

Surrey Pension Fund Audit Results Report

Year ended 31 Month 2024

January 2025





Surrey Pension Fund
Woodhatch Place
11 Cockshot Hill
Reigate, RH2 8EF

10 January 2025

Dear Audit and Governance Committee Members,
2023/24 Audit Results Report

We are pleased to attach our Audit Results Report, summarising the status of our audit for the forthcoming meeting of the Audit and Governance Committee. We will update the Audit and Governance Committee at its meeting scheduled for 22 January 2025 on further progress to that date and explain the remaining steps to the issue of our final opinion.

The audit is designed to express an opinion on the 2023/24 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on Surrey Pension Fund's accounting policies and judgements and material internal control findings.

Each year sees further enhancements to the level of audit challenge, the exercise of professional judgement and the quality of evidence required to achieve the robust professional scepticism that society expects. We thank the management team for supporting this process. Our audit work is nearing completion, and we will update the Committee once all our work has been completed.

This report is intended solely for the information and use of the Audit and Governance Committee and management. It is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss the contents of this report with you at the Audit and Governance Committee meeting on 22 January 2025.

Yours faithfully,

Hassan Rohimun
Partner
For and on behalf of Ernst & Young LLP
Encl

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Public Sector Audit Appointments Ltd (PSAA) issued the “Statement of responsibilities of auditors and audited bodies”. It is available from the PSAA website (<https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The “Terms of Appointment and further guidance (updated July 2021)” issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code), and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit and Governance Committee and management of Surrey Pension Fund in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit and Governance Committee and management of Surrey Pension Fund those matters we are required to state to them in this 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 Audit and Governance Committee and management of Surrey Pension Fund for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01 Executive Summary

Executive Summary

Scope update

In our Audit Planning Report presented to the 10 July 2024 Audit and Governance Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this Plan as detailed in Section 02 of this report. We have noted the following changes from the audit plan.

- On receipt of the 2023/24 draft financial statements, we updated our assessment of materiality which is now based on the 2023/24 reported net assets of £5,879m. The details of the changes are as follows
 - Planning materiality - £52.9 as per the audit planning report to £58.8m at yearend
 - Tolerable error - £26.5m as per the audit planning report to £29.4m at yearend
 - Audit difference - £2.6m as per the audit planning report to £2.9m at yearend
- In considering the identified risk relating to the data migration, we concluded that we did not need to engage EY Risk Consulting (i.e. EY IT specialist Team) to review and perform procedures in relation to the data migration.

Status of the audit

Our audit work in respect of the Surrey Pension Fund 2023/24 audit is nearing completion, subject to final manager and Partner review. The following items relating to the completion of our audit procedures were outstanding at the date of this report:

- Completion of the audit procedures for current assets and current liabilities based on the revised schedule that was recently provided by management.
- Completion of our testing of journal entries which relates to a sample of up to 20 journals.
- Completion of the documentation of the review and assessment of the information provided by management to address the significant risk on data migration.
- Completion of our going concern audit procedures. Management will be providing an updated cash flow assessment.
- Completion of engagement manager, Partner and Engagement Quality Control Reviewer review processes.
- Completion of audit closing procedures including subsequent events consideration.
- Receipt and check of a signed accounts and a signed letter of management representation.

Details of each outstanding item, actions required to resolve them, and responsibilities are included in Appendix B.

Given that the audit process is still ongoing, we will continue to challenge the remaining evidence provided and the final disclosures in the Financial Statements which could influence our final audit opinion, a current draft of which is included in Section 03 of this report.

Audit differences

We have identified the following audit differences, based on work completed to date:

- ▶ There was a difference of £14.991m for the Border to Coast private equity investment reported in the draft statement of accounts when compared to the confirmation received from the fund manager due to timing differences. Management opted not to make the adjustment for the difference noted.
- ▶ In Note 5 "Sources of estimation uncertainty" the IAS26 actuarial present value of promised retired benefits was not included, management agreed to update the disclosure to include this information.

For further information on audit differences refer to Section 04 of this report. Until our audit is complete further differences may be identified.

Executive Summary (cont'd)

Areas of audit focus

In our Audit Plan, we identified a number of key areas of focus for our audit of Surrey Pension Fund. This report sets out our observations and the status of our work in relation to these areas, including our views on areas which might be conservative and areas where there is potential risk and exposure. Our consideration of these matters and others identified during the period is explained within the 'Areas of Audit Focus' section of this report and summarised below. The audit work in a number of areas remains subject to Partner and Engagement Quality Control Reviewer review, as noted below and throughout this report.

Fraud risks	Findings & conclusions
Misstatements due to fraud or error	We carried out procedures to address this risk as set out in our Audit Plan, including identifying risks, considering controls and their effectiveness, testing journal entries and testing estimates for evidence of management bias. Subject to the completion of outstanding procedures there are no material matters to bring to your attention.
Risk of inappropriate posting of investment journals	We carried out our planned audit procedures to address the risk related to incorrect posting of investment valuation journals. This included a reconciliation between the fund manager reports and the custodian reports to address the risk of manipulation of investment asset valuations. Our reconciliation did not identify individual differences above our reporting threshold. At the time of writing this report, we have not identified material matters to bring to your attention.

Significant risk	Findings & conclusions
Valuation of Level 3 complex investments (private equity and pooled property investments)	We undertook additional procedures, as described more fully in Section 02 of this report, to gain assurance over the material accuracy of the year-end valuation of the Pension Fund's Level 3 complex investments, which are inherently more difficult to value. We have substantially completed our work in this area. Based on the procedures completed to date we identified an understatement in the valuation of the Border to Coast private equity investments amounting to £14.991m due to timing differences of the information that was available to support reported balances in the draft account versus the confirmation received from the fund manager at the time of our audit. Management have decided not to adjust the financial statements for this difference.
Data migration issue from SAP to Unit 4 ERP system	We established planned audit procedures to address the risks related to the data migration from SAP to Unit 4 ERP system. This includes review of the assessment made by management in relation to the outcome of the data migration and data integrity. Our documentation of the review and assessment of the information from the management is still in progress. We will communicate any findings that will be identify as part of the review.

Executive Summary (cont'd)

Areas of audit focus (cont'd)

Higher inherent risk	Findings & conclusions
Valuation of Level 2 investment assets	We undertook procedures, as described more fully in Section 02 of this report, to gain assurance over the material accuracy of the year-end valuation of the Pension Fund's Level 2 investments, including for pooled investments agreement to publicly available market value information, fund manager confirmations and other relevant sources. We have completed our work in this area. We have not identified any material matters to bring to your attention
IAS26 disclosure – Actuarial present value of promised retirement benefits	We carried out procedures to address this risk as set out in our Audit Planning Report and assessed the information disclosed in the statement of account. We have completed these procedures, and we have no material matters to bring to your attention.

Control observations

During the course of the audit, we have identified control observations which we wish to bring to your attention. Further detail on control observations is included in Section 06

Independence

Please refer to Section 07 for our update on Independence.



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02 Areas of Audit Focus

Areas of Audit Focus

Fraud risks

Misstatements due to fraud or error

What is the risk?

There is a risk that the financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

We have considered where this risk specifically manifests itself and this is in the posting of investment valuation journals. This consideration is set out on the next page.

What judgements we focused on?

The risk of management override at Surrey Pension Fund is mainly through the possibility that management could override controls and manipulate financial transactions which intend to adjust the Pension Fund's Fund Account or Net Asset Statement.

This could be done through manipulation of manual adjustments, including via manual investment journals, in the preparation of financial statements or through management bias in accounting estimates.

Our response to the key areas of challenge and professional judgement

We undertook our standard procedures to address fraud risks which includes the following:

- We enquired of management about risks of fraud and the controls put in place to address those risks.
- We gained an understanding of the oversight given by those charged with governance of management's processes over fraud.
- We considered the effectiveness of management's controls designed to address the risk of fraud.
- We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in preparing the financial statements.
- We reviewed accounting estimates for evidence of management bias.
- We evaluated the business rationale for any significant unusual transactions.
- We utilised our data analytics capabilities to assist with our work, including journal entry testing. We assessed journal entries for evidence of management bias and evaluated for business rationale. The focus of the assessment of journal entries ensured that the investment valuation provided through the custodian and fund managers are appropriately journaled into the financial statements, where we have identified the opportunity and incentive for override to occur.

What are our conclusions?

We have completed the audit procedures above except for the testing of journal entries. The testing of journal entries is in progress.

At the time of writing this report, we have not identified material matters to bring to your attention so far.

Areas of Audit Focus (cont'd)

Fraud risks (cont'd)

Misstatements due to fraud or error: Incorrect posting of investment valuation journals

What is the risk?

As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

We have considered the key areas where management has the opportunity and incentive to specifically override controls that could affect the Pension Fund's Financial Statements. We have identified the main risk to be the incorrect posting investment valuation journals.

What judgements we focused on?

The posting of incorrect investment valuation journals at year end to the Pension Fund's general ledger would impact the performance and funding level of the Pension Fund's investment assets as reported in the Net Asset Statement.

Our response to the key areas of challenge and professional judgement

To address the related risks, we performed the following procedures:

- Tested the journals at year-end to ensure there are no unexpected or unusual postings
- Performed a reconciliation between the fund manager, custodian reports and the amount reported in the statement of account and investigate any reconciling differences over the specified threshold
- Reperformed the detailed investment note using the reports we have acquired directly from the custodian or fund managers; and
- Checked the reconciliation of holding included in the net assets statement back to the source reports.

What are our conclusions?

We have completed the audit procedures above except for the testing of journal entries. The testing of journal entries is in progress.

At the time of writing this report, we have not identified material matters to bring to your attention so far.

Areas of Audit Focus (cont'd)

Significant risks

Valuation of Level 3 complex investments (private equity and pooled property investments)

What is the risk?

We consider the valuation of Level 3 investments to be a significant risk as a result of unobservable inputs making up the valuations. Significant judgements are made by the investment managers or administrators to value these investments for which prices and valuation data are not publicly available.

The Fund's private equities and some of the pooled investments are categorised as being at Level 3 in the fair value hierarchy.

What judgements we focused on?

Significant judgements are made by the investment managers or administrators to value these investments for which prices and valuation data are not publicly available.

Our response to the key areas of challenge and professional judgement

For a sample of Level 3 investments we:

- Reviewed the basis of valuation for unquoted investments and assessed the appropriateness of the valuation methods used;
- Where available, reviewed the latest audited accounts for the relevant fund managers and ensured there are no matters arising that highlight material differences in the reported funds valuation within the financial statements;
- If the latest audited accounts are issued at a different date compared to the reporting date of the Pension Fund, we performed a roll forward procedures to support the valuation of the investments as of 31 March 2024. These included benchmark indices for similar assets and analysis of cash movements in the gap period;
- Performed analytical procedures and checked the valuation output for reasonableness against our own expectations;
- Obtained and reviewed internal control reports for fund managers to identify any internal control issues which could impact on valuations and assessed whether these would have an impact on the valuations provided by the fund managers;
- Reviewed investment valuation disclosures to verify that significant judgements supporting the valuation of level 3 investments have been disclosed in the Pension Fund's financial statements.

What are our conclusions?

We have substantially completed our work in this area. Based on the procedures completed to date we identified an understatement in the valuation of the Border to Coast private equity investments amounting to £14.991m due to timing differences of the information that was available to support reported balances in the draft account versus the confirmation received from the fund manager at the time of our audit. Management have decided not to adjust the financial statements for this difference.

There are no other exceptions identified as part of the procedures performed above.

Areas of Audit Focus (cont'd)

Significant risks (cont'd)

Data migration issue from SAP to Unit 4 ERP system

What is the risk?

In June 2023, the Pension Fund changed financial reporting systems from SAP to Unit 4 ERP system. The change in system impacts all areas of accounts in for the 2023/24 financial year. As a result of this migration, certain issues have been identified that resulted to inconsistencies in the balances reported in the general ledger account.

The system migration is a normal process within entities, however the issues relating to data migration can occur anywhere in the account balances presented in the financial statement.

What judgements we focused on?

There were no judgement involved in the data migration.

Our response to the key areas of challenge and professional judgement

In addressing the related risks, we established procedures to

- Review the assessment made by the management in relation to the outcome of the data migration and data integrity.
- Review the reconciliation management performed between the SAP system and the Unit 4 ERP, including management actions in relation to issues identified as part of the data migration.
- Assess the impact of the data migration to each of the individual accounts of the pension fund financial statement
- Address the presumed and other risks related to system implementation.
- Consider the risk of data migration in testing the individual account balance.

What are our conclusions?

The Council have undertaken an investigation of the integrity of data migrated from SAP to Unit 4 (My Surrey) and established actions to address the issues identified.

We have been provided with an assessment by management, including the provision of supporting information, of the impact on the Pension Fund and we are currently reviewing this assessment.

Areas of Audit Focus (cont'd)

Estimates involved in the disclosures of IAS26

What is the risk/area of focus

We consider there to be a higher degree of inherent risk associated with the IAS26 valuation of IAS 26 because of the level of estimation uncertainty relating to a number of underlying assumptions that are used in the calculation. The actuary is required to make assumptions on salary increases, discount rates, pension rates, scheme member longevity and other variables.

What did we do?

We have:

- Evaluated whether the IAS26 disclosure is in line with the relevant standards and consistent with the valuation provided by the Actuary.
- Engaged EY Pensions to review the roll forward procedures associated with the IAS 19 reports for the Surrey County Council which makes up 48,4% of the total pension fund asset and supports the our IAS 26 disclosures work.
- Evaluated and placed reliance on EY Pension's and PwC's review of the underlying pension IAS19 assumptions used by the actuary, which also support the IAS26 figures.
- Assessed the competence of management experts, Hymans Robertson as the Pension Fund's actuary.

We have not identified any issues from these procedures.

Valuation of investment under Level 2 fair value hierarchy

What is the risk/area of focus

The Pension Fund held £4,199 million level 2 investments at 31 March 2024 and £3,753 million at 31 March 2023. These are assets where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value.

Valuations are based on either evaluated prices provided by independent pricing services, closing bid price where bid and offer are published or estimated valuation reported by a counterparty.

What did we do?

In addressing the related risks, we performed the following procedures:

- Where the funds are actively traded in listed markets/exchange, we tested the valuation by using the EY Investment Secure Pricing tool;
- Alternatively, we inspected quotations, financial statement of investees and other evidence of current value, cost or equity amount of the investments. We also tested whether the investments are classified, recorded and measured in accordance with the entity's accounting policies and applicable financial reporting framework,
- Performed triangulation work to agree amounts per the financial statement to Fund manager and to Custodian and where Level 2 investments are not listed, we revert to level 3 testing as detailed on page 11

We have not noted any exceptions or issues in the valuation of investment under Level 2 fair value hierarchy based on the procedures performed.



03 Audit Report

Audit Report - draft

Draft audit report

Please note our audit opinion is draft subject to the resolution of outstanding matters for the audit as detailed in Appendix B.

Our opinion on the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SURREY COUNTY COUNCIL ON THE PENSION FUND'S FINANCIAL STATEMENTS - DRAFT

Opinion

We have audited the Pension Fund ("the Fund") financial statements for the year ended 31 March 2024 under the Local Audit and Accountability Act 2014 (as amended). The pension fund financial statements comprise the Fund Account, the Net Assets Statement and the related notes 1 to 27.

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 2023/24.

In our opinion the pension fund financial statements:

- give a true and fair view of the Fund during the year ended 31 March 2024 and the amount and disposition at that date of its assets and liabilities; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

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 below. We are independent of the Council as administering authority for the Pension Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's AGN01, 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Executive Director of Finance and Corporate Services and Section 151 Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the authority's ability to continue as a going concern to *[date tbc - at least 12 months from the date of the audit report]*.

Our responsibilities and the responsibilities of the Executive Director of Finance and Corporate Services and Section 151 Officer with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the authority's ability to continue as a going concern.

Other information

The other information comprises the information included in the Statement of Accounts 2023/24, other than the financial statements and our auditor's report thereon. The Executive Director of Finance and Corporate Services and Section 151 Officer is responsible for the other information contained within the Statement of Accounts 2023/24.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Audit Report (cont'd)

Please note our opinion could be affected by items still pending as noted in section 1

Our opinion on the financial statements

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit 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 financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we report by exception

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended);
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended);
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended);
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended); or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended).

We have nothing to report in these respects

Responsibility of the Executive Director of Finance and Corporate Services and Section 151 Officer

As explained more fully in the Statement of Executive Director of Finance and Corporate Services and Section 151 Officer's Responsibilities set out on page XX, the Director of Finance and Corporate Services and Section 151 Officer is responsible for the preparation of the Council's 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 2023/24, and for being satisfied that they give a true and fair view.

The Executive Director of Finance and Corporate Services and Section 151 Officer is also responsible for such internal control as the Executive Director of Resources and Section 151 Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Director of Resources and Section 151 Officer is responsible for assessing the 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 Administering Authority either intends to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with Executive Director of Finance and Corporate Services and Section 151 Officer.

Audit Report (cont'd)

Please note our opinion could be affected by items still pending as noted in section 1

Our opinion on the financial statements

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Fund and determined that the most significant are the Local Government Pension Scheme Regulations 2013 (as amended), and The Public Service Pensions Act 2013.
- We understood how the Fund is complying with those frameworks by making enquires of the management. We corroborated this through our reading of the Pension Board minutes, through enquiry of employees, and through the inspection of other information.
- Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiries of the management for their awareness of any non-compliance of laws or regulations, inspecting correspondence with the Pensions Regulator and review of minutes.
- We assessed the susceptibility of the Fund's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements and documenting the controls that the Fund has established to address risks identified, or that otherwise seek to prevent, deter or detect fraud. Where this risk was considered to be higher, we performed audit procedures to address each identified fraud risk.
- In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any identified significant transactions that were unusual or outside the normal course of business. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- To address our fraud risk we tested the consistency of the investment asset valuations from the independent sources of the custodian and the fund managers to the financial statements.
- The Fund is required to comply with The Local Government Pensions Scheme regulations, other legislation relevant to the governance and administration of the Local Government Pension Scheme and requirements imposed by the Pension Regulator in relation to the Local Government Pension Scheme. As such, we have considered the experience and

expertise of the engagement team including the use of specialists where appropriate, to ensure that the team had an appropriate understanding of the relevant pensions regulations to assess the control environment and consider compliance of the Fund with these regulations as part of our audit procedures.

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

Use of our report

This report is made solely to the members of Oxfordshire County Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Oxfordshire County Council and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Hassan Rohimun (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Manchester
Date



04

Audit Differences



Audit Differences (cont'd)

Summary of audit differences

We have detailed in this section the identified audit misstatement/differences above our reporting threshold of £2.9m which the audit team and management identified during the course of our audit. These adjustments were discussed by the audit team and the management.

Factual misstatement (These are misstatements about which there is no doubt and relate to non-judgemental issues)

- During the review of the private equity investments, we have noted differences in the reported Border to Coast private equity reported in the financial statement when compared to the balance we directly received from the fund manager which is due to the timing differences when both the reports are generated. This resulted in the understatement of the investment assets and changes in the market value by £14.991m. The management decided not to adjust for this difference in the statement of account of the Pension Fund

Misstatement in the disclosures (These relates to omission or incomplete disclosures in the account)

- During our review of the disclosures in the statement of account of the pension fund, we have identified that disclosures relating to IAS26 actuarial present value of promised retirement benefit is not included as part of the Note 5 Sources of estimation uncertainty. The management agreed to update and add the IAS26 actuarial present value of promised retirement benefit in the related note

For any audit differences that are not amended by management, we will ask the Audit and Governance Committee to request of management that the uncorrected audit differences be corrected or a rationale as to why they are not corrected be considered and approved by the Audit and Governance Committee and provided within the Letter of Representation.

Further audit differences may be identified in relation to the outstanding matters as set out in Appendix B.



05 Other Reporting Issues

Other Reporting Issues

Consistency of other information published with the financial statements

We must give an opinion on whether other information published together with the audited financial statements is consistent with the financial statements. We have no inconsistencies to draw to your attention.

In addition, we also perform procedures to ensure the consistency of the Pension Fund accounts with the version presented in the Pension Fund's Annual Report. We have not identified any matters to bring to your attention based on the review of the latest draft annual report statement provided by management. We will undertake a final consistency check before issuing our opinion.

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. "a report in the public interest"). We also have a duty to make written recommendations to the Authority, copied to the Secretary of State, and take action in accordance with our responsibilities under the Local Audit and Accountability Act 2014.

We had no reason to exercise these duties in relation to Surrey Pension Fund.

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must inform you of significant findings from the audit and other matters if they are significant to your oversight of the Fund's financial reporting process.

Except for our observations on the control environment, as set out in Section 06 of this report, we have no other matters to report.



06

Assessment of Control Environment

Assessment of Control Environment

Financial controls

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to your significant deficiencies in internal control.

During the audit we identified one area of weakness in relation to the Pension Fund's control environment as follows.

Revisiting the valuation of the private equity investments

During our testing of private equity investments, we identified an understatement in the valuation of the Border to Coast private equity investments amounting to £14.991m due to timing differences of the information that was available to support the reported balances in the draft account versus the confirmation received from the fund manager at the time of our audit.

This is a similar adjustment noted by the predecessor auditor as part of their review and testing of private equity investment. Though the combined effect of the turnaround impact of the previous year uncorrected timing difference and current year timing difference identified is not material, management should undertake an assessment of information available at the date of audit to assess if the impact on the position reported in the draft financial statements in respect of private equity investments.

We have raised the following recommendation for improvement.

Recommendation (Moderate)

Management should revisit and consider the changes in the valuation of the investment to assess if there is any impact on the draft financial statements to assess if there are any changes required as a result of up-to-date valuation information for private equity investments to avoid any material impact of timing difference that may arise.

The table below provides an overview of the 'high' 'moderate' and 'low' rated observations we have from the 2023/24 audit.

	High	Moderate	Low	Total
New points raised in 2023/24	0	1	0	1
Total open recommendations	0	0	0	0

Key:

- A weakness which does not seriously detract from the internal control framework. If required, action should be taken within 6-12 months.
- Matters and/or issues are considered to be of major importance to maintenance of internal control, good corporate governance or best practice for processes. Action should be taken within six months.
- Matters and/or issues are considered to be fundamental to the mitigation of material risk, maintenance of internal control or good corporate governance. Action should be taken either immediately or within three months.



07 Independence

Independence, Relationships, services, related threats and safeguards

Confirmation

We are not aware of any inconsistencies between Ernst & Young (EY)'s policy for the supply of non-audit services and FRC Ethical Standard. We are not aware of any apparent breach of that policy.

We confirm that, in our professional judgment, EY is independent, our integrity and objectivity is not compromised, and we have complied with the FRC Ethical Standard.

We confirm that your engagement team (partners, senior managers, managers and all others involved with the audit) and others within the firm, the firm and network firms have complied with relevant ethical requirements regarding independence.

Relationships

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Fund, and its members and senior management and its affiliates, including all services provided by us and our network to the Fund, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2023 to the date of this report which we consider may reasonably be thought to bear on our independence and objectivity.

EY Transparency Report 2024

EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 28 June 2024: [EY UK 2024 Transparency Report | EY - UK](#)

Independence, Relationships, services, related threats and safeguards

Services provided by Ernst & Young

There are no services provided by EY from 1 April 2023 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

The table includes a summary of the fees due to EY in line with the disclosures set out in FRC Ethical Standard and in statute. Full details of the services that we have provided, and the related threats and safeguards are included below.

We highlight in the table below the audit services that may be reasonably considered to bear upon our integrity, objectivity and independence. There were no other services that EY provided to the pension fund for financial year 2023/24.

	Current Year 2023/24
	Proposed fee (£)
Scale Fee – Code work	99,214
Procedures for first year audit (<i>Note 1</i>)	4,900
IAS 315 additional procedures (<i>Note 2</i>)	5,800
Data migration work (<i>Note 3</i>)	10,000
Additional hours segregated as follows (<i>Note 4</i>)	
- Additional hours incurred to complete process understanding	6,300
IAS19 Assurance Letter Work (<i>Note5</i>)	20,000
Total fees	146,214

Note 1 – As the 2023/24 is our first-year audit, we were required to perform additional procedures in accordance with ISA 510.

Note 2 – As this is our first-year of audit, we undertook additional procedures to address the enhanced requirements of ISA315 (Revised).

Note 3 – Additional work was required to review the impact of the change in financial systems and to gain assurance that there were no data migration issues impacting on the reported financial position of the pension fund. The data migration issue also resulted in the current assets and liabilities position reported in the draft financial statements having to be revised and additional work was required to review the updated current assets and current liabilities.

Note 4 – Additional time was required to complete the required audit procedures to understand the pension funds key financial processes due to there being more individuals with whom we needed to make inquiries of compared to our original plans.

Note 5 – As the pension fund auditor have undertaken procedures to respond to requests from the auditors of scheduled bodies to provide IAS19 assurances. In total we have provided assurances for 11 bodies.

Additional fee variations from the scale fee are subject to PSAA review and approval. We will communicate the above additional fees as part of our scale fee variation that will be submitted to the PSAA.



08 Appendices

Appendix A - Required communications with the Audit Committee

Required communications with the Audit Committee

There are certain communications that we must provide to the Audit Committees of UK entities. We have detailed these here together with a reference of when and where they were covered:

		Our Reporting to you
Required communications	What is reported?	When and where
Terms of engagement	Confirmation by the Audit and Governance Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Audit planning report 10 July 2024
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.	Audit planning report 10 July 2024
Significant findings from the audit	<ul style="list-style-type: none"> • Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures • Significant difficulties, if any, encountered during the audit • Significant matters, if any, arising from the audit that were discussed with management • Written representations that we are seeking • Expected modifications to the audit report • Other matters if any, significant to the oversight of the financial reporting process 	Audit planning report 10 July 2024

Appendix A - Required communications with the Audit and Governance Committee (cont'd)

Our Reporting to you

Required communications	What is reported?	When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> • Whether the events or conditions constitute a material uncertainty related to going concern • Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements • The appropriateness of related disclosures in the financial statements 	Audit results report - 22 January 2025
Misstatements	<ul style="list-style-type: none"> • Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation • The effect of uncorrected misstatements related to prior periods • A request that any uncorrected misstatement be corrected • Material misstatements corrected by management 	Audit results report - 22 January 2025

Appendix A - Required communications with the Audit and Governance Committee (cont'd)

Our Reporting to you

Required communications	What is reported?	When and where
Fraud	<ul style="list-style-type: none"> • Enquiries of the Audit and Governance Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity • Any fraud that we have identified or information we have obtained that indicates that a fraud may exist • Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: <ol style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. • The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected • Matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud • Any other matters related to fraud, relevant to Audit and Governance Committee responsibility. 	Audit results report – 22 January 2025
Related parties	Significant matters arising during the audit in connection with the entity's related parties including, when applicable: <ul style="list-style-type: none"> • Non-disclosure by management • Inappropriate authorisation and approval of transactions • Disagreement over disclosures • Non-compliance with laws and regulations • Difficulty in identifying the party that ultimately controls the entity 	Audit results report – 22 January 2025

Appendix A - Required communications with the Audit and Governance Committee (cont'd)

Our Reporting to you

Required communications	What is reported?	When and where
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> • The principal threats • Safeguards adopted and their effectiveness • An overall assessment of threats and safeguards • Information about the general policies and process within the firm to maintain objectivity and independence <p>Communications whenever significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p>	Audit planning report 10 July 2024 and Audit results report - 22 January 2025
External confirmations	<ul style="list-style-type: none"> • Management's refusal for us to request confirmations • Inability to obtain relevant and reliable audit evidence from other procedures. 	We have received all requested confirmations

Appendix A - Required communications with the Audit and Governance Committee (cont'd)

Our Reporting to you

Required communications	What is reported?	When and where
Consideration of laws and regulations	<ul style="list-style-type: none"> Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur Enquiry of the Audit and Governance Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit and Governance Committee may be aware of 	We have asked management and those charged with governance. We have not identified any material instances or non-compliance with laws and regulations
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> Significant deficiencies in internal controls identified during the audit. 	Audit results report – 22 January 2025
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> Written representations we are requesting from management and/or those charged with governance 	Audit results report – 22 January 2025
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	Audit results report – 22 January 2025
Auditors report	<ul style="list-style-type: none"> Key audit matters that we will include in our auditor's report Any circumstances identified that affect the form and content of our auditor's report 	Audit results report – 22 January 2025

Appendix B – Outstanding matters

Outstanding matters

The following items relating to the completion of our audit procedures are outstanding at the date of the release of this report:

Item	Actions to resolve	Responsibility
Documentation on significant risk on data migration	Completion of the documentation of the review and assessment of the information provided to address the significant risk on data migration.	EY
Testing of current assets and current liabilities	Completion of the audit procedures for current assets and current liabilities based on the revised schedule recently provided by management.	EY
Testing of journal entries	Completion of our testing of journal entries which relates to a sample of journals that ranges from 15 to 20.	EY
Going concern review and disclosures	Receipt of management's going concern assessment. EY to review and undertake audit procedures on the assessment and cash flow forecast.	EY and management
Subsequent events review procedures	Completion of subsequent events procedures to the date of signing the audit report	EY and management
Partner and EQCR Review	Completion of review of remaining audit procedures	EY
Management representation letter*	Receipt of signed management representation letter	EY, management and Audit Committee
Final signed accounts	Receipt and review of final set of financial statements to check agreed amendments. Signed approval of the accounts by s151 Officer.	EY and management

*See next page.

Appendix C – Management representation letter

Draft management representation letter

The management representation letter as shown below is draft and subject to change pending resolution of the outstanding matters for the audit.

Management Representation Letter

Hassan Rohimun
Ernst & Young LLP
2 St. Peter's Square,
Manchester,
M2 3EY

This letter of representations is provided in connection with your audit of the financial statements of Surrey Pension Fund (“the Fund”) for the year ended 31 March 2024. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the financial transactions of the Fund during the period from 1 April 2023 to 31 March 2024, and of the amount and disposition at that date of its assets and liabilities as at 31 March 2024, other than liabilities to pay pensions and benefits after the end of the year, in accordance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

We understand that the purpose of your audit of the Fund's financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK) , which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and for keeping records in respect of contributions received in respect of active members of the Fund.
2. We confirm that the Fund is a Registered Pension Fund. We are not aware of any reason why the tax status of the Fund should change.
3. We acknowledge, as members of management of the Fund, our responsibility for the fair presentation of the financial statements and the Summary of Contributions. We believe the financial statements referred to above give a true and fair view of the financial transactions and the financial position of the Fund in accordance with the applicable law and CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, and are free of material misstatements, including omissions. We have approved the financial statements.
4. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
5. As members of management of the Fund we believe that the Fund has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with applicable law and CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 that are free from material misstatement, whether due to fraud or error

Appendix C – Management representation letter

Draft management representation letter

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Management Rep Letter

6. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We have not corrected these differences identified by and brought to our attention from the auditor because *[specify reasons for not correcting misstatement]*

B. Non-compliance with laws and regulations, including fraud

1. We acknowledge that we are responsible to determine that the Fund's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of a system of internal control to prevent and detect fraud and that we believe we have appropriately fulfilled those responsibilities
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

4. We have not made any reports to the Pensions Regulator, nor are we aware of any such reports having been made by any of our advisors.
5. There have been no other communications with the Pensions Regulator or other regulatory bodies during the Fund year or subsequently concerning matters of noncompliance with any legal duty.
6. We confirm that we are not aware of any breaches of the Payment Schedule/Schedule of Contributions or any other matters that have arisen which we considered reporting to the Pensions Regulator.
7. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Fund (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
 - Involving financial improprieties
 - Related to laws or regulations that have a direct effect on the determination of material amounts and disclosures in the Fund's financial statements
 - Related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Fund's business, its ability to continue in business, or to avoid material penalties
 - Involving management, or employees who have significant roles in internal control, or others
 - In relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

Appendix C – Management representation letter

Draft management representation letter

The management representation letter as shown below is draft and subject to change pending resolution of the outstanding matters for the audit

Management Rep Letter

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters.
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. You have been informed of all changes to the Fund rules.
3. All material transactions have been recorded in the accounting records and are reflected in the financial statements..
4. We have made available to you all minutes of the meetings of members of the management of the Fund and committees of members of the management of the Fund (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the period to the most recent meeting on the following date 13 December 2024
5. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Fund's related parties and all related party relationships and transactions of which we are

aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the period end. These transactions have been appropriately accounted for and disclosed in the financial statements.

6. We confirm the completeness of information provided regarding annuities held in the name of the members of management of the Fund.
7. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24
8. We have disclosed to you, and the Fund has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
9. No transactions have been made which are not in the interests of the Fund members or the Fund during the fund year or subsequently.

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Appendix C – Management representation letter

Draft management representation letter

The management representation letter as shown below is draft and subject to change pending resolution of the outstanding matters for the audit

Management Rep Letter

10. From 1 April 2023 through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or is reasonably likely to have occurred, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and have disclosed in Note 22 to the financial statements all guarantees that we have given to third parties.

E. Subsequent Events

1. Other than..... described in Note [X] to the financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

F. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the annual report on pages x to xx, other than the financial statements, the auditor's report and the statement about contributions.
2. We confirm that the content contained within the other information is consistent with the financial statements.

G. Advisory Reports

1. We have not commissioned any advisory reports which may affect the conduct of your work in relation to the Fund's financial statements and schedule of contributions/payment schedule.

H. Independence

1. As members of management of the Fund, we are not aware of any matters which would render Ernst & Young LLP ineligible to act as auditor to the Fund.

Appendix C – Management representation letter

Draft management representation letter

The management representation letter as shown below is draft and subject to change pending resolution of the outstanding matters for the audit

Management Rep Letter

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I. Derivative Financial Instruments

We confirm that the Fund has made no direct investment in derivative financial instruments.

J. Pooling investments, including the use of collective investment vehicles and shared services

We confirm that all investments in pooling arrangements, including the use of collective investment vehicles and shared services, meet the criteria set out in the November 2015 investment reform and criteria guidance and that the requirements of the LGPS (Management and Investment of Funds) Regulations 2016 in respect of these investments has been followed.

K. Actuarial valuation

The latest report of the actuary Hymans Robertson as at May 2024 and dated [date of report] has been provided to you. To the best of our knowledge and belief we confirm that the information supplied by us to the actuary was true and that no significant information was omitted which may have a bearing on his report

L. Estimates

Level 2 and 3 Investment Asset Valuation Estimate and Actuarial Present Value of Promised Retirement Benefits Estimate

1. We confirm that the significant judgments made in making the level 3 investment asset valuation estimate and actuarial present value of promised retirement benefits estimate have taken into account all relevant information and the effects of the COVID-19 pandemic of which we are aware.

2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the level 2 and 3 investment asset valuation estimate, and actuarial present value of promised retirement benefits estimate.
3. We confirm that the significant assumptions used in making the level 3 investment asset valuation estimate and actuarial present value of promised retirement benefits estimate appropriately reflect our intent and ability to continue to maintain the pension fund investments for the purpose of management of the fund and payment of future benefits on behalf of the entity.
4. We confirm that the disclosures made in the financial statements with respect to the accounting estimates, including those describing estimation uncertainty and the effects of the COVID-19 pandemic, are complete and are reasonable in the context of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.
5. We confirm that appropriate specialized skills or expertise has been applied in making the level 2 and 3 investment asset valuation estimate and actuarial present value of promised retirement benefits estimate.
6. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the financial statements, including due to the COVID-19 pandemic.

Appendix C – Management representation letter

Draft management representation letter

The management representation letter as shown below is draft and subject to change pending resolution of the outstanding matters for the audit

Management Rep Letter

M. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we have engaged to value [the asset description such as annuity policies] and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

N. Going Concern

Based on our assessment of going concern, the details of which have been shared with you, we confirm that we are not aware of any material uncertainties related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. We do not intend to wind up the Fund. We are satisfied that the use of the going concern basis of accounting is appropriate in the preparation and presentation of the financial statements.

Note 2 to the financial statements discloses all of the matters of which we are aware that are relevant to the Fund's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

O. Climate-Related Matters

1. Whilst recognising that the Climate Change Governance and Reporting Regulations do not cover the Local Government Pension Scheme, we confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered in the financial statements.
2. The key assumptions used in preparing the financial statements are, to the extent allowable under the requirements of United Kingdom Generally Accepted Accounting Practice aligned with the statements we have made in the other information or other public communications made by us.

Yours faithfully,

S151 Officer

Audit and Governance Committee Chair

Date

EY | Building a better working world

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