

EXTERNAL AUDITOR REPORT on the PENSION FUND ACCOUNTS	Item 5
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Committee	Pensions Committee
Officer Reporting	James Lake, Finance
Papers with this report	EY: Pension Fund Audit Update Report, year ended 31 March 2020 (To be distributed separately ahead of Pensions Committee) Draft Pension Fund Accounts 2019/20

HEADLINES

The Draft Pension Fund Accounts for 2019/20 as taken from the Councils financial statements are attached to this report for Committee review, prior to the Councils Financial statements sign off at Audit Committee.

The attached draft report details the work of the External Auditor – EY, on the audit of the 2019/20 Pension Fund Accounts. Due to the progress of the audit and the extended audit deadline, a verbal update will be provided at the meeting on progress from the report date. The auditor has indicated that, they expect to issue an unqualified audit opinion on the financial statements; however, there are a small number of items yet to be completed.

RECOMMENDATIONS

It is recommended that Pensions Committee:

- 1. Note the EY's findings on the audit of the Pension Fund accounts for 2019/20.**

SUPPORTING INFORMATION

The Council as an administering authority under the Local Government Pension Scheme Regulations is required to produce a separate set of accounts for the scheme's financial activities including its assets and liabilities.

The contents and format of the accounts are determined by statutory requirements and mandatory professional standards as established by the Chartered Institute of Public Finance & Accountancy (CIPFA) in their Code of Practice (The Code).

The Pension Fund Accounts were subject to a separate audit by the Council's external auditors, EY LLP. Whilst the Audit Committee formally approves the Council's Statements of Accounts, which incorporates the Pension Fund Accounts, the Pensions Committee reviews them first. The Pension Fund Accounts also make up part of the Pension Fund Annual report, which will be brought to Pension Committee in October for formal approval. The Audit report on the Pension Fund accounts will be taken to Audit Committee on 29 October 2020.

SCOPE OF THE EXTERNAL AUDIT

Auditors are required to communicate to elected Members matters of governance that arise from the audit of the financial statements.

Areas of Audit focus consisted of:

- Posting of Investment Journals: Misstatement due to fraud or error
- Risk of Incorrect Valuation of Unquoted Investments

There are a number of outstanding items and an update on these items will be provided at the committee meeting.

In addition, the auditor requires a “Management Representation Letter” to be signed by management. The letter includes representations on matters material to the statement of accounts, where sufficient evidence cannot reasonably be expected to exist. This will be prepared in line with the final Council accounts.

FINDINGS

At the time of reporting, there were no uncorrected material misstatements over the materiality threshold of £10.7 million. In addition there are no uncorrected misstatements to report over the reporting threshold of £0.533 million.

It is expected there will be an ‘Emphasis of Matter’ relating to valuation uncertainties as a result of COVID-19. This does not impact the audit result but instead aims highlight a specific situation outside the control of the Fund. This emphasis of matter will be common throughout audits for 2019/20 and is not specific to Hillingdon.

FINANCIAL IMPLICATIONS

The financial implications are contained within the body of the report

LEGAL IMPLICATIONS

The legal implications are mentioned within the report.