

Leicestershire County Council Pension Fund audit progress report

Year ended 31 March 2023

28 November 2023



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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.

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Introduction and progress at November 2023

This paper provides the Pensions Committee with a report on progress in delivering our responsibilities as the Pension Fund's external auditors.

Financial Statements audit

We undertook our initial planning for the 2022/23 audit in April 2023 and began our work on the draft financial statements in late July. Our audit work was performed on site and remotely between July-November.

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

- Completion of our work on Level 2 and Level 3 investment;
- Completion of IAS19 procedures;
- Finalisation of Manager and Engagement Lead quality control reviews;
- Receipt of management representation letter; and
- Review of the final set of financial statements.

Whilst our work on the Pension Fund financial statements is almost 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. Due to statutory deadlines the Pension Fund Annual Report is not required to be published until 1 December 2023 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.

Results of Audit Work to date

The findings of our audit work to date and the impact on our reporting are summarised in the table below:

	Work performed	Summary of key findings
Management override of controls	<p>We identified management override of controls, 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. We performed the following:</p> <ul style="list-style-type: none"> evaluated the design and implementation 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. 	<p>Our work to date has not identified significant issues from our audit work performed to date on management override of controls.</p>
Other areas	<p>Our work on non-significant risk areas of the audit including material balances and transactions and other scoped areas is substantially complete for the pension fund</p>	<p>We have not identified any significant issues from our audit work performed to date.</p>

Results of Audit Work to date

The findings of our audit work to date and the impact on our reporting are summarised in the table below:

	Work performed	Summary of key findings
Valuation of level 3 investments	<p>For financial investments we have :</p> <p>We have undertaken detailed testing on the valuation of investments which has included:</p> <ul style="list-style-type: none"> evaluated management’s processes for valuing Level 3 investments. Reviewing the nature and basis of estimated values and considering 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 the custodian and considered the role played by the custodian in asset valuation 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, reconciling those values to the values at 31 March 2023 with reference to known movements in the intervening period where necessary. gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness. <p>For directly held properties we have :</p> <ul style="list-style-type: none"> evaluated management’s processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work 	<p>Our work to date on financial investments has not identified any material issues</p>

Results of Audit Work to date

The findings of our audit work to date and the impact on our reporting are summarised in the table below:

	Work performed	Summary of key findings
Valuation of level 3 investments (continued)	<p>For directly held properties we have :</p> <ul style="list-style-type: none"> evaluated the competence, capabilities and objectivity of the valuation expert wrote to the valuer to confirm the basis on which the valuation was carried out tested revaluations made during the year to see if they had been input correctly into the Pension Fund's asset register engaged our own valuer to assess the instructions to the Pension Fund's valuer, the Pension Fund's valuer's report and the assumptions that underpin the valuation evaluated the assumptions made by management for any assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end (there were none) tested property assets for rights and obligations and for existence <p>We are still finalising our assessment the assumptions used by the valuer.</p>	<p>To be finalised once our review of assumptions is finalised.</p>



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