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Informing the audit risk assessment for North Devon District Council 2019/20

Peter Barber

Engagement Lead

T 0117 305 7897

E Peter.A.Barber@uk.gt.com

Andrew Davies

Engagement Manager

T 0117 305 7844

E Andrew.Davies@uk.gt.com

Roz Apperley

Engagement In-charge

T 0117 305 7810

E Roz.E.Apperley@uk.gt.com



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Purpose

The purpose of this report is to contribute towards the effective two-way communication between North Devon District Council's external auditors and the Council's Governance Committee, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where we are required to make inquiries of the Governance Committee under auditing standards.

Background

Under International Standards on Auditing (UK) (ISA(UK)) auditors have specific responsibilities to communicate with Governance Committee. ISA(UK) emphasise the importance of two-way communication between the auditor and the Governance Committee and also specify matters that should be communicated.

This two-way communication assists both the auditor and the Governance Committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Governance Committee and supports the Governance Committee in fulfilling its responsibilities in relation to the financial reporting process.

Communication

As part of our risk assessment procedures we are required to obtain an understanding of management processes and the Council's oversight of the following areas:

- General Enquiries of Management
- Fraud,
- Laws and Regulations,
- Going Concern,
- Related Parties, and
- Accounting Estimates.

Purpose

This report includes a series of questions on each of these areas and the response we have received from Council's management. The Governance Committee should consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

General Enquiries of Management

Question	Management response
<p>1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2019/20?</p>	<p>Covid-19 will undoubtedly have an impact on the financial statements in terms of consideration of ongoing financial position of the authority. Consideration of going concern; reserve balances and levels of bad debt provision will be needed, together with assessment of valuation of council assets.</p> <p>The Business Rate Retention Scheme will bring accumulated balances forward from year 5 (2017-18) and year 6 (2018-19 which was the 100% pilot year). 2019/20 back as part of the Devon pooling arrangement.</p> <p>Earlier preparation of the draft financial statements; last year we signed the draft accounts on 28 May 2019 – this is year 3 of the earlier closedown, however due to Covid 19 the date for preparation of statements has been extended to 31 August, we though are planning to have the draft accounts produced by 31 July.</p>
<p>2. Have you considered the appropriateness of the accounting policies adopted by North Devon District Council? Have there been any events or transactions that may cause you to change or adopt new accounting policies?</p>	<p>These have been reviewed as part of the annual closure; no material changes and were reported to Audit Committee March 2020.</p>
<p>3. Is there any use of financial instruments, including derivatives?</p>	<p>None other than the normal debtors, creditors, cash and cash equivalents and PWLB borrowing.</p>
<p>4. Is Are you aware of any significant transaction outside the normal course of business?</p>	<p>No.</p>

General Enquiries of Management

Question	Management response
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets?	We will need to consider and assess the impact following Covid-19 with the valuers on the non-current assets.
6. Are you aware of any guarantee contracts?	No.
7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements?	No.
8. Other than in house solicitors, can you provide details of those solicitors utilised by North Devon District Council during the year. Please indicate where they are working on open litigation or contingencies from prior years?	Legal work is carried out by in-house Legal Services team. Some external work is sourced when dealing with planning appeals.
9. Have any of the Council's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements?	No.
10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?	VAT advice from PSTAX and Link Asset Services for Treasury Management advice.

Fraud

Issue

Matters in relation to fraud

ISA (UK) 240 covers auditors responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both the Governance Committee and management. Management, with the oversight of the Governance Committee, needs to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the Governance Committee should consider the potential for override of controls and inappropriate influence over the financial reporting process.

As North Devon District Council's external auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

As part of our audit risk assessment procedures we are required to consider risks of fraud. This includes considering the arrangements management has put in place with regard to fraud risks including:

- assessment that the financial statements could be materially misstated due to fraud,
- process for identifying and responding to risks of fraud, including any identified specific risks,
- communication with the Governance Committee regarding its processes for identifying and responding to risks of fraud, and
- communication to employees regarding business practices and ethical behaviour.

We need to understand how the Governance Committee oversees the above processes. We are also required to make inquiries of both management and the Governance Committee as to their knowledge of any actual, suspected or alleged fraud. These areas have been set out in the fraud risk assessment questions below together with responses from the Council's management.



Fraud risk assessment

Question	Management response
<p>1. Have North Devon District Council assessed the risk of material misstatement in the financial statements due to fraud?</p> <p>How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?</p> <p>How do North Devon District Council's risk management processes link to financial reporting?</p>	<p>Yes;</p> <ul style="list-style-type: none"> • Internal Audit annual plan covers audits of all key financial systems. Plan is developed by Internal Auditor via Senior Management Team and approved by Members • Audit reports reviewed by Senior Management on how these systems are operating; any instances of weaknesses are reported. Action plan is reported to Governance Committee and progress monitored on regular basis • The Council participates in the National Fraud Initiative (NFI) that incorporates data matching exercises to identify fraud across Council systems – progress is reported to Governance Committee • Review of the Statement of Accounts undertaken by the Accountancy team and Chief Finance Officer prior to being signed off. • Finance team receive regular training to ensure knowledge and expertise is maintained • Governance Committee members receive training every 2 years to ensure knowledge is maintained <p>I am satisfied that the above controls the Council have in place ensure it operates robust systems that mitigate the risk of material misstatement in the accounts</p> <p>The authority has policies and procedures in place (eg whistleblowing; anti-fraud and corruption; data protection and compliance with financial procedure rules). Fraud awareness training is provided to staff.</p> <p>Risk Management framework is included within projects and business cases put forward. It is also embedded within the service plans prepared by Heads of Service that are presented to Members.</p>
<p>2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?</p>	<p>Payroll, cash income and creditor expenditure – the Council has robust internal controls in place and regular reconciliations to back office systems to ensure the controls are effective to mitigate this risk.</p>
<p>3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within North Devon District Council as a whole or within</p>	<p>None.</p>

Fraud risk assessment

Question	Management response
<p>4. Have you identified any specific fraud risks?</p> <p>Do you have any concerns there are areas that are at risk of fraud?</p> <p>Are there particular locations within North Devon District Council where fraud is more likely to occur?</p>	<p>None identified through service areas.</p> <p>The only area potentially at risk of fraud are the government business support schemes through business grants which the Council are administering and total value of circa £50million; however North Devon Council have embedded strong controls in the process to minimise this risk due to online claim form validating with back office information and to ensure checks and measures are in place.</p>
<p>5. What processes do North Devon District Council have in place to identify and respond to risks of fraud?</p>	<p>The authority has policies and procedures in place (eg whistleblowing; anti-fraud and corruption; data protection and compliance with financial procedure rules). Fraud awareness training is provided to staff.</p> <p>Fraud policies are in place (updated 2019) and include zero tolerance to fraud. Members, Senior Officers and Middle Managers are aware of their responsibilities and have received fraud awareness training.</p>
<p>6. How would you assess the overall control environment for North Devon District Council, including: the process for reviewing the effectiveness the system of internal control; internal controls, including segregation of duties; exist and work effectively?</p> <p>If not where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)?</p>	<p>I would assess them as very good, we consistently receive substantial assurance reports from Mazars, the Council's Internal Audit contractor.</p> <p>Both Internal and External Audit review the internal controls and report to Governance Committee. Audit reports are scrutinised by members to ensure recommendations are implemented effectively.</p> <p>Both Internal and External Audit of key systems and controls each year provide assurance to the Governance Committee that the risk of override of controls is reduced.</p>

Fraud risk assessment

Question	Management response
7. Are there any areas where there is potential for misreporting?	Both Internal and External Audit of key systems and controls each year provide assurance to the Governance Committee that the risk of misreporting is reduced.
<p>8. How do North Devon District Council communicate and encourage ethical behaviours and business processes of it's staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud?</p> <p>Have any significant issues been reported?</p>	<p>Induction training and on-going training through Manager Forums cover policies and procedures in place (eg. whistle-blowing; anti fraud and corruption; data protection and compliance with financial procedure rules). Declarations are signed by officers and contractors. Fraud awareness training is provided to staff.</p> <p>Anti-Fraud & Corruption and Whistle-blowing policies cover this and all staff receive fraud awareness training.</p> <p>No significant issues have been reported.</p>
<p>9. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p>	<p>Posts in relation to those set out in question 2;</p> <p>Payroll, cash income and creditor expenditure – the Council has robust internal controls in place and regular reconciliations to back office systems to ensure the controls are effective to mitigate this risk; together with internal audits carried out on these core systems.</p>
<p>10. Are you aware of any related party relationships or transactions that could give rise to instances of fraud?</p> <p>How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>None.</p> <p>We have register of interests for both officers and councillors; year-end related party transaction certificates are signed by every councillor and senior management officer.</p>

Fraud risk assessment

Question	Management response
<p>11. What arrangements are in place to report fraud issues and risks to the Governance Committee? How does the Governance Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control? What has been the outcome of these arrangements so far this year?</p>	<p>Stipulation to notify instances to the Chief Finance Officer who would then include in a report to Members. Annual Audit opinion summarises all instances of fraud identified.</p> <p>By receiving reports from Internal Audit and a specific internal audit of Fraud Management.</p>
<p>12. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?</p>	<p>None.</p>
<p>13. Have any reports been made under the Bribery Act?</p>	<p>No.</p>

Law and regulations

Issue

Matters in relation to laws and regulations

ISA (UK) 250 requires us to consider the impact of laws and regulations in an audit of the financial statements.

Management, with the oversight of the Governance Committee, is responsible for ensuring that the Council's operations are conducted in accordance with laws and regulations including those that determine amounts in the financial statements.

As auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. As part of our risk assessment procedures we are required to make inquiries of management and the Governance Committee as to whether the entity is in compliance with laws and regulations. Where we become aware of information of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Risk assessment questions have been set out below together with responses from management.

Impact of laws and regulations

Question	Management response
<p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p> <p>What arrangements does North Devon District Council have in place to prevent and detect non-compliance with laws and regulations?</p> <p>Are you aware of any changes to North Devon District Council's regulatory environment that may have a significant impact on North Devon District Council's financial statements?</p>	<p>Heads of Service annually sign assurance statements which provide assurance that their services are compliant with relevant laws and regulations.</p> <p>Any non compliance is reported to Senior Management team and Governance Committee along with any necessary mitigating actions.</p> <p>Annual rolling Internal Audit plan that provides assurance across all service areas that agreed policies and procedures are in place and being complied with.</p> <p>No.</p>
<p>2. How is the Governance Committee provided with assurance that all relevant laws and regulations have been complied with?</p>	<p>Review governance arrangements through the Annual Governance Statement and twice yearly the Corporate Risk Register is reported. All audit reports are reported to Governance Committee and time is allocated at the meeting to discuss and deal with issues raised.</p>
<p>3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2019 with an on-going impact on the 2019/2020 financial statements?</p>	<p>None reported.</p>
<p>4. Is there any actual or potential litigation or claims that would affect the financial statements?</p>	<p>None that have not already been provided for in the accounts.</p>

Impact of laws and regulations

Question	Management response
5. What arrangements does North Devon District Council have in place to identify, evaluate and account for litigation or claims?	Legal Services team identify and assess any potential action being taken against the Council and if appropriate provision would be made within the Council's accounts.
6. Have there been any report from other regulatory bodies, such as HM Revenues and Customs which indicate non-compliance?	None reported.

Going Concern

Issue

Matters in relation to going concern

ISA (UK) 570 covers auditor responsibilities in the audit of financial statements relating to management's use of the going concern assumption in the financial statements.

The going concern assumption is a fundamental principle in the preparation of financial statements. Under this assumption entities are viewed as continuing in business for the foreseeable future. Assets and liabilities are recorded on the basis that the entity will be able to realise its assets and discharge its liabilities in the normal course of business.

Going concern considerations have been set out below and management has provided its response.

Going concern considerations

Question	Management response
<p>1. Has the management team carried out an assessment of the going concern basis for preparing the financial statements for North Devon District Council? What was the outcome of that assessment?</p>	<p>The Medium Term Financial Plan was updated in February 2020 together with Heads of Service producing service plans for NDC looking ahead at service changes as the Council moves forward. The plan shows a balanced budget for 2020/21; a budget gap of £1.781m in 2021/22, £2.110m in 2022/23 and £2.678m in 2023/24.</p> <p>The MTFP will be reviewed as we go through the 2020/21 year and refreshed again as part of the 2021/22 budget setting process. However, Covid-19 has put an unprecedented pressure on the current 2020-21 revenue budget due to additional cost pressures faced by the pandemic and a significant loss of core income. This has been verbally reported to members on 1 June 2020 at Strategy and Resources meeting and moving forwards the MTFP will need to be updated once we have further certainty on future income levels and additional financial support from government.</p>
<p>2. Are the financial assumptions in that report (e.g., future levels of income and expenditure) consistent with North Devon District Council's financial plan and the financial information provided to the Council throughout the year?</p>	<p>Currently we are reporting the projected net impact on general fund budget is £3.974m and with Covid-19 support funding received of £1.018m still leaves us with a projected funding shortfall of £2.956m.</p> <p>The projected fees and charges losses in the above £3.974m impact are only to July and will undoubtedly will continue to get bigger due to the economy being unable to recover immediately. With an unallocated general fund balance of only £1.2m (8.7% of net budget) this leaves us with no-where near sufficient unallocated balances to cover our projected losses; and utilising earmarked reserves (currently forecast balance of £4.1m) will impact upon the Council's ability to deliver on projects such as replacement of vehicle fleet for Refuse and Recycling and ongoing ICT infrastructure investment; both of which will have additional ongoing revenue implications if the capital investment does not materialise.</p> <p>Without any certainty of additional funding coming to the Council and the ongoing question surrounding viability the Section 151 Officer has reported to members that there is a risk that the Council will be in no other position than to issue a section 114 notice if that certainty of funding does not materialise.</p>

Going concern considerations

Question	Management response
3. Are the implications of statutory or policy changes appropriately reflected in North Devon District Council, financial forecasts and report on going concern?	Yes.
4. Have there been any significant issues raised with the Governance Committee during the year which could cast doubts on the assumptions made? (Examples include adverse comments raised by internal and external audit regarding financial performance or significant weaknesses in systems of financial control).	None raised during the year by the auditors. At the Governance Committee on 9 June 2020 members were updated on the current financial pressures facing the Council in light of Covid-19 pandemic and the risks associated with uncertainty of the economy and income levels recovering and also the uncertainty of future government financial support.
5. Does a review of available financial information identify any adverse financial indicators including negative cash flow or poor or deteriorating performance against the better payment practice code? If so, what action is being taken to improve financial performance?	<p>As highlighted already in above answers; we continue to lobby government through our MP, through the Local Government Association and as a Devon-wide group of Section 151 Officers. Both the Chief Finance Officer and Chief Executive met with MHCLG (Central Government) on 5 June 2020 to discuss the Council's financial position and to put pressure on providing certainty about any further current year funding for 2020-21 but also to have certainty on future year funding 2021-22 onwards.</p> <p>We are also continuing to monitor closely the financial position and income levels which are feeding into monthly returns to Government in response to the Covid-19 pandemic.</p>

Going concern considerations

Question	Management response
<p>6. Does North Devon District Council have sufficient staff in post, with the appropriate skills and experience, particularly at senior manager level, to ensure the delivery of Council's objectives? If not, what action is being taken to obtain those skills?</p>	<p>Yes the Council has sufficient staff in post, especially in the core finance team where the existing team are experienced and have been in place for some considerable time with no staff turnover.</p> <p>A recent peer review by the Local Government Association has identified a need to review strategic management and the organisational structure to add necessary and critical capacity to drive internal change and external advocacy and funding opportunities. This is being addressed by the Chief Executive in conjunction with the LGA moving forwards.</p>
<p>7. Does North Devon District Council have procedures in place to assess their ability to continue as a going concern?</p>	<p>Yes and this is being carried out currently as mentioned in light of Covid-19 and the additional cost pressures and income reductions being faced.</p>
<p>8. Is management aware of the existence of events or conditions that may cast doubt on North Devon District Council's ability to continue as a going concern?</p>	<p>Yes both management and councillors are fully aware of the above mentioned conditions and financial pressures the Council currently faces in relation to ongoing viability.</p>

Going concern considerations

Question	Management response
<p>9. Are arrangements in place to report the going concern assessment to the Governance Committee?</p> <p>How has the Governance Committee satisfied itself that it is appropriate to adopt the going concern basis in preparing financial statements?</p>	<p>The above financial position identified has been reported to Strategy and Resources committee on 1 June 2020 and in response to questions a verbal update was also provided at Governance committee on 9 June 2020.</p> <p>Once we have completed the June financial returns to MHCLG (Central Government) and determine any additional financial support from the Treasury following this exercise, a revised Medium Term Financial Plan will be produced and presented to members. This will run concurrently with the preparation of the 2019/20 financial statements which are scheduled to be prepared by 31 July 2020.</p>

Related Parties

Issue

Matters in relation to Related Parties

Council's are required to comply with IAS 24 and disclose transactions with entities/individuals that would be classed as related parties. These may include:

- entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the Council;
- associates;
- joint ventures;
- an entity that has an interest in the authority that gives it significant influence over the Council;
- key management personnel, and close members of the family of key management personnel, and
- post-employment benefit plans (pension fund) for the benefit of employees of the Council, or of any entity that is a related party of the Council.

A disclosure is required if a transaction (or series of transactions) is material on either side, i.e. if a transaction is immaterial from the Council perspective but material from a related party viewpoint then the Council must disclose it.

ISA (UK) 550 requires us to review your procedures for identifying related party transactions and obtain an understanding of the controls that you have established to identify such transactions. We will also carry out testing to ensure the related party transaction disclosures you make in the financial statements are complete and accurate.

Relating Parties

Question	Management response
1. What controls does North Devon District Council have in place to identify, account for and disclose related party transactions and relationships?	We have register of interests for both officers and councillors; in addition year-end related party transaction certificates are signed by every councillor and senior management officer.

Accounting estimates

Issue

Matters in relation to Related Accounting estimates

The Council applies estimates in the preparation of their financial statements. ISA (UK) 540 sets out requirements for auditing accounting estimates. The objective is to gain evidence that the accounting estimates are reasonable and the related disclosures are adequate.

Under this standard we have to identify and assess the risks of material misstatement for accounting estimates by understanding how the Council identifies the transactions, events and conditions that may give rise to the need for an accounting estimate.

Accounting estimates are used when it is not possible to measure precisely a figure in the accounts. We need to be aware of all estimates that the Council is using as part of its accounts preparation; these are detailed in appendix A to this report. The audit procedures we conduct on the accounting estimate will demonstrate that:

- the estimate is reasonable; and
- estimates have been calculated consistently with other accounting estimates within the financial statements.

We would ask the Governance Committee to satisfy itself that the arrangements for accounting estimates are adequate.

Accounting Estimates

Question	Management response
1. Are management aware of transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)?	None, other than those already shown in Appendix A.
2. Are the management arrangements for the accounting estimates, as detailed in Appendix A reasonable?	Yes.
3. How is the Governance Committee provided with assurance that the arrangements for accounting estimates are adequate ?	<p>A review of accounting policies is carried out and reported to Governance Committee annually in March.</p> <p>The draft statement of accounts is presented to Governance Committee members and the Chief Finance Officer provides assurance on the financial statements when they are presented, together with assurance that the estimates and judgments are adequate as part of signing off the accounts within the 'statement of responsibilities for the statement of accounts' section.</p>

Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Property, plant & equipment Valuations	Fair value for land/buildings defined as 'existing use' by code of practice.	Valuations are performed annually to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. For land and buildings all material assets will be considered in 2019/20. The Council value its assets as at 31 March.	Internal valuers who are all professionally qualified Chartered Surveyors.	Degree of uncertainty inherent with any revaluation. We employ professional valuers and rely on expert opinion.	No
Estimated remaining useful lives of PPE	Each part of an item of property, plant and equipment with a significant cost in relation to the total cost is depreciated separately. Depreciation methods, useful lives and residual values are reviewed each financial year and adjusted if appropriate.	See left box	Discussion with internal asset team and where applicable the internal valuers.	Depreciation is calculated on a straight line basis as this reflects consumption of assets and is a reasonable assumption.	No



Appendix A Accounting Estimates (Continued)

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Depreciation and Amortisation	See above	See above	See above	See above	No
Impairments	Review of all assets undertaken annually in line with code of practice.	See left.	Discussion with internal asset team as appropriate.	N/A.	No.
Measurement of Financial Instruments	Financial instruments consist of investments (Collective Investment Fund (CIF)). Measured initially at cost and subsequently at amortised cost using the effective interest method.	Knowledge by the Investment team who manages the CIF portfolio in assessing the potential risk in credit losses.	Fund advisers – Link Asset Services.	The CIF portfolio is assessed on an individual borrower for its expected credit losses using: i) Probability of default ii) Loss of given default	No



Appendix A Accounting Estimates (Continued)

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Provisions for liabilities	Provisions are identified through detailed monthly management accounts which flags any potential issues to management.	Each provision is separately reviewed by financial accounts and a working is put together to support the calculation.	As necessary on an individual basis	Each provision is assessed on an individual basis to ensure that it meets the criteria of a provision per IAS 37. The degree of uncertainty is assessed when determining whether a provision is the correct treatment for an item.	No.
Bad Debt Provision	Debts are reviewed monthly and any debts that are deemed to be irrecoverable are written off to the budget where the income was originally raised.	Knowledge by the Accounts Receivables team in likelihood of recoverability and the aging of the debts. Chief Finance Officer signs off write offs that are above £1500.	N/A	N/A	No.

Appendix A Accounting Estimates (Continued)

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Accruals	We use standard accruals accounting –accruals are based on expenses incurred that have not yet been paid.	Monthly management accounts provides rigorous analysis so that any accruals are highlighted and actioned throughout the year.	N/A.	N/A.	No.
Non Adjusting events – events after the balance sheet date	Monthly management accounts prepared would flag any adjusting/non-adjusting events.	See left.	N/A.	N/A.	No.

Appendix A Accounting Estimates (Continued)

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Pension Fund (LGPS) Actuarial gains/losses	The actuarial gains and losses figures are calculated by the actuarial expert Barnett Waddingham. These figures are based on making % adjustments to the closing values of assets/liabilities.	The Council responds to queries raised by the administering body, Devon County Council.	The Council are provided with an actuarial report by Barnett Waddingham through Devon County Council (LGPS).	The nature of these figures forecasting into the future are based upon the best information held at the current time and are developed by experts in their field.	No.





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