

DEVON COUNTY COUNCIL – CONTROL ENVIRONMENT
Report of the County Treasurer

Please note that the following recommendations are subject to confirmation by the Committee before taking effect.

It is recommended that Members:

- i. Note the report;
- ii. Endorse the conclusion of the County Treasurer that the authority's accounts should be prepared on a Going Concern basis; and
- iii. Endorse the letter from the Chair to the external auditor (Grant Thornton).

1. Each year the Chair of the Audit Committee and S151 officer are required to respond to enquiries from the external auditors (Grant Thornton) regarding the overall control environment of the Council, with particular focus on the arrangements in place to ensure that the production of the financial statements will be free of material error.

2. It is acknowledged that no process can ever be risk free; however it is important that appropriate checks and balances are in place to ensure accuracy in preparation of the accounts and to identify errors should they arise without compromising the opinion on the accounts.

3. In recent years considerable effort has been made to ensure that the transition to International Financial Reporting Standards (IFRS) has been completed smoothly and effectively, and the results of the most recent audits have confirmed that sound arrangements and controls are in place. The risk analyses undertaken for the County Council and Pension Fund accounts confirm that arrangements are appropriate and proportionate and contribute to unqualified audit opinions.

4. It should be noted that although the close-down of the accounts only occurs once a year the control environment needs to be operational throughout the accounting period on a consistent and error free basis to provide an appropriate level of assurance on the accounts.

5. Each year the authority assesses whether it should be considered as a Going Concern and whether the accounts should be prepared on that basis. The external auditor, Grant Thornton, has again this year requested that the Audit Committee consider this assessment. The County Treasurer considers that the authority is a Going Concern and that the accounts should be produced on this basis. Evidence to support this conclusion is contained within section 26 of the appendix to the s151 officer's response attached.

6. The Audit Committee will be required to authorise the accounts in September after Grant Thornton has audited the accounts and prepared a report on their findings that will also go to the September Audit Committee. The attached letters from the Chair and the Section 151 officer communicate the details of the control environment.

Mary Davis

Contact for Enquiries: Robert Hutchins
Tel No: (01392) 382437 Larkbeare House

<u>Background Paper</u>	<u>Date</u>	<u>File Ref</u>
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Nil

There are no equality issues associated with this report