

Minutes of the Audit Committee

8 September 2025

-: Present :-

Councillor Penny (Chair)

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

Independent Person Mr Kristian Hawkes

(Also in attendance: Councillors Tyerman)

10. Apologies

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 Tolchard.

11. Minutes

The Minutes of the meeting of the Audit Committee held on 28 May 2025 were confirmed as a correct record and signed by the Chair.

12. Declarations of interests

No interests were declared.

13. Internal Audit - Annual Report 2024/2025

Members received the Annual Internal Audit Report for the financial year 2024/25, which provided a comprehensive overview of audit activity and assurance across the Council. The Internal Audit Plan had been approved in March 2024 and was delivered by the Devon Assurance Partnership.

The Head of Internal Audit had issued an overall 'Reasonable Assurance' opinion on the adequacy and effectiveness of the Council's internal control environment.

Members noted the audit report on planning enforcement gave a very different impression to that presented at the recent Overview and Scrutiny Board. Members were advised that the audit on planning enforcement was undertaken in the first quarter of the last financial year and therefore the situation may have improved since.

Members queried whether there were any recurring themes with regards to findings of limited assurance. In response the Deputy Head of Devon Assurance Partnership

advised that staffing levels were a recurring theme in limited assurance reports, both within Torbay and across other local authorities. Interest and concerns regarding artificial intelligence was also a common theme across other local authorities and had been included in the audit plan for the current year. Members were also informed that the IT Asset and User Management audit had returned a limited assurance due to insufficient progress. A follow-up audit was planned, as previous reviews had not led to improvement. It was clarified that the issue was not related to cyber security.

The Committee noted the report and acknowledged its role in informing the Annual Governance Statement and supporting effective oversight.

14. Draft Annual Governance Statement 2024/25

The Committee received the Annual Governance Statement for 2024/2025, which had been prepared in accordance with the Accounts and Audit Regulations. The Statement provided assurance on the effectiveness of the Council's internal control systems and governance arrangements. It was noted that following the feedback from the Audit Committee in May 2025. The Director of Corporate Services, in consultation with the Chairman and Group Leaders, had updated the draft to more accurately reflect group arrangements, audit recommendations and responses, completed actions, and references to the Devon Assurance Partnership.

On the whole Members acknowledged that the draft Annual Governance Statement 2024/2025 fulfilled statutory requirements and should be submitted to the External Auditors alongside the draft Statement of Accounts.

Resolved:

That the draft Annual Governance Statement for 2024/2025 be agreed, included in the draft Statement of Accounts, and forwarded to the External Auditors for comment.

15. Statement of Accounts 2024/25 - Update on Progress

The Committee noted a report on the progress made towards completing the Statement of Accounts for 2024/25. Members were advised that the Council had not met the statutory deadline of 30 June 2025 for publishing the draft accounts due to complex technical accounting issues. A public notice had been issued to acknowledge this delay. In consultation with Grant Thornton, a revised deadline was agreed, with the draft accounts to be completed by the end of September and the external audit scheduled to begin in early October.

The Committee noted that the accounts had been prepared in accordance with the Code of Practice on Local Authority Accounting 2024/25, which is based on International Financial Reporting Standards. Officers had taken into account recommendations from Grant Thornton's previous audit findings and had sought external advice to support the finance team in ensuring accuracy and compliance. Improvements included a full review of accounting policies and notes, reconciliation of opening balances and financial statements to the ledger, and the development of a financial model to automate the production of primary statements. The adoption of

International Financial Reporting Standard 16 Leases had also been addressed, with necessary adjustments made for both the Council and its subsidiaries.

Members were advised that the draft accounts would be published on the Council's website at the end of September, initiating the 30-day public inspection period. The draft Statement of Accounts would be presented to the Audit Committee on 29 October 2025. The Committee acknowledged the progress made and the steps taken to ensure the robustness of the financial reporting process.

16. Audit Progress Report and Sector Updates

Members noted a report that set out progress in delivering Grant Thornton's responsibilities as the Council's external auditors. Julie Masci, Key Audit Partner for Grant Thornton informed Members that the external audit for the 2024/25 financial statements had been delayed from 15 September to 6 October at the Council's request, allowing more time for quality assurance. A key focus was the implementation of IFRS 16, which had posed challenges across the sector. Ms Masci explained that the sector continued to face challenges from the audit backlog, with new guidance from the National Audit Office expected to support recovery efforts.

17. 2024/2025 Treasury Management Outturn

Members considered the annual outturn report on the treasury management activities undertaken during the year 2024/25, which was compared to the 2024/25 Treasury Management Strategy. Members were informed that net borrowing stood at £301 million, with no new loans taken and £7.7 million maturing without replacement. The Council's credit rating and liquidity targets were achieved, and long-term investments remained within approved thresholds. The statutory override for pooled fund accounting was expected to extend to 2029, covering the Council's existing property fund investment.

Resolved:

That the Audit Committee recommends to Council:

That the Treasury Management decisions made during 2024/25, as set out in the submitted report be noted.

18. Performance Update: Collection of Council Tax & Non-Domestic Rates

The Audit Committee noted a report that provided an update on the performance in relation to the collection of Council Tax, Non-Domestic Rates and Benefits. Members were advised that processing times remained stable at around seven weeks, with delays often due to awaiting further information. The Revenues and Benefits Service continued its transformation through new systems and workflows, with further performance improvements anticipated.

£1.6 million of legacy debt was recovered during the year. Operational changes were introduced to improve collection, though the impact of the changes typically lagged.

Members requested future iterations of the report include annual debt levels to aid comparison.

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

Members noted a report that set out a summary of both Audit Assurance South West (ASW) and Devon Assurance Partnership (DAP) views and audit plans for 2024/25 on Adult Social Care (ASC) services. The report followed the governance process approved in 2022/23, recognising that while the Council held statutory responsibility for ASC, operational delivery had been delegated to Torbay and South Devon NHS Foundation Trust (TSDFT) since 2005. Members were advised that the Assurance work was split between Devon Assurance Partnership (DAP) for Council governance and ASW Assurance for Trust operations.

ASW provided a 'Limited' overall assurance opinion for 2024/25, based on audits of Deprivation of Liberty Safeguards and Advocacy. DAP reviewed the ASC Transformation Plan and the use of social care grants, with findings included in the Internal Audit Annual Report. Future audits planned for 2025/26 included a review of new software implementation and client debt follow-up by DAP, and safeguarding protocols and direct payments by ASW.

Members were informed that the Director of Adult and Community Services had requested the report also be presented to the Section 75 Executive Committee. Members requested the opportunity to review the full Statement of Assurance that ASW provided, officers advised that they would seek permission from the Trust and ASW.

20. Audit Committee Work Programme

Members noted the Audit Committee work programme and the addition of the following items:

- ASW's full Statement of Assurance to be added to the January 2026 meeting of the Audit Committee;
- Performance Update: Collection of Council Tax, Non-Domestic Rates & Corporate Debt to be added to the March 2026 meeting of the Audit Committee; and
- External Audit Annual report be added to the March 2026 meeting of the Audit Committee.