

## **Pension Fund Committee**

Meeting to be held on Friday, 27 November 2020

Electoral Division affected: None;
---------------------------------------

## **Lancashire County Pension Fund - External Audit Findings Report** (Appendix 'A' refers)

Contact for further information:

Michelle King, Interim Head of Fund, [Michelle.King2@lancashire.gov.uk](mailto:Michelle.King2@lancashire.gov.uk)

### **Executive Summary**

The report at Appendix 'A', sets out the findings of the external auditor, Grant Thornton, following audit of the Lancashire County Pension Fund accounts for the year ended 31 March 2020. The report was presented to the Council's Audit, Risk and Governance Committee on 19 October 2020.

The external auditor expect to provide an unqualified audit opinion, including an 'Emphasis of Matter' paragraph highlighting asset valuation material uncertainties on the pension fund accounts, and a 'consistency' opinion on the Annual Report of the Fund.

### **Recommendation**

The Committee is asked to take note of the adjustments to the financial statements and the other issues raised by the auditor which are set out in Appendix 'A'.

### **Background and Advice**

The external auditor is required to report to the Audit, Risk and Governance Committee, prior to concluding the audit work. Grant Thornton's final Audit Findings Report was presented to the Audit, Risk and Governance Committee on 19 October 2020 and a copy is attached as Appendix 'A' to this report.

The report includes the outcome of work against the main audit risks highlighted in the Audit Plan, which was presented to the Pension Fund Committee on 6 March 2020.

The report and the proposed opinion on the pension fund accounts will draw the attention of users of the statement of accounts to the inclusion of a 'material uncertainty clause' regarding the valuation of the Fund's directly held property, as valued by Avison Young. This clause does not suggest that the valuation of property cannot be relied upon but that, due to there being limited transactions in the property market due to Covid-19, there is less evidence available to support the valuation

than usual and therefore the valuations at 31 March 2020 are inherently less certain. The clause is not included in the most recent valuation at 30 September 2020.

The Committee should note that the reference to the management expenses disclosure on page 14 of Appendix 'A' has now been finalised and the disclosure of audit fees within the accounts has been updated.

The following items are highlighted on page 4 of Appendix 'A' as being outstanding as at the date of issue of the audit findings report:

- finalising work on:
  - valuation of level 1, 2 and 3 investments;
  - IAS 19 work on the triennial valuation;
  - benefits payable;
- completion of assurance procedures on some minor disclosure notes;
- response inquiries to legal team regarding any potential claims against the fund;
- updated review of post balance sheet events;
- final quality assurance procedures.

A member of the Grant Thornton audit engagement team will be in attendance at the meeting to present the report and to give an update on the status of previously outstanding items.

## **Consultations**

The audit findings report was agreed with the Head of the Pension Fund, and the County Council's Section 151 Officer before the report was taken to the Audit, Risk & Governance Committee in October.

## **Implications:**

This item has the following implications, as indicated:

## **Risk management**

No significant risks have been identified.

## **Local Government (Access to Information) Act 1985 List of Background Papers**

Paper	Date	Contact/Tel
N/A		
Reason for inclusion in Part II, if appropriate		
N/A		