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

Report to:	**Audit Committee**
Date:	**14 June 2021**
Subject:	**Annual Audit Letters for Lincolnshire County Council & Lincolnshire Pension Fund for year ending 31 March 2020**

Summary:

This report presents the Annual Audit Letters from our external auditors, Mazars, for Lincolnshire County Council and the Lincolnshire Pension Fund for the financial year 2019/20.

Recommendation(s):

The Executive Director for Resources recommends that the Audit Committee notes:-

1. the Annual Audit Letter for Lincolnshire County Council for 2019/20, which is attached at Appendix A; and
2. The Annual Audit Letter for the Lincolnshire Pension Fund for 2019/20, which is attached at Appendix B.

Background

1.1 The Statements of Accounts for 2019/20 and the external audit of these accounts were considered by the Audit Committee at its meetings on 13 July 2020 and on 28 September 2020. Our external auditors, Mazars, also presented their draft Audit Completion report to Audit Committee on the 16th November 2020 ahead of the publication deadline at the end of November.

1.2 Due to a need for an independent valuation for the LCC energy from waste plant , the external audit of the 2019/20 accounts was not completed until the 30th April 2021. The audit of the accounts is now fully complete and the auditors have provided their Annual Audit Letters which summarise the work carried out by the auditors and the conclusions they reached. The Annual Audit Letter for Lincolnshire County Council is attached at Appendix A, and the Annual Audit Letter for the Lincolnshire Pension Fund is attached at Appendix B.

Annual Audit Letters

1.3 The Executive Summaries in both letters report positive conclusions arising from the audit, and this is followed by more detail in the subsequent sections of each letter.

1.4 Each letter also provides a forward look to future audit developments and details how Mazars intend to work with us as we deal with upcoming challenges.

Financial Implications

1.5 Each Annual Audit Letter gives details of the fee expected to be charged by Mazars. The fee for the audit of the financial statements will be £101,934, which is £19,304 more than the fee proposed in June 2020. The additional fees relate to scope changes caused by increased audit quality expectations; scope changes caused by Covid-19; and one-off matters relating to pension liabilities and the valuation of the energy from waste plant. Assurance related services are also charged relating to Teachers Pension Return and assurance on the subcontracting arrangements for the Education and Skills Funding agency.

1.6 The fee for audit work relating to the Lincolnshire Pension Fund will be £27,750 which was £6,000 more than fee proposed in June 2020. The additional cost relates to enhanced procedures on unquoted investments in response to increased regulatory requirements. These procedures will be repeated for the 20/21 audit.

1.7 In addition to the Pension Fund audit fee, it is expected, subject to PSAA approval, that the Fund will be charged £1,320 for nine employers receiving audit assurance work on their actuaries accounting reports. These costs cannot be met by the Fund, therefore they will be recharged to the employers receiving this assurance work.

Publication of Information

1.8 The two Annual Audit Letters will be published on our website. The Pension Fund received the consistency opinion on its Annual Report and Accounts on 30th April 2021. A copy of the Lincolnshire Pension Fund Annual Report and Accounts are published here: https://www.wypf.org.uk/media/3124/pf-annual-report-2020.pdf

Conclusion

2.1 The Annual Audit Letters bring to a close the annual preparation, audit and publication of our statutory accounts.

Consultation

a) Risks and Impact Analysis

none

Appendices

These are listed below and attached at the back of the report	
Appendix A	Annual Audit Letter for Lincolnshire County Council for 2019/20
Appendix B	Annual Audit Letter for Lincolnshire Pension Fund for 2019/20

Background Papers

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

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