

## Regulatory and Audit Committee 26 July 2017

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<p data-bbox="132 577 571 613"><b>4     <b>AUDIT OF ACCOUNTS</b></b></p> <p data-bbox="233 616 1318 685">To be presented by Mr Ambrose, Director of Finance and Assets and Grant Thornton, Auditors.</p> <ul data-bbox="284 728 1318 801" style="list-style-type: none"><li data-bbox="284 728 1318 801">• Draft Audit Findings Report 2016-17 - Pension Fund (provided by Grant Thornton)</li></ul>	<b>3 - 26</b>



# The Audit Findings for Buckinghamshire Pension Fund

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**Year ended 31 March 2017**

26 July 2017

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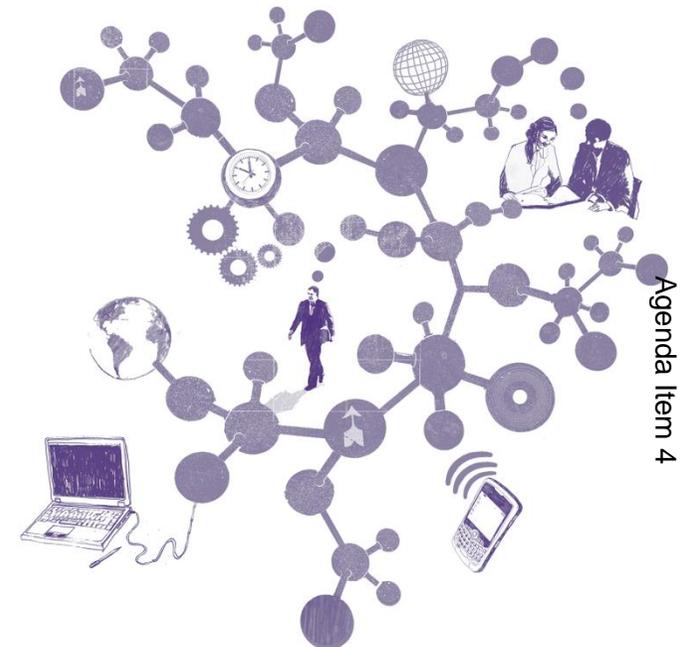
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26 July 2017

Dear Members of the Regulatory and Audit Committee

**Audit Findings for Buckinghamshire Pension Fund for the year ending 31 March 2017**

This Audit Findings report highlights the key findings arising from the audit that are significant to the responsibility of those charged with governance (in the case of Buckinghamshire Pension Fund, the Regulatory and Audit Committee), to oversee the financial reporting process, as required by International Standard on Auditing (UK & Ireland) 260, the Local Audit and Accountability Act 2014 and the National Audit Office Code of Audit Practice. Its contents have been discussed with the Director of Finance and Assets.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK & Ireland) ('ISA (UK&I)'), 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.

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 primarily for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or to be relied upon to disclose defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. 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.

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

Yours sincerely

Ciaran McLaughlin

Engagement lead

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**Chartered Accountants**

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# Section 1: Executive summary

01. Executive summary

02. Audit findings

03. Fees, non audit services and independence

04. Communication of audit matters

## Purpose of this report

This report highlights the key issues affecting the results of Buckinghamshire Pension Fund ('the Fund') and the preparation of the Fund's financial statements for the year ended 31 March 2017. It is also used to report our audit findings to management and those charged with governance in accordance with the requirements of ISA (UK&I) 260, and the Local Audit and Accountability Act 2014 ('the Act').

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion, the Fund's financial statements give a true and fair view of the financial position of the Fund.

## Introduction

In the conduct of our audit we have not had to alter or change our audit approach, which we communicated to you in our Audit Plan dated 24 May 2017.

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

- completing work on the scheme contributions reconciliation and the cut-off testing for benefit payments
- completion of testing around valuation of Level 3 investments
- obtaining third party confirmation of investments held with Pantheon
- review of the final version of the financial statements
- obtaining and reviewing the management letter of representation and
- updating our post balance sheet events review, to the date of signing the opinion.

We received draft financial statements and accompanying working papers at the commencement of our work, in accordance with the agreed timetable. Our audit has taken longer than planned to complete due to some delays experienced around the provision of evidence, primarily around scheme contributions. We remain on track to complete all audit work by the end of July, but looking forward to next year we recommend that the audit commence at an earlier stage than in 2016/17.

## Key audit and financial reporting issues

### Financial statements opinion

We have identified no adjustments affecting the Fund's reported financial position. The draft and final financial statements for the year ended 31 March 2017 both show net assets of £2,695,584k. We have recommended a small number of minor adjustments to improve the overall presentation of the financial statements. Further details are set out in section two of this report.

We anticipate providing a unqualified audit opinion in respect of the financial statements (see Appendix B).

## Controls

### Roles and responsibilities

The Fund's management is responsible for the identification, assessment, management and monitoring of risk, and for developing, operating and monitoring the system of internal control.

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 any control weaknesses, we report these to the Fund.

## Findings

We draw your attention to the one control issue identified during the course of our work:

- 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 in a timely manner.

Further details are provided within section two of this report.

### **The way forward**

Matters arising from the financial statements audit of the Fund have been discussed with the Director of Finance and Assets.

We have made a number of recommendations, which are set out in the action plan at Appendix A. Recommendations have been discussed and agreed with the Director of Finance and Assets and the finance team.

### **Acknowledgement**

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.

**Grant Thornton UK LLP**  
July 2017

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## Section 2: Audit findings

01. Executive summary

02. Audit findings

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04. Communication of audit matters

## Materiality

In performing our audit, we apply the concept of materiality, following the requirements of ISA (UK&I) 320: Materiality in planning and performing an audit. The standard states that 'misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements'.

As we reported in our audit plan, we determined overall materiality to be £22,213k (being 1% of net assets as at 31 March 2016). We have considered whether this level remained appropriate during the course of the audit and have made no changes to our overall materiality.

We also set an amount below which misstatements would be clearly trivial and would not need to be accumulated or reported to those charged with governance because we would not expect that the accumulated effect of such amounts would have a material impact on the financial statements. We have defined the amount below which misstatements would be clearly trivial to be £1,111k. This remains the same as reported in our audit plan.

As we reported in our audit plan, we have identified no areas where we would consider separate materiality levels to be required.

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Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK&I) 320)

# Audit findings against significant risks

In this section we detail our response to the significant risks of material misstatement which we identified in the Audit Plan, presented to the Regulatory & Audit Committee in May 2017. As we noted in our plan, there are two presumed significant risks which are applicable to all audits under auditing standards.

Risks identified in our audit plan	Work completed	Assurance gained and issues arising
<p><b>The revenue cycle includes fraudulent transactions</b></p> <p>Under ISA (UK&amp;I) 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at Buckinghamshire Pension Fund, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> <li>• there is little incentive to manipulate revenue recognition;</li> <li>• opportunities to manipulate revenue recognition are very limited; and</li> <li>• the culture and ethical frameworks of local authorities, including Buckinghamshire County Council as the administering body, mean that all forms of fraud are seen as unacceptable.</li> </ul>	<p>Our audit work has not identified any issues in respect of revenue recognition.</p>
<p><b>Management over-ride of controls</b></p> <p>Under ISA (UK&amp;I) 240 it is presumed that the risk of management over-ride of controls is present in all entities.</p>	<ul style="list-style-type: none"> <li>• Review of accounting estimates, judgments and decisions made by management</li> <li>• Review of journal entry process and selection of unusual journal entries for testing back to supporting documentation</li> <li>• Review of unusual significant transactions</li> </ul>	<p>Our audit work has not identified any evidence of management over-ride of controls. In particular the findings of our review of journal controls and testing of journal controls and testing of journal entries has not identified any significant issues.</p>
<p><b>Level 3 Investments Valuation 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>	<ul style="list-style-type: none"> <li>• We have updated our understanding of your process for valuing Level 3 investment through discussions with relevant personnel from the Pension Fund.</li> <li>• For a sample of private equity investments, we have tested valuations by obtaining and reviewing the audited accounts at latest date for individual investments and agreeing these to the fund manager reports at that date. We then completed a reconciliation of those values to the values at 31st March with reference to known movements in the intervening period.</li> <li>• Review of the nature and basis of estimated values and consider what assurance management has over the year end valuations provided for these types of investments.</li> </ul>	<p>Our audit work has not identified any issues in respect of valuation of Level 3 investments.</p>

"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, due to either size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty." (ISA (UK&I) 315) . In making the review of unusual significant transactions "the auditor shall treat identified significant related party transactions outside the entity's normal course of business as giving rise to significant risks." (ISA (UK&I) 550)

# Audit findings against other risks

In this section we detail our response to the other risks of material misstatement which we identified in the Audit Plan. Recommendations, together with management responses are attached at appendix A.

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
<b>Investment purchases and sales</b>	Investment activity not valid. Investment valuation not correct (Valuation gross and valuation net)	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> <li>Reconciliation of information provided by the fund managers, the custodian and the Pension Fund's own records and obtaining explanations for variances identified</li> <li>Completed a predictive analytical review for different types of investments</li> </ul>	Our audit work has not noted any issues in respect of the risk identified.
<b>Investment values – Level 2 investments</b>	Valuation is incorrect. (Valuation gross and valuation net)	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> <li>We will review the reconciliation of information provided by the fund managers, the custodian and the Pension Fund's own records and seek explanations for variances</li> </ul>	Our audit work has not noted any issues in respect of the risk identified.
<b>Contributions</b>	Recorded contributions not correct (Occurrence)	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> <li>Controls testing over occurrence, completeness and accuracy of contributions to the scheme from employees of Buckinghamshire County Council</li> <li>Testing of a sample of contributions from Scheduled and Admitted bodies to source evidence to gain assurance over their accuracy and occurrence</li> <li>Trend analysis of scheme contributions across the year to assess the completeness of scheme contributions</li> <li>Rationalisation of contributions received with reference to changes in member body payrolls and numbers of contributing pensioners to ensure that any unexpected trends are satisfactorily explained</li> </ul>	<p>We have noted that the reconciliation of monthly contributions from each scheduled and admitted body to total contributions as per the general ledger has not been maintained on a regular basis throughout the year. We have raised an internal control recommendation in respect of this matter, which is set out on page 15 of our report.</p> <p>Our audit work has not noted any other issues in respect of the risk identified.</p>

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"In respect of some risks, the auditor may judge that it is not possible or practicable to obtain sufficient appropriate audit evidence only from substantive procedures. Such risks may relate to the inaccurate or incomplete recording of routine and significant classes of transactions or account balances, the characteristics of which often permit highly automated processing with little or no manual intervention. In such cases, the entity's controls over such risks are relevant to the audit and the auditor shall obtain an understanding of them." (ISA (UK&I) 315)

## Audit findings against other risks continued

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
<b>Benefits payable</b>	Benefits improperly computed/claims liability understated (Completeness, accuracy and occurrence)	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> <li>• Controls testing over completeness, accuracy and occurrence of benefit payments</li> <li>• Trend analysis of benefit payments across the year to assess the completeness of benefit payments</li> <li>• Rationalisation of pensions paid with reference to changes in pensioner numbers and increases applied in the year to ensure that any unusual trends are satisfactorily explained</li> </ul>	Our audit work has not noted any issues in respect of the risk identified.
<b>Member data</b>	Member data not correct. (Rights and Obligations)	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> <li>• Controls testing over reconciliations and verifications with individual members</li> <li>• Sample testing of changes to member data made during the year to source documentation</li> </ul>	Our audit work has not noted any issues in respect of the risk identified.

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### Going concern

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&I) 570).

We reviewed the management's assessment of the going concern assumption and the disclosures in the financial statements and concluded that there is no material uncertainty in respect of management's user of the going concern assumption for Buckinghamshire Pension Fund.

# Accounting policies, estimates and judgements

In this section we report on our consideration of accounting policies, in particular revenue recognition policies, and key estimates and judgements made and included with the Fund's financial statements.

Accounting area	Summary of policy	Comments	Assessment
<p><b>Revenue recognition</b></p>	<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> <li>Gains/losses in the market value of investments is determined by the bid market price ruling on the final day of the accounting period.</li> </ul>	<p>The revenue recognition policies are appropriate and in accordance with the CIPFA Code of Practice and International Financial Reporting Standards (IFRS).</p>	<p style="text-align: center;"> <b>Green</b></p>
<p><b>Judgements and estimates</b></p>	<p>Key estimates and judgements include:</p> <ul style="list-style-type: none"> <li>Valuation of level 3 investments</li> <li>IAS 19 and IAS 26 actuarial estimate disclosures</li> </ul>	<p>In assessing the appropriateness of the assumptions made by the scheme actuary Barnett Waddingham when reviewing appropriateness of the disclosure of the IAS 19 net pension liability as at 31 March 2017, we placed reliance on a central review of the methodologies adopted by LGPS actuaries that was commissioned by the National Audit Office from PwC on behalf of LGPS auditors.</p> <p>For 2016/17, PwC have flagged concerns that they do not consider the methodology adopted by Barnett Waddingham for determining the appropriate discount rate to apply to be sufficiently sophisticated and that the discount rates used by Barnett Waddingham are higher than the range that PwC regard as reasonable. Had Barnett Waddingham used a lower discount rate as PwC suggest then this would have resulted in a higher IAS 19 net pension liability as at 31 March 2017. We have however gained satisfaction that overall, to a material extent, the net pension liability estimate reported in the accounts as at 31 March 2017 is fairly stated.</p> <p>In all other significant respects judgements and estimates have been disclosed appropriately and adequately in accordance with appropriate accounting policies.</p>	<p style="text-align: center;"> <b>Amber</b></p>

**Assessment**

-  Marginal accounting policy or management judgement which could potentially attract attention from regulators
-  Accounting policy or management judgement appropriate but scope for improved disclosure
-  Accounting policy or management judgement appropriate and disclosures sufficient

# Accounting policies, estimates and judgements continued

Accounting area	Summary of policy	Comments	Assessment
<b>Going concern</b>	The Director of Assurance has a reasonable expectation that the services provided by the Fund will continue for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.	We have reviewed officers' assessment and are satisfied with management's assessment that the going concern basis is appropriate for the 2016/17 financial statements.	 <b>Green</b>
<b>Other accounting policies</b>	We have reviewed the Council's policies against the requirements of the CIPFA Code and accounting standards.	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 attract attention from 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 and been made aware of low-level frauds identified and investigated by internal audit. We have not been made aware of any other incidents in the period and no other 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>From the work we carried out, we have not identified any 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 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 the fund custodian BNY Mellon, to fund managers and to Lloyds Bank. This permission was granted and the requests were sent. All of our requests other than our request to Pantheon were returned with positive confirmation. We are in correspondence with Pantheon around the provision to us of the requested confirmation and expect it to be returned in time to issue the audit opinion.</li> </ul>
6.	<b>Disclosures</b>	<ul style="list-style-type: none"> <li>Our review found no material omissions in the financial statements.</li> </ul>
7.	<b>Matters on which we report by exception</b>	<ul style="list-style-type: none"> <li>We are required to report by exception where the Narrative Report and Pension Fund Annual Report is inconsistent with the financial statements. We have not identified any issues we wish to report.</li> </ul>

# Internal controls

The purpose of an audit is to express an opinion on the financial statements.

Our audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. We considered and walked through the internal controls for Investments, Contributions, Benefits Payable, and Member Data as set out on pages 9 to 12 above.

The one internal control matter that we identified during the course of our audit is set out in the table below. This, together with management responses, is included in the action plan attached at Appendix A.

	Assessment	Issue and risk	Recommendations
17	 Deficiency	<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 in a timely manner. 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>Ensure that the reconciliation of monthly returns from scheduled and admitted bodies in respect of their contributions to the scheme is updated on a regular basis and all significant reconciling differences appropriately resolved.</li> </ul>

## Assessment

- Significant deficiency – risk of significant misstatement
- Deficiency – risk of inconsequential misstatement

The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

"The purpose of an audit is for the auditor to express an opinion on the financial statements. Our audit included consideration of internal control relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters being reported are limited to those deficiencies that the auditor has identified during the audit and that the auditor has concluded are of sufficient importance to merit being reported to those charged with governance." (ISA (UK&I) 265)

## Misclassifications 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.

Adjustment type	Value £'000	Account balance	Impact on the financial statements
1 Disclosure	–	Various	A small number of minor disclosure adjustments have been agreed

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## Section 3: Fees, non-audit services and independence

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

### 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).

Fees relating to the audit of the financial statements of Buckinghamshire County Council and its subsidiary undertakings are disclosed within our Audit Findings Report for Buckinghamshire County Council.

### Fees for other services

Service	Fees £
No other services have been provided.	

### 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 Auditing Practices Board's Ethical Standards and confirm that we 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 Auditing Practices Board's Ethical Standards.

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## Section 4: Communication of audit matters

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# Communication to those charged with governance

ISA (UK&I) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

This document, The Audit Findings, outlines those key issues and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

## Respective responsibilities

The Audit Findings Report has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by Public Sector Audit Appointments Limited (<http://www.psa.co.uk/appointing-auditors/terms-of-appointment/>)

We have been appointed as the Fund's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England at the time of our appointment. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the NAO (<https://www.nao.org.uk/code-audit-practice/about-code/>). Our work considers the Fund's key risks when reaching our conclusions under the Code.

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issues arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence.	✓	✓
Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged		
Details of safeguards applied to threats to independence		
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Non compliance with laws and regulations		✓
Expected modifications to auditor's report, or emphasis of matter		✓
Unadjusted misstatements and material disclosure omissions		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern	✓	✓

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# Appendices

- A. Action Plan
- B. Audit Opinion

# A. Action plan

## Priority

Rec no.	Recommendation	Priority	Management response	Implementation date and responsibility
1.	Ensure that the reconciliation of monthly returns from scheduled and admitted bodies in respect of their contributions to the scheme is updated on a regular basis and all significant reconciling differences appropriately resolved.	Medium	The Pensions Finance Officer role responsible for reconciling monthly contributions was vacant for 3 months from December 2016 to February 2017. The vacancy was filled but the new post holder handed in their notice after 6 weeks in the role citing workload volumes as one of the reasons for leaving. As the number of employers within the Fund has increased the reconciliation of employer contributions has become increasingly onerous. An additional post has been created and two Pensions Finance Officers were appointed with effect from 3 July 2017. It is envisaged that they will quality check each other's work in addition to providing cover for each other during short term absences. It is estimated that the contributions monitoring backlog will be up to date by the end of September.	Julie Edwards, Pensions and Investments Manager  July 2017

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## Controls

- High – Significant effect on control system
- Medium – Effect on control system
- Low – Best practice

# B: Audit opinion

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

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUCKINGHAMSHIRE COUNTY COUNCIL

We have audited the pension fund financial statements of Buckinghamshire County Council (the "Authority") for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014 (the "Act"). The pension fund financial statements comprise the Pension Fund Account, the Net Assets Statement and the related notes. 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 2016/17.

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Act 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 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.

### Respective responsibilities of the Director of Finance and Assets and auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Director of Finance and Assets is responsible for the preparation of the Authority's 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 2016/17, which give a true and fair view. Our responsibility is to audit and express an opinion on the pension fund financial statements in accordance with applicable law, the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the "Code of Audit Practice") and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the pension fund financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the pension fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by

the Director of Finance and Assets; and the overall presentation of the pension fund financial statements. In addition, we read all the financial and non-financial information in the Authority's Statement of Accounts to identify material inconsistencies with the audited pension fund financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion on the pension fund financial statements

In our opinion:

- the pension fund financial statements present a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2017 and of the amount and disposition at that date of the fund's assets and liabilities; and
- the pension fund financial statements have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and applicable law.

### Opinion on other matters

In our opinion, the other information published together with the audited pension fund financial statements in the Authority's Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the audited pension fund financial statements.

[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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