

# Audit Findings

*Year ending 31 March 2018*

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City of Westminster Council Pension Fund

23 April 2018



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## Your key Grant Thornton team members are:

Paul Dossett

Partner

T: 020 7728 3180

E: Paul.Dossett@uk.gt.com

Paul Jacklin

Senior Manager

T: 020 7728 3263

E: Paul.J.Jacklin@uk.gt.com

Marc Chang

In-charge Auditor

T: 020 7728 3066

E: Marc.Chang@uk.gt.com

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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. 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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# Headlines

## Introduction

This table summarises the key issues arising from the statutory audit of City of Westminster Council Pension Fund ('the Pension Fund') and the preparation of the Pension Fund's financial statements for the year ended 31 March 2018 for those charged with governance.

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### Financial Statements

Under 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 Code of Practice on Local Authority Accounting;

We received the draft pension fund financial statements on 1 April 2018. Our audit work was completed on site during the first two weeks in April and we substantially completed our audit testing by 13 April 2018. Completing the audit in this timeframe reflects very positively on the Council's commitment to timely financial statements.

Our findings are summarised on pages 4 to 12. The set of financial statements provided to us on 1 April 2018 were prepared on investment balances as at 28 February 2018 as per the agreed plan and timelines. Subsequently, the 31 March 2018 balances were made available by the Fund's global custodian on 10 April 2018, again, as per agreed timelines, and adjustments were made to the original draft financial statements.

As a result of a material movement, adjustments were made to the investment income and investment valuation in the financial statements that resulted in a decrease of £28.6m to the Fund's reported financial position.

Audit adjustments are detailed in Appendix C. Our follow up of recommendations from the prior year's audit are detailed in Appendix A.

Subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion, as detailed in Appendix D, on 15 June 2018 following the closure of the period for the exercise of public rights. The current outstanding items include:

- receipt of the management representation letter and;
- Final review of the Pension Fund Annual Report.

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### Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during our audit.

# Summary

## Overview of the scope of our audit

This Audit Findings 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 have been discussed with management and the Audit and Performance Committee.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK), 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 systems and controls;
- Testing of the Pensions Administration system; and
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks
- Obtained an understanding of the City of Westminster Council Pension Fund arrangements in respect of its investments in the London Collective Investment Vehicle.

## 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 following the closure of the period for the exercise of public rights, as detailed in Appendix D.



## 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.

Our assessment of the value of materiality has been adjusted to reflect the revised value of the Pension Fund Net Assets. We detail in the table below our assessment of materiality for Westminster City Council Pension Fund.

	Amount (£)
Materiality for the financial statements	13,360,000
Performance materiality	10,020,000
Trivial matters	668,000
Materiality for specific transactions, balances or disclosures	We have not set any specific materiality limits, but we have reported any misstatements we identify in cash, related parties and key management personnel remuneration within this report.

# Going concern

## 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).

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## Going concern commentary

### Management's assessment process

Management have reviewed the Fund's funding position and cash flows.

### Auditor commentary

- The Pension Fund has more than sufficient assets to meet its liabilities as they fall due over the next 12 months. Local Government Pension schemes are effectively underwritten by the tax payer with deficits financed by increased contributions agreed with the actuary that are financed through Council and Admitted and Scheduled bodies contributions.
- There is no plan by the Ministry of Housing, Communities and Local Government to wind up the City of Westminster Council Pension Scheme.
- The Pension Fund continues to operate as usual in 2018/19. Contributions and investment income continue to be received as expected.

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### Work performed

Detail audit work performed on management's assessment

### Auditor commentary

- We have reviewed managements assessment that the financial statements are prepared on a going concern basis.
- We are satisfied that there are sufficient assets to meet liabilities as they fall due. The last triennial actuarial valuation also demonstrated an improvement in the funding level to 80%.
- The Council have utilised £10m of new capital receipts under the freedoms of the Flexible Capital Receipts regulations to fund the Pension Deficit Recovery Plan
- The fund continues to operate as usual.

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### Concluding comments

### Auditor commentary

- We are satisfied that the Pension Fund Financial Statements are prepared on a Going Concern basis.
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# Significant audit risks

## Risks identified in our Audit Plan

## Commentary

1

### Improper revenue recognition

Under ISA 240 (UK) there is a presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption was rebutted as we conclude that there is no risk of material misstatement due to fraud relating to revenue recognition.

### Auditor commentary

Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Pension 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; and
- the culture and ethical frameworks of local authorities, including the City of Westminster Council, mean that all forms of fraud are seen as unacceptable

Therefore we do not consider this to be a significant risk for the City of Westminster Council Pension Fund.

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### Management override of controls

Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.

We identified management override of controls as a risk requiring special audit consideration.

### Auditor commentary

We have undertaken the following work in relation to this risk:

- review of entity controls;
- review of accounting estimates, judgements and decisions made by management; and
- review of unusual significant transactions

Our audit work has not identified any issues in respect of management override of controls.

# Significant audit risks

Risks identified in our Audit Plan	Commentary
<p><b>3</b> <b>The valuation of Level 3 investments is incorrect</b></p> <p>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.</p> <p>We identified the valuation of level 3 investments as a risk requiring special audit consideration.</p>	<p><b>Auditor commentary</b></p> <p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> <li>gained an understanding of the Fund's process for valuing level 3 investments and evaluated the design of the associated controls;</li> <li>reviewed the nature and basis of estimated values and consider what assurance management has over the year end valuations provided for these types of investment;</li> <li>considered the competence, expertise and objectivity of any management experts used; and</li> <li>verified the investment balances to the fund manager and custodian report</li> </ul> <p>As the draft financial statements were based on 28 February 2018 balances all types of investment (Levels 1-3) were subsequently updated to reflect the valuation at 31 March 2018. This led to a total decrease of £28.6m to the Fund's reported financial position.</p>

# Reasonably possible audit risks

## Risks identified in our Audit Plan

## Commentary

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### Contributions

Contributions from employers and employees' represents a significant percentage (75%) of the Fund's revenue. We therefore identified occurrence and accuracy of contributions as a risk requiring particular audit attention

### Auditor commentary

We have undertaken the following work in relation to this risk:

- evaluated the Fund's accounting policy for recognition of contributions for appropriateness;
- gained an understanding of the Fund's system for accounting for contribution income and evaluated the design of the associated controls;
- tested a sample of contributions to source data to gain assurance over their accuracy and occurrence; and
- rationalised contributions received with reference to changes in member body payrolls and the number of contributing members to ensure that any unusual trends are satisfactorily explained.

Our audit work identified that Augmentation Contributions of £687k had been incorrectly classified as normal contributions. This had no impact on the Fund Account and the Council has made the appropriate adjustment in the amended financial statements.

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### Pension Benefits Payable

Pension benefits payable represents a significant percentage (83%) of the Fund's expenditure.

We identified completeness of pension benefits payable as a risk requiring particular audit attention:

### Auditor commentary

We have undertaken the following work in relation to this risk:

- **evaluated** the Fund's accounting policy for recognition of pension benefits expenditure for appropriateness;
- gained an understanding of the Fund's system for accounting for pension benefits expenditure and evaluated the design of the associated controls;
- tested a sample of individual pensions in payment by reference to member files; and
- rationalised pensions paid with reference to changes in pensioner numbers and increases applied in year to ensure that any unusual trends are satisfactorily explained.

Our audit work has not identified any issues in respect of the risk identified.



# Reasonably possible audit risks

## Risks identified in our Audit Plan

## Commentary

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### The valuation of Level 2 investments is incorrect

While level 2 investments do not carry the same level of inherent risks associated with level 3 investments, there is still an element of judgement involved in their valuation as their very nature is such that they cannot be valued directly.

We identified valuation of level 2 investments as a risk requiring particular audit attention.

### Auditor commentary

We have undertaken the following work in relation to this risk:

- gained an understanding of the Fund's process for valuing Level 2 investments and evaluate the design of the associated controls;
- evaluated the nature and basis of estimated values and considered what assurance management has over the year end valuations provided for these types of investments;
- reviewed the reconciliation of information provided by the pension fund's individual fund manager's custodian and the Pension Scheme's own records and sought explanations for variances; and
- we have reviewed the latest AAF 01/06 or ISAE 3402 audited reports on internal controls, published by the respective investment managers and Custodian.




As the draft financial statements were based on 28 February 2018 balances all types of investment (Levels 1-3) were subsequently updated to reflect the valuation at 31 March 2018. This led to a total decrease of £28.6m to the Fund's reported financial position.

# Significant 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
1	Consideration of governance issues at the London Collective Investment Vehicle	<p>The City of Westminster Council Pension Fund has £562 million invested in the London Collective Investment vehicle representing 42% of the Investments balance.</p> <p>The Pension Fund Committee has (meeting of 23 January 2018) has reviewed and commented on the Willis Towers Watson report produced for London LGPS CIV Limited which has highlighted some issues with the governance arrangements at the London CIV. London CIV are currently implementing the recommendations from the report.</p> <p>We are satisfied that the London CIV does not make investment decisions on behalf of the City of Westminster Pension Fund. Transactions such as the purchases and sales of the investments are still undertaken by Baillie Gifford and Majedie (the relevant fund managers). We have obtained direct confirmations from the London CIV on the investments held for City of Westminster Council Pension Fund and reconciled these to independent confirmations provided by the Fund's custodian (Northern Trust). We are satisfied that the valuation of the investments within the London CIV are fairly stated.</p> <p>Council officers review the investment statements produced by the London CIV and the control reports produced by the relevant fund managers. The control reports demonstrate that there are appropriate processes and controls at the fund managers that would prevent and detect any material misstatement in the investment balances. These reports also act as a form of self-governance and review for senior management on the robustness of internal controls operating at the fund managers. We have reviewed all the control reports which all contain unqualified audit opinions. We are satisfied that there are no exceptions impacting on the valuations of City of Westminster Council Pension fund investments.</p>

# Accounting policies

Accounting area	Summary of policy	Comments	Assessment
<b>Revenue recognition</b>	<ul style="list-style-type: none"> <li>Normal contributions, both from the members and from the employer, are accounted for on an accruals basis</li> <li>Employer deficit funding contributions are accounted for on the due dates on which they are due under the schedule of contributions set by the actuary or on receipt if earlier than the due date.</li> <li>Employer's augmentation and pension strain contributions are accounted for in the period in which the liability arises.</li> <li>Individual transfers into the funds are accounted for when received.</li> <li>Investment income arising from the underlying investments of the Pooled Investment Vehicles is either reinvested within the Pooled Investment Vehicles and reflected in the unit price or taken as a cash dividend to support the Fund's outgoing cash flow requirements</li> <li>Distributions from pooled funds are recognised at the date of issue</li> <li>Interest income is recognised in the fund account as it accrues.</li> </ul>	The revenue recognition policy is consistent with the Code of Practice of Local Authority Accounting. Management have followed the policy in accounting for the funds revenue streams.	 (Green)
<b>Judgements and estimates</b>	<p>Key estimates and judgements include :</p> <ul style="list-style-type: none"> <li>Valuation of level 3 investments</li> <li>The assumptions within the IAS26 calculation of the present value of future retirement benefits</li> <li>The assumptions within the triennial valuation</li> </ul>	<p>The policies adopted for material accounting estimates appear to be appropriate under the Code of Practice of Local Authority Accounting.</p> <p>The fund increased the disclosures in the judgements, estimates and assumptions within Note 6 to the financial statements to include reference to Level 3 Investments.</p> <p>Our testing indicates that the material estimates included in the financial statements have been calculated based on reasonable judgements and assumptions from experts.</p>	 (Green)
<b>Other critical policies</b>		We have reviewed the Pension Fund's policies against the requirements of the CIPFA Code of Practice. The Pension Fund's accounting policies are appropriate and consistent with previous years.	 (Green)

## Assessment

-  Marginal accounting policy which could potentially be open to challenge by regulators
-  Accounting policy appropriate but scope for improved disclosure
-  Accounting policy appropriate and disclosures sufficient

# 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
① <b>Matters in relation to fraud</b>	<ul style="list-style-type: none"> <li>We have previously discussed the risk of fraud with the Audit and Performance Committee. We have not been made aware of any incidents in the period and no other issues have been identified during the course of our audit procedures.</li> </ul>
② <b>Matters in relation to related parties</b>	<ul style="list-style-type: none"> <li>We are not aware of any related parties or related party transactions which have not been disclosed.</li> </ul>
③ <b>Matters in relation to laws and regulations</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>
④ <b>Written representations</b>	<ul style="list-style-type: none"> <li>A standard letter of representation has been requested from the Pension Fund.</li> </ul>
⑤ <b>Confirmation requests from third parties</b>	<ul style="list-style-type: none"> <li>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. Requests were returned with positive confirmations of the balances.</li> </ul>
⑥ <b>Disclosures</b>	<ul style="list-style-type: none"> <li>Our review found no material omissions in the financial statements.</li> </ul>
⑦ <b>Significant difficulties</b>	<ul style="list-style-type: none"> <li>We have not had any issues with accounts closedown, production of draft accounts or working papers.</li> </ul>
⑧ <b>Matters on which we report by exception</b>	<ul style="list-style-type: none"> <li>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 propose to issue our 'consistency' opinion on the Pension Funds Annual Report on 15 June 2018. We have not yet received the Pension Fund Annual Report.</li> </ul>

# Independence and ethics

## **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 December 2017 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix C

## **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. No non-audit services were identified.

# Follow up of prior year recommendations

We identified the following issue in the audit of Westminster City Councils Pension Fund's 2016/17 financial statements, which resulted in one recommendation being reported in our 2016/17 Audit Findings report. We are pleased to report that management have implemented all of our recommendation

	Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
1	✓	<p>The interface between the managed services system and Pensions Administration system did not go live as expected during 2016/17. This means that manual interfaces were performed which are labour intensive. There remains a backlog in processing changes to member data in the pensions administration system due to the service provider not providing correct and timely pension data to the administrator.</p>	<ul style="list-style-type: none"> <li>The interface between the managed services system and Pensions Administration system operated throughout 2017/18. Our testing of member data did not identify any issues.</li> </ul>

#### Assessment

- ✓ Action completed
- X Not yet addressed

# 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.

## Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year.

Detail	Pension Fund Account £'000	Net Asset Statement £' 000	Impact on total net assets £'000
<p>1 The Net Value of Investment balances of £1,358,658k within the draft financial statements were as at 28 February 2018. The March 31 2018 balance of £1,330,079k was not available until 10 April 2018 after the submission of the draft financial statements.</p> <p>The same issue also impacted on the Investment Income balance which was amended from £13,120k to £15,785k.</p> <p>The overall impact was a reduction in total net assets of £28,579k.</p> <p>The associated amendments impacted on all the relevant investment disclosure notes in the financial statements.</p>	<p>Dr Profit and loss on disposal of investments and changes in the market value of investments</p> <p style="text-align: right;">31,244</p> <p>Cr Investment Income</p> <p style="text-align: right;">2,665</p>	<p>Cr Net Value of Investments</p> <p style="text-align: right;">28,579</p>	<p>Decrease of total net assets</p> <p style="text-align: right;">28,579</p>
<b>Overall impact</b>	<b>£28,579</b>	<b>£28,579</b>	<b>£28,579</b>

# Audit Adjustments continued

## 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/classification	Detail	Action taken	Adjusted?
<b>Disclosure of Membership data</b> (Note 1f)	The membership figures in the draft financial statements were prepared on a report run as at 28/02/2018. Surrey County Council set the report to run on 31/03/2018 - over the bank holiday weekend - and the Fund received this on Tuesday 03/04/2018 after which the draft accounts had already been provided. Therefore, the figures in the draft version are to be changed to reflect the new year-end report.	Management have adjusted note 1f to the financial statements.	✓
<b>Classification of contributions</b> (Note 7)	Augmentation Contributions of £687k had been incorrectly classified as normal contributions.	Management have adjusted Note 7 to the financial statements.	✓
<b>Actuarial Present Value of Promised Retirement Benefits</b> (Note 19)	The Actuarial Present Value of future retirement benefits at 31 March 2018 per Note 19 to the financial statements was £665,255k. This has been amended due to a revised actuarial report which states £678,674k.	Management have adjusted Note 19 to agree to the revised actuarial report.	✓
<b>Key Management Personnel Remuneration</b> (Note 23)	The Post employment benefits balance disclosed in Note 23 of £86k did not agree to the IAS19 actuary report of £83k. As a potentially sensitive note we are disclosing this error despite the small adjustment.	Management have adjusted Note 23 to agree to IAS19 actuary report.	✓



# Fees

We confirm below our final fees charged for the audit and confirm there were no fees for the provision of non audit or audit related services.

## Audit Fees

	Proposed fee	Final fee
Pension Fund Audit	£21,000	£21,000
<b>Total audit fees (excluding VAT)</b>	<b>£21,000</b>	<b>£21,000</b>

The proposed fees for the year were in line with the scale fee set by Public Sector Audit Appointments Ltd (PSAA).

# Audit opinion

We anticipate we will provide the Pension Fund with an unmodified audit report

## Independent auditor's report to the Members of City of Westminster council on the pension fund financial statements

### Opinion

We have audited the pension fund financial statements of City of Westminster (the 'Authority') for the year ended 31 March 2018 set out on pages \*\*\* to \*\* which comprise the Fund Account, the Net Assets Statement for the year ended 31 March 2018 and notes to the pension fund financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2017/18.

In our opinion the pension fund financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2018 and of the amount and disposition at that date of the fund's assets and liabilities;
- have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2017/18; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the pension fund of the Authority in accordance with the ethical requirements that are relevant to our audit of the pension fund financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Who we are reporting to

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Section 151 Officer's use of the going concern basis of accounting in the preparation of the pension fund financial statements is not appropriate; or
- the Section 151 Officer has not disclosed in the pension fund financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the pension fund financial statements are authorised for issue.

### Other information

The Section 151 Officer is responsible for the other information. The other information comprises the information included in the Annual Accounts set out on pages [\*\*xx to xx\*\*], the Narrative Report and the Annual Governance Statement, other than the pension fund financial statements, our auditor's report thereon and our auditor's report on the Authority's financial statements. Our opinion on the pension fund financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

# Audit opinion

In connection with our audit of the pension fund financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the pension fund financial statements or our knowledge of the pension fund of the Authority obtained in the course of our work or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the pension fund financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Opinion on other matter required by the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice)**

In our opinion, based on the work undertaken in the course of the audit of the pension fund financial statements the other information published together with the pension fund financial statements in the Annual Accounts, the Narrative Report and the Annual Governance Statement for the financial year for which the pension fund financial statements are prepared is consistent with the pension fund financial statements.

## **Matters on which we are required to report by exception**

Under the Code of Audit Practice we are required to report to you if:

- we have reported a matter in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we have made a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we have exercised any other special powers of the auditor under the Local Audit and Accountability Act 2014.

We have nothing to report in respect of the above matters.

## **Responsibilities of the Authority, the Section 151 Officer and Those Charged with Governance for the financial statements**

As explained more fully in the Statement of Responsibilities set out on page(s) x to x, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Section 151 Officer. The Section 151 officer is responsible for the preparation of the Statement of Accounts, which includes the pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2017/18, which give a true and fair view, and for such internal control as the Section 151 Officer determines is necessary to enable the preparation of pension fund financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the pension fund financial statements, the Section 151 Officer is responsible for assessing the pension fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the pension fund lacks funding for its continued existence or when policy decisions have been made that affect the services provided by the pension fund.

The Audit and Performance Committee is Those Charged with Governance.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the pension fund financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these pension fund financial statements.

# Audit opinion

A further description of our responsibilities for the audit of the pension fund financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

*Paul Dossett*

Paul Dossett  
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Grant Thornton UK LLP  
30 Finsbury Square  
London  
EC2P 2YU

15 June 2018



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