

## MID DEVON DISTRICT COUNCIL

**MINUTES** of a **MEETING** of the **AUDIT COMMITTEE** held on 24 January 2023 at 5.30 pm

### **Present**

#### **Councillors**

N V Davey (Chairman)  
J Buczkowski, Mrs C Collis, R Evans,  
R F Radford, R L Stanley, Mrs N Woollatt  
and A Wyer

### **Apology**

#### **Councillor**

A White

### **Also Present**

#### **Councillors**

S J Clist, D R Coren, Mrs C P Daw and B G J Warren

### **Also Present**

#### **Officers**

Andrew Jarrett (Deputy Chief Executive (S151)), Paul Deal (Corporate Manager for Finance), Dean Emery (Corporate Manager for Revenues, Benefits and Recovery), Paul Middlemass (Audit Manager), Sarah Lees (Member Services Officer) and Carole Oliphant (Member Services Officer)

### **Also in**

#### **Attendance**

Peter Barber (Grant Thornton and Ken Johnson (DAP)

## 47. **APOLOGIES**

Cllr Alex White sent his apologies for the meeting.

It was **NOTED** that Cllrs C Collis and N Woollatt had attended the meeting via Zoom.

## 48. **PUBLIC QUESTION TIME**

The following question was received from Mr Nick Quinn, a local resident:

Regarding Agenda Item 10 – Grant Thornton Audit Findings

On page 19 of the Grant Thornton Audit Findings (that is on Page 271 of the Committee papers), in the penultimate paragraph, there is mention of a letter of support for 3 Rivers.

The External Auditors state: "*We understand that a letter of continued support has been requested from the Council and that this is being provided.*"

My questions are:

**Q1. Has this letter of continued support been provided?**

**Q2: If so, who signed off on this letter?**

**Q3: If so, was Audit Committee informed before the letter was provided?**

Thank you

The Deputy Chief Executive (S151) confirmed that a 'letter of continued support' had not been provided, therefore the answers to questions 2 and 3 became redundant. He further explained that a special meeting of the Cabinet would take place on Tuesday 31 January 2023 where the future plans for 3 Rivers would continue to be discussed and decided upon.

**49. DECLARATION OF INTERESTS UNDER THE CODE OF CONDUCT**

No interests were declared under this item.

**50. MINUTES OF THE PREVIOUS MEETING**

The minutes of the meeting held on 22 November 2022 were confirmed as a true record and signed by the Chairman.

**51. CHAIRMAN'S ANNOUNCEMENTS**

The Chairman had no announcements to make.

**52. ANTI-FRAUD, BRIBERY AND CORRUPTION POLICY & STRATEGY (00:08:00)**

The Committee had before it a report \* from the Deputy Chief Executive (S151) and the Corporate Manager for Revenues, Benefits, Corporate Recovery, Planning, Planning Enforcement, Economic Development, Forward Planning, Welfare & Anti-Fraud and Corruption presenting the reviewed and updated policy for Anti-Fraud, Bribery and Corruption and the Anti-Fraud and Corruption Strategy/Response Strategy for approval.

It was explained that the renewed policy and strategy followed best practice and was now more aligned with the Devon Audit Partnership as a whole providing dedicated specialist advisers to provide support and advice when needed.

Discussion took place with regard to:

- It was requested that the contact details on the website be updated.
- Benefit fraud was dealt with separately to other types of fraud by the Department for Work and Pensions (DWP).
- Nationally, fraud in the region of £190 billion took place each year.

**RESOLVED** that:

- a) The revised Anti-Fraud, Bribery and Corruption Policy and the strategy/response plan be approved.

- b) The Corporate Manager for Revenues, Benefits, Corporate Recovery, Planning, Planning Enforcement, Economic Development, Forward Planning, Welfare & Anti-Fraud and Corruption, be given delegated authority to make minor amendments to these documents e.g. changes to job titles.

(Proposed by the Chairman)

Reason for the decision

As set out within the report.

Note: \* Report previously circulated; copy attached to the signed minutes.

**53. INTERNAL AUDIT PROGRESS REPORT 2022 - 2023 (00:17:00)**

The Committee received, and **NOTED**, a report \* from the Devon Audit Partnership which highlighted the following:

- The first half of the report concerned the audits that had taken place since the last meeting and the second half discussed the Counter Fraud Resilience and Assessment Report.
- There had been 9 'reasonable' assurance opinions given, 3 'substantial' and one 'limited'.
- Summaries, risk exposure and management actions were provided in Appendix one with regard to the following areas: Treasury Management, Car Parks, Grounds Maintenance, Customer Care and Complaints, Capital Asset Management and Void Management Arrangements.
- A list had been provided of the current and overdue audit recommendations, however, it was explained that DAP were working with the new Performance Manager in order to ensure progress on the recommendations going forwards.

Discussion took place regarding:

- Concerns regarding the risks associated with Cyber Security. An audit had just been completed on this area and a report would be brought to the next meeting. It was further confirmed that robust testing was undertaken on a regular basis.
- Concerns regarding the length of time it was taking to re-let Council properties upon vacation. It was confirmed that Covid, the cost of living crisis, the cost and availability of materials, new regulations and the decarbonisation agenda was having a significant effect upon timescales.
- Concerns regarding pre-void inspections and whether all properties were inspected or only targeted ones. A breakdown was requested and it was confirmed that this information would be provided at a later date once the relevant officers had been contacted. It was further confirmed that DAP would be undertaking a review of the Voids area in 6 months time.
- The scale of fraud, nationally, was enormous. Of all recorded crime, 41% related to fraud. Local authorities were working together to determine and implement best practice in an effort to combat fraud. A Public Sector Fraud Authority had been created. The Council would continue to monitor this area and report regularly to the Audit Committee.

Note: \* Report previously circulated; copy attached to the signed minutes.

54. **MEETING MANAGEMENT (00:50:00)**

The Chairman informed the meeting that he would be taking the Grant Thornton Findings report as the next item of business followed by the Statement of Accounts and Annual Governance Statement in that order.

55. **GRANT THORNTON AUDIT FINDINGS (00:51:00)**

The Committee had before it, and **NOTED**, a report \* from Grant Thornton setting out their findings from the 2021/22 external audit.

The following was highlighted within the report:

- Their opinion on the Council's accounts had been provided later than planned due to a number of reasons such as capacity issues and changes to statutory regulations meaning more audit work was needed in order to complete the audit. Nationally, only 12% of audits had met stated deadlines.
- A small number of queries remained to be resolved, however, it was anticipated that an unqualified audit opinion on the Financial Statements would be issued after this meeting.
- Regarding the Group Accounts they were still waiting for the 3 Rivers Auditors Report which had been held up by the Business Plans needing to be decided by a special meeting of the Cabinet the following week. Grant Thornton could not issue an opinion until then.
- To date there had been no material errors within the Financial Statements, risk was driven by materiality and this was a key area of their audit work.
- The auditors had identified a small number of errors within the 3 Rivers accounts which they had requested be adjusted for and 3 Rivers had agreed to make the necessary changes.
- Whether a company or 'an entity' was a 'Going Concern' was a key consideration within the issuing of a final opinion. Grant Thornton were confident that the Council could meet its obligations within 12 months time.
- An estimation difference had been identified which had arisen as part of Grant Thornton's debtors testing, specifically long term debtors. A figure of £128k had been identified by Grant Thornton meaning that the Council had a slightly longer long term debtor than was being disclosed. This would be more money that would be received in due course. This was not material to the accounts but needed to be formally minuted.
- Work was underway on the Value for Money opinion which had a slightly later deadline than the Statement of Accounts. A draft report would be with officers by the end of February.
- An 'Emphasis of Matter' was explained as an opinion the 3 Rivers auditors may wish to make.

Consideration was given to:

- Whether the Council would still be classed as a 'Going Concern' should 3 Rivers be wound up.
- Whether further adjustments in relation to the Impairment figures would need to be made.

The Committee requested that their disappointment at the delay's involved in the Cabinet reaching a decision about the future of 3 Rivers be referred back to the Cabinet as soon as possible. It was the Committee's opinion that a decision should have been reached in a much more timely fashion in order to inform the budget for next year.

Note: \* Report previously circulated; copy attached to the signed minutes.

**56. FINAL STATEMENT OF ACCOUNTS 2021 - 2022 (01:22:00)**

The Committee received a report \* from the Deputy Chief Executive presenting the final version of the annual Statement of Accounts to Members following the conclusion of the external audit.

It was confirmed by the Deputy Chief Executive (S151) that an unqualified opinion was intended to be issued on the Financial Statements and that all recommended adjustments would be made.

**RESOLVED** that the annual Statement of Accounts for 2021/22 be approved and that the Letter of Representation be signed by the appropriate people.

(Proposed by the Chairman)

Reason for the decision:

There was a legal requirement to produce and publish audited accounts for the year to 31 March 2022 and for those accounts to be considered and approved by the Audit Committee.

Note: (i) \* Report and Statement of Accounts circulated previously.

(ii) Cllr Stanley declared a personal interest in that he was a Director of 3 Rivers abstained from voting.

**57. ANNUAL GOVERNANCE STATEMENT ACTION PLAN UPDATE (01:30:00)**

The Committee had before it a report \* presenting the Annual Governance Statement which provided Members with the results of a yearly assessment of how well the Council was identifying, assessing, managing and controlling risks, achieving its aims and meeting the responsibilities it had by law.

A draft version of this report had been brought to the Committee earlier in the year and since then a small amendment had been made regarding external inspections as stated in section 6.3 of the report.

**RESOLVED** that the Annual Governance Statement for 2021/22 be approved.

(Proposed by Cllr B Evans and seconded by Cllr J Buczkowski)

Reason for the decision

As set out within the report.

Note: \* Report previously circulated; copy attached to the signed minutes.

58. **PROCUREMENT PARTNERSHIP (01:32:00)**

The Committee had before it a report \* from the Deputy Chief Executive (S151) presenting the revised draft Procurement Strategy requesting that it be recommended to the Cabinet for approval.

The contents of the report were outlined with particular reference to the following:

- The previous Procurement Strategy had been drawn up 4 years ago in partnership with other local authorities, however, the revised Strategy now aligned with the Devon County Council Strategy as a whole but was also tailored to Mid Devon.
- A follow on document would be forthcoming which would need to be embedded within the Strategy.
- Significant changes in legislation were expected as a result of Britain coming out of the European Union and therefore further changes to the Strategy would probably be needed. The document would therefore be kept under review.
- An audit on the Procurement area was currently being undertaken.

The Committee had been impressed by the format of the report before them and wished to thank the officers.

**RECOMMENDED** to the Cabinet that the revised Procurement Strategy be approved by the Cabinet

(Proposed by the Chairman)

Reason for the decision

As set out within the report

Note: \* Report previously circulated; copy attached to the signed minutes.

59. **IDENTIFICATION OF ITEMS FOR THE NEXT MEETING (01:37:00)**

**RESOLVED**: That the items listed be **NOTED** and that it was anticipated that Grant Thornton would be able to bring a Value For Money opinion to the next meeting.

(The meeting ended at 7.08 pm)

**CHAIRMAN**