

Statement of Accounts & Annual Governance Statement 2020/21 Report of the Director of Finance

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

1. Recommendations – it is recommended that the Committee:

- 1.1. Approves Letters of Management Representation for the Devon Pension Fund and the County Council (based on the wording as set out in Grant Thornton's reports);
- 1.2. Approves the Authority's Statement of Accounts for 2020/21;
- 1.3. Approves the Pension Fund Statement of Accounts for 2020/21; and
- 1.4. Approves the preparation of both the Statement of Accounts for the Pension Fund and County Council on a going concern basis.

2. Background

- 2.1. The Statement of Accounts has been prepared according to CIPFA's Code of Practice on Local Authority Accounting 2020/21. This year there have not been any significant changes to the Code
- 2.2. At its meeting of 21st September, the Audit Committee approved the Statement of Accounts for both the Authority and Pension Fund before the statutory deadline of 30th September. At the time the external auditors had yet to report their findings or complete the audit but advised the Audit Committee that they expected to conclude their audit during November.
- 2.3. A notice was published on the Authority's website in accordance with the Accounts and Audit Regulations. The two reasons provided by the auditor were:
 - the impact of Covid-19 on both the complexity of the audit and pace at which it can be completed
 - the increased assurance work that auditors are required to carry out nationally with respect to pensions, asset valuations and other key estimates

[Audit of accounts - public notice - Devon County Council](#)

3. Authority's Statement of Accounts

3.1. At the request of the external auditors the following reclassifications have been made:

- £15 million from Devon CCG for the Integrated Care Agreement has been reclassified as contributions rather than other income.
- Just over £4 million of debtors have been reclassified from financial instruments to non-financial instruments
- Closing balance on early payment of pension deficit contributions of just under £22 million reclassified from movement on creditors to movement in pension liability in the cash flow note.

3.2. There is no impact on the Authority's primary statements, revenue account, usable reserves or future financing of capital expenditure. The impact is simply restricted to the disclosure note.

4. Pension Fund Statement of Accounts

4.1 The County Council agreed as part of the approval of the 2020/21 budget in February 2020 to pay three years of pensions deficit contributions up front. This early payment at the beginning of 2020/21 would achieve a saving in the Authority's revenue account. Some other local authorities in Devon did the same.

4.2 The auditors requested that all of the early payment of the deficit contributions from these authorities (2020/21 to 2022/23) should be recognised as income in the year the payment was made (i.e. 2020/21) in the Pension Fund accounts (and not spread over three years).

4.3 The net impact on the Pension Fund is to increase both income and net assets by just under £32 million.

5. Letters of Representation

5.1 In order to provide assurance to our auditor's that they have received complete and accurate information the Audit Committee is asked to provide letters of representation. The wording requested by the external auditors is set out in their own audit findings reports (and was not available at the time that this report was drafted).

6. Annual Governance Statement

6.1 The Statement has already been approved by the Audit Committee and signed by the Chief Executive and Chairman of the Audit Committee on 21st September 2021.

7. Conclusion

7.1 The Committee is recommended to approve the Statement of Accounts and letters of representation, using the wording contained in the auditors' reports.

Angie Sinclair

Electoral Divisions: All

Local Government Act 1972

List of Background Papers

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