Minutes of the Audit Committee

1 September 2026

-: Present :-

Councillors Brook (Vice-Chair), Fellows and Long

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11. Apologies

An apology for absence was received from Councillor Penny. The Vice-Chair, Councillor Brook chaired the meeting in the absence of Councillor Penny.

12. Minutes

The Minutes of the meeting of the Audit Committee held on 27 May 2026 were confirmed as a correct record and signed by the Vice-Chair.

13. Declarations of interests

No declarations of interest were made.

14. 2025/26 Draft Statement of Accounts - Update

The Committee noted a verbal update from the Head of Corporate Finance on the 2025/26 Draft Statement of Accounts. Members were advised that the draft accounts had been published by the statutory deadline and that the public inspection period had commenced on 1 July 2026. No requests had been received from members of the public to inspect the accounts and Members of the Committee had been invited to submit any questions on the draft accounts following publication. Members noted that their detailed scrutiny of the accounts would take place following completion of the external audit process.

During discussion, Members sought clarification on how the statutory notice had been publicised. Officers advised that the notice had been published on the Council's website in accordance with current legislative requirements, noting that publication on the Council’s public notice board was no longer required.

15. Torbay Council Audit Progress Report, Regaining Assurance Progress Report and Sector Update

The Committee noted the report presented by Grant Thornton, the Council’s External Auditors on progress with the 2025/26 audit, regaining assurance activity and wider sector developments. Members were advised that the Council had published its draft accounts by the statutory deadline, which had enabled auditors to commence elements of audit testing earlier than planned. Audit work was progressing in accordance with the agreed timetable and completion remained targeted for November 2026, with findings scheduled to be reported to a special meeting of the Committee in December 2026.

Members discussed staffing resilience within Corporate Finance and the continuing use of agency support. Officers advised that unforeseen staff absences, within key roles, had required additional support. It was noted that agency staff had continued to play a leading role in preparing the accounts and provided additional resilience to the permanent team.

Members referred to the prior year audit findings and queried whether errors identified during the 2023/24 audit had been discovered following Committee consideration of the accounts. Grant Thornton advised that such adjustments were identified through normal audit testing procedures and formed part of the process of ensuring the final accounts were materially correct.

Members also discussed the reference within the report to the Neighbourhood Health Framework and sought clarification on the implications of Local Government Reorganisation for future partnership working with the NHS. Grant Thornton undertook to provide Members with further information on this area.

16. Regaining Assurance Strategy for Torbay Council

The Committee note the Regaining Assurance Strategy for Torbay presented by Grant Thornton setting out the approach to rebuilding audit assurance following disclaimer opinions issued under the national backstop arrangements. Members were advised that Torbay Council had been assessed by Grant Thornton and the Ministry for Housing, Communities and Local Government (MHCLG) as a Category B authority, indicating that an ISA-compliant approach to rebuilding assurance was achievable but presented significant operational challenges.

The Committee heard that a disclaimer opinion was still anticipated for the 2025/26 accounts due to the absence of assurance over opening balances. Grant Thornton explained that a phased improvement was expected over subsequent years, with a qualified opinion anticipated in 2026/27 and a return to an unmodified opinion by 2027/28, subject to satisfactory progress.

Members queried how assurance could be regained where staff involved in processing financial information had left the Council. Auditors advised that the underlying records remained available, but additional work could be required where institutional knowledge had been lost. Despite these challenges, auditors remained confident that sufficient evidence could be obtained.

Members also discussed concerns previously identified around statutory reserves and opening balances. Grant Thornton explained that the rebuild programme would follow a risk-based testing approach, including reviewing capital expenditure, reserve movements and transaction cut-off arrangements. The earlier publication of the accounts had created a greater opportunity to complete this work.

17. Progress against the Recommendations of the Auditor's Annual Report 2024/25

The Committee considered a report setting out progress made against the recommendations contained within the Auditor's Annual Report 2024/25. Members noted progress made in strengthening Corporate Finance capacity, improving delivery of the Statement of Accounts process and implementing the recommendation relating to procurement waivers.

Members discussed the recommendation relating to Medium Term Financial Strategy savings targets. The Director of Finance reiterated the view previously expressed to Grant Thornton that sustainable organisational improvements should be the primary driver of financial sustainability, rather than predetermined savings targets.

18. Risk Management Update

The Committee considered the submitted report on the Strategic and Corporate Risk Registers and received an update on the Council's current risk profile.

Members' attention was drawn to the Strategic and Corporate Risks scoring 16 or above. It was noted that Strategic Risk ST10 (Failure to Deliver Adult Social Care Services) had increased from 16 to 20 during July 2026, Corporate Risk CP06 had increased from 12 to 16 in June 2026 and Corporate Risk CP59 (Fraud and Error) had increased from 20 to 25 in August 2026. Members also noted that Strategic Risk ST05, the Fire Safety Regulation risk, Corporate Risk CP15 (High Needs Block) and Corporate Risk CP17 (Placement Sufficiency) had remained at their current scores for a sustained period.

During discussion on ST10, Members sought assurance regarding the arrangements in place to manage the transfer of Adult Social Care services back to the Council. Officers acknowledged that this represented one of the Council's most significant strategic risks and advised that a substantial programme of work was underway. This included extensive due diligence, governance arrangements, financial modelling, workforce planning and service reviews to ensure that the Council would be in a position to discharge its statutory responsibilities from April 2027. Members were informed that the risk score reflected both the complexity of the transfer and the potential impact on residents should the transition not be managed effectively.

Members questioned the continued high score for the Fire Safety Regulation risk and asked whether this represented an immediate danger to staff or service users. Officers advised that the risk arose from a combination of factors, including difficulties recruiting appropriately qualified officers, the requirement to review fire risk assessments following the transfer of former Torbay Economic Development Company assets, increasing regulatory requirements and emerging concerns relating to lithium battery fires. Members were informed that progress had been made in reducing some elements of the risk, including the recruitment of additional support capacity, but that a shortage of specialist expertise continued to affect the Council's ability to reduce the overall risk score.

Members also discussed the increase in Corporate Risk CP59 (Risk of Fraud and Error causing financial loss or reputational damage to the council). Officers advised that the increase reflected the evolving cyber security threat environment, organisational changes associated with the Adult Social Care transition and Local Government Reorganisation, and the increased opportunity for fraud and error during periods of significant organisational change. Members noted that cyber security continued to be closely monitored through separate governance arrangements and assurance processes.

19. Risk Assurance Report for Our Integrated Adult Social Care Services

The Committee noted the Risk Assurance Report for Integrated Adult Social Care Services. Members were advised that one planned audit had been completed, one had been cancelled and a number of further audits were planned. The completed contract management audit had received a satisfactory assurance opinion and actions identified would be addressed as part of preparations for the end of the Section 75 arrangements.

Members heard that future audit work would include reviews of direct payments, client debt arrangements and staff supervision and appraisal processes. Officers advised that implementation of the new IT system had gone live and had necessitated changes to the audit timetable.

During discussion, it was suggested that during the development of the 2027/2028 Internal Plan consideration be given to additional audit resources being directed towards Adult Social Care given the significance of the forthcoming service transfer. Members also discussed client debt arrangements and were advised that although debt management activity would continue, it would not necessarily be undertaken through a formal audit review.

20. HR Investigations and Whistleblowing

The Committee noted the report on HR Investigations and Whistleblowing activity covering the period from 1 July 2025 to 30 June 2026. Members were advised that the overall trend showed a reduction in the number of investigations and whistleblowing cases.

The Committee welcomed the reduction in the number of grievances and discussed how this compared with other organisations. Officers advised that grievance levels remained relatively low despite organisational restructures and that this compared favourably with similar organisations. Members discussed the importance of effective line management, regular one-to-one meetings and the use of capability procedures where appropriate.

21. Audit Committee Work Plan 2026/2027

The Committee noted the Audit Committee Work Programme for 2026/2027. Members were advised that the deep dive into Temporary Accommodation costs had been moved to the next meeting and that an additional meeting had been scheduled in December 2026 to consider the audited Statement of Accounts and associated external audit reports.

Chair