The Preliminary Audit Findings for Northamptonshire Pension Fund

Year ended 31 March 2022

Northamptonshire Pension Fund

November 2022

Contents

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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.

1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of Northamptonshire Pension Fund ('the Pension Fund') and the preparation of the Pension Fund's financial statements for the year ended 31 March 2022 for 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 position of the Pension Fund and its income and expenditure for the year; 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 completed remotely during June-September. Our findings are summarised on pages [x] to [x]. We have not identified any issues requiring an adjusting entry to the core financial statements. However, an unadjusted misstatement relating to timing delays in production of investment manager reports was identified. If adjusted, this would increase the value of the Fund's Net Asset Statement by £8.5m Management have opted not to amend as the value is not material. In addition, a small number of required disclosure amendments were identified. Further information on the above is provided at Appendix C. We have also raised one recommendation for management as a result of our audit work in Appendix A. Our follow up of recommendations from the prior year's audit are detailed in Appendix B.

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

- completion of 20/21 audit and review by Grant Thornton of predecessor audit file (to obtain assurance over opening balances);
- receipt of management representation letter; and
- review of the Annual report
- 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 audit report opinion will be unmodified. Given the likely timeline of sign off of the financial statements, a draft opinion and letter of representation will be shared with management and agreed for inclusion of the final version of the report to coincide with conclusion of the 21/22 audit of the administering authority.

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 have been discussed with management prior to the Committee date.

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; and
- 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 cause to alter our audit strategy, which was outlined in the plan presented to you on 25 July 2022.

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved and a satisfactory review of the predecessor audit file, we anticipate issuing an unqualified audit opinion to coincide with completion of the 2021/22 audit of West Northamptonshire Council. These outstanding items include are outlined on page 3.

Given the likely timing delay on completion of the West Northamptonshire Council 21/22 audit and existing delays in completion of 20/21 Fund and Administering Authority audits, this report is currently indicative and, as such, we will include a draft opinion and Letter of Representation in our final AFR, to coincide with completion of the administering authority audit for 21/22.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff. Both the engagement team and Fund staff have faced challenges stemming from the ongoing coronavirus pandemic, related staff sickness and the impact of the move to remote working in addition to the inherent challenges of a change of auditor. However, a good working relationship has been established, with working papers and supporting documentation supplied in a timely fashion and to a good standard.

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.

Upon receipt and review of the draft financial statements, we revised materiality. Planning materiality reported to you in our Audit Plan on 25 July 2022 made assumptions around the impact of the ongoing conflict in Ukraine on global markets in the final quarter of 21/22 and attempted to set a prudent level of materiality against a possible downwards trend. Draft financials and our wider understanding of the sector suggested that, in practice, the impact was not as pronounced as anticipated and therefore our revised materiality was more appropriate.

We detail in the table below our determination of materiality for Northamptonshire Pension Fund.

	Pension Fund Amount (£)	Qualitative factors considered
Materiality for the financial statements	33.6m	Materiality is calculated as approximately 1% of Net Assets per the draft accounts. We deem this to be a level above which errors or omissions would alter the economic decisions of users of the accounts.
Performance materiality	21.8m	Based on the internal control environment at the Fund we determined that 65%
Trivial matters	1.6m	We deem matters below 5% of materiality to be sufficiently, trivial not to warrant drawing to the attention of the Committee.

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
Management override of controls Under ISA (UK) 240, there is a non-rebuttable presumed risk that management override of controls is present in all entities. The Fund faces external scrutiny of its spending and stewardship of assets 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 of material misstatements.	We have; - evaluated the design effectiveness of management controls over journals - analysed the journals listing and determined the criteria for selecting high risk unusual journals - identified and tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration - gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness - Evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. Our audit procedures have not identified any issues in relation to management override of controls.
The revenue cycle includes fraudulent transactions **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.** **As external auditors in the public sector, we are also required to give regard to Practise Note 10, which interprets the ISA in a public sector context and directs us to consider whether the assumption also applies to expenditure.**	As reported at the planning stage, having considered the risk factors set out in ISA 240 and the nature of the revenue streams at the Fund, we have determined that the risk of fraud arising from revenue and expenditure recognition can be rebutted, because; There is little incentive to manipulate revenue and expenditure recognition; Opportunities to manipulate revenue and expenditure recognition are very limited; and The culture and ethical frameworks of local authorities, including the administering authority, West Northamptonshire Council, mean that all forms of fraud are seen as unacceptable. Therefore, at the planning stage we did not consider this to be a significant risk for Northamptonshire Pension Fund. We have continued our risk assessment throughout the audit and have not identified any circumstances indicating a requirement to alter this decision.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Commentary
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 statement date. By their nature, Level 3 investments valuations lace 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 by their very nature require a significant degree of judgements to reach an appropriate valuation at year end. Management utilise the services of investment managers as valuation experts to estimate the fair value of these assets. We therefore identified valuation of Level 3 investments as a significant risk, which was one of the most significant assessed risks of material misstatement and a key audit matter.	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 the requirements of the code are met; independently requested year end confirmations from investment managers, with an additional focus on ensuring the use of appropriate IPEV (or equivalent) methodology in their valuation books, updated for most recent available guidance in relation to COVID-19; for a sample of investments, tested the valuation by comparing the valuation per the General Ledger (typically based on investor statement as at the reporting date, or in the case of harder to value assets, the latest capital statement available adjusted for known cash movements in the final quarter of the year) to direct confirmation of capital balances from investment managers and, where available latest audited financial statements; completed sample testing of purchases and sales to prime documentation across the period to support out reconciliation of the opening and closing balances; analysed the Fund's holdings by sector, applying an additional layer of professional scepticism and challenge in relation to any assets with potential exposure to the pandemic or the impact of Brexit. Per the results of our work, we are satisfied that management's process for estimating the valuation of Level 3 assets is sufficiently robust. We did not identify any instances where management did not have an appropriate basis for arriving at an estimate. A key challenge in this area is the impact of timing delays in valuation of assets. As a proportion of the Level 3 assets are held in the Ne**t Assets Statement at their 31 December valuation adjusted for known cash movements, there will inevitably be a variance between the Net Asset Statement and the valuations per the final 31 March capital statements, which typically are received during the course of the audit. Having assured ourselves of the reliability of valuations provided by the Investment Managers by, as described above, reviewing investor statements at the audited accounts date to gain an independent assessment of the valuations on a sample basis, we were then able to quantify the impact of this timing variance on the financial statements – this has resulted in an identified unadjusted misstatement of £8.5m This is not material but above our trivial threshold and therefore we are required to report the value to members of the Committee. Management have opted not to amend on the grounds of materiality. In our view, this is an acceptable stance – the balance is an estimate which has an inherent level of uncertainty. Our work has indicated that we can take reasonable assurance that the value is not materially misstated. As referred to previously, this is a function of the nature of LGPS Funds and therefore not attributable to any control weaknesses within the organisation.** Our audit work has not identified any issues in respect of the valuation of Level 3 investments, pending resolution of a small number of queries as outlined on page three. We will update members via our final AFR, to be released on conjunction with the signing of the audit opinion upon completion of the prior period Fund audit and the 21/22 West Northamptonshire Council audit.

2. Financial Statements – key judgements and estimates

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

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Level 3 Investments – £638m	The Pension Fund holds a quantity of investment assets which are deemed to be "hard to value" (also referred to as Level 3 within the IFRS Fair Value hierarchy). These are typically funds holding private equity, infrastructure and property assets. In total these are valued on the balance sheet as at 31 March 2022 at £638m. These investments are not traded on an open exchange or market and the valuation of the investment is highly subjective due to a lack of observable inputs. In order to determine the value, management obtains periodic valuations of these assets prepared by its fund managers. The Fund also works with advisors who take an independent view of the Fund's overall performance against the market, enabling management to identify and challenge outliers if possible. Management also obtains Service Auditor Reports for its investment managers and audited accounts for individual funds where available to add a further layer of independent assurance to the valuations provided. The value of the Fund's holding of level 3 assets has increased by approximately £202m (PY; £436m). Part of this movement can be explained by a reclassification of assets which were previously classified as level 2 into the level 3 population and a net increase of assets of this type via investment purchases. However, we also note an increase attributable to market movements of £103m. This is consistent with our wider understanding of market conditions, as, despite an element of increased uncertainty stemming from the conflict in Ukraine in the final quarter, asset classes such as property and private equity holdings recovered as pandemic related issues began to alleviate. As noted earlier in the report, due to the nature of these assets, valuations are frequently received in arrears and, as such, per the Fund's accounting policies a number of assets are held at the December 31 valuation (or similar), adjusted for known cash movements such as purchases or distributions. As such there will inevitably be a variance noted when management's estimate is compared to actual March 31 valuations received post year end. Working with management, we have been able to quantify this in full, noting a positive variance of £8.5m between management's estimated valuation as at the balance sheet date and updated valuations using more current investor statements. Management have not amended the accounts for this due to its non material nature.	Based on the substantive work performed, our view is that management's process for estimating the value of these assets is appropriate. The variance noted is in line with our expectations based on our understanding of similar bodies in the sector and we do not deem it to be indicative of a control weakness internally.	

2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Level 2 Investments – £2,602m	The Pension Fund have investments in various pooled investment vehicles and other funds that in total are valued on the balance sheet as at 31 March 2022 at £2,602m. Some of the investments are not traded on an open exchange or market and the valuation of the investment is subjective. In other cases, the valuation is an aggregate of a number of underlying assets and, as such, the valuation is opaque. In order to determine the value, management uses figures provided by investment managers, supplemented by reviews of Service Auditor Reports, Audited financial statements and other market data as relevant. The value of the Fund's holding of level 2 assets has decreased by £80m approximately in 2021/22 due to a combination of reclassification of assets as level 3 and a move to holding a larger balance of level 1 cash and cash equivalents.	We noted not concerns around management's processes for estimating the value of level 2 assets.	

Assessment

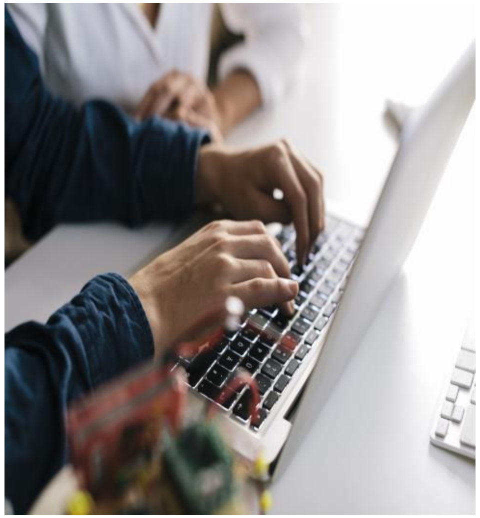
- Dark Purple We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- Blue We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider 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 - 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 not been made aware of any material or 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	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation will be requested from the Fund in conjunction with our final sign off of the Pension Fund accounts. We do not anticipate that any specific representations will be included in relation to particular areas of the accounts. We will agree a draft document with management for inclusion in the final Audit Findings Report.

2. Financial Statements - other communication requirements



Issue	Commentary
Confirmation requests from third parties	We requested from management permission to send confirmation requests to the Fund’s banking and investment management partners. This permission was granted and the requests were sent. All of these requests 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
Audit evidence and explanations/ significant difficulties	All information and explanations requested from management was provided.

2. Financial Statements - other communication requirements

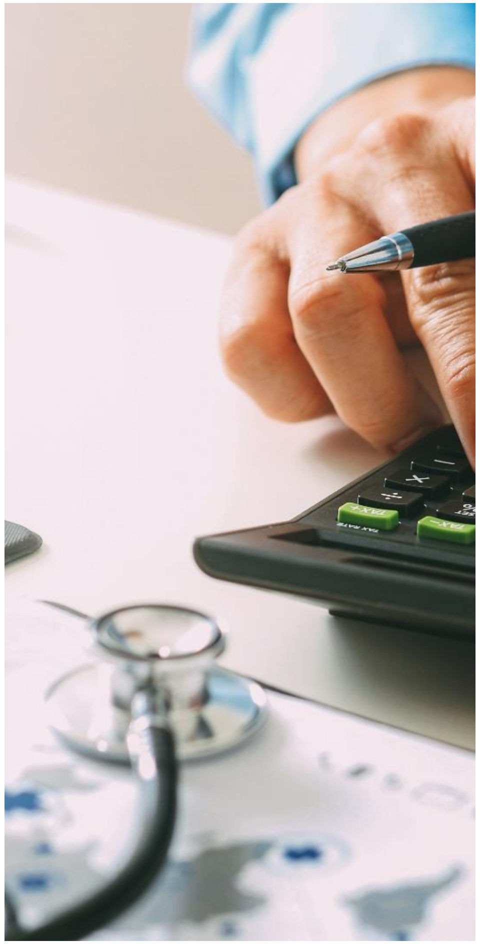
Our responsibility

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	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. Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities: • 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 • 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. 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: • the nature of the Pension Fund and the environment in which it operates • the Pension Fund's financial reporting framework • the Pension Fund's system of internal control for identifying events or conditions relevant to going concern • management's going concern assessment. On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that: • a material uncertainty related to going concern has not been identified • management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

2. Financial Statements - other responsibilities under the Code

Issue	Commentary
Disclosures	A small number of issues have been identified but have been adequately rectified by management. We plan to issue an unmodified opinion in this respect. Further details of disclosure amendments are included in Appendices A - C
Matters on which we report by exception	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. Due to statutory deadlines the Pension Fund Annual Report is not required to be published until 1 December 2022 and therefore this report has not yet been produced. We have therefore not given this separate opinion at this time and are unable to certify completion of the audit of the administering authority until this work has been completed.



3. Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged and mitigations in relation to possible threats to independence as a result of fees for non audit work are detailed in Appendix D

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 Transparency report 2020 (grantthornton.co.uk)

3. 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 Pension Fund. The following non-audit services were identified, as well as the threats to our independence and safeguards that have been applied to mitigate these threats.

Service	Fees £	Threats identified	Safeguards
Audit related			
IAS 19 Assurance letters for Admitted Bodies	£10k + £1k per individual IAS 19 letter*	Self-interest (as a result of the recurring fee).	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work will be small in comparison to the total fee for the audit and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.

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

*Please note – due to delayed starts to administering authority and other Northamprtonshire Local Government audits we have not yet received any requests from employer engagement teams. We will report the final level of IAS 19 fees within the updated version of the AFR to coincide with final sign off of the financial statements.

Appendices

A. Action plan – Audit of Financial Statements

We have identified one recommendation 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 2022/23 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
	During the course of the audit, we noted some delays in receipt of declarations of interest from members of the Pensions Committee and others with a governance link to the Fund. It is important to ensure that these returns are received and reviewed promptly to prevent the possible omission of disclosure of a previously unidentified related party which may alter the understanding of readers of the accounts.	The Fund should work proactively with partners within the administering authority and other stakeholders to ensure that all returns are received and reviewed promptly. **Management response** Officers sent initial requests in February and unfortunately did not have all forms returned in time for the onsite audit, there was one case where we did not receive the declaration after multiple chases. Officers will raise with the Chair of the Pension Committee to underline the importance of the returns. Officers will continue to work proactively with partners and administering authority to ensure that all returns are received and reviewed promptly.

Controls

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

B. Follow up of prior year recommendations

The Auditing Standards require us to report to you on the follow up of any issues identified or recommendations raised during the prior period audit. We note that no recommendations were included in the predecessor auditor's ISA 260 report and, as such, we have nothing to report in this respect.

Assessment

✓ Action completed

X Not yet addressed

C. Audit Adjustments

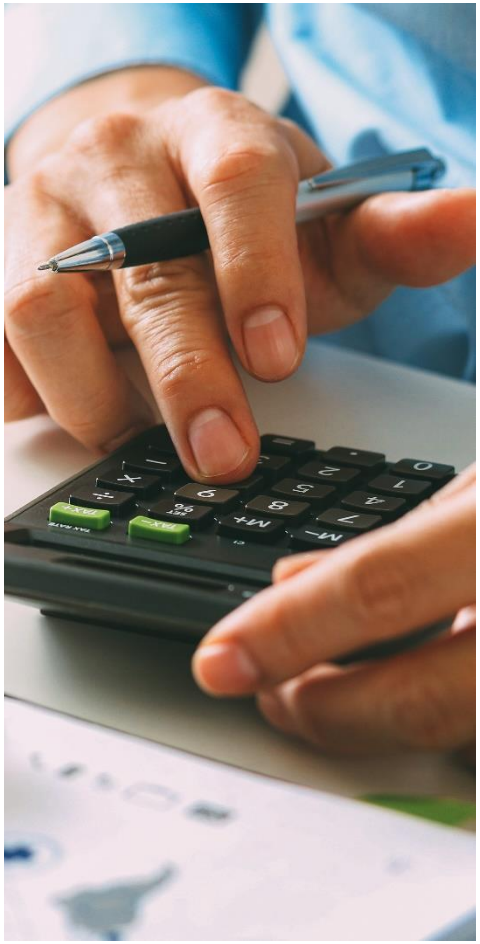
We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

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 which were sufficiently significant to warrant drawing the Committee's attention to on an individual basis. A small number of clerical and minor disclosure issues were also identified and amended.

Disclosure omission	Auditor recommendations	Adjustment Agreed?
Per the draft accounts, capital commitments were understated by £32m (draft figure £149m, actual £181m). This is a disclosure issue only and has no impact on the Fund's financial position.	Disclosure should be amended. **Management response** Disclosure has been amended. Improved processes on working papers are being made for the 2022-23 year end.	✓
Audit procedures noted that cash and cash equivalents should be included within the Fair Value Through profit and Loss section of the Fair Value hierarchy within note 16.	Disclosure and comparators should be restated and included in the Prior Period Adjustment note. Accounting policies should also be updated to include a general Prior Period Adjustment policy. **Management response** Disclosure change due to difference in approach from the Fund's previous auditors. A prior period adjustment note and accounting policy have been included in the 2021-22 accounts.	✓
Key Management Personnel disclosures within the draft accounts included closing balances within the long term benefits line as opposed to the movement in year.	Disclosure should be updated. **Management response** Disclosure has been amended. Improved processes on working papers are being made for the 2022-23 year end.	✓
Additional disclosures in relation to the nature of the ACCESS Joint Committee should be included to aid the understanding of users of the accounts.	Additional narrative around the nature of governance arrangements of the pool should be included. . **Management response** An additional note has been included in the accounts (Note 28) to explain the administration and governance of the ACCESS pool.	✓
Investment assets with a value of £58m were reclassified from Level 2 to Level 3 within the Fund's Fair Value disclosures. The final accounts should include a Prior Period Adjustment note detailing the amendment.	An additional prior period note should be included. **Management response** Disclosure change due to difference in approach from the Fund's previous auditors. Assets have been reclassified for prior and current year and a prior period note has been included to explain the changes to classifications.	✓
Following audit review it was determined that disclosures around actuarial inflation assumptions should be enhanced to aid understanding of users of the accounts.	Additional narrative should be included.. **Management response** Narrative has been included in the accounts that inflation is substantially higher at 31 March 2022 than 31 March 2019 and this will be reflected at the next formal triennial valuation.	✓
Draft Related Parties disclosures initially overstated contributions from the administering authority by £22.2m. Debtors were overstated by £1.5m. The disclosures initially included values from North Northamptonshire Council	Administering Authority contributions should be adjusted downwards from £45.8m to £23.6m and Related Party debtors from £1.9m to £0.4m **Management response** The system has been updated to show that only West Northants is the Administering Authority and the disclosure has been amended.	✓

C. Audit Adjustments



Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2021/22 audit which have not been made within the final set of financial statements. The Audit Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Pension Fund Account £	Net Asset Statement £	Impact on total net assets £	Reason for not adjusting
As described earlier in the report, some of the Fund’s hard to value assets are valued on a time lag basis, with the value in the accounts reflecting an investor statement balance prior to the balance sheet date adjusted for known cash movements. Following audit procedures we were able to quantify this timing variance as £8.5m. This is not material and, as such, management have opted not to amend. It is above our trivial threshold and therefore we are required to draw the attention of members to the issue. In our view, this does not constitute a control weakness at the Fund as management’s process for calculating the estimate has not resulted in a material misstatements.	(8.5m)	8.5m	8.5m	Not material.
Overall impact	**(8.5m)**	**8.5m**	**8.5m**	

Impact of prior year unadjusted misstatements

There were no unadjusted misstatements noted by the predecessor auditors in the prior period.

D. Fees

We confirm below our final fees charged for the audit and provision of non-audit services. There are no reconciling items between the fees as stated here and the values recorded in the financial statements.

Audit fees	Proposed fee	Final fee
Pension Fund Audit	£51,000	£51,000
Total audit fees (excluding VAT)	**£51,000**	**£51,000**

Non-audit fees for other services	Proposed fee	Final fee
IAS 19 assurance for member employers	£9,000	£10,000 (plus £1k per individual request upon recept)
Total non-audit fees (excluding VAT)	**£9,000**	**TBC**

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