

**MINUTES** of a **MEETING** of the **AUDIT COMMITTEE** held on 9 December 2025 at 5.00 pm

**Present**

**Councillors**

L Knight (Chair)  
E Buczkowski, G Czapiewski, M Farrell,  
B Fish, B Holdman, R Roberts and A Stirling  
(Vice-Chair)

**Apology**

**Councillor**

D Broom

**Also Present**

**Officers**

Andrew Jarrett (Deputy Chief Executive (S151)), Matthew Page (Head of People, Performance & Waste), Lisa Lewis (Head of Digital Transformation & Customer Engagement), Kieran Knowles (Accountant) and Sarah Lees (Democratic Services Officer)

**Councillors**

**Online**

G Duchesne and L G J Kennedy

**Also in**

**Attendance**

Mark Bartlett (Bishop Fleming), Jo McCormick (Devon Assurance Partnership), Darren Roberts (Devon Assurance Partnership), Craig Sullivan (Bishop Fleming) and Jennifer Whitten (Independent Person)

**24. APOLOGIES**

Apologies were received from Cllr D Broom.

**25. PUBLIC QUESTION TIME**

Odern The following public questions were received:

**Barry Warren**

My questions result from content in item 10 on your agenda.

The report advises that procurement of the Modern Methods of Construction contracts was through the South-West Procurement Alliance framework (SWPA). Officers have responded that this gives the Council safeguards. In reality it would appear that orders are placed by MDDC direct with Zed Pods. At Somerlea, Willand

a contract agreement was signed between MDDC and Zed Pods on the 7<sup>th</sup> of August 2024 for £2,605,338.13 to build 7 dwellings – no involvement of SWPA evident at this point.

### Question 1

MDDC paid Zed Pods invoice for £324.000 against this project on the 26<sup>th</sup> of June 2023 some 13 months before entering into a contract. Why was this and have either of the Auditors noted this?

Bishop Flemming state – “Our work has not identified any evidence to suggest that the decision to build MMC housing using Zed Pods Ltd was not an informed decision with all of the relevant information available to councillors.”

### Question 2

What evidence did the auditors see to justify that comment?

Prior to your last meeting I circulated a briefing paper to members of this committee and auditors, raising a number of concerns regarding the justification of payments made. In your response you said: “We appear to now regularly be in receipt of some form of “briefing papers” which clearly sits outside of our proper process. If members of the public want to raise issues with outside agencies, I would encourage them to go to them directly.”

I had copied the ‘outside agencies’.

Devon Assurance Partnership, in response to a question, included these words – “While DAP does not typically initiate audits solely based on public submissions, information provided by members of the public — particularly where it relates to governance, fraud, or financial irregularities—can be valuable.” They later say “If you have specific concerns or information you believe should be considered, I would encourage you to submit them through the appropriate channels, such as the council’s complaints process, whistleblowing policy, or via a Freedom of Information (FOI) request.”

I have done all of that.

### Question 3

Mr Chairman. You tell me to inform the Auditors, not Councillors - but the Auditors say I should tell the Council. It took a member of the public to bring to notice errors regarding proposed car park charge increases and action was taken to ensure corrections were made. I as a member of the public, am raising the potential for fraud or malpractice involving perhaps millions of pounds. Are you interested in taking action on this or not?

## **Paul Elstone**

Agenda Item 10 Bishop Fleming Auditors Annual Report Page 284 - Modular Social Housing.

### Question 1

The Auditors Report says that there were two firms identified as suppliers of “adaptive pods”. That ZED PODS were directly appointed after the other company went into administration. What is the name of that other company?

### Question 2

The Auditors Report mentions that Cabinet approved a report with regard to value for money and best practice. There is hard evidence available to show that the Value for Money (VFM) Report very seriously misrepresents fact.

Examples:

Non representative 3rd party external projects used as benchmarks against MDDC MMC projects. One being a 2 phase and part commercial development.

Manipulation of the gross internal floor areas of the 3<sup>rd</sup> party developments.

Budget figures used for unfinished ZED POD projects, such as Beech Road and Sycamore Road when the real cost of these projects will be much more.

A failure to normalise discounted payments such as Right to Buy receipts i.e. 141 also Brownfield Land Release payments. Seriously distorting the true cost of the ZED POD modular projects and when compared to 3<sup>rd</sup> party projects.

3<sup>rd</sup> party developments said to be conventional build when they were in fact MMC projects.

Major calculation errors made, which seriously distorted benchmark results,

I can back up these statements with supporting hard copy evidence if required but I ask:

Are Bishop Fleming merely repeating what they have been told on face value or have they fully audited this VFM Report?

### Question 3

The external Auditors Report projects the opinion that all information was presented to Members so they could make informed decisions. I would very strongly contest this.

There is hard copy evidence available showing the following.

The value for money report is not worth the paper it's written on.

Certain ZED PODS modular developments do not comply with the Governments Minimum Floor Space Standards.

Energy certificates that do not comply with statutory requirements.

Misleading information has been provided regarding substantial project budget costs overspends.

Misleading information being provided regarding substantial project delivery overruns.

My name has publicly been disparaged for supposedly making unsubstantiated claims regarding this Councils modular home developments.

To resolve this matter once and for all - I now formally ask for a meeting with CROSS PARTY MEMBERS of this Audit Committee. This to permit me to present the hard evidence and the important full supporting details.

Will Audit Committee Members meet with me for this?

The Chair stated that written answers would be provided to the questions within the next 10 working days.

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

No interests were declared under this item.

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

The minutes of the meeting held on 30<sup>th</sup> September 2025 were confirmed as a true and accurate record and **SIGNED** by the Chair.

## 28. **CHAIRMAN'S ANNOUNCEMENTS**

The Chair had no announcements to make.

## 29. **CORPORATE RISK REPORT**

The Committee had before it, and **NOTED**, the Corporate Risk Report \* from the Corporate Performance and Improvement Manager providing Members with a quarterly update on the Corporate Risk Register.

The following was highlighted in the report:

- The report provided corporate risk data and the updated position as from 1 July to 30 September 2025.
- These were the risks which had been identified as having the most likely impact on the Council meeting its objectives.
- Paragraph 2.1 of the report provided a summary table showing the 15 corporate risks that the Council was currently managing and which it reviewed every quarter.

- A risk matrix was presented at Appendix one showing the relative position of each corporate risk. At Appendix two of the report, further details were provided for each risk.
- Any significant changes to the risk register since it was last reported to the Audit Committee were listed in the covering report at paragraph 2.3.

Discussion took place regarding:

- Whether all staff had been upgraded to Windows 11? It was confirmed that they had.
- How the Risk Register was being affected by Local Government Reorganisation (LGR)? It was explained that this was one of the biggest risks the Council currently faced. The timeline of the Government's decision making process on LGR was explained. There would be challenges ahead that would be difficult to manage. For example, significant startup costs would be incurred, the level of which were unknown at the moment. Members would receive regular updates as soon as more was known.
- At the current time it was important to continue to deliver 'business as usual'.
- There would need to be a period of preparation in the new year pulling together such information as asset registers and a people database.
- Business continuity plans were being reviewed.
- The Council had refunded all the tenants it could in relation to the rents error, however, those tenants in receipt of Universal Credit were still being assessed by the Department for Work and Pensions (DWP) as to how much rent could be repaid. Clarity was needed from DWP as to how long this would take but at the moment the situation was out of the Council's hands. It was confirmed that the Council had assumed and allowed for maximum repayments should they be deemed necessary at the final analysis.
- The Council was confident it had the right staffing levels and funding in place to meet the ongoing threat of a cyber attack.
- It was anticipated that the Government would be announcing the Financial Settlement due to local authorities next Wednesday. The S151 Officer would relay the impacts of this to Members as soon as details were released. As a rural Council it was expected that there would be at least a 5% reduction in the amount provided to Mid Devon.
- In regard to the Cullompton Relief Road, the project was on track in terms of the timeline for works and the budget. There had been some land assembly issues but an update would be provided to Members in the new year.
- It would be important for Town and Parish Council's to contact the District Council sooner rather than later to discuss possible transfers of assets but at the moment still was yet to be determined as to LGR. It would be a priority for the Council to treat its current assets in the best possible way for the people of Mid Devon once decisions regarding future governance arrangements were known.

Note: \* Report previously circulated.

### 30. **AUDIT ACTION TRACKING REPORT**

The Committee had before it, and **NOTED**, the Audit Action Tracking Report \* providing an update on progress to complete audit actions.

The following was highlighted within the report:

- This report had been transferred from the Devon Assurance Partnership (DAP) to the Council and was now presented as a standalone report for the Committee to consider.
- This report provided high level summary information on the Council's progress to complete actions which were agreed from internal audit reports. The report presented the current position as of the end of November.
- There were 59 ongoing audit actions to be completed. Of these, there were no high priority actions, 33 medium priority actions and 26 which were either identified as a low priority or an opportunity.
- Each audit action had a target date with many of these stretching into 2026 or 2027.
- Appendix one provided more details on the ongoing audit actions. There were four overdue medium priority actions. Further details on these were provided in the second table of Appendix one.

Note: \* Report previously circulated.

### 31. **BISHOP FLEMING COMPLETION REPORT**

The Committee had before it, and **NOTED**, the Audit Completion Report \* from the Council's External Auditors, Bishop Fleming. It also had before it the Letter of Representation from the Council \*.

The following was highlighted within their report:

- The report outlined their findings on the 2024/2025 audit with a focus on the key risks and outcomes.
- An unqualified opinion would be issued.
- Sections five and six provided a summary of the any audit adjustments that had been needed.
- No significant or material issues had been identified.

Consideration was given to:

- What the tolerances were with regard to the accuracy of valuations? It was explained that no material errors had been identified and the report included comments on the small adjustment that had been needed.
- Pension figures for the next three years had been received and these had reduced significantly due to the assumptions around LGR. However, a proper assessment was yet to be made due to ongoing current uncertainty.
- The auditors were content that figures in relation to the rent error had been correctly stated.
- No material weaknesses had been identified in the areas of procurement or modular housing.

Note: \* Report previously circulated.

## 32. **STATEMENT OF ACCOUNTS 2024/2025**

The Committee had before it, the Updated Statement of Accounts for 2024/2025\*. This presented the proposed final version of the 2024/25 Statement of Accounts highlighting any areas which had been amended since the draft accounts were published on the website, presented for external audit and considered by Audit Committee in June 2025.

The following was highlighted in the report:

- The Bishop Fleming report had checked and challenged all areas of the accounts and management responses had been provided to any comments made.
- An unqualified opinion of the accounts would be issued which was a positive reflection on what the Council had achieved.
- Paragraph 3 included what had been changed in the accounts in relation to issues identified by the external auditors and these were highlighted in yellow.
- Some items had not been altered because they were not deemed to be material.
- None of the changes had affected the cash position of the authority which remained in a strong financial position as reported to Cabinet and the Policy Development Group's back in the summer.
- Services had been delivered close to budget and the level of reserves had been increased to make sure there was enough provision for some financial challenges ahead.

Discussion took place regarding:

- The complexity of the Statement of Accounts and the volume of data. Members were encouraged to regularly view the financial management reports which went to Cabinet as these presented the financial position in a more easily understandable way.
- All leases would be transferred to the new authority after vesting day. Until then, much thought would need to be given to any new leases over 2 years long.
- The accounts showed big swings in terms of monies coming in through grants and S106 monies due to developments. These had helped to increase the level of reserves.
- Members would receive a briefing early in the new year on the budget setting process for 2026/2027.

**RESOLVED** that:

- a. The 2024/2025 Statement of Accounts (noting the findings made by the External Auditor, Bishop Fleming) be approved.
- b. The 2024/2025 Annual Governance Statement be approved and the Letter of Representation and all associated documents be signed by the relevant officers and Members.



(Proposed by Cllr E Buczkowski and seconded by Cllr M Farrell)

Reason for the decision

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

Note: \* Statement of Accounts previously circulated.

**33. BISHOP FLEMING AUDITORS ANNUAL REPORT**

The Committee had before it, and **NOTED** a report \* from Bishop Fleming, the Council's External Auditors, presenting their Annual Report. This summarised the work that they had completed for Mid Devon District Council for the year ended 31 March 2025.

The following was highlighted in the report:

- This report covered the external auditor's opinion on the Council's Value for Money arrangements and in particular its attempts to ensure improving economy, efficiency and effectiveness.
- The executive summary of the report set out their final assessment of these arrangements.
- The direction of travel was viewed to be positive, with no red and three amber ratings being provided against identified weaknesses. This was an improvement upon the previous year.
- Section eight of their report set out their recommendations.

Consideration was given to:

- The need for clarity on what the District Valuer's role was. It was explained that the relevant professional code required assets to be valued once every five years. Indexation could be applied in the intervening years. Working arrangements with the independent District Valuer were currently being fine tuned.
- The question was asked as to whether LGR would affect how assets were valued over the next couple of years? It was explained that professional accounting regulations overrode any changes to governance arrangements and would always be paramount.
- No specific areas of weaknesses had been identified in the areas of procurement or modular housing.

Note: \* Report previously circulated.



#### 34. **DEVON ASSURANCE PARTNERSHIP - INTERNAL AUDIT PROGRESS REPORT**

The Committee had before it, and **NOTED**, a report \* from the Devon Assurance Partnership (DAP) providing a summary of the performance against the Internal Audit plan for the 2025/2026 financial year to date, highlighting the key areas of work undertaken and summarising its main findings and recommendations aimed at improving controls.

The new Assurance Manager from the Devon Assurance Partnership, Mr Darren Roberts, was introduced to the Committee.

The following was highlighted within the report:

- This was the second progress report reported to the Committee this financial year and DAP were beginning to build up an assurance opinion of 'Reasonable' for the year to date.
- Their Audit Plan was well resourced for the rest of the year and was on track.
- Fieldwork was under way in relation to the Council Tax audit and they were shortly to commence the Housing Benefit audit.
- Relationships were good with the Corporate Management Team and they remained in close contact.
- Summary opinions had been provided in relation to Information Management, Data Protection and Freedom of Information, all of which had received a 'Reasonable' assurance opinion. The Patch Management audit had received a 'Limited Assurance' opinion and would be discussed in more detail under the next item.

Note: \* Report previously circulated.

#### 35. **ACCESS TO INFORMATION - EXCLUSION OF THE PRESS & PUBLIC**

Discussion with regard to the next item required the Committee to pass the following resolution to exclude the press and public having reflected on Article 12 12.02(d) (a presumption in favour of openness) of the Constitution. This decision was required because consideration of this matter in public disclosed information falling within one of the descriptions of exempt information in Schedule 12A to the Local Government Act 1972. The Committee decided that, in all the circumstances of the case, the public interest in maintaining the exemption, outweighed the public interest in disclosing the information.

It was **RESOLVED** that under Section 100A(4) of the Local Government Act 1972 the public be excluded from the next item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 respectively of Part 1 of Schedule 12A of the Act, namely information relating to the financial or business affairs of any particular person (including the authority holding that information).

(Proposed by the Chair)

### 36. **DEVON ASSURANCE PARTNERSHIP - PATCH MANAGEMENT AUDIT REPORT**

The Committee had before it, and **NOTED**, a report \* from the Devon Assurance Partnership. This was the full and final report into their Internal Audit of the Patch Management arrangements at Mid Devon District Council.

A brief summary of the discussion which took place was as follows:

- The Council was working with colleagues across the sector and beyond to discuss best practice and to learn from each other.
- Testing methods were discussed as well as device upgrades and migrations.
- The use of mobile devices by both officers and Members and the policies which needed to be adhered to.
- The use of AI and its implications.

Note: \* Report previously circulated.

### 37. **IDENTIFICATION OF ITEMS FOR THE NEXT MEETING**

The items already listed in the Work Programme for the next meeting were **NOTED**.

The Committee wished to express its thanks and congratulations to the Council's Finance team in bringing the accounts together in a timely and professional manner and for the positive reflection these provided on the Council's current financial position.

(The meeting ended at 7.03 pm)

**CHAIR**