

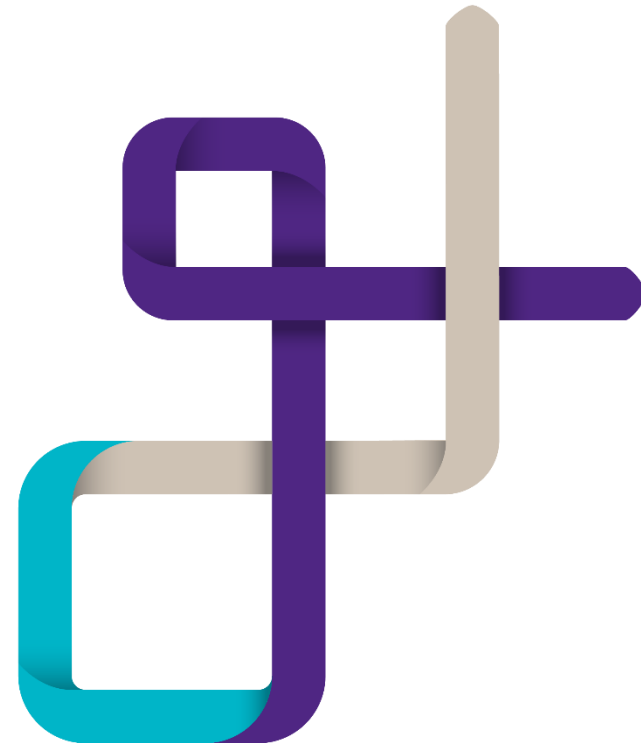
# Audit Findings

*Year ending 31 March 2018*

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Buckinghamshire Pension Fund

25 July 2018



# Contents



## Your key Grant Thornton team members are:

Ciaran McLaughlin  
Engagement Lead

T: 020 7728 2936

E: [ciaran.t.mclaughlin@uk.gt.com](mailto:ciaran.t.mclaughlin@uk.gt.com)

Thomas Slaughter  
Manager

T: 020 7728 2972

E: [thomas.m.slaughter@uk.gt.com](mailto:thomas.m.slaughter@uk.gt.com)

Cherise Douglas  
In-Charge Accountant

T: 020 7865 2488

E: [cherise.a.douglas@uk.gt.com](mailto:cherise.a.douglas@uk.gt.com)

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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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# Headlines

## Introduction

This table summarises the key issues arising from the statutory audit of Buckinghamshire Pension Fund ('the Pension Fund') and the preparation of the Pension Fund's financial statements for the year ended 31 March 2018 for those charged with governance.

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<b>Financial Statements</b>	Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion: <ul style="list-style-type: none"><li>the Pension Fund's financial statements give a true and fair view of the financial position of the Pension Fund and its income and expenditure for the year, and have been properly prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting;</li></ul>	Our audit work was completed on site during June and July. Our findings are summarised on pages 3 to 10. We have not identified any adjustments to the Fund's reported financial performance and position detailed within the Pension Fund Account and the Net Assets Statement. We have identified a number of amendments to the disclosures set out in the notes to the accounts, which are detailed in Appendix B. Our follow up of a recommendation from the prior year's audit is detailed in Appendix A. Subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Regulatory and Audit Committee meeting on 25 July 2018, as detailed in Appendix D. These outstanding items include: <ul style="list-style-type: none"><li>- receipt of management's response to our findings from review of the draft accounts;</li><li>- finalisation of testing of contributions from scheduled and admitted bodies;</li><li>- finalisation of testing of data submitted to the actuary;</li><li>- receipt and review of the Pension Fund Annual Report</li><li>- receipt of the management representation letter; and</li><li>- review of the final set of financial statements.</li></ul>
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## Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during our audit.

# Summary

## Overview of the scope of our audit

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

## Audit approach

Our audit approach was based on a thorough understanding of the Pension Fund's business and is risk based, and in particular included:

## Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

- an evaluation of the Pension Fund's internal controls environment, including its IT systems and controls;
- controls testing of benefit payments to new pensions and of starters, leavers and changes of circumstance processed on the pension admin system; and
- substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

## Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Regulatory and Audit Committee meeting on 25 July 2018, as detailed in Appendix D. These outstanding items include:

- receipt of management's response to our findings from review of the draft accounts;
- receipt and review of the Pension Fund Annual Report
- receipt of the management representation letter; and
- review of the final set of financial statements.

Materiality calculations remains the same as reported in our audit plan.

	Amount (£)	Qualitative factors considered
Materiality for the financial statements	£26,966,000	<ul style="list-style-type: none"> <li>• In calculating materiality, we have considered the users the financial statements and the extent to which they place reliance on the financial statements.</li> </ul>
Performance materiality	£18,876,000	<ul style="list-style-type: none"> <li>• In calculating performance materiality, we have considered the Fund's control environment and the likelihood of material misstatements of the financial statements arising.</li> </ul>
Trivial matters	£1,000,000	<ul style="list-style-type: none"> <li>• We have considered the level at which audit misstatements would be of interest to management and to members of the Regulatory and Audit Committee in discharging their duties.</li> </ul>

# Going concern

## Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management’s use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity’s ability to continue as a going concern” (ISA (UK) 570).

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## Going concern commentary

### Management’s assessment process

Management have assessed that the Fund has sufficient resources to meet its liabilities as they fall due for the foreseeable future.

### Auditor commentary

- We are satisfied regarding the appropriateness of management’s process for formulating their going concern assessment.

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### Work performed

Detail audit work performed on management’s assessment

### Auditor commentary

- We have considered the financial position of the Fund and undertaken a review to identify any possible indicators of any circumstances or events that could indicate that the Fund is no longer a going concern.

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### Concluding comments

### Auditor commentary

- We have identified no events or conditions in the course of the audit that we consider may cast significant doubt on your ability to continue as a going concern.
  - We are satisfied with the appropriateness of management’s going concern assessment process. As such we plan to issue an unmodified audit report in respect of going concern.
-

# Significant audit risks

## Risks identified in our Audit Plan

1

### Improper revenue recognition

Under ISA 240 (UK) there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.

This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.

2

### Management override of controls

Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.

We identified management override of controls as a risk requiring special audit consideration.

## Commentary

### Auditor commentary

Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Fund, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:

- there is little incentive to manipulate revenue recognition
- opportunities to manipulate revenue recognition are very limited
- the culture and ethical frameworks of local authorities, including Buckinghamshire County Council as the Administering Authority of Buckinghamshire Pension Fund, mean that all forms of fraud are seen as unacceptable

Therefore we do not consider this to be a significant risk for Buckinghamshire Pension Fund.

Though we have rebutted this risk, we have still tested all revenue streams to a material extent. Our audit work has not identified any issues in respect of revenue recognition.

### Auditor commentary

- We undertook the following procedures in relation to this risk:
  - gained an understanding of the significant accounting estimates, judgements applied and decisions made by management and consider their reasonableness;
  - obtained a full listing of journal entries, identified and then tested unusual journal entries for appropriateness; and
  - evaluated the rationale for any changes in accounting policies or significant unusual transactions that came to our attention during the course of the audit.
- Our work has not identified any issues in respect of this risk.

# Significant audit risks (continued)

Risks identified in our Audit Plan	Commentary
<p><b>3</b> <b>The valuation of Level 3 investments is incorrect</b></p> <p>Under ISA 315 significant risks often relate to significant non-routine transactions and judgemental matters. Level 3 investments by their very nature require a significant degree of judgement to reach an appropriate valuation at year end.</p> <p>We identified the valuation of level 3 investments as a risk requiring special audit consideration.</p>	<p><b>Auditor commentary</b></p> <ul style="list-style-type: none"> <li>• We undertook the following procedures in relation to this risk:               <ul style="list-style-type: none"> <li>– gained an understanding of the Fund’s process for valuing Level 3 investments and evaluating the design of the associated controls;</li> <li>– reviewed the nature and basis of estimated Level 3 valuations and considered what assurance management has over the year end valuations provided for these investments; and</li> <li>– for a sample of investments, tested the valuation by obtaining and reviewing the audited accounts as at 31 December 2017 for individual investments, agreeing these to fund manager reports at that date and reconciling those values to the valuations reported at 31 March 2018 with reference to known movements in the intervening period.</li> </ul> </li> <li>• Our work has not identified any issues in respect of this risk.</li> </ul>
<p><b>4</b> <b>Change in custodian</b></p> <p>During the year a number of funds have transferred custodian from BNY Mellon to State Street.</p>	<p><b>Auditor commentary</b></p> <ul style="list-style-type: none"> <li>• We undertook the following procedures in relation to this risk:               <ul style="list-style-type: none"> <li>– documented the controls in place to manage the transfer of data to the system of new custodian; and</li> <li>– reviewed and tested management’s reconciliation of the closing position from the old custodian system to the opening position of the new system.</li> </ul> </li> <li>• Our work has not identified any issues in respect of this risk.</li> </ul>

# Reasonably possible audit risks

## Risks identified in our Audit Plan

## Commentary

5

### Contributions

Contributions from employers and employees' represents a significant percentage (68%) of the Fund's revenue.

We therefore identified occurrence of contributions as a risk requiring particular audit attention.

### Auditor commentary

- We undertook the following procedures in relation to this risk:
  - evaluated the Fund's accounting policy for recognition of contributions for appropriateness;
  - gained an understanding of the Fund's system for accounting for contributions income and evaluate the design of the associated controls;
  - tested a sample of contributions to source data to gain assurance over their accuracy and occurrence; and
  - rationalised contributions received with reference to changes in member body payrolls and the number of contributing pensioners and noted no unusual trends.
- Our work has not identified any issues in respect of this risk.

6

### Pension Benefits Payable

Pension benefits payable represents a significant percentage (76%) of the Fund's expenditure.

We identified completeness of pension benefits payable as a risk requiring particular audit attention:

### Auditor commentary

- We undertook the following procedures in relation to this risk:
  - evaluated the Fund's accounting policy for recognition of pension benefits expenditure for appropriateness;
  - gained an understanding of the Fund's system for accounting for pension benefits expenditure and evaluate the design of the associated controls;
  - undertaken controls testing in respect of a sample of benefit payments to new pensioners who commenced receipt of pension payments during 2017/18; and
  - rationalised pensions paid with reference to changes in pensioner numbers and increases applied in year to ensure that any unusual trends are satisfactorily explained.
- Our work has not identified any issues in respect of this risk.

7

### The valuation of Level 2 investments is incorrect

While level 2 investments do not carry the same level of inherent risks associated with level 3 investments, there is still an element of judgement involved in their valuation as their very nature is such that they cannot be valued directly.




We identified valuation of level 2 investments as a risk requiring particular audit attention.

### Auditor commentary




- We undertook the following procedures in relation to this risk:
  - gained an understanding of the Fund's process for valuing Level 2 investments and evaluate the design of the associated controls;
  - reviewed the nature and basis of estimated values and considered what assurance management has over the year end valuations provided for these types of investments; and
  - for a sample of investments, tested the valuation by obtaining independent information from custodian/manager on units and unit prices.
- Our work has not identified any issues in respect of this risk.



# Accounting policies

Accounting area	Summary of policy	Comments	Assessment
<b>Revenue recognition</b>	<ul style="list-style-type: none"> <li>Contributions and investment income are included on an accruals basis. All settlements for buying and selling investments are accrued on the day of trading. Interest on deposits is accrued if not received by the end of the financial year.</li> </ul>	The revenue recognition policies are appropriate and in accordance with the CIPFA Code of Practice and International Financial Reporting Standards (IFRS).	 <b>Green</b>
<b>Judgements and estimates</b>	<ul style="list-style-type: none"> <li>Key estimates and judgements include:               <ul style="list-style-type: none"> <li>the assumptions within the IAS26 calculation of the present value of future retirement benefits;</li> <li>the assumptions within the triennial valuation; and</li> <li>valuation of Level 3 investments.</li> </ul> </li> </ul>	We are satisfied that in all significant respects, judgements and estimates have been disclosed appropriately and adequately in accordance with appropriate accounting policies.	 <b>Green</b>
<b>Other critical policies</b>	<ul style="list-style-type: none"> <li>We have reviewed the Council's policies against the requirements of the CIPFA Code and accounting standards.</li> </ul>	We have reviewed the Fund's policies against the requirements of the CIPFA Code of Practice. We consider the Fund's accounting policies are appropriate and consistent with previous years.	 <b>Green</b>

## Assessment

-  Marginal accounting policy which could potentially be open to challenge by regulators
-  Accounting policy appropriate but scope for improved disclosure
-  Accounting policy appropriate and disclosures sufficient

# Other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

	Issue	Commentary
1	<b>Matters in relation to fraud</b>	<ul style="list-style-type: none"> <li>We have previously discussed the risk of fraud with the Regulatory and Audit Committee in our Audit Plan dated 31 May 2018. We have not been made aware of any frauds during the period in respect of the Fund and no issues have been identified during the course of our audit procedures.</li> </ul>
2	<b>Matters in relation to related parties</b>	<ul style="list-style-type: none"> <li>We are not aware of any related parties or related party transactions which have not been disclosed.</li> </ul>
3	<b>Matters in relation to laws and regulations</b>	<ul style="list-style-type: none"> <li>You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.</li> </ul>
4	<b>Written representations</b>	<ul style="list-style-type: none"> <li>A standard letter of representation has been requested from the Pension Fund.</li> </ul>
5	<b>Confirmation requests from third parties</b>	<ul style="list-style-type: none"> <li>We requested from management permission to send confirmation requests to your fund managers, custodians and other institutions with which you held bank or investment balances as at the year end. This permission was granted and the requests were sent. All of these requests were returned with positive confirmation.</li> </ul>
6	<b>Disclosures</b>	<ul style="list-style-type: none"> <li>Our review identified a number of disclosure omissions or required adjustments in respect of the financial statements. These are detailed in Appendix B.</li> </ul>
7	<b>Significant difficulties</b>	<ul style="list-style-type: none"> <li>We have experienced no significant difficulties in performing our audit work.</li> </ul>
8	<b>Matters on which we report by exception</b>	<ul style="list-style-type: none"> <li>We are required to give a separate opinion for the Pension Fund Annual Report on whether the financial statements included therein are consistent with the audited financial statements.</li> <li>We propose to issue our 'consistency' opinion on the Pension Funds Annual Report on 26 July 2018 alongside our main opinion on the financial statements.</li> </ul>

# Independence and ethics

## **Independence and ethics**

- We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements
- We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.
- Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in December 2017 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix C.

## **Audit and Non-audit services**

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Pension Fund. No non-audit services were identified.

# Follow up of prior year recommendations

We identified the following issues in the audit of Buckinghamshire Pension Fund's 2016/17 financial statements, which resulted in one recommendations being reported in our 2017/18 Audit Findings report. We are pleased to report that management have implemented our recommendation.

	Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
1	✓/X	<ul style="list-style-type: none"> <li>The reconciliation of monthly returns for scheme contributions from scheduled and admitted bodies was not maintained on a regular basis during the year and a number of significant reconciling differences were not followed up and resolved. If this reconciliation is not kept up to date, then there is a risk that any misstatements of contributions recorded on the general ledger could go unidentified.</li> </ul>	<ul style="list-style-type: none"> <li>The scheme contributions reconciliation has been maintained to a higher standard over 2017/18 and did not contain material reconciling differences as it did in the prior year.</li> <li>However, we noted from our testing of scheme contributions number of minor reconciling differences on the contributions for many of the scheduled and admitted bodies. This indicates that there remains further scope for management to improve the accuracy of the contributions reconciliation.</li> </ul>

#### Assessment

- ✓ Action completed
- X Not yet addressed

# Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

## Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure omission	Detail	Adjusted?
<b>Description of the Fund</b>	<ul style="list-style-type: none"> <li>The sections 'Description of the Fund' and 'Membership of the Fund' that precede the financial statements should be moved to a note to the accounts to make clear that these disclosures form part of the audited statement of accounts.</li> </ul>	✓
<b>Accounting Policies</b>	<ul style="list-style-type: none"> <li>No accounting policy was disclosed within Note 2 'Accounting Policies and Critical Judgements in Applying Accounting Policies' in respect of distributions from pooled funds or contractual commitments.</li> </ul>	✓
<b>Accounting Policies</b>	<ul style="list-style-type: none"> <li>Within Note 2 'Accounting Policies and Critical Judgements in Applying Accounting Policies' it was disclosed that loans and receivables financial instruments are carried at historic cost. The balances are actually carried at amortised cost.</li> </ul>	✓
<b>Contributions</b>	<ul style="list-style-type: none"> <li>No analysis was provided within Note 3 'Contributions' of employers contributions by category, ie between the classifications employers' normal contributions, employers' deficit recovery contributions and employers' augmentation contributions.</li> </ul>	✓
<b>Benefits</b>	<ul style="list-style-type: none"> <li>Within Note 5 'Benefits', no disclosure was provided of the benefits payable analysed between the administering authority, scheduled bodies and admitted bodies.</li> </ul>	✓
<b>Investment Income</b>	<ul style="list-style-type: none"> <li>The analysis of income provided in Note 8' Investment Income' did not use the same classification of investments as used on the Pension Fund Account and contained no reference to income from pooled investments</li> </ul>	✓
<b>Investments</b>	<ul style="list-style-type: none"> <li>Within Note 9 'Investments', no quantitative analysis of pooled investments was provided.</li> </ul>	✓
<b>Financial Instruments</b>	<ul style="list-style-type: none"> <li>In Note 12 'Financial Instruments', investment cash balances were included within the fair value hierarchy disclosure table, however cash carried at amortised cost and not fair value and so therefore should not be disclosed within this table.</li> </ul>	✓
<b>Financial Instruments</b>	<ul style="list-style-type: none"> <li>Within Note 12 'Financial Instruments', there has been a restatement of the fair value hierarchy disclosure table. However, no disclosure was provided of the comparative balances as at 1 April 2016 on the restated basis.</li> </ul>	✓
<b>Actuarial Present Value of Promised Retirement Benefits</b>	<ul style="list-style-type: none"> <li>Within Note 17 'Actuarial Position of the Fund' and Note 18 'Actuarial Present Value of Promised Retirement Benefits, no disclosure was provided in respect of key demographic, salary and commutation assumptions made in calculating the actuarial estimates reporting in the accounts.</li> </ul>	✓

# Fees

We confirm below our final fees charged for the audit and confirm there were no fees for the provision of non audit services.

## Audit Fees

	Proposed fee	Final fee
Pension Fund Audit	£25,033	£25,033
<b>Total audit fees (excluding VAT)</b>	<b>£25,033</b>	<b>£25,033</b>

The proposed fees for the year were in line with the scale fee set by Public Sector Audit Appointments Ltd (PSAA).

## Non Audit Fees

No other services have been provided.

# Audit opinion

**We anticipate we will provide the Pension Fund with an unmodified audit report.**

## Independent auditor's report to the members of Buckinghamshire County Council on the pension fund financial statements

### Opinion

We have audited the pension fund financial statements of Buckinghamshire County Council (the 'Authority') for the year ended 31 March 2018 which comprise the Pension Fund Account, the Net Assets Statement and notes to the pension fund financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2017/18.

In our opinion the pension fund financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2018 and of the amount and disposition at that date of the fund's assets and liabilities,
- have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2017/18; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the pension fund of the Authority in accordance with the ethical requirements that are relevant to our audit of the pension fund financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Who we are reporting to

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Director of Finance & Procurement's use of the going concern basis of accounting in the preparation of the pension fund financial statements is not appropriate; or
- the Director of Finance & Procurement has not disclosed in the pension fund financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the pension fund financial statements are authorised for issue.

## Other information

The Director of Finance & Procurement is responsible for the other information. The other information comprises the information included in the Pension Fund Accounts, the Narrative Report and the Annual Governance Statement, other than the pension fund financial statements, our auditor's report thereon and our auditor's report on the Authority's financial statements. Our opinion on the pension fund financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the pension fund financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the pension fund financial statements or our knowledge of the pension fund of the Authority obtained in the course of our work or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the pension fund financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinion on other matter required by the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice)

In our opinion, based on the work undertaken in the course of the audit of the pension fund financial statements the other information published together with the pension fund financial statements in the Pension Fund Accounts, the Narrative Report and the Annual Governance Statement for the financial year for which the pension fund financial statements are prepared is consistent with the pension fund financial statements.

### **Matters on which we are required to report by exception**

Under the Code of Audit Practice we are required to report to you if:

- we have reported a matter in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we have made a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we have exercised any other special powers of the auditor under the Local Audit and Accountability Act 2014.

We have nothing to report in respect of the above matters.

### **Responsibilities of the Authority, the Director of Finance & Assets and Those Charged with Governance for the financial statements**

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Director of Finance & Procurement. The Director of Finance & Procurement is responsible for the preparation of the Statement of Accounts, which includes the pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2017/18, which give a true and fair view, and for such internal control as the Director of Finance & Procurement determines is necessary to enable the preparation of pension fund financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the pension fund financial statements, the Director of Finance & Procurement is responsible for assessing the pension fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the pension fund lacks funding for its continued existence or when policy decisions have been made that affect the services provided by the pension fund.

The Regulatory and Audit Committee is Those Charged with Governance.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the pension fund financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these pension fund financial statements.

A further description of our responsibilities for the audit of the pension fund financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

[Signature]

Ciaran McLaughlin  
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

30 Finsbury Square  
London  
EC2A 1AG

[Date]





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