

MINUTES of a **MEETING** of the **AUDIT COMMITTEE** held on 25 March 2025 at 5.00 pm

**Present
Councillors**

L Knight (Chair)
D Broom, E Buczkowski, G Czapiewski,
J M Downes and R Roberts

**Apologies
Councillors**

B Fish and A Stirling

**Also Present
Officers**

Paul Deal (Head of Finance, Property & Climate Resilience), Matthew Page (Head of People, Performance & Waste), Simon Newcombe (Head of Housing & Health), Dr Stephen Carr (Corporate Performance & Improvement Manager) and Sarah Lees (Democratic Services Officer)

**Councillors
Online**

J Buczkowski, J Lock and D Wulff

**Officers
Online**

Dean Emery (Head of Revenues, Benefits and Leisure) and Lisa Lewis (Head of Digital Transformation and Customer Engagement)

**Also in
Attendance**

Jo McCormick (Devon Assurance Partnership), Craig Sullivan (Bishop Fleming) and Jennifer Whitten (Independent Person to the Audit Committee)

43. APOLOGIES

Apologies were received from Cllr B Fish and Cllr A Stirling.

44. PUBLIC QUESTION TIME

The following questions were received from members of the public:

Barry Warren

My questions are prompted by Item 6 on your agenda and in particular page 29 of your bundle, item CR9a. The risk description still contains the following:

Public debate has, at times, included unhelpful and inaccurate statements about the company and the consequential impact on the Council, with these inaccurate statements being repeated in wider circles.

A number of the assets have been purchased by Mid Devon District Council (MDDC) for use by Housing or to be sold on the open market. Information has been sought by some members of the public to ascertain if correct use is being made of public money and due diligence and openness of information is being exercised. Most responses from MDDC have been guarded, misleading or even denial, leading to the Information Commissioner giving direction to release information.

1. Should CR9a be modified to be a risk description which reflects potential reputational damage to the Council by the failure of the Council to provide open, honest and full information in reports to Members from the outset or in response to enquiries from the public?
2. Should there also be an additional risk created with regard to the expenditure in relation to the providing of modular homes? This has already prompted questions in Scrutiny Committee.

On the 11th March 2025 a double page spread appeared in the Tiverton Gazette which had all the appearance of being an advertisement. It had a number of sections concerning differing housing sites, some of these did not tell the full circumstances. Enquiry of the Council revealed that this advertisement was commissioned by the Head of Housing and Health and approved by the S151 Officer. It was prepared in-house, and the cost of £1266 (plus VAT where applicable) to print in the Gazette was met from the Housing Revenue Account Tenant Involvement and Engagement budget.

3. Is it known how many Council tenants actually read the Gazette?
4. How did such information benefit our current tenants?
5. Why is this an appropriate expenditure of Housing Revenue Account (HRA) money?

Paul Elstone

Question 1

Firstly, I would like to thank the Chairman for his recognition that members of the public, by their routine attendance of meetings and that in asking the questions they do, add value.

It is however important for me to place on record that I do not ask my questions because I have an axe to grind against a former administration. Something recently said in a public meeting and by another Chairperson.

My personal driver when asking the questions I do, is solely related to expecting to see value for money, good governance, competency and integrity in this Council and

involving all Officers and Members. Qualities I personally believe and have evidence to show are increasingly in decline. Not least involving 3 Rivers and more recently the Zed Pod's modular developments.

My question: what was the exact date that the "Housing Rents Error" was discovered by the External Auditors?

Question 2

What was the first date that Tenants were advised of the existence of this error?

Question 3

Please can you provide a simple Yes or No answer to this question....

Is it this Council's intention that in order to accept the amount of the refund of their rent over-payment, the residents will be required to sign any form of legal disclaimer preventing the tenants from taking any further action against MDDC. This in relation to this Council's rent calculation error?

Question 4

Table 1 Title - Actions taken, completed or ongoing:

Action No 22 says detailed engagement with other Local Authorities currently working on a similar rent errors issues e.g. Cambridge is ongoing.

On fully interrogating the Social Housing Regulators database only two Councils can be found as having Notices against them in respect of rent calculation errors. Namely Cambridge City Council and East Suffolk Council. Rent calculation errors very different from MDDC and much more understandable in their nature and not going back anywhere near as long.

Unlike MDDC both Councils it would seem are not using the 1980 Limitation Act to avoid making rent overpayment refunds beyond 6 years.

Which Councils and exactly are this Council engaging with?

Question 5 (Supplementary Question).

It is known beyond doubt that a member of the public submitted questions at relatively short notice compared to mine at the Audit Committee Meeting of the 21st January 2025. Questions which were answered at the meeting.

Therefore, Chair why am I now being treated any differently and especially as my three questions only require one word type answers and answers which could have been made readily available to you ?

The Chair stated that as these questions had not been submitted within the necessary timescale a written response would be provided within the next 10 working days and attached to the minutes of the meeting.

45. DECLARATION OF INTERESTS UNDER THE CODE OF CONDUCT

No interests were declared under this item.

46. **MINUTES OF THE PREVIOUS MEETING**

The minutes of the meeting held on 21 January 2025 were confirmed as a true and accurate record and **SIGNED** by the Chair.

47. **CHAIR'S ANNOUNCEMENTS**

The Chair had no announcements to make.

48. **CORPORATE RISK Q3 (00:15:00)**

The Committee had before it, and **NOTED**, a report * from the Corporate Performance and Improvement Manager and the Head of People, Performance & Waste providing it with a quarterly update on the Corporate Risk Register.

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

- The report presented the Council's current corporate risks with their updated position as of February. These were the risks which had been identified and which were most likely to impact the Council meeting its objectives.
- At paragraph 2.1 of the report there was a summary table showing the 17 corporate risks that the Council was currently managing.
- A risk matrix or heat map was presented at Appendix 1 showing the relative position of the 17 corporate risks.
- At Appendix 2 of the report, further details were provided for each risk in a standard template.
- Any significant changes to the risk register since it was last reported to the Committee were listed in the covering report, at paragraph 2.3.

Discussion took place regarding whether the properties bought a year ago during the closure of 3Rivers needed to be identified on the Risk Register since their value had fluctuated as a result of market factors? It was confirmed that at the current time this was not considered to be a significant risk.

Note: * Report previously circulated.

49. **RISK MANAGEMENT POLICY (00:24:00)**

The Committee had before it a report * from the Corporate Performance and Improvement Manager and the Corporate Manager for People, Performance & Waste presenting the updated Risk Management Policy for the 2025/26 financial year.

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

- This report presented the Risk Management Policy which was reviewed annually by officers before being considered by this Committee for approval.
- The Risk Management Policy was thoroughly reviewed in March 2023. As part of that review, the risk management process was revised, with detailed guidance provided at each stage. The Policy was then reviewed in 2024 with a number of small changes.

- The Policy and associated processes had become embedded and were working well. Therefore only a small number of changes were suggested to the Policy this year. These changes were highlighted in red text in Appendix 1.
- To further strengthen the Council's approach to risk management, the Council had provided in-house training. This would now be made mandatory for staff with senior responsibilities.
- In addition an internal audit on the Council's approach to Risk Management had begun and the results of this audit would be reported back to this Committee in due course.

The Chair thanked the Corporate Performance and Improvement Manager for all his work in reviewing and embedding this Policy within the Council.

RESOLVED that the updated Risk Management Policy be approved.

(Proposed by Cllr D Broom and seconded by Cllr E Buczkowski)

Reason for the decision

Failure to take advantage of opportunities and mitigate risks could impact on the Council's ability to deliver its strategic objectives. Assessment of the effectiveness of the framework for identifying and managing risks and for performance and demonstrating clear accountability is a key element of the Council's governance arrangements.

Note: * Report previously circulated.

50. **WHISTLEBLOWING POLICY (00:27:00)**

The Committee had before it a report * from the Corporate Performance and Improvement Manager and the Head of People, Performance and Waste presenting it with the updated Whistleblowing Policy for 2025.

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

- This report presented the Council's Whistleblowing Policy, which was reviewed every four years.
- It had been reviewed by officers and any changes made to the policy were highlighted as tracked changes.
- The changes were mainly to keep the Policy accurate, such as to job titles, or the details of the Council's external auditor.
- In addition to these factual changes the Council had also explicitly stated the legal basis for whistleblowing towards the start of the Policy.
- Links to the Grievance Policy had been strengthened as issues could be raised through that route if it was not deemed to be a whistleblowing matter.
- A web link had also been included to a full list of the prescribed bodies that a whistleblowing disclosure can be made to, depending on the nature of the concern.

RESOLVED that the updated Whistleblowing Policy for 2025 be approved.

(Proposed by Cllr D Broom and seconded by Cllr R Roberts)

Reason for the decision

Without this Policy, the Council was at increased risk of not detecting fraud, corruption or financial irregularities, which could result in loss to the Council or damage its reputation.

Note: * Report previously circulated.

51. **REVIEW AND REVISION OF THE FINANCIAL REGULATIONS (00:29:00)**

The Committee had before it a report * making recommendations for amendments to the Financial Regulations following implementation of the new Procurement Regulations.

The following was highlighted within the report:

- It had been a year since the last review of Financial Regulations and during that time a number of changes had occurred. The report highlighted the pertinent changes using “tracked changes” for ease of review by Members. In summary, amendments had been made to:
 - Job titles, reflecting the corporate restructure moving from “Corporate Managers” to “Heads of”.
 - Amendments to Section 5 Procurement, following the implementation of the new Procurement Act – shown through tracked changes.
 - Section 13.2 – Capital Strategy and Asset Advisory Group (CSAG) – updated in line with recently agreed revised Terms of Reference.
- Financial thresholds had been reviewed and were stated in Appendix A. The revised limits would enhance the Council’s risk mitigations.
- The new Act removed the alignment to the old European Union (EU) Regulations following Brexit and enhanced the requirement to use local suppliers where possible.

Discussion took place with regard to:

- Fraud for personal benefit, this would always be a risk but mitigations were in place.
- Quarterly budget monitoring reports listed waivers.
- Members recently approved a Resilience Strategy. It was confirmed that Business Continuity Plans would be tested in the near future. A dedicated Resilience Officer monitored all activity in this area and regularly fed back to the Corporate Management Team.
- A new Modern Slavery Statement would be published shortly.
- Public Sector Procurement Standards informed the competitive tendering process detailed in the Financial Regulations.
- It was confirmed that any goods or services needing to be procured that were over £100k were subject to a full tendering process.

RECOMMENDED to full Council that the amendments to the Financial Regulations be approved subject to tables A1 and C being amended to reflect the thresholds in table A.

(Proposed by Cllr J Downes and seconded by Cllr R Roberts)

Reason for the decision

Failure to comply with legislation could lead to non-compliance and potentially prosecution and claims for damages.

Note: * Report previously circulated.

52. **DEVON ASSURANCE PARTNERSHIP INTERNAL AUDIT PROGRESS REPORT 2024-2025 (00:52:00)**

The Committee had before it, and **NOTED**, a report * from the Devon Assurance Partnership (DAP) updating it on progress to date with the internal audits undertaken since their last report.

The following was highlighted in the report:

- High level summaries had been provided regarding all the audits which had taken place since the last report was brought before the Committee. One limited assurance opinion had been provided in relation to a follow up audit in the Building Control area.
- All reports were presented to the Leadership Team.
- An outturn report for 2024/2025 would be presented to the Committee in June.
- DAP had a dedicated Fraud Prevention Team who provided training to partner authorities.
- There were no high risk overdue audit recommendations but a number of medium risk recommendations remained which needed to be followed up and resolved.

Consideration was given to the responsibility of the Council for monitoring audit recommendations. The Corporate Performance and Improvement Manager confirmed that he regularly liaised with officers and worked closely with DAP in regard to this. He confirmed that over time the number of overdue recommendations had steadily decreased.

Note: * Report previously circulated.

53. **DEVON ASSURANCE PARTNERSHIP INTERNAL AUDIT PLAN 2025-26 (01:01:00)**

The Committee had before it, and **NOTED**, a report * from the Devon Assurance Partnership presenting the draft Internal Audit Plan for 2025/2026.

The following was highlighted within the plan:

- A robust process was entered into to ensure that the right audits featured in the audit plan. Partnership knowledge also helped to inform the draft plan in terms of where the focus should be.

- The audit plan was very agile and reactive to issues as they developed. If changes were needed to the plan it would be brought before the Audit Committee for approval.

Discussion took place regarding what advice DAP could provide in relation to the risks associated with Local Government Review (LGR)? It was confirmed that DAP had a team looking after this. They were in the process of understanding the time frame and would be liaising with the Council. The Corporate Performance and Improvement Manager confirmed that LGR had been added to the Corporate Risk Register and this would be reviewed on a monthly basis.

Note: * Report previously circulated.

54. **DEVON ASSURANCE PARTNERSHIP INTERNAL AUDIT CHARTER AND STRATEGY FOR 2025-2026 (01:08:00)**

The Committee had before it a report * from the Devon Assurance Partnership presenting the Internal Audit Charter and Strategy.

It was explained that this was an annual report which set out the necessary statutory requirements of the internal audit process and the code of ethics.

RESOLVED that the Internal Audit Charter and Strategy for 2025 be approved.

(Proposed by the Chair)

Reason for the decision

As set out in the report.

Note: * Report previously circulated.

55. **MID DEVON HOUSING RENT ERROR UPDATE (01:10:00)**

The Committee had before it, and **NOTED**, a report * from the Deputy Chief Executive (S151) and the Head of Housing and Health providing an update on the corrective measures completed and next steps in order to rectify an identified historic rent setting error.

The following was highlighted within the report:

- The background to the issue, how it was discovered and the actions taken thus far were outlined.
- It was confirmed that the rent formula had now been formally corrected and the Council had received external assurance that the approach being taken was appropriate and 100% correct.
- Tenants had been written to on a regular basis and the FAQ's on the website regularly updated.
- There was now an internally appointed dedicated team solely dealing with this issue who reported to the Head of Revenues, Benefits and Leisure.

- Details were provided regarding the complexities around assessing the position of any tenants who had been in receipt of Universal Credit and / or Housing Benefit.
- National conversations were now taking place with the Department for Work and Pensions (DWP) regarding this issue. Their systems were involved and they were not obliged to share all information with the Council making a possible refund assessment very difficult in each case.
- A full and thorough update had been provided to the Homes Policy Development Group in the previous week.
- All 70 eviction cases would be reviewed and assessed but the complexities involved were not to be underestimated, however, the team were in place to do this.

Discussion took place regarding:

- The costs involved were now in the region of £1.8m.
- The cost of the appointed dedicated team would be met through operational budgets but staff had been redeployed internally with some officers uplifting their hours.
- The integrity of the Housing Revenue Account (HRA) needed to be protected to support the health and safety of future tenants. They could not suffer as a result of this historic error. The right balance needed to be struck.
- Refunds would be conducted in three tranches starting with those that were more straightforward to calculate. Refunds would only be made when the Council was confident the figures were correct and all appropriate safeguards were in place. Those conversations had already commenced.
- Re-payments would not be withheld where they were due but in some cases this would take time.
- Further decisions may need to be made by the Cabinet under guidance from the Regulator for Social Housing. Regulatory judgements regarding certain issues were still awaited.

The Committee thanked the officers involved and acknowledged the amount of work which had taken place to date and which would be ongoing for some time yet in order to resolve this issue.

Note: * Report previously circulated.

56. **UPDATE ON EMPLOYERS NI CONTRIBUTIONS (01:36:00)**

At the request of the Committee at its last meeting, the Head of Finance, Property Services and Climate Resilience provided a verbal update on the implications to the Council of the rise in employer National Insurance (NI) Contributions.

This included the following information:

- The Government had announced in January 2025 that the NI rate would rise from 13.8 to 15% and the threshold for employers having to pay NI would drop from £9100 to £5000. The Government had provided reassurance that local authorities would be reimbursed, this had not been forthcoming.
- The Government's methodology for reimbursement was explained. In summary the financial burden would increase from £122k to £151k, £27k of

this would need to come out of the HRA with the rest needing to be found from within the General Fund.

The information provided was **NOTED**.

57. BISHOP FLEMING - EXTERNAL AUDIT PLAN FOR 2024/2025 (01:40:00)

The Committee had before it, and **NOTED**, a report * from the External Auditors, Bishop Fleming, presenting their External Audit Plan for the year ended 31 March 2025.

The following was highlighted in the report:

- The report set out their role and responsibilities.
- It was highlighted that the way the Council accounted for leases would be changing and this was set out in the report.
- How the Council's 'Value for Money' arrangements would be audited was also set out, a key area within their annual audit.
- No significant risks were anticipated.
- They would be following up on the Social Housing Rents Error but noted that good progress was being made on that.
- The timetable for the forthcoming audit had been discussed with Leadership Team.

Note: * Report previously circulated.

58. CHAIR'S ANNUAL REPORT 2024/2025 (01:43:00)

The Committee had before it, and **NOTED**, the Chair's Annual Report * for 2024/2025.

This report, along with all other Chair's reports, would be presented to full Council on 23rd April 2025.

59. IDENTIFICATION OF ITEMS FOR THE NEXT MEETING (01:43:30)

The Committee had before it, and **NOTED**, the items identified in the work programme for the next meeting.

(The meeting ended at 6.44 pm)

CHAIR