

## **Minutes of the Audit Committee**

**25 February 2025**

**-: Present :-**

Councillor Brook (Chairman)

Councillors Fellows (Vice-Chair), Hutchings, Long and Penny

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### **28. Apologies**

An apology for absence was received from Councillor Maddison.

### **29. Minutes**

The Minutes of the meeting of the Audit Committee held on 27 November 2024 were confirmed as a correct record and signed by the Chairman.

### **30. 2023/24 Torbay Council Audit Findings Report (Grant Thornton)**

Members noted a report that set out the findings of the work undertaken by the Council's External Auditors – Grant Thornton on the Council's financial statements for 2023/24. Members were advised that a number of adjustments to the financial statement had been identified, resulting in amendments to the Council's Comprehensive Income and Expenditure Statement and Balance sheet. In addition, to the adjustments there were also misclassification and disclosure errors and consequently recommendations for management have been raised as a result of the work of External Audit.

Julie Masci, Director of Grant Thornton, informed Members that unfortunately, owing to the challenges of undertaking an audit where the previous audit was disclaimed due to the local authority backstop, full assurance has not been regained as it had not been possible for External Audit to undertake sufficient work to support an unmodified audit opinion in advance of the proposed backstop date of 28 February 2025. The limitations imposed by not having assurance on opening balances had meant that External Audit had been unable to form an opinion on the financial statements and it was anticipated that the financial statements audit opinion would be disclaimed.

Members were reassured that a report would be presented to the next Audit Committee meeting which would detail as part of a progress report, the path of recovery for Torbay Council due to the impact of the backstop and the disclaimer.

**31. 2023/24 Statement of Accounts including Annual Governance Statement**

The Head of Corporate Finance informed Members that the Accounts and Audit Regulations 2015, as amended by the Accounts and Audit (amendment) Regulations 2022 stated that draft 2023/24 Statement of Accounts had to be issued by 31 May 2024 and the Audit Committee were required to approve the audited accounts by 28 February 2025 in line with the backstop legislation that was recently passed. The draft statement of accounts had been published in July 2024 subsequently the audit of accounts commenced in September 2024, with it being anticipated that the audit would be completed in line with the backstop date. There had been a number of factors that had delayed the conclusion of the audit, these factors were detailed in 2023/2024 Torbay Council Audit Findings Report (Grant Thornton). Members were advised that the Director of Finance and Head of Corporate Finance addressed these issues by securing additional external resource and redirecting internal resources in order to provide more capacity and to reduce the delays and challenges that had been seen in the early stage of the process.

Resolved:

- i) that the Annual Governance Statement be approved;
- ii) that the authority be delegated to the Chair of Audit Committee and Section 151 Officer to sign the 2023/24 Statement of Accounts and the letter of representation, at the conclusion of the outstanding queries of the Audit report; and
- iii) that the final 2023/24 Torbay Council Audit Findings Report be presented to the March meeting of the Audit Committee with incorporated recommendations from 2023/24 with an update on previous years recommendations.

**32. Interim Auditor's Annual Report for the Year Ended 31 March 2024**

Members considered and noted the Interim Auditor's Annual report for the year ended 31 March 2024 which provided a summary of the work completed by the External Auditors for Torbay Council.

Members were advised that there were no high-level recommendations to be issued and that the Council had made good progress which included good improvements to financial processes. The recommendations included within the report were key improvement recommendations to assist improving processes further.

Members asked questions and received responses on the following areas:

- if there were any neighbouring authorities in a similar position to Torbay Council, that officers could engage with for best practice sharing and if there was any Local Government Association training available for members to attend; and
- when further feedback would be received detailing the actions taken on the listed recommendations.

**33. Interim Progress Report 2024-25**

Members considered and noted the Interim Progress Report 2024-2025 which included a summary of performance highlighting the key areas of work undertaken and summarised the main findings and recommendations. The Deputy Head of the Devon Assurance Partnership informed Members that the Internal Audit Plan for 2024/25 was presented and approved in March 2024.

Members were advised that overall, and based on work performed to date during 2024/25, and internal Audits experience from previous years, and the outcome of the Annual Follow Up exercise, the Head of Internal Audit's Opinion was one of 'Reasonable Assurance' on the adequacy and effectiveness of the Authority's internal control framework.

Members asked questions and received responses on the following areas:

- how identity fraud was monitored for Torbay Council;
- what actions were taken regarding IT user management for agency staff no longer working for the Authority;
- how data could be provided in the summary of 'Limited Assurance' audits for previous years to allow comparison;
- how the number of planning enforcement cases progressing to 'closed' was monitored;
- the rationale as to why there were a number of deferred audits for a number of Council services; and
- the root causes for the identified key issues identified.

#### **34. 2025/2026 Treasury Management Strategy**

Members considered a report on the Treasury Management Strategy which aims to support the provision of all Council services by the management of the Council's cash flow, debt and investment operations in 2025/26 and effectively control the associated risks and the pursuit of optimum performance consistent with those risks.

The Strategy set out the Council's policies for managing its investments under the priorities of security first, liquidity second and then returns. In addition, the Treasury Management Strategy had regard to the CIFPA Prudential Code and set Prudential Indicators for the next three years to ensure that the Council's capital investment plans were affordable, prudent and sustainable.

Resolved:

That the Council be recommended:

that the:

- i) 2025/26 Treasury Management Strategy;
  - ii) 2025/26 Prudential Indicators 2025/26; and
  - iii) 2025/26 Annual Minimum Revenue Provision Policy Statement;
- as set out in the Appendix 2 to the submitted report be approved.

**35. LGA Corporate Peer Challenge - Progress Update**

Members noted the report that provided an update on the progress made on implementing the Local Government Association (LGA) Corporate Peer Challenge Action Plan which had been approved by Cabinet in July 2024.

Members were informed that whilst this would be the second time that the Audit Committee had had the opportunity to view the progress that had been made. Directors and other officers across the Council had been actively working on implementing the Action Plan with monthly monitoring reports considered at the Directors' Overview Meeting.

Members were advised by the Director of Corporate Services that an impact column had been introduced which detailed the impacts against the recommendations.

**36. Counter Fraud and Error Update**

Members noted a report that provided an update on counter fraud activity undertaken for the period 1 April 2024 to 30 September 2024 including progress against the 2024/25 Counter Fraud Plan. The Counter Fraud and Error Manager informed Members that the update was intended to support Members in obtaining assurance that the Council had robust processes in place to prevent, detect and deter fraud and error. Thereby preventing financial losses, identifying additional revenue for recovery, securing income through the supply of services, and seeking redress in cases of civil or criminal offending.

Members raised questions in relation to:

- recruitment issues and noted that there had been difficulties experienced in recruiting qualified counter fraud specialists;
- the review of Single Persons Discount for Council Tax that had been completed and whether Officers were happy with the results received;
- what methods were available for people to respond to the letters received regarding the review of Single Persons Discount for Council Tax;
- if Officers were concerned about the increase in identity fraud;
- what back up methods did the Council have should IT Systems fail; and
- the difference between Single Persons Discount amnesty and Single Persons Discount National Fraud Initiative.

**37. Risk Management Update**

Members noted an update on the Council's current risk position and the Council's overall risk management arrangements. Members were informed that the report would be the second of three risk reports that would be presented to Audit Committee for financial year 2024/25, Officers were unable to present a fourth report due to the cancellation of a previous Audit Committee. Members were advised that four risk reports would be submitted for the forthcoming financial year, 2025/26.

Members raised questions in relation to:

- whether the Economic Growth risk took into consideration cost of living crisis residents were experiencing;
- Net Zero Climate Change Strategy and whether the Council would be achieving 2030 deadline. The Director of Corporate Services confirmed that Torbay Council is signed up to achieve Net Zero by 2050;
- whether new risks would be implemented in regard to Local Government Review;
- if the Risk Management Update report could be amended to provide an explanation as to the keys used for highlighting the direction of travel; and
- if the comments stated by Officers within the Risk Management Update could provide a more in-depth commentary.

**38. HR Investigations and Whistleblowing**

Members noted the contents of the submitted report that provided a high-level summary of the number of HR investigations and Whistleblowing investigations that had been conducted between 1 October 2023 and 30 September 2024.

**39. Work Programme**

The Audit Committee Work Programme for 2025/26 was noted.

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Chairman