

# The Audit Findings for Devon Pension Fund

---

Year ended 31 March 2019

1 August 2018



# Contents



## Your key Grant Thornton team members were:

Jon Roberts

Key Audit Partner

T: 0117 305 7699

E: jon.roberts@uk.gt.com

David Bray

Senior Manager

T: 0117 305 7889

E: david.bray@uk.gt.com

George Cai

Associate

T: 0117 305 7759

E: george.cai@uk.gt.com

## Section

1. Headlines
2. Financial statements
3. Independence, ethics and fees

## Page

- 3  
4  
11

## Appendices

- A. Action plan
- B. Audit adjustments
- C. Audit Opinion

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.

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: 30 Finsbury Square, London, EC2A 1AG. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

---

# Headlines

This table summarises the key findings and other matters arising from the statutory audit of Devon Pension Fund ('the Pension Fund') and the preparation of the Pension Fund's financial statements for the year ended 31 March 2019 for those charged with governance.

---

<b>Financial Statements</b>	<p>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:</p> <ul style="list-style-type: none"><li>• give a true and fair view of the financial position of the Pension Fund and its income and expenditure for the year; and</li><li>• 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.</li></ul>	<p>Our audit work was completed on site during June and July 2019. Our findings are summarised on pages 5 to 10. We identified one adjustment to the financial statements although this did not impact on the Pension Fund's reported financial position. Audit adjustments are detailed in Appendix B. We also raised one recommendation for management as a result of our audit work in Appendix A.</p> <p>Our audit opinion was issued on 30 July 2019 and this unmodified.</p>
-----------------------------	---	--

---

## 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 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 have been discussed with management.

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.

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

We have not had to alter our audit plan, as communicated to you on 27 February 2019.

## Conclusion

We issued an unqualified audit opinion on 30 July 2019, as detailed in Appendix C.

## 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 calculations remain the same as reported in our audit plan. We detail in the table below our determination of materiality for Devon Pension Fund.

	Pension Fund Amount (£)	Comments
Materiality for the financial statements	£40m	Our planning materiality was set at 1% of your actual net assets for the year ended 31 March 2018.  There was no need to revise this based on the draft financial statements for the year ended 31 March 2019 as there was not a significant change in the value of the Pension Fund's net assets.
Performance materiality	£30m	This is 75% of the materiality for the financial statements.
Trivial matters	£2m	This is 5% of the materiality for the financial statements.

# Significant findings – audit risks

## Risks identified in our Audit Plan

## Commentary

1

### Improper revenue recognition

Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.

This presumption can be rebutted if the auditor concludes 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 Fund, in our audit plan we stated that the risk of fraud arising from revenue recognition could be rebutted, because:

- there was little incentive to manipulate revenue recognition;
- opportunities to manipulate revenue recognition were very limited; and
- the culture and ethical frameworks of local authorities, including Devon County Council and Devon Pension Fund, mean that all forms of fraud are seen as unacceptable.

Therefore we did not consider this to be a significant risk for Devon Pension Fund at the planning stage. Our audit work confirmed this assessment.

2

### 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. The Pension Fund faces external scrutiny of its spending and stewardship of funds and this could potentially place management under undue pressure in terms of how they report performance.

We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.

### Auditor commentary

We:

- evaluated the design effectiveness of management controls over journals
- analysed the journals listing and determined the criteria for selecting high risk unusual journals
- tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration
- gained an understanding of the accounting estimates and critical judgements applied made by management and considered their reasonableness with regard to corroborative evidence
- evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Our audit work did not identify any issues in respect of management override of controls.

We recommended that management review the critical judgements disclosed within the financial statements to ensure that they are (a) critical and that (b) the judgement applied is clearly set out.

# Significant findings – audit risks

## Risks identified in our Audit Plan

## Commentary

1

### Valuation of Level 3 investments

The Fund revalues its investments on an annual basis 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 (c£100m at 31 March 2018) 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 by their very nature require a significant degree of judgement to reach an appropriate valuation at year end.

Management utilise the services of investment managers and/or custodians as valuation experts to estimate the fair value as at 31 March 2019.

We therefore identified valuation of Level 3 investments as a significant risk, which was one of the most significant assessed risks of material misstatement.

### Auditor commentary

We:

- evaluated management's processes for valuing Level 3 investments
- reviewed the nature and basis of estimated values and consider 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
- challenged the basis of valuations
- considered the competence, expertise and objectivity of the management experts used
- reviewed the qualifications of the experts used to value Level 3 investments at year end and gained an understanding of how the valuation of these investments has been reached
- considered the reports on the internal controls in place for each of the fund managers
- for all Level 3 investments we 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 2019 with reference to known movements in the intervening period
- formed our own expectation on the value of level 3 investments at year end and compared these to the year end confirmations provided by the various fund managers.

Our audit work did not identify any issues in respect of the valuation of Level 3 investments. See also page 9.

# Significant findings - other issues

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 control deficiencies identified during the year.

Issue	Commentary	Auditor view
<p><b>1 Potential impact of the McCloud judgement</b></p> <p>The Court of Appeal has ruled that there was age discrimination in the judges and firefighters pension schemes where transitional protections were given to scheme members.</p> <p>The Government applied to the Supreme Court for permission to appeal this ruling, but this permission to appeal was unsuccessful.</p> <p>The legal ruling around age discrimination (McCloud - Court of Appeal) has implications not just for pension funds, but also for other pension schemes where they have implemented transitional arrangements on changing benefits.</p>	<p>The Pension Fund requested an estimate from its actuary of the potential impact of the McCloud ruling. The actuary's estimate was of a possible increase in pension funds total liabilities of £54.592m.</p> <p>Management's view was that the estimate was material for the Pension Fund and the disclosure note regarding the Funded Obligation (note 21) was updated accordingly.</p>	<p>We reviewed the analysis performed by the actuary, and considered that the approach that had been taken to arrive at this estimate was reasonable.</p> <p>There was sufficient evidence to indicate that a liability was probable and the Pension Fund's revised disclosure was appropriate given the information currently available.</p> <p>See audit adjustments in Appendix B.</p>

# Significant findings - 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).

## Going concern commentary

---

### Management's assessment process

Management prepared the financial statements on a going concern basis. This was included as a critical judgement in the application of the Pension Fund's accounting policies.

Management's view was that the triennial revaluation of the Pension Fund by the appointed actuary, and any changes to contribution levels, ensures adequate long term funding for the scheme.

---

### Work performed

We reviewed the most recent triennial valuation and took into account the funding level reported within this.

We reviewed the Pension Fund's receipts and compared these to the benefits payable, noting that the two were broadly consistent with each other.

---

### Concluding comments

- Management completed an assessment regarding the applicability of the going concern principle.
  - We concurred with management's view that the financial statements should be prepared on a going concern basis and that no material uncertainty exists regarding the Pension Fund's ability to continue as a going concern.
-



# Significant findings – key judgements and estimates

	Summary of management's policy	Audit Comments	Assessment
<b>Level 3 investments</b>	The Pension Fund has various pooled investments on the Net asset Statement as at 31 March 2019 valued at £158m. These investments are not traded on an open exchange/market and the valuation of the investment is highly subjective due to a lack of observable inputs. Management rely on the fund managers to provide year end valuations.	<p>Please also see page 6.</p> <p>We:</p> <ul style="list-style-type: none"> <li>assessed management's experts used to provide these valuations</li> <li>considered the appropriateness of the underlying information used to determine the estimate</li> <li>reviewed the consistency of the estimates with previous years and against peers / industry practice as the Pension Fund's Fund Managers act for other Pension Funds we audit</li> <li>assessed the reasonableness of increase in the estimate by reference to the investments made in the year</li> <li>ensured the adequacy of the disclosures relating to the estimate in the financial statements.</li> </ul> <p>Our audit work did not identify any issues in respect of the valuation of Level 3 investments.</p>	<p>●</p> <p>Green</p>
<b>Level 2 investments</b>	The Pension Fund has various pooled investments, including property funds, on the Net asset Statement as at 31 March 2019 valued at £2.68 billion. In order to determine the value, management rely on the custodian and the investment fund managers for their year end valuations.	<p>We:</p> <ul style="list-style-type: none"> <li>gained an understanding of the Fund's process for valuing Level 2 investments</li> <li>reviewed the reconciliation of information provided by the individual fund managers, the custodian and the Pension Scheme's own records and sought explanations for significant variances</li> <li>assessed the reasonableness of increase in the estimate by reference to the investments made in the year</li> <li>ensured the adequacy of the disclosures relating to the estimate in the financial statements.</li> </ul> <p>We asked management to change two investments (sterling deposits and foreign currency deposits) from Level Two to Level One and the financial statements were amended accordingly. Further information is included in Appendix B (page 13).</p> <p>Our audit work did not identify any other issues in respect the valuation of Level 2 investments.</p>	<p>●</p> <p>Green</p>

## Assessment

- We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated (Red)
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic (Amber)
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious (Yellow)
- We consider management's process and key assumptions to be reasonable (Green)

# 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>	We had previously discussed the risk of fraud with the County Council's Audit Committee. We were not made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
② <b>Matters in relation to related parties</b>	We were not aware of any related parties or related party transactions which have not been disclosed.
③ <b>Matters in relation to laws and regulations</b>	You did not make us aware of any significant incidences of non-compliance with relevant laws and regulations and we did not identify any incidences from our audit work.
④ <b>Written representations</b>	A letter of representation has been provided by the Pension Fund; this was included in the County Council's Audit Committee papers for 29 July 2019. A specific representation was requested from management in respect of the significant assumptions used in making the assessment of the implications of the McCloud judgement (see page 7 of this report).
⑤ <b>Confirmation requests from third parties</b>	We requested from management permission to send confirmation requests to fund managers. This permission was granted and the requests were sent. These requests were returned with positive confirmation. There were no issues we wished to draw to the Audit Committee's attention.
⑥ <b>Disclosures</b>	We requested a number of changes to the disclosures within the financial statements. These are summarised in Appendix B, although none of them are of such significance to require separate reporting.
⑦ <b>Audit evidence and explanations/significant difficulties</b>	All information and explanations requested from management were provided.
⑧ <b>Matters on which we report by exception</b>	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. This work was completed after the County Council's Audit Committee meeting on 29 July 2019 and we concluded that the financial statements included within the Annual Report were consistent with the audited financial statements.

# Independence, ethics and fees

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.

## Audit Fees

We confirm below our final fees charged for the audit and, having made enquiries of all Grant Thornton UK LLP teams providing services to the Pension Fund, confirm there were no fees for the provision of non audit services other than the Pension Assurance Letters set out below. We set out the safeguards overleaf.

	Fee per Audit Plan	Expected fee	Per accounts (note 8)	Commentary
<b>Audit Fees</b>				
Pension Fund Audit	22,024	TBC	22,024	This scale fee was set by Public Sector Audit Appointments Ltd (PSAA)
Assessing the impact of the McCloud ruling		1,500		The Government's transitional arrangements for pensions were ruled discriminatory by the Court of Appeal last December. The Supreme Court refused the Government's application for permission to appeal this ruling. As part of our audit we have been considering the impact on the financial statements along with any audit reporting requirements.
<b>Non Audit Fees</b>				
Pension Assurance Letters		10,000		We have been contacted by the auditors of fourteen other local authorities who are admitted bodies of the pension scheme to provide assurance in terms of our work on the Pension Fund audit. Both PSAA, in the Terms of Appointment, and the National Audit Office, in its Auditor Guidance Notes, expects that auditors will cooperate with other local government auditors and therefore we are required to respond.
<b>Total fees (excluding VAT)</b>	<b>£22,024</b>	<b>£TBC</b>	<b>£22,024</b>	

# Independence and ethics

## 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 Council and Pension Fund and the following non-audit service was identified. We set out the threat to our independence and safeguard that has been applied to mitigate this threat. Both PSAA, in the Terms of Appointment, and the National Audit Office, in its Auditor Guidance Notes, expects that auditors will cooperate with other local government auditors and therefore we are required to undertake this work.

	Expected Fee £	Threats identified	Safeguards
<b>Audit related</b>			
Pension Assurance Letters	£10,000	Self review	This is not considered a significant threat as we are not reviewing any information that we have prepared. As this is an audit related service, it is acceptable for the audit team to carry out this work. In addition, we have not prepared the financial information on which our assurances will be used by the requesting auditor to form an opinion on as part of their opinion on the financial statements of the admitted body.
		Management	The scope of the work does not include making decisions on behalf of management or recommending or suggesting a particular course of action for management to follow. We will not be making any recommendations as part of this work.
<b>Non-audit related</b>			
None			




These services are consistent with the Council's policy on the allotment of non-audit work to your auditors.  
 All services have been approved by the Audit Committee.  
 None of the services provided are subject to contingent fees.

# Action plan

We identified one recommendation for the Pension Fund from our audit. We agreed this with management and we will report on progress on this during the course of the 2019/20 audit. The matter reported here is limited to those deficiencies that we identified during the course of our audit and that we concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendation
<p>1</p> <p></p> <p><b>Green</b></p>	<p><b>Critical judgements</b></p> <p>The financial statements set out a number of judgements which management consider are critical when determining how to apply the accounting policies of the Pension Fund.</p> <p>Our view is that not all of the matters disclosed are 'critical' and also that the actual judgement applied is not clear.</p>	<p>Review the critical judgements disclosed within the financial statements to ensure that they are (a) critical and that (b) the judgement applied is clearly set out.</p> <p><b>Management response</b></p> <p>The Authority will review disclosures regarding critical judgements for 2019/20.</p>

#### Risk rating

-  High – Significant effect on control system (Red)
-  Medium – Effect on control system (Amber)
-  Low – Best practice (Green)

# 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 ending 31 March 2019.

Area	Nature of adjustment
1 Level 2 investments	<p>Foreign currency deposits and short term Sterling deposits totalling £34.6m were reclassified from Level 2 to Level 1 investments.</p> <p>This error was also identified in 2017/18 (£62m) and reoccurred because the Pension Fund did not update its working papers template.</p>
<b>Overall impact</b>	<b>£0</b>

## Misclassification and disclosure changes

A number of changes were made to the disclosures within the financial statements. These covered:

- Analysis of investments
- Accounting policies to ensure completeness and clarity
- Management remuneration

None of are such significance to require separate reporting.

The Pension Fund also included a disclosure regarding the impact of the McCloud judgement (see page 7)

# Audit Adjustments

## **Impact of unadjusted misstatements**

There are no unadjusted errors within the Pension Fund's financial statements.

## **Impact of prior year unadjusted misstatements**

There were no adjustments identified during the prior year audit which had not been made within the final set of 2017/18 financial statements.

# Audit opinion

We provided the Pension Fund with an unmodified audit report

## Independent auditor's report to the members of Devon County Council on the pension fund financial statements of Devon Pension Fund

### Opinion

We have audited the financial statements of Devon Pension Fund (the 'pension fund') administered by Devon County Council (the 'Authority') for the year ended 31 March 2019 which comprise the Fund Account, the Net Asset Statement 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 2018/19.

In our opinion, the financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2019 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 2018/19; 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 Authority in accordance with the ethical requirements that are relevant to our audit of the pension fund's 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.

### 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 County Treasurer's use of the going concern basis of accounting in the preparation of the pension fund's financial statements is not appropriate; or
- the County Treasurer has not disclosed in the pension fund's 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 the pension fund for a period of at least twelve months from the date when the pension fund's financial statements are authorised for issue.

### Other information

The County Treasurer is responsible for the other information. The other information comprises the information included in the Statement of Accounts and Annual Governance Statement, other than the pension fund's financial statements, our auditor's report thereon and our auditor's report on the Authority's financial statements. Our opinion on the pension fund's 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's 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's financial statements or our knowledge of the pension fund obtained in the audit 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's 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's financial statements and our knowledge of the pension fund the other information published together with the pension fund's financial statements in the Statement of Accounts and Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the pension fund's 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 issue a report 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 make 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 make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;

- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

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

## Responsibilities of the Authority, the County Treasurer and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Responsibilities for the statement of accounts set out on page 134, 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 County Treasurer. The County Treasurer is responsible for the preparation of the Statement of Accounts, which includes the pension fund's 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 2018/19, for being satisfied that they give a true and fair view, and for such internal control as the County Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the pension fund's financial statements, the County Treasurer 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 there is an intention by government that the services provided by the pension fund will no longer be provided.

The Audit Committee is Those Charged with Governance. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

# Audit opinion

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

Our objectives are to obtain reasonable assurance about whether the pension fund's 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 financial statements.

A further description of our responsibilities for the audit of the 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.

## Use of our report

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.

Jon Roberts, Key Audit Partner  
for and on behalf of Grant Thornton UK LLP, Local Auditor

Bristol

30 July 2019



© 2019 Grant Thornton UK LLP. All rights reserved.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires.

Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.