

# The Audit Findings (ISA260) Report for Avon Pension Fund

**Year ended 31 March 2024**

16 September 2024





## Private and Confidential

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Avon Pension Fund

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Dear Corporate Audit Committee

### Audit Findings for Avon Pension Fund for the 31 March 2024

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 and confirmation of auditor independence, as required by International Standard on Auditing (UK) 260. Its contents will be discussed with management.

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.

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.

We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to drive audit quality by reference to the Audit Quality Framework. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at [transparency-report-2023.pdf \[grantthornton.co.uk\]](#). PSAA has also published their own Quality Monitoring Report, this report is available at [Audit Quality Monitoring Report 2023 – PSAA](#).

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

*Beth Bowers*

Director  
For Grant Thornton UK LLP

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#### Chartered Accountants

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This Audit Findings Report (AFR) 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. Its contents have been discussed with management.

*Beth Bowers*

For Grant Thornton UK LLP

Date: 16 September 2024

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Pension Fund or all weaknesses in your internal controls. 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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# 1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of Avon Pension Fund ('the Pension Fund') and the preparation of the Pension Fund's financial statements for the year ended 31 March 2024 for the attention of those charged with governance.

## Financial Statements

Under International Standards of Audit (UK) (ISAs) and 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 transactions of the Pension Fund during the year ended 31 March 2024 and of the amount and disposition at that date of the fund's assets and liabilities; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

Our audit work was commenced in mid-June 2024 and is substantially complete as at the point at which this report was written. Our findings are summarised on pages 6 to 22.

We have identified no adjustments to the financial statements that have resulted in a change to the Pension Fund's reported financial position. Audit adjustments are detailed in Appendix D, these detail adjustments made to the statements that do not impact the reported financial position.

We currently have not identified any unadjusted differences in the valuation of the Fund's investments disclosed in the financial statements at 31 March 2024 and the valuation statements received from the third-party investment managers. Should any arise, they will be detailed in Appendix D in our final report and The Corporate Audit Committee will be asked to confirm their agreement to this through the Letter of Representation.

We have also raised recommendations for management as a result of our audit work. These are set out in Appendix B. Our follow up of recommendations from the prior year's audit are detailed in Appendix C.

Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion or material changes to the financial statements, subject to the following outstanding matters;

- review of the consistency of the Annual report with the pension fund statements;
- finalisation of work on the Fund's service organisations
- finalisation of testing on contributions receivable
- finalisation of testing on the Fund's Journal entries
- finalisation of testing of Investment assets
- finalisation and issuance of IAS 19 assurance letters to admitted bodies
- final quality review of work
- receipt of management representation letter, and
- review of the final set of financial statements.

We have concluded that the other information to be published with the financial statements is consistent with our knowledge of your organisation and the financial statements we have audited.

Our anticipated opinion on the financial statements will be unmodified.

Whilst our work on the Pension Fund financial statements is substantially complete, we will be unable to issue our final audit opinion on the Pension Fund financial statements until the audit of the Administering Authority is complete.

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 following the completion of the administering authority audit.

# 1. Headlines

## National context – audit backlog

For information only - this is not expected to be applicable to Avon Pension Fund given the progress of the 2023/24 audit and the fact that the 2022/23 audit has already been signed.

### Consultation

The Ministry for Housing, Communities and Local Government (MHCLG), working with the FRC, as incoming shadow system leader, and other system partners, has put forward proposals to address the delay in local audit. The proposals consist of three phases:

Phase 1: Reset involving clearing the backlog of historic audit opinions up to and including financial year 2022/23 by 30 September 2024.

Phase 2: Recovery from Phase 1 in a way that does not cause a recurrence of the backlog by using backstop dates to allow assurance to be rebuilt over multiple audit cycles.

Phase 3: Reform involving addressing systemic challenges in the local audit system and embedding timely financial reporting and audit.

The consultation ran until 7 March 2024. Full details of the consultation can be seen on the following pages:

- [Consultations on measures to address local audit delays \(frc.org.uk\)](https://www.frc.org.uk)
- [Addressing the local audit backlog in England: Consultation - GOV.UK \(www.gov.uk\)](https://www.gov.uk)
- [Code of Audit Practice Consultation - National Audit Office \(NAO\)](#)

### Our response to the consultation

Grant Thornton responded to the consultation on 5 March 2024. In summary, we recognise the need for change, and support the proposals for the introduction of a backstop date of 30 September 2024. The proposals are necessarily complex and involved. We believe that all stakeholders would benefit from guidance from system leaders in respect of:

- the appropriate form of reporting for a backstopped opinion
- the level of audit work required to support a disclaimer of opinion
- how to rebuild assurance in terms of opening balances when previous years have been disclaimed.

We believe that both auditor and local authority efforts will be best served by focusing on rebuilding assurance from 2023/24 onwards. This means looking forwards as far as possible, and not spending 2023/24 undertaking audit work which was not carried out in previous years. We look for guidance from systems leaders to this effect. The timing of the general election has delayed the implementation of these proposals. Once we have a further understanding of the new government's intentions, and its priorities across the sector we will discuss this with you.

### Impact on Pension Funds

Pension fund accounts fall within the scope of the outlined backstop legislation. Where an Administering Authority accounts may be required to be backstopped this would not automatically apply to the Pension Fund accounts. We expect to be able to issue a separate opinion on the Fund accounts where the Pension Fund audit can be completed.

### Update

Following the general election the Minister of State for Housing, Communities and Local Government has proposed backstop legislation which will revise the date of the first backstop for financial years up to and including 2022-23 to December 13 2024.

## National context – Triennial Valuation

Triennial valuations for local government pension funds have been published. These valuations, which are as at 31 March 2022, provide updated information regarding the funding position of the Pension Fund and set employer contribution rates for the period 2023/24 – 2025/26. For the Pension Fund, the valuation was undertaken by Mercer and showed that the overall funding position improved. The results of the latest triennial valuation are reflected in note 15 to the accounts to the financial statements. These valuations also provide updated information for the net pension liability on employer balance sheets.

# 2. Financial Statements

## Overview of the scope of our audit

This Audit Findings Report 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 will be discussed with management prior to presentation to the Corporate Audit Committee.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, 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.

For Avon Pension Fund, the Corporate Audit Committee fulfil the role of those charged with governance. The Pension Committee considers the draft financial statements and is part of the overall member oversight process.

## 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 IT systems and controls; and
- substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

## 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 completion of the Bath and North East Somerset Council audit. These outstanding items include:

- review of the consistency of the Annual report with the pension fund statements;
- finalisation of work on the Fund's service organisations
- finalisation of testing on Benefits and Contributions
- finalisation of testing on the Fund's Journal entries
- finalisation of testing of Investment assets
- finalisation and issuance of IAS 19 assurance letters to admitted bodies
- final quality review of work
- receipt of management representation letter, and
- review of the final set of financial statements.

## Acknowledgements

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



## 2. Financial Statements



### 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.

Materiality levels remain the same as reported in our audit plan in April 2024. We have determined both materiality over the financial statements and set a lower materiality over the fund account transactions.

We set out in this table our determination of materiality for the Pension Fund.

	Pension Fund Amount (£)	Qualitative factors considered
Materiality for the financial statements	62.9m	We considered the proportion of net assets to the Fund to be an appropriate benchmark for the financial year. In the prior year we used the same benchmark. Our materiality equates to approximately 1% of your net assets for the year ended 31 March 2023.
Performance materiality	47.1m	We have determined this using 75% of materiality. This is considered an appropriate benchmark as we have not identified a history of significant deficiencies in the control environment or a large number of significant misstatements in prior year audits. In addition, the management and finance team remain stable.
Trivial matters	3.1m	This is based on 5% of materiality, which we consider to be an appropriate threshold to use in terms of our reporting to the Corporate Audit Committee as 'Those Charged with Governance'.
Materiality for fund account	23.8m	Due to the sensitivity of the fund account disclosures to those stakeholders who are admitted members of the Fund, we have determined a lower materiality threshold over the relevant fund account disclosures.



## 2. Financial Statements: Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan	Commentary
<p><b>Management override of controls</b></p> <p>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.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>• evaluated the design effectiveness of management controls over journals;</li> <li>• analysed the journals listing and determined the criteria for selecting high risk unusual journals;</li> <li>• tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration;</li> <li>• gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness with regard to corroborative evidence; and</li> <li>• evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions.</li> </ul> <p>Our testing of estimates, judgements and journals has not identified any evidence of management override of controls. Testing of Journal Entries is in currently in progress and if any findings arise from this we will communicate this to management and include in the final report. We have not raised any new control recommendations in respect of our work on journals, any that remain relevant have been detailed in Appendix C as carried forward from prior audits.</p>
<p><b>Improper revenue recognition (rebutted)</b></p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p>	<p>We rebutted this risk in our Audit Plan. We have reconsidered this as part of our audit work on the financial statements and have not changed our assessment and therefore we confirm that we do not consider this to be a significant risk for Avon Pension Fund.</p> <p>Our audit work has not identified any issues in respect of improper revenue recognition.</p>



## 2. Financial Statements: Significant risks

### Risks identified in our Audit Plan

#### Valuation of Level 3 investments

The Fund revalues its investments on an annual basis at the year end to ensure that the carrying value is not materially different from the fair value at the financial statements date.

By their nature, Level 3 investment valuations lack observable inputs. These valuations therefore represent a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions.

Under ISA 315 significant risks often relate to significant non-routine transactions and judgemental matters. Level 3 investments require a significant degree of judgement to reach an appropriate valuation at year end.

Management utilise the services of investment managers as valuation experts to estimate the fair value as at 31 March 2024.

We therefore identified valuation of Level 3 investments as a significant risk.

### Commentary

We have:

- evaluated management's processes for valuing Level 3 investments
- reviewed the nature and basis of estimated values and considered what assurance management has over the year end valuations provided for these types of investments; to ensure that the requirements of the Code are met
- independently requested year-end confirmations from investment managers and custodians
- for a sample of investments, tested the valuation by obtaining and reviewing the audited accounts, (where available) at the latest date for individual investments and agreeing these to the fund manager reports at that date. Reconciled those values to the values at 31 March 2024 with reference to known movements in the intervening period.
- in the absence of available audited accounts, we have evaluated the competence, capabilities and objectivity of the valuation expert
- where available reviewed investment manager service auditor report on design effectiveness of internal controls.

Our audit work has not identified any significant issues in relation to the risk identified.

As highlighted above, our audit focuses on looking at external confirmations from both investments managers and the custodian, and as a result there will always be differences in when information is received compared to the information available when management are estimating the values for the accounts. Our work in this area is currently ongoing and therefore we are unable to conclude on whether there are any significant estimation differences to be reported at the time of writing.

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## 2. Financial Statements: new issues and risks

This section provides commentary on new issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan and a summary of any significant deficiencies identified during the year.

Issue	Commentary	Auditor view
IT Control deficiencies	Please see page 14 which details any findings and deficiencies emerging from our IT Audit.	Overall, IT controls relevant to the audit of financial statements are judged to be effective at the level of testing in scope, with only 1 non-significant deficiency identified relating to supplementary IT information and policies.

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## 2. Financial Statements: key judgements and estimates

This section provides commentary on key estimates and judgements in line with the enhanced requirements for auditors.

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
<b>Level 3 Investments – £1.415bn</b>	The Pension Fund has investments in pooled property funds, pooled infrastructure funds, a long-term investment and hedge funds that in total are valued on the balance sheet as at 31 March 2024 at £1.415bn. These investments are not traded on an open exchange/market and the valuation of the investments is highly subjective due to a lack of observable inputs. In order to determine the value, management has employed expert fund managers who have the necessary experience and technical expertise to ensure the correct valuation of these investments in the year end accounts. The fund are also supported by investment advisors who are independent from the fund managers who can advise on the performance of this type of investments. The performance of these investments are scrutinised by the pension fund investment board. The value of the investment has increased by £188.8m in year, and level 3 investments now account for 24.3% of the funds investment assets.	<p>As outlined in our testing of the valuation of level 3 investments we have;</p> <ul style="list-style-type: none"> <li>- Assessed management's expert, reviewing their competence, expertise and objectivity where appropriate,</li> <li>- Considered the valuation techniques used against industry practice, and</li> <li>- Reviewed the adequacy of disclosures of estimate in the financial statements.</li> </ul> <p>Our work in this area is currently ongoing and therefore we are unable to conclude on whether there are any significant estimation differences to be reported at the time of writing.</p>	TBC

### Assessment

- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- {Amber} We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

## 2. Financial Statements: key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
<b>Level 2 Investments – £4.226bn</b>	The Pension Fund investments in level 2 on the Net Assets Statement as at 31 March 2024 total £4.226bn. The investments are not traded on an open exchange/market and the valuation of the investment is subjective. In order to determine the value, management has employed expert fund managers who have the necessary experience and technical expertise to ensure the correct valuation of these investments in the year end accounts. The fund are also supported by investment advisors who are independent from the fund managers who can advise on the performance of this type of investments. The performance of these investments are scrutinised by the pension fund investment board. The value of the investments has decreased by £323.9m compared to the prior year.	<p>Similar to our approach for level 3 investments, we have;</p> <ul style="list-style-type: none"> <li>- Assessed management's expert, reviewing their competence, expertise and objectivity where appropriate,</li> <li>- Considered the valuation techniques used against industry practice, and</li> <li>- Reviewed the adequacy of disclosures of estimate in the financial statements.</li> </ul> <p>Our work in this area is currently ongoing and therefore we are unable to conclude on whether there are any significant estimation differences to be reported at the time of writing.</p>	TBC

### Assessment

- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- {Amber} We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

# 2. Financial Statements - key judgements and estimates

## Significant judgement or estimate

### Summary of management's approach

### Audit Comments

### Assessment

#### Valuation of Pension Fund Liability

The fund has elected to take 'option B' from IAS 26 when considering the actuarial present value of promised retirement benefits, and as such presents this as a note to the accounts. Management have obtained this information from the actuary for the fund. The actuary has been provided with all of the necessary information using the annual returns required, which results in the actuary producing the valuation and required reporting paragraphs. The principal assumptions used by the actuary are in respect of mortality (longevity at 65 for current and future pensioners) and financial assumptions: rate of CPI inflation, rate of increase in salaries, rate of increase in pensions and rate for discounting scheme liabilities. The Council's Group Manager, Funding, Investment & Risk communicates with the externally appointed actuary throughout the year and the year-end report is considered by management prior to inclusion in the financial statements.

We have;

Assessed management's expert, reviewing their competence, expertise and objectivity where appropriate,

Considered the data upon which the valuation has been based

Considered the reasonableness of the assumptions used, and

Reviewed the adequacy of disclosures of estimate in the financial statements and one disclosure amendment has been processed, see Appendix D for details. This does not impact the primary statements. We will confirm appropriate correction of presentation as part of final quality checks on the accounts.

Light Purple

#### Measurement of Financial Instruments

The Fund values its financial instruments at fair value, as informed by the advice of external and independent Management advisors and Investment Fund Managers. Fair values are estimated by calculating the present value of cash flows that take place over the remaining term of the instruments, as provided by management experts. Management consider the exposure of each of its categories of financial instruments to credit, liquidity and market risks. Risks to accounting estimates used in our measurement of financial instruments are managed through our Pensions Investment Strategy Statement and the Funds overall risk management procedures which focus on the unpredictability of financial markets to minimise potential adverse effects on the resources available to fund sources.

We have;

Assessed management's expert, reviewing their competence, expertise and objectivity where appropriate,

Considered the valuation techniques used against industry practice, and

Reviewed the adequacy of disclosures of estimate in the financial statements and some disclosure amendments have been processed, see Appendix D for details. These do not impact the primary statements. We will confirm appropriate correction of presentation as part of final quality checks on the accounts.




Light Purple

### Assessment

- **Dark Purple** We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- **Blue** We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- **Grey** We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- **Light Purple** We consider management's process is appropriate and key assumptions are neither optimistic or cautious

# 2. Financial Statements: Information Technology

This section provides an overview of results from our assessment of Information Technology (IT) environment and controls which included identifying risks from the use of IT related to business process controls relevant to the financial audit. This includes an overall IT General Control (ITGC) rating per IT system and details of the ratings assigned to individual control areas.

IT system	Level of assessment performed	Overall ITGC rating	ITGC control area rating		
			Security management	Technology acquisition, development and maintenance	Technology infrastructure
Agresso	Roll-forward ITGC assessment (design effectiveness only)				
Altair	Roll-forward ITGC assessment (design effectiveness only)				
Active Directory	Roll-forward ITGC assessment (design effectiveness only)				

### Other Findings:





There was one deficiency identified through other work relating to IT General Controls, which was the following:

- It was noted that there is no Data Classification policy in place.

### Management Response:

There is a draft data classification policy which is based on the North Somerset Council policy. Our policies, Information Security and Information Governance services are through One West which support both BANES Council and North Somerset Council. The BANES specific data classification policy will be going through the approval process this year. Policies are reviewed on a regular basis in our Cyber Security Operations Group (CySOG) who meet monthly.

### Assessment

-  Significant deficiencies identified in IT controls relevant to the audit of financial statements
-  Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
-  IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
-  Not in scope for testing



## 2. Financial Statements: Digital Audit

We have invested significantly in our digital tools and our audit approach is underpinned by a suite of tools, enabling us to capture and analyse the detailed data contained within the general ledger. This supports more efficient and effective testing, with a focus on higher risk areas and unusual transactions. The ability to obtain full ledger data quickly and effectively is key to the progress of audit work, as is documentation of the Pension Fund's methodology for mapping code structures to the financial statements and use of off-ledger adjustments. Difficulties and delays in obtaining data adversely impact on the scheduling and delivery of the audit and it is important that management engage with the audit teams to understand the requirements for data transfer, providing a clearly documented understanding of how financial statement entries are produced from underlying ledger and a timetable for doing so.

We requested several reports/documents from the Pension Fund to aid with this and these are summarised in the table below along with comments on delivery.

Document requested	Date requested	Date received	Comments
Closing trial balance for 2022-23	01/03/2024	20/03/2024	
Opening trial balance for 2023-24	01/03/2024	20/03/2024	No delays were experienced in obtaining this report information from the entity that impacting our ability to deliver the work required. Usual audit queries around reconciling these reports to the accounts were discussed, but nothing above and beyond what we would expect of the usual audit process.
Closing trial balance for 2023-24	18/06/2024	25/06/2024	
All general ledger transactions during 2023-24	18/06/2024	25/06/2024	
Mapping between the trial balance and the financial statements for 2023-24	13/08/2024	14/08/2024	
Draft accounts for 2023-24	31/05/2024	28/05/2024	Draft accounts were published online ahead of the statutory deadline.

## 2. Financial Statements: 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	Auditor view and management response
Benefits payable breach reported to The Pensions Regulator identified in November 2023	<p>This breach arose when the Fund became aware that circa 1,500 members had not received an annual increase to their pension, with the majority relating to 2014 onwards. The issue was highlighted by the April 2023 10.1% increase, meaning more members reported the issue.</p> <p>We discussed this matter with the Fund's Management to determine the impact this would have on the accounts, with respect to provisions and litigation and claims.</p>	<p>The total estimated obligation for the Fund has been estimated at less than £2m, with 'Phase 1' of the remedy paying out approximately £650k, and 'Phase 2' estimating a similar amount. From an audit materiality perspective, this falls below our trivial reporting threshold and therefore we propose no further action to be taken. We are comfortable that the Fund are dealing with the breach appropriately and reported to the relevant regulatory authorities in a timely manner.</p> <p><b>Management response</b></p> <p>A further phase 2 payment was made in September of £210k. We are still working through the more complex cases and believe the total costs will be in line our original estimate.</p>

## 2. Financial Statements: 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
Matters in relation to fraud	We have previously discussed the risk of fraud with the Corporate Audit Committee. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	We have been made aware of one breach of laws and regulation within the audit period, as detailed on page 16. We are satisfied management have appropriately reported and dealt with the breach, therefore no further impact on the audit.
Written representations	A letter of representation has been requested from the Pension Fund, which we anticipate to be received in line with signing the audit opinion.
Audit evidence and explanations	All information and explanations requested from management were provided.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to all of the fund managers that work with the Fund and all banking institutions that management. This permission was granted and the requests were sent, of these requests all were returned with positive confirmation.
Accounting practices	We have evaluated the appropriateness of the Pension Fund's accounting policies, accounting estimates and financial statement disclosures. Our review found no material omissions in the financial statements.

## 2. Financial Statements: other communication requirements



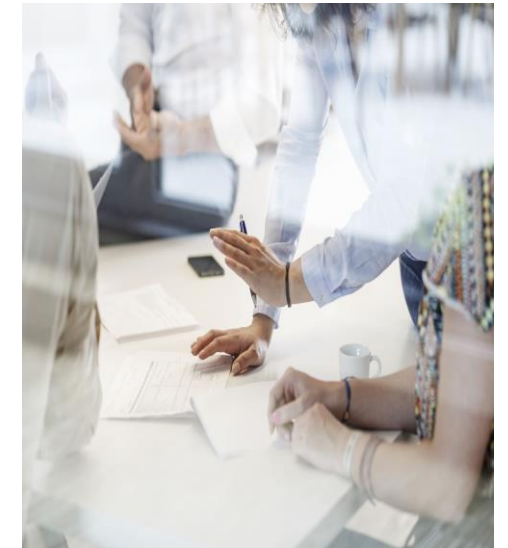
### Our responsibility

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).

Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p>Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none"> <li>the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities</li> <li>for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting.</li> </ul> <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Pension Fund meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none"> <li>the nature of the Pension Fund and the environment in which it operates</li> <li>the Pension Fund's financial reporting framework</li> <li>the Pension Fund's system of internal control for identifying events or conditions relevant to going concern management's going concern assessment.</li> </ul> <p>On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none"> <li>a material uncertainty related to going concern has not been identified</li> <li>management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.</li> </ul>

## 2. Financial Statements: other responsibilities under the Code

Issue	Commentary
Other information	<p>The Pension Fund is administered by Bath &amp; North East Somerset Council (the 'Council'), and the Pension Fund's accounts form part of the Council's financial statements. We are required to read any other information published alongside the Council's financial statements to check that it is consistent with the Pension Fund financial statements on which we give an opinion and is consistent with our knowledge of the Authority. No inconsistencies have been identified. Our work is still in progress but will be completed prior to issuing the audit opinion. We plan to issue an unmodified opinion in this respect – refer to Appendix G</p>
Matters on which we report by exception	<p>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 (see Appendix H) on the Pension Fund's Annual Report at the same time as the financial statements opinion.</p> <p>We are required to report if we have applied any of our statutory powers or duties as outlined in the Code. We have nothing to report on these matters.</p>



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# 3. Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers and managers) In this context, we disclose the following to you:

The Key Audit Partner for the 2023/24 audit engagement, Beth Bowers, has a close family member who is an admitted member of the Pension Fund. An internal ethics consultation has been completed and it has been cleared that there is no threat to independence arising from this and that Beth can continue to fulfil the role of Key Audit Partner on this audit engagement. Appropriate safeguards are in place, and we confirmed with the Corporate Audit Committee that they were comfortable with the relationship.

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 7 September 2022 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix F.

## Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see [Grant Thornton International Transparency report 2023](#).



# 3. Independence considerations

## 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. The following non-audit services were identified. Note that fees for IAS 19 letters for employer body auditors were classed as non-audit fees prior to 2022/23, these fees are now included within the 2023/24 scale fees. The National Audit Office have confirmed that the provision of IAS 19 assurances to auditors of local government and NHS bodies should be considered work undertaken under the Code of Audit Practice for 2022/23 onwards.

Service	Fees	Threats identified	Safeguards
<b>Audit related</b>			
IAS 19 Assurances (outside of Local Government Bodies)	£2,750 per letter	Self-Interest & Advocacy	<p>Self-Interest – Work performed is similar to that of provision of IAS 19 assurances to auditors of local government and NHS bodies, which is considered work under the Code of Audit Practice. We therefore are comfortable there is no self-interest threat, the work is undertaken by the same team of individuals as the work considered as work under the Code.</p> <p>Advocacy - Work is subject to internal review by qualified accountants. Template letters and methodology are created centrally to support the teams in wording communications objectively.</p>
<b>Non-audit related</b>	No non-audit related services identified.		

Currently these fees are estimated as we have received one additional assurance letter, but are anticipating another before finalisation of the 23/24 audit.

None of the services provided are subject to contingent fees.

# 3. Independence and ethics

As part of our assessment of our independence we note the following matters:

Matter	Conclusion
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Pension Fund that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Pension Fund held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Pension Fund as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Pension Fund.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Pension Fund, senior management or staff [that would exceed the threshold set in the Ethical Standard]

We confirm that there are no significant facts or matters that impact on our independence as auditors, aside from those disclosed on page 20, that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements

Following this consideration we can confirm that we are independent and are able to express an objective opinion on the financial statements. In making the above judgement, we have also been mindful of the quantum of non-audit fees compared to audit fees disclosed in the financial statements and estimated for the current year.

# Appendices

- A. Communication of audit matters to those charged with governance
- B. Action plan – Audit of Financial Statements
- C. Follow up of prior year recommendations
- D. Audit Adjustments
- E. Fees and non-audit services
- F. Auditing developments
- G. Management Letter of Representation
- H. Audit opinion

# A. Communication of audit matters to those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	•	
Confirmation of independence and objectivity	•	•
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
Significant findings from the audit		•
Significant matters and issue arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter		•

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

## Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (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.

## Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, we are also required to distribute our findings to those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report to all those charged with governance.

## B. Action Plan – Audit of Financial Statements

We have identified 2 recommendations for the Pension Fund as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2024/25 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
Low	Contributions Receivable - The Finance officer reconciles the LGPS50 with the amounts received in Agresso on a daily basis. The Pensions & Projects Accountant reviews the reconciliations periodically. Upon testing the effective design and implementation of this control, the auditor identified that there is no formal documentation of the control for authorization of reconciliation and journals before they flow into the ledgers.	<p>We recommend that the review of the reconciliation and subsequent authorisation is formally documented to allow for a clear audit trail to be viewed.</p> <p><b>Management response</b>  <b>Agreed. This was also identified as part of the Internal audit</b></p>
Medium	Bank Reconciliations - There is only one individual who signs off the bank reconciliations. There have been extended periods of leave during 23/24 for this person and as a result the reconciliations were not signed off in a timely manner.	<p>We recommend that there is more than one individual that can sign off the bank reconciliation to ensure timely review and resolution of any issues, should they arise and should there be extended periods of leave in future periods.</p> <p><b>Management response</b>  <b>Agreed. This reconciliation can also be signed off by the Finance Manager (Pensions)</b></p>

### Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

# C. Follow up of prior year recommendations

We identified the following issues in the audit of Avon Pension Fund's 2022/23 financial statements, which resulted in 5 recommendations being reported in our 2022/23 Audit Findings Report. We have followed up on the implementation of our recommendations and note 2 are still to be completed.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p>Reconciliations of the Contributions population we identified a £1.18m difference between the listing provided and the ledger balance. It is understood that these differences arise when employers send insufficient or incorrect data and primarily relate to discounts and adjustments between months.</p> <p>While the difference is not significant, we would recommend that management undertakes a reconciliation exercise to ensure the contributions populations reconcile to the financial statements.</p>	<p>A very small variance of £38k was identified this year, which is insignificant, and we are comfortable that the reconciliation exercise has been implemented to identify any larger variances.</p>
✓	<p>Our testing of benefits identified one individual within the dependents population who had passed away in 2019. While the fund had ceased all benefit payments, the individual was still included in the total benefit cost for the year. We assessed the potential impact of this error and identified that there could be an overstatement of benefits in the range of £700k to £1.6m.</p> <p>While the projected error is not significant, we recommend that management seeks to review dependent benefit recipients to confirm that those they are no longer making payments to are removed from the system. Undertaking regular reconciliations between the system and actual benefit payments will also help to identify differences for follow-up.</p>	<p>We have not identified any similar instances of this issue through our testing in 2023/24 and therefore we are satisfied that the final accounts figures are not impacted by such issue.</p>

## Assessment

- ✓ Action completed
- X Not yet addressed



# C. Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
<p><b>Partially addressed</b></p>	<p>As part of our risk assessment procedures around Journals, we identified that the fund were reviewing all journals at year end rather than throughout the year.</p> <p>We also identified that user reviews are scheduled to take place quarterly.</p> <p>Both findings leave the fund open to significant time passing before issues are identified.</p> <p><b>NEW RECOMMENDATION IN 23/24:</b> The audit team would recommend that there should be a functionality in the system where each journals is authorised by an approver before being posted into the ledger.</p>	<p>Management has confirmed that journals were reviewed monthly throughout the year.</p> <p><b>Management response</b></p> <p><b>We will investigate this to see if it is practical to implement with B&amp;NES.</b></p>
<p><b>X</b></p>	<p><b>Inadequate oversight around generic user in Agresso application</b></p> <p>During the audit, we obtained and inspected the evidence relating to the administration of generic accounts with privileged access within the Agresso application and observed that the access to a generic account [Administrator] is shared between the multiple administrators from Finance systems department. The Council has no controls in place to monitor the appropriateness of the activities performed by the account.</p> <p><b>Risk:</b></p> <p>The use of generic or shared accounts with high-level privileges increases the risk of unauthorised or inappropriate changes to the application or database. Where unauthorised activities are performed, they will not be traceable to an individual.</p> <p>Also, without appropriate audit logging and monitoring, unauthorised activities may not be detected in a timely manner, can go unnoticed, and evidence of whether the attack led to a breach can be inconclusive.</p>	<p>The finding has not been remediated.</p> <p><b>Management response</b></p> <p>The Financial System has to have administration in order to maintain and operate the system. Due to these roles that are undertaken the Financial Systems team have unique knowledge of the system that no-one else within the organisation would have, therefore there is zero benefit for other areas to have this oversight as they would not have the knowledge as to why these changes have been made.</p> <p>Due to segregation of duties no-one within the Financial Systems team posts journals, nor amends data, therefore the Financial Systems team cannot make changes to important information without other areas of the business seeing this and querying what has happened. In addition, the various Intel Agents send the changes to the relevant areas when changes are made within Agresso, and changes to this data is only made at the request and authorisation of Service Areas or Consultants suggesting a fix.</p>

## Assessment

- ✓ Action completed
- X** Not yet addressed

# C. Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p><b>Lack of controls over granting new user access within Altair application</b></p> <p><b>Altair</b></p> <p>For a sample user, we noted that the new user access to be mirrored with appropriate user was not mentioned clearly in the new user creation form to verify appropriateness of roles granted against roles approved and had incorrect permissions to be granted within Altair. This lack of information made it difficult to verify whether the permissions requested versus the permissions granted were aligned, or whether the permissions requested were appropriate for the user's role.</p> <p><b>Risk</b></p> <p>User access may not be appropriately aligned to job role requirements which may lead to inappropriate access within the application or underlying data.</p>	<p>The finding has been remediated.</p> <p>We observed that a formal new request form for new joiners and movers is in place to verify the roles assigned to the users in line with the requested roles.</p>

## Assessment

- ✓ Action completed
- X Not yet addressed

# D. 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

We have not identified any adjustments in the draft financial statements that impact the Net Asset Statement or the Fund Accounts as at 31 March 2024.

## 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/issue/Omission	Management response	Adjusted?
<p>Note 1.32 Critical Judgements</p> <p>We challenged the fund on their inclusion of critical judgements in their accounts to ensure these were appropriate and in line with the CIPFA Code.</p>	<p>Upon revision of the disclosure, we have removed the critical judgement disclosed as this did not meet the definition as described by the code.</p>	✓
<p>Note 9 – Change in Total Net Assets</p> <p>The Fund disclosed Purchases and Sales for Cash Deposits, however these disclosures were not in line with the CIPFA Code guidance.</p>	<p>We will revise the Note and removed these figures from the disclosure in both the current period and prior period comparator table. These adjustments do not impact the opening or closing values of Cash Deposits in the note or in the Net Assets Statement.</p>	TBC
<p>Note 10 – Investment Assets</p> <p>The narrative disclosure underneath this note detailing information relating to a Pension Reimbursement Asset is immaterial and does not disclose any information relevant to 2023/24 or 2022/23. We therefore deem this note to be unnecessary.</p>	<p>We have removed this narrative note.</p>	✓
<p>Note 15 – Actuarial Present Value of Promised Retirement Benefits for the Purpose of IAS 26</p> <p>The draft accounts did not contain any disclosures relating to the actuarial position of the fund, including the relationship between the actuarial present value of promised retirements benefits and the net assets available for benefits, which is required under the CIPFA Code paragraph 6.5.5.1(o).</p>	<p>A disclosure has been added to demonstrate this position and a comparative has also been added. Clarification queries on the reconciliation of values included in the disclosure are ongoing with Mercer/Record.</p>	TBC

# D. Audit Adjustments

## 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/issue/Omission	Management response	Adjusted ?
<p>Note 19 – Related Parties</p> <p>We challenged whether the disclosure made for Officer and Manager related parties met the definition of a Related Party under IAS 24, given it is not possible to detail any income or expenditure specifically with these parties.</p>	<p><b>Management response</b></p> <p>The disclosure relating to Officer and Manager related parties has been removed as this did not meet the accounting standard requirement of a related party.</p>	✓
<p>Note 22 – Financial Instruments</p> <p>We challenged the classification split between Fair value and amortised cost for ‘Cash’ disclosed under Note 22, which showed £23.1m held at fair value and £139.4m at amortised cost. This appeared inconsistent between Note 23 (b), which quoted £150.6m held under Treasury Management arrangements, which by nature should be classified as fair value. We also questioned if this required revision in the prior year comparators, noting that it would purely result in a classification change, rather than a change in net asset total.</p>	<p><b>Management response</b></p> <p>The Note 22 disclosure has been updated to show £150.6m held at fair value and £11.9m at amortised cost. This adjustment has also impacted the comparative note, seeing the fair value disclosure for Cash change from £11.5m to £111.3m and the amortised cost total change from £102.1m to £2.3m. A narrative description of the reason for prior period adjustment has been added.</p>	✓
<p>Note 23 – Nature and Extent of risks arising from Financial Instruments</p> <p>Accounting standards IFRS 7 para B 24 states that currency risk disclosures should present a sensitivity analysis for each currency to which an entity has significant exposure. The disclosures in the draft accounts only disclosed the risk by asset type and not currency type. We recommended that the entity also disclose a sensitivity analysis by currency type.</p>	<p><b>Management response</b></p> <p>A sensitivity analysis by currency type has been added to Note 23.</p>	TBC
<p>Note 24 – Fair Value Hierarchy</p> <p>There was no comparative 2022/23 table disclosed for the ‘Reconciliation of Fair Value measurements within Level 3’ table.</p>	<p><b>Management response</b></p> <p>A comparative table has been added.</p>	✓
<p>Other changes</p> <p>Various grammatical, spelling, note referencing and page number updates to be processed following audit review.</p>	<p><b>Management response</b></p> <p>These will be corrected before accounts finalisation.</p>	TBC

## D. Audit Adjustments (continued)

### Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2023/24 audit which have not been made within the final set of financial statements. The Corporate Audit Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Pension Fund Account £'000	Net Asset Statement £'000	Impact on total net assets £'000	Reason for not adjusting
To date, there have been no unadjusted misstatements identified.				
<b>Overall impact</b>				

### Impact of prior year unadjusted misstatements

The table below provides details of adjustments identified during the prior year audit which had not been made within the final set of 2022/23 financial statements.

Detail	Pension Fund Account £'000	Net Asset Statement £'000	Impact on total net assets £'000	Reason for not adjusting
Estimation differences identified in the valuation of L3 Investments. Investments are estimated to be understated.		£14,572		Relates to estimation difference based on the timing of the audit compared to the timing of management's preparation of the financial statements. Management used the best available information at the time to produce financial statements.
<b>Overall impact</b>		£14,572		

# E. Fees and non-audit services

We confirm below our final fees charged for the audit and provision of non-audit services.

Audit fees	Proposed fee
Scale Fee	94,522
ISA 315	7,530
<b>Pension Fund Audit</b>	<b>102,052</b>
IAS 19 letters for employer body auditors, that fall outside of the PSAA Contract	5,500
Total audit fees (excluding VAT)	£107,552

\*Note that fees for IAS 19 letters for employer body auditors were classed as non-audit fees prior to 2022/23, these fees are now included within the 2023/24 scale fees. The National Audit Office have confirmed that the provision of IAS 19 assurances to auditors of local government and NHS bodies should be considered work undertaken under the Code of Audit Practice for 2022/23 onwards. Provision of IAS 19 assurances to auditors of any other type of entity remains non-Code work.



# E. Fees and non-audit services

<b>Non-audit fees for other services</b>	<b>Proposed fee</b>
Audit Related Services - IAS 19 letters for employer body auditors, that fall outside of the PSAA Contract	£2,750 per letter
<b>Total non-audit fees (excluding VAT) – two letters are expected to be issued</b>	<b>£5,500</b>

The proposed fees of £107,552 do not reconcile to the financial statements total fee disclosure of £112,000. Once the following reconciliation items are taken into account the amounts agree within a reconciling difference:

- £9,000 scale fee variation added for the 22/23 audit billed in 23/24
- £5,500 non-audit fees deducted as this was not known at the time of the audit plan and draft accounts preparation.

None of the above services were provided on a contingent fee basis

This covers all services provided by us and our network to the group/company, its directors and senior management and its affiliates, and other services provided to other known connected parties that may reasonably be thought to bear on our integrity, objectivity or independence. (The FRC Ethical Standard (ES 1.69))

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# F. Management Letter of Representation

Draft copy to follow and to be shared with Management ahead of audit completion and will be brought to the November Corporate Audit Committee.

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# G. Audit opinion

Our audit opinion is currently being drafted.

We anticipate we will provide the Pension Fund with an unmodified audit report and will be brought to the November Corporate Audit Committee

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## H. Consistency opinion

The Consistency opinion will be drafted once the work on the consistency of the PF Annual Report has been completed. This is currently in progress.

