

## **MID DEVON DISTRICT COUNCIL**

**MINUTES** of a **MEETING** of the **AUDIT COMMITTEE** held on 24 October 2023 at 5.00 pm

### **Present**

#### **Councillors**

L G J Kennedy (Chairman)  
E Buczkowski, G Duchesne, B Holdman,  
L Knight (Vice Chairman), R Roberts and  
S Robinson

### **Apology**

#### **Councillor**

C Connor

### **Also Present**

#### **Online**

J Downes

### **Also Present**

#### **Councillors**

D Broom, J Buczkowski and D Wulff

### **Also Present**

#### **Officers**

Andrew Jarrett (Deputy Chief Executive (S151)), Paul Deal (Corporate Manager for Finance, Property and Climate Change), Angie Howell (Democratic Services Officer) and Sarah Lees (Democratic Services Officer)

## **33. APOLOGIES**

Apologies were received from Cllr C Connor who was substituted by Cllr B Holdman.

## **34. PUBLIC QUESTION TIME**

### **Mr Nick Quinn**

Regarding Agenda Item 8 – Grant Thornton Audit Findings for 2021/2022.

On page 272 of your papers, that is Appendix D of these Audit findings, Grant Thornton state that they are charging the Council an extra £17,500 to cover: *“Additional procedures in respect of the impact of the 3 Rivers Developments Ltd qualified opinion on the Council financial statements”*.

Will the Council bear this additional cost, or will the £17,500 be recharged to 3 Rivers and added to their losses?

It was confirmed that this was a Council cost which had been incurred as a result of providing an audit opinion by Grant Thornton. It would not be charged to 3 Rivers.

## **35. DECLARATION OF INTERESTS UNDER THE CODE OF CONDUCT**

No interests were declared under this item.

### 36. **MINUTES OF THE PREVIOUS MEETING**

The minutes of the meeting held on 22 August 2023 were confirmed as a true and accurate record and **SIGNED** by the Chairman.

### 37. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman had no announcements to make.

### 38. **DAP INTERNAL AUDIT PROGRESS REPORT (00:09:00)**

The Committee had before it, and **NOTED**, a report \* from the Devon Audit Partnership providing a progress update report for the year to date.

The following was highlighted within the report:

- Devon Audit Partnership (DAP) continued to provide a 'Reasonable Assurance' opinion on the adequacy and effectiveness of the Authority's internal control framework.
- Regarding the Waste and Recycling audit it was confirmed that there had been a reduction in residual waste and that the Council were exceeding their target.
- The steps being taken to recover unpaid Council Tax were comparable to those undertaken by other local authorities.
- The Travel and Subsistence policy needed to be reviewed and updated.
- Regarding 'Performance Management', there were opportunities to improve the framework which was recognised by the Council and a review paper had been drawn up by the officer with responsibility for that area.
- The number of internal audit 'High' priority recommendations had reduced to two and the number of 'Medium' recommendations had reduced to 18. A lot of work had been undertaken by officers to reduce these numbers.
- A review had been undertaken of the single person's discount and some error had been identified.
- A review of the Council's cyber security arrangements would be undertaken in the near future.

Consideration was given to:

- A request was made that the Committee receive quarterly updates from now on in relation to the debtor's position and whilst specific details could not be provided, general trends could be reported upon.
- Some work needed to be undertaken to ensure all officers, where necessary, had provided valid insurance certificates when claiming for mileage. The IT system in relation to this area was being reviewed and updated to take in account a number of changes, for example, in relation to carbon emissions and climate change impacts.

Note: \* Report previously circulated.

### 39. **STATEMENT OF ACCOUNTS FOR 2021/22 (00:23:00)**

It was requested, and subsequently **AGREED**, that this item and Grant Thornton's Audit Findings Report for 2021/2022 be taken as one item.

The Committee had before it the final Statement of Accounts and Annual Governance Statement for 2021/2022.

The following was highlighted within the report:

- The accounts had been updated since January 2023 when they were 'provisionally' approved by the Committee to reflect changes in relation to the Pension Liability and 3 Rivers.
- There had also been a need to review the 'going concern' statement as at March 2022.

Grant Thornton provided the following highlights from their audit:

- An indicative findings report had been presented to the Committee in January 2023 which had found no material errors, however, at the time it had been clear that they were still waiting for the 3 Rivers audit and a re-running of the figures had been needed as a result of the Pension Liability.
- A 3 Rivers opinion issued in May 2023 had included a qualification in relation to uncertainty around land and progress. It had been wholly appropriate to reflect those observations properly within the accounts.
- A key issue had been around 'going concern' both as a single entity and as a set of group accounts.
- Grant Thornton had been happy with the conclusions made by the auditors of 3 Rivers in relation to this.
- There had been an important update to the 'post balance sheet event' note at number 59 which had noted the full Council's decision in September 2023 to 'soft close' 3 Rivers.
- An opinion on the 2021/2022 accounts would be issued imminently which would be unqualified but which would include an 'emphasis of matter'.
- Audit fees had increased as a result of having to undertake wider consultation.

Discussion took place regarding:

- Where the Council stood in relation to 'Corporate Risk'. It was explained that income streams were slowly being recovered, however, there were still some serious concerns in relation to homelessness, a continuing need to avoid B&B costs and funding in relation to transport infrastructure being unforthcoming.
- A Business Continuity event would be held in the near future to deliberately test some key systems to ascertain whether any weaknesses existed and what lessons could be learnt in the event of a complete outage. Any concerns would be fed back to this Committee.

**RESOLVED** that the Statement of Accounts and Annual Governance Statement for 2021/2022 be approved and the Letter of Representation be signed by the Chairman of the Audit Committee.

(Proposed by the Chairman)

Note: \* Report previously circulated.

40. **GRANT THORNTON AUDIT FINDINGS FOR 2021/2022 (00:23:00)**

The Committee had before it, and **NOTED**, a report \* from Grant Thornton providing their findings having audited the Councils Statement of Accounts for 2021/2022.

Discussion in relation to this report had taken place under the previous item.

Note: \* Report previously circulated.

41. **GRANT THORNTON PROGRESS UPDATE FOR 2022/2023 (00:54:00)**

The Committee had before it, and **NOTED**, a report \* from Grant Thornton providing a progress update on work undertaken in the year to date regarding the 2022/2023 audit.

The following was highlighted within the report:

- This would be Peter Barber's last Audit Committee, he would be handing over to Julie Masci for future meetings. The Committee wished him well.
- Grant Thornton had commenced their audit of the 2022/2023 accounts in July and the audit and substantive testing was going well. They were focussing exclusively on a single entity audit.
- There was some way to go yet before reaching an 'opinion'.
- As at 31/3/23 the future of 3 Rivers was confirmed as being very different to that 12 months previously.
- Only one IT query was outstanding, however, there had been some resource issues within that team.

Note: \* Report previously circulated.

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

The Committee had before it, and **NOTED**, the items identified in the work programme for the next meeting. It was also requested that the following come to a future meeting of the Committee:

- An update on the Travel and Subsistence Policy in March 2024.
- Fully costed reports in relation to Bin-It 123 and Net Zero to the January 2024 meeting to provide information as what these initiatives were costing the residents of Mid Devon. It was explained that the Environment PDG received regular monitoring reports in relation to costs but the Audit Committee had a role to play in checking and challenging this information.
- An update in relation to appointing an 'Independent Member' to the Audit Committee to be provided to the next meeting.

- If appropriate, an introduction to Bishop Fleming (the Council's future auditors) at the next meeting.

(The meeting ended at 6.17 pm)

**CHAIRMAN**