

MINUTES of a **SPECIAL MEETING** of the **AUDIT COMMITTEE** held on 30 April 2024 at 5.00 pm

Present

Councillors

L G J Kennedy (Chairman)
E Buczkowski, F J Colthorpe, C Connor,
G Duchesne, L Knight and S Robinson

Apology

Councillor

R Roberts

Also Present

Councillors

D Broom, J Buczkowski, G Czapiewski and D Wulff

Also Present

Officers

Andrew Jarrett (Deputy Chief Executive (S151)), Paul Deal
(Head of Finance, Property & Climate Resilience and
Sarah Lees (Democratic Services Officer)

Councillor

Online

J Downes

Also

In Attendance

Julie Masci (Grant Thornton)

80. APOLOGIES

Apologies were received from Cllr R Roberts who was substituted by Cllr Mrs F J Colthorpe.

Cllr J Downes attended the meeting online.

81. PUBLIC QUESTION TIME

The following questions were asked by members of the public:

Barry Warren

My questions relate to item 6 on your agenda:

At the Cabinet meeting on the 16th February 2024 I asked a number of questions relating to finance. The Leader made a response which commenced with this sentence:

*“When this administration took control of the Council in May last year, it inherited the **significant financial mess** that had been left by the previous administrations.”*

On page 62 of your papers at paragraph 3.19 the Deputy Chief Executive (S151 Officer) in the first paragraph of his Conclusion writes:

*Overall 2022/23 should be considered a successful year with the outturn position for the General Fund and Housing Revenue Account delivered close to, or within, budget. The Council’s performance was strong with the vast majority of our performance targets achieved, despite the significant financial pressures and strain on resources experienced. **This achievement should be celebrated.***

Question 1

There appears to be a direct conflict between the Deputy Chief Executive, S151 Officer, and the Leader of the Council. Can you advise which statement is correct please?

Question 2

If the Audit Committee approve the FINAL version of the annual Statement of Accounts and formally sign the two documents as recommended in Section 1 on page 25 of your papers, will this signify that Audit Committee support the view expressed by the Deputy Chief Executive, S151 Officer in his Conclusion and celebrate the achievement?

Question 3

On page 152 of the Draft Accounts (page 184 in your bundle) you will see the salary of the 3 Rivers Managing Director was £80,862 for 2022/23. That Director has resigned and been replaced - please will you tell me what is the salary being paid to the current Managing Director?

Nick Quinn

Concerning Agenda Item 7 – Audit Findings:

Issued late, with the Grant Thornton Audit Findings Report, is a Supplementary “*Post Audit Adjustments*” paper.

You will see on page 42, of the supplementary papers, it states that “*To achieve the “soft close” all of the assets held by the company will need sold or transferred to Mid Devon District Council by the end of March 2024*”.

My questions are about these transactions - which, by now, will have taken place.

“St George’s Court is being sold to the Council for £8.15 Million”.

Question 1

Did the Council Pay £8.15M for this or was this Asset Transferred at this value to satisfy an outstanding loan amount?

Response from the Deputy Chief Executive (S151 Officer)

The £8.15m was the negotiated sales/purchase price agreed between the Council’s Housing Revenue Account and 3Rivers

“Knowle Lane, Cullompton, will be sold to the Council at book value of £3.66 Million”.

Question 2

Considering the amount paid for the land in 2019, and the value ascribed to it in the Large Housing Sites Options Report presented to Cabinet in August 2023, the amount of £3.66 Million seems very high indeed. It is said to be a “book value”, but in whose “book” was it listed at this value?

Response from the Deputy Chief Executive (S151 Officer)

This was the carrying value in 3Rivers accounts.

Question 3

Did the Council Pay £3.66M for this or was this Asset Transferred at this value to satisfy an outstanding loan amount?

Response from the Deputy Chief Executive (S151 Officer)

The Council paid £3.66m.

“Any unsold units at Hadden Heights, Bampton, will be bought by the Council at the marketed price of £3.135 Million”.

Question 4

Did the Council Pay £3.135M for these or were these Assets Transferred at this value to satisfy an outstanding loan amount?

Response from the Deputy Chief Executive (S151 Officer)

The Council paid £3.135m.

“The investment property will be bought by the Council at book value of £180,000”.

Question 5

Did the Council Pay £180,000 for this or was this Asset Transferred at this value to satisfy an outstanding loan amount?

Response from the Deputy Chief Executive (S151 Officer)

The Council paid £180k.

Addressing the Parking Spaces at Halberton.

Question 6

How many parking spaces did the Council acquire from 3 Rivers?

Response from the Deputy Chief Executive (S151 Officer)

5

Question 7

What was the total value of these spaces?

Response from the Deputy Chief Executive (S151 Officer)

£21.7k

Question 8

Did the Council Pay 3 Rivers for these spaces or were these Assets Transferred at this value?

Response from the Deputy Chief Executive (S151 Officer)

The Council paid £21.7k

The paper did not address the amounts previously impaired on projects:

Question 9

Do any of the above amounts include previous impairment amounts?

Response from the Deputy Chief Executive (S151 Officer)

No, impairment amounts only related to our end of year calculations on outstanding loans. This was based on the likely level of loan repayment that was estimated to be received, based on all available market information at that time.

Paul Elstone

Question 1

At the Audit Committee Meeting of the 26TH March Council, Officers were highly commended for recovering £150,000 from 293 local residents wrongly claiming single occupancy Council Tax discount. This is equivalent to around £500 per individual.

In March 2023 a complaint was made to the Monitoring Officer concerning an Elected Member benefiting from a grossly incorrect Council Tax Banding. This as the result its believed, due to an agricultural occupancy discount and which they were not entitled also a serious breach of Planning Permission going back to 2001. No action was taken.

It is important to state that the person concerned was an elected Member of this Council when the serious breach occurred, also when the complaint was made. That they have been both the Leader and Chairman of this Council.

The Monitoring Officer responded to the complainant by saying:

Quote: *"I would find that the alleged misconduct happened some 20 years ago and that taking further action would be disproportionate to public money and officer's time"*. Unquote:

Had the correct banding (probably F or G) been properly declared by the Councillor from the very first day of occupancy in 2001 the Councillor would not have underpaid Council Tax by over £30,000 and by £1,800 this year alone. The property was only put into Band C for Council Tax, probably based on the 3 bedroom bungalow submitted plans and assumptions concerning agricultural occupancy agreements.

The situation arose when Planning Permission was granted for the building of a 3-bedroom bungalow, with an agricultural worker tie. The building in fact constructed was a house, with first floor, accommodating 5/6 bedrooms, five bathrooms, dedicated office space and consulting room all in addition to kitchen, utility room and extensive living/dining room. A property that was specifically built in breach of the Planning Permission which one of the occupants has openly admitted.

I am aware that several current Members of this Council are unhappy with this position and quite rightly so. One in fact who encouraged the investigation and complaint.

Will this Audit Committee agree that a full investigation is warranted as to why the Monitoring Officer failed to progress the complaint and that it would be in the public interest to do so?

Question 2

This is not an isolated example of the Monitoring Officer failing to investigate alleged Member and Officer misconduct complaints. This where there is a clear public interest to do so and with substantive evidence available. This including the Bampton site land purchase. Other examples are available.

Will this Audit Committee fully investigate these matters. This including the Monitoring Officers own, and it's believed obvious failures. Failures which are bringing this Council into disrepute?

Question 3

Will this Committee ensure that full and necessary remedies are enacted and as a visible deterrent. This as other Councils do?

Question 4

Will this Committee do what is required to ensure correct Council Tax is paid and if possible, retrospectively?

Question 5

Can it be understood why more and more residents of this council are publicly questioning then exposing the cover-up culture that seems to pervade this Council including challenging those who promote that culture?

The Chairman stated that written answers would be provided (and attached to the minutes of the meeting) for those questions not supplied in advance.

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

No interests were declared under this item.

83. **MINUTES OF THE PREVIOUS MEETING**

The minutes of the meeting held on 26 March 2024 were confirmed as a true and accurate record and **SIGNED** by the Chairman.

84. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman had no announcements to make.

85. **FINAL STATEMENT OF ACCOUNTS 2022/23 AND ANNUAL GOVERNANCE STATEMENT (00:20:00)**

The Committee had before it a report * from the Deputy Chief Executive (S151) presenting the draft final version of the annual Statement of Accounts and

Governance Statement to Members, highlighting the areas which had been amended since the draft accounts were published on the website and presented for external audit in July and considered by the Audit Committee in August and December 2023.

The following was highlighted within the report:

- The net overall balance on the General Fund at the end of March 2023 was an overspend of £190k.
- The key variances from budget were listed within the report.
- The General Reserve balance remained above the recommended amount.
- The delay in signing off the accounts had been due to some outstanding elements in relation to the group accounts, however, the subsequent independent audit had resulted in no material findings.
- The audit had resulted in a clean, unqualified opinion which was reflective of the hard work undertaken by officers throughout the organisation.
- Adjustments had been made to reflect comments and findings made by the external auditors. This included a whole new section 2 contained within the Annual Governance Statement (AGS).
- The final draft accounts and AGS presented to the Committee this evening represented a true and fair summary of the Council's net worth as at 31st March 2023.

It was **RESOLVED** that:

- i) The Statement of Accounts for 2022/2023 (noting the findings made by the external auditor, Grant Thornton) be approved;
- ii) The Annual Governance Statement be approved.
- iii) The Letter of Representation be signed.

(Proposed by the Chairman)

Reasons for the decision

Good financial management and administration underpinned the entire document.

It was a statutory requirement to follow the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) when producing the Statement of Accounts.

The Section 151 Officer was responsible for the administration of the financial affairs of the Council. Adhering to the Code mitigated the risk of receiving a qualified set of accounts. The Finance Team had also reviewed its overall calculations/workings against the CIPFA published Disclosure Checklist for 2022/23 and entered into detailed discussions with the appointed Audit Manager prior to and during the completion of the accounts.

The financial resources of the Council impacted directly on its ability to deliver the Corporate Plan. The Statement of Accounts indicated how the Council's resources had been used to support the delivery of budgetary decisions.

Note: * Report previously circulated.

86. **GRANT THORNTON - AUDIT FINDINGS REPORT FOR 2022-23 (00:27:00)**

The Committee had before it, and **NOTED**, a report * from Grant Thornton providing their audit findings having assessed the Council's financial accounts for 2022/2023.

The following was highlighted within their report:

- Their findings report updated their final position having audited the outstanding elements from the group financial statements.
- Page 3 of their report set out the key headlines.
- Their overall opinion was unqualified with the Committee's attention being drawn to one small 'Emphasis of Matter' in relation to 3Rivers no longer being a 'going concern'.
- Other small errors had been noted and adjusted for, outside of that, all work had now been completed.
- Their audit fees had been set by the Public Sector Audit Appointments (PSAA).
- Julie Masci stated that as this would be her last audit and meeting with the Council she wished to thank officers and the Committee for their support over recent years.

Note: * Report previously circulated.

(The meeting ended at 17:39pm)

CHAIRMAN