



External Audit: Completion Report

Lincolnshire Pension Fund

September 2017

Contents

The contacts at KPMG in connection with this report are:

John Cornett
Director
Tel: 0116 256 6064
Email:
John.Cornett@kpmg.co.uk

Mike Norman
Manager
Tel: 0115 935 3554
Email:
michael.norman@kpmg.co.uk

John Pressley
Assistant Manager
Tel: 0115 935 3471
Email:
john.pressley@kpmg.co.uk

Page

Pension Fund External Audit status report – August 2017	3
Appendix 1	4

This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. Public Sector Audit Appointments issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointment's website (www.psaa.co.uk).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact John Cornett, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers (on 0207 694 8981, or by email to andrew.sayers@kpmg.co.uk). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk, by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3H.

External Audit – Summary September 2017

This document provides the Pensions Committee with a summary of the status of the audit of the Lincolnshire Pension Fund 2016/17 accounts. The report includes the matters we are required to report under ISA260 before giving our audit opinion on the Fund's accounts.

Page 133

Planning	<p>We presented the draft 2016/17 audit plan for the external audit of Lincolnshire County Council ('the Authority') and the Lincolnshire Pension Fund to the March 2017 Audit Committee (in its role as 'Those charged with governance'). We continued to liaise with management on the significant financial and operational issues at the Council and the Fund.</p> <p>In our audit plan we identified two significant audit risks for the 2016/17 Pension Fund accounts:</p> <ul style="list-style-type: none"> • Significant changes in the pension liability due to the triennial LGPS valuation; and • The continuing weaknesses in the Agresso system controls and financial reporting arrangements. <p>We identified in our audit plan the additional audit procedures required relating to these risks.</p> <p>We also identified the changes to the disclosure requirements under the 2016 CIPFA Code on Local Authority Accounting and the improving performance of the new pensions fund administrator arrangements as areas of audit focus.</p> <p>We liaised with the pensions team as part of the interim and final accounts visits (carried out in March and July 2017 respectively) and agreed the working papers and other audit evidence required for our audit.</p>
Financial statements Audit	<p>The Authority published its draft financial statements (including the Pension Fund statements) by the 30 June 2017 deadline.</p> <p>Our audit work on the Pension Fund accounts is complete but subject to final review. At this stage:</p> <ul style="list-style-type: none"> • Our audit of the Pension Fund accounts did not identify any material misstatements. There are no adjusted or unadjusted audit differences that we need to report to the Audit Committee. • There are no matters directly arising from our audit work on the significant risks that apply to the Pension Fund that we need to report. • We expect to give an unqualified audit opinion on the Pension Fund accounts by 30 September 2017. <p>We have reviewed the draft Pension Fund Annual Report to confirm that:</p> <ul style="list-style-type: none"> • It complies with the requirements of the Local Government Pension Scheme (Administration) Regulations 2008; and • The financial information it contains is not inconsistent with the financial information contained in the audited financial statements. <p>We expect to give an unqualified opinion on the Pension Fund Annual Report at the same time as we give the audit opinion on the Fund accounts.</p>
Completion	<p>The Authority publishes a single Statement of Accounts, including the accounts of the Authority and the Pension Fund.</p> <p>We anticipate issuing an unqualified audit opinion on the Statement of Accounts following their approval by the Audit Committee at its 25 September 2017 meeting, and the signing of the standard Letter of Management Representations. We expect to issue the audit opinion by 30 September 2017.</p> <p>We have included at Appendix 2 the matters we are required to report under ISA260 in relation to the audit of the Pension Fund's 2016/17 accounts.</p>

ISA260 Requirement	Matters to Report – 2016/17 Pension Fund accounts
Proposed Audit opinion.	We anticipate issuing an unqualified audit opinion on the Pension Fund accounts following approval of the Statement of Accounts by the Audit Committee and the signing of the standard Letter of Management Representations in September 2017.
Significant audit risks identified and work to address the risks.	There are no specific matters directly arising from our audit work on the significant risks that apply to the Pension Fund that we need to report.
Matters relating to the inherent fraud risk of revenue recognition and management override of controls.	There are no specific matters in relation to the Pension Fund audit that we need to report. We rebutted the fraud risk of revenue recognition and there are no matters arising from the procedures carried out in response to the management override risk.
Other areas of audit focus and work carried out.	There are no specific matters in relation to the Pension Fund audit that we need to report.
Key judgements and accounting estimates.	There are no specific matters to report in relation to the Pension Fund audit. We considered the key judgements and estimates to be balanced.
Materiality, uncorrected audit differences and material misstatements.	Our materiality (£19m) and 'trivial' (£0.6m) thresholds are unchanged from those reported in the Audit Plan. There are no audit differences (adjusted or unadjusted) we are required to report in relation to the Pension Fund audit.
Views on accounting practices and financial reporting arrangements.	There are no specific matters to report in relation to the Pension Fund audit that we need to report. We consider the accounting practices to be appropriate.
Other matters: <ul style="list-style-type: none"> — Significant difficulties encountered during the audit; — Significant matters arising from the audit that were discussed, or subject to correspondence with management — Other matters, if arising from the audit that, in the auditor's professional judgment, are significant to the oversight of the financial reporting process; and — Matters specifically required by other auditing standards to be communicated to those charged with governance. 	There are no specific matters to report in relation to the Pension Fund audit. The audit of the Fund was completed alongside the Authority's audit. The quality of the Fund accounts working papers was good and officers were helpful and responsive during the audit. There are no recommendations arising from our audit which specifically apply to the Fund accounts.
Independence and objectivity	There are no specific matters to report in relation to the Pension Fund audit that we need to report. We have not carried out any non-audit work in the year.
Fees	The scale fee for the audit is £24,350. We will update the Audit Committee if any additional audit fees are required this year.



kpmg.com/socialmedia



kpmg.com/app



© 2016 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

This page is intentionally left blank