

**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;
- 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](#)

2.4. The auditors requested reclassifications to the Statement of Accounts, which the Authority implemented and reported to the Audit Committee at its meeting of 23rd November.

2.5. The Audit Committee received the Audit Findings Reports from the external auditors and reapproved the Statement of Accounts for both the Authority and Pension Fund.

2.6. However, the audit had not been completed including the audit sampling of journals.

3. Authority's Statement of Accounts

3.1. At the further request of the external auditors (since the re-approval of the Statement of Accounts in November) the following amendment has been made to the Authority's Statement of Accounts

- An increase in the Pension Liability of £40.5 million which is mirrored by an equal increase in the unusable Pension Reserve

3.2. This reflects the actuarial estimate of the long term liability of ongoing annual reimbursements that the Authority makes to Teachers' Pensions. Teachers' Pensions makes payments to former Devon teachers on behalf of the Authority, where the Authority was responsible for historic early retirement costs.

3.3. There is no impact on the Authority's outturn, usable reserves or future financing of capital expenditure. The annual reimbursements were already included in the Authority's revenue account.

4. Pension Fund Statement of Accounts

4.1 There are no changes to the Pension Fund Statement of Accounts since they were approved by the Audit Committee in November.

5. Letters of Representation

5.1 In order to provide assurance to our auditors 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.

6. Annual Governance Statement

6.1 The Statement had 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 contained in the appendices to this report.

Angie Sinclair

Electoral Divisions: All

Local Government Act 1972

List of Background Papers

Contact for Enquiries: Peter Lappin
Tel No: (01392) 38 3342 Room 180

<u>Background Paper</u>	<u>Date</u>	<u>File Ref</u>
There are no equality issues associated with this report		

Draft management representation letter – Devon Pension Fund

24th February 2022

Grant Thornton UK LLP
2 Glass Wharf
Bristol
BS2 0EL

Dear Sirs

**Devon Pension Fund:
Financial Statements for the year ended 31st March 2021**

This representation letter is provided in connection with the audit of the financial statements of Devon Pension Fund for the year ended 31 March 2021 for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

1. We have fulfilled our responsibilities for the preparation of the Fund's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
2. We have complied with the requirements of all statutory directions affecting the Fund and these matters have been appropriately reflected and disclosed in the financial statements.
3. The Fund has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
4. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

5. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include the actuarial present value of the funded obligations and the valuation of Level 3 investments. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.
6. Except as disclosed in the financial statements:
 - there are no unrecorded liabilities, actual or contingent;
 - none of the assets of the Fund has been assigned, pledged or mortgaged; and
 - there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
7. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
8. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
9. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
10. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.

11. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

12. We have updated our going concern assessment. We continue to believe that the Fund's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that:

- the nature of the Fund means that, notwithstanding any intention to liquidate the Fund or cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements
- the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under the previous paragraph above; and
- the Fund's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the Fund's ability to continue as a going concern need to be made in the financial statements.

Information Provided

13. We have provided you with:

- access to all information of which we are aware that is relevant to the preparation of the Fund financial statements such as records, documentation and other matters;
- additional information that you have requested from us for the purpose of your audit; and
- access to persons within the Fund via remote arrangements, in compliance with the nationally specified social distancing requirements established by the government in response to the Covid-19 pandemic. from whom you determined it necessary to obtain audit evidence.

14. We have communicated to you all deficiencies in internal control of which management is aware.
15. All transactions have been recorded in the accounting records and are reflected in the financial statements.
16. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
17. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Fund and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
18. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
19. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
20. There have been no communications with The Pensions Regulator or other regulatory bodies during the year or subsequently concerning matters of non-compliance with any legal duty.
21. We are not aware of any reports having been made to The Pensions Regulator by any of our advisors.
22. We have disclosed to you the identity of the Fund's related parties and all the related party relationships and transactions of which we are aware.

23. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Approval

The approval of this letter of representation is minuted by the Council's Audit Committee at its meeting on 24th February 2022.

Yours faithfully

Name	Cllr Richard Scott
Position	Chair of the Audit Committee
Date	24 February 2022

Name	Angie Sinclair
Position	Director of Finance
Date	24 February 2022

Draft management representation letter – County Council

24th February 2022

Grant Thornton UK LLP
2 Glass Wharf
Bristol
BS2 0EL

Dear Sirs

Devon County Council: Financial Statements for the year ended 31st March 2021

This representation letter is provided in connection with the audit of the financial statements of Devon County Council for the year ended 31 March 2021 for the purpose of expressing an opinion as to whether the Council financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards, and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

1. We have fulfilled our responsibilities for the preparation of the Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
2. We have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the financial statements.
3. The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

4. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include the valuation of 'other land and buildings' (including useful economic lives), the Pension Fund and PFI liabilities and the fair values disclosures for the PFI agreements and other Council borrowing. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.
6. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
7. Except as disclosed in the financial statements:
 - there are no unrecorded liabilities, actual or contingent;
 - none of the assets of the Council has been assigned, pledged or mortgaged; and
 - there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
8. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
9. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.

10. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The Council's financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions. The financial statements are free of material misstatements, including omissions.

11. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.

12. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

13. We have updated our going concern assessment. We continue to believe that the Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that:

- the nature of the Council means that, notwithstanding any intention to cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements
- the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under the previous paragraph above; and
- the Council's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements.

Information Provided

14. We have provided you with:

- access to all information of which we are aware that is relevant to the preparation of the Council financial statements such as records, documentation and other matters;
- additional information that you have requested from us for the purpose of your audit; and
- access to persons within the Council via remote arrangements, in compliance with the nationally specified social distancing requirements established by the government in response to the Covid-19 pandemic. from whom you determined it necessary to obtain audit evidence.

15. We have communicated to you all deficiencies in internal control of which management is aware.

16. All transactions have been recorded in the accounting records and are reflected in the financial statements.

17. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

18. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council and involves:

- management;
- employees who have significant roles in internal control; or
- others where the fraud could have a material effect on the financial statements.

19. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.

20. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

21. We have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which we are aware.

22. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

23. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

24. The disclosures within the Report of the Director of Finance and Chief Executive (Narrative Report) fairly reflect our understanding of the Council's financial and operating performance over the period covered by the Council's financial statements.

Approval

The approval of this letter of representation is minuted by the Council's Audit Committee at its meeting on 24th February 2022.

Yours faithfully

Name Cllr Richard Scott
Position Chair of the Audit Committee
Date 24 February 2022

Name Angie Sinclair
Position Director of Finance
Date 24 February 2022

