difficulties with respect to placement sufficiency. This risk has been highlighted by way of an entry within the corporate risk register on SPAR.net 'CP17 - Placement Sufficiency'. The risk is routinely monitored and reported to senior management including Directors Overview Meetings and Audit Committee.</p> <p>The budget consultation papers for 2026-7 further explain the financial burden being placed on the Council due to the national and local placements shortage and have recommended that a further £2m will be necessary for next year's budget (2026-27) to meet the costs.</p> <p>Key Performance Indicators are monitored by the service. At October 2025, most areas were performing well, however the timeliness with which connected carers are formally approved, and the proportion of fostered children who are in-house, were both below optimum levels.</p> <p>The service generally has a good range of systems and processes in place to try and manage fostering placement sufficiency, and this included regular awareness raising and recruitment campaigns over several years, designed to attract new foster carers and grow the number of available placements. Information on how to become a foster carer and what the role entails was readily available.</p> <p>Training and support for foster carers was found to be in place. The Fostering Recruitment Strategy outlines what should be provided, and evidence was seen of training and networking events over the previous twelve months that had been communicated to, and attended by,</p>


CHILDRENS SERVICES

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	<p>carers. This included e-learning activities as well as more traditional face to face sessions. The recent introduction of the 'Mockingbird' approach which seeks to mimic an extended family network for foster families, is further evidence of actions taken to support in-house carers.</p> <p>We reviewed a sample of the formal agreements with carers, and noted issues with these, including some that were not received and others which were incomplete. As such, this is an area that needs attention.</p> <p>There is a formal process for carers who wish to leave their roles, and feedback is obtained from them in order for the service to identify potential recurring themes. We saw extracts from several resignation letters from the last six months, these were typically due to retirement or a change in circumstances, rather than any dissatisfaction with the support, although in one instance the letter did make it clear that the carer was frustrated. Going forward, the age of existing in-house foster carers is likely to present an increased risk of retirements, with over 50% being over the age of 60.</p> <p>Our comparison of fees offered by the Council to foster carers showed that they were reasonably competitive when compared with other nearby councils and some private agencies, especially for more experienced and fully trained carers.</p> <p>Overall, the Service has a good level of systems and processes in place but is faced with wider challenges that are impacting on its ability to deliver quality services within budget. It is largely these wider issues that are responsible for the overall assurance rating, as opposed to any significant failings within the service in attempting to address the situation.</p>
<p>Performance and Data (ANA – Medium)</p> <p>Status: Draft</p> <p>Limited Assurance</p> <p>Direction of Travel </p>	<p>Primarily processes were found to minimise the risk of inaccurate and incomplete data. Our work identified a number of areas where controls could be further strengthened, notably in relation to reliance on manual processes; inconsistent duplicate data checks; benefits of qualitative data; system audit trail completeness; reliance on source data outside of CS; data accuracy on returns/reports sampled; data sharing agreements requiring finalisation; confirmation of system IG compliance; mandatory IG training; Information asset register update; exception reporting; and training and development needs.</p> <p>There are opportunities for further investigation into technological solutions and true automation which would support a reduction in reliance on manual processes and give Children's Services a more efficient process with greater assurance regarding the accuracy of the data used.</p> <p>We noted the ongoing related activities that fall within the Children's Services IT Systems Board remit and are being managed and monitored through this route. Completion of these activities will again further strengthen the performance and data processes for Children's Services.</p>
<p>Section 17 (ANA – High)</p> <p>Status: Draft</p> <p>Limited Assurance</p> <p>Direction of Travel </p>	<p>As was the case when the audit was last undertaken in 2017-18, there is minimal guidance in place for making s17 payments. Officers make a decision as to whether it would be appropriate to make a payment out of the Children's Services budget. There is no information as to what the criteria for a s17 payment would be, how requests should be determined and processed, etc. The same process is applied to payments to families who are subject to a Child Protection Order (s47 of the Act), with such payments coming from the same budget, making it difficult to assess the impact on preventing families escalating to next level of support / intervention.</p> <p>Although there are various sources of financial assistance potentially available to families in need, there is opportunity for improved related interdepartmental liaison. There is a risk that families could make applications to different departments and receive multiple financial awards.</p> <p>Sample testing of a number of payments identified issues such as a lack of authorisation in line with the Scheme of Delegation, financial assessments not being undertaken, and a payment potentially being made to the wrong supplier. Payments were also being made for temporary accommodation. We note that if housed by Housing, some related expenditure can be recouped via the Housing Subsidy claim, even where there is no duty to house.</p> <p>As was also the case in 2017-18, we were unable to obtain evidence as to action being taken in related to s17 overspends, and how performance was being reported to senior management.</p>

CHILDRENS SERVICES

Risk Area / Audit Entity / Assurance Opinion	Audit Report Executive Summary
<p>Safety Valve (QA Role) (ANA – Critical)</p> <p>Status: Draft</p> <p>Direction of Travel </p>	<p>Internal Audit were engaged to provide project assurance over the Safety Valve element of the Children’s Services Financial Projects Board. The Board was established to oversee financial programmes, including PFI, Safety Valve, Home to School Transport and Housing.</p> <p>Due to limited engagement opportunities and insufficient documented evidence, Internal Audit has been unable to provide a level of assurance in respect of the Safety Valve project. The planned programme of Board meetings did not take place as intended. Only one of the three meetings included a documented Safety Valve highlight report showing the project as ‘Red’ and identifying major issues and critical risks, with subsequent updates delivered verbally. The lack of assurance is procedural and evidential, not a definitive conclusion on delivery performance. Strengthened meeting discipline, consistent written reporting, and alignment with the Council’s project management framework are essential if assurance is to be achieved going forward.</p> <p>We acknowledge that, as described by the Director of Children’s Services, the government issued a notice on 2 February 2026 to end all Safety Valve activities, as they’ve now rolled out the SEND reform plan across all local authorities. With this change, Children’s Services are no longer involved in Safety Valve activities, and the related activities have been stood down going forward.</p>

PUBLIC HEALTH

Risk Area / Audit Entity / Assurance Opinion	Audit Report Executive Summary
<p>Growth in Action Alliance (Additional Work)</p> <p>Status: Final</p> <p>Limited Assurance</p> <p>Direction of Travel </p>	<p>The key risk underpinning this review was that Growth in Action (GiA) does not have the necessary forums, structures and processes in place to enable them to drive the transformational expectations specified within the Alliance agreement.</p> <p>We found that these have been relatively recently devised through the Governance and Accountability Framework (GAF) but still require fully establishing and embedding in areas such as budget oversight, KPI monitoring and reporting, joint policy, learning model, transformational pillars and exit feedback arrangements. Given the GAF is in its infancy, with the first edition dated December 2025, the intended governance model has yet to be fully operationalised.</p>

Appendix 2 - Professional Standards and Customer Service

Conformance with Global Internal Audit Standards (GIAS)

The new **Global Internal Audit Standards (GIAS)** took effect for the UK public Sector as of 1st April 2025. There are three key aspects:

- [The GIAS](#); [The CIPFA Code on the Governance of Internal Audit](#); and [The CIPFA Application Note for the GIAS in the Public Sector](#).

These documents combine to set out the framework for Internal Audit that must be followed as per Section 5 of the Accounts and Audit Regulations 2015. During 2025-26 DAP undertook a Gap Analysis of existing processes in relation to the above for each DAP Partner. The outcome and resulting action plans will be worked through with the Partners to ensure compliance; these actions require input from both DAP and Partners to ensure compliance with the revised governance arrangements and other applicable activities. Further information is in the separate compliance summary report which includes actions specific to the Authority.

Conformance – Devon Assurance Partnership (DAP) confirms that its internal audit activity operates in alignment with the Global Internal Audit Standards (GIAS), effective April 2025 for the UK public sector. Our Internal Audit Charter, approved by the Audit Committee, defines our purpose, mandate and responsibilities, ensuring independence, objectivity, and adherence to ethical principles. The charter mandates unrestricted access to records, systems, and personnel, and establishes accountability to the Audit Committee, supported by the DAP Management Board and Joint Committee. DAP applies a systematic, risk-based approach to assurance and advisory services, guided by methodologies that conform to the five domains and fifteen principles of the GIAS.

External standards assessment must be conducted at least once every five years by a suitably qualified, independent assessor. For DAP this was last conducted in late 2024 prior to the GIAS by an IIA qualified ex Assistant Director of an Audit Partnership.

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

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

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

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

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

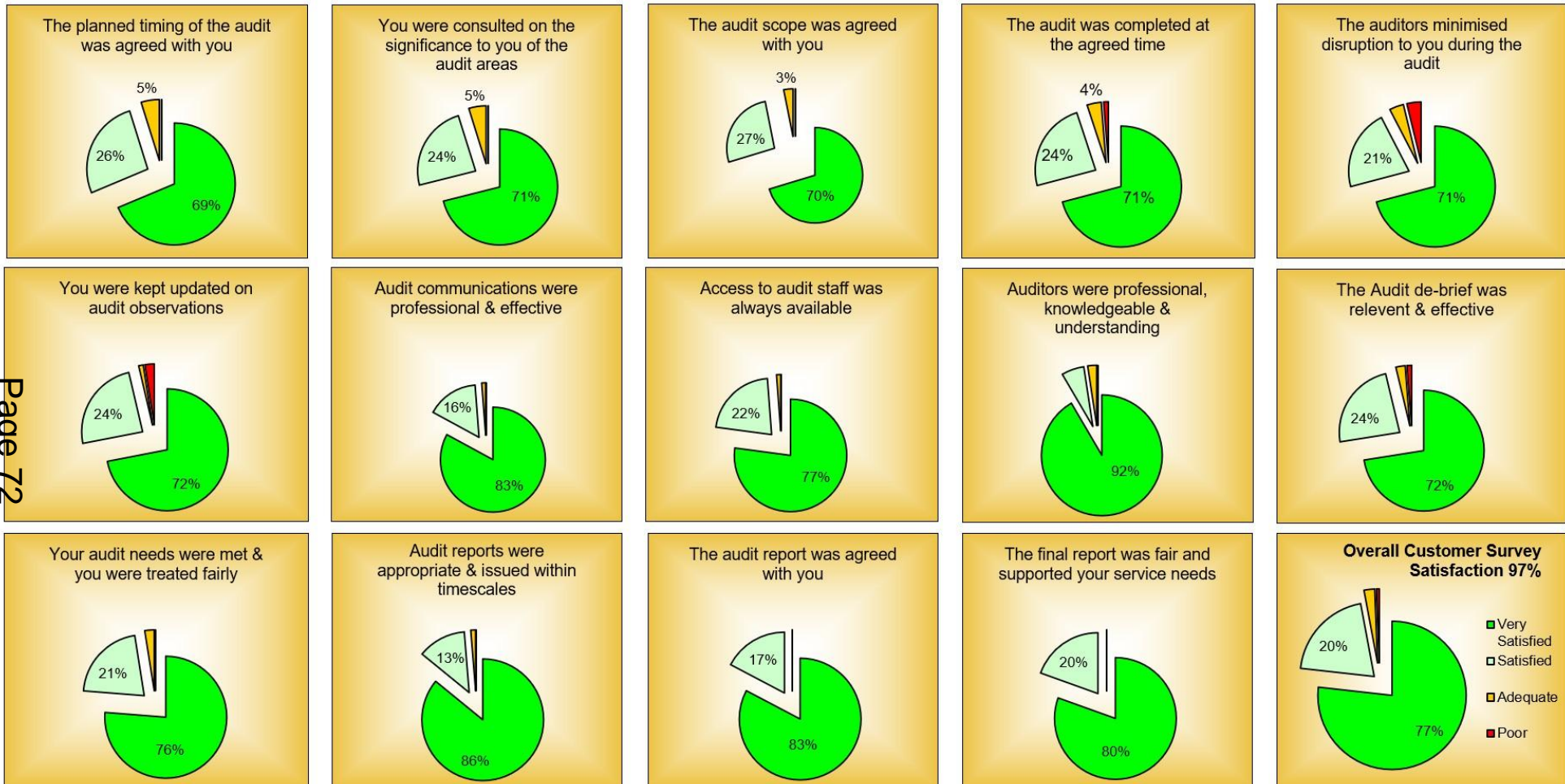
Customer Service Excellence (CSE)

DAP was successful in re-accreditation by G4S Assessment Services of the CSE standard during 2025. This accreditation is a UK-wide quality mark which recognises organisations that prioritise customer service and are committed to continuous improvement.

During the year we have issued client survey forms for some of our reports, and the results of the surveys returned were very good / positive. The overall result is very pleasing, with 97% being "satisfied" or better across our services. It is very pleasing to report that our clients continue to rate the overall usefulness of the audit and the helpfulness of our auditors highly.

Appendix 3

Customer Survey Results 1st April 2025 - 31st March 2026



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Appendix 4 – Audit Authority

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Appendix 5 - Annual Governance Framework Assurance

The conclusions of this report provide the internal audit assurance on the internal control framework necessary for the Committee to consider when reviewing the Annual Governance Statement.

The Annual Governance Statement (AGS) provides assurance that

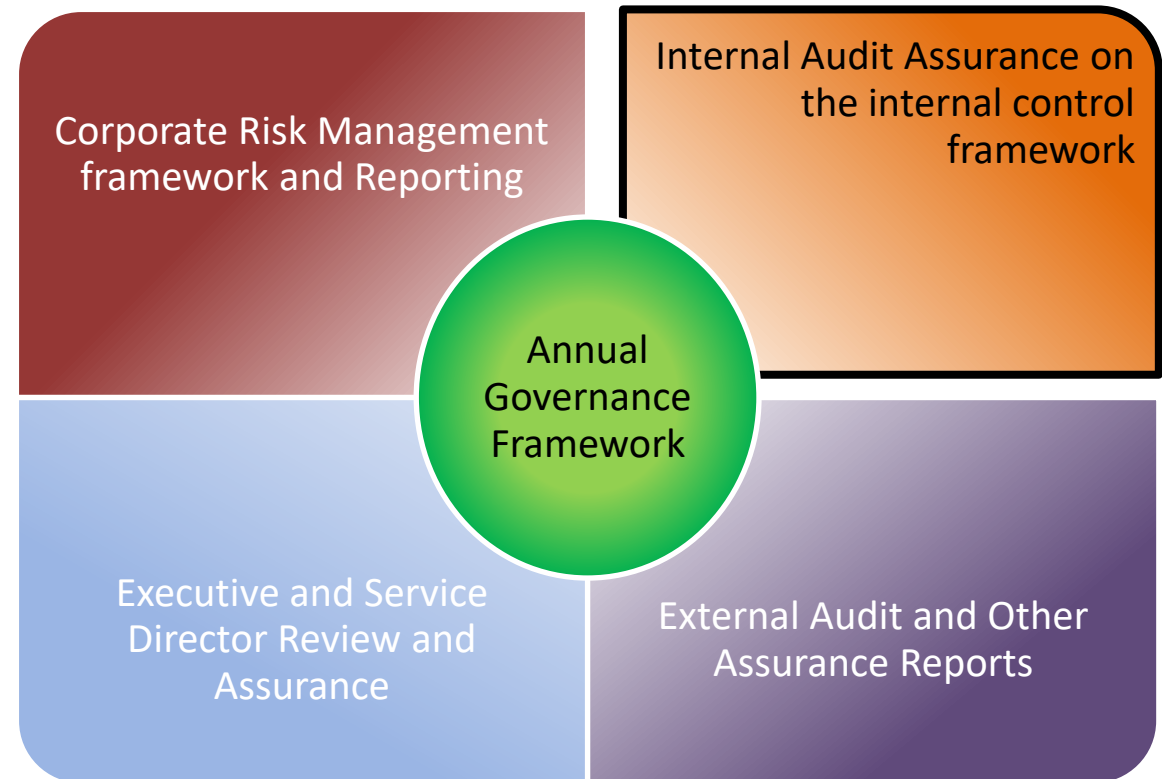
- the Authority's policies have been complied with in practice;
- high quality services are delivered efficiently and effectively;
- ethical standards are met;
- laws and regulations are complied with;
- processes are adhered to;
- performance statements are accurate.

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

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

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Provide confirmation that the Authority complies with CIPFA / SOLACE Framework *Delivering Good Governance in Local Government*. If not, a statement is required stating how other arrangements provide the same level of assurance



The Committee should satisfy themselves, from the assurances provided by the Corporate Risk Management Framework, Executive and Internal Audit that the statement meets statutory requirements and that the management team endorse the content.

Appendix 6 - Basis for Opinion

The Chief Internal Auditor is required to provide the organisation with an opinion on the adequacy and effectiveness of its accounting records and its system of internal control in the Council.

In giving our opinion, it should be noted that this assurance can never be absolute. The most that the Internal Audit service can do is to provide assurance, formed from risk-based reviews and sample testing, of the framework of governance, risk management and control.

This report compares the work carried out with the work that was planned through risk assessment; presents a summary of the audit work undertaken; includes an opinion on the adequacy and effectiveness of the Authority's internal control environment; and summarises the performance of the Internal Audit function against its performance measures and other criteria.

The report outlines the level of assurance that we are able to provide, based on the internal audit work completed during the year. It gives:

- a statement on the effectiveness of the system of internal control in meeting the Council's objectives;
- a comparison of Internal Audit activity during the year with that planned;
- a summary of the results of audit activity and;
- a summary of significant fraud and irregularity investigations carried out during the year and anti-fraud arrangements.

The extent to which our work has been affected by changes to the audit plan are shown on Page 6.

The overall audit assurance will have to be considered in light of this position.

In assessing the level of assurance to be given the following have been taken into account:

all audits completed during 2025-26 to date, including those audits carried forward from 2024-25;

any follow up action taken in respect of audits from previous periods;

any significant recommendations not accepted by management and the consequent risks;

the quality of internal audit's performance;

the proportion of the organisations audit need that has been covered to date;

the extent to which resource constraints may limit this ability to meet the full audit needs of the Authority;

any limitations that may have been placed on the scope of internal audit.

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Devon Assurance Partnership

The Devon Assurance Partnership has been formed under a joint committee arrangement. We aim to be recognised as a high-quality assurance service provider. We work with our partners by providing a professional assurance services that will assist them in meeting their challenges, managing their risks, and achieving their goals. In carrying out our work we are required to comply with the Global 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 National Protective Marking Scheme. 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.

Meeting: Audit Committee **Date:** 27 May 2026

Wards affected: All

Report Title: Draft Annual Governance Statement 2025/2026

Cabinet Member Contact Details: Councillor David Thomas, Leader of the Council,
David.thomas@torbay.gov.uk

Director Contact Details: Matthew Fairclough-Kay, Director of Corporate Services,
matthew.fairclough-kay@torbay.gov.uk

1. Purpose of Report

- 1.1 The preparation of the Annual Governance Statement provides the opportunity for the organisation to review its processes, controls and objectives and to provide assurance to Members, Senior Officers and stakeholders as to the reliability of its Statement of Accounts and the probity of its operations.
- 1.2 The Annual Governance Statement fulfils the statutory requirement in England for a local authority to conduct a review at least once in each financial year of the effectiveness of its system of internal control and to include a statement reporting on the review with its Statement of Accounts.

2. Reason for Proposal and its benefits

- 2.1. The proposals in this report help us to deliver our vision of a healthy, happy, and prosperous Torbay by setting out publicly the extent to which the Council complies with its own code of corporate governance (part of the codes and protocols of the Constitution), including how it monitored and evaluated the effectiveness of its governance arrangements in the year.
- 2.2 The reason for the decision is to meet the requirements of the Accounts and Audit (England) Regulations.

3. Recommendation(s) / Proposed Decision

- 3.1. That the draft Annual Governance Statement for 2025/2026 be agreed and included in the draft Statement of Accounts and be forwarded to the External Auditors for comment.

4. Appendices

Appendix 1: Draft Annual Governance Statement 2025/2026

Exempt Appendix 2: Appendix to the Annual Governance Statement

5. Background Documents

- Draft Code of Corporate Governance

Supporting Information

6. Introduction

- 6.1 The Annual Governance Statement for 2025/2026 has been prepared and, if agreed by Audit Committee, will be sent to External Auditors with the Annual Statement of Accounts for comment, to be finally approved by Audit Committee later in the year.
- 6.2 Regulations require every local authority to include in their annual Statement of Accounts an Annual Governance Statement signed by the Leader of the Council and the Chief Executive. CIPFA set out how the format that each Annual Governance Statement should follow.
- 6.3 An updated Code of Corporate Governance was approved by the Council at its Adjourned Annual Meeting on 14 May 2026. This Annual Governance Statement has been prepared based on that updated Code.

7. Options under consideration

- 7.1. Members of the Audit Committee may wish to amend and add to the draft Annual Governance Statement.

8. Financial Opportunities and Implications

- 8.1. There are no financial commitments to the council beyond the officer time involved in collating this report.

9. Legal Implications

- 9.1. Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 require an authority to conduct a review at least once in a year of the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts.

10. Engagement and Consultation

- 10.1. The Statement is prepared with information from Senior Officers across the Council and Internal Audit reports. It has been reviewed by the Chief Executive and Leader of the Council.

11. Procurement Implications

11.1. Not applicable.

12. Protecting our naturally inspiring Bay and tackling Climate Change

12.1. Not applicable.

13. Associated Risks

13.1. That the requirements of the Accounts and Audit (England) Regulations are not adequately met.

14. Equality Impact Assessment

Protected characteristics under the Equality Act and groups with increased vulnerability	Data and insight	Equality considerations (including any adverse impacts)	Mitigation activities	Responsible department and timeframe for implementing mitigation activities
Age	<ul style="list-style-type: none"> 18% of Torbay residents are aged under 18 years old. 55% of Torbay residents are aged between 18 to 64 years old. 27% of Torbay residents are aged 65 and older. 	There is no differential impact.		
Carers	<ul style="list-style-type: none"> At the time of the 2021 census there were 14,900 unpaid carers in Torbay. 5,185 of these carers provided 50 hours or more of care. 	There is no differential impact.		
Care experienced	<ul style="list-style-type: none"> As of January 2026, there were 277 former care experienced young people aged 18-24 in Torbay. 	There is no differential impact.		
Disability	<ul style="list-style-type: none"> In the 2021 Census, 23.9% of Torbay residents answered that their day-to-day activities were limited 	There is no differential impact.		

	a little or a lot by a physical or mental health condition or illness.			
Gender reassignment	<ul style="list-style-type: none"> In the 2021 Census, 0.4% of Torbay's community answered that their gender identity was not the same as their sex registered at birth. 	There is no differential impact.		
Marriage and civil partnership	<ul style="list-style-type: none"> Of those Torbay residents aged 16 and over at the time of 2021 Census, 44.2% of people were married or in a registered civil partnership. 	There is no differential impact.		
Pregnancy and maternity	<ul style="list-style-type: none"> Between 2013 and 2024, the rate of live births (as a proportion of females aged 15 to 44) has been slightly but significantly higher in Torbay (average of 56.0 per 1,000) than the Southwest (53.4) and broadly in line with England (56.3). For the period 2022 to 2024, rates in Torbay (44.6) have been significantly below England (50.0). 	There is no differential impact.		

<p>Race</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 82</p>	<p>In the 2021 Census, 96.1% of Torbay residents described their ethnicity as the following:</p> <ul style="list-style-type: none"> • 1.6% as Asian, Asian British or Asian Welsh • 0.3% as Black, Black British, Black Welsh, Caribbean or African • 1.5% as being of Mixed or Multiple ethnic groups • 96.1% as White • 0.4% described their ethnicity another way. <ul style="list-style-type: none"> • Black, Asian and minoritised ethnic communities are more likely to live in areas of Torbay classified as being amongst the 20% most deprived areas in England. 	<p>There is no differential impact.</p>		
<p>Religion and belief</p>	<p>The 2021 Census showed that the residents in Torbay identify their religion and/or belief as the following;</p> <ul style="list-style-type: none"> • 48.5% are Christian • 0.4% are Buddhist • 0.2% are Hindu • 0.6% are Muslim • Less than 0.1% are Sikh • 0.1% are Jewish • 0.7% have another religion • 43.2% have no religion • 6.3% did not answer 	<p>There is no differential impact.</p>		

Sex	<ul style="list-style-type: none"> • 51.3% of Torbay's population are female. • 48.7% of Torbay's population are male. 			
Sexual orientation	<p>In the 2021 Census, residents described their sexuality as follows;</p> <ul style="list-style-type: none"> • 89% as Straight or Heterosexual • 1.7% as Gay or Lesbian • 1.1% as Bisexual • 0.1% as Pansexual • 0.1% described their sexuality another way • 7.4% of people didn't answer the question 	There is no differential impact.		
Armed Forces Community	<ul style="list-style-type: none"> • In 2021, 3.8% of residents in England reported that they had previously served in the UK armed forces. • In Torbay, 5.9% of the population have previously served in the UK armed forces. 	There is no differential impact.		
Additional considerations				
Socio-economic impacts (Including impacts on child poverty and deprivation)	<ul style="list-style-type: none"> • Torbay is ranked as the 39th most deprived upper tier local authority in England in the Index of Multiple Deprivation 2025. 	There is no differential impact.		

Public Health impacts (Including impacts on the general health of the population of Torbay)	<ul style="list-style-type: none"> For the five-year period 2020 to 2024, data shows there is a 6-year life expectancy gap between males who live in Torbay's least and most deprived areas and, a 3-year gap for females. 	There is no differential impact.		
Human Rights impacts		There is no differential impact.		
Child Friendly		There is no differential impact.		

15. Cumulative Council Impact

15.1. None

16. Cumulative Community Impacts

16.1. None

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DRAFT Annual Governance Statement

2025/2026

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Version control

Date	Details	Updated by
27 April 2026	Initial draft for discussion	Kate Spencer
18 May 2026	Draft for consideration by Audit Committee	Kate Spencer

Executive Summary

Torbay Council is committed to maintaining the highest standards of governance, underpinned by integrity, transparency and accountability. This Annual Governance Statement sets out how the Council has complied with its updated Code of Corporate Governance and demonstrates our continued focus on delivering effective, lawful and value-for-money services for our communities.

Our governance framework brings together the systems, processes, culture and values that direct and control the organisation, ensuring that we manage risk appropriately while enabling the delivery of our strategic priorities. During 2025/2026, we have strengthened this framework through reviewing our organisational values, continuing to embed our performance and risk management frameworks, and a maintained focus on ethical behaviour and leadership.

We have continued to prioritise openness and engagement, with clear decision-making processes, active overview and scrutiny, and meaningful dialogue with residents, partners and stakeholders. Our Community and Corporate Plan and refreshed Business Plan provide a clear line of sight from long-term ambitions through to service delivery, supported by performance monitoring and transparent reporting.

Our robust financial management and internal control arrangements are supported by effective audit, risk management and counter-fraud frameworks. We have also continued to invest in organisational capacity through our People Strategy, leadership development and workforce planning.

Our annual review confirms that the Council's governance arrangements remain fit for purpose and continue to evolve in line with best practice. While areas for improvement have been identified, including strengthening data-driven decision-making, enhancing fraud risk coverage, and embedding our transparency and assurance frameworks, we are confident that these are being actively addressed.

Anne-Marie Bond
Chief Executive

Councillor David Thomas
Leader of the Council

Scope of responsibility

Torbay Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. We also need to make sure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

We have a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which our functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, we are responsible for putting in place proper arrangements for the governance of our affairs, facilitating the effective exercise of our functions, which includes arrangements for the management of risk.

Torbay Council has approved and adopted a Code of Corporate Governance which is included in the [Council's Constitution](#).

This Annual Governance Statement explains how we have complied with the Code. The Statement meets the requirements of the Accounts and Audit (England) Regulations 2015, as amended by the Accounts and Audit (Amendment) Regulations 2022, in relation to the publication of a statement on internal control.

The Statement takes the principles of our Code of Corporate Governance and describes (as per the guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA)):

- Torbay Council's key governance arrangements,
- Our evaluation of the effectiveness of our governance, and
- The progress we have made against previous actions and our plans for further improvement.

Key governance arrangements

The purpose of the governance framework

The Council's governance framework comprises the systems, processes, culture and values, by which the authority is directed and controlled, and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Torbay Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

Against each principle of the Code of Corporate Governance, this section describes Torbay Council's governance arrangements.

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

We behave with integrity – putting into practice our organisational values, ensuring members and officers behave in ways that exemplify high standards of conduct, and make sure our officers are supported and protected to speak up if they encounter behaviours which don't match our values.

- The Council's Core Values are well established but were subject to review during 2025/2026 (with further details set out in the next part of this Statement).
- Our Directors Commitments are in place to promote a positive culture across the organisation, which are supplemented by our Internal Engagement Strategy.
- The Council's Constitution includes a Code of Conduct for Members, a Code of Conduct for Employees and a Local Protocol on Member and Officer Relations.
- The Whistleblowing and Acceptable Behaviour policies available to all staff via MyView.

We demonstrate our strong commitment to ethical values. We support the Standards Committee to champion high standards of ethical governance from elected members. We maintain robust policies and procedures so that ethical values are put into practice, including separate Codes of Conduct for members and officers and a Member/Officer Relations Protocol.

We operate ethical procurement policies to ensure that commitment to our values and integrity is delivered by external suppliers delivering services on our behalf.

- The Standards Committee is part of the Council's governance arrangements.
- The Council's Constitution includes a Code of Conduct for Members, a Code of Conduct for Employees and a Local Protocol on Member and Officer Relations.

- The Code of Conduct for Members and Employees includes details around conflicts of interest.
- Procedures are in place for the Assessment and Determination of Allegations of Breaches of the Member's Code of Conduct.
- The Constitution also includes Financial Regulations and Contract Procedures.
- The procurement and management of public contracts for the provision of goods, services, works and concessions is governed by:
 - The Procurement Act 2023 – goods, light touch services (excluding relevant health care services), services, works and services and works concessions where the procurement process commenced on or after 24 February 2025
 - The Public Contracts Regulations 2015 – goods, light touch services, services and works where the procurement process commenced before 24 February 2025 and relevant health care services where the procurement commenced before 1 January 2024
 - The Concessions Contract Regulations 2016 – services and works concessions where the procurement commenced before 24 February 2025
 - The Health Care Services (Provider Selection Regime) Regulations 2023 for relevant health care services, including some of the public health services commissioned by the Council, where the procurement process commenced on or after 1 January 2024.

We respect the rule of law, using our legal powers to the full benefit of the citizens and communities in the area. We appoint Statutory Officers who have the skills, resources and support necessary to perform effectively in their roles and support them to fulfil their responsibilities within legislative and regulatory requirements.

We make sure that all Members and Officers appointed to undertake roles as Directors on either Company or Charity Boards have access to appropriate guidance and support to ensure that they undertake their duties within the context of the relevant Acts that govern such bodies.

- The Head of the Paid Service is the Chief Executive who is responsible and accountable to the Council for all aspects of operational management.
- The Director of Finance is the Chief Financial Officer who has responsibility for ensuring the Council operates secure and reliable financial and accounting systems.
- The Council's Head of Legal Services is the designated Monitoring Officer. She is responsible for ensuring that agreed procedures and protocols are followed and that all applicable Statutes and Regulations are complied with.
- Standard format reports for decision makers which requires legal implications of decisions to be set out so they can be considered by the decision maker. There is proactive engagement between Legal Services and directorates on high profile/sensitive matters.
- Equality Impact Assessments are completed for forthcoming decisions in order that the impact on vulnerable groups and those with characteristics protected under the Equality Act 2010 can be assessed, documented and considered by decision-makers prior to decisions being made.
- Advice and guidance are available to all directorates to ensure procurement is legally compliant.

- Standard Terms and Conditions ensure providers are legally compliant and held to account.
- A draft Local Operating Policy for governance of wholly owned companies has been prepared.

Principle B: Ensuring openness and comprehensive stakeholder engagement

We ensure openness through developing and clearly communicating the Council's purpose and vision and its intended outcome for citizens and services users.

We are rigorous and transparent about how decisions are taken and listen and act on the outcome of constructive scrutiny.

We take an active and planned approach to dialogue with, and are accountable to, the public to ensure effective and appropriate service delivery by the Council, in partnership or by commissioning.

- The Council's Community and Corporate Plan was adopted in February 2024. The Plan covers a twenty-year period which will include a formal review after ten years.
- The associated Council Business Plan, which acts as a delivery plan and sets out the actions require to meet the priorities within the Community and Corporate Plan, was approved in June 2024 and is refreshed annually.
- The Council's Constitution sets out the Council's formal governance framework with decisions made in accordance with Access to Information requirements.
- The Council has documented its internal governance structure and framework and has contract management arrangements in place.
- The Forward Plan is published upon receipt of any changes or new entry setting out the Key Decisions which are due to be taken.
- Overview and scrutiny arrangements are in place within the Council's governance arrangements, with the Constitution including the terms of reference of the Overview and Scrutiny Board (and its sub-boards) and the Standing Orders in relation to Overview and Scrutiny.
- The Council has standard formats for reports to decision makers and Records of Decision.
- Meetings of the Council, Cabinet and Planning Committee are livestreamed on YouTube and promoted via social media channels.
- Impact on vulnerable groups and those with characteristics protected under the Equality Act 2010 is assessed and documented in Equality Impact Assessments and considered by decision-makers prior to decisions being made.

We engage comprehensively with our institutional stakeholders. We ensure relationships between the Council and its partners are clear so that each knows what to expect of the other. We develop formal and informal partnerships to allow resources to be used more efficiently and for outcomes to be achieved more effectively.

We ensure effective monitoring of the performance and outcomes delivered by our arms-length companies.

- There are a range of partnerships in place:
 - A Section 75 Agreement is in place with the NHS for the delivery of adult social care by the Integrated Care Organisation. However, notice has been served on this contract which will end on 31 March 2027, whereby the Council will take over full management of statutory adult social care services.
 - Torbay and Devon Safeguarding Adults Partnership
 - Torbay Safeguarding Children Partnership which operates in line with the requirements of the statutory guidance Working Together to Safeguard Children 2018 (as updated in 2023 and 2026)
 - The Community Safety Partnership (known as Safer Torbay)
 - Health and Wellbeing Board
 - Torbay Voluntary Sector Network
 - Torbay Place Leadership Board
- Shareholder Panels are in place for SWISCo and TorVista and include elected members and senior officers. Mechanisms are also in place to enable Overview and Scrutiny Board to have oversight of group companies.

We engage with individual citizens and service users effectively. We aim to deliver against our Community Engagement and Empowerment Strategy, including maintaining effective and accessible channels for dialogue and a commitment to sharing outcome of consultations and other community engagement mechanisms with the public and other stakeholders.

We proactively engage with Torbay's diverse communities and identify groups to inform the development of our services.

We maintain an effective complaints and compliments framework, so that we can identify where improvements in service delivery are needed and learn effectively from the complains that we have received.

- A Community Engagement and Empowerment Strategy is in place with an associated Engagement and Communications Forward Plan.
- The Council publishes a weekly One Torbay e-newsletter together with other subject specific e-newsletters. This is in addition to the news, information and alerts issued via our social media channels or through media releases as appropriate.
- An Inclusion Partnership is in place which brings together VCSE partner organisations from traditionally seldom heard groups to provide critical friend challenge to the Council on proposals including policy and service delivery.
- The Council has a Complaints Procedure in place.

Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits

We define outcomes through maintaining a Community and Corporate Plan and Council Business Plan which sets out the priorities which the Council will focus on to deliver its ambition for Torbay. We put our Community and Corporate Plan at the heart of our budgeting, business planning and

service planning. We maintain a Medium Term Financial Plan which sets out our financial assumptions and provides a set of goals for financial decision making.

- The Council's Community and Corporate Plan was adopted in February 2024. The plan covers a twenty-year period which will include a formal review after ten years.
- The associated Council Business Plan, which acts as a delivery plan and sets out the actions require to meet the priorities within the Community and Corporate Plan, was approved in June 2024.
- The Council Business Plan sets out milestones towards delivery of priority projects and Service Plans prepared for services across all Directorates.
- The Council's Medium Term Resource Plan provides a framework for planning and monitoring our resource requirements.

We deliver sustainable economic, social and environmental benefits. We aim to assess and address the economic, social, equality and environmental implications of our decisions.

We ensure that officers are clear about their role in meeting the Public Sector Equality Duty, including our Corporate Equality Objectives into service planning.

We maintain a Council-wide focus on tackling the social determinants of health inequalities.

- Our report template includes sections to assess and consider:
 - Procurement implications, including social value
 - The impacts on the environment
 - Socio-economic impacts (including impacts on child poverty and deprivation)
 - Public health impacts (including the impacts on the general health of the population of Torbay)
- An Inclusive Council training, which sets out our Public Sector Equality Duty, is a mandatory requirement for all staff.
- We publish our Equality Objectives with actions being taken in services to deliver against them included in our service planning.

Principle D: Determining the interventions necessary to optimise the achievement of intended outcomes

In determining interventions, we aim to make sure there is effective leadership throughout the Council, being clear about executive and non-executive functions, levels of delegation, and the roles and responsibilities of the scrutiny function.

We ensure that decision makers receive accurate, relevant and timely performance information and intelligence to support them with objective and rigorous analysis of options, covering intended outcomes, financial impact and associated risks informing efficient service delivery.

We commit to seeking continuous feedback from residents and those who use our services, both in planning service changes and improvements.

- To provide clarity, the following are included within the Council's Constitution:

- Schedules of Local Choice Functions and Council Functions
- Scheme of Delegation of Executive Functions to the Cabinet, Cabinet Committees and Officers
- Article 5 – Overview and Scrutiny
- Terms of reference of the Overview and Scrutiny Board
- Local Protocol on Relations between Overview & Scrutiny and the Cabinet
- Local Protocol – Good Governance the Torbay Way – Effective Administration and Opposition Leaders’ Agreement and Principles
- Job Descriptions
- Roles and responsibilities of Members and officers (and how they inter-relate) are also made clear during induction programmes.
- A Member Development Programme is in place with the aim of providing a structured approach to member development and supporting them in their roles. This includes more detailed training for Councillors with areas of special responsibility e.g. Leader of the Council, Cabinet Members, Overview and Scrutiny and Chairs of Committees.
- The Overview & Scrutiny Leadership Quarterly meetings include the Leader of the Council, Group Leaders and Chair and Vice-Chair of the Overview and Scrutiny Board and Chair of Audit Committee to enable linkages across Cabinet, Overview and Scrutiny and Audit Committee.
- Our Customer Service Standards set out our commitment to putting the customer at the centre of everything we do. If we do not meet these Standards, we have in place our Complaints Procedure. Further, a Members’ Enquiries system is also available.
- To ensure continuous improvement in significant services, the following programmes are in place:
 - Transformation Programme for Adult Social Care
 - Children’s Services Continuous Improvement Plan
 - Priority Impact Plan for the improvement in services for children and young people with Special Educational Needs and/or Disabilities
- Draft Local Operating Policy for Governance of Council Wholly Owned Companies in place.

In planning interventions, we aim to plan our activity at a strategic level through our budget and business planning cycle, in consultation with internal and external stakeholders, to ensure services are delivered efficiently and effectively across the organisation. We aim for consistent and effective service planning across the organisation. We establish appropriate performance indicators to measure the performance of services and projects, in order to continually improve effective service delivery arrangements.

- A Policy Framework is in place which ensures effective delivery of the Council’s objectives.
- Each year, each Director prepares a set of Services Plans for their directorate which demonstrate how the Council’s ambition and priorities from the Community and Corporate Plan flow through into the delivery of each service and ultimately into the objectives of each of our members of staff.

- The Council has in place a Performance Management Framework which includes setting annual targets for performance indicators.
- A quarterly corporate performance report is published and considered, with performance celebrated and challenged.
- The Statement of Accounts provides a Narrative Report which explains the Council's achievements against the Community and Corporate Plan over the past year alongside the Council's financial performance.
- Customer Service Standards in place.
- Improvement Plans put in place to respond to external inspections:
 - Children's Services Continuous Improvement Plan.
 - Priority Impact Plan for Special Educational Needs and/or Disabilities
 - Safety Value.
- Six monthly reports are considered at Directors' Overview Meeting on those areas of the Council subject to external inspection.
- Asset Management Strategy in place to ensure the effective use of the Council's assets.
- Council Re-design Programme in progress to move towards agreed Target Operating Model.

In optimising our achievement of intended outcomes, we aim to make sure the Council makes best use of resources and that taxpayers and service users receive excellent value for money. We seek to embed social value into procurement and commissioning and integrate monitoring of these objectives with contract and performance management procedures.

- Our Council's Constitution sets out the Financial Regulations and how we comply with all accounting, auditing standards and codes of practice. The Council's Medium Term Resource Plan provides a framework for planning and monitoring our resource requirements.
- The Treasury Management Strategy aims to achieve the optimum performance from the Council's cash flow, debt and investment operations and effectively control the associated risks.
- The Council has in place frameworks to which provide control and oversight of the Council's current and future revenue and capital budgets. The framework in relation to capital budgets/projects also includes the governance arrangements in relation to the Council's Regeneration Partner.
- Counter fraud and anti-corruption arrangements are in place including a policy which sets out the Council's commitment and approach to maintaining a strong anti-fraud culture across the authority.

Principle E: Developing the organisation's capacity, including the capability of its leadership and the individuals within it

We are developing the organisation's capacity. We make best use of human resources by taking an active and planned approach to meet our responsibility to staff and members, including making sure they have the skills, knowledge, experience and resources they need to perform well in their roles.

We are embedding benchmarking within our business and service planning to help allocate resources to meet defined outcomes effectively and efficiently.

- Our People Strategy and associated action plan in place.
- Induction for new members of staff is in place, followed by the availability of a Corporate Training Programme.
- Member Development Programme (including Member Induction Programme) is in place and operational.
- MyView web platform hosts Human Resources policies, whilst the Council's Intranet hosts a range of other policies, procedures and guidance for all staff including:
 - Information Governance
 - Freedom of Information Guidance
 - Community and Corporate Plan
 - Constitution
 - Counter Fraud and Corruption Policy
- As part of the Council Redesign Programme, a programme of Workforce Planning in place.
- Service Plans include a section on benchmarking so that services can identify where improvements need to be made.

We are developing the capability of the organisation's leadership and other individuals. We aim to ensure that a constructive working relationship exists between Council Members and officers and that the responsibilities of Members and officers are understood and carried out to a high standard.

We develop the capability of all members and those officers with governance responsibilities and evaluate their performance, as individuals and as a group. We seek to encourage new talent for membership of the Council so that best use can be made of individual's skills and resources in balancing continuity and renewal.

- The responsibilities of Members and officers, and the standards to which they are expected to carry out those responsibilities, are described in the following sections of the Council's Constitution:
 - Schedules of Local Choice Functions, Council Functions and Circumstances in which Functions are not to be the Responsibility of the Executive
 - Officer Scheme of Delegation
 - Code of Conduct for Members, Code of Conduct for Employees and Local Protocol on Member and Officer Relations
- A Leader Induction Programme is in place as part of Member Development Programme.
- Advice and guidance is sought and utilised from the Local Government Association (LGA).
- Member Development Programme (including Member Induction Programme) is in place and operational. This is kept under regular review via the Leaders' Meeting to inform the development of future Programmes.

- Job Descriptions for specific Member and officer roles and Local Protocols published within the Council's Constitution.
- A specific communications and engagement plan is implemented in the run up to Local Elections to encourage people become councillors.

Principle F: Managing risks and performance through robust internal control and strong public financial management

We manage risk by making sure we have an effective risk management framework in place.

- The Council has an approved Risk Management Framework.
- There is a Whistleblowing Policy in place.
- A Health and Safety Policy is in place supported by a strategy and management framework.

We manage performance by making sure there is an effective performance management framework in place.

We have good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs.

We exercise leadership through a robust scrutiny function, which aims to effectively engage local people and all local institutional stakeholders, including partnerships, and develops constructive accountable relationships.

- The Council has in place a Performance Management Framework which includes setting annual targets for performance indicators.
- The Council's standard format for reports to decision makers includes the legal and financial implications of the recommendations. Guidance and advice is available for completion of Equality Impact Assessments within those reports and through officer support.
- Overview and scrutiny arrangements are in place within the Council's governance arrangements, with the Constitution including the terms of reference of the Overview and Scrutiny Board (and its sub-boards) and the Standing Orders in relation to Overview and Scrutiny.
- An annual report on the activity of the Overview and Scrutiny function is published.
- Quarterly budget monitoring and performance reports are presented to Senior Leadership Team, Cabinet Members and Overview and Scrutiny Board
- A Community Engagement and Empowerment Strategy is in place with an associated Engagement and Communications Forward Plan.

There is robust internal control. We maintain an Audit Committee which oversees the effectiveness of governance and risk management arrangements, internal systems of control, and anti-fraud and anti-corruption arrangements.

Our internal auditor's findings on the overall adequacy and effectiveness of our governance framework are reported to the Audit Committee, along with their findings in relation to the management and control of risk. The outcomes of the work of the external auditor are also reported to the Audit Committee.

- Audit Committee in place as part of the Council's governance arrangements.
- The Council has in place an Internal Audit Plan which sits alongside its governance framework and our information governance arrangements.
- Achievement against the Internal Audit Plan is reported to the Audit Committee on a twice-yearly basis
- The Annual External Audit Plan is considered by the Audit Committee.
- Achievement against the External Audit Plan is reported to the Audit Committee, together with the Annual External Audit Findings Report and the External Auditor's Annual Report.

We manage our data. We make sure we have effective arrangements in place for the safe collections, storage, use and sharing of data, including processes to safeguard personal data. We make sure effective arrangements are in place, and that they operate effectively, when sharing data with other bodies. We aim to review and regularly audit the quality and accuracy of data used in decision making and performance management.

- The Head of Information Governance is the Council's Data Protection Officer
- The Director of Corporate Services is the Council's SIRO
- The Director of Adult and Community Services is appointed as the Council's Caldicot Guardian.
- Effective Information Governance arrangements are in place
- Data Quality Policy is approved and in place
- Data Protection and Information Governance training is mandatory for all staff and must be repeated every two years
- All reported Data Breaches are investigated and reported to Heads of Services and the Information Commissioners Office (where necessary)

We have strong financial management. We maintain an approach to financial management that supports both the long term achievement of objectives, and shorter term financial and operational performance, whilst ensuring value for money. We make sure that appropriate and timely advice is given on all financial matters, that the required financial records and account are kept, and we oversee an effective system of internal financial control. We follow CIPFA's Prudential Code and Treasury Management Code of Practice which set of the risk framework through which the Council manages its balance sheet and makes capital investment decisions, and statutory guidance on best value.

- Monthly budget monitoring reports are shared with budget holders and members of the Senior Leadership Team, with high level budget monitoring considered by Directors and members of the Cabinet.
- Quarterly budget monitoring reports are considered by the Senior Leadership Team, the Overview and Scrutiny Board and Council.
- Standard format reports for decision makers which requires financial implications of decisions to be set out so they can be considered by the decision maker. There is proactive engagement between Financial Services and directorates on high profile/sensitive matters.

- A Treasury Management Strategy is in place which covers, amongst other things, the Minimum Revenue Provision policy, Borrowing Strategy, Investment Strategy and reporting arrangements.

Principle G: Implementing good practice in transparency, reporting and audit to deliver effective accountability

We implement good practice in transparency through committing to publish information including reports, in a timely manner which is accessible to residents and other stakeholders.

We aim to ensure that our website is set out in a clear and easily accessible way, using plain language. We also ensure that our website is compliant with web content accessibility standards.

We follow the Local Government Transparency Code, which includes requirements and recommendations for local authorities to publish certain types of data.

- The Council's Standing Orders in relation to Access to Information describe the specific circumstances in which information can be classed as exempt or confidential.
- We use website analytics and feedback to improve findability and task completion.
- We write in plain English, aiming for a reading age of 9 years, and on our website we follow GOV.UK style guidance for titles, summaries and link text.
- We meet website accessibility requirements by testing against WCAG 2.2 AA and publishing and updating an accessibility statement.
- In accordance with our commitment to provide transparency, on our website we publish:
 - Our Organisational Chart covering each member of staff in the top three levels of the organisation.
 - Details of the number of employees whose remuneration was at least £50,000, including their responsibilities.
 - Our Annual Pay Policy Statement and Gender Pay Gap Report

We implement good practice in reporting. We publish, at least annually, on performance, value for money and stewardship of resources in an understandable way. We publish our Annual Governance Statement which provides evidence of good governance and includes an action plan for improvement. We publish performance information in a consistent and timely way which allows for comparison with other, similar organisations.

- The Statement of Accounts provides a Narrative Report which explains the Council's achievements against the Community and Corporate Plan over the past year alongside the Council's financial performance.
- The draft Annual Governance Statement is prepared and considered by Audit Committee.
- Annual Governance Statement is included within the Statement of Accounts
- A summary of achievements is published each non-election year with the Council Tax invoices

In terms of assurance and effective accountability, we positively engage with external challenge, including from peer authorities, as well as internal and external report and audit, and inspections from regulatory bodies, giving thorough consideration to any arising recommendations.

We make sure that we respond to improvement recommendations made by Internal and External Auditors and other external assessors. We make sure that those recommendations are implemented within due dates.

We follow the prevailing internal audit standards which apply to local government, including a commitment to develop audit plans which are designed to invite comment from management and the Audit Committee.

- LGA Peer Reviews are utilised as a way of providing assurance and seeking to improve practice
- Recommendations from Internal and External Auditors are considered by the appropriate Director(s) and management actions agreed and implemented.
- Directors, Members of the Cabinet and the Audit Committee are invited to contribute to the development of the Internal Audit Plan

Review of effectiveness

Torbay Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The review of effectiveness is informed by the work of managers within the Council who have responsibility for the development and maintenance of the governance environment, the Head of the Devon Assurance Partnership's annual report and by comments made by the External Auditors and other review agencies and inspectorates. The Annual Governance Statement provides a summary of the reviews which have taken place over the course of the year.

The effectiveness of the governance framework has been evaluated over the course of the year against the seven principles within Torbay Council's Code of Corporate Governance. Details of the evaluation is included in the sections which follow. Whilst some governance issues have been identified (and are detailed below), the Council believes that its arrangements continue to be regarded as fit for purpose, in accordance with the governance framework.

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

An updated set of values for the organisation were agreed in 2025 and announced at the Staff Awards in September 2025. This followed an exercise involving staff in team across the organisation who discussed the existing values with managers and colleagues from HR. Work has continued through 2025/2026 to describe the behaviours we expect to see from staff in demonstrating those values, as members of staff, as managers and as part of the Senior Leadership Team. This wider Behaviour Framework will be launched in Spring 2026. In the meantime, staff are asked to demonstrate how they meet the Council's values at their annual appraisal.

Our Directors' Commitments have been in place since June 2023 and were reviewed during 2025/2026. The Chief Executive holds her Directors to account for the delivery of those commitments both via Directors Overview Meetings and in her one-to-ones. Work is ongoing to ensure that they are embedded within each Directorate.

The Council's induction programme signposts new members of staff to the Code of Conduct for Employees and the Whistleblowing and Acceptable Behaviour policies. Reminders are included at regular intervals on the Staff Newsletter.

The Internal Engagement Strategy has continued to be implemented over the course of the year with weekly Staff Newsletters, fortnightly Managers Briefings and monthly Senior Managers and Managers Forums. Regular Ask Us Anything and All Colleagues Briefings are held. Phase 2 of the Internal Engagement Strategy was approved by the Our People Board in June 2025 with a focus on two way engagement and expanding employee recognition in order to recognise the good things people do every day.

Regular staff check-in surveys are also held to gain formal feedback from across the Council. A new action plan is due to be agreed during 2025 following the completion of the latest check-in survey.

All Members received training on the Code of Conduct within the first weeks following the Local Elections in May 2023 and the new Members Interests Register was completed and published. Members' training needs in this regard is kept under review each year. The agendas for the Leaderships and Quarterly Governance Leaders meetings includes Member behaviour and Good Governance where issues of concern are raised and discussed.

The Chief Financial Officer has direct access to all Members, the Chief Executive and senior officers of the Council. Regular discussions are held with the Leader of the Council and the Cabinet Member with responsibility for Finance. Members are briefed on key financial matters with revenue and capital monitoring reports being considered on a quarterly basis.

In 2024/2025 there continued to be a reported increase in the number of complaints received by the Monitoring Officer – this trend has continued throughout 2025/2026. Predominantly the complaints received were from councillors against councillors. This reflected some political tensions and resulted in behaviours by some councillors being displayed in a range of meetings and public forums.

The wider impact through unfounded and public criticism of Officers continues to affect staff morale. A number of breaches of the Code of Conduct for Members were found by the Monitoring Officer, in accordance with the Protocol for the Assessment and Determination of Allegations of Breaches of the Code of Conduct for Members. There has been no requirement for complaints to be determined by the Standards Hearing Sub-Committee since February 2025.

The Independent Person's views and opinions have also been sought on relevant matters relating to councillors' conduct as part of the Complaint Process. More recently, a general view and opinion was sought and obtained from the Independent Person of a meeting of the Council and the response advised of the need for prompt intervention and robust chairing to avoid tensions arising and escalating and that, instead of acting as the representatives of Torbay, the tone adopted by most of the Councillors was confrontational and party political.

Following concerns raised, the Monitoring Officer continues to engage informally with councillors to improve relationships, between councillors and affected officers, and to ensure that the high standard reasonably expected of councillors is maintained and the public's confidence in the Council is upheld.

The Standards Committee is in the process of agreeing its annual report, supported by officers. This work is yet to conclude.

Our procurement and contract management policies are reviewed annually as a minimum or when there is a change in legislation or statutory guidance or the need for change is identified as a result of non-compliant spend. For example, Financial Regulations and Contract Procedures were reviewed and updated following the introduction of The Local Government (Exclusion of Non-commercial Considerations) (England) Order 2026.

The effectiveness of procurement arrangements is regularly monitored, including an ongoing audit of all requests to start a procurement submitted where the result is a service led procurement to verify the agreed procurement procedure has been followed and all applicable requirements of Financial Regulations and Contract Procedures complied with. Any issues identified through the audit are raised on a case-by-case basis with the service and relevant Director, action is taken to prevent re-occurrence and quarterly reports detailing all non-compliant spend are shared with Directors

The Council's Customer Relationship Management (CRM) system provides a centralised platform for managing customer interactions. Devon Assurance Partnership's review in 2024/25 found that, whilst there was evidence of delivery against most aspects of the contract, there remained areas where delivery was not complete and subject to ongoing discussion with the Supplier. Further details are provided in the Exempt Appendix to this Statement.

All reports are signed off by the relevant Director and the three Statutory Officers (Head of Paid Service, Chief Finance Officer and Monitoring Officer) before being presented to the Cabinet or Council for consideration. Work is continuing on supporting officers across the Council to complete the updated Equality Impact Assessments effectively.

Principle B: Ensuring openness and comprehensive stakeholder engagement

The Community and Corporate Plan was agreed by the Council in February 2024. The Council's Business Plan, which acts as the delivery plans for the Community and Corporate Plan was agreed by the Cabinet in June 2024.

The Business Plan establishes a clear set of manageable priorities that enable real focus for the organisation. It sets out the actions to be undertaken against each priority within the Community and Corporate Plan. These actions contain milestones against which progress can be measured. A set of performance indicators are included within the Plan which supplement the longer-term performance indicators within the Community and Corporate Plan.

The Business Plan is refreshed on an annual basis with the latest version being approved by the Cabinet in March 2026.

Our Directors were asked to prepare a set of Service Plans which demonstrate how their services are delivering the Council's priorities. These are checked centrally to ensure that there is full coverage of the actions within the Council Business Plan. They are then used to set objectives for staff members through their annual appraisals. Progress is monitored via team meetings and one-to-ones which are held at all levels of the organisation.

The Cabinet's Forward Plan is published when changes or new entries are made throughout the year. This describes how the decision will be made, including how representations can be made to the decision maker. Meetings of the Council, Cabinet and Planning Committee are live streamed.

In relation to adult social care, the Section 75 Executive Group has met regularly to oversee delivery of the adult social care transformation programme. In March 2026, Torbay and South Devon NHS Foundation Trust gave formal notice on the Section 75 arrangement for the delivery of adult social care in Torbay. A 12 month notice period applies until 1 April 2027. Robust programme and project arrangements are in place to prepare for this change in service delivery, including work to strengthen adult social care so that it is sustainable, outcomes focused and provides the best possible support.

Torbay Council is a partner in the Torbay and Devon Safeguarding Adults Partnership as a requirement of the Care Act 2014. This Partnership provides strategic leadership for safeguarding adults across Torbay and Devon.

Torbay Safeguarding Children Partnership has been established under Working Together to Safeguarding Children 2018 (now superseded by Working Together 2023) arrangements since September 2020.

The Torbay Place Leadership Board is a partnership of leaders from the private, public and community sectors. It provides Bay-wide place leadership, helps align priorities across Torquay, Paignton and Brixham, and champions the Torbay Story (Torbay's shared narrative). It also helps partners raise shared issues, unblock risks and present a clear Torbay offer to external partners and investors. The Board meets in public, publishes papers in advance, and members declare interests. It provides periodic updates to the Council's Overview and Scrutiny Board on progress, successes, risks and next steps.

Torquay Place Leadership Board is the town-wide board for Torquay and acts as the "neighbourhood board" for Pride in Place Phase 1 (Plan for Neighbourhoods, formerly the Long Term Plan for Towns). It has now moved into delivery, with an independent chair and open decision-making. Decisions are supported by a proportionate Delivery Assurance Framework so projects are checked for viability and compliance before funding is released.

Paignton Place Leadership Board is being set up for Pride in Place Phase 2 and will focus on the Blagdon and Blatchcombe area. Recruitment is underway for Board members and an independent chair. Once appointed, the Board will hold its first meetings and run a structured listening exercise with local residents and businesses to shape a 10-year vision and 4-year plan, and then produce the business plan for the first funding period. Key programme deadlines include confirming membership and any boundary changes with MHCLG by 17 July 2026 and submitting the Pride in Place Plan by 28 November 2026.

The annual review report of the Place Leadership Boards is scheduled was considered by Overview and Scrutiny Board on 6 May 2026.

The Council's Regeneration Partnership with Wilmot Dixon and Milligan is managed through monthly Partnership Board and Project Review Meetings, both of which report to the Capital and Growth Board to provide oversight. The Cabinet Capital Projects Working Party provides cross party oversight of capital projects, which includes updates on projects being undertaken by the Regeneration Partners.

Cost and performance management meetings continue with Devon County Council regarding the county wide Coroners' Service now hosted by the authority. Although a Service Level Agreement (SLA) has yet to be agreed, progress has been positive on taking steps towards an agreed set of outcomes and measurements, while the service provided continues to see improvements. An accompanying improvement plan is intended to sit alongside the SLA to ensure that both cost and performance meet the expectations of all local authorities within the service area.

Across the Council, we have and continue to engage widely and directly with residents. This has been through in-person events, which 40 have been held in various locations across Torbay this year. These engagement events have reached around 2,200 people. The Engagement and Communications team delivered and had strong participation in a range of consultations that have been used to shape recommendations and decision. These consultations this year received around 10,000 responses, a clear increase from the 6,300 last year. The second Residents Satisfaction Survey was also run, securing over 1,500 responses, which exceeded the 2023 return. These results demonstrate our commitment to inclusive engagement and to gathering and sharing meaningful feedback with communities and stakeholders.

The Council continues to deliver against its Public Sector Equality Duty, with a clear commitment to tackling discrimination and harassment, and strengthening community cohesion. Progress has been maintained through focused delivery of the Inclusion Strategy and its associated Equality and Diversity Action Plan alongside continued internal awareness raising of the importance of inclusion.

The Inclusion Partnership explored emerging inclusion issues and provided critical friend challenge to the Council across six meetings. Specifically, the group provided inclusion-focused input into the Local Plan consultation and Council's annual budget setting consultation. The Partnership was strengthened through introducing quarterly dedicated hate crime meetings, recognising the importance of this topic and the need to hear from seldom heard voices.

Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits

The Community and Corporate Plan was agreed by the Council in February 2024. The Council's Business Plan, which acts as the delivery plans for the Community and Corporate Plan was agreed by the Cabinet in June 2024.

The Business Plan establishes a clear set of manageable priorities that enable real focus for the organisation. It sets out the actions to be undertaken against each priority within the Community and Corporate Plan. These actions contain milestones against which progress can be measured. A set of performance indicators are included within the Plan which supplement the longer-term performance indicators within the Community and Corporate Plan.

The Business Plan is refreshed on an annual basis with the latest version being approved by the Cabinet in March 2026.

Our report template has been reviewed and updated during the year to ensure an appropriate focus on social value, the impacts on the environment as well as socio-economic and public health impacts.

Principle D: Determining the interventions necessary to optimise the achievement of intended outcomes

Regular one-to-one meetings are held between the Chief Executive and the Leader of the Council. The Chief Executive also meets regularly with the Leaders of the other Groups on the Council. Her annual appraisal is undertaken by the Group Leaders. The Chief Executive has regular meetings with the LGA Principal Advisor for the South West, with Peer Challenge opportunities being utilised both within the organisation and as peer members.

Regular informal meetings with councillors have been held during the year. The Leaders' Meeting has met on a regular basis to discuss emerging council business and key topics, Member behaviour and standards, and Constitution amendments. Other meetings include Overview and Scrutiny Briefing Meetings and the Cabinet and Shadow Cabinet. The role of this latter meeting was reviewed during the year by Group Leaders and it was determined that it would no longer meet, whilst remaining in the Constitution should future groups wish to use them. Shadow Cabinet Members are invited to the Leaders Meeting for specific issues when required..

Directorate performance against our Customer Service Standards is monitored against targets on a weekly basis. Monthly escalation meetings are held with the Chief Executive and Director of Corporate Services to ensure satisfactory performance. This includes outstanding enquiries made by Councillors and Members of Parliament. The Council operates a single stage complaints process which means there are improved timescales for escalation to the Local Government and Social Care Ombudsman. From 1 April 2026, responsibility for handling complaints relating to the adult social care transferred to the Council with a new process established. This process will be kept under review during the course of the year to ensure that it is as efficient and effective as possible.

Customer care and tone of voice training has been delivered for staff across the organisation to ensure that staff are aware of the expectations on them in delivering services.

There are a range of meetings in place to ensure sufficient progress is being made against our improvement plans for adult social care, children's social care and services for children and young people with Special Educational Needs and/or Disabilities (SEND). These include:

- For adult social care:
 - Section 75 Executive Group;
 - Adult Social Care Improvement Board; and
 - Adult Social Care and Health Overview and Scrutiny Board.
- For children's social care:
 - Children's Continuous Improvement Board
 - Children and Young People's Overview and Scrutiny Board

- For services for children and young people with Special Educational Needs and/or Disabilities (SEND)
 - SEND Local Area Improvement Partnership Board
 - Children and Young People’s Overview and Scrutiny Board

In line with the Performance Management Policy, Service Plans were prepared across the organisation for 2025/2026 with a new set in place for 2026/2027. Annual targets were set for all performance indicators taking account of historical outturn performance and our performance against our statistical neighbours.

The Council’s Medium Term Resource Plan has been reviewed by Directors and members of the Cabinet at regular intervals throughout the year, with formal budget monitoring taking place quarterly by Overview and Scrutiny Board and the Council. The operation of the Treasury Management Strategy and the Council’s counter fraud arrangements have been considered regularly by the Audit Committee.

Principle E: Developing the organisation’s capacity, including the capability of its leadership and the individuals within it

The Council continues to deliver its Our People Strategy which focusses on empowering, supporting, developing, and engaging our workforce, both now and in the future, to achieve our ambitions for Torbay. Progress against the associated action plan is managed by the Our People Project Board with oversight from the Council Redesign Programme Board.

Leadership and management training continues to be provided that covers a wide range of core management skills development such as managing performance, leading and developing teams, leading change and managing equality, diversity and inclusion. Having rolled out our Managers Framework, this is currently being reviewed within the Our People Project to ensure that it is fit for purpose and proportionate.

A programme of Workforce Planning has been in place over 2025/2026 with the focus now shifting to critical role analysis as the Council readies itself for potential local government reorganisation.

Work continues to embed the use of benchmarking into our service plans and wider decision making. A benchmarking section is included with the service plan templates. Yearly benchmarking reports are prepared and work is underway to automate this using LG Inform and PowerBI.

Following the delivery of the Member Induction Programme in 2023/2024, a Member Development Programme was developed taking account of feedback from Members, the Monitoring Officer, Chief Executive, Head of Governance Support and Democratic Services Team Leader to continue to enhance Members’ skills throughout their term of office.

The Programme continued to be delivered throughout 2025/2026 using internal and external development opportunities and is supplemented by all Member Briefings on key issues and one-to-one support as required from the Democratic Services Team Leader.

Members were encouraged to attend free webinars and events run by the Centre for Governance and Scrutiny, the Local Government Association (LGA) and Planning and Advisory Service (PAS). Scrutiny Members take part in regional networks to share good practice. Members have worked with Peer Members from the LGA to enhance their knowledge and develop their skills.

The Council worked with the Devon Assurance Partnership who provided expert training for Members of the Devon and Torbay Combined County Authority (CCA), Devon County Council and Torbay Council with joint training to enhance their knowledge and share experiences in respect of Audit and Scrutiny functions. Experience of the Programme is being used to develop an outline Member Development Induction Programme for 2027 when the next Local Government Elections are scheduled.

Work is now starting to prepare for the induction programme for May 2027, including consideration of how the Council can support to encourage new talent for membership of the Council as well as providing a more relational and person-centred approach.

Principle F: Managing risks and performance through robust internal control and strong public financial management

The Council continues to embed its Risk Management Policy with risk appetite and tolerance briefings to members and senior officers during 2025/2026. The Audit Committee continue to receive regular reports in relation to the Council's Strategic and Corporate Risk Registers which include the actions being taken to mitigate the Council's risks, in particular those risks which are scoring 16 or above. The increased data around risk tolerances is helping to inform reports around risk which are considered by the Directors Overview Meeting.

Directors and Heads of Service have access to live dashboards through Power BI which show the current position with the Council's Strategic, Corporate and Service Risks, including those which are overdue for review. Heads of Service review their Service Risk Registers as part of their preparation of Service Plans.

Regular articles have been included in Staff News highlighting the whistleblowing arrangements that are in place within the Council. The Monitoring Officer, Chief Finance Officer, Head of Human Resources and the Head of Devon Assurance Partnership (or their representative) meet on a regular basis to consider and recommend action in connection with current governance issues and other matters of concern regarding finance, ethics and probity. The Chief Executive (as Head of Paid Service) is kept informed of matters.

Health and Safety performance and emerging issues are reported to the Council's Senior Leadership Team on a six-monthly basis. The Chief Executive holds health and safety update meetings on a quarterly basis to discuss trends, performance and emerging issues. Additionally, each month Directors discuss health and safety performance within their service areas, challenging outstanding actions and records on the Assure system.

The Corporate Performance Report provides assurance that progress against both the Community and Corporate Plan and the Council Business Plan is on track. The Report is considered by the

Senior Leadership Team, members of the Cabinet and the Overview and Scrutiny Board where progress is celebrated and underperformance is challenged.

Work has been underway during 2025/2026 to transfer the performance indicators from the Corporate Performance Report into Power BI. This will enable data to be collected more easily (and in some cases automatically). The first phase of this work will be complete for Quarter 1 of the 2026/2027 financial year, with further work then undertaken to include the indicators from the recently published Local Outcomes Framework.

The Performance Management Policy was agreed in December 2024 and work continues to embed the associated framework across the organisation as the Council focusses on improving performance. In line with the Policy, Service Plans were prepared across the organisation for 2025/2026 with a new set in place for 2026/2027.

An informal governance framework is in place to support our formal governance arrangements, with work planned over the coming year to focus on data driven decision making. This will include the escalation of emerging issues and an updated report format, alongside a wider piece of governance training as part of the Managers Framework.

The Statement of Accounts 2025/2026 are being prepared and will be audited by Grant Thornton. The Council's accounts and the Auditor's annual report are publicly available on our website. Both the internal and external auditors' reports are considered by the Audit Committee together with the associated management responses.

Our Medium Term Resource Plan was formally revised as part of setting the Council's budget in February 2026. The Council's budget was kept under review throughout the year by Directors and Members of the Cabinet with quarterly budget monitoring reports being considered by the Overview and Scrutiny Board.

The Audit Committee considered the Treasury Management mid-year review for 2025/2026 in October 2025, ahead of reviewing the draft Treasury Management Strategy for 2026/2027 in February 2026. The Audit Committee's views were considered by Council ahead of its approval in later in February.

The Capital and Growth Board meets monthly to provide a continual review of the Council's Capital Programme and the risks to delivery and budget. The project management governance which was introduced in 2023/2024 continues to promote greater accountability and transparency for all key projects. The Board also has oversight of the use of Section 106 and Community Infrastructure Levy monies.

Over the course of the year, bi-monthly meetings of the Investment Management Board were held to provide management oversight of the performance of our investment property portfolio. Revenue income and reserve levels remain robust. The Council's holding of assets is kept under regular view with an initial 'basket' of assets for disposal approved by members within the year.

Devon Assurance Partnership's report on the Treasury Management Strategy for 2024/2025 highlighted that there was a lack of governance around group company loans. During 2025/2026 work has continued to ensure that all documentation in respect of loans is collated. Within their

review of Treasury Management for 2025/26, DAP highlighted that there was no formally documented governance framework or single storage location to support the loan lifecycle of Group Company loans. In response the Council has strengthened its governance and management of historic loans and has simplified the process and reporting of any newly approved Group Company loans.

Regular updates on the Council's counter fraud and anti-corruption arrangements are presented to Audit Committee. This included consideration of proposed updates to the Counter Fraud and Corruption Policy, as well as the introduction and implementation of an accompanying Counter Fraud and Corruption Policy. The views of the Audit Committee were considered ahead of the Director of Finance approving both the revised Policy and the new Strategy.

Work continues to raise awareness of fraud prevention across the Council with a range of training sessions and courses in place. The Council's anti-fraud arrangements are assessed by the external auditors alongside the Statement of Accounts with a recognition that fraud risk assessments are not completed across the organisation. Services are asked to complete regular fraud risk assessments as part of preparing their Service Plans and whilst a Fraud Risk Register is in place, further work is required to ensure that this is comprehensive.

Devon Assurance Partnership operates in line with the Public Sector Internal Audit Standards. The Internal Audit Plan is agreed annually by the Director of Finance, Directors' Overview Meeting and the Council's Audit Committee. The Council also receives assurance from the NHS Internal Audit Consortium over the controls in operation at Torbay and South Devon NHS Foundation Trust. Achievement against the Audit Plan was reported to the Audit Committee on 18 February 2026.

The Audit Committee prepared its second Annual Report which summarised the work of the Committee during 2025/2026 including how it had fulfilled its duty. This report is due to be presented to the Council at its Adjourned Annual Meeting in May 2026.

Mandatory training is undertaken by Councillors every four years and officers annually in relation to information governance and data protection. Regular reminders are issued via the Staff Newsletter on the importance of data protection, the need to report data breaches promptly and the lessons learnt from breaches. The Information Governance Steering Group meets on a quarterly basis to review policy, best practice, organisational change and performance. They also consider and review the risks in relation to cyber security and the Council's wider compliance to Data Protection Legislation.

An AI subgroup has been established under the Information Governance Steering Group and has produced an AI usage policy and guidance for staff. Governance arrangements around the approval of AI tools have been considered and an assessment process put in place to allow risks and mitigations of new AI tools to be identified.

Information Governance has continued to support a range of projects across the Council including the procurement of new services and systems and the development of new processes to ensure compliance and security. Advice and guidance has been provided on the project around Free School Meal eligibility to ensure that data matching can take place in a compliant way, which has

allowed the identification of more children who are eligible for free school meals. Information Governance has been heavily involved in the implementation of the new case management system within Adult Social Care, ensuring that appropriate agreements are in place. This work has established the Council as a Joint Data Controller for adult social care data processed by Torbay and South Devon Foundation Trust. In partnership with colleagues, Information Governance has been identified as an enabler for on this project ensuring that IG issues are worked through to allow the project to move forward at pace.

Data protection impact assessments continue to be reviewed in relation to new processing activities or project to identify data protection or cyber security risks

Principle G: Implementing good practice in transparency, reporting and audit to deliver effective accountability

The Forward Plan has been published during 2025/2026 when new entries are received or there are changes to entries. The Forward Plan is reviewed by Directors on a regular basis to ensure that it is up to date.

Agendas and reports for meetings of the Council, Cabinet and committees are published five clear working days ahead of the meeting, with minutes and Records of Decisions published after each meeting (as appropriate).

We have introduced a yearly website survey, built service dashboards for reviewing website analytics and implemented Microsoft Clarity to monitor user behaviour. We are now using this information to inform changes to the site and improve findability and task completion.

Our new website content policy sets clear standards for how we handle information on the site. This includes what we publish, how it is written and how it is reviewed and maintained.

We have published guidance for staff who produce documents, to help make all materials accessible by default, and have adapted this for suppliers creating materials on our behalf. We have also secured budget for an external accessibility audit of the main council site, which will identify any further areas for improvement and allow us to develop a roadmap for prioritising these changes.

Over the course of the year, we have undertaken a review of the Local Government Transparency Code to ensure that all aspects are up-to-date and published on our website. This has included updating the information about staff in the top three tiers of the organisation. Outstanding issues will be addressed over the coming year.

The Council considered the Annual Pay Policy on 26 February 2026.

The Statement of Account for 2025/2026 will include a Narrative Report which sets out our achievements against our Community and Corporate Plan and our Council Business Plan. Further, we provided our One Torbay booklet with Council Tax bills in March 2026 which described our achievements over the previous year as well as our plans for the coming year.

The Council's Constitution includes the Code of Corporate Governance with the statutory governance officers meeting on a regular basis to review governance arrangements. The Code

has been updated over the course of the year to reflect the current SOLACE/CIPFA guidance and is due to be considered by the Council at its Adjourned Annual Meeting in May 2026. The Council's Assurance Framework has been documented will be updated to reflect the new Code of Governance once approved.

Our Corporate Performance Reports are published on the Council's website as well as with the agendas for Overview and Scrutiny Board. Work has been underway over the course of the year to transfer the performance indicators within the Corporate Performance Report to Power BI which will enable officers and members to more easily compare Torbay Council's performance with that of other similar authorities.

The Council took part in a Corporate Peer Challenge in April 2024. This forms part of the improvement and assurance framework for local government and are recognised as assisting councils to meet their Best Value duty by having such a review at least every five years. The Council published the report from the Corporate Peer Challenge with the headline being that "the council is in a very different and much better place compared to a few years ago and has a solid foundation". A progress review was undertaken in April 2025 with the action plan from the original challenge having been completed. Throughout the course of the year work has taken place to ensure that delivery continues and an update report was presented to the Audit Committee in October 2025. The improvement actions identified now form "business as usual".

Children's Service publish an annual self-assessment which is used as a basis for our Annual Conversation with Ofsted.

We continue to work with the Department for Education and the Care Quality Commission to improve the services for our children and young people who experience SEND.

The Annual Report of the Overview and Scrutiny Board was considered by the Council on 15 May 2025 and is also published on the Council's website on the Overview and Scrutiny section.

Internal and external audit reports are considered by Directors and Divisional Directors with management action detailed against each recommendation.

Conclusion

The Council recognises that strong governance requires continuous improvement. Over the coming year, we will focus on delivering the actions set out in this Statement, including strengthening our use of data to inform decision-making, ensuring comprehensive fraud risk assessment across all services, and enhancing transparency through full compliance with the Local Government Transparency Code.

We will also update and embed our Assurance Framework in line with the revised Code of Corporate Governance, while maintaining close oversight of key service transformations, including adult social care. Developing a more data-driven, insight-led organisation will be a particular priority, alongside continued investment in our people and leadership capability.

By delivering these improvements, we will further strengthen our governance arrangements and ensure that the Council remains resilient, transparent and accountable, continuing to provide effective services and positive outcomes for the communities of Torbay.

Appendix 1: Action Plan

Agreed Action	Responsible Officer	Deadline
Keep the operation of the Adult Social Care complaints system under review to ensure it is efficient and effective.	Divisional Director – Corporate Services (Interim)	December 2026
Include the Local Outcomes Framework within the Corporate Performance Indicator Dashboard	Divisional Director – Corporate Services (Interim)	December 2026
Ensure full compliance with the Local Government Transparency Code, including addressing all identified gaps	Divisional Director – Corporate Services (Interim)	December 2026
Conclude contract delivery management actions on the Customer Relationship Management to ensure value for money is delivered against product functionality	Director of Corporate Services	December 2026
Subject to the outcome of Local Government Reorganisation is Devon, deliver a structured programme to improve the Council's use of data in decision-making, including full rollout of Power BI dashboards, data quality improvements and officer training	Divisional Director – Corporate Services (Interim)	March 2027
Embed the Performance Management Framework and Policy across all services, ensuring consistent use of performance data and reporting	Divisional Director – Corporate Services (Interim)	March 2027

Ensure comprehensive coverage and consistency of Fraud Risk Assessments across all services, including completion of a robust and comprehensive Fraud Risk Register	Director of Finance	March 2027
Update the Council's Assurance Framework in line with the updated Code of Corporate Governance and review the Council's Assurance Map	Divisional Director – Corporate Services (Interim)	March 2027
Support and embed the Council's Behaviour Framework and organisational values across all Directorates, including monitoring impact on culture and staff experience	Chief Executive/Divisional Director – Corporate Services (Interim)	March 2027
Oversee and support the transition of Adult Social Care services from the Section 75 arrangement, ensuring strong governance, risk management and programme oversight	Director of Adult and Community Services	March 2027

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For more information please contact engagement@torbay.gov.uk

Document is Restricted

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Meeting: Audit Committee

Date: 27 May 2026

Wards affected: All

Report Title: Annual Report - Requests to Waive Contract Procedures

When does the decision need to be implemented? Not applicable

Cabinet Member Contact Details: [Alan Tyerman, Finance Portfolio Holder,](#)
alan.tyerman@torbay.gov.uk

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

1. Purpose of Report

- 1.1. The Council's external auditors, in their Annual Report for year ending March 2025, recommended that the Council reports, at least annually, details relating to procurement waivers to those charged with governance.
- 1.2. The purpose of this report is to provide Audit Committee with details of the procurement waivers for the 2024/2025 and 2025/2026 financial years.

2. Reason for Proposal and its benefits

- 2.1. Not applicable - this report is for information purposes only.

3. Recommendation(s) / Proposed Decision

- 3.1. That the Audit Committee review this report and, where necessary, seek further information from Commercial Services.

4. Appendices

Appendix 1: Breakdown of Waiver Requests by Directorate

5. Background Documents

- 5.1. None

Supporting Information

6. Introduction

- 6.1. Contract Procedures were revised in April 2024 to increase the number of procurement procedure options available for below threshold contracts. The procurement procedure used is identified based on the risk, value, complexity, market and urgency of the requirement, with direct awards being permitted where it can be clearly demonstrated that only one supplier can meet the need and there is no scope for competition.
- 6.2. Officers are able to seek exemption from the following requirements of Contract Procedures:
- 6.2.1. using the procedure identified by Commercial Services for below threshold contracts, including the direct award of grants and use of off contract agency staff suppliers;
 - 6.2.2. using the procedure identified by Commercial Services for above threshold contracts, where the alternative procedure is permitted under the Procurement Act 2023;
 - 6.2.3. using the Council's standard tender templates;
 - 6.2.4. following the prescribed route for issuing and submission of tenders;
 - 6.2.5. using the Council's standard terms and conditions of contract or recognised national construction contracts.
- 6.3. Waiver requests are reviewed and signed off as follows:

Waiver type	Review and comments	Decision
Request to run an alternative procedure	Commercial Services Section 151 Officer Where applicable: - Finance / Information Governance / IT Services	Budget holder
Request to use an alternative tender pack / route for issuing tender	Commercial Services	Commercial Services
Request to use off contract agency supplier	Commercial Services Section 151 Officer HR Where applicable: - Finance	Budget holder
Request to use alternative terms and conditions	Commercial Services Where applicable: - Legal Services / Insurance Manager / Information Governance / IT Services / Finance / Health and Safety	Commercial Services
Request to direct award a grant	Commercial Services Section 151 Officer Finance (VAT Manager)	Budget holder
Request to amend an existing waiver	As set out above subject to waiver type	As set out above subject to waiver type

- 6.4. As a direct result of these changes there has been a year-on-year reduction in the number of waiver requests submitted, decreasing from 101 in 2023/2024 to 76 in 2024/2025 and 41 in 2025/2026.
- 6.5. There has been a marked reduction in the number of requests to run an alternative procurement procedure. In 2024/2025 financial year 36.8% of the total waivers submitted were to run an alternative tender process compared with 14.6% in 2025/2026, with the number submitted being 78% lower in 2025/2026 than 2024/2025.
- 6.6. The number of requests to use alternative terms and conditions has remained steady over the 2 financial years, indicating that seeking approval to use of supplier terms is embedded in working practice. In 2024/2025 requests to use alternative terms and conditions comprised 35.5% of the total waivers received and in 2025/2026 this increased to 68.3% of all waivers received, although the number of waivers submitted for this purpose has remained broadly similar at 27 and 28 respectively.
- 6.7. Details of the waiver requests received, approved and declined are set out in the tables and graphs below:

Table 1 shows the total value and number of waivers by type for FY 2024/25, including their approval status: approved, cancelled, or declined.

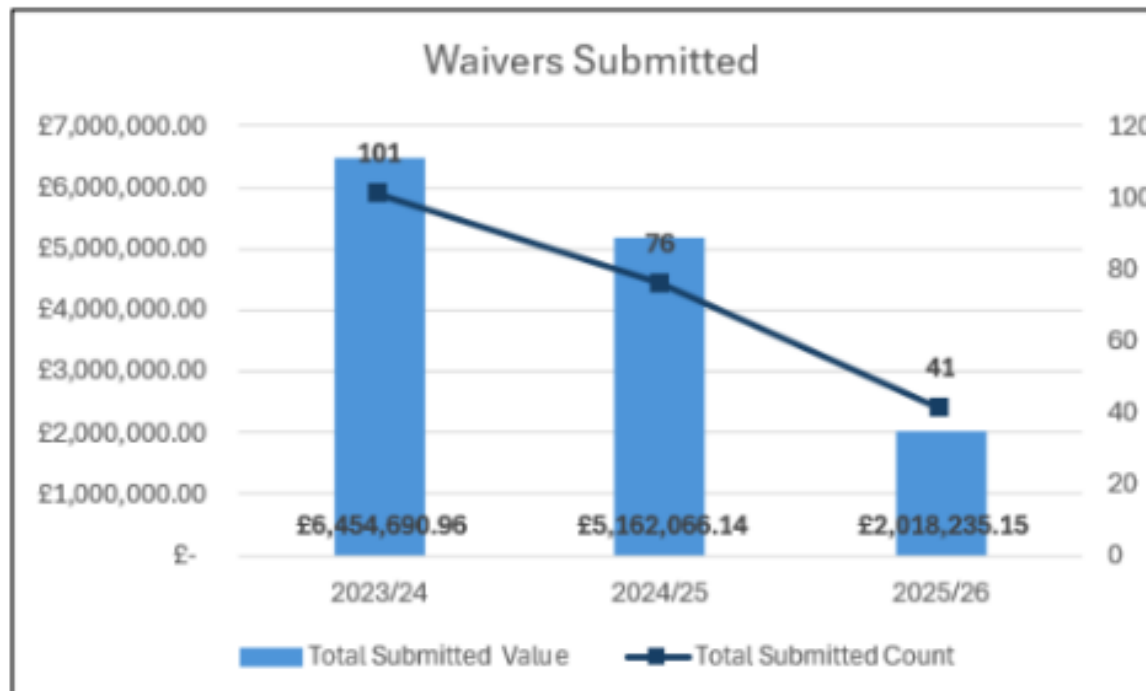
2024/25 Waiver Types	Approved		Cancelled		Declined		Total Submitted	
	Value	Count	Total Value	Count	Value	Count	Total Value	Total Count
Request to Amend a Waiver	£950,555.77	15	-	-	-	-	£950,555.77	15
Request to Direct Award a Grant	£338,992.00	1	-	-	-	-	£338,992.00	1
Request to Run Alternative Procurement Procedure	£2,480,970.25	23	£802,764.00	5	-	-	£3,283,734.25	28
Request to Use Alternative Terms and Conditions	£382,004.12	26	£22,395.00	1	-	-	£404,399.12	27
Request to Use Off Contract Agency Supplier	£184,385.00	5	-	-	-	-	£184,385.00	5
2024/25 Grand Total	£4,336,907.14	70	£825,159.00	6	£0.00	0	£5,162,066.14	76

Table 2 shows the total value and number of waivers by type for FY 2025/26, including their approval status: approved, cancelled, or declined.

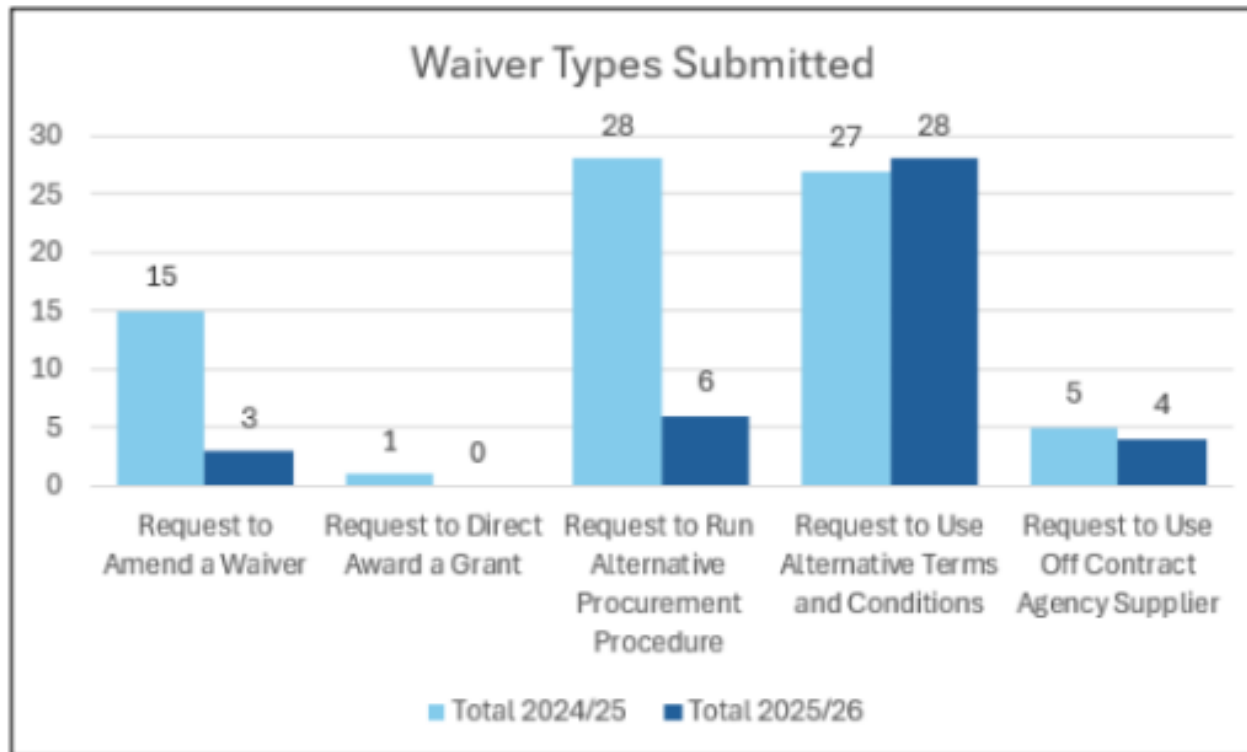
2025/26 Waiver Types	Approved		Cancelled		Declined		Total Submitted	
	Value	Count	Value	Count	Total Value	Count	Total Value	Total Count
Request to Amend a Waiver	£222,678.00	2	£75,000.00	1	-	-	£297,678.00	3
Request to Run Alternative Procurement Procedure	£281,561.00	5	-	-	£166,500.00	1	£448,061.00	6
Request to Use Alternative Terms and Conditions	£890,072.15	25	£253,212.00	2	£33,300.00	1	£1,176,584.15	28
Request to Use Off Contract Agency Supplier	£95,912.00	4	-	-	-	-	£95,912.00	4
2025/26 Grand Total	£1,490,223.15	36	£328,212.00	3	£199,800.00	2	£2,018,235.15	41

The two declined waivers are ones which have not been approved or finalised with the financial year.

Graph 1 displays the total value and number of waivers submitted over the past three financial years.



Graph 2 displays total count by waiver type for the last two financial years.



7. Options under consideration

- 7.1. Not applicable.

8. Financial Opportunities and Implications

- 8.1. The main financial implication of waiving requirements to follow Contract Procedures is ensuring the Council achieves best value where a direct award of a grant or contract is approved through the waiver process. The requesting officer is required to explain what they have done to ensure the contract will deliver best value and also, where applicable, identify any social value the supplier will deliver under the contract.
- 8.2. The average value of requests to run an alternative procedure in 2024/2025 was £117,276 compared to an average value of £74,676 in 2025/2026. More data is needed to establish whether we are seeing the downward trend in the value of contracts being waived that would be expected due to broader range of procurement procedure options available for below threshold spend.

9. Legal Implications

- 9.1. Requests to direct award above threshold contracts may only be approved where one or more of the specific circumstances permitting a direct award under the Procurement Act 2023 are met.
- 9.2. For direct awards, where applicable to the contract, the requesting officer is required to confirm within their request that they have addressed supplier compliance with Data Protection Regulations.
- 9.3. Approval to use alternative terms and conditions may be subject to the supplier making amendments to the proposed terms.

10. Engagement and Consultation

- 10.1. The requirement to undertake consultation applies, where relevant, to contracts put in place through the waiver process.

11. Procurement Implications

- 11.1. The requesting officer is required to ensure that all relevant aspects of Contract Procedures, other than that for which the exemption is being sought, are complied with.

12. Protecting our naturally inspiring Bay and tackling Climate Change

- 12.1. The requirement to include climate change considerations applies to contracts put in place through the waiver process.

13. Associated Risks

- 13.1. The requesting officer is required to set out any risks associated with both the approval and non-approval of the request.

14. Equality Impact Assessment

- 14.1. The requirement to undertake Equality Impact Assessments applies to contracts put in place through the waiver process.

15. Cumulative Council Impact

- 15.1. None

16. Cumulative Community Impacts

- 16.1. None

Appendix 1 – Breakdown of Waiver Requests by Directorate

Adult, Community and Customer Services

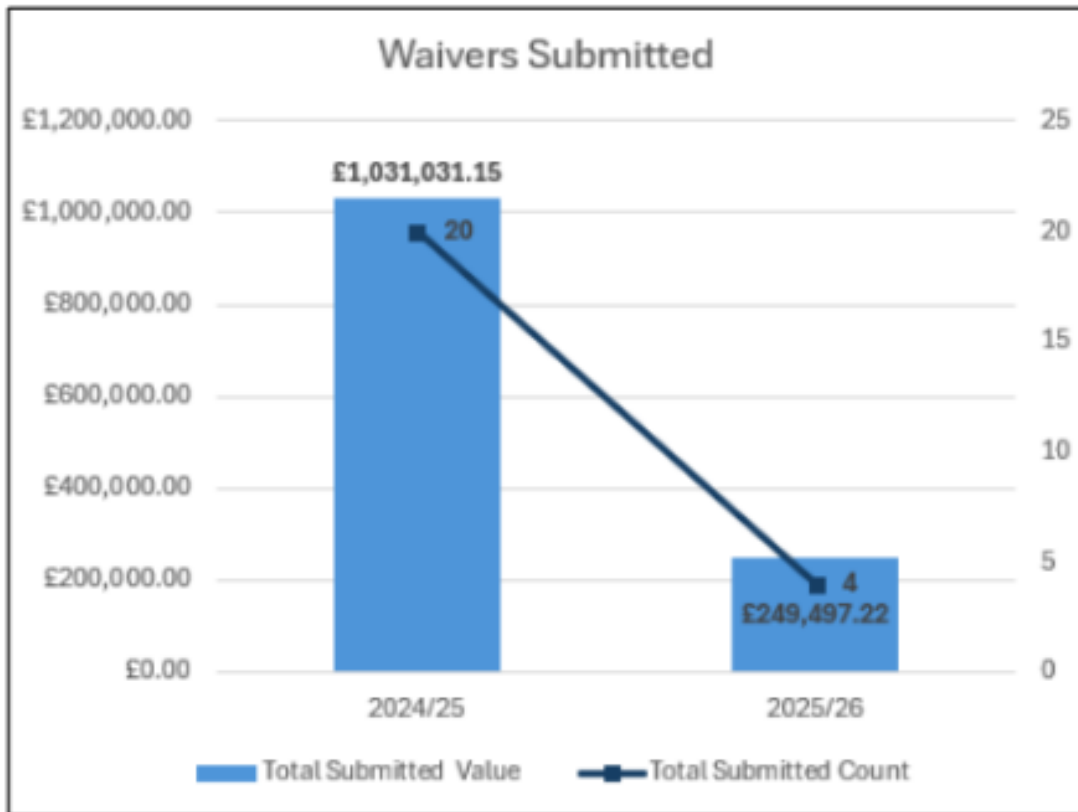
Table 1 shows the total value and number of waivers by type for FY 2024/25, including their approval status: approved, cancelled, or declined.

2024/25 Waiver Types	Approved		Cancelled		Declined		Total Submitted	
	Value	Count	Total Value	Count	Value	Count	Total Value	Total Count
Request to Amend a Waiver	£88,575.15	4	-	-	-	-	£88,575.15	4
Request to Run Alternative Procurement Procedure	£828,271.00	11	£10,000.00	1	-	-	£838,271.00	12
Request to Use Alternative Terms and Conditions	£104,185.00	4	-	-	-	-	£104,185.00	4
Request to Use Off Contract Agency Supplier	-	-	-	-	-	-	-	-
2024/25 Grand Total	£1,021,031.15	19	£10,000.00	1	£0.00	0	£1,031,031.15	20

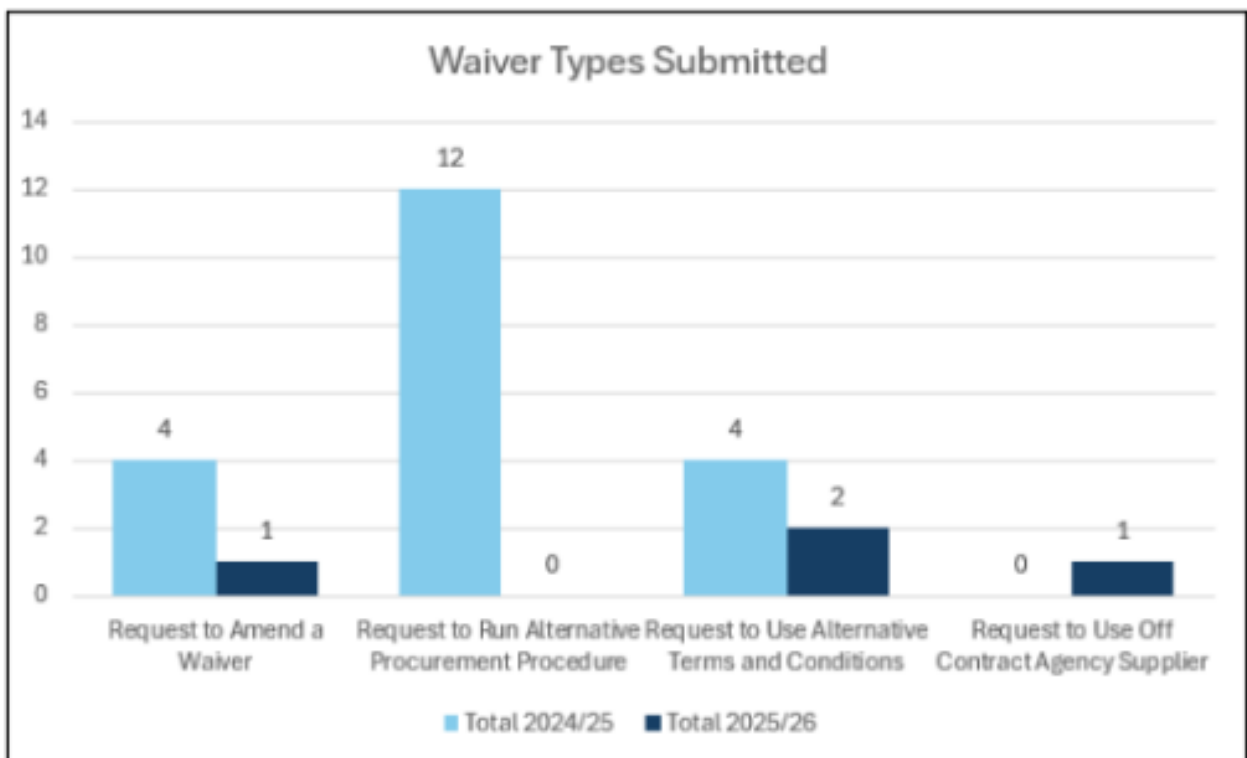
Table 2 shows the total value and number of waivers by type for FY 2025/26, including their approval status: approved, cancelled, or declined.

2025/26 Waiver Types	Approved		Cancelled		Declined		Total Submitted	
	Value	Count	Value	Count	Total Value	Count	Total Value	Total Count
Request to Amend a Waiver	£152,256.00	1	-	-	-	-	£152,256.00	1
Request to Run Alternative Procurement Procedure	-	-	-	-	-	-	£0.00	0
Request to Use Alternative Terms and Conditions	£95,621.22	2	-	-	-	-	£95,621.22	2
Request to Use Off Contract Agency Supplier	£1,620.00	1	-	-	-	-	£1,620.00	1
2025/26 Grand Total	£249,497.22	4	-	-	-	-	£249,497.22	4

Graph 1 displays the total value and number of waivers submitted over the past two financial years.



Graph 2 displays total count by waiver type for the last two financial years.



Children's Services

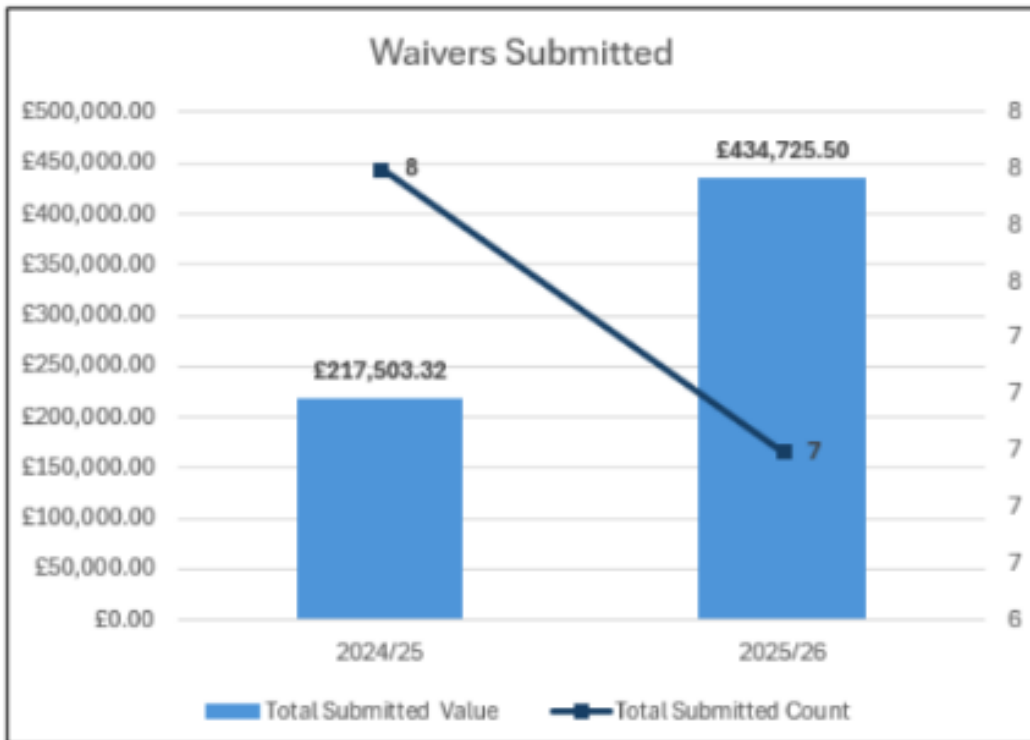
Table 1 shows the total value and number of waivers by type for FY 2024/25, including their approval status: approved, cancelled, or declined.

2024/25 Waiver Types	Approved		Cancelled		Declined		Total Submitted	
	Value	Count	Total Value	Count	Value	Count	Total Value	Total Count
Request to Amend a Waiver	£83,928.32	1	-	-	-	-	£83,928.32	1
Request to Direct Award a Grant	-	-	-	-	-	-	£0.00	0
Request to Run Alternative Procurement Procedure	-	-	-	-	-	-	£0.00	0
Request to Use Alternative Terms and Conditions	£29,805.00	4	£22,395.00	1	-	-	£52,200.00	5
Request to Use Off Contract Agency Supplier	£81,375.00	2	-	-	-	-	£81,375.00	2
2024/25 Grand Total	£195,108.32	7	£22,395.00	1	£0.00	-	£217,503.32	8

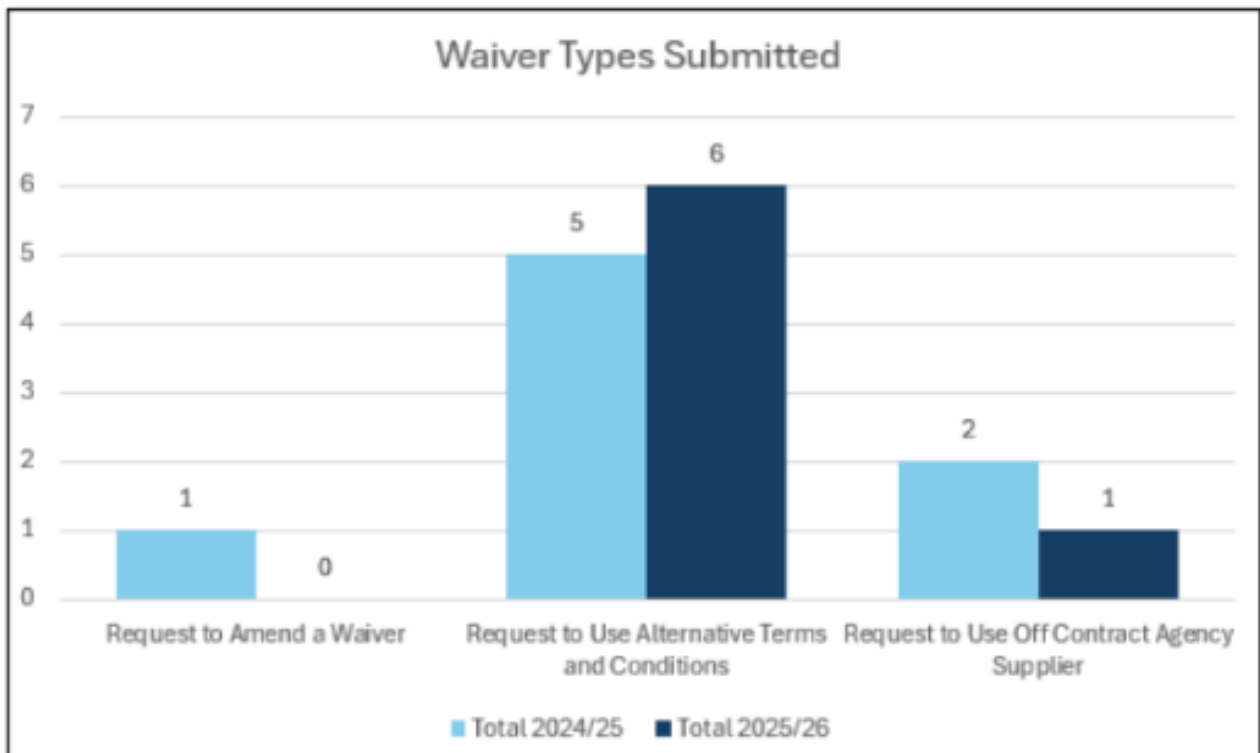
Table 2 shows the total value and number of waivers by type for FY 2025/26, including their approval status: approved, cancelled, or declined.

2025/26 Waiver Types	Approved		Cancelled		Declined		Total Submitted	
	Value	Count	Value	Count	Total Value	Count	Total Value	Total Count
Request to Amend a Waiver	-	-	-	-	-	-	£0.00	0
Request to Run Alternative Procurement Procedure	-	-	-	-	-	-	£0.00	0
Request to Use Alternative Terms and Conditions	£389,485.50	6	-	-	-	-	£389,485.50	6
Request to Use Off Contract Agency Supplier	£45,240.00	1	-	-	-	-	£45,240.00	1
2025/26 Grand Total	£434,725.50	7	£0.00	-	£0.00	-	£434,725.50	7

Graph 1 displays the total value and number of waivers submitted over the past two financial years.



Graph 2 displays total count by waiver type for the last two financial years.



Corporate Services

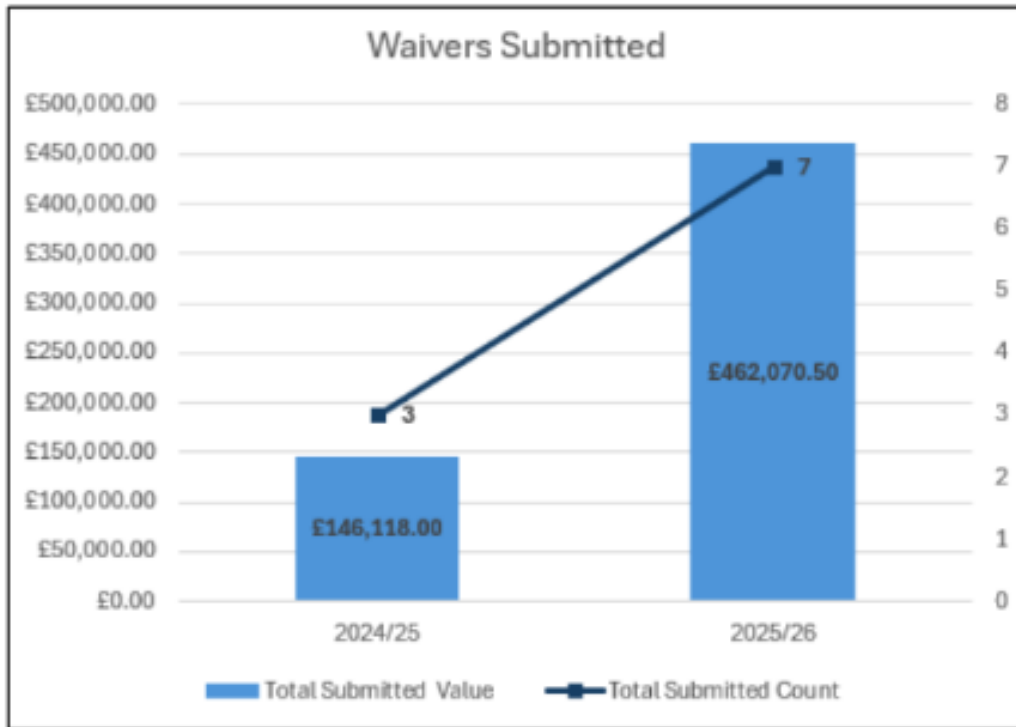
Table 1 shows the total value and number of waivers by type for FY 2024/25, including their approval status: approved, cancelled, or declined.

2024/25 Waiver Types	Approved		Cancelled		Declined		Total Submitted	
	Value	Count	Total Value	Count	Value	Count	Total Value	Total Count
Request to Amend a Waiver	£48,000.00	1	-	-	-	-	£48,000.00	1
Request to Direct Award a Grant	-	-	-	-	-	-	£0.00	0
Request to Run Alternative Procurement Procedure	-	-	£84,764.00	1	-	-	£84,764.00	1
Request to Use Alternative Terms and Conditions	£13,354.00	1	-	-	-	-	£13,354.00	1
Request to Use Off Contract Agency Supplier	-	-	-	-	-	-	£0.00	0
2024/25 Grand Total	£61,354.00	2	£84,764.00	1	£0.00	-	£146,118.00	3

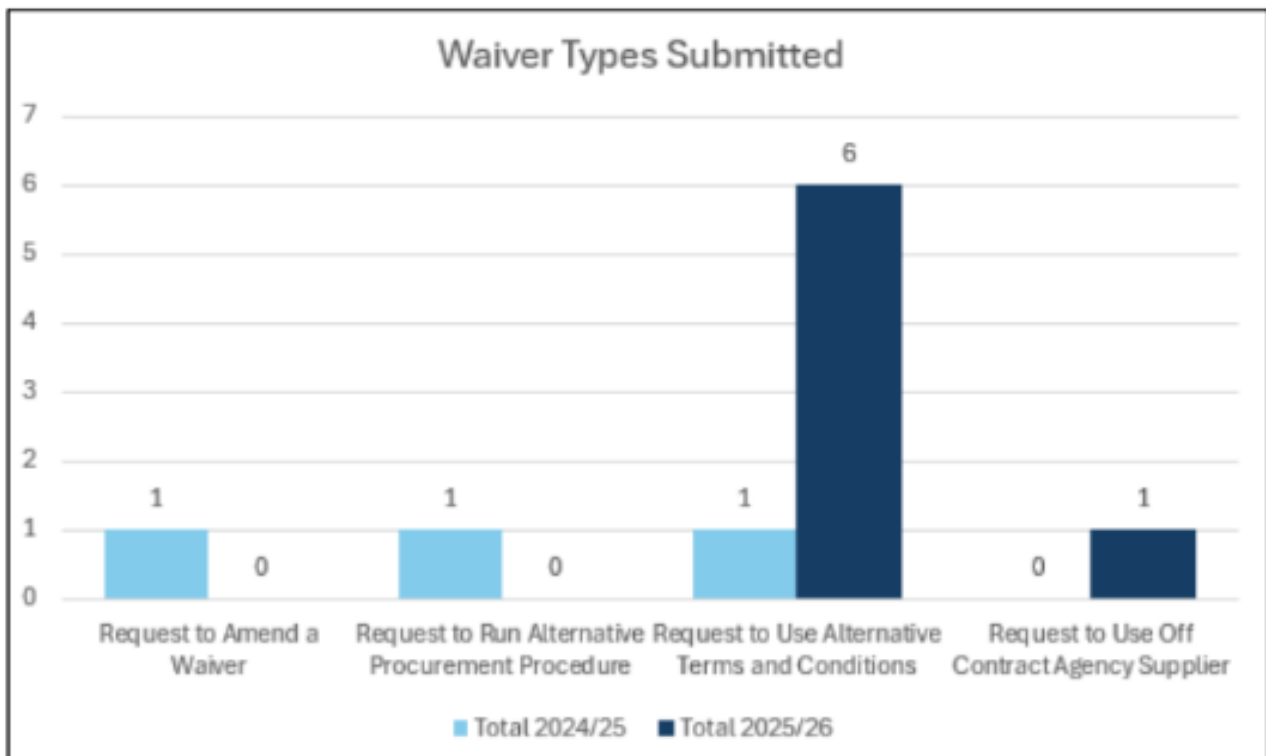
Table 2 shows the total value and number of waivers by type for FY 2025/26, including their approval status: approved, cancelled, or declined.

2025/26 Waiver Types	Approved		Cancelled		Declined		Total Submitted	
	Value	Count	Value	Count	Total Value	Count	Total Value	Total Count
Request to Amend a Waiver	-	-	£0.00	-	-	-	£0.00	0
Request to Run Alternative Procurement Procedure	-	-	-	-	-	-	£0.00	0
Request to Use Alternative Terms and Conditions	£168,306.50	4	£253,212.00	2	-	-	£421,518.50	6
Request to Use Off Contract Agency Supplier	£40,552.00	1	-	-	-	-	£40,552.00	1
2025/26 Grand Total	£208,858.50	5	£253,212.00	2	£0.00	-	£462,070.50	7

Graph 1 displays the total value and number of waivers submitted over the past two financial years.



Graph 2 displays total count by waiver type for the last two financial years.



The increase in waivers submitted is a positive upward trend as it relates to requests to use alternative terms and conditions, demonstrating improved compliance with Contract Procedures in this area.

Finance

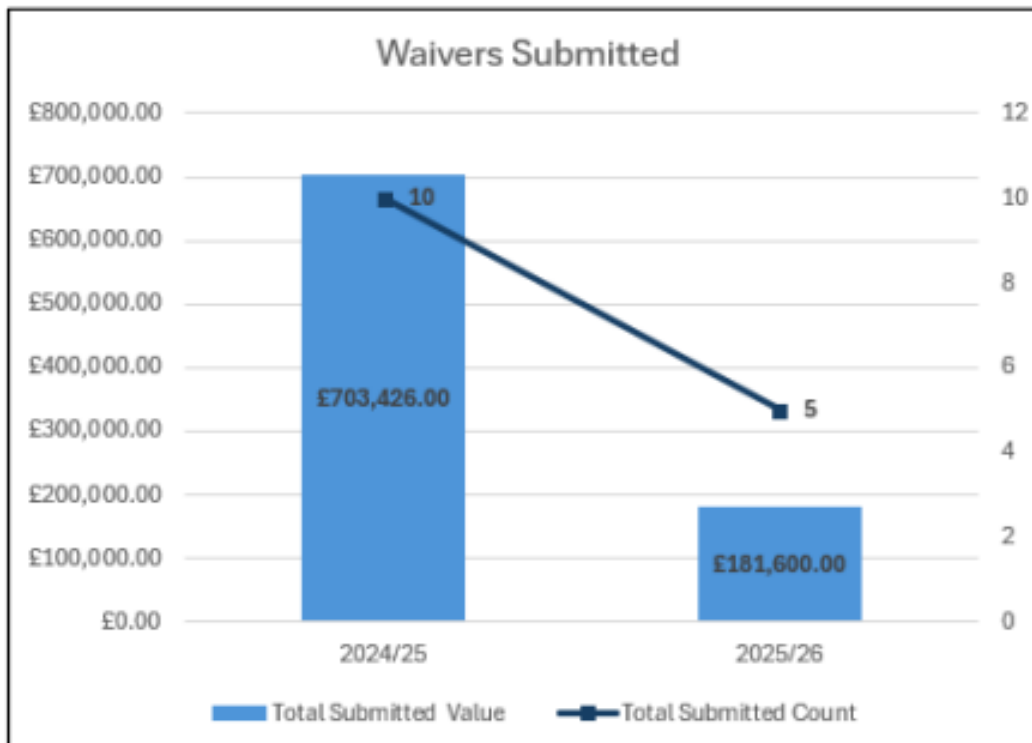
Table 1 shows the total value and number of waivers by type for FY 2024/25, including their approval status: approved, cancelled, or declined.

2024/25	Approved		Cancelled		Declined		Total Submitted	
Waiver Types	Value	Count	Total Value	Count	Value	Count	Total Value	Total Count
Request to Amend a Waiver	£244,645.00	4	-	-	-	-	£244,645.00	4
Request to Direct Award a Grant	£338,992.00	1	-	-	-	-	£338,992.00	1
Request to Run Alternative Procurement Procedure	£24,438.00	1	-	-	-	-	£24,438.00	1
Request to Use Alternative Terms and Conditions	£57,341.00	2	-	-	-	-	£57,341.00	2
Request to Use Off Contract Agency Supplier	£38,010.00	2	-	-	-	-	£38,010.00	2
2024/25 Grand Total	£703,426.00	10	£0.00	-	£0.00	-	£703,426.00	10

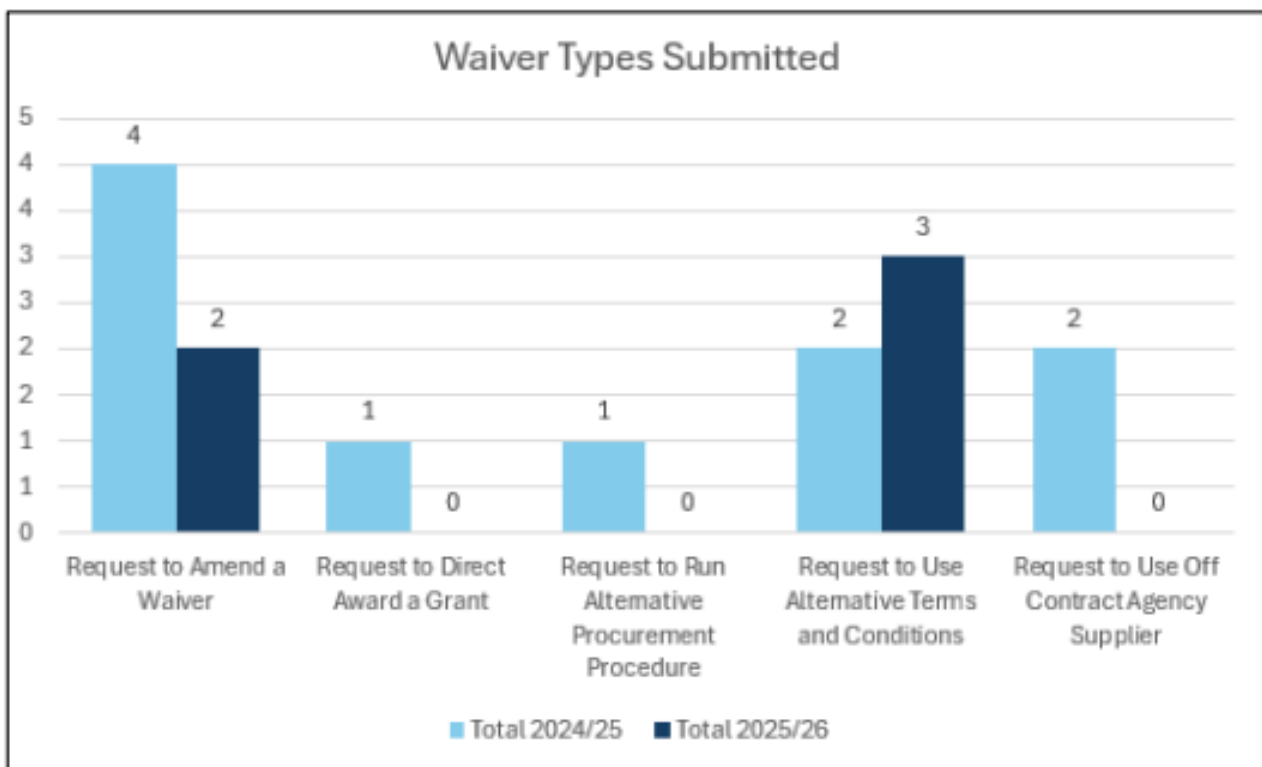
Table 2 shows the total value and number of waivers by type for FY 2025/26, including their approval status: approved, cancelled, or declined.

2025/26	Approved		Cancelled		Declined		Total Submitted	
Waiver Types	Value	Count	Value	Count	Total Value	Count	Total Value	Total Count
Request to Amend a Waiver	£70,422.00	1	£75,000.00	1	£0.00	-	£145,422.00	2
Request to Run Alternative Procurement Procedure	£0.00	-	£0.00	-	£0.00	-	£0.00	-
Request to Use Alternative Terms and Conditions	£36,178.00	3	£0.00	-	£0.00	-	£36,178.00	3
Request to Use Off Contract Agency Supplier	£0.00	-	£0.00	-	£0.00	-	£0.00	-
2025/26 Grand Total	£106,600.00	4	£75,000.00	1	£0.00	-	£181,600.00	5

Graph 1 displays the total value and number of waivers submitted over the past two financial years.



Graph 2 displays total count by waiver type for the last two financial years.



Pride in Place (including Place Delivery)

Table 1 shows the total value and number of waivers by type for FY 2024/25, including their approval status: approved, cancelled, or declined.

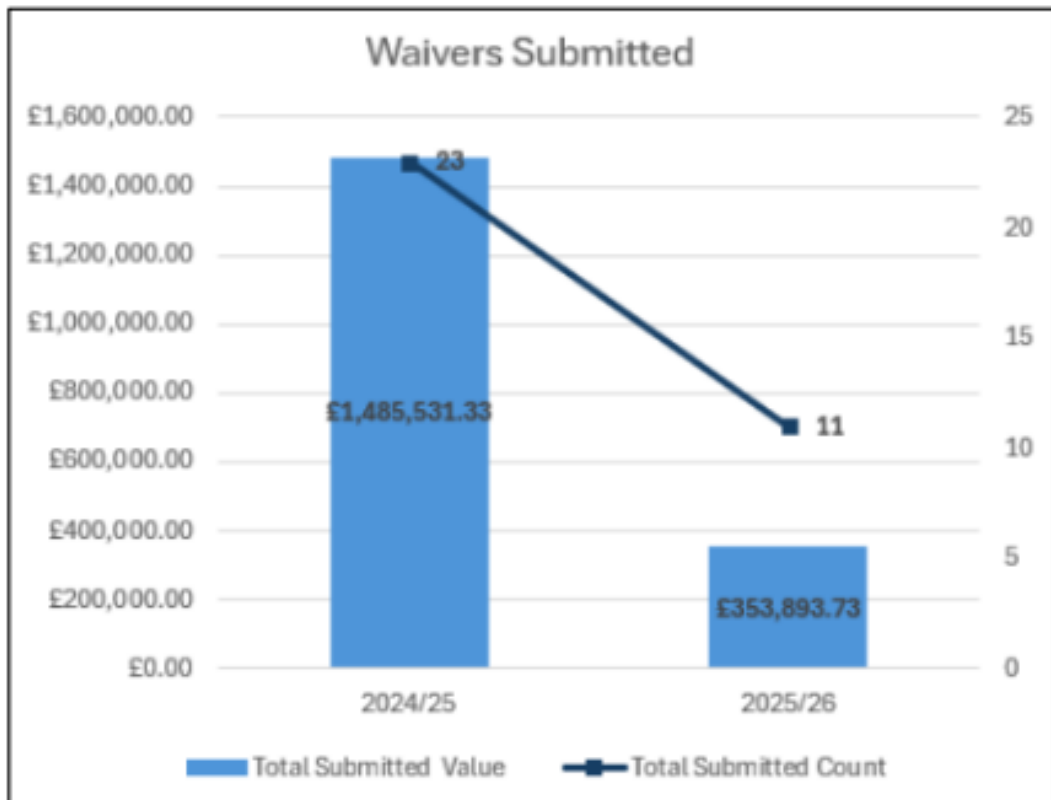
2024/25 Waiver Types	Approved		Cancelled		Declined		Total Submitted	
	Value	Count	Total Value	Count	Value	Count	Total Value	Total Count
Request to Amend a Waiver	£485,407.30	4	-	-	-	-	£485,407.30	4
Request to Direct Award a Grant	-	-	-	-	-	-	£0.00	0
Request to Run Alternative Procurement Procedure	£177,610.00	3	£603,000.00	2	-	-	£780,610.00	5
Request to Use Alternative Terms and Conditions	£154,514.03	13	-	-	-	-	£154,514.03	13
Request to Use Off Contract Agency Supplier	£65,000.00	1	-	-	-	-	£65,000.00	1
2024/25 Grand Total	£882,531.33	21	£603,000.00	2	£0.00	-	£1,485,531.33	23

Table 2 shows the total value and number of waivers by type for FY 2025/26, including their approval status: approved, cancelled, or declined.

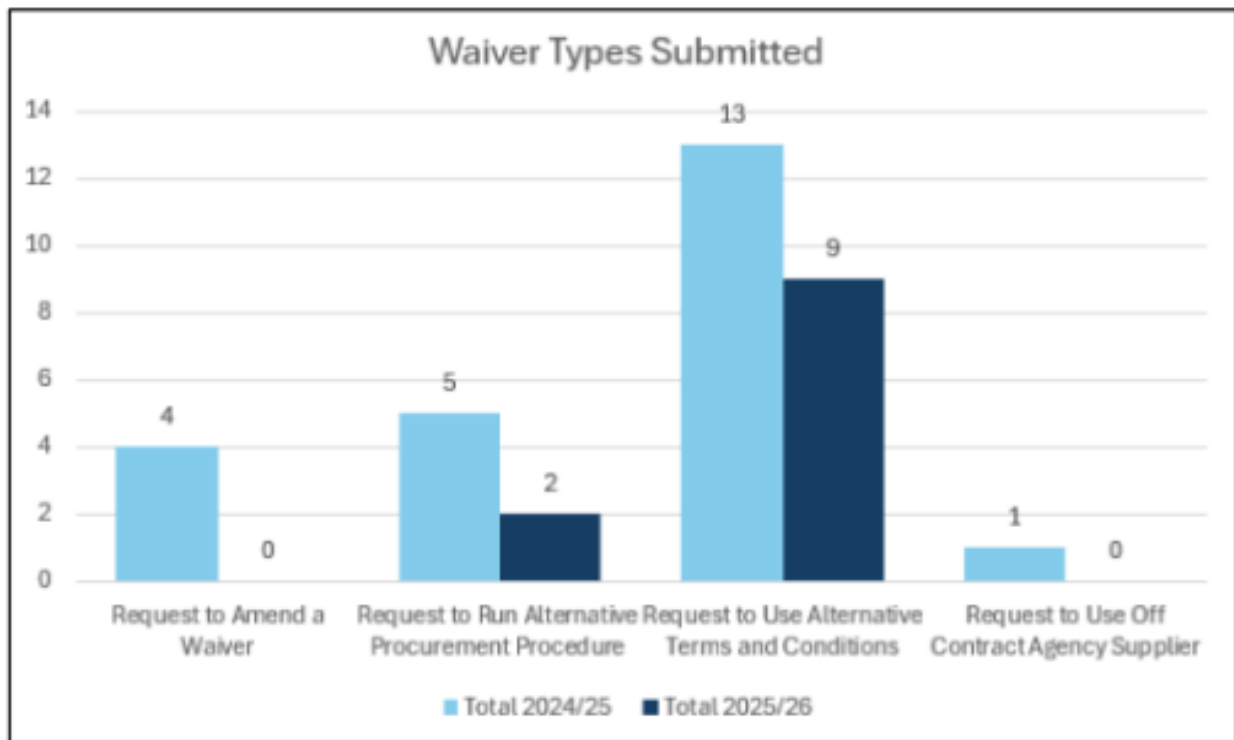
2025/26 Waiver Types	Approved		Cancelled		Declined		Total Submitted	
	Value	Count	Value	Count	Total Value	Count	Total Value	Total Count
Request to Amend a Waiver	-	-	-	-	-	-	£0.00	0
Request to Run Alternative Procurement Procedure	£75,000.00	1	-	-	£166,500.00	1	£241,500.00	2
Request to Use Alternative Terms and Conditions	£79,093.73	8	-	-	£33,300.00	1	£112,393.73	9
Request to Use Off Contract Agency Supplier	-	-	-	-	-	-	£0.00	0
2025/26 Grand Total	£154,093.73	9	£0.00	-	£199,800.00	2	£353,893.73	11

The two declined waivers are ones which have not been approved or finalised with the financial year.

Graph 1 displays the total value and number of waivers submitted over the past two financial years.



Graph 2 displays total count by waiver type for the last two financial years.



Public Health

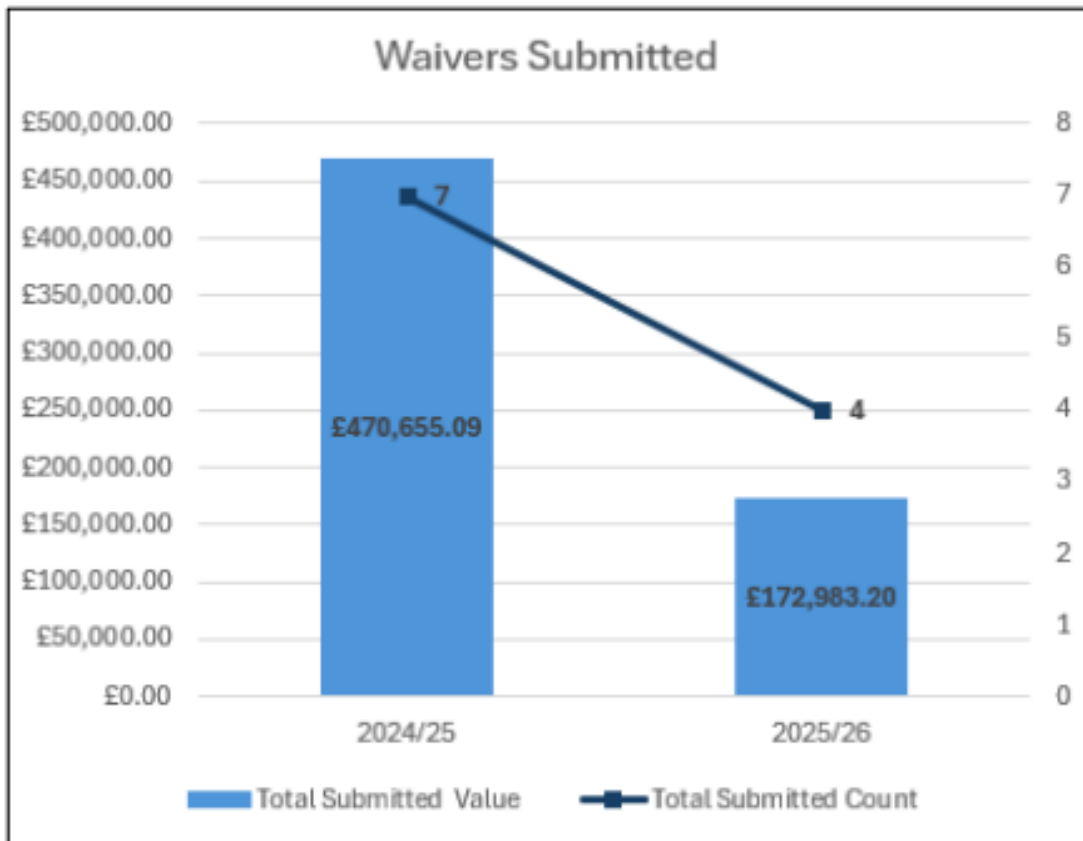
Table 1 shows the total value and number of waivers by type for FY 2024/25, including their approval status: approved, cancelled, or declined.

2024/25 Waiver Types	Approved		Cancelled		Declined		Total Submitted	
	Value	Count	Total Value	Count	Value	Count	Total Value	Total Count
Request to Amend a Waiver	-	-	-	-	-	-	£0.00	0
Request to Direct Award a Grant	-	-	-	-	-	-	£0.00	0
Request to Run Alternative Procurement Procedure	£342,850.00	4	£105,000.00	1	-	-	£447,850.00	5
Request to Use Alternative Terms and Conditions	£22,805.09	2	-	-	-	-	£22,805.09	2
Request to Use Off Contract Agency Supplier	-	-	-	-	-	-	£0.00	0
2024/25 Grand Total	£365,655.09	6	£105,000.00	1	£0.00	-	£470,655.09	7

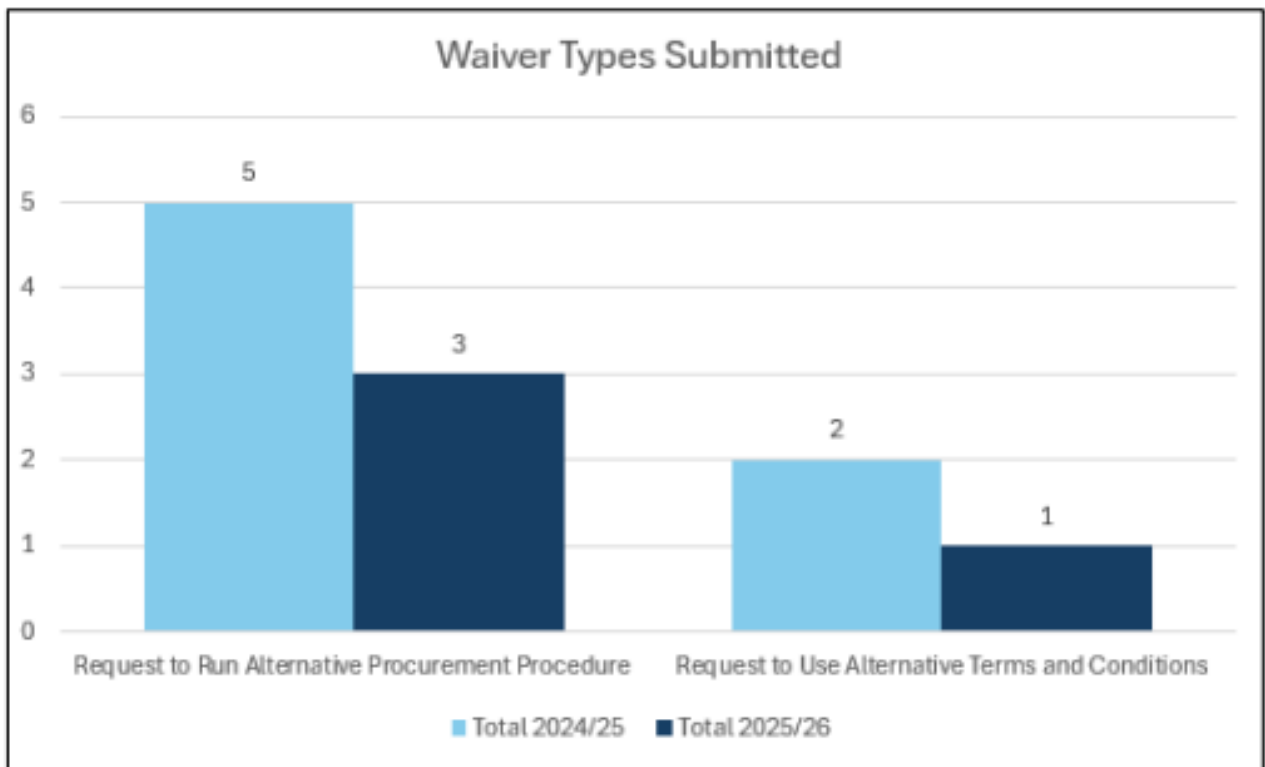
Table 2 shows the total value and number of waivers by type for FY 2025/26, including their approval status: approved, cancelled, or declined.

2025/26 Waiver Types	Approved		Cancelled		Declined		Total Submitted	
	Value	Count	Value	Count	Total Value	Count	Total Value	Total Count
Request to Amend a Waiver	-	-	-	-	-	-	£0.00	0
Request to Run Alternative Procurement Procedure	£161,596.00	3	-	-	-	-	£161,596.00	3
Request to Use Alternative Terms and Conditions	£11,387.20	1	-	-	-	-	£11,387.20	1
Request to Use Off Contract Agency Supplier	-	-	-	-	-	-	£0.00	0
2025/26 Grand Total	£172,983.20	4	£0.00	-	£0.00	-	£172,983.20	4

Graph 1 displays the total value and number of waivers submitted over the past two financial years.



Graph 2 displays total count by waiver type for the last two financial years.



SWISCO

Table 1 shows the total value and number of waivers by type for FY 2024/25, including their approval status: approved, cancelled, or declined.

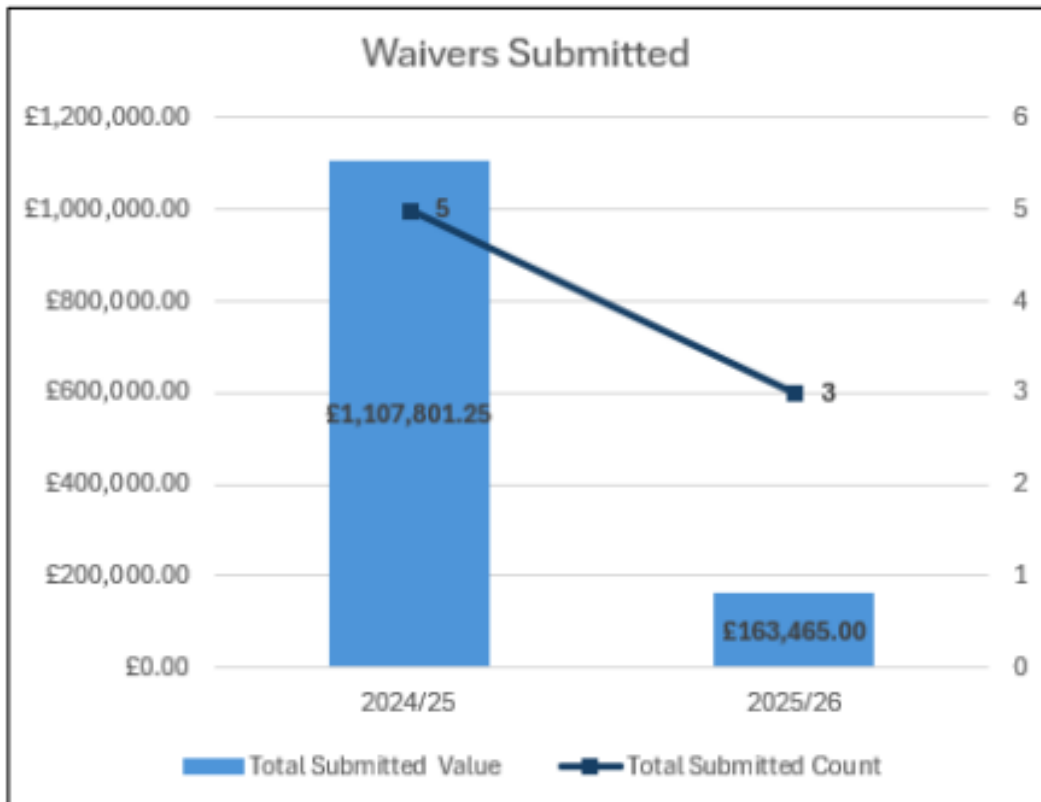
2024/25 Waiver Types	Approved		Cancelled		Declined		Total Submitted	
	Value	Count	Total Value	Count	Value	Count	Total Value	Total Count
Request to Amend a Waiver	-	1	-	-	-	-	£0.00	1
Request to Direct Award a Grant	-	-	-	-	-	-	£0.00	0
Request to Run Alternative Procurement Procedure	£1,107,801.25	4	-	-	-	-	£1,107,801.25	4
Request to Use Alternative Terms and Conditions	-	-	-	-	-	-	£0.00	0
Request to Use Off Contract Agency Supplier	-	-	-	-	-	-	£0.00	-
2024/25 Grand Total	£1,107,801.25	5	£0.00	-	£0.00	-	£1,107,801.25	5

Table 2 shows the total value and number of waivers by type for FY 2025/26, including their approval status: approved, cancelled, or declined.

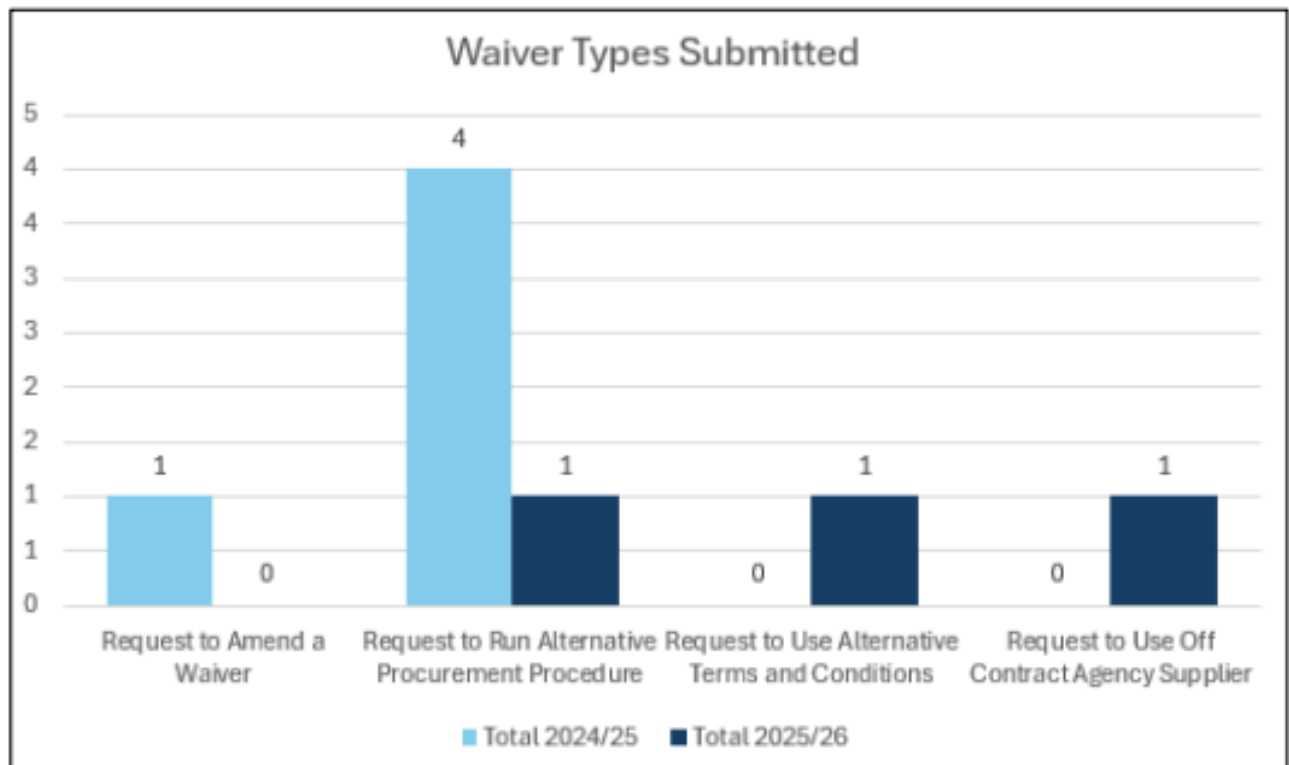
2025/26 Waiver Types	Approved		Cancelled		Declined		Total Submitted	
	Value	Count	Value	Count	Total Value	Count	Total Value	Total Count
Request to Amend a Waiver	-	-	-	-	-	-	£0.00	0
Request to Run Alternative Procurement Procedure	£44,965.00	1	-	-	-	-	£44,965.00	1
Request to Use Alternative Terms and Conditions	£110,000.00	1	-	-	-	-	£110,000.00	1
Request to Use Off Contract Agency Supplier	£8,500.00	1	-	-	-	-	£8,500.00	1
2025/26 Grand Total	£163,465.00	3	£0.00	-	£0.00	-	£163,465.00	3

SWISCo

Graph 1 displays the total value and number of waivers submitted over the past two financial years.



Graph 2 displays total count by waiver type for the last two financial years.



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Meeting: Audit Committee

Date: 17 May 2026

Wards affected: All Wards

Report Title: Counter Fraud & Error 2025-26

Cabinet Member Contact Details: [Cllr Alan Tyreman, Cabinet Member for Housing and Finance](#)

Director Contact Details: Malcolm Coe, Director of Finance, Malcolm.Coe@torbay.gov.uk

1. Executive Summary

- 1.1. This report provides the Audit Committee with assurance on how Torbay Council manages fraud and error risk during the 2025/26 financial year. It is structured around the five lines of fraud defence – Governance, Prevention, Detection, Redress and Review – in line with recognised CIPFA and Public Sector fraud Authority guidance.
- 1.2. Despite operating in a challenging environment, including organisational change and capacity constraints, the council has continued to strengthen governance arrangements, improve preventative controls, target detection activity effectively, and take proportionate action where fraud or error has been identified. Importantly learning arising from investigations and horizon scanning has been used to improve systems and reduce future risk.
- 1.3. Members are invited to note the contents of the report and the assurance it provides that fraud and error risks are being managed proportionately, transparently and in line with good public sector practice.

2. Purpose of report

- 2.1. To provide Audit committee with assurance over the effectiveness of Torbay Council's arrangements to prevent, detect and deter fraud and error. Activity during the financial year 1 April 2025 to 31 March 2026, including progress against the 2025-26 annual Counter Fraud plan.
- 2.2. The report is intended to support members in obtaining assurance the Council has robust processes in place to prevent, detect and deter fraud and error.

3. Background and Counter-Fraud Framework

- 3.1. Fraud and error present significant and evolving risks to the public sector. It is persistent, diverse, and quickly changing and complex.

- 3.2. National Estimates suggest, fraud and error costs the public sector between £33bn and £58bn (excluding covid-19 schemes) annually, with Local Government losses estimated at £2.2bn
- 3.3. The reporting period has seen the Government enacting the Fraud, Error and Recovery Act 2025 which is aimed at strengthening expectations around the active management of fraud and error risks, rather than introducing an entirely new counter-fraud function. For Local Authorities the Act reinforces the need for clear corporate accountability for counter fraud activity, effective use of data and intelligence, and demonstrable action to prevent, detect, and recover losses of public funds. Placing greater emphasis on Councils being able to evidence that proportionate and risk-based arrangements are in place, aligned to recognised good practice and statutory guidance. Councils will need to ensure that counter-fraud activity is integrated across services, rather than reliant on isolated investigations, and that learning from exercises such as the National Fraud Initiative is used to strengthen controls and reduce future risk. While detailed secondary legislation and guidance will determine specific duties, the Act signals a shift toward higher standards of consistency, accountability, and evidence of effectiveness across the local government sector.
- 3.4. The treasury launched a new [covid-19 fraud reporting service and website](#) to enable members of the public to report suspected covid-19 frauds. This includes all covid loans, grants, social security and tax benefits. Arrangements are in place to promote awareness of the service to residents. Should Torbay receive any reports of this nature, they will be passed to the national reporting service.
- 3.5. Torbay continues to receive highly publicised funding allocations for local projects such as but not limited to £20 million neighbourhood boost, £361,000 from the department of transport and up to £270,000 from the improve playground schemes fund. Public announcements and promotional campaigns heightens exposure to misrepresentation, inflated claims and misuse of funds, and reinforces the need for proportionate counter-fraud controls.
- 3.6. Torbay's Counter Fraud, Error, Bribery and Corruption Policy sets expectations for Members, officers and partners. The Counter Fraud Manager also acts as the Council's Money Laundering Reporting Officer (MLRO).
- 3.7. Fraud is recognised by Torbay Council as Corporate Risk CP59.
- 3.8. The corporate counter fraud and error team deliver a service across the Council which aims to prevent, detect and deter fraud, error and criminality related to fraud. The team investigate allegations of fraud, plan and take part in counter fraud campaigns (e.g. the national Fraud Initiative), test systems, undertake fraud awareness activities with staff and the public, maintain and update the counter fraud framework and related policies.
- 3.9. Through this activity, financial losses are prevented, additional revenue is identified for recovery, income is secured through the supply of services and redress sought in cases of civil or criminal offending. As a hidden crime, fraud presents a unique challenge – we must continue to fundamentally shift our perspective and recognise that finding fraud itself is a success. We can only fight fraud if we actively search, locate and address it.

3.10. This report is structured around the five lines of fraud defence, providing assurance across the full counter-fraud lifecycle.

4. Governance – Govern & Acknowledge (first Line of Defence)

4.1. The Audit Committee provides oversight of the Council's counter-fraud arrangements. Governance responsibilities are clearly defined:

- **Senior Responsible Officer:** Director of Finance (Malcolm Coe)
- **Operational Lead:** Counter Fraud and Error Manager

Designing Fraud Policies and plans, Oversight of the National Fraud Initiative (NFI), proactive reviews, investigations and reporting

4.2. Torbay Council receives formal counter-fraud updates through reports presented to the Audit Committee, providing members with oversight of fraud risks, activity, and outcomes; these updates are provided on a regular basis to support assurance and governance responsibilities.

During the reporting period:

4.3. A counter fraud and error update report was presented to Audit Committee in October 2025

4.4. The Counter Fraud, Error, bribery and Corruption Policy and Strategy received review, approval, published. And adopted.

4.5. The **Codes of Conduct for Members and employees** were strengthened to reinforce expectations regarding the prevention, detection and reporting of fraud and money laundering

4.6. Managers were reaffirmed as responsible for maintaining fraud risk assessments, addressing control weaknesses, and ensuring service application forms include up-to-date fraud declarations

4.7. Job Description templates have been reviewed to ensure they remain current and appropriate. Going forward, any new or revised Job Descriptions issued will include a specific paragraph setting out employees' responsibilities and expectations in relation to preventing, identifying and reporting fraud, in line with the organisation's counter-fraud policies and procedures.

4.8. A review of relevant HR policies has been completed to confirm that references to fraud are appropriately embedded where relevant

4.9. A review of internal claim forms, including mileage claims, has been completed to ensure that relevant antifraud declarations are in place.

5. Prevention – Prevent & Protect (Second Line of Defence)

- 5.1. Employing a dedicated counter-fraud team is invaluable, representing a clear invest-to-save approach, as the presence of specialist expertise deters fraud, strengthens controls, and provides assurance over the protection of public funds, even where financial benefits cannot always be precisely quantified.
- 5.2. Preventative activity focused on strengthening controls, improving awareness, and reducing opportunities for fraud before financial loss occurs remains a key priority. While a direct monetary value cannot be attributed to this activity, it provides assurance through reduced risk exposure, improved control effectiveness, and enhanced organisational resilience.
- 5.3. The Counter Fraud and Error Manager provides case by case prevention and intelligence support to teams across council services and external partner agencies, including Devon & Cornwall Police and Devon and Somerset Fire and rescue service where appropriate.
- 5.4. Capturing a fraud risk register is critical to provide the council with financial protection, manage its reputation, ensure legal compliance and provide operational efficiencies. Linking in with the already established risk management team, work to capture an organisation wide fraud risk assessment is nearing completion, with all directorates now complete except the Place Directorate.
- 5.5. Progress with departmental fraud risk assessments has previously been reported. Internal Audit conducted a Counter Fraud Risk Assessment Audit (attached as appendix 1).
- 5.6. As part of the induction programme, new starters are offered optional face-to-face fraud awareness training, including awareness of the whistleblowing policy and procedure. During the period, 11 sessions were delivered, with 91 of 153 invited colleagues attending, representing an approximate 60% take-up rate. Induction remains a key opportunity to strengthen fraud awareness, as new starters are well placed to identify potential internal fraud risks before established working relationships and practices develop. A review of the induction offer is underway to strengthen future engagement and delivery.
- 5.7. The mandatory fraud awareness training course, for all staff, has received review. The reviewed course release coincided with the introduction of the Councils new online learning platform.
- 5.8. Members should note that accurate compliance reporting has been constrained during the transition between systems. The previous learning management system did not automatically exclude employees who had left the organisation or those on long term absence (such as maternity leave). This legacy data has migrated to the new platform, meaning that current compliance figures remain affected by the inclusion of leavers and long-term absence. The Human Resources team has advised the data cleansing is underway and that reliable compliance reporting, without the need for manual intervention, is expected to be available by the end of May 2026.
- 5.9. As at the end of the reporting period, following the launch of new learning platform, 696 employees are recorded as compliant, with 499 employees recorded as non-compliant.

These figures should be interpreted with caution, as they remain impacted by legacy data and do not yet represent a fully cleansed position. Updated and accurate compliance data will be reported to members in the next update, once the data validation exercise has been completed.

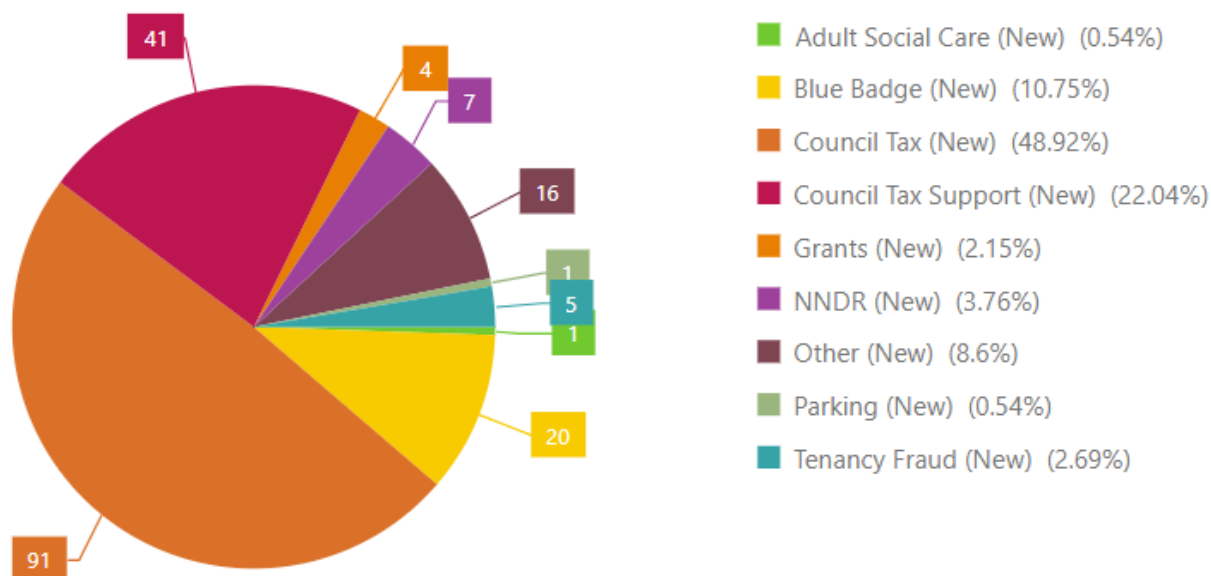
- 5.10. Considering the current economic climate and introduction of the corporate offence of the failure to prevent fraud the frequency of refresher training has been revised from three-yearly to every 18 months, intended to strengthen ongoing staff awareness and reinforce fraud detection and prevention responsibilities.
- 5.11. The new training course incorporates a structured feedback mechanism. Evaluation of responses indicates most participants found the course engaging, effective in raising baseline fraud awareness, and well aligned with its stated learning objectives. Feedback also highlighted opportunities for future fraud awareness enhancement. E.g. bitesize frequent reminders.
- 5.12. Colleagues within the Housing Benefit team in Revenues attended a departmental focused fraud refresher training session tailored to the specific fraud and error risks associated with benefit administration. Targeted training of this nature provides assurance that staff working in higher-risk service areas are equipped to recognise indicators of fraud and apply controls consistently. This approach supports effective risk mitigation by strengthening preventative controls at the point of service delivery and reducing the likelihood of fraud loss.
- 5.13. Individuals with access to revenues systems have been asked to complete a declaration of interest's form. This serves as a formal reminder that system access should only be used where there is a legitimate business need. To uphold the integrity of the data held within these systems, administrators are instructed not to access their own records or those of family members, close friends, or neighbours. The declaration reinforces this requirement and supports the council's commitment to responsible data handling and ethical system use.
- 5.14. Torbay Council is a subscribing member of the National Anti-Fraud Network (NAFN). This membership provides access to timely intelligence and alerts on emerging and known fraud risks affecting local authorities across the UK. As fraud activity frequently spans multiple organisations and areas, these alerts support early identification of threats, reinforce that fraud is not constrained by geographical or political boundaries, and enable the Council to take proactive and informed preventative action.
- 5.15. On receipt of an alert, the information is reviewed by the Counter Fraud Team and appropriate internal enquiries are undertaken to determine whether Torbay Council has been affected by the same fraud activity or perpetrators
- 5.16. Relevant alerts are also shared more widely within the organisation to raise awareness of emerging and known fraud risks, with the aim of preventing similar fraud types from occurring locally.

- 5.17. In addition to responding to national intelligence, Torbay Council proactively identified a further two potential fraud risks and shared this intelligence with the National Anti-Fraud Network, contributing to the wider sector response and collective fraud prevention effort.
- 5.18. It is through an array of awareness that fraud is prevented, detected and reported. In this reporting period we have found fake QR codes on parking equipment and have been targeted by fraudsters attempting to divert the salary of a Torbay Council employee.
- 5.19. The team has carried out 30 landlord fit and proper checks to support the work of the Housing Standards Team. This figure is excluded from 6.1.
- 5.20. During the year, the Council implemented a cost-effective tool to support safe, secure, and proportionate data sharing across local authority departments and organisational boundaries. The tool enhances the Council's ability to identify and prevent fraud occurring across multiple service areas and provides additional benefits in supporting more efficient debtor tracing. It is anticipated that this will lead to improved income recovery and reduced demand for data protection requests within the Revenues and Recovery service. As is common with preventative fraud controls, it is not possible to quantify the full value of savings directly attributable to the tool; however, the initial trial period demonstrated a clear return on investment.
- 5.21. The tool has been rolled out to the Housing Standards team and we continue to seek to encourage wider use of the tool across other departments.

6. Detection – Acknowledge (Third Line of Defence)

- 6.1. The Counter fraud teams work is varied and covers a wide programme of reactive and pro-active investigations. The diagram below demonstrates the diverse nature of the 186 referrals received in this reporting period and the types covered. N.B. The word “**new**” is included to distinguish categories introduced during the system redesign, helping users transition seamlessly from the former system to the updated framework.

Count of Cases by Case Category



- 6.2. When undertaking reviews, the fraud support officers (Technicians) identify cases of potential fraud. These cases are added to the case management system for further investigation.
- 6.3. Intelligence was shared with partner organisations, including the Department for Work and Pensions (DWP) and National Anti-Fraud Network (NAFN), where appropriate.
- 6.4. This reporting period has seen the provision of 40 alerts from the National Anti-Fraud Network (NAFN) where the perpetrators have targeted more than one Local Authority. This figure is excluded from 6.1.
- 6.5. The Cabinet Office administers the National fraud Initiative (NFI), a mandatory national data-matching exercise designed to assist public sector bodies in the detection and prevention of fraud and error. The main NFI exercise is undertaken on a biennial basis, with additional targeted exercises conducted annually. Within Torbay Council, responsibility for delivering and coordinating the NFI rests with the Counter Fraud and Error Team. The Counter Fraud and Error Manager provides overall oversight of the Council's participation, including data submission, review of matches, coordination of investigations and reporting of outcomes, thereby ensuring appropriate governance, compliance and assurance throughout the exercise.
- 6.6. The main NFI exercise relevant to this report was undertaken during 2024/25. Reporting of outcomes is necessarily retrospective, as data is submitted at a fixed point in time and matches are then released nationally for investigation. Investigations take place over an extended period and outcomes continue to be identified and validated after the exercise year has ended. As a result, NFI reporting is typically one cycle behind the exercise year,

reflecting established Cabinet Office and Public Sector Fraud Authority practice and ensuring that outcomes reported to the Committee are complete, accurate and supported by concluded investigations.

- 6.7. **Appendix 2** is a separate document providing more detailed analysis of the 2024 NFI exercise in Torbay Council.
- 6.8. **Council Tax - Single Persons Discount (SPD) review commenced and completed**
Following the single person discount amnesty undertaken in 2024/25, partners data-tank have undertaken a targeted review. Unlike previous reviews, this included households also in receipt of the Council Tax Reduction Scheme. This resulted in the amendment of 426 council tax bills resulting in increased collectable income highlighted in table 7.17.
- 6.9. The end of project report is provided as **Appendix 3**
- 6.10. The initial phase of this work involved screening all households in receipt of Single Person Discount against a combination of open-source intelligence and credit reference agency data. This approach enabled the Council to identify cases where it was likely that the discount had been incorrectly applied and to focus investigative activity on higher-risk households. Given the positive return on investment achieved, and the assurance provided, a decision has been taken to exercise the extension clause within the contract and to repeat the exercise in the 2026/27 financial year.
- 6.11. **Council Tax - Unregistered properties** an external provider, procured to undertake this work on a no win no fee basis, identifies properties which were otherwise unregistered for council tax purposes.
- 6.12. **Council Tax – Unregistered properties** the Torbay Counter Fraud team identified properties which were otherwise unregistered for council tax purposes.
- 6.13. **Council tax – empty homes premium avoidance** Torbay council, alongside many other Local Authorities, made changes to premiums for long term empty properties ranging from 100% through to 400% additional charge. This introduced a new fraud risk. Although the council tax team are aware of the indicators for empty property premium avoidance, it is unlikely all efforts to avoid the premium will be prevented. We have therefore taken a proactive approach to identify homes stood empty but in receipt of an occupied council tax charge.
- 6.14. **Council Tax – second home premium avoidance** the council, alongside many other local authorities, introduced a 100% premium on second homes. The premium introduced on 1 April 2025. This has introduced a new fraud risk. Although the council tax team are aware of the indicators for premium avoidance, we do not anticipate all efforts to avoid the additional charge will be thwarted. We have therefore started to define internal methods for indicators of avoidance alongside seeking external partners who can help.
- 6.15. **Undervalued or Unrated Business premises** continues to be an area of financial risk. However, due to the work undertaken internally by the counter fraud and business rates teams and through the external provider, the current risk is reduced evidenced through a decrease in the instances identified.

- 6.16. **Un-notified change of business owner** continues to be an area of financial risk, as the covid-19 pandemic highlighted business owners do not come forward to register for business rates. The risk remains present, and the team discovers changes because of other work but has not held resources to tackle this area to mitigate the risk to minimise impact.
- 6.17. Companies House data-matching against financial and benefits systems

7. Pursue - Redress (Fourth Line of Defence)

- 7.1. Torbay Council has been victim of three incidents associated with the fraud types highlighted by a National Anti-Fraud network (NAFN) alert. For each incident, the Council is working collaboratively with the local authority leading the investigation.
- 7.2. Investigations were undertaken throughout the year, including compliance interviews, referrals to the DWP and escalation of cases to Finance Ethics and probity Group where appropriate.
- 7.3. Investigations have taken place throughout the period to identify fraud and error. The benefits received are detailed below. The figures shown for council tax are based on total liability, although the benefit is split between Torbay Council, Devon and Cornwall Police and Devon and Somerset Fire and Rescue Service.
- 7.4. The reporting period has seen 64 reports of blue badge fraud. This has resulted in 11 cases being referred to the issuing Local Authority or another organisation as Torbay Council does not have jurisdiction to investigate. 30 blue badge holders have been issued with a reminder of the rules and regulations pertaining to blue badge use. A request for 3 Blue badges returns made. 7 cases where the allegation was unfounded or lacked information. 7 cases where there were no grounds to pursue the allegation. 2 cases were proactive cases and preventative measures were put in place. The remaining investigations are ongoing.
- 7.5. **Money Laundering** During the reporting period, the council has investigated no suspected reports of money laundering. Therefore, no reports have been made to the National Crime Agency.
- 7.6. On 06/06/25 National Anti-Fraud Network provided an alert whereby fraudsters had hijacked a legitimate council account and made multiple payments to the account using many different bank cards. The council concerned had identified the activity, before the fraudsters could request a refund and claim their washed cash.
- 7.7. We worked with the Incomes Team and the Financial Systems Account Manager to interrogate our systems to provide assurance such an incidence was not happening or had happened in Torbay. Assurance is provided.
- 7.8. **Investigations** At the start of the financial year, investigative capacity within the Counter Fraud and Error Team was limited. Only one officer was fully qualified and accredited to undertake investigations, including the use of statutory powers and progression of cases to formal outcomes. One additional officer worked 0.8 full-time equivalent and was qualified to technician level, providing support but not able to independently lead investigations. A further post was filled on a secondment basis, with no prior investigative background.

7.9. This position reflected the earlier departure in August 2023, of a second full-time, fully-qualified investigator whose post was not replaced, leading to the gradual accumulation of a backlog. Funding for that role was subsequently repurposed to commission support from the Devon Assurance Partnership (DAP); however, the budget was not fully utilised and DAP also experienced resourcing pressures, which limited the support available. Consequently, investigative activity was prioritised towards higher-risk cases.

7.10. Looking ahead, DAP is actively recruiting to strengthen counter-fraud capacity, and it has been agreed that the vacant investigative post within Torbay Council will transfer to DAP as part of the wider service arrangement. However, the availability of fully qualified counter-fraud practitioners within the region remains limited, reflecting wider market pressures already noted in relation to capacity and resourcing. These constraints reduce resilience and flexibility within counter-fraud services.

7.11. By consolidating resources, progressing recruitment activity and investing in the knowledge and capability of the team, these arrangements are expected to improve both capacity and capability, enhance resilience, and reduce the risk of future backlogs.

Financial year	Cases awaiting review	Number of completed investigations	Cases under investigation	Prosecutions
2022/2023	0	0	26	0
2023/2024	4	99	56	0
2024/2025	1	66	81	0
2025/2026	2	256	111	0

7.12. **Partnership Working:** The team conducts investigations in partnership with the DWP where appropriate. Sending invitations to the DWP and receiving invitations from the DWP. Only fully accredited investigators are able to undertake this work

	under investigation	Cases closed	Cases prosecuted
2023/24	6	3	0
2024/25	8	2	0
2025/26	16	4	0

7.13. During this reporting period several cases have progressed to the stage of interview under caution. Following these interviews, redeterminations have been made by the relevant departments. As a result, 4 cases are prepared and submission made to the Crown Prosecution Service for consideration of legal action.

7.14. The team provides information to the DWP to support its own investigations into Housing Benefit and Universal Credit related frauds.

	Requests received	Requests completed
2025/2026	41	41

7.14 Where it is suspected a person is in receipt of Housing Benefit is committing fraud, a referral is made to the DWP. This reporting period has seen 54 referrals.

7.15 Prior to team integration, Devon Audit Partnership (DAP) were utilised to assist with investigations and redress once cases have undergone substantive checks by the Torbay Team. Following team integration, the compliance outcome figures are merged.

7.16 A part of the redress toolbox, is the option of compliance. This is a structured meeting conducted to assess whether an individual is adhering to relevant laws, regulations or policies or contractual obligations. In the context of local government, it typically involves gathering information and investigating potential fraud. The interview is carried out by a trained officer and may include reviewing documentation, asking targeted questions and recording responses for further analysis or enforcement action.

	Awaiting/under investigation	Compliance Interviews Undertaken	Compliance resulting in cashable savings
2023/24	31	29	£53,636.17
2024/25	21	18	£39,808.42
2025/26	33	25	£49,867.47

7.17 Collectable income Identified

Scheme	Number of cases reviewed	Number of removals/amendments	Cashable Value of amended liability
Single person Discount Review (data-tank)	21,906	426	£371,824
Council Tax properties identified as empty	-	8	£ 16,454

Business Rates (external provider)	-	2	£11,077.80
Financial Information System Vs Companies House	337	67	£189,063
Housing Benefit Payees Vs Companies House	496	2	£ 2,726
HBOP Vs Companies House	3	0	£ 0.00
Ctax Vs NNDR composite properties	641	9	£28,439.63
NFI	1668	224	£203,598
Totals	25,051	738	£823,182.43

7.18 Due to the Single Person Discount (SPD) review being undertaken during this reporting period, together with the transition of the Counter Fraud and Error Team to the **Devon Assurance Partnership (DAP)**, the **NFI 2025 SPD exercise was paused to avoid duplication of activity and ensure effective use of resources**. Existing NFI records have since been reviewed and de-duplicated, leaving **746 records for potential review**. Given the time elapsed since these records were generated, a further screening exercise will be undertaken to ensure that any investigation work is **targeted, proportionate and focused on higher-risk cases**.

8. Investigative Capacity & Resourcing

- 8.1. The Torbay Counter Fraud team commenced the financial year with limited investigative capacity.
- 8.2. With one fully qualified and accredited investigative officer counter fraud specialist capability, managing the team and acting as the Councils Money Laundering Reporting officer.
- 8.3. With one officer at 0.8 FTE, qualified to Technician level
- 8.4. One seconded officer with no prior investigative background
- 8.5. This followed the departure in August 2023 of a second fully qualified investigator whose post was not replaced, leading to a backlog. Funding was repurposed to commission support from the Devon Audit Partnership (DAP) however, both under-utilisation of the budget and DAP resourcing pressured constrained delivery.
- 8.6. The collective challenges being experienced by Torbay Council and Devon Assurance Partnership presented an opportunity to bring together the remaining expertise with a view to more integrated approach. A secondment, of Torbay's Counter Fraud team commenced in the Summer.

- 8.7. By consolidating resources, it is envisaged the teams can support the continued provision of counter fraud services effectively.
- 8.8. DAP is actively recruiting
- 8.9. The vacant investigative post will transfer to DAP as part of the shared operating model
- 8.10. This arrangement is expected to strengthen capacity, capability and resilience.

9. Review – Govern, Protect and Continuous Improvement (Fifth Line of Defence)

- 9.1 The counter fraud and error Manager successfully obtained the professional qualification of Accredited Counter Fraud Manager. This accreditation strengthens the Councils specialist capability and provides additional assurance over the professional leadership, governance and technical quality of counter fraud activity, particularly during a period of organisational transition and change.
- 9.2 Learning from investigations has been used to strengthen controls and reduce recurrence, including:
- 9.3 Improved Blue Badge cancellation procedures following NFI analysis
- 9.4 New power BI reporting to detect suspicious activity
- 9.5 Improved IT starter process to strengthen audit trails for indirectly employed staff
- 9.6 Extension of the Single Person Discount Review contract
- 9.7 As referenced in 7.18, due to the SPD review and transition to DAP, the NFI 2025 SPD exercise was paused to avoid duplication. Following de-duplication 746 records remain.
- 9.8 As SPD data for 2026 has now been received, further consideration will be given to sequencing activity to ensure investigations are proportionate, targeted and provide best value for money, particularly given the planned repetition of the SPD review in 2026/27.
- 9.9 Fraud alerts frequently include details of bank accounts known to be linked to fraudulent activity. On receipt of such alerts, checks are undertaken to monitor Council payments and ensure that identified bank accounts are not used in future transactions with Torbay Council, relevant intelligence is retained and updated as new alerts are received, strengthening the Councils preventative controls and reducing the risk of financial loss.
- 9.10 With Polygamous working on the increase, we have identified a method to indicate an employee may be committing this kind of fraud. Again, strengthening the Council's preventative controls and reducing the risk of financial loss and reputational damage.

- 9.11 Procurement fraud is considered a low transactional, high value fraud risk area. Work has commenced to develop an approach to identify instances where procurement activity may be undertaken outside established procurement policies and processes. This initiative is being explored as a preventative control, recognising that non-compliant procurement activity can increase exposure to fraud, error and value for money risk. While this approach is still at a developmental stage and is not yet embedded, it is intended to support early identification of risk, enable timely engagement with services, and strengthen fraud prevention and compliance over time.
- 9.12 The West of England Fraud Officers meet on a regular basis to share intelligence, discuss emerging fraud trends, emerging risks and operational challenges, and reflect on learning from recent cases and investigations. The group is chaired by the Counter Fraud Manager, providing structured leadership and ensuring that discussions are focused on practical outcomes and shared priorities. Insights from these discussions are fed back into the wider counter-fraud team to strengthen preventative activity and support continuous improvement. This collaborative approach supports consistency of practice, promotes innovation, and ensures that the team remains responsive to evolving and increasingly complex fraud risk-landscape.
- 9.13 Over the coming months a further intelligent data driven initiative, to save money and deal with potential fraud and error will be put forwards with a view to making Torbay Council and it's partners a groundbreaking Council in the Counter Fraud arena.
- 9.14 **Appendix 4** provides a fraud response/resilience assessment for 2025-26 using the CIPFA/CIFAS expected Local authority/Public Body response to the risk of fraud and corruption.
- 9.15 Appendix 5 provides details of the counter fraud and error services currently provided to Torbay Council

10. Appendices

- Appendix 1 - Counter Fraud Risk Assessment Audit
- Appendix 2 - National Fraud Initiative 2024-25 Year end report
- Appendix 3 – Single person Discount Review – End of Project Report
- Appendix 4 – fraud response/resilience assessment for 2025-26
- Appendix 5 – Current Counter Fraud Service provided & optional additional services

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Audit Committee – Torbay Council

National Fraud Initiative 2024-25

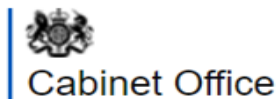
Year-End Analysis

1. Purpose of the report

To update Audit Committee on Torbay Council’s participation in the [National Fraud Initiative](#) (NFI) 2024 data-matching exercise, including investigation progress, outcomes achieved to date, and the financial and non-financial benefits identified.

2. Background and Framework

The [National Fraud Initiative](#) is a Cabinet Office–led, biennial data-matching exercise carried out under the Local Audit and Accountability Act 2014. It identifies potential fraud and error by matching data held across public sector bodies. All matches require investigation before any assumption of fraud or error can be made.



As part of its ongoing improvements to the National Fraud Initiative, the Cabinet Office introduced legislative changes to expand data-matching powers. The amendment permitting the matching and sharing of **Adult Social Care data** across local authorities in England and Wales. As a result, local authorities were required to review and update privacy notices to ensure ongoing compliance with **UK GDPR** requirements in relation to Adult Social Care data matching.

Due to Torbay’s integrated Adult Social Care delivery model, assurance was sought from **South Devon and Torbay NHS Foundation Trust**. Adult Social Care data was subsequently provided to the Cabinet Office within the statutory timescales. This data used to identify potential fraud or error within Adult Social Care payment arrangements.

This report has been structured in line with recognised [CIPFA and Public Sector Fraud Authority \(PSFA\)](#) guidance, using the **five lines of fraud defence** to demonstrate how NFI activity operates across the full counter-fraud lifecycle.

Five Lines of Fraud Defence

3. Governance

Torbay Council submitted the required datasets for the NFI 2024 exercise in **October 2024**, using data extracted as at **30 September 2024**, in accordance with the Cabinet Office timetable.



Governance arrangements are clearly defined:

- The **Senior Responsible Officer** for the exercise is **Malcolm Coe**
- Operational responsibility sits with the **Counter Fraud Manager**, who acts as the NFI **Key Contact** and oversees day-to-day delivery

Savings and outcomes are reported in accordance with Cabinet Office guidance, ensuring a clear distinction between:

- Cashable outcomes
- Non-cashable (corrective) outcomes
- Estimated (notional) savings

4. Prevention

The NFI contributes to fraud prevention and deterrence by identifying risk, improving data quality and supporting stronger controls across key systems.

The principal datasets contributing to prevention activity include:

- Blue Badge Parking Permits
- Concessionary Travel Passes
- Council Tax Reduction Scheme
- Housing Benefit Claimants
- Resident Parking Permits
- Payroll and Pensions
- VAT
- Creditors and Procurement
- Residential Care Homes

- Personal Budgets

Many matches result in record correction or confirmation that controls are operating effectively, reducing the likelihood of future loss, providing assurance where no fraud or error is identified.

Under the current arrangement with Torbay and South Devon NHS Foundation Trust, the NFI results for Residential Care Homes and Personal Budgets have been managed by the Trust. Blue Badge matches have been reviewed by the Counter Fraud Team working alongside the Blue Badge Team at the Trust. With the trust having served notice to the Section 75 notice, future matches in this area will be managed and reviewed wholly by the Counter Fraud and Error Team.

5. Detection

NFI supports the detection of potential fraud and error through data matching and investigation.

As at the reporting date:

- **Total matches processed:** 1,668
- **Matches cleared:** 1,440
- **Currently under investigation:** 5
- **Completion rate:** 99.7%

Investigation outcomes recorded include:

- **Recorded errors:** 224
- **Confirmed fraud cases:** 3
- **Referrals to the DWP:** 55

Investigations are prioritised based on risk and materiality, in line with Cabinet Office expectations.

6. Redress

Where fraud or error is identified, proportionate action is taken to stop loss, recover overpayments and correct records.

Match-level outcomes:

- **Total match-level outcomes:** £205,582.55

- **Recoverable overpayments:** 42 cases valued at **£203,598.58**
- **Corrective (non-cashable) outcomes:** **£1,983.97**
- **Cabinet Office estimated savings:** **£22,338.00**
- **Total overall outcomes (actual and estimated):** **£227,920.55**

Members should note that the **Cabinet Office estimated savings** figure is **centrally generated using national assumptions** and represents **potential value only**. It does not constitute confirmed savings for Torbay Council and is not evidence that fraud or error has been established in those matches.

Only the **£205,582.55 of locally validated outcomes** represents confirmed results arising from Torbay Council's investigations, including recovered overpayments and prevention of future loss.

Debts identified through NFI investigations are raised for recovery through existing financial and benefits systems and pursued through normal corporate recovery arrangements. Debts are not coded separately as NFI-related and tracking recoveries solely attributable to NFI would require a manual, case-by-case exercise which would be disproportionately resource-intensive.

7. Review

Participation in NFI 2024 has provided assurance over the integrity of key systems and highlighted opportunities to strengthen controls.

The exercise has:

- Identified and corrected fraud and error
- Generated significant recoverable overpayments
- Strengthened preventative controls
- Improved data accuracy and assurance

While estimated savings form part of national reporting requirements, the Council's focus remains on **realistic, defensible outcomes** and effective use of resources.

Executive Summary

This report provides Audit Committee with an overview of Torbay Council's participation in the National Fraud Initiative (NFI) 2024/25 data-matching exercise, including progress, outcomes and assurance gained. All required datasets, including Adult Social Care data, were submitted in line with the Cabinet Office timetable following appropriate assurance arrangements with South Devon and Torbay NHS

Foundation Trust. Governance arrangements were clearly defined and operated in accordance with Cabinet Office requirements and recognised CIPFA and Public Sector Fraud Authority guidance.

The exercise has delivered a high level of assurance and tangible benefit. Of 1,668 matches generated, 99.7% have been processed, resulting in the identification of 224 errors, 3 confirmed cases of fraud and 55 referrals to the Department for Work and Pensions. Total match-level outcomes amount to **£205,582.55**, of which over **£203,000** represents cashable recoverable overpayments, alongside **£22,338** in estimated savings. Participation in NFI 2024/25 has strengthened preventative controls, improved data quality and provided assurance over the integrity of key systems.

The Committee is therefore asked to note the contents of this report, including the outcomes achieved and the assurance provided through the Council's participation in the National Fraud Initiative 2024/25 exercise.

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Single Person Discount Review

End of Project Report

*by Dean Morgan
Datatank Analyst*



SPD Review

2025/2026

Summary

Stats and Figures

Know your Residents

Smart Referrals

Total Potential Revenue

£282,796

Total Actioned Revenue

£282,796

£0 pending revenue

Total Removals

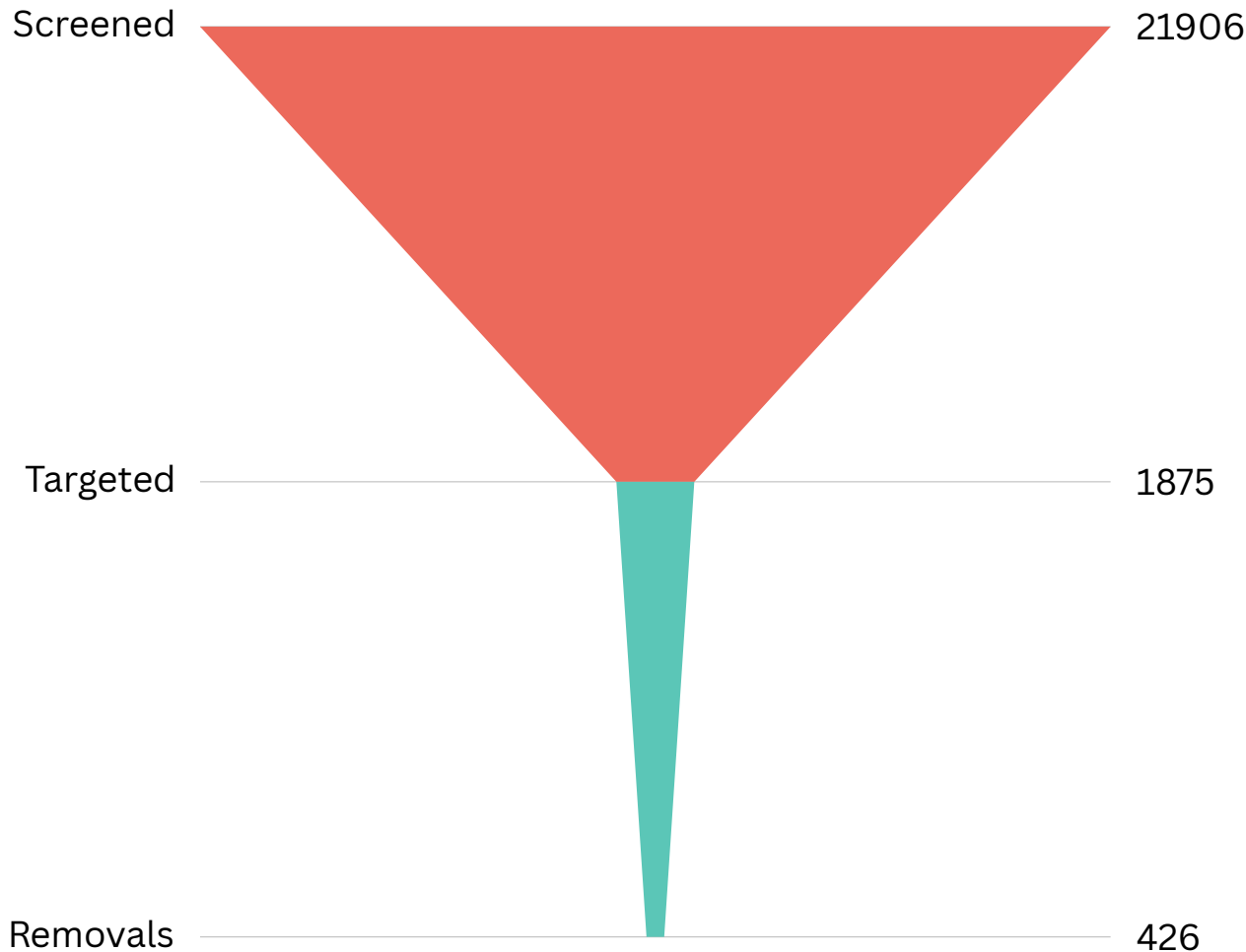
426

1.9% removal rate

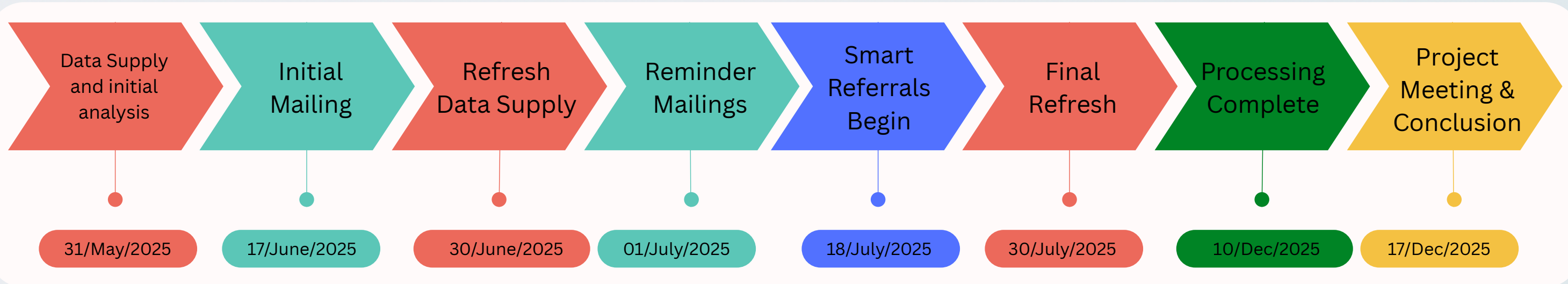
Total Completed Removals

426

0 pending removals



Project Timeline



SPD Review

2025/2026

Summary

Stats and Figures

Know your Residents

Smart Referrals

Total Screened

21,906

Targeted

1,875

8.6% of screened

Initial Contact Sent

1,875

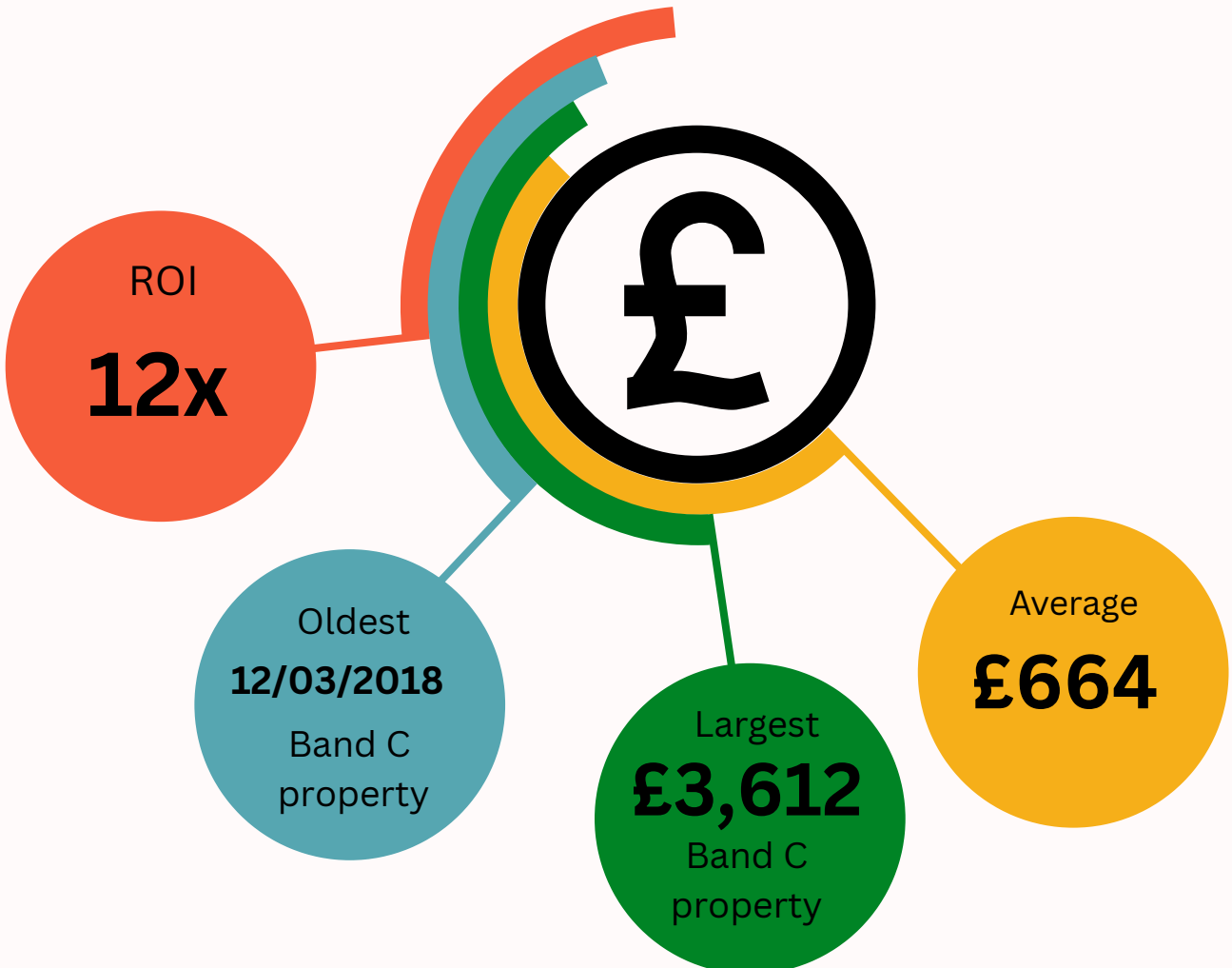
62% responded to initial contact

Reminder Contacts Sent

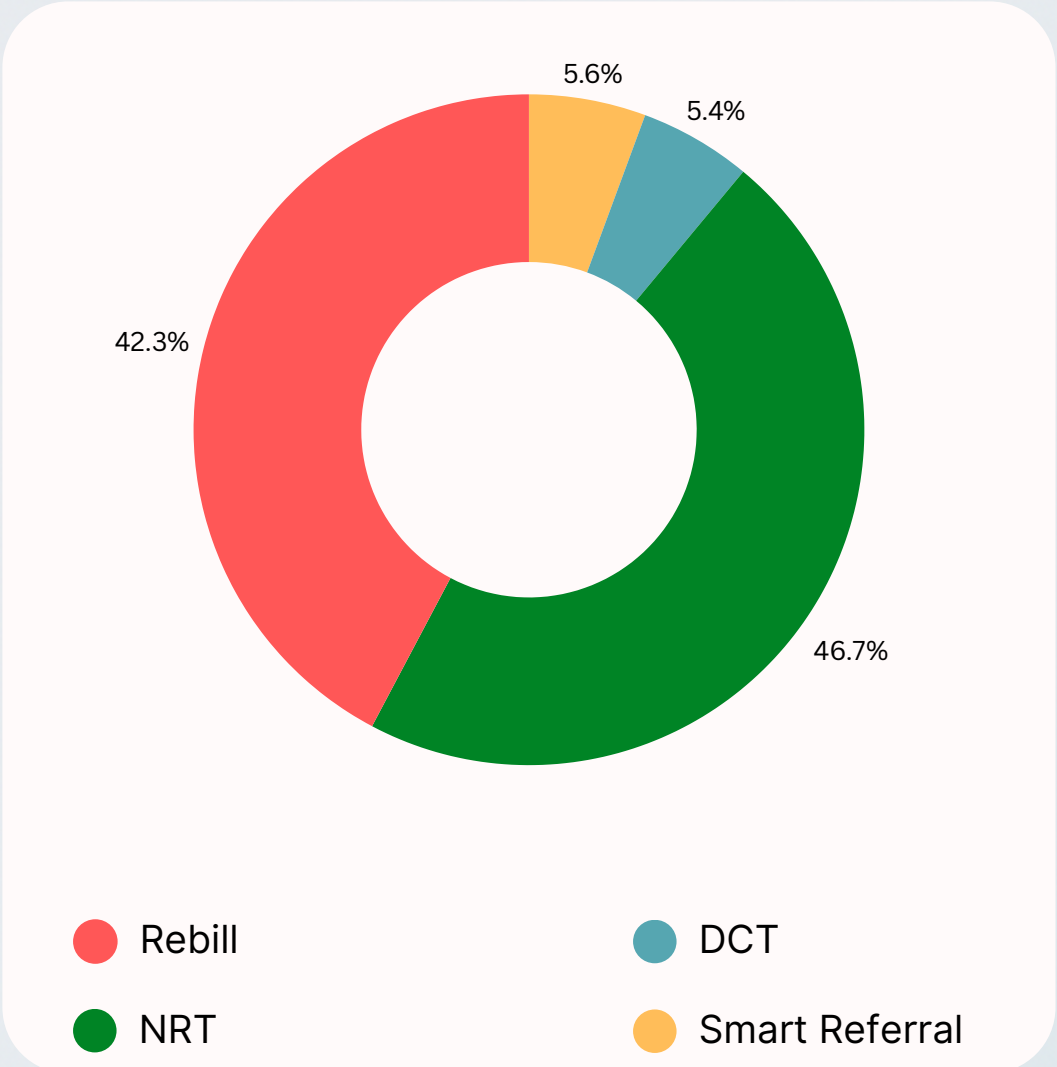
835

52% responded to this

Revenue Stats



Removals by Type



SPD Review

2025/2026

Summary

Stats and Figures

Know your Residents

Smart Referrals

Phone Numbers Captured

1,469

Datatank can make these numbers available for the council

Response Rate

83%

Your residents are above the average of 82% response rate

Total Phone Calls In

239

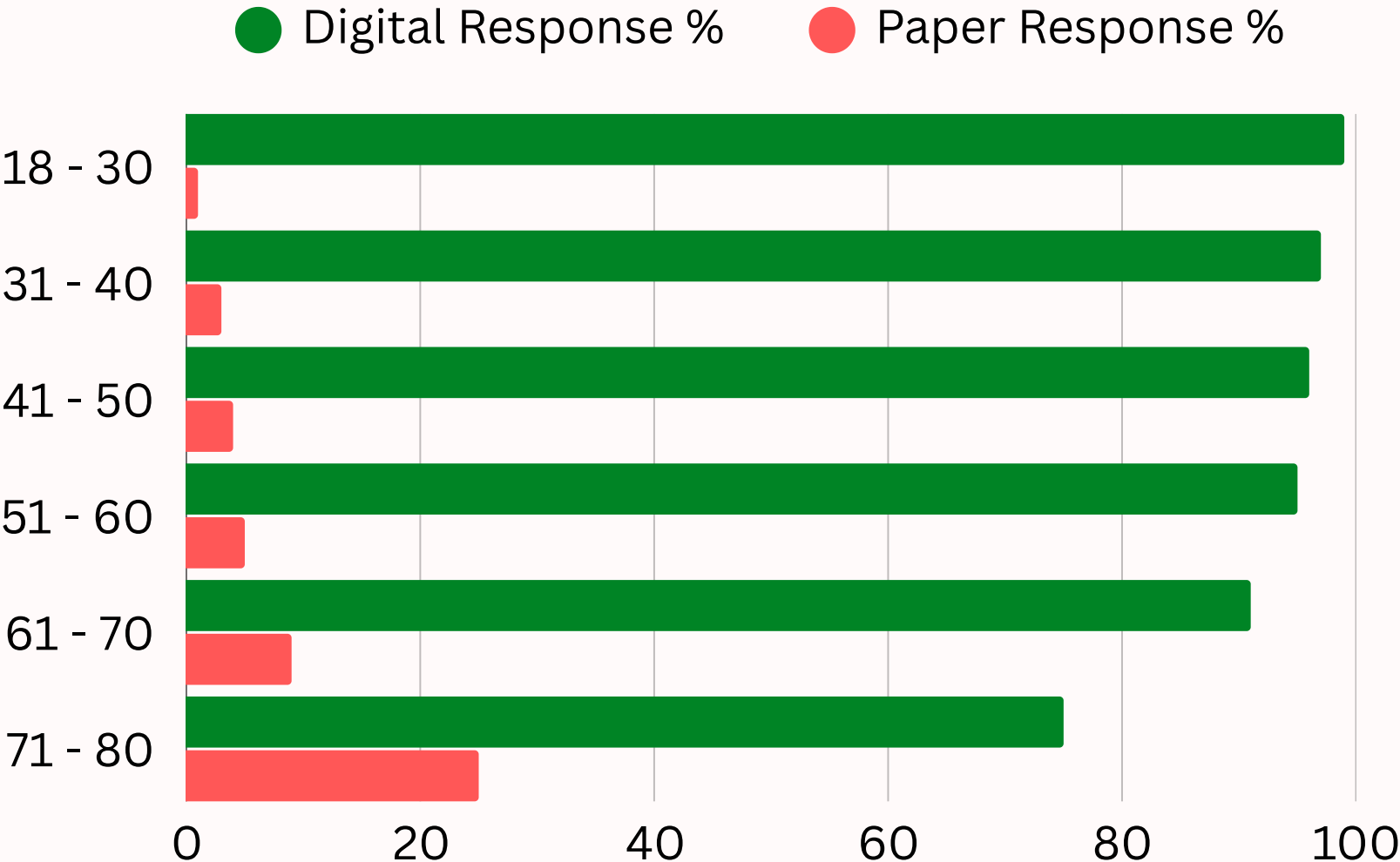
Your residents are inquisitive! They account for 6% of incoming phone calls

Email Use

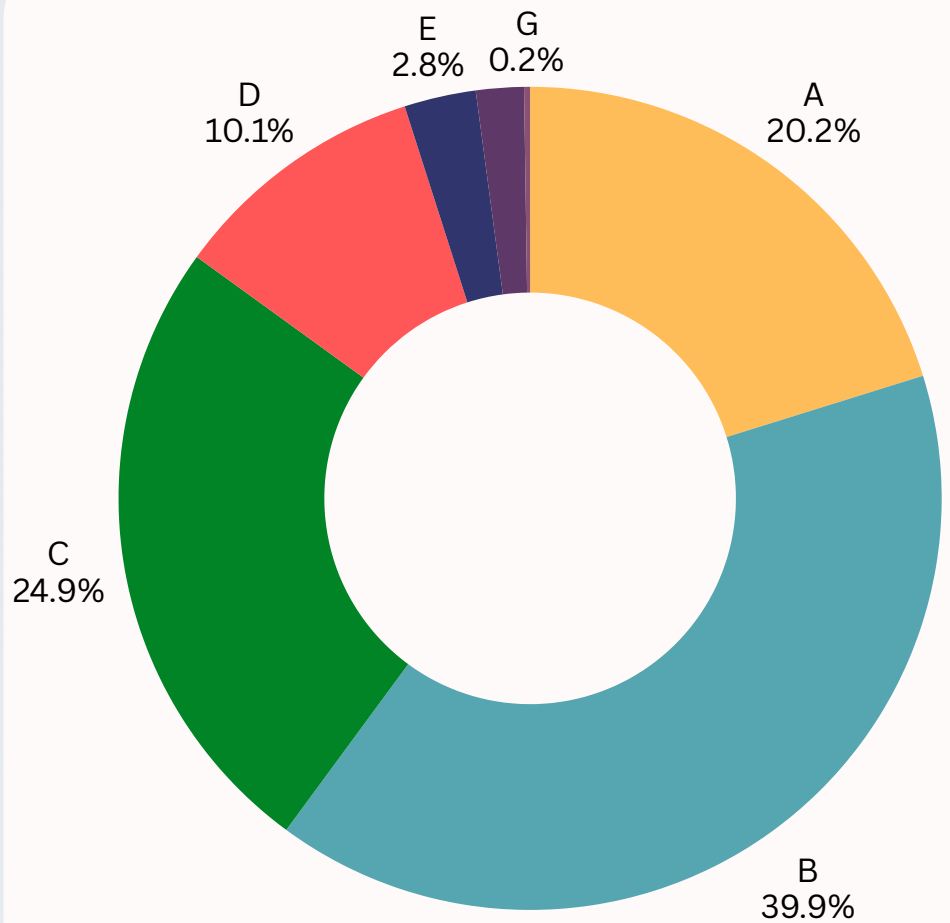
665

By providing email addresses for contact, you helped save 45kg of CO2 emissions

Response Breakdown



Removals by Tax Band



SPD Review

2025/2026

Summary

Stats and Figures

Know your Residents

Smart Referrals

Smart Challenges Sent

119

Smart Removals

24

20% of Smart Targets

Largest SMART Removal

£2,816

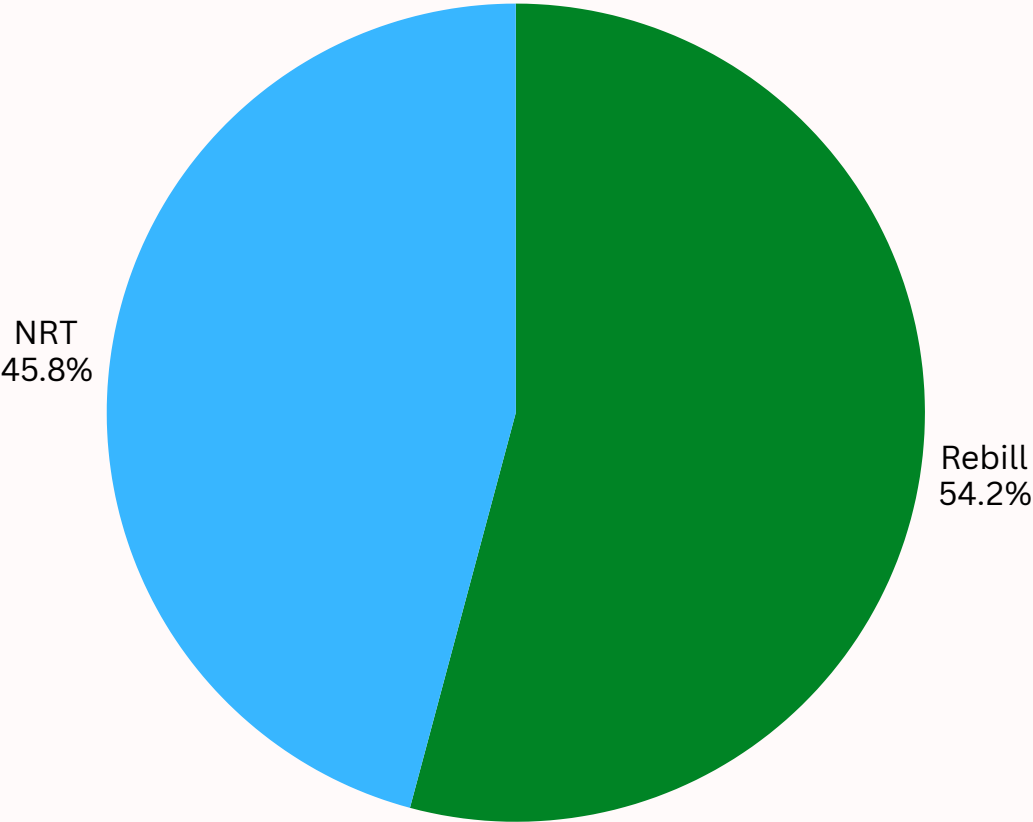
Removed from 21st March 2020

Total SMART Revenue

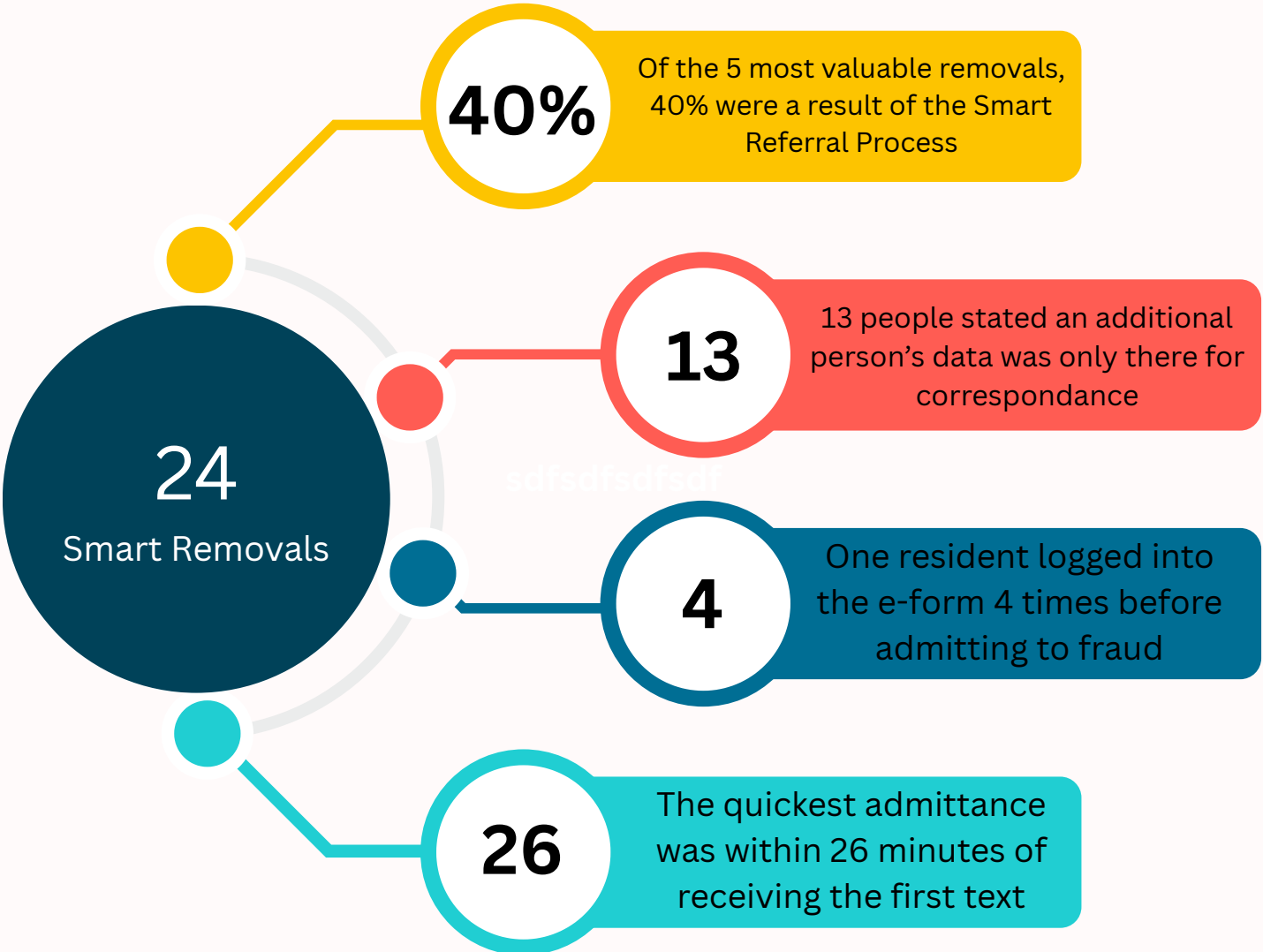
Completed + Awaiting Processing

£31,639

Smart Removals by Type



Interesting Facts



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Counter Fraud resilience and Best Practice Checklist

CIPFA / CIFAS expected Local Authority / Public Body response to the risk of fraud and corruption.	TORBAY Response
<p>1. The local authority has made a proper assessment of its fraud and corruption risks, has an action plan to deal with them and regularly reports to its senior Board and its members.</p>	<p>The Authority is working towards a Fraud and Corruption risk register. This will identify the risks and the controls in place to reduce these risks. The Senior Management Team will consider this.</p>
<p>2. The local authority has undertaken a fraud risk assessment against the risks and has also undertaken horizon scanning of future potential fraud and corruption risks. This assessment includes the understanding of the harm that fraud may do in the community</p>	<p>The creation of a fraud risk register assessment is ongoing and nearing completion.</p> <p>An overarching Counter Fraud Risk within the Risk Register as CP59.</p>
<p>3. There is an annual report to the audit committee, or equivalent detailed assessment.</p>	<p>Torbay's own Counter Fraud Team, now part of the Devon Assurance Partnership, produces regular updates for Audit Committee.</p>
<p>4. The relevant portfolio holder has been briefed on the fraud risks and mitigation</p>	<p>The Chair of the Audit Committee is briefed on fraud risks, mitigations, and other activity, although the Finance portfolio holder only receives update on request.</p>
<p>5. The audit committee supports counter fraud work and challenges the level of activity to ensure it is appropriate in terms of fraud risk and resources.</p>	<p>The Audit Committee supports all officers in their work to prevent, detect and investigate fraud and corruption.</p> <p>Each year the committee is provided with a counter fraud work plan, drawn from known areas of risk.</p> <p>The Audit Committee have been and continue to show complete support for all counter fraud initiatives.</p>
<p>6. There is a counter fraud and corruption strategy applying to all aspects of the local authority's business which has been communicated throughout the local authority and acknowledged by those charged with governance.</p>	<p>The Council has an up-to-date Anti-Fraud Bribery and Corruption Policy, an Anti-Fraud, Bribery and Corruption Strategy and Response Plan. Each presented to Audit Committee members.</p> <p>Awareness amongst staff is provided through the councils e-learning portal which has a mandatory counter fraud training module. .</p>

Appendix 4 – Fraud response/resilience assessment for 2025-26

	These documents will be reviewed and where appropriate amended when new legislation / guidance is confirmed from HM Government.
7. The local authority has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.	No system or process can ever be 100% secure, and so employee diligence is always needed, The Counter Fraud, Bribery and Corruption Policy confirms expectations and responsibilities of those conducting Council business.
8. The risks of fraud and corruption are specifically considered in the local authority's overall risk management process.	Several specific fraud and corruption risks are recorded in the corporate risk register or are in the process of being added, identified through the fraud risk assessment process with managers. The overall risk from fraud is recognised as CP59
9. Counter fraud staff are consulted to fraud-proof new policies, strategies and initiatives across departments.	The Authority has access to the Counter Fraud Services via DAP. The counter fraud team has been consulted when HR policies have seen recent update and have been considered in the light of possible fraud and corruption and are designed to limit such exposure.
10. Successful cases of proven fraud/corruption are routinely publicised to raise awareness.	Through the Counter Fraud and Corruption Policy and Strategy, 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.	All systems are designed to prevent fraud occurring. The diligence of management and staff is also key in this. A risk assessment is undertaken of the key risks of fraud, and the current controls in place to prevent this taking place. 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. The Audit Committee is provided reports on risk, fraud, and the results of Internal Audit, and this, combined with management assessment of controls. The 2025-26 annual fraud report provides detail to audit committee on the fraud five lines of defence.
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.

Appendix 4 – Fraud response/resilience assessment for 2025-26

	A method is being developed to identify any potential bypassing of procurement processes which could indicate, bribery or corruption.
– register of interests	<p>Staff - The Council has guidance on declarations of interest on HR intranet page. Which clearly states the need to register interest or additional employment on MyView (the councils employee management system).</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>
– 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. 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 DBS checks.</p> <p>Checks on company directorships held, resigned, or disqualified from (not routinely undertaken) but is part of the biennial NFI exercise.</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> <p>As part of induction, new staff members receive fraud awareness training where they are advised of the need to declare gifts and hospitality and other employment.</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.	This is constantly being addressed, and the Council is engaged with Counter Fraud professionals to improve knowledge understanding and culture across the organisation. A further document is attached to the 2025/26 annual report which provides details of the current counter fraud service provided to Torbay Council and includes details of additional optional services.
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.	A separate Whistleblowing Policy is in place. The latest available Audit Committee records indicate

Appendix 4 – Fraud response/resilience assessment for 2025-26

	<p>that the Whistleblowing Policy was considered in October 2025.</p> <p>The Finance, Ethics and Probity (FEP) Group monitors whistleblowing activity and reports as necessary to the Chair of Audit committee.</p> <p>The FEP group consists of members from Finance, Legal, HR and Audit. The group maintain records of concern and outcomes.</p>
17. Contractors and third parties sign up to the whistleblowing policy and there is evidence of this. There should be no discrimination against whistle-blowers.	At present the whistleblowing policy applies to anyone working for or on behalf of the Council.
18. Fraud resources are assessed proportionately to the risk the local authority faces and are adequately resourced.	The annual counter fraud report 2025-26 updates the audit committee in resourcing matters.
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>A range of work programmes are developed annually, including those arising from the Governance Review process, Risk Management, and Internal Audit.</p> <p>Collectively, these programmes provide assurance to senior management that appropriate resources are in place to prevent, detect, and investigate fraud.</p>
20. Statistics are kept and reported by the fraud team which cover all areas of activity and outcomes.	Counter Fraud Services record and report on all allegations of fraud against the Council. All evidence is held and disposed of in accordance with the relevant legislation. A new fraud case management IT system assists with this process.
21. Fraud officers have unfettered access to premises and documents for the purposes of counter fraud investigation.	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
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.	The Council is committed to proven cases of fraud being publicised externally and via internal channels.
23. All allegations of fraud and corruption are risk assessed.	Each referral or suspicion is “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.
24. The fraud and corruption response plan covers all areas of counter fraud work: <ul style="list-style-type: none"> • Prevention • Detection • Investigation • Sanctions • Redress 	The Councils Anti-Fraud, Bribery and Corruption Policy along with the Strategy and Response Plan and the annual audit reports cover all of these areas.
25. The fraud response plan is linked to the audit plan and is communicated to senior management and members.	DAP ensures that the plans are linked and communicated to senior management and members.

Appendix 4 – Fraud response/resilience assessment for 2025-26

<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 the Anti-Fraud, Bribery and Corruption Policy) Instances of fraud and corruption are reported to the Audit Committee. Due to the sensitive nature, these are 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 procured partners – such as Council Tax Single Persons Discount review. • Detection methods deployed by the counter fraud team • Other initiatives as and when appropriate.
<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 is considered as part of the risk assessment for each referral. Joint working is always considered to facilitate learning and cost efficiency. Engagement with the Devon and Somerset Fire and Rescue Service is also achieved through the services of DAP</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 is permitted in accordance with Schedule 2 Part 1 2(1) of the Data Protection Act 2018. Internal data analysis is also undertaken to prevent and detect fraud. This is an area of that DAP is looking to expand further in the coming months internally and between its partners.</p>
<p>31. Prevention measures and projects are undertaken using data analytics where possible.</p>	<p>Such examples include making effective use of The National Fraud Initiative, Council Tax - Single persons discount review, - Departmental support for fraud prevention, detection and audit support regularly undertaken. The review section within the counter fraud 2025-26 annual report demonstrates the continuous improvement to identify and prevent fraud.</p>
<p>32. The local authority actively takes part in the National Fraud Initiative (NFI) and promptly takes action arising from it.</p>	<p>Council wide 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). Council Tax and Electoral role data is provided to NFI every year with “matches” then investigated as above.</p>

Appendix 4 – Fraud response/resilience assessment for 2025-26

	Results are reported to Audit Committee on a regular basis.
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.	The Council has access to, and will makes use of, Counter Fraud Specialists at DAP.
34. The counter fraud team has adequate knowledge in all areas of the local authority or is trained in these areas.	The Counter Fraud Services at DAP includes trained and accredited Counter Fraud Specialists who 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 Services and wider DAP 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 contains mandatory fraud awareness training for all staff and Members. All new starters are invited to attend in person fraud awareness sessions. 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.

Post April 2026 DAP Counter Fraud Service (Torbay Specific Version)

Context and Background

UK organisations, including Local Authorities are expected to maintain strong internal controls, risk management arrangements and governance frameworks. The widely recognised 'Three Lines Model' sets out how organisations achieve layered assurance, and within Local Government and regulated sectors this often extends to a five-line model offering additional resilience, scrutiny and oversight.

The Economic Crime and Corporate Transparency Act 2023 introduced the Failure to Prevent Fraud offence for large entities, requiring organisations to demonstrate 'reasonable procedures'. While not a formal statutory requirement for Local Authorities, regulators and external auditors increasingly expect organisations to evidence robust governance, clear lines of defence and effective arrangements for fraud prevention, detection and response.

The five-lines are grounded in CIPFA, HM Treasury, NAO and External Audit expectations and they are typically interpreted as below.

- 1st line – Service Delivery & Operational Management
- 2nd line – Management Oversight & Internal Controls
- 3rd line – **Specialist Counter Fraud and Compliance Functions**
- 4th line – Independent internal assurance
- 5th line – External scrutiny and accountability


These principles cannot be met without multiple lines of defence (The Five Lines).

Governance – Prevention – Detection – Redress - Review


Appendix 5 Torbay Council Specific Delivery 2026/27

Support Area and Expected Resource Commitment	Torbay	DAP Lead
		
Governance (12.5%)		
Fraud Policy & Strategy Oversight	X	Assurance Manager - Counter Fraud and Error
Fraud Policy & Strategy Development	X	Assurance Manager - Counter Fraud and Error
Governance Liaison	X	Assurance Manager - Counter Fraud and Error
Money Laundering (Policy Review & Support)	X	Head of DAP
Section 106 checks	X	Assurance Manager - Counter Fraud and Error
Prevention (41.5%)		
Fraud Awareness Training (New Starter & Periodic)	X	Assurance Manager - Counter Fraud and Error and Senior Assurance Officer Generic 45 Min sessions once per month are set up. Possible LA specific session if needed.
High-Level Fraud Risk Assessment	X	Assurance Manager - Counter Fraud and Error plus CF Officer support
Fraud Risk Assessment (Full Development)	RM Budget / time	Assurance Manager - Counter Fraud and Error plus Senior Assurance Officer (Risk)
Process Development	X	Assurance Manager - Counter Fraud and Error & Senior Assurance Officer
Recruitment Vetting Service	Not part of current Package	CF Team
Whistleblowing Support (Policy, Governance and Investigation)	X	Head of DAP Assurance Manager - Counter Fraud and Error CF / Audit Team

Appendix 5 Torbay Council Specific Delivery 2026/27

Support Area and Expected Resource Commitment	Torbay	DAP Lead
		
Fraud-Linked Policy Reviews	X	Assurance Manager - Counter Fraud and Error and Head of DAP
Housing/Homelessness Application Screening	Not part of current package	CF Team
Fraud awareness alerts & Horizon scanning	X	CF Manger – Senior Assurance Officer
Fit and Proper Checks for Housing Standards	X	CF Team
Detection (37.5%)		
Invitations to Joint Initiatives Across Devon	X	Head of DAP / Assurance Manager - Counter Fraud and Error
NFI: Data Upload & Progress Management	X	Assurance Manager - Counter Fraud and Error & Senior Assurance Officer
Screening of NFI Reports	X	Senior Assurance Officer plus CF Team
Completion of annual NFI reports (see separate appendix)	X	Senior Assurance Officer plus CF Team
FrAudits (Small audits triggered by CF work and including CF Officers)	Not part of current package	Senior Assurance Officer plus CF or IA Team
Data Matching	X	Senior Assurance Officer plus CF Team
Open-Source Data Matching	X	Senior Assurance Officer plus CF Team
Debtor Tracing (utilising data matching techniques)	Not part of current Package	
Compliance Interviews	X	Senior Assurance Officer plus CF Team
Empty Property Identification	X	Senior Assurance Officer plus CF Team

Appendix 5 Torbay Council Specific Delivery 2026/27

Support Area and Expected Resource Commitment	Torbay	DAP Lead
		
Redress (8.5%)		
Civil/ACAS/Employment Redress	Ad Hoc Commission	Senior Assurance Officer plus CF Team
Alternative Sanctions (warning letters/reminder letters etc)	X	CF Team
Prosecutions	X	Assurance Manager - Counter Fraud and Error plus CF Team
Joint Investigations with DWP	X	Assurance Manager - Counter Fraud and Error plus Senior Assurance Officer
LAIEF/Information Exchange	X	CF Team
Money Laundering Duties Discharge	X	Head of DAP & Assurance Manager - Counter Fraud and Error
End-of-Year Summary Report	X	Assurance Manager - Counter Fraud and Error & Head of DAP

Appendix 2 Torbay Council Specific NFI Delivery 2026/27

NFI Specific

The National Fraud Initiative (NFI) matches electronic data between public and private sector bodies to prevent and detect fraud. Public sector bodies are required to submit data on a regular basis with specified data requirements and specifications. External auditors continue to be involved in the NFI. They are able to use the output from the exercise to help them assess the arrangements that audited bodies have in place to prevent and detect fraud.

National Fraud Initiative Complete organisational oversight and delivery of the NFI programme from start to finish	Torbay	DAP Lead
Senior Responsible Officer	N/A	N/A
Key Contact	X	Assurance Manager – Counter Fraud and Error
Access Management	X	Assurance Manager - Counter Fraud and Error
Privacy notice compliance sign off & liaison	X	Assurance Manager - Counter Fraud and Error
Ensuring data formats, guidance, data specifications are followed and data supply deadlines met	X	Assurance Manager - Counter Fraud and Error
Nominating appropriate users to upload data submissions	X	Assurance Manager - Counter Fraud and Error
Act as, or appoint preferred dataset contacts	X	Assurance Manager - Counter Fraud and Error
Investigate all resulting matches (excluding VAT & creditors)	Service partially subscribed	Senior Assurance Officer & CF Team
Ensuring all key contact details are up to date	X	Assurance Manager - Counter Fraud and Error
Co-ordinate and monitor the overall exercise	X	Assurance Manager - Counter Fraud and Error
Ensuring outcomes from investigation of matches are recorded on the web application promptly and accurately	X	Assurance Manager - Counter Fraud and Error

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Audit Committee Work Plan 2026/2027

Date of Meeting	Report Title
29 July 2026	<ul style="list-style-type: none"> • 2025/26 Draft Statement of Accounts • 2025/26 Treasury Management Outturn • Risk Assurance Report - Integrated Adult Social Care Services • Risk Report • Audit Committee Progress Report and Sector Update (Grant Thornton) • Performance Update: Collection of Council Tax & Non-Domestic Rates • Audit Committee Workplan
28 October 2026	<ul style="list-style-type: none"> • 2026/27 Treasury Management Mid-Year Review • Audit Committee Progress Report and Sector Update (Grant Thornton) • Progress against the Recommendations of the Auditor's Annual Report 2024/25 • Whistleblowing Complaints and HR Investigations (report to include a copy of the Whistleblowing Policy and details of the process when a Whistleblowing complaint is received) • Internal Audit Report and Management Action Plan on Counter Fraud (Risk Assessments) • Risk Report • 2026/27 Counter Fraud and Error - 6 monthly Update • Procurement Waivers Report • Performance Update: Collection of Council Tax, Non-Domestic Rates & Corporate Debt • Audit Committee Workplan

Audit Committee Work Plan 2026/2027

<p>20 January 2027</p>	<ul style="list-style-type: none"> • Internal Audit - Half Year Report including the outcomes of the Follow Up on Areas Requiring Improvement • 2027/28 Treasury Management Strategy • 2025/26 Torbay Council Audit Findings Report (Grant Thornton) • 2025/26 Torbay Council Auditor's Annual Report (Grant Thornton) • 2025/26 Statement of Accounts including Annual Governance Statement • Audit Committee Progress Report and Sector Update (Grant Thornton) • RIPA Update • Council Subsidiaries – Governance & Finances Update • Audit Committee Workplan
<p>24 March 2027</p>	<ul style="list-style-type: none"> • Internal Audit Plan • Internal Audit Charter and Strategy • 2027/28 Counter Fraud and Error Forward Plan • 2027/28 Counter Fraud and Error Workplan, Policy & Strategy • Risk Report • Audit Committee's Annual Report 2025/2026 • Performance Update: Collection of Council Tax, Non-Domestic Rates & Corporate Debt • Audit Committee Workplan