

**Meeting:** Audit Committee

**Date:** 18 February 2026

**Wards affected:** All Wards in Torbay

**Report Title:** Council Subsidiaries – Governance & Finance Update

**Cabinet Member Contact Details:**

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## 1. Purpose of Report

- 1.1. To present an overview of the consolidated audit findings and assurance conclusions for the Council's subsidiaries and trading companies for the year ended 31 March 2025.
- 1.2. To inform the committee of the opinion of the internal audit function on the subsidiaries (SWISCo).

## 2. Reason for Proposal and its benefits

- 2.1. At the Audit Committee meeting on the 28 May 2025 the committee discussed the 2024-25 draft Annual Governance Statement, which includes how the Council oversees the governance and risks of companies it owns or controls.
- 2.2. It was therefore agreed that a report would be presented to the committee annually to coincide with the approval of the Torbay Council accounts. The report would provide an overview of the outcome of the audits of the accounts for the three significant council subsidiaries.

## 3. Recommendation(s) / Proposed Decision

- 3.1. The Audit Committee is asked to:

- Note the audit findings and assurance conclusions for Torbay Education Limited (TEL), Torbay Economic Development Company Limited (TEDC Group) and SWISCo Limited.

## Appendices

Appendix 1 - Council Subsidiaries - Governance & Finances

## 4. Executive Summary

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- 4.1. As detailed in section 2, at meeting of the committee in May 2025 a discussion was held in respect of the 2024-25 draft Annual Governance Statement, which includes how the Council oversees the governance and risks of companies it owns or controls.
- 4.2. During this discussion, some members raised concern in relation to one of the wholly owned companies and commented that as the company is in the process of being dissolved, should the Committee have greater oversight of its audits and its risk registers.
- 4.3. A comment was made by the Key Audit Partner from Grant Thornton, who is the lead for the Torbay Council external audit, that the Annual Governance Statement should provide assurance of group accounts and provide a statement of effectiveness. In order to do so, reference should be made to the views of other independent bodies, what recommendations had been made by External Audit, and what was the opinion of Internal Audit.
- 4.4. To give the committee additional assurance it was agreed that a report would be presented to the committee annually to coincide with the approval of the Torbay Council accounts, this report provides this information.
- 4.5. A related piece of related work is detailed in section 7 in respect of the internal audit work undertaken by Devon Assurance Partnership for SWISCo.

## 5. Conclusion on Assurance

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- 5.1. Overall, reasonable assurance can be taken over governance, risk management and internal control across the subsidiaries.

## 6. Overview of audit findings

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- 6.1. The information below provides an overview of the findings, other significant information in respect of the audit for each of the subsidiaries is included in Appendix 1.

### **SWISCo Limited**

The key points from the independent auditor's report are summarised below:

#### **Overall Audit Opinion and Conclusion**

- A clean (unqualified) opinion.

The financial statements:

- Present a true and fair view of the Company's financial position at 31 March 2025 and its profit for the year.
- Have been properly prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including FRS 102.
- Comply with the Companies Act 2006.

The auditor's report:

- Provides strong assurance regarding the accuracy, compliance and integrity of SWISCo's financial statements for 2024/25.
- No exceptions, concerns, or weaknesses were highlighted.

### **Torbay Economic Development Company Limited (TEDC Group)**

The key points from the independent auditor's report are summarised below:

#### **Overall Audit Opinion and Conclusion**

- A clean (unqualified) opinion.

The financial statements:

- Give a true and fair view of both the group and parent company's financial position at 31 March 2025 and the group's profit for the year.
- Have been properly prepared under UK GAAP (FRS 102).
- Comply with the Companies Act 2006.
- Emphasis of Matter included because the directors intend to wind up the company, meaning the financial statements were prepared on a basis other than going concern.
- This does not affect the validity or quality of the accounts, nor does it change the unqualified audit opinion.

### **Torbay Education Limited**

The key points from the independent auditor's report are summarised below:

#### **Overall Audit Opinion and Conclusion**

- Clean (unqualified) audit opinion issued.

The financial statements:

- Give a true and fair view of the Company's position and profit.
- Prepared in accordance with UK GAAP (FRS 102) and the Companies Act 2006.
- No concerns, aside from noting the required disclosure that the company is no longer a going concern due to its transfer into Torbay Council.

## 7. Internal Audit Service and findings - SWISCo

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7.1. Devon Assurance Partnership are commissioned by SWISCo to provide the internal audit function. The latest 5-year internal audit plan commenced in 2023/24 and is approved by the SWISCo board, previous to this there was an agreed 3 year internal audit plan which ran from the inception of SWISCo and expired in 2022/23.

7.2. The key findings from the 2024/25 DAP Annual Audit Report are detailed below.

### Key findings and overall Opinion

The control environment supporting key operational and financial processes continues to strengthen, with notable improvements in risk management, governance, and performance reporting.

### Assurance Position Summary

- **Reasonable Assurance:** Governance and Decision Making; Risk Management; Performance Management; Standards Compliance
- **Key Financial Systems:** Operating effectively overall
- **Historic Limited Assurance Areas:** Primarily from 2020–21 to 2022–23, with mitigating context noted

### Overall Opinion

- Completed the assurance, risk, and governance reviews set out in the 2024–25 Internal Audit Plan.
- Reviews form the basis of the Head of Internal Audit's overall opinion on SWISCo's control environment.
- Key controls generally operated as intended, several areas of weakness were identified and require continued oversight.
- Progress against agreed management actions remains mixed, with some historic recommendations still outstanding.

### Internal Control Environment

- Internal control framework supporting key financial systems is assessed as operating effectively.
- Identified instances of non-compliance were not considered to have a material impact on the Company's financial position.
- In non-financial areas, several audits undertaken between 2020–21 and 2022–23 received **Limited Assurance**. These earlier assessments must be considered in the context of the Company's formative stage, the impact of the pandemic, and the resulting strain placed on governance and control processes.

## Risk Management

- A follow-up audit of the Performance and Risk Management Framework in 2024–25 demonstrated improvement, resulting in an uplift to **Reasonable Assurance**.
- Risk management maturity continues to develop, supported by a facilitated workshop in June 2023 and ongoing collaboration with the Council's performance and risk team.
- Work on strengthening and embedding the Strategic Risk Register is progressing.

## Governance Arrangements

- Governance and Decision-Making arrangements have now undergone two consecutive reviews (2022–23 and 2023–24), both assessed at **Reasonable Assurance**, indicating a stable and improving governance landscape.
- Follow-up work on Standards Compliance confirmed that the underlying compliance framework has strengthened since the original review.
- Health and Safety has been a particular focus area for improvement, supported by the appointment of the Asset and Performance Service Manager.

## Performance Management

- The Performance Management follow-up in 2024–25 resulted in an uplift to **Reasonable Assurance**, demonstrating progress in the consistency, reporting, and oversight of performance information.

## 8. Options under consideration

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8.1. None

## 9. Financial Opportunities and Implications

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9.1. There are no direct financial opportunities or implications from this report

## 10. Legal Implications

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10.1. Not applicable

## 11. Engagement and Consultation

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11.1. Not applicable

## 12. Purchasing or Hiring of Goods and/or Services

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12.1. Not applicable

## 13. Tackling Climate Change

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13.1. Not applicable

## 14. Associated Risks

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14.1. Not applicable

## 15. Identify the potential positive and negative impacts on specific groups

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15.1. Not applicable

## 16. Cumulative Council Impact

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16.1. Not applicable

## 17. Cumulative Community Impacts

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17.1. Not applicable