

The Audit Findings for Buckinghamshire Pension Fund

Year ended 31 March 2022



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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Pension Fund or all weaknesses in your internal controls. 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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1. Headlines

This table summarises the key findings and other matters 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 2022 for those charged with governance.

Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- 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/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

Our audit work was completed remotely December to March. Our findings are summarised on pages 19 to 25. We have not identified any adjustments to the financial statements which has an impact on the Pension Fund's reported financial position. Audit adjustments are detailed in Appendix C. We have also raised recommendations for management as a result of our audit work in Appendix A. Our follow up of recommendations from the prior year's audit are detailed in Appendix B.

Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion or material changes to the financial statements, subject to the following outstanding matters;

- completion of IAS19 disclosure updates following the recent triennial valuation
- receipt of management representation letter and
- review of the final set of financial statements.

We have concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and the financial statements we have audited.

Our anticipated audit report opinion will be unmodified.

2. Financial Statements

Overview of the scope of our audit

This Audit Findings Report 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 will be discussed with management and the Audit and Governance Committee.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, 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:

- An evaluation of the Pension Fund's internal controls environment, including its IT systems and controls;
- 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. These outstanding items include:

- completion of IAS19 disclosure updates following the recent triennial valuation
- receipt of management representation letter and
- review of the final set of financial statements.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff. During the audit both your finance team and our audit team faced audit challenges again this year, such as remote access working arrangements i.e., remote accessing financial systems, verifying the completeness and accuracy of information provided remotely produced by the entity.

There are some areas of the audit such as investment and contributions testing where it took very long to obtain the evidence requested. There were instances where the evidence received did not tie up to the disclosures in the accounts. We had to spend considerable time than we have initially planned to resolve these issues in order to gain sufficient audit assurance in respect of our auditor's opinion on the financial statements.

This has been summarized on slide 26

2. Financial Statements



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.

Materiality levels remain the same as reported in our audit plan. We detail in the table below our determination of materiality for Buckinghamshire Pension Fund.

Pension Fund Amount (£) Qualitative factors considered

	Pension Fund Amount (£)	Qualitative factors considered
Materiality for the financial statements	39,131,000	This represents 1% of the net assets reported at 31 March 2022.
Performance materiality	29,348,000	This represents 75% of the materiality threshold above.
Trivial matters	1,956,000	This has been calculated as 5% of materiality. It is the threshold above which we are required to report errors or uncertainties to those charged with governance, .



2. Financial Statements - Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan	Commentary
<p>Management override of controls</p> <p>Under ISA (UK) 240, there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities. The Pension Fund faces external scrutiny of its spending and its stewardship of its funds, this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates, and transactions outside the course of business as a significant risk for the Pension Fund, which was one of the most significant assessed risks of material misstatement.</p>	<p>We have:</p> <ul style="list-style-type: none"> - evaluated the design effectiveness of management controls over journals - analysed the journals listing and determined the criteria for selecting high risk unusual journals - identified and tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration - gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness <p>Our audit work has not identified any issues in respect of management override of controls.</p>

2. Financial Statements - Significant risks

Risks identified in our Audit Plan

Commentary

Presumed risk of fraud in revenue recognition

ISA (UK) 240

Under ISA (UK) 240, there is a rebuttable 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 material misstatement due to fraud relating to revenue recognition.

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 Council and 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.

As communicated in our audit plan, we have rebutted this risk. We have made no changes to this assessment.

Fraudulent expenditure recognition

We have also considered the risk of material misstatement due to the fraudulent recognition of expenditure. We have considered each material expenditure area, and the control environment for accounting recognition.

We are satisfied that this did not present a significant risk of material misstatement in the 2021/22 accounts as:

- the control environment around expenditure recognition (understood through our documented risk assessment understanding of your business processes) is considered to be strong
- we have not found significant issues, errors or fraud in expenditure recognition in the prior years audits
- our view is that, similarly to revenue, there is little incentive to manipulate expenditure recognition

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

As communicated in our audit plan, we have rebutted this risk. We have made no changes to this assessment.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan

Valuation of Level 3 investments

You value your investments on an annual basis with the aim of ensuring that the carrying value of these investments is not materially different from their fair value at the balance sheet date.

By their nature, Level 3 investment valuations lack observable inputs. These valuations therefore represent a significant estimate by management in the financial statements due to the size of the numbers involved (PY: £300m) and the sensitivity of this estimate to changes in key assumptions.

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.

Management utilise the services of investment managers as valuation experts to estimate the fair value as at 31 March 2022.

We therefore have identified Valuation of Level 3 Investments as a significant risk.

Commentary

We have:

- evaluated management's processes for valuing Level 3 investments;
- 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; to ensure that the requirements of the Code are met;
- independently requested year-end confirmations from investment managers and the custodian;
- for a sample of investments, tested the valuation by obtaining and reviewing the audited accounts, (where available) at the latest date for individual investments and agreeing these to the fund manager reports at that date. Reconciled those values to the values at 31 March 2022 with reference to known movements in the intervening period;
- in the absence of available audited accounts, we have evaluated the competence, capabilities and objectivity of the valuation expert; and
- where available reviewed investment manager service auditor report on design and operating effectiveness of internal controls.

Our audit work has identified four issues in respect of the valuation of Level 3 investments. These all relates to updated capital statements post production of the accounts. These are:

Pantheon Europe Fund VI – value per accounts £20.4m, value per capital statement £14.9m – overstatement £5.5m

Capital Dynamics Global SEC V – value per accounts £13.2m, value per capital statement £15.4m – understatement £2.2m

Alpinvest Co – value per accounts £5.4m, value per capital statement £7.8m – overstatement £2.4m

Capital Dynamics Clean Energy – value per accounts £3.9m, value per capital statement £2.1m – overstatement £1.7m.

The net impact is an overstatement of £2.6m.

2. Financial Statements – key judgements and estimates

This section provides commentary on key estimates and judgements inline with the enhanced requirements for auditors.

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Level 3 Investments – £300m	<p>The Pension Fund has pooled investments vehicles (infrastructure, private debt, private equity, property –unit trusts and long term investments) that in total are valued on the balance sheet as at 31 March 2022 at £300m. Buckinghamshire Pension fund invests in the pooled funds managed by Brunel Pension Partnership limited.</p> <p>Management receive quarterly performance reports which are reviewed and subsequently presented to the Local Pensions Board in order to provide scrutiny of estimates and consider any uncertainty. Key fund managers will periodically attend committee meetings which provides an opportunity for officers and members to challenge any unusual movements or assumptions.</p> <p>These investments are not traded on an open exchange/market and the valuation of the investment is highly subjective due to a lack of observable inputs. In order to determine the value, management rely on the valuations provided by the custodian (Statestreet) and investment managers for the pooled investment vehicles which the Pension Fund invests in and Brunel.</p> <p>The value of the investment has increased by £143m in 2021/22, largely due to additional investments made during the year and the general recovery of financial markets following the Covid-19 pandemic.</p> <p>We identified that assets were overstated by £2.6m.</p>	<p>Management determine the value of pooled investment vehicles by placing reliance on the reports provided by the custodian, and Brunel. As such we reviewed confirmations of year end valuations for all sampled investment managers and also agreed them to both the Custodian and Statestreet reports.</p> <p>We reviewed the audited accounts and unaudited valuations at the audited accounts date to determine if values estimated are reasonable. Where provided, we further reviewed service organisation reports for the investment managers.</p> <p>Sensitivities disclosed in the notes to the accounts are reasonable and in line with the Code.</p> <p>The estimate is adequately disclosed in the financial statements.</p> <p>Our audit work has not identified any issues in respect of the valuation of Level 3 investments.</p>	Light Purple

Assessment

- [Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Level 2 Investments – £3,580m	<p>The Pension Fund has level 2 investments in pooled funds with Brunel that in total are valued on the balance sheet as at 31 March 2022 at £3,580million</p> <p>Similar to the level 3 assets, Management receive quarterly performance reports which are reviewed and subsequently presented to the Local Pensions Board in order to provide scrutiny of estimates and consider any uncertainty. Key fund managers will periodically attend committee meetings which provides an opportunity for officers and members to challenge any unusual movements or assumptions.</p> <p>The investments are not traded on an open exchange/market and the valuation of the investment is subjective. In order to determine the value, management obtains valuations from the pooled fund manager (Brunel and custodian to ensure that valuations are materially fairly stated.</p> <p>The value of the investment has increased by £141m in 2021/22 largely due to additional investments made during the year and the general recovery of financial markets following the Covid-19 pandemic.</p>	<p>Our assessment of the estimate comprised:</p> <ul style="list-style-type: none"> reviewing year end valuation reports for the individual fund managers of the pooled investment vehicles triangulating the investment values between the custodian, Brunel and the individual fund managers of the pooled investment vehicles since management place their reliance on the valuations provided by Statestreet and Brunel. agreeing investment unit prices or valuations to reports from the custodian and fund managers and the audited accounts for that asset . testing observable inputs to appropriate and recognised sources where available. for investments where there were no observable inputs, we treated the fund managers as experts <p>We assessed the appropriateness of the underlying information and techniques used to determine the estimate and checked the adequacy of disclosure of the estimate in the financial statements.</p> <p>The estimate is adequately disclosed in the financial statements.</p> <p>Our audit work has not identified any issues in respect of the valuation of Level 2 investments.</p>	Light Purple

Assessment

- **Dark Purple** We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- **Blue** We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- **Grey** We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- **Light Purple** We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements - matters discussed with management

This section provides commentary on the significant matters we discussed with management during the course of the audit.



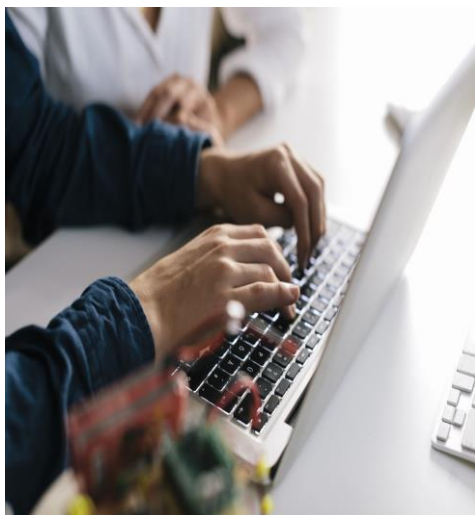
Significant matter	Commentary	Auditor view and management response
Effect of market movements on the Pension Fund's investments following the government's mini budget	<p>Rising interest rates during the period following the announcement of the mini budget impacted pension funds that had significant investments in liability driven investments (LDIs).</p> <p>LDIs reduce funding level volatility caused by changes in interest rates and future liabilities. This is therefore an investment strategy that focuses on matching assets with current and future liabilities.</p>	Officers at the Pension Fund confirmed that there were no investments in LDIs at 31 March 2022. This is consistent with our understanding.
Investments in Russia	The Government has introduced sanctions and prohibited a number of business activities with Russia	Officers at the Pension Fund confirmed that there were no prohibited transactions with Russia.

2. Financial Statements - 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
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit and Governance Committee . 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
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed
Matters in relation to laws and regulations	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.
Written representations	A letter of representation has been requested from the Pension Fund , which is included in the Audit and Governance Committee papers.

2. Financial Statements - other communication requirements



Issue	Commentary
Confirmation requests from third parties	We requested from management permission to send confirmation requests to your custodian, fund managers and banks. This permission was granted and the requests were sent.
Accounting practices	We have evaluated the appropriateness of the Pension Fund's accounting policies, accounting estimates and financial statement disclosures. Our work on accounting policies is ongoing.
Audit evidence and explanations/ significant difficulties	All information and explanations requested from management was provided. As mentioned on slide 4, it took considerable time for the Pension Fund to provide us with working papers and evidence for some balances particularly level 2 investments and contributions. This means that considerably longer time for the audit to be completed than we initially planned.

2. Financial Statements - other communication requirements



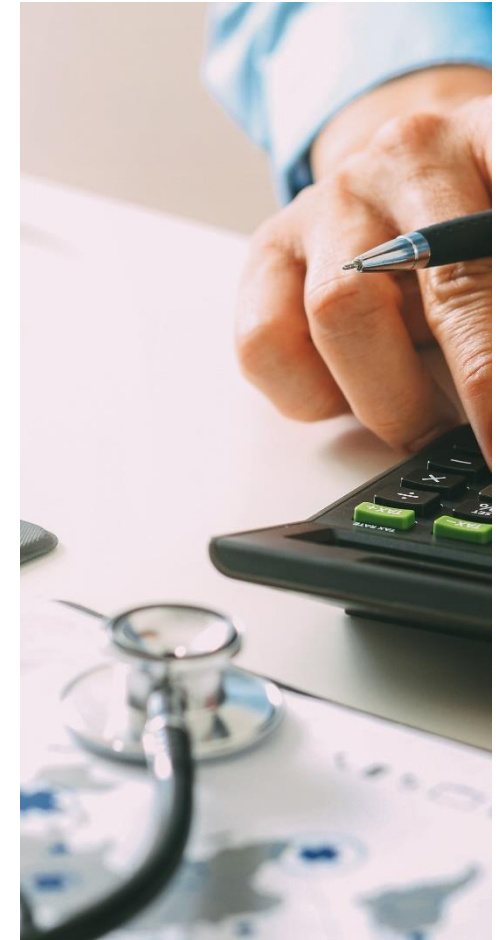
Our responsibility

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).

Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies. Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none"> the use of the going concern basis of accounting is not a matter of significant focus of the auditor’s time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity’s services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Pension Fund meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none"> the nature of the Pension Fund and the environment in which it operates the Pension Fund's financial reporting framework the Pension Fund's system of internal control for identifying events or conditions relevant to going concern management’s going concern assessment. <p>On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none"> a material uncertainty related to going concern has not been identified management’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

2. Financial Statements - other responsibilities under the Code

Issue	Commentary
Disclosures	No inconsistencies have been identified.
Matters on which we report by exception	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. We expect to issue our 'consistency' opinion on the Pension Funds Annual Report alongside the opinion of the financial statements.



3. 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 May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix D

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see [Transparency report 2020 \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/transparency-report-2020)

3. Independence and ethics

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. The following non-audit services were identified which were charged from the beginning of the financial year to March 2023, as well as the threats to our independence and safeguards that have been applied to mitigate these threats.

Service	Fees £	Threats identified	Safeguards
Non - Audit related			
IAS19 procedures for other bodies admitted to the pension fund.	7,000	Self-interest	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £7,000 in comparison to the total fee for the audit of £38,000 and in particular relative to Grant Thornton UK LLP's turnover overall. This mitigates the perceived self-interest threat to an acceptable level.

These services are consistent with the Pension Fund's policy on the allotment of non-audit work to your auditors. None of the services provided are subject to contingent fees.

Appendices

A. Action plan – Audit of Financial Statements

We have identified 4 recommendations for the Pension Fund as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2022/23 audit. 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.

Assessment	Issue and risk	Recommendations
High	<p>IT Deficiencies</p> <p>Inappropriate developer access to the production environment</p> <p>Allocation of SAP_ALL and SAP_NEW profiles to service and dialog accounts</p> <ul style="list-style-type: none"> SAP_ALL profile had been allocated to 13 service accounts and 2 dialog accounts. SAP_NEW profile has been allocated to 9 service accounts and one dialog account. <p>The standard SAP account DDIC has not been locked</p> <ul style="list-style-type: none"> The SAP DDIC account by default has the highest system privileges and is often associated with background processes, our review identified that this account whilst set as a system account, is also being used for ‘firefighting purposes’ and is not locked. <p>Inappropriate user access rights allocated to users and generic accounts</p> <ul style="list-style-type: none"> Transaction codes (T-codes) are used to execute particular tasks in SAP. The PFCG T-code is used for maintaining and managing roles and authorisation data; and the SU01 T-code is used for user maintenance. 21 users had been assigned the SU01 transaction code. 22 users had been assigned the PFCG transaction code. The generic user account SAPSUPPORT had also been assigned the SU01 and PFCG transaction codes with an end date of 01/12/2021. The generic user account SAPSUPP had also been assigned the SU01 and PCFG transactions codes with an end date of 25/04/2021. 	<p>We recommend that management implement the recommendations made by the IT team in a timely manner as these are significant deficiencies.</p> <p>Management response TBC</p>

Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

A. Action plan – Audit of Financial Statements

Assessment	Issue and risk	Recommendations
Medium	<p>From our testing of management expenses, we identified that expenses which are in other currencies such as EURO and USD were not translated to GBP, hence creating foreign exchange differences which were trivial. The supporting documents which were provided by management did not tie up and resulted in a difference of £452k between the amount in the accounts and the evidence which management provided. A fund manager expense of £76k was not included as part of management expenses.</p> <p>Although the errors resulting from the above issues are immaterial to the 21/22 accounts, if management do not address the issues identified, this could lead to higher errors in the future.</p>	<p>We recommend that management put in place controls to ensure that all expenses are properly recorded, translated to the correct currency and agree to the supporting documents</p> <p>Management response TBC</p>
Medium	<p>We identified from our testing of employer body changes, that for Action for Children, the Barnet Waddingham report showed it as a newly admitted body in 19/20, however the pension fund did not show it as an admitted body until 21/22 due to delays in receiving a signed admission agreement and the pension fund updating their systems.</p> <p>Chartwells Ltd (Oakgrove School) cessation report shows cessation on 31/07/2020 from the Barnett Waddingham report when the last member left, however the Pension fund did not remove it as an admitted body until 21/22 due to delays in receiving a cessation report and the pension fund updating their systems.</p>	<p>Management should have controls in place to ensure that Note 21 (List of admitted and scheduled bodies correctly reflects employer bodies which have joined or left pension fund during the year</p> <p>Management response TBC</p>

Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

A. Action plan – Audit of Financial Statements

Assessment	Issue and risk	Recommendations
<p>Medium</p>	<p>Errors identified from member data controls testing</p> <ul style="list-style-type: none"> We identified 2 starters which were created in error via iConnect as the team was learning how to use the iConnect system when the system initially went live. The starters should not have been included on the Starters list. We identified 15 starters where system records and statutory notices were created or sent out at a later date than the employment date. This was due to late setup in Altair. We also identified 5 samples where statutory notices were not sent out due to system error with the starters not being flagged as needing statutory notice. <p>We were able to confirm that for the samples tested, the issues above did not affect the contributions amount and the correct contribution was still paid by the employers and the employees. It is best practice for management to ensure system records are updated on time as this can lead to an error in the future.</p> <p>The Pension fund also incorrectly classified an undecided leaver as leaver.</p>	<p>We recommend that management put in place controls to ensure that starters and leavers information are correct and there is no double counting. Statutory notices should be sent from the Fund to the new members informing them of their membership to the Fund. Leaver notification form should be received for the employee confirming a leave date and signed by an member of staff at the employer body before leaver entitlement is determined.</p> <p>Management response TBC</p>

Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

B. Follow up of prior year recommendations

We identified the following issues in the audit of [Buckinghamshire Pension Fund's 2020/21 financial statements, which resulted in 1 recommendation being reported in our 2020/21 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
✓	<p>Transaction listings</p> <p>At the start of the audit transaction listings contained many contra entries, which ultimately reverse out and do not form part of year end balances. We worked with management to ensure that transactions listings were cleansed before we selected our samples. This caused some delay to audit progress.</p> <p>The risk is that if transaction listings are not cleansed, we will select sample items that ultimately need to be replaced as they do not exist at year end and/or our sample sizes are significantly inflated increasing audit input and the demand on management.</p>	<p>Management response</p> <p>Management reviewed and cleansed transaction listings of significant contra entries before they sent us the listings.</p>

Assessment

- ✓ Action completed
- X Not yet addressed

C. 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	Auditor recommendations	Adjusted?
The audit fees was not updated in the draft accounts.	We recommend that management update the financial statements with the audit fees per the audit plan Management response This will be updated	✓
The financial assumptions (discount rate, pension increases, CPI inflation, salary increases and RPI increases were not correctly updated in the draft financial statements	We recommend that management update the financial statements with the correct financial assumptions Management response This will be updated	✓
We identified 3 disclosure errors from our testing of changes in employer bodies who contribute to the pension fund. <ul style="list-style-type: none"> Manor Far Junior School was incorrectly included as an admitted body in 21/22 when it actually became an admitted body in May 22 Chiltern Conservation Board was incorrectly included as an admitted body, when it should have been included as a as a scheduled body because it is a conservation board per 2013 regulations point 23 Part 1 Scheduled Bodies. The amendment of Statonbury Campus name was incorrectly replaced with Stantonbury International School. It which should have been Statonbury School. 	The audit team propose that the Pension Fund amend the disclosure errors in employer Bodies Management response This will be updated	✓

C. Audit Adjustments

Misclassification and disclosure changes - continued

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	Auditor recommendations	Adjusted?
<p>The percentage change for Currency (Japanese Yen) as at 31/03/2022 has been incorrectly stated as 7.56% in the draft accounts instead of the correct percentage change of 8.25% under 'Currency Exposure by Significant Currency' section in note 13</p>	<p>We recommend that management update this to show the correct percentage change in the Japanese Yen.</p> <p>Management response</p> <p>This will be updated</p>	<p>✓</p>

C. Audit Adjustments



Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2021/22 audit which have not been made within the final set of financial statements. The Audit and Governance Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Pension Fund Account £'000	Net Asset Statement £' 000	Impact on total net assets £'000	Reason for not adjusting
<ul style="list-style-type: none"> Investment assets (Profit) and losses on disposal of investments and changes in value of investments 	2,623	-2,623	-2,623	Not material
Differences identified between the value of investments disclosed in the financial statements and the capital statements as at 31 March 2022 received from third party investment managers.				
Overall impact	2,623	-£2,623	-£2,633	

Impact of prior year unadjusted misstatements

There were no unadjusted misstatements.

D. 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	Estimated Fee
Scale Fee	£19,750
ISA 540	£3,800
Investments valuation	£5,900
Journals testing	£2,100
ISA 315	£1,000
Extra work arising from delayed response from Management and the investment managers for investment testing as well as additional work which was required to tie back investment working papers the evidence provided and the disclosures in the accounts	£6,500
Extra work resulting from delays with responses on Contributions testing and additional work carried and challenges made by the audit team a result of errors identified.	£3,500
Delays with responses for IAS 19 testing	£2,500
Extra work resulting from delays with explanation for journals testing and management providing evidence	£1,000
Total audit fees (excluding VAT)	£46,050

D. Fees

Non-audit fees for other services	Proposed fee	Final fee
Audit Related Services		
Other [IAS 19 Assurances]	8,000	8,000
Total non-audit fees (excluding VAT)	£8,000	£8,000



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