

Report to: **Audit Committee**

Date: **12 July 2019**

By: **Chief Finance Officer**

Title of report: **Review of the Grant Thornton (GT) report to those charged with governance and Pension Fund Annual Report for 2018-19**

Purpose of report: **For the Committee to note the Independent Auditor's (GT) report to those charged with governance that was presented to the Pension Committee on 10 July 2019.**

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**RECOMMENDATIONS: The Committee is asked to:**

- (i) note the report and its appendices.**
- (ii) note management actions detailed on page 13 of the Independent Auditor's report to those charged with governance.**

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**1. Background**

1.1 This report summarises the key findings arising from GT's audit work in relation to the Pension Fund Annual Report, in compliance with the requirement for administering authorities to produce a pension fund annual report and for the pension fund audit to be separate from the audit of the Council's accounts.

**2. Supporting Information**

2.1 Under its terms of reference, it is the role of this Committee to "Review the annual statement of accounts and the external auditor's report to those charged with governance."

2.2 It is the role of the Pension Committee to approve the Pension Fund annual report/accounts having considered whether appropriate accounting policies have been followed and any issues raised by GT from the audit.

2.3 The GT reports to those charged with governance and the Pension Fund annual report for 2018/19, along with the covering report under which they were taken to the Pension Committee for approval on 10 July 2019 are attached at Appendix A.

2.4 The first audit of the 2018/19 Pension Fund Annual Report by GT has now been completed, and I am pleased to be able to report that GT will be issuing an unqualified "true and fair" audit opinion.

2.5 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, and GT has made recommendations, which have been discussed and responses included on page 15 of the GT report.

2.6 The 2 areas considered for improvement were:

- *Access to client maintenance functionalities*: it was identified that 13 users had firefighter ID's within SAP (the financial management system), 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 on 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. Conclusion and reasons for recommendations

3.1 In carrying out their responsibility for review, Members should consider:

- The findings made by the external auditors as a result of audit of the 2018/19 accounts;

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Local Member(s): All

### Appendices

Appendix A Pension Committee Report on 10 July 2019