



Date: 27 October 2024

Members of the Governance Committee  
North Devon District Council  
PO Box 379  
Barnstaple  
EX32 2GR

Dear Sirs and Madams

**North Devon District Council – Audit Completion Report**

We are pleased to attach our Audit Completion Report for North Devon District Council (the Council). This report summarises our audit conclusions, highlights the key findings arising from our work and details a number of points that we would like to discuss further with you.

We have initially discussed the contents of our report with management, and we have incorporated their comments where relevant.

This report is intended to be solely for the information and use of management and those charged with governance of the Council and should not be shared with anyone beyond the Council without our prior approval.

We would like to take this opportunity to thank the finance team for the co-operation and assistance afforded to us during the course of the audit.

Yours faithfully

A handwritten signature in black ink that reads "Bishop Fleming LLP". The signature is written in a cursive, flowing style.

**BISHOP FLEMING LLP**

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# 1. Executive summary

## Status of audit

The scope of our work is set in accordance with the National Audit Office's Code of Audit Practice (the Code) and the International Standards on Auditing (ISAs) (UK). Our work is planned to provide a focused and robust audit. We are required to provide an independent opinion as to whether the financial statements:

- give a true and fair view of the financial position of the Council at the year end and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Our audit is largely complete. However, it is subject to the resolution of certain outstanding queries outlined in Section 2. Subject to the satisfactory finalisation of these points, we anticipate issuing an unmodified audit report.

On 9 September 2024, the Secretary of State for MHCLG laid regulations to introduce statutory deadlines for publication of audited accounts amending the Accounts and Audit Regulations 2015. These came into force on 30 September 2024 with the intention of addressing the backlog in local government accounts. For the 2023/24 financial year, under these new regulations, an authority must publish its accountability statements (namely its audited statement of accounts, annual governance statement and narrative statement) on or before 28 February 2025.

## Key audit issues

Within our Audit Plan which was presented to the Audit & Governance Committee in April 2024, we outlined a number of risks that we considered to be of particular significance to the audit. Our plan also detailed our planned approach for addressing each of these risks.

The specific risks highlighted were as follows:

- Management override of controls;
- Valuation of land and buildings;
- Valuation of investment properties; and
- Valuation of the pension fund net liability.

Our audit work has been satisfactorily completed with the exception of the Valuation of the Pension Fund Net Liability as we await assurance requests relating to pension fund valuations. This is further detailed in Section 2 of this report.

## Audit adjustments

During the course of our work, adjustments were proposed but not made, as those charged with governance do not consider them to be material to the financial statements. We accept this explanation.

Full details of the adjustments identified are included in Section 6 to this report.

## Management letter points and internal control matters

One control point was identified during the course of our work and it is further detailed in Section 7 to this report. Of the matters noted, none are considered to have an important effect on your system of internal control. We have also followed up on recommendations made by your previous auditor.

## Value for Money

We are also required to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024. The National Audit Office's Code of Audit Practice requires us to report on the Council's arrangements under three specified reporting criteria:

- Financial sustainability – how the Council plans and manages its resources to ensure it can continue to deliver its services;
- Governance – how the Council ensures it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness – how the Council uses information about its costs and performance to improve the way it manages and delivers its services.

Our work has not identified any significant weaknesses; see Section 8 for more details. The results of the Value for Money work are reported separately in our Auditor's Annual Report.

## Independence

The FRC Ethical Standard and ISA 260 requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our independence and objectivity. The aim of these communications is to ensure full and fair disclosure by us to those charged with governance on matters in which you have an interest.

We are not aware of any relationships that, in our professional judgment, may reasonably be thought to bear on our independence or the objectivity of the audit engagement team.

We confirm that in our professional judgment, Bishop Fleming is independent within the meaning of regulatory and professional requirements and the objectivity of the audit engagement partner and audit staff has not been compromised.

We consider that our independence in this context is a matter that should be reviewed by both you and ourselves. It is therefore important that you consider the facts of which you are aware and come to a view. Should you have any specific matters that you wish to discuss, please contact us.

## 2. Introduction

### Responsibilities of the audited body

The audited body is responsible for the preparation of the financial statements and for making available to us all the information and explanations we consider necessary. Therefore, it is essential that it confirms that our understanding of all matters referred to in this report are appropriate, having regard to its knowledge of the particular circumstances.

We would point out that the matters dealt with in this report came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements of North Devon District Council.

In consequence, our work did not encompass a detailed review of all aspects of the system and controls and cannot be relied upon necessarily to disclose possible frauds or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might reveal.

### Materiality

In carrying out our audit work we have considered whether the financial statements are free from 'material misstatement'. Materiality is an expression of the relative significance of a particular matter in context of the financial statements as a whole.

In general, misstatements, including omissions, are considered to be material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

The assessment of whether a misstatement is material in the context of the financial statements is a matter of professional judgement and will have regard to both the size and the nature of the misstatement, or a combination of both. It is also affected by our perception of the financial information needs of users of the financial statements.

|                              | Basis of materiality    | Amount  |
|------------------------------|-------------------------|---------|
| North Devon District Council | 2% of gross expenditure | £1,258k |

The level of materiality is unchanged since our Audit Plan.

### Anticipated audit report

Subject to the satisfactory resolution of the outstanding items, and to receiving all outstanding information set out below, we anticipate issuing an unmodified audit report on the financial statements of North Devon District Council for the year ended 31 March 2024.

### Representation Letter

The representation letter is attached at Appendix 1.

## Update on our planned approach

Our audit work was carried out in accordance with our Audit Plan in response to the perceived audit risks. No matters were identified which required us to change our approach and no additional risks were identified.

Our audit is substantially complete although we are finalising our procedures in the following areas:

- Receipt of assurance requests relating to pension fund valuations for Devon Pension Fund
- Resolution of final manager and key audit partner review of audit working papers, including over land and buildings valuation workings
- Continuing to check post year-end receipts in support of debtor balances
- Receipt of outstanding bank confirmations (we have been performed alternative procedures in the meantime)

We will also need to complete the following tasks as part of our usual completion procedures:

- Consideration of post balance sheet events prior to signing
- Final review of the financial statements
- Approval of the financial statements by the Council
- Receipt of the signed management representation letter

## Confidentiality






This document is strictly confidential and although it has been made available to those charged with governance to facilitate discussions, it may not be taken as altering our responsibilities to the Council arising under the Local Audit and Accountability Act 2014 (the Act) and from the Code of Audit Practice. The contents of this report should not be disclosed to third parties without our prior written consent.

### 3. Audit and accounts process




The preparation of the financial statements is a vital process for the management of the Council and one which should be performed on a timely basis. We met with senior officers as part of our planning work to discuss how we would work together to make the audit process effective.

We discussed key accounting issues early, so they could be considered before the audit commenced.

#### 2024

|                                |   |
|--------------------------------|---|
| Readiness for audit            |  |
| Quality of financial statement |  |
| Accuracy of financial records  |  |
| Quality of working papers      |  |
| Availability of staff          |  |

#### Key (Impact on audit approach)

|                             |   |
|-----------------------------|---|
| No impact on audit          |    |
| Some impact on audit        |   |
| Significant impact on audit |  |

We invested significant time into the audit running as smoothly as possible. In addition to carrying out a review of the predecessor auditor's working papers, we also met with Grant Thornton to discuss key issues and ensure we had a clear understanding of the prior year audit. At the start of the audit, we held planning meetings with key management personnel and a meeting with the finance team to set expectations for the audit. During the final audit, we had bi-daily calls with the finance team.

As a result of the investment made by both parties, the audit has generally proceeded very smoothly. We are keen to continually improve our service and the effectiveness of the process and, therefore, we will hold a debrief discussion with management to identify areas where this might be possible.

#### Readiness for audit

We were provided with a copy of the draft financial statements in line with the timetable agreed before the start of the audit and as outlined in our audit plan. No significant further amendments were made by management to their figures following receipt of the draft financial statements. All information requested during the fieldwork was provided promptly to our staff. This made the core audit work progress relatively smoothly and as planned.

#### Quality of financial statements

Management have taken charge of preparing and drafting the financial statements. We have not identified any significant omissions from the draft financial statements.

#### Accuracy of financial records

The majority of the underlying financial records were accurate, agreed to the information provided in the audit file and were easy to understand.

#### Quality of working papers

All information we were provided with was easy to understand and had been reconciled back to the trial balance by management before being provided to us. This made the core audit work progress smoothly and as planned.

#### Availability of staff

Key members of the finance team made themselves available to us throughout the audit where possible. We were kept informed of any instances when staff were not available.



## 4. Audit risks

| Management override of controls   |  |
|---|--|
| <b>Significant Risk</b><br><br>We are required by auditing standards (ISA 240) to consider fraud and management override of controls to be a significant risk for all audits as no matter how strong a control environment, there is the potential for controls to be overridden or bypassed. | <b>Work done and conclusion</b><br><br>To address this risk, we have: <ul style="list-style-type: none"><li>• reviewed the reasonableness of accounting estimates and critical judgements made by management;</li><li>• tested journals with a material impact on the results for the year; and</li><li>• considered a sample of other journals with key risk attributes.</li></ul><br>In testing journals, we used data analytics tools to interrogate the whole population of journals posted in the year and focus on those with key risk factors.<br><br>We have not identified any material errors from our work carried out. |

| Valuation of land and buildings  |  |
|--|--|
| <b>Significant Risk</b><br><br>There is a risk over the valuation of land and buildings due to the high degree of estimation uncertainty, and judgements involved in build valuations. | <b>Work done and conclusion</b><br><br>To address this risk, we have: <ul style="list-style-type: none"><li>• documented our understanding of the processes and controls put in place by management, and evaluate the design of the controls;</li><li>• reviewed the instructions provided to the valuer and the valuer's skills and expertise, in order to determine if we can rely on the management expert;</li><li>• written to the valuer to confirm the basis on which the valuation was carried out;</li><li>• confirmed that the basis of valuation for assets valued in year is appropriate based on their usage;</li><li>• reviewed the appropriateness of assumptions used in the valuation of land and buildings. For assets not formally revalued in the year we assessed how management has satisfied itself that these assets are not materially different from the current value at the year-end;</li><li>• reviewed accuracy and completeness of information provided to the valuer, such as floor areas;</li><li>• tested a sample of revaluations made during the year to ensure that they have been input correctly into the Council's asset register; and</li><li>• form our own expectations regarding the movement in property values and comparing this to the valuations reflected in the Council's financial statements, following up valuation movements that appear unusual.</li></ul> |

## Valuation of land and buildings

We have not identified any material errors from our work carried out to date.

However, we have noted an adjustment in section 6 in relation to errors within the Council's master valuation spreadsheet. We have raised a recommendation in regard to this in section 7.

## Valuation of investment properties

### Significant Risk

There is a risk over the valuation of investment properties due to the values involved and the high degree of estimation uncertainty, due to the sensitivity of the estimate to changes in key assumptions and judgements.

### Work done and conclusion

To address this risk, we have:

- documented our understanding of the processes and controls put in place by management, and evaluate the design of the controls;
- reviewed the instructions provided to the valuer and the valuer's skills and expertise, in order to determine if we can rely on the management expert;
- written to the valuer to confirm the basis on which the valuation was carried out;
- confirmed that the basis of valuation for assets valued in year is appropriate based on their usage;
- reviewed the appropriateness of assumptions used in the valuation of investment properties;
- reviewed accuracy and completeness of information provided to the valuer, such as floor areas;
- tested a sample of revaluations made during the year to ensure that they have been input correctly into the Council's asset register; and
- form our own expectations regarding the movement in property values and comparing this to the valuations reflected in the Council's financial statements, following up valuation movements that appear unusual.

We have not identified any material errors from our work carried out.

## Valuation of the pension fund net liability

### Significant Risk

There is a risk over the valuation of the pension fund net liability due to the values involved and the high degree of estimation uncertainty, due to the sensitivity of the estimate to changes in key assumptions.

### Work done and conclusion

To address this risk, we have:

- documented our understanding of the processes and controls put in place by management, and evaluate the design of the controls;
- reviewed the instructions provided to the actuary and the actuary's skills and expertise, in order to determine if we can rely on the management expert;
- considered the accuracy and completeness of the information provided to the actuary;
- ensured that the disclosures in the financial statements in respect of the pension fund liability are consistent with the actuarial report from the actuary;
- carried out procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and
- sought to obtain assurances from the auditor of Devon Pension Fund in respect of the controls around the validity and accuracy of membership data, contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

At the time of reporting, the assurance from the auditor of the pension fund has not yet been provided so our work on this area remains incomplete.

However, we have not identified any material errors from our work carried out.

## 5. Other audit and financial reporting matters

### Valuation of the Pension Fund

The macro-economic environment has had a significant effect on the actuarial valuation of the Council's share of Local Government Pension Scheme, with deficits reported by the Council's actuary through their IAS 19 report reducing significantly in each of the last two years.

Across the Local Government Sector accounting surpluses have become more prevalent. IFRIC 14 provides guidance from the International Financial Reporting Interpretations Committee on the extent to which an IAS 19 surplus can be recognised on the balance sheet and whether any additional liability needs to be recognised in respect of onerous funding commitments. The sector-wide approach to applying IFRIC 14 has developed over the last year as IAS 19 surpluses are becoming more common. This has resulted in some actuaries revising their approach when producing 'asset ceiling' calculations that adopt the principles set out in IFRIC 14.

On production of the asset ceiling report for the valuation as at 31 March 2024, the Council's Actuary (Barnett Waddingham) determined that £3,601k should be recognised as at 31 March 2024 to reflect an onerous funding commitment that results from the Council's commitment to make secondary contributions over the funding horizon period set out at the Triennial Valuation. This has the effect of increasing the closing deficit/liability position of the pension fund to £8,524k as set out in Note 42 in the financial statements.

We challenged this to confirm that no additional liability should be recognised in the prior year. The Actuary confirmed that the values disclosed in their IAS 19 report would not change as a result of introducing an onerous funding commitment as at 31 March 2023 using their current default approach.

## 6. Audit adjustments

In accordance with the requirements of International Standards on Auditing, we must communicate all adjusted and unadjusted items identified during our audit work, other than those which we believe to be clearly insignificant.

### Adjusted items

The table below provides details of any misclassification and disclosure changes identified during the audit.

| Misclassification/ Disclosure change           | Audit comment  | Adjusted? |
|--|--|-----------|
| Disclosure of Officers' Remuneration (note 33) | Disclosure error within note 33. Officers' Remuneration did not include subsistence, totalling £213. | ✓         |

### Unadjusted items

The table below provides details of adjustments identified during the 2023/24 audit which have not been made within the final set of financial statements. The Governance Committee is required to approve management's proposed treatment of all items recorded within the table below. (These are also set out in the Letter of Representation in Appendix 1.).




| <i>Factual (F), projected (P), judgmental (J)</i>                    |   | Comprehensive Income and Expenditure Statement |              | Balance sheet |              |
|--|---|--|--------------|---------------|--------------|
|  |   | Dr   | Cr           | Dr            | Cr           |
|  |   | £'000  | £'000        | £'000         | £'000        |
| Projected understatement of expenditure (actual £3,793)              | P | 95   | -            | -             | (95)         |
| Projected understatement of other government income (actual £12,650) | P | -  | (146)        | 146           | -            |
| Overstatement of fixed assets valuation gain                         | F | 592  | -            | -             | (592)        |
| <b>Total</b>   |   | <b>687</b>                                     | <b>(146)</b> | <b>146</b>    | <b>(687)</b> |

## 7. Management letter points and internal control systems


The Council's management is responsible for the identification, assessment and monitoring of risk, for developing, operating and monitoring the systems of internal control and for providing assurance to the Those Charged with Governance that it has done so.


In accordance with the terms of our engagement we have not provided a comprehensive statement of all issues which may exist in the accounting and internal control systems or of all improvements which may be made, but outline below our observations arising from the audit; none of which are considered significant.

### KEY:

-  Observations refer to issues that are so fundamental to the system of internal control that management should address immediately to minimise the risk of a material misstatement within the financial statements.
-  Observations refer mainly to issues that have an important effect on the system of internal control and, if left uncorrected could potentially lead to a material misstatement within the financial statements.
-  Observations refer to issues that would, if corrected, improve internal control in general and engender good practice, but is unlikely to have a material impact on the financial statements.





### Current Year Issues

| Master valuation spreadsheet  |  |
|---|--|
|    |  |
| <p>In testing the Council's asset valuation movements, we reconciled a sample of assets from the valuer's report to the fixed asset register (as captured in the Council's master valuation spreadsheet). However, we noted several differences.</p> <p>Upon investigation, the differences were caused by input errors on the master valuation spreadsheet by the Council's property team. It has resulted in an unadjusted item as per section 6.</p> | <p><u>Recommendation</u></p> <p>We recommend the property team enhance their checking processes so that it identifies when this type of inputting error occurs.</p> <p>The use of spreadsheets can be enhanced to perform several automatic checks such that it gives quick certainty the data is accurate and complete, as well as fully reconciling.</p> <p><u>Management comment</u></p> <p>The Finance Manager is going to ensure the 2024/25 Engagement letter with the Valuer's includes a section around proof reading and double checking the Master Spreadsheet individual Land and Asset amounts back to the source valuations before the final submission to the Finance team. The Finance Manager has already liaised with the Property valuations team and even though the 2023/24 errors seemed to be isolated, they are keen to add an extra layer of checking to ensure the correct valuations are passed to the Finance team.</p> |

| Employee identification   |   |
|---|---|
|    |   |
| <p>In testing a sample of employee benefits, we performed a test to ensure valid identification was held on file by the Council.</p> <p>We identified that 4 out of the 20 employees tested did not have photo identification held on file.</p> | <p><u>Recommendation</u></p> <p>We recommend all employee's identification are kept on file upon joining. For existing employees, spots checks are undertaken to ensure sufficient identification is retained.</p> <p><u>Management comment</u></p> <p>We can confirm that employee identification is obtained, confirmed and kept on file upon joining the Council. We will carry out internal checks on existing employee records to ensure completeness.</p> |

## Prior Year Issues

We have followed up on prior year issues reported by the Council's predecessor auditor. We detail the points that remain open, with all other matters considered closed.

| Journals authorisation   |   |
|--|---|
| <p>CY:  PY: </p>   |   |
| <p>There are no preventative controls in place around journals authorisation.</p>  | <p><u>Original Recommendation</u></p> <p>In previous years, the predecessor auditor recommended that the Council should review arrangements for authorising journals below £10,000. These should also include preventative system controls.</p> <p><u>Management comment</u></p> <p>Journals above £10,000 are reviewed and signed off by the Finance Manager. Journals of all values are received and reviewed by the Accountants who are the only officers authorised to enter journals onto the system; journal entry is not devolved to service areas. Therefore for journals &lt;£10,000 we are confident there are sufficient preventative controls already in place around journal entry.</p>  |
| Administrative rights in Civica  |   |
| <p>CY:  PY: </p>   |   |
| <p>It was identified during our review of users rights that administrative rights on Civica have been granted to members of the Finance Team who have financial responsibilities. Combining both financial privileges and administrative privileges on the system is considered as a segregation of duties which creates a risk that system-enforced internal controls can be by-passed.</p> | <p><u>Original Recommendation</u></p> <p>The predecessor auditor recommended that the Council should ensure that no members of finance have administrative user access rights.</p> <p><u>Management comment</u></p> <p>From an operational point of view it needs to be finance officers that have the 'update access' as the team fully understand the wider functionality of the system; the ICT team would not have the practical experience needed to fully understand and administer the correct access levels to finance system users throughout the authority. The levels referred to are 'business operations access'; 'transaction code access' and 'business objects permissions' – all of which require that detailed understanding of the finance function which is only obtained through the Finance Manager and Senior Accountant's experience.</p> |



## 8. Other matters

### Other information

We are required to give an opinion on whether the other information published with the audited financial statements (for example, the Narrative Statement and Annual Governance Statement) is materially inconsistent with the financial statement or our knowledge as obtained during the audit.

We have nothing to report in this respect.

### Reporting by exception

We are required to report to you by exception the following matters, if:

- the Annual Governance Statement does not comply with “Delivering Good Governance in Local Government: Framework 2016 Edition” published by CIPFA/SOLACE; or
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014; or
- we make a written recommendation to the Council under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report on these matters.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. No such objections have been raised.

### Going concern

Our work has not identified a material uncertainty related to going concern. We are satisfied that management’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

### Value for money arrangements

We are required to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024. The Code of Audit Practice requires us to report on the Council’s arrangements under three specified reporting criteria:

- Financial sustainability – how the Council plans and manages its resources to ensure it can continue to deliver its services;
- Governance – how the Council ensures it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness – how the Council uses information about its costs and performance to improve the way it manages and delivers its services.

We asked management to complete an evidenced self-assessment of the Council’s arrangements. We then reviewed the evidence provided and carried out follow-up work as appropriate to consider whether there are any significant weaknesses in the Council’s arrangements for securing economy, efficiency and effectiveness in its use of resources.

We have not identified any significant weakness and the results of the Value for Money work are reported separately in our Auditor’s Annual Report.

## Whole of Government accounts work

Alongside our work on the financial statements, we also review and report to the National Audit Office on the Council's Whole of Government Accounts (WGA) return. The extent of our review, and the nature of our report, is specified by the National Audit Office.

We have received group instructions from the National Audit Office in respect of our work on the Council's WGA submission and will complete this work alongside conclusion of our audit work as set out above.

## Audit certificate

At the end of the audit, as auditors, we are required to certify the completion of the audit. The effect of this certificate is to close the audit and marks the point when the auditor's responsibilities in respect of the audit of the period covered by the certificate have been discharged.

We intend to issue our audit certificate alongside the auditor's opinion on the accounts.

## Audit fees

Our final fee for the 2023/24 audit is set out below:

|   | Fee proposed at planning stage (£) | Final fee (subject to approval by PSAA) (£) |
|---|------------------------------------|---|
| PSAA scale fee 2023/24  | 141,815                            | 141,815                                     |
| Fee variation for additional procedures in relation to revisions to ISA 315   | TBC                                | 11,995                                      |
| Fee variation in relation to additional procedures incurred for audit of pension disclosures to ensure compliance with IFRIC 14 | TBC                                | 1,150                                       |
| <b>Total (excluding VAT)</b>  | <b>TBC</b>                         | <b>154,960</b>                              |

We can confirm that we have not undertaken any non-audit work at the Council during the year.

# Appendices



# 1. Letter of representation

Bishop Fleming LLP  
10 Temple Back  
Bristol  
BS1 6FL

Dear Sirs

## North Devon District Council

### FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

The following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience such as we consider necessary in connection with your audit of the North Devon District Council (the Council) financial statements (and its subsidiary undertakings) for the year ended 31 March 2024. These enquiries have included inspection of supporting documentation where appropriate, and are sufficient to satisfy ourselves that we can make each of the following representations. All representations are made to the best of our knowledge and belief.

#### 1. General

We have fulfilled our responsibilities for the preparation of the group and 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 2023/24 (the Code) and applicable law and for being satisfied that they give a true and fair view and for making accurate representations to you.

All the transactions undertaken by the Council have been properly reflected and recorded in the accounting records.

All the accounting records have been made available to you for the purpose of your audit of the Council. We have provided you with unrestricted access to all appropriate persons within the Council, and with all other records and related information requested, including minutes of all Council and Committee meetings.

The financial statements are free of material misstatements, including omissions.

The effects of uncorrected misstatements (as set out in Appendix A to this letter) are immaterial both individually and in total.

#### 2. Internal control and fraud

We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error, and we believe that we have appropriately fulfilled these responsibilities. We have disclosed to you the results of our risk assessment that the financial statements may be misstated as a result of fraud.

We have disclosed to you all instances of known or suspected fraud affecting the Council involving management, employees who have a significant role in internal control or others where fraud could have a material effect on the financial statements.

We have also disclosed to you all information in relation to allegations of fraud or suspected fraud affecting the group and the Council's financial statements communicated by current or former employees, analysts, regulators or others.

#### 3. Assets and liabilities

The Council has satisfactory title to all assets and there are no liens or encumbrances on the Council's assets, except for those that are disclosed in the notes to the financial statements.

Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include PPE and investment property valuations, pension liability and NNDR provisions.

All actual liabilities, contingent liabilities and guarantees given to third parties have been recorded or disclosed as appropriate.

We have no plans or intentions that may materially alter the carrying value and, where relevant, the fair value measurements or classification of assets and liabilities reflected in the financial statements.

#### **4. Accounting estimates**

The methods, data and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement and disclosure that is reasonable in the context of the applicable financial reporting framework.

#### **5. Legal claims**

We have disclosed to you all claims in connection with litigation that have been, or are expected to be, received and such matters, as appropriate, have been properly accounted for and disclosed in the financial statements.

#### **6. Laws and regulations**

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 the financial statements.

We confirm that all correspondence with our Regulators has been made available to you.

#### **7. Related parties**

Related party relationships and transactions comply with the Council's financial regulations, relevant requirements of the Code and have been appropriately accounted for and disclosed in the financial statements. We have disclosed to you all relevant information concerning such relationships and transactions and are not aware of any other matters which require disclosure in order to comply with regulatory, legislative and accounting standards requirements.

#### **8. Subsequent events**

All events subsequent to the date of the financial statements which require adjustment or disclosure have been properly accounted for and disclosed.

#### **9. Going concern**

We believe that the Council's financial statements should be prepared on a going concern basis on the grounds that the financial reporting framework applicable to local government bodies means that the anticipated continued provision of entity's services in the public sector is normally sufficient evidence of going concern. We have not identified any material uncertainties related to going concern.

#### **10. Annual Governance Statement**

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.

#### **11. Narrative Report**

The disclosures within the Narrative Report fairly reflect our understanding of the Council's financial and operating performance over the period covered by the Council's financial statements.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware.

We have taken all the appropriate steps in order to make ourselves aware of any relevant audit/ other information and to establish that you are aware of that information.

Yours faithfully

.....  
Signed on behalf of the Governance Committee of North Devon District Council

12 November 2024

Appendix A

| <i>Factual (F), projected (P), judgmental (J)</i>                    |   | Comprehensive Income and Expenditure Statement |              | Balance sheet |              |
|--|---|--|--------------|---------------|--------------|
|  |   | Dr   | Cr           | Dr            | Cr           |
|  |   | £'000  | £'000        | £'000         | £'000        |
| Projected understatement of expenditure (actual £3,793)              | P | 95   | -            | -             | (95)         |
| Projected understatement of other government income (actual £12,650) | P | -  | (146)        | 146           | -            |
| Overstatement of fixed assets valuation gain                         | F | 592  | -            | -             | (592)        |
| <b>Total</b>   |   | <b>687</b>                                     | <b>(146)</b> | <b>146</b>    | <b>(687)</b> |

## 2. Required communications with the Governance Committee

Under the auditing standards, there are certain communications that we must provide to the Governance Committee as those charged with governance. These include:

| Required communication   | Where addressed   |
|--|---|
| Our responsibilities in relation to the financial statement audit and those of management and those charged with governance.   | Audit Plan  |
| The planned scope and timing of the audit including any limitations, specifically including with respect to significant risks.   | Audit Plan  |
| With respect to misstatements: <ul style="list-style-type: none"> <li>• uncorrected misstatements and their effect on our audit opinion;</li> <li>• the effect of uncorrected misstatements related to prior periods;</li> <li>• a request that any uncorrected misstatement is corrected; and</li> <li>• in writing, corrected misstatements that are significant.</li> </ul>   | Audit Completion Report   |
| With respect to fraud communications: <ul style="list-style-type: none"> <li>• enquiries of those charged with governance to determine whether they have a knowledge of any actual, suspected or alleged fraud affecting the entity;</li> <li>• any fraud that we have identified or information we have obtained that indicates that fraud may exist; and</li> <li>• a discussion of any other matters related to fraud.</li> </ul>   | Audit Completion Report<br>Discussions at Governance Committee meetings |
| Significant matters arising during the audit in connection with the entity's related parties.  | Audit Completion Report   |
| Significant findings from the audit including: <ul style="list-style-type: none"> <li>• our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;</li> <li>• significant difficulties, if any, encountered during the audit;</li> <li>• significant matters, if any, arising from the audit that were discussed with management;</li> <li>• written representations that we are seeking;</li> <li>• expected modifications to the audit report; and</li> <li>• other matters significant to the oversight of the financial reporting process or otherwise identified during the audit that we believe will be relevant to the Committee when fulfilling their responsibilities.</li> </ul> | Audit Completion Report   |
| Significant deficiencies in internal controls identified during the audit.   | Audit Completion Report   |
| Where relevant, any issues identified with respect to authority to obtain external confirmations or inability to obtain relevant and reliable audit evidence from other procedures.  | Audit Completion Report   |
| Audit findings regarding non-compliance with laws and regulations  | Audit Completion Report<br>Discussions at Governance Committee meetings |
| Significant matters in relation to going concern.  | Audit Completion Report   |
| Indication of whether all requested explanations and documents were provided by the entity.  | Audit Completion Report   |
| Confirmation of independence and objectivity of the firm and engagement team members.  | Audit Plan<br>Audit Completion Report                                   |



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