

**Report to:** Pension Committee

**Date of meeting:** 10 July 2019

**By:** Chief Finance Officer

**Title:** Independent Auditor's (Grant Thornton) Report to those charged with governance and Annual Report 2018/19

**Purpose:** To present the Grant Thornton report to those charged with governance, and to report on anticipated unqualified audit opinion on the 2018/19 Pension Fund Annual Report

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## **RECOMMENDATIONS :**

**(1) To note the Independent Auditor's (Grant Thornton - GT) report to those charged with governance on Pension Fund Annual Report 2018/19.**

**(2) Approve the Pension Fund Annual Report for publication.**

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### **1. Background**

1.1 This report summarises the key findings arising from Grant Thornton's (GT) final audit work in relation to the Pension Fund - 2018/19 Annual Report.

### **2. Supporting Information**

2.1 The Pension Board at its meeting on 17 June 2019 received the draft Annual Report/Accounts of the Pension Fund for the year ended 31 March 2019. This is in line with the statutory requirement to prepare the accounts and that the draft accounts are presented to Members.

2.2 GT is obliged to produce a report to those charged with governance on the Pension Fund annual report/accounts (Appendix 1), which formally reports on the outcome of the final audit of the financial statements.

2.3 The GT report requires publication of more detailed points, which in the past were treated as routine technical matters between officers and the auditors. As it happens, on this occasion there are few such points.

### **3. Changes to ESCC Statement of Accounts**

3.1 The Chief Finance Officer (Section 151 Officer) on 31 May 2019 formally approved the draft Pension Fund Accounts, in line with the Accounts and Audit 2015 Regulations. Since then the final audit has been carried out by GT, who is expected to issue an unqualified "true and fair" audit opinion. The Regulations require the Section 151 Officer to report on changes to the accounts before they can be published.

3.2 GT has not identified any significant control findings or recommendations in the course of 2018/19 audit that need to be reported to the Pension Committee. A small number of presentational adjustments arising from normal audit work have been noted, discussed, and resolved as stated in the reports to those charged with governance. Two areas considered for improvement, which have been discussed and responses included on page 13 of the GT report were:

- *Access to client maintenance functionalities:* it was identified that 13 users had firefighter ID's within SAP, which in effect gave access all areas, including information, data and configuration functionalities. GT recommended that this function should be reserved for use within an emergency and the number of firefighter type ID should be monitored with access being regularly reviewed. Since this was highlighted, a review has been undertaken and as at June 2019, there were 7 users with firefighter ID, which will be monitored.

- *Journals with no descriptions*: it was identified that some journal entries being prepared and actioned with no descriptions, thereby increasing the potential for erroneous or fraudulent postings. In response, we will remind staff of the requirement to complete all lines of a journal and monitor during the year.

3.3 The Pension Fund Annual Report is attached as Appendix 2, and the legal deadline for publishing the 2018/19 Annual Report is 1<sup>st</sup> December 2019.

#### **4. Conclusion and reasons for recommendations**

4.1 The Pension Committee is recommended to note the Independent Auditor's (GT) report to those charged with governance, and approve the 2018/19 Pension Fund Annual Report for publication.

**IAN GUTSELL**  
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#### Background Documents

None