



Regulatory and Other Committee

Open Report on behalf of Executive Director of Finance and Public Protection

Report to:	Lincolnshire Pension Board
Date:	18 October 2017
Subject:	Pension Fund External Audit Completion Report

Summary:

This report brings the Audit Completion Report to the Board, by the external auditors for the Council, KPMG.

Recommendation(s):

That the Board note the Audit Completion Report.

Background

1. The Pension Fund Annual Report and Accounts for the year ended 31st March 2017 have been completed and were approved by the Pensions Committee on 21st September. These have now been independently audited by the Council's external auditors, KPMG. In previous years, KPMG have produced a separate ISA 260 report for the Pension Fund. This year, as last year, a joint ISA 260 has been prepared for LCC and the Pension Fund. In order to give reassurance to the Board and Committee about the quality and accuracy of the Pension Fund accounts, officers requested a Completion Report from KPMG, setting out the summary of the status of their audit, and reporting on the ISA260 requirements.
2. KPMG presented the joint ISA260 and Audit Opinions to the Council's Audit Committee on 25th September, and issued an unqualified report on the Pension Fund accounts.
3. Mike Norman, Audit Manager at KPMG, will present the report and audit findings to the Board.
4. The Audit Completion Report is shown as Appendix A. The key points to note from the external auditor are:

Planning:

- Two significant risks were identified for the 2016/17 Pension Fund accounts:
 - 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.
- In addition, 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 were identified as areas of audit focus

Financial Statements Audit:

- Their audit of the Pension Fund accounts did not identify any material misstatements. There are no adjusted or unadjusted audit differences that they need to report to the Audit Committee.
 - There are no matters directly arising from their audit work on the significant risks that apply to the Pension Fund that they need to report.
 - KPMG expect to give an unqualified audit opinion on the Pension Fund accounts by 30 September 2017.
 - The draft Pension Fund Annual Report was reviewed and it was confirmed that:
 - It complies with the requirements of the LGPS (Administration) Regulations 2008; and
 - The financial information it contains is not inconsistent with the financial information contained in the audited financial statements.
 - KPMG expect to give an unqualified opinion on the Pension Fund Annual Report at the same time as they give the audit opinion on the Fund accounts.
5. Appendix A of the report identifies the matters that the auditors are required to report under ISA260 in relation to the audit of the Pension Fund accounts. These are summarised in the table below:

ISA260 Requirement	Matters to report
Proposed audit opinion	Anticipate an unqualified opinion
Significant audit risks identified	No specific matters to report
Inherent fraud risk	No specific matters to report
Other areas of audit focus	No specific matters to report
Key judgements and accounting estimates	No specific matters to report – considered to be balanced
Materiality, uncorrected differences and material misstatements	Nothing required to report (materiality £19m, trivial threshold £0.6m)

Accounting practices and financial reporting arrangements	No specific matters to report, considered appropriate
Other matters	No specific matters to report. Good quality working papers, officers helpful and responsive. No recommendations arising
Independence and objectivity	No specific matters to report
Fees	£24,350

6. The Pension Fund Accounts have now been published, and all Fund employers have been notified. In addition, the link was emailed to 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 was included in the Autumn newsletter sent to scheme members by WYPF, as the Fund's scheme administrator.

Conclusion

7. The audit of the Pension Fund Accounts for the year ended 31st March 2017 has been completed, and an unqualified audit opinion has been issued by the Council's external auditors KPMG. The Pension Fund Annual Report and Accounts has been published, and a copy has 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	Lincolnshire Pension Fund External Audit Progress Report

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 Jo Ray, who can be contacted on 01522 553656 or jo.ray@lincolnshire.gov.uk.

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