

HERTFORDSHIRE COUNTY COUNCIL

PENSIONS COMMITTEE

FRIDAY 12 JULY 2019 AT 10.00AM

Agenda Item No:

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RESPONSE TO THE AUDIT RESULTS REPORT 2018/19 – PENSION FUND

Report of the Assistant Director of Finance

Author of the report: Matthew Nendick, Finance Manager (Tel: 01992 555683)

Executive Member: Ralph Sangster, Executive member for Resources & Performance

1. Purpose of report

- 1.1 To provide the Committee with a response to Ernst & Young’s draft Audit Results Report for the Pension Fund presented as a separate agenda item to this meeting.

2. Response to the Annual Governance Report

- 2.1 Ernst & Young LLP have issued a draft Audit Results Report for the Pension Fund following the audit of the 2018/19 annual report and accounts. Officers are pleased to report that there are no recommendations and the auditors are expected to confirm an unqualified opinion on the accounts. The report is in a draft form at present as we await final sign off.

- 2.2 The audit identified a small number of minor disclosure errors which were agreed with management for amendment. The Auditor did not consider any of these significant and therefore did not provide further detail of these amendments in their report.

2.3 McCloud judgement

The audit results report references the ongoing national issue relating to an age discrimination ruling arising from public sector pension scheme transition arrangements. Following advice from CIPFA, the Fund treated this matter as a contingent liability due to the uncertainty of the potential outcomes, however there is recent indication that this may not be the correct accounting treatment. Both the lack of clarity nationally, and the lateness of any information over the correct treatment of this has been frustrating. At the time of writing this report, Fund officers are working with EY and the actuary to assess any adjustments to the financial statements that may be required.

3. Letter of Representation

- 3.1 It is an annual requirement (set out on Page 5 of the Auditor’s draft report) for a letter of representation from management to be prepared in order to gain management’s confirmation in relation to a number of matters, for which the auditor does not currently have sufficient audit evidence. A draft is attached at Appendix A to this

report for members to review. This letter is to be signed by the Director of Resources and the Chairman of the Audit Committee.

4. Recommendation

- 4.1 That the response to the Audit Results Report 2018/19 for the Pension Fund is approved, and that the Letter of Representation is signed by the Director of Resources and Chairman of the Audit Committee.