

Regulatory and Other Committee

Open Report on behalf of Andrew Crookham, Executive Director – Resources

Report to:	Lincolnshire Pensions Board
Date:	03 October 2019
Subject:	Pension Fund External Audit Report

Summary:

This report summarises the findings from the work undertaken by the Council's External Auditors, Mazars, in giving their opinion on the Pension Fund Accounts and Annual Report. Their findings were initially reported to the Council's Audit Committee in their Audit Completion Report in July 2019 and is summarised here for the Pensions Committee.

Recommendation(s):

That the Committee note this covering report and the Audit Completion Report prepared by the Council's External Auditors, Mazars.

Background

1. The Pension Fund Annual Report and Accounts for the year ended 31 March 2019 have been completed and were approved by this Committee at its meeting on 18 July. These have now been independently audited by the Council's external auditors, Mazars. A copy of the Audit Completion Report is attached to this report at Appendix A. This details the findings from their work on the Pension Fund Annual Accounts.
2. The Audit Completion Report is broken down into four sections and includes four appendices. The key points to note from the external auditors work on the Pension Fund Accounts are:

Financial Statements Audit:

3. As part of their work, the External Auditor considers any significant risks that exist and key areas of management judgement. Two significant risks were considered:
 - Management override of controls; and
 - Valuation of unquoted investment for which a market price is not readily available.

4. Mazars did not identify any issues to bring to members attention from their work in this area.
5. They also reviewed key areas of managed judgement (including accounting estimates). No risks were identified which might give rise to material mis-statements.

Internal Control Recommendations:

6. Mazars have considered the internal controls in place relevant to the presentation of the financial statements. No significant control deficiencies were identified in the course of their work.

Summary of Misstatements:

7. Mazars identified one unadjusted misstatement, just above their trivial threshold of £0.7m within the 2018/19 financial statements. This was linked to the valuation of private equity and infrastructure assets at year end, where the valuation data available for preparation of the accounts was superseded with more up to date information when Mazars were completing their audit work.
8. The final version of Financial Statements included an updated accounting policy, setting out the funds accounting practice around valuation information available at year end. This change to our accounting policies should address any timing movements in valuations between accounts preparation and audit. We would not expect such movements to be reported by the external auditor in future accounting periods.

Appendices to the Audit Completion Report:

9. The appendices to the audit completion report include:
 - Appendix A – Draft Management Representation Letter, signed by the Executive Director of Resources;
 - Appendix B – Draft Auditor's Report – included within the final version of the Financial Statements;
 - Appendix C – Draft Consistency Report – published within the Pension Fund Annual Report; and
 - Appendix D – Auditor Independence.

Audit Completion:

10. An unqualified audit opinion was issued on the Pension Fund accounts as part of the Lincolnshire County Council Statement of Accounts by the end of July 2019. The consistency opinion on the Annual Report was issued by 29 August. A copy of the Annual Report has been published on the Pension Fund website and all Fund employers have been notified. In addition, the link

has been shared with all County Councillors, trade unions who represent contributing members of the Fund and on request to any other individuals or organisations. A summary of the annual report will be sent to all scheme members in the Autumn newsletters sent by WYPF, as the Fund's scheme administrator.

Conclusion

11. The audit of the Pension Fund Annual Report and Accounts for the year ended 31 March 2019 has been completed. The external auditor, Mazars, issued an unqualified audit opinion. Copies of the Pension Fund Annual Report and Accounts have been distributed to interested parties.

Consultation

a) Policy Proofing Actions Required

N/A

Appendices

These are listed below and attached at the back of the report	
Appendix A	External Audit, Audit Completion Report for Lincolnshire Pension Fund 2018/19

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Claire Machej, who can be contacted on 01522 553641 or claire.machej@lincolnshire.gov.uk .

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