

Torbay Council

Audit progress report and sector updates

October 2026

Agenda

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Audit Progress Report

Introduction

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes a series of sector updates in respect of emerging issues which the Committee may wish to consider.

Members of the Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications:

[Local government | Grant Thornton](#)

If you would like further information on any items in this briefing or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.



Julie Masci

Key Audit Partner

T: +44(0)29 2034 7506

E: Julie.masci@uk.gt.com



George Amos

Manager

T: +44(0)117 305 7780

E: George.wm.amos@uk.gt.com



Priya Sharma

Assistant Manager

E: Priya.Sharma@uk.gt.com

Progress as of October 2026

Financial Statements Audit

Our final accounts audit is well underway, and we are working with the Council finance team to ensure our work is complete before the end of November. To date, the Council has identified several material adjustments that need to be made to the draft accounts that they initially published at the end of June – these primarily relate to Short-term and Long-term categorisation for Debtors, Investments and Capital grants received in advance. In total, approximately £14m of Long-Term assets have moved to Short-Term and £8m of Long-Term liabilities moved to Short-term liabilities. These are classification changes only and we will audit to these figures to confirm appropriately in our testing of these balances.

Progress is in line with expectation at this stage of the audit. The quality of working papers and supporting information has seen an improvement from previous audit periods and where further clarification and reconciliations have been required to enable us to progress areas of work, finance staff have been helpful in assisting with this. However, both us and the finance team are aware that improvements could still be made to smooth this process further.

We have continued to encounter some difficulties in reconciling accounts balances to source data, such as the Property, Plant and Equipment disclosures back to the Fixed Asset Register. These issues were resolved, allowing us to progress the work in this area. We also had some difficulties in reconciling income & expenditure balances to the income & expenditure by nature note in the accounts, which caused a slight delay in our sampling in this area, however we were able to re-prioritise other work to limit the impact of this on the overall delivery of the audit.

Land & Buildings valuations remain a significant focus of our audit, and we are in the process of reviewing, testing and challenging the inputs used in determining these accounting estimates. Early indication of issues we are facing in the completion of the Land & Buildings valuations review are:

- Difficulty in obtaining and explaining supporting evidence for all inputs and assumptions applied by the valuer on initial request. This includes the continued absence of floor plans to represent areas adopted in valuations, which was recommended in the 2024/25 Audit Findings Report, amongst other inputs such as rental income, yield rates and land value comparables.
- Inappropriate application of market rent assumptions for EUV asset calculations, for example, the use of peppercorn rent as a proxy for market rent.
- Inconsistencies in approach taken to value similar types of asset within the portfolio, as valuations have been completed by different individuals within the internal valuations team, such as treatment of demolition costs.

We have issued group audit instructions to Bishop Fleming to assist with our work on the group accounts in relation to SWISCO and TEDC and expect a response in the coming weeks.

We have commenced work on areas that have been subject to prior period restatement, such as the Long-Term Debtors and Lease disclosure notes and are working through the detail to confirm if these adjustments have been made appropriately.

Progress as of October 2026 (continued)

Value for Money

Our work in this areas is progressing well. All stakeholder interviews have been completed, with findings currently being drafted.

We will issue our report to Management and Members by the 30th November 2026 and will formally present this report alongside our Audit Findings Report at the December Committee meeting.

Other areas

Our Grants audit team have concluded their certification work on the 2023/24 Housing Benefit claim and plans to complete the 2024/25 certification work are in discussion with relevant officers.

Meetings

We continue to meet regularly with the Section 151 officer and other key finance officers to ensure we are sighted on any emerging issues relating to the Council and to maintain a clear channel of communication between us and the Authority. Weekly catch ups between the audit team and key finance contacts have been productive in ensuring the audit is progressing as planned.

Audit Fees

PSAA published their scale fees for 2025/26: [2025/26 audit fee scale - PSAA](#)

For Torbay Council these fees are £347,158. These fees are derived from the procurement exercise carried out by PSAA in 2022. They reflect both the increased work auditors must now undertake as well as the scarcity of audit firms willing to do this work.

PSAA have approved a one-off fee variation for the 24/25 audit, to cover central project costs for audit firms arising from the local audit backlog solution (7% of the scale fees). This is different to the costs of body-specific build back and audit work. The fee for Torbay Council is £23,834.

The information is published on PSAA's website and new fee variation statements were issued to the bodies earlier in September: [Consultation outcome on firms' project cost fee variations - PSAA](#). MHCLG have confirmed that it will include the project costs in its review of the grant allocation formula so that these charges to bodies are reflected in future build-back grant payments.

Audit Deliverables

Below are some of the audit deliverables planned for 2025/26

2025/26 Deliverables	Planned Date	Status
Audit Plan We are required to issue a detailed audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Council’s 2025/26 financial statements.	May 2026	Delivered
Audit Findings Report The Audit Findings Report will be reported to the Audit Committee.	December 2026	Not yet due
Auditor’s Report This includes the opinion on your financial statements.	December 2026	Not yet due
Auditor’s Annual Report This report communicates the key outputs of the audit, including our commentary on the Council's value for money arrangements.	November 2026	Not yet due

Audit Deliverables

Below are some of the audit deliverables planned for 2025/26

2024/25 and 2025/26 Audit related deliverables	Planned Date	Status
<p>Housing Benefit Subsidy – certification</p> <p>This is the report we submit to Department of Work and Pensions based upon the mandated agreed upon procedures we are required to perform.</p>	TBC	TBC

Sector Updates

Adult Social Care



Audit Committees should seek to understand how risks surrounding Adult Social Care are mitigated within their Council.

CQC findings:

On 14th July 2026, CQC published key findings from their assessment programme of all 153 local authorities in England with adult social care responsibilities.

CQC highlighted that the majority of local authorities are rated 'good', but are mainly at the lower end of the scoring threshold for 'good'. Key themes in the report act as a roadmap for strengthening the sector:

- ❖ Prevention
- ❖ Safeguarding
- ❖ Transitions from Children's to Adult's services
- ❖ Unpaid carers
- ❖ Equity in experience and outcomes
- ❖ Co-production (partnerships with voluntary, community, faith and social enterprise organisations)
- ❖ Commissioning.

Other recent developments in relation to the Adult Social Care sector:

- ❖ **29th July 2026** – The Prime Minister set out his commitment to reform adult social care and deliver a National Care Service.
- ❖ **29th July 2026** – Baroness Casey launched a “big conversation on care”, an online survey intended to inform work to develop a National Care Service.
- ❖ **4th August 2026** – ADASS published Learning from Safeguarding Adults Reviews: How can they have national impact?



Children's Social Care

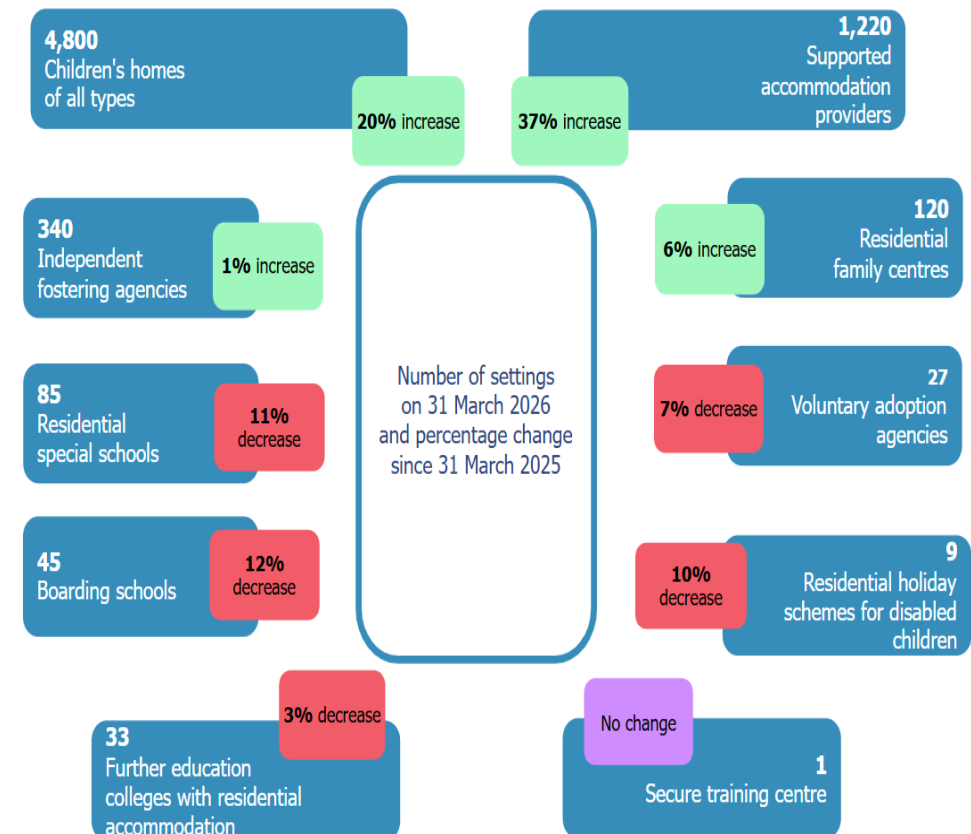
Audit Committees should seek to understand how the risk of unregistered placements is being mitigated by their Council.

Tackling dependency on unregistered children's homes

Supply and demand pressures in recent years have forced many local authorities to rely on placing children in unregistered homes, which offer less protection than they are entitled to. Pressure to prevent this practice is escalating, but Council's overall need more children's homes that they used to, putting them at risk of malpractice:

- ❖ **2nd July 2026** – Ofsted published [research on sufficiency of children's homes places in England](#) – highlighting that issues with workforce capacity, affordability of housing and lack of foster carers has contributed to a sharp growth in local authorities' use of unregistered children's homes.
- ❖ **7th July 2026** – Ofsted launched an [open consultation](#) on proposals to improve how it inspects and regulates children's social care providers. The original proposals aimed, amongst other things, at tackling the “shadow system” of children living unprotected in illegal settings.
- ❖ **30th July 2026** – [Ofsted's official statistics](#) show that there was a 20% increase in the use of children's homes overall in 2026.
- ❖ **5th August 2025** – Ofsted won its first successful prosecution of an illegal children's home provider.

Source: [Ofsted main findings: children's social care in England 2026](#) – GOV.UK



Making the Annual Governance Statement matter

Audit Committees are responsible for approving the AGS (sometimes with Full Council too) and should seek assurance it reflects a robust review against the CIPFA/SOLACE principles, a well-developed Code of Corporate Governance, and a clear assessment of effectiveness.



An evidence-based, candid view of strengths, weaknesses and planned improvements



Effectiveness is a qualitative judgement — not just a policy checklist



The review and drafting of the AGS should always be internally led



Senior officers must show genuine ownership, directed by members



An organisation-wide understanding of how governance works in practice

“

The AGS is a key indicator of the effectiveness of a council’s governance framework and a potential early warning sign of wider governance weaknesses.

Grant Thornton UK, July 2026

[Read our full article →](#) Published 20 July 2026

Best Value

New consultation

The Ministry of Housing, Communities and Local Government (MHCLG) sought views on revised statutory guidance for local and strategic authorities in England on compliance with the Best Value Duty.

A new consultation was completed via Citizen Space from 15th July 2026 to 7th October 2026. This follows the government's March 2026 publication of **Lessons learnt from best value interventions 2025**. All local authorities were encouraged to take part in the new consultation, to help shape guidance going forward.

There has been a significant increase in the number of councils entering best value intervention since 2020. The government is aiming to learn from direct council experiences to improve policy, practice, and central government's relationship with local government. For the first time, MHCLG has undertaken structured engagement with all councils in statutory and non-statutory interventions exploring their challenges, recovery actions, and outcomes.



Audit Committee resources

Commentary from Grant Thornton on recovering the accounts preparation and audit timetable:

[Local audit reset: What comes after the backstop? | Grant Thornton](#)

Latest guidance and learning from Grant Thornton on local government reorganisation and devolution:

[Navigating the future: The dual challenge of local Government reorganisation and devolution | Grant Thornton](#)

[Dual delivery - How can areas successfully reorganise local government and implement devolution at the same time?](#)

[Learning from the new unitary councils](#)

Grant Thornton learning on procurement and contract management:

[Local government procurement and contract management](#)

Audit Committee and organisational effectiveness in local authorities (CIPFA):

<https://www.cipfa.org/services/support-for-audit-committees/local-authority-audit-committees>

LGA Regional Audit Forums for Audit Committee Chairs

These are convened at least three times a year and are supported by the LGA. The forums provide an opportunity to share good practice, discuss common issues and offer training on key topics. Forums are organised by a lead authority in each region. Please email ami.beeton@local.gov.uk LGA Senior Adviser, for more information.

CIPFA Application Note: Global Internal Audit Standards in the UK Public Sector

[Global Internal Audit Standards in the UK Public Sector | CIPFA](#)

CIPFA Good Governance

[Delivering Good Governance in Local Government Addendum](#)

The Three Lines of Defence Model (IAA)

<https://www.theiia.org/globalassets/documents/resources/the-iias-three-lines-model-an-update-of-the-three-lines-of-defense-july-2020/three-lines-model-updated-english.pdf>

Risk Management Guidance / The Orange Book (UK Government):

<https://www.gov.uk/government/publications/orange-book>



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