

## **Minutes of the Audit Committee**

**18 February 2026**

**-: Present :-**

Councillor Penny (Chair)

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

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### **33. Apologies**

An apology for absence was received Mr Kristian Hawkes, Independent Person to the Audit Committee.

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

### **34. Minutes**

The Minutes of the meeting of the Audit Committee held on 29 October 2025 were confirmed as a correct record and signed by the Chair.

### **35. Declarations of interests**

No declarations were made.

### **36. Risk Assurance Report For Our Integrated Adult Social Care Services**

The Chair welcomed Amanda Lowe of Audit South West (ASW) to the meeting and reminded Members that, at the meeting held on 8 September 2025, the Committee had considered the circulated Risk Assurance Report for Integrated Adult Social Care Services. At that time, Members had been unable to explore matters beyond those set out in Appendix 2 and had therefore requested the attendance of a representative from ASW to attend this meeting.

Ms Lowe introduced herself and provided further detail on the findings of the audits undertaken by ASW. She explained the process used to develop the audit plan for adult social care services, noting that ASW delivered the full audit programme for the NHS, not only adult social care. She advised that the assurance statement received identified a deterioration in the Head of Internal Audit Opinion, which had moved from *Satisfactory* to *Limited*. Several factors contributed to this change, the primary driver being the NHS services' placement within the NHS Oversight Framework (NOF) at Level 4, indicating that improvements were required.

Ms Lowe confirmed that two audits had been undertaken within adult social care namely; Advocacy and Deprivation of Liberty Safeguards (DoLS), both culminating in a Limited opinion. She clarified that the overall Limited opinion for the Trust was not solely attributable to these two audits, although the DoLS findings had contributed.

In response to questions from Members, Ms Lowe advised that the DoLS audit had not identified cases in which individuals had been deprived of their liberty inappropriately. However, it had identified a significant backlog in the processing of applications, with 570 cases in the central DoLS team and 160 within the community team during winter 2024. It was explained that cases were triaged, with priority given to those showing signs of wishing to leave, and this approach aligned with national challenges in DoLS processing. A new delivery model implemented in summer 2025 had reduced the backlog, although progress had since plateaued due to an increase in applications.

Ms Lowe advised that any limited opinion automatically triggered a requirement for re-audit. DoLS would therefore be included in the Trusts 2026/27 audit plan. In response to questions regarding timescales, she stated that the scheduling was being worked through, but her view was that it should be undertaken as soon as was reasonable.

In response to questions on fraud risk during periods of organisational change, Ms Lowe confirmed that processes were being reviewed to ensure appropriate controls were maintained. Members asked whether managers were generally responsive to audit activity. Ms Lowe reported that the Trust, had experienced significant leadership change over the previous 18 months, but engagement with managers had been positive, with an increased openness about areas of concern.

Finally, Ms Lowe emphasised that the full assurance statement and ASW's view of the Trust should remain confidential to the Trust. It was suggested that a redacted version might be considered for future publication.

### **37. Risk Management Update**

Members noted a report that provided an update on the Council's current risk position and the Council's overall risk management arrangements.

The Performance and Risk Manager advised that a total of 15 risks were appearing out of tolerance; however, Members were advised that "out of tolerance" did not necessarily equate to a high risk score. None of the risks with unchanged scores were short-term issues; these represented long-term assessments. A new risk relating to Oldway Mansion had been added due to the expense arising from anti-social behaviour at the site. Several risks had been de-escalated since the previous report.

The Performance and Risk Manager explained that, due to the deferred date of the meeting, a number of mitigated risk scores had changed since the appendices were produced. Members were advised of the following updated scores:

- ST04 Failure to set a robust and medium-term resource plan had increased to 20;

- ST10 Failure of Torbay and South Devon NHS Trust to deliver Adult Social Care statutory duties had increased to 20.

For corporate risks:

- CP02 Failure to have adequate insurance in place had increased to 15;
- CP05 Failure to comply with health and safety and fire legislation had increased to 20;
- CP09 Reputation of the Council had increased to 9;
- CP21 GDPR compliance and effective information governance had increased to 16;
- CP23 Implementation of the Customer Relationship Management system had increased to 8;
- CP49 Failure to have an up-to-date adopted Local Plan in place had increased to 12.
- CP50 Failure to meet Development Management performance targets had reduced to 9; and
- CP85 Potential loss of community equipment service had reduced to 6.

It was also noted that the report used to produce Appendix C included three inaccurate mitigated scores.

- CP11 Large scale cyber-attack was reported as 10 but should have been 15;
- CP88 Deprivation of Liberty (Community DoLS waiting list) was reported as 6 but should have been 9; and
- CP89 Oldway Mansion was reported as 6 but should have been 12.

In relation to SWISCo, Members were informed that the organisation held two strategic risks, 18 corporate risks and 51 service-level risks, with seven risks scoring 16 or above. Issues identified last year regarding health and safety audits had been resolved, resulting in reduced risk scores. Management reported that they had commenced a programme of cross-business engagement with Tier 2 and Tier 3 managers to strengthen the connection between professional risk management and operational service delivery. The risk register was being used proactively by all managers and by the Senior Leadership Team on a weekly basis. Concerns were raised about workforce retention. Members were reassured by the Director of SWISCo setting out the retention focused mitigations, including high-quality PPE, improved working conditions, and strengthening organisational pride. Furthermore, SWISCo was now regarded as a well-respected employer with staff likely to recommend it to friends and family. Sickness and turnover rates remained low, reflecting the effectiveness of the risk-led mitigation approach.

Members requested that future reports include detailed risk review notes, observing that some risks remained higher than expected and that additional narrative would assist understanding.

A query was raised regarding CP73, relating to the failure to adequately undertake works to cliffs, particularly in the context of recent storms. It was confirmed that the risk primarily related to unexpected costs associated with cliff works. The risk remained within tolerance because adequate budget provision existed for repairs in

recent years. Scores remained relatively high because environmental factors were outside the Council's control. Members were advised that the risk related to cost rather than the likelihood alone.

It was suggested that future reports include commentary on how risk management had evolved over the preceding two years to provide assurance regarding the overall effectiveness of the risk management framework.

### **38. Treasury Management Strategy 2026/27**

Members considered a report that set out the Treasury Management Strategy for 2026/2027. The Strategy sets the framework within which the Council will manage its borrowing, investment and cash-flow activities for the forthcoming financial year, in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management in the Public Services: Code of Practice 2021 and the Prudential Code for Capital Finance in Local Authorities.

The Head of Corporate Finance explained that Treasury management had a critical role in ensuring the Council's financial stability. The Council continued to manage significant levels of borrowing and treasury investments and was therefore exposed to a range of financial risks including interest rate fluctuations, the security of invested funds, and the need to ensure that borrowing remained affordable and sustainable.

The Strategy outlined the Council's approach to:

- Capital expenditure plans and prudential indicators;
- Borrowing strategy, including the use of internal borrowing;
- Investment strategy, including security, liquidity, ESG considerations and counterparty limits;
- Minimum Revenue Provision (MRP) policy; and
- Treasury management indicators and governance arrangements.

Members were advised that in a financial environment characterised by continued economic uncertainty and interest rate volatility, the Strategy aimed to balance the need for prudent risk management with the requirement to support delivery of the Council's Capital Investment Plan and long-term financial sustainability.

#### **Resolved:**

That Audit Committee recommends to Council approval of the:

- 2026/27 Treasury Management Strategy;
- 2026/27 Prudential Indicators; and
- 2026/27 Annual Minimum Revenue Provision Policy Statement.

### **39. Counter Fraud and Corruption Strategy and Counter Fraud and Corruption Policy**

Members considered a report that set out an updated Counter Fraud and Corruption Policy, since the policy was last reviewed in 2023 the national and local fraud landscape had continued to evolve, with increased expectations on local authorities to

demonstrate robust fraud prevention, detection and response arrangements. Guidance from CIPFA, the Local Government Association and the Government's Public Sector Fraud Authority, had been updated, emphasising the need for strengthened governance, clear accountability and proactive fraud risk management.

In response, the policy had been reviewed in full to ensure it remained compliant and relevant with recognised best practice and reflective of the current operating environment. Alongside this, a new Counter Fraud and Corruption Strategy had been developed to provide structured, forward-looking framework to guide the Council's approach over the next two years. Members were advised that overall, updating the Policy and introducing the Strategy, strengthened the Council's ability to protect public money, safeguard services and uphold high standards of integrity.

**Resolved:**

1. That the Audit Committee reviews the updates made to the Counter Fraud and Corruption Policy;
2. Endorses the introduction and implementation of the accompanying Counter Fraud and Corruption Strategy;
3. Supports ongoing monitoring of progress through the Audit Committee's reporting cycle; and
4. Recommends that the Director of Finance in consultation with the Chairman of the Audit Committee approve the revised Counter Fraud and Corruption Policy and Counter Fraud and Corruption Strategy.

**40. Council Subsidiaries - Governance & Finances Update**

Members noted a report that set out 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.

The Head of Corporate Finance informed Members that the Audit Committee on the 28 May 2025 discussed the 2024-25 draft Annual Governance Statement, which included how the Council oversaw the governance and risks of companies it owns or controls. Following discussions by Members it was 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.

Members noted that overall, reasonable assurance can be taken over governance, risk management and internal control across the subsidiaries.

**41. Internal Audit Interim Progress Report 2025-2026**

The Committee received and noted the Internal Audit Interim Progress Report for 2025/26, presented by Tony Rose, Head of the Devon Assurance Partnership (DAP). Members were advised that the report summarised progress against the approved

Internal Audit Plan and provided the Head of Internal Audit's interim assurance opinion.

Members noted that Internal Audit had completed a broad range of assurance, risk, governance and value-added reviews across the Authority. Based on work undertaken to date, together with prior years' audit work and the status of follow-up actions, the Head of Internal Audit issued an interim opinion of 'Reasonable Assurance' over the adequacy and effectiveness of the Council's internal control environment.

Members were advised that the audit plan continued to be delivered using a risk-based and agile approach, enabling resources to focus on emerging or higher-risk areas. Progress against the plan was broadly in line with expectations, and changes to scheduled work had been managed appropriately.

Members referred to the audit of Special Educational Needs and Disabilities (SEND) and sought reassurance regarding the direction of travel. The Head of the Devon Assurance Partnership explained that the SEND summary was necessarily lengthy, reflecting the seriousness and complexity of the issues within the service. He advised that, given the recently published national guidance relating to SEND deficits, the national position remained highly fluid. He further noted that the direction of travel indicator for SEND differed slightly from other audits because the service was operating within a particularly complex and fast-changing national landscape. The Committee was assured that this was an area Internal Audit would continue to revisit due to its significance and the level of ongoing change.

#### **42. Auditor's Annual Report Year ending 31 March 2025**

The Audit Committee noted the Auditor's Annual Report for year ending 31 March 2025, presented by Grant Thornton as the Council's appointed external auditor. The report brought together all audit work undertaken during the year and provided the required commentary on the Council's arrangements for securing value for money.

Members were advised that no significant weaknesses had been identified in the Council's arrangements for financial sustainability, and that the authority had demonstrated good financial control during 2024/25, reporting a small revenue underspend and setting a balanced budget for 2025/26.

However, improvement recommendations had been raised relating to the Dedicated Schools Grant (DSG) deficit, the need for clearly defined savings plans to address future budget gaps and strengthened scenario planning linked to adult social care funding under the Section 75 Agreement.

In respect of governance, the auditors identified one significant weakness, relating to the Council's ongoing challenges regarding the capacity of the finance team and timely preparation of the financial statements. This issue had also been highlighted in the previous year and remained only partially addressed. An additional improvement recommendation was made concerning the reporting of procurement waivers to those charged with governance.

Under economy, efficiency and effectiveness, auditors found that while many services demonstrated strong arrangements, a significant weakness had been identified in relation to Special Educational Needs and Disabilities (SEND). This followed concerns raised through the 2025 Ofsted/CQC Local Area SEND inspection.

The Committee acknowledged the improvement and key recommendations and noted management responses and planned actions.

#### **43. 2024-2025 Torbay Council Audit Findings Report**

The Audit Committee noted the Draft Audit Findings Report for 2024/25 from Grant Thornton. The auditors highlighted that, although the audit opinion for 2024/25 would be disclaimed due to the statutory backstop requirements the finance team had worked constructively with auditors throughout the process and had shown a strong commitment to improving the quality, accuracy and completeness of the financial statements.

Julie Masci, Director, Grant Thornton informed Members that many elements of the audit were successfully completed, with no adjustments required to the Comprehensive Income and Expenditure Statement and several disclosure improvements made. It was acknowledged that the introduction of IFRS 16 represented a significant change for local authorities nationally, and the Council responded positively by securing additional support and providing updated working papers to enable assurance over the transitional adjustments.

The Committee also noted the positive direction of travel in a number of areas, including stronger reconciliation processes, more robust performance management, and better engagement in Value for Money work.

Under Value for Money, Ms Masci highlighted that the Council had demonstrated continued financial grip, setting a balanced budget for 2025/26 without the use of reserves, and proactively addressing budget variances.

Members noted that the Council had implemented the majority of prior-year recommendations and continued to make progress on the remainder. Improvement recommendations raised for this year focused on enhancing existing arrangements.

The Committee thanked officers and the auditors for their collaborative efforts and noted that the improvements made this year.

#### **44. Audited Statement of Accounts 2024/25**

Members considered a report that set out the audited Statement of Accounts for 2024/25. The Head of Corporate Finance informed Members that the Statement of Accounts had been prepared in accordance with The Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code) which was based on International Reporting Standards (IFRS). This was necessary to ensure that accounts of all Government funded bodies provided comparable and consistent information. The Statement was required to present a true and fair view of the

financial position as at 31 March 2025 and the income and expenditure for the financial year 2024/25.

As noted in Minute 43 above the Audit Findings Report in respect of the 2024/25 Statement of Accounts provided details of the outcome of the audit and the 'disclaimer opinion' that has been issued by Grant Thornton.

Members were advised that Audit Committee last considered the draft accounts at its meeting of 29 October 2025. Although there had been no adjustments to the primary statements, there had been a small number of corrections and additions to the notes made to the Statement since that date.

The Head of Corporate Finance explained the main update was the inclusion of IFRS 16 notes for leases. These were missing from the draft accounts previously presented to Audit Committee whilst external specialist advice was sought to ensure compliance with the new standard.

Following receipt of the audited accounts from the Council's subsidiary companies' adjustments had also been made to the group accounts section to bring these in line with those audited accounts.

Furthermore, the Annual Governance Statement had been updated to reflect any significant events or developments since its approval by Members at the Audit Committee meeting on 8 September 2025.

**Resolved:**

- i) That the 2024/25 Statement of Accounts and the Annual Governance Statement be approved; and
- ii) that the signing of letter of representation be approved.

**45. Regulation of Investigatory Powers Act (RIPA) Update**

Members noted the update on the Regulation of Investigatory Powers Act (RIPA). The Director of Corporate Services informed Members that the Council had not undertaken any main RIPA authorisation since 2008 and had not authorised any requests for communications data since the Trading Standards service transferred to Devon County Council, the Council was still required to ensure that its policies, guidance and staff training were up to date. This ensured that in the event a RIPA authorisation, relevant officers were aware of their responsibilities under the Act. The Council's main RIPA Policy and Guidance Manual were currently being reviewed and updated. Along with a full update of the RIPA officer Structure and associated guidance for staff.

**46. Audit Committee Work Programme 2025/2026**

The Audit Committee Work Programme was noted.



Chair

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