



Audit Progress Report Derbyshire County Council and Derbyshire Pension Fund – Year end 31 March 2024

September 2024

Contents

- 01 Overview of engagement
- 02 Revised Audit Timeline
- 03 Derbyshire Pension Fund: Status of the audit
- 04 Derbyshire Pension Fund: Summary of misstatements

This document is to be regarded as confidential to Derbyshire County Council. It has been prepared for the sole use of the Audit Committee as the appropriate sub-committee charged with governance. No responsibility is accepted to any other person in respect of the whole or part of its contents. Our written consent must first be obtained before this document, or any part of it, is disclosed to a third party.



01

Overview of engagement



Overview of engagement

We are appointed to perform the external audit of Derbyshire County Council (the Council) and Derbyshire Pension Fund (the fund) for the year ending 31 March 2024. The scope of our engagement is set out in the Statement of Responsibilities of Auditors and Audited Bodies, issued by Public Sector Audit Appointments Ltd (PSAA) available from the PSAA website: <https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/>. Our responsibilities are principally derived from the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (NAO), and we summarise the position to date as follows:

Area	Responsibilities	Status: Derbyshire County Council	Status: Derbyshire Pension Fund
Audit opinion	We are responsible for forming and expressing an opinion on whether the financial statements are prepared, in all material respects, in accordance with the Code of Practice on Local Authority Accounting. Our audit does not relieve management or the Audit & Governance Committee, as Those Charged With Governance, of their responsibilities.	<p>Whilst we have performed the majority of our planning and some early work, the financial statements for 2023/24 have not yet been submitted for audit, as such our final audit work has not yet commenced. We reported our planned timeline to the Committee in July 2024 which showed the planned fieldwork dates as September – October, with completion expected by the end of October. As the Council did not have draft financial statements ready by September, we are now planning to commence the fieldwork stage of the audit in October.</p> <p>On 30 July 2024, the Minister of State for Local Government and English Devolution made a statement to propose secondary legislation, with the proposed backstop date for financial years up-to-and-including 2022/23 as 13 December 2024 and the financial year 2023/24 being 28 February 2025. We are working to re-profile our resources, to ensure we have sufficient time scheduled to complete the audit ahead of the 28th February deadline. We have included a revised audit timeline on page 6.</p>	We are currently making good progress with our audit work. We anticipate completing the fieldwork phase by the end of September. The specific areas that still need to be addressed are detailed on Page 9 of this report. However, we cannot sign the audit opinion until the County Council audit is complete. A revised timeline is included on Page 7.
Value for money	We are responsible for forming a view on the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources.	We have started our planning and risk assessment work, and we have received management’s self-assessment. We will continue to update our risk assessment as the audit progresses. As reported in the ASM in July, we have identified one risk of significant weakness in relation to the Council’s financial sustainability. We will therefore undertake additional procedures to determine whether there is a significant weakness and report this to the Audit Committee alongside our commentary on the Council’s arrangements, in our Auditor’s Annual Report.	N/A
Wider reporting and electors’ rights	<p>We report to the National Audit Office (NAO) on the consistency of the Council’s financial statements with its Whole of Government Accounts (WGA) submission.</p> <p>The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounts of the Council and consider objections made to the accounts. We also have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom.</p>	<p>We are unable to report to the NAO until our work on the financial statements is complete.</p> <p>We have not received any matters of correspondence from electors.</p>	<p>WGA – N/A for Pension Fund.</p> <p>We have not received any matters of correspondence from electors.</p>

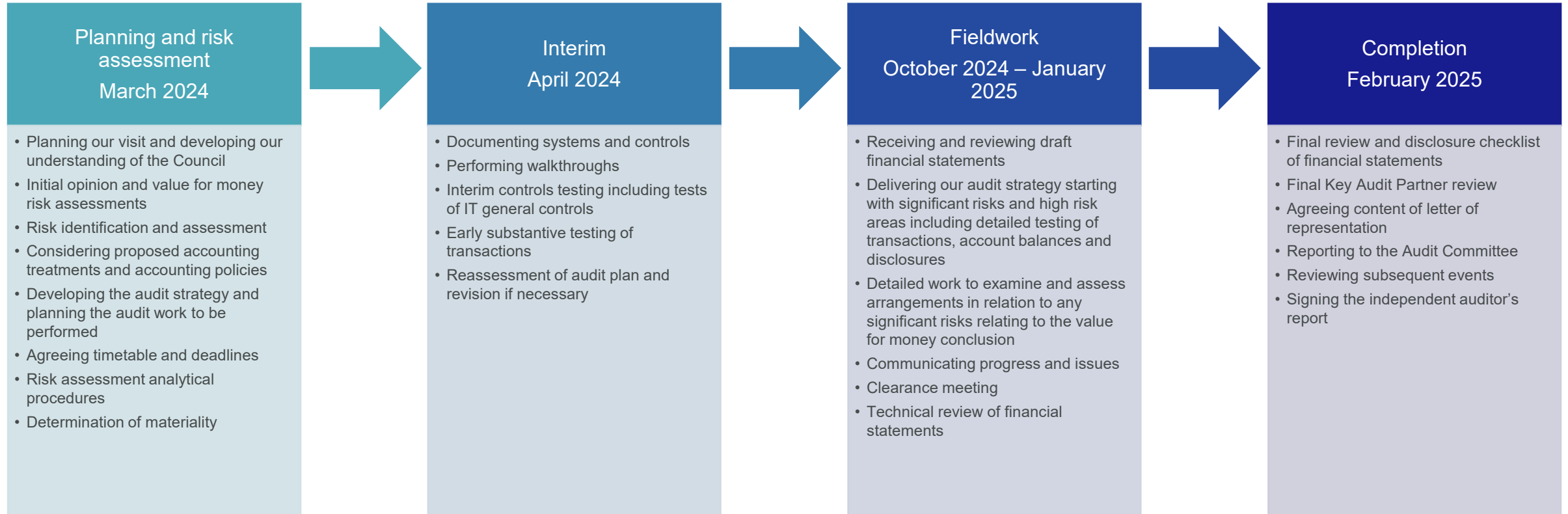
02

Revised Audit Timeline



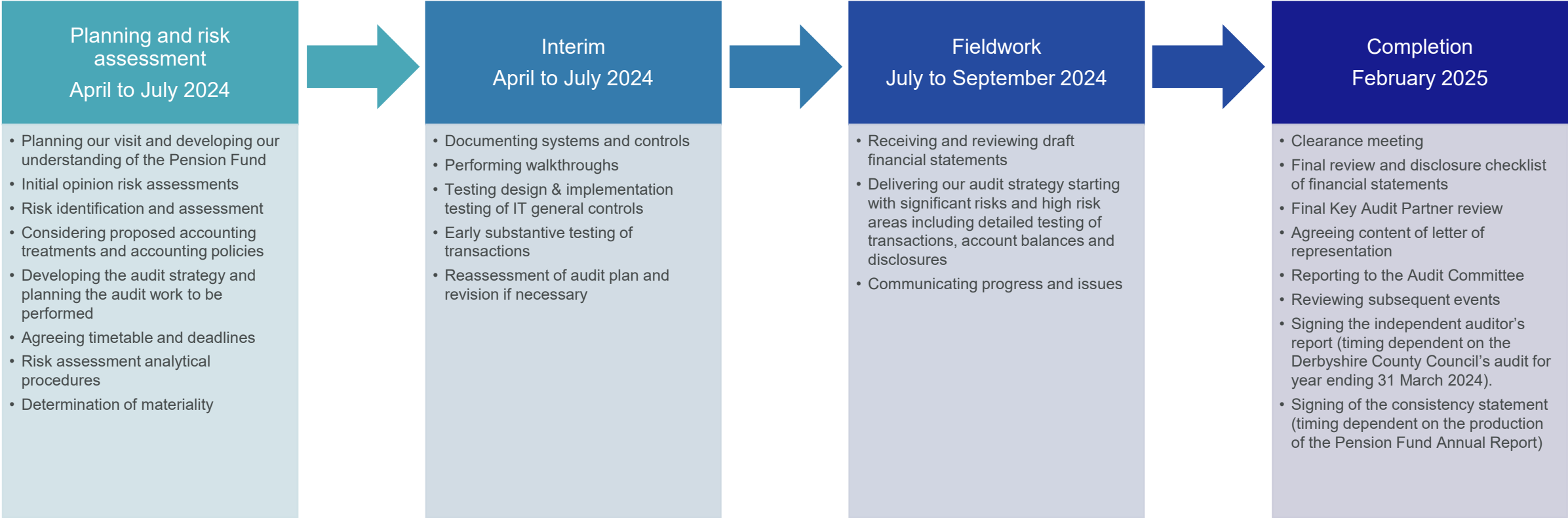
Revised Audit Timeline

Derbyshire County Council



Revised audit timeline

Derbyshire Pension Fund



03

Derbyshire Pension Fund: Status of the audit



Status of the audit

Derbyshire Pension Fund

The table below sets out the position in terms of progress against each audit area. A traffic light system has been used to grade the audit area based on the level of work complete.

Journals Testing

We have completed our audit work with no matters to report at this point in time. Work is still subject to internal review.



Related party transactions

We have completed our audit work with no matters to report at this point in time. Work is still subject to internal review.



Contributions receivable

We are awaiting a response to a query in relation to deficit funding contribution.



Benefits payable

We have completed our audit work with no matters to report at this point in time. Work is still subject to internal review.



Administrative and other expenses

We have completed our audit work with no matters to report at this point in time. Work is still subject to internal review.



Investment income

We have completed our audit work with no matters to report at this point in time. Work is still subject to internal review.



Investment purchases and sales

We are currently working through the evidence for the remaining 19 Purchases samples and 10 Sales samples, out of a total of 51 Purchases and 42 Sales samples, respectively.



Level 1 Investment assets

We have completed our audit work with no matters to report at this point in time. Work is still subject to internal review.



Level 2 investment assets

We have completed our audit work with no matters to report at this point in time. Work is still subject to internal review.



Status



Significant items outstanding



Small number of items remain outstanding or in progress



Work has been completed.

Status of the audit

Derbyshire Pension Fund

Level 3 Investment assets

We are waiting for third party confirmations from 7 fund managers from a total sample of 45 and are currently reviewing the classification of the level 3 Investment asset samples.



Direct Properties

We have received responses to our queries from the Properties Valuer and Administrator and currently working through them.



Cash deposits and short-term loans

We have completed our audit work with no matters to report at this point in time. This is subject to review procedures.



Cash at bank

We have completed our audit work with no matters to report at this point in time. Work is still subject to internal review.



Financial instruments

We have completed our audit work with no matters to report at this point in time. Work is still subject to internal review.



Undrawn Commitments

We are yet to send a sample of undrawn commitments for testing to the pension fund.



ITGC

We are awaiting responses to the queries raised with the management in relation to the Pension Fund admin system.



We await completion of the ITGC work for the general ledger by the DCC audit team.

Requests for work on the PF by LG employer body auditors

Our work is ongoing including the testing outstanding above in relation to investments and contributions receivable. This is subject to review procedures.



Status



Significant items outstanding



Small number of items remain outstanding or in progress



Work has been completed.

Status of the audit

Derbyshire Pension Fund

Notes to the financial statements

Work remains ongoing in relation to the review of other disclosure notes in the financial statements. There are no outstanding queries at this time.



Audit review and quality control procedures

The outcome of accounts review procedures completed by our technical team, the Engagement Lead and Manager have been provided to the pension fund. Currently, there are ongoing discussions to address all concerns raised. Completion of Engagement Lead and Manager review of work remains ongoing.



Completion procedures

Audit completion procedures such as review of the final set of financial statements, receipt of the signed letter of representation, review of post balance sheet events and other completion steps have not yet begun due to progress in other areas of audit work.



Status



Significant items outstanding



Small number of items remain outstanding or in progress



Work has been completed.

04

Derbyshire Pension Fund: Summary of misstatements



Summary of misstatements

Derbyshire Pension Fund

We set out below a summary of the misstatements we identified to date as part of our audit, above the trivial threshold for adjustment of £1.9m.

We identified no misstatements, adjusted or unadjusted, above our reporting threshold as at the date of this report.

Our overall materiality, performance materiality, and clearly trivial (reporting) threshold were reported in our Audit Summary Memorandum, issued in July 2024. There are no subsequent changes to those figures.

Disclosure misstatements

We identified the following disclosure misstatements during our audit that have been corrected by management:

- Note 7 - Transfers in from other pension funds: The note has been removed from the financial statements as it does not provide additional information beyond what is already presented in 'Fund Account'.
- Note 9 – Payment to and on account of leavers: Group transfers out narrative is removed as the balances are trivial.
- Note 16 – Additional Voluntary Contributions: Note has been updated to ensure it's in line with the CIPFA Code.
- Additional note for 'Subsequent events' added in the updated financial statements.

We are continuing to discuss some further queries with the fund.

Contact

Forvis Mazars

Daniel Watson

Partner

Tel: 07909 985324

Daniel.Watson@mazars.co.uk

Alastair Newall

Audit Director

Tel: 07909 986776

Alastair.Newall@mazars.co.uk

Forvis Mazars LLP is the UK firm of Forvis Mazars Global, a leading global professional services network. Forvis Mazars LLP is a limited liability partnership registered in England and Wales with registered number OC308299 and with its registered office at 30 Old Bailey, London, EC4M 7AU. Registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at www.auditregister.org.uk under reference number C001139861. VAT number: GB 839 8356 73

© Forvis Mazars 2024. All rights reserved.