

Audit Findings

Year ending 31 March 2018

Merseyside Pension Fund
30 July 2018

DRAFT

This version of the report is a draft. Its contents and subject matter remain under review and its contents may change and be expanded as part of the finalisation of the report. This draft has been created from the template dated DD MMM YYYY



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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.

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Headlines

Introduction

This table summarises the key issues arising from the statutory audit of Merseyside Pension Fund ('the Pension Fund') and the preparation of the Pension Fund's financial statements for the year ended 31 March 2018 for those charged with governance.

Financial Statements	<p>Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:</p> <ul style="list-style-type: none"> 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 Code of Practice on Local Authority Accounting; 	<p>Our audit work is now complete and was undertaken on site in June and July 2018. Our findings are summarised on the following pages.</p> <p>We have not identified any adjustments affecting the Fund's reported financial position for the year ended 31 March 2018 of net assets of £8,563,441k.</p> <p>The key messages arising from our audit of the Fund's financial statements are:</p> <ul style="list-style-type: none"> We received draft financial statements and working papers in accordance with the agreed timetable. The draft accounts were again prepared to a good standard and took into account areas for improvement identified in last year's audit. Our audit did not identify any significant issues in terms of the financial statements or the Annual Report. <p>We plan to issue an unqualified audit opinion following the Wirral Council Audit and Risk Management Committee meeting on 23 July 2018, as detailed in Appendix C .</p> <p>We have now cleared the small number of outstanding queries, including third party confirmations, that remained outstanding as at the date of the Committee meeting and identified one additional issue that we bring to your attention on page 6.</p>
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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 of the Pension Fund and the Pensions Committee.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK), 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;
- Controls testing of elements of the benefit payments system; and
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks.

Conclusion

We plan to issue an unqualified audit opinion following the Wirral Council Audit and Risk Management Committee meeting on 23 July 2018, as detailed in Appendix C .

We have now cleared the small number of outstanding queries, including third party confirmations, that remained outstanding as at the date of the Committee meeting and identified one additional issue that we bring to your attention on page 6.

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 benchmarks and calculations remain the same as reported in our audit plan. We detail in the table below our assessment of materiality for Merseyside Pension Fund.

	Amount (£)	Qualitative factors considered
Materiality for the financial statements	87.334m	Considered to be the level above which users of the accounts would wish to be aware of misstatements, in the context of overall expenditure – calculated at the planning stage as 1% of the fund valuation as at January 2018.
Performance materiality	65.498m	Assessed to be 60% of financial statement materiality.
Trivial matters	4.4m	ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

Significant audit risks

Risks identified in our Audit Plan	Commentary
<p>1 Improper revenue recognition Under ISA 240 (UK) there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>Auditor commentary</p> <p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Pension Fund, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited, and • the culture and ethical frameworks of local authorities, including Wirral Council as the administering authority, mean that all forms of fraud are seen as unacceptable <p>Therefore we do not consider this to be a significant risk for Merseyside Pension Fund.</p>
<p>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.</p> <p>We identified management override of controls as a risk requiring special audit consideration.</p>	<p>Auditor commentary</p> <p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> – review of accounting estimates, judgements and decisions made by management – testing of journal entries – review of unusual significant transactions. <p>Our audit work has not identified any evidence of management over-ride of controls. In particular, the findings of our review of journal controls and testing of journal entries has not identified any significant issues.</p>

Significant audit risks

Risks identified in our Audit Plan	Commentary
<p>3 The valuation of Level 3 investments is incorrect 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.</p> <p>We identified the valuation of level 3 investments as a risk requiring special audit consideration.</p>	<p>Auditor commentary</p> <p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> gained an understanding of the Fund's process for valuing level 3 investments and evaluated the design of the associated controls 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 consideration of the competence, expertise and objectivity of any management experts used 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. Reconcile those values to the values at 31 March 2018 with reference to known movements in the intervening period. <p>Assurance gained and Issues arising</p> <p>Our work has not identified any significant issues in respect of this risk.</p> <p>Our sample testing included the investment balance relating to Capital Dynamics and we confirmed that the draft Financial Statements reflected an investment valuation of £209.716m as at 30 September 2017 based on the best information available to the Fund at the time. Toward the end of July 2018 we obtained Capital Dynamics audited financial statements as at 31 December 2017 that included an investment valuation of £203.186m. Furthermore, our review of transactions between 31 December 2017 and 31 March 2018 identified a £10m sale relating to this investment. Consequently, in the absence of information confirming the value of the investment as at 31 March 2018, there is uncertainty over the correct valuation of this investment where our work suggests a valuation closer to £193.186m is appropriate.</p>

Reasonably possible audit risks

Risks identified in our Audit Plan

Commentary

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Contributions

Contributions from employers and employees' represents a significant percentage of the Fund's revenue.

We therefore identified occurrence and accuracy of contributions as a risk requiring particular audit attention.

Auditor commentary

We have undertaken the following work in relation to this risk:

- evaluated the Fund's accounting policy for recognition of contributions for appropriateness
- gained an understanding of the Fund's system for accounting for contribution income and evaluated the design of the associated controls
- tested a sample of contributions to source data to gain assurance over their accuracy and occurrence
- rationalised contributions received with reference to changes in member body payrolls and the number of contributing pensioners to ensure that any unusual trends are satisfactorily explained.

Our work has not identified any significant issues in respect of this risk.

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Pension Benefits Payable

Pension benefits payable represents a significant percentage of the Fund's expenditure.

We identified occurrence, accuracy and completeness of pension benefits payable as a risk requiring particular audit attention.

Auditor commentary

We have undertaken the following work in relation to this risk:

- evaluated the Fund's accounting policy for recognition of pension benefits expenditure for appropriateness
- gained an understanding of the Fund's system for accounting for pension benefits expenditure and evaluated the design of the associated controls
- tested a sample of individual lump sum payments by reference to supporting evidence contained in member files
- placed reliance on controls testing over occurrence and accuracy of certain benefit payments
- rationalised pensions paid with reference to changes in pensioner numbers and increases applied in year to ensure that any unusual trends are satisfactorily explained
- ensured that the annual pension increase has been updated in the Altair system correctly.

Our work has not identified any significant issues in respect of this risk.

Reasonably possible audit risks

Risks identified in our Audit Plan

Commentary

6 The valuation of Level 2 investments is incorrect Auditor commentary

While level 2 investments do not carry the same level of inherent risks associated with level 3 investments, there is still an element of judgement involved in their valuation as their very nature is such that they cannot be valued directly.





We identified valuation of level 2 investments as a risk requiring particular audit attention.

We have undertaken the following work in relation to this risk:




- gained an understanding of the Fund's process for valuing Level 2 investments and evaluate the design of the associated controls
- evaluated the nature and basis of estimated values and considered what assurance management has over the year end valuations provided for these types of investments
- reviewed the reconciliation of information provided by the pension fund's/individual fund manager's custodian and the Pension Scheme's own records and sought explanations for variances
- considered the competence, expertise and objectivity of any management experts used
- evaluated the qualifications of the expert to value the level 2 investments at year end and gained an understanding of how the valuation of these investment has been reached
- for a sample of investments, tested the valuation by obtaining independent information from custodian/manager on units and unit prices
- for direct property investments agreed values in total to a valuer's report and undertaken steps to gain reliance on the valuer as an expert.

Our work has not identified any significant issues in respect of this risk.

Accounting policies

Accounting area	Summary of policy	Comments	Assessment
Revenue recognition	<p>Main elements of policy are:</p> <ul style="list-style-type: none"> – Normal contributions are accounted for on an accruals basis, and employer deficit funding is accounted for on the due date set by the scheme actuary or on receipt if earlier than the due date. – Income from equities is accounted for when the related investment is quoted ex dividend. Income from pooled investment vehicles and on short term deposits is accounted for on an accruals basis. Distributions from private equity are treated as return of capital until the book value is nil and then treated as income on an accruals basis. 	The revenue recognition policies are appropriate to the accounting framework and are adequately disclosed in the accounting policies.	 Green
Judgements and estimates	<p>Due to the nature of the Fund no critical judgements have been applied.</p> <p>The key estimate disclosed is as follows:</p> <ul style="list-style-type: none"> • Valuation of unquoted investments with private equity, infrastructure property and other alternative investments. 	<p>We have undertaken testing on a sample of unquoted investments to assess the appropriateness of the valuation.</p> <p>The key estimates relating to the valuation of unquoted investments are appropriate to the accounting framework and are disclosed within the accounting policies.</p> <p>The potential financial statement impact of different assumptions is adequately disclosed in Note 16 to the accounts.</p>	 Green
Going Concern	Officers have a reasonable expectation that the services provided by the Fund will continue for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.	We are satisfied that management's assessment that the going concern basis is appropriate for the 2017/18 financial statements.	 Green
Other critical policies	We have reviewed the Fund's policies against the requirements of the CIPFA Code and accounting standards.	Our review of the accounting policies has not highlighted any issues that we need to bring to your attention. The Pension Fund's accounting policies are appropriate and consistent with previous years.	 Green

Assessment

-  - Red Marginal accounting policy which could potentially be open to challenge by regulators
-  - Amber Accounting policy appropriate but scope for improved disclosure
-  - Green Accounting policy appropriate and disclosures sufficient

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 Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit and Risk Management Committee and the Pensions Committee. We have not been made aware of any incidents in the period and no other issues have been identified during the course of our audit procedures.
② Matters in relation to related parties	From the work we have completed, we have not identified any related parties or related party transactions which have not been disclosed.
③ 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.
④ Written representations	A standard letter of representation has been requested from the Pension Fund.
⑤ Confirmation requests from third parties	We requested direct confirmations from the custodian and all main mandate fund managers, plus a sample of managers for alternative investments for investment balances. At the time of preparing this report we have received confirmations from most managers and management assisted us to chase those confirmations that were outstanding. One response was not received and we completed alternative audit procedures to gain our required assurance.
⑥ Disclosures	Our review found no material omissions in the financial statements.
⑦ 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. We propose to issue our 'consistency' opinion on the Pension Fund Annual Report following the Wirral Council Audit and Risk Management Committee meeting on 23 July 2018 and confirm that we have not identified any issues that we wish to report.

Independence and ethics

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 December 2017 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix B

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 and confirm that no non-audit services were identified.

In line with *ISA (UK) 600 Special Considerations - Audits of Group Financial Statements (Including the Work of Component Auditors)* we have received requests from other auditors to provide assurance to them in respect of information provided by the pension fund to the actuary to support IAS19 calculations. Details of possible fees to be charged to the pension fund are reported in Appendix B.

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. There are no unadjusted misstatements identified to bring to your attention.

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.

Adjustment Type	Value	Account Balance	Impact on Financial Statements
Misclassification	£8.505m & £0.597m	Note 12 – Investment Income	<p>We identified a misclassification of investment income of £8,505k in respect of Schroder's investment income which was incorrectly classified as "Dividend from Equities" rather than "Income from Pooled Investment Vehicles".</p> <p>As a consequence of this finding Pension Fund Officers conducted a full review of investment income classification and identified that one further amendment was required within the same note where a balance of £597k initially classified as "interest on Short term Cash deposits" should be re-classified as "Income from Pooled Investment Vehicles".</p> <p>These corrections are limited to classification and the total investment income disclosed has not changed.</p>
Disclosure	Various	Various	The draft Financial statements have been amended to correct a small number of disclosure and presentational changes identified during the audit.

Fees

We confirm below our final fees charged for the audit and confirm there were no fees for the provision of non audit services.

Audit Fees

	Proposed fee	Final fee
Pension Fund Audit	£36,882	£36,882
Total audit fees (excluding VAT)	£36,882	£36,882

The proposed fees for the year were in line with the scale fee set by Public Sector Audit Appointments Ltd (PSAA)

Non Audit Fees

Fees for other services	Fees £'000
Audit related services:	TBC
• IAS 19 Assurance to other auditors	
	£TBC

The proposed fee for provision of IAS19 assurance to other auditors in line with ISA (UK) 600 Special Considerations - Audits of Group Financial Statements (Including the Work of Component Auditors). will be determined and agreed later in the year. At the time of writing this report 14 requests had been received.

Audit opinion

We anticipate we will provide the Pension Fund with an unmodified audit report

Independent auditor's report to the members of Wirral Council on the pension fund financial statements

Opinion

We have audited the pension fund (entitled "Merseyside Pension Fund Accounts") financial statements of Wirral Council (the 'Authority') for the year ended 31 March 2018 **set out on pages *** to *** of the Authority's Statement of Accounts** which comprise which comprise the Fund Account, the Net Assets Statement and Notes to the Accounts, 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 2017/18.

In our opinion the pension fund financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2018 and of the amount and disposition at that date of the fund's assets and liabilities, other than liabilities to pay promised retirement benefits after the end of the fund year;
- have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2017/18; 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 pension fund of the Authority in accordance with the ethical requirements that are relevant to our audit of the pension fund 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.

Who we are reporting to

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.

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 Director of Finance and Investment (S151)'s use of the going concern basis of accounting in the preparation of the pension fund financial statements is not appropriate; or
- the Director of Finance and Investment (S151) has not disclosed in the pension fund 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 a period of at least twelve months from the date when the pension fund financial statements are authorised for issue.

Other information

The Director of Finance and Investment (S151) is responsible for the other information. The other information comprises the information included in the Authority's Statement of Accounts set out on pages **[**xx to xx]** other than the pension fund financial statements, our auditor's report thereon and our auditor's report on the Authority's financial statements. Our opinion on the pension fund 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.

In connection with our audit of the pension fund 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 financial statements or our knowledge of the pension fund of the Authority obtained in the course of our work 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 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 financial statements the other information published together with the pension fund financial statements in the Authority's Statement of Accounts set out on **pages xx to xx**, for the financial year for which the pension fund financial statements are prepared is consistent with the pension fund 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 have reported a matter 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 have made 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 have exercised any other special powers of the auditor under the Local Audit and Accountability Act 2014.

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

Responsibilities of the Authority, the Director of Finance and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Responsibilities [set out on page(s) x to x], 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 Director of Finance and Investment (S151). The Director of Finance and Investment (S15) is responsible for the preparation of the Statement of Accounts, which includes the pension fund 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 2017/18, which give a true and fair view, and for such internal control as the Director of Finance and Investment (S151) determines is necessary to enable the preparation of pension fund financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the pension fund financial statements, the Director of Finance and Investment (S151) 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 the pension fund lacks funding for its continued existence or when policy decisions have been made that affect the services provided by the pension fund.

The Audit and Risk Management Committee is Those Charged with Governance.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the pension fund financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

[Signature]

GRANT PATTERSON

for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Royal Liver Building
Liverpool
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Date - TBC

Independent auditor's report to the members of Merseyside Pension Fund on the consistency of the pension fund financial statements Included In the Pension Fund Annual Report

Opinion

The Merseyside Pension Fund financial statements of Wirral Council (the "Authority") for the year ended 31 March 2018 which comprise the Fund Account, the Net Assets Statement and the Notes to the Accounts, including a summary of significant accounting policies, of Merseyside Pension Fund are derived from the audited pension fund financial statements for the year ended 31 March 2018 included in the Authority's Statement of Accounts (the "Statement of Accounts").

In our opinion, the accompanying Merseyside Pension Fund financial statements are consistent, in all material respects, with the audited financial statements in accordance with proper practices as defined in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2017/18 and applicable law.

Pension Fund Annual Report - Pension fund financial statements

The Pension Fund Annual Report and the pension fund financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the Statement of Accounts. Reading the pension fund financial statements and the auditor's report thereon is not a substitute for reading the audited Statement of Accounts and the auditor's reports thereon.

Who we are reporting to

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 paragraph 20(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 work has been undertaken so that we might state to the members of the Authority 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.

The audited financial statements and our Report thereon

We expressed an unmodified audit opinion on the pension fund financial statements in the Statement of Accounts in our report dated **[Actual Date of opinion to be inserted]**.

Director of Finance and Investment (S151) Officer responsibilities for the pension fund financial statements in the Pension Fund Annual Report

Under the Local Government Pension Scheme Regulations 2013 the Chief Financial Officer of the Authority [in this authority, that officer is the Director of Finance and Investment (S151)] is responsible for the preparation of the pension fund financial statements, which must include the Fund Account, the Net Asset Statement and supporting notes and disclosures prepared in accordance with proper practices. Proper practices for the pension fund financial statements in both the Statement of Accounts and the Pension Fund Annual Report are set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2017/18

Auditor's responsibility

Our responsibility is to express an opinion on whether the pension fund financial statements in the Pension Fund Annual Report are consistent, in all material respects, with the audited pension fund financial statements in the Statement of Accounts based on our procedures, which were conducted in accordance with International Standard on Auditing 810 (Revised), Engagements to Report on Summary Financial Statements.

Signature

GRANT PATTERSON

for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Liver Buildings
Liverpool
L3 1PS

[Date:] - TBC



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