



Audit Completion Report

Derbyshire Pension Fund

Year ending 31 March 2020

CONTENTS

1. Executive summary
2. Significant findings
3. Internal control recommendations
4. Summary of misstatements

Appendix A – Draft management representation letter

Appendix B – Draft auditor’s report

Appendix C – Draft consistency report

Appendix D – Independence

Our reports are prepared in the context of the 'Statement of responsibilities of auditors and audited bodies' and the 'Appointing Person Terms of Appointment' issued by Public Sector Audit Appointments Limited.

Reports and letters prepared by appointed auditors and addressed to the Pension Fund are prepared for the sole use of the Pension Fund and we take no responsibility to any member or officer in their individual capacity or to any third party.

Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales.

Audit Committee Members
Derbyshire County Council
County Hall
Matlock
DE4 3AG

18 November 2020

Dear Members

Audit Completion Report – Year ended 31 March 2020

We are pleased to present our Audit Completion Report for the year ended 31 March 2020. The purpose of this document is to summarise our audit conclusions.

The scope of our work, including identified significant audit risks and other areas of management judgement, was outlined in our Audit Strategy Memorandum which we presented on 24 March. The COVID-19 pandemic has had significant implications for the UK, including the Pension Fund sector. We have updated our planning work to understand the implications of COVID-19 on our audit and concluded that the audit risks recorded in our Audit Strategy Memorandum remain appropriate.

In response to the COVID-19 pandemic, MHGLC issued a revised reporting timetable for the Pension Fund to prepare its financial statements for inclusion in the Administering Authority Statement of Accounts and for the audit to be completed. We understand the difficult circumstances that the Pension Fund is facing in order to respond to the pandemic and would like to express our thanks for the assistance of your team during our audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me on 078 1375 2053.

Yours faithfully



Cameron Waddell
Key Audit Partner
For and on behalf of Mazars LLP

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We are 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: 839 8356 73

1. EXECUTIVE SUMMARY

Purpose of this report and principle conclusions

The Audit Completion Report sets out the findings from our audit of the Derbyshire Pension Fund ('the Pension Fund') for the year ended 31 March 2020, and forms the basis for discussion at the Audit Committee meeting on 24 November 2020.

The detailed scope of our work as your appointed auditor for 2019/20 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and, as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards of Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

Section 2 of this report outlines the detailed findings from our work on the financial statements. Section 2 also includes our conclusions on the audit risks and areas of management judgement in our Audit Strategy Memorandum, which include:

- management override of control; and
- valuation of level 3 unquoted investments for which a market price is not readily available.

Status of our work

As we outline on the following page, our work is substantially complete. Subject to the satisfactory completion of the outstanding work, at the time of issuing this report we have the following conclusions:

Opinion on the financial statements

We anticipate issuing an unqualified opinion on the Pension Fund's financial statements. Our proposed audit opinion is included in the draft auditor's report in Appendix B..

Wider powers

We have not needed to exercise any of our wider powers under the 2014 Act. We have not received any elector enquiries or objections to the accounting records of the Pension Fund. Further details on our responsibilities and wider powers under the 2014 Act are provided in section 2.

Our responsibilities include the requirement to conclude whether the Pension Fund financial statements included within the Pension Fund's Annual Report are consistent with the Fund's financial Statements included within the Administering Authority's Statement of Accounts. The publication deadline for the Pension Fund's Annual Report is 1 December 2020 and whilst we received a draft front-end of the report on 14 November our work in this area has not yet started. We will update the Audit Committee on any matters arising from this work when our consistency report has been issued. Our draft consistency report is provided in Appendix C.

1. EXECUTIVE SUMMARY

Status of our audit work

We have substantially completed our work on the financial statements for the year ended 31 March 2020. At the time of preparing this report the following matters remain outstanding:

Audit area	Status	Description of outstanding matters
Investments	●	A few pieces of information remain outstanding from fund managers. Our review of third party confirmations received to date is nearing completion.
Consistency opinion	●	We received a draft front-end of the Pension Fund Annual Report on 14 November and have not yet compared the revised Pension Fund financial statements (within the Statement of Accounts of the Council) with the revised Pension Fund financial statements within the Pension Fund's Annual Report.
Audit Quality Control and Completion Procedures	●	Our audit work, including the specific procedures carried out in relation to the significant audit risks identified, is undergoing final stages of review by the Engagement Lead. In addition, there are residual procedures to complete, including completing our internal technical consultations on the proposed audit opinion and the updated financial statements, updating post balance sheet event considerations to the point of issuing the opinion and obtaining final management representations.

Status

- Likely to result in material adjustment or significant change to disclosures within the financial statements
- Potential to result in material adjustment or significant change to disclosures within the financial statements
- Not considered likely to result in material adjustment or change to disclosures within the financial statements

We will provide the Audit Committee with an update in relation to these outstanding matters in a follow-up letter, prior to signing the auditor's report.

Our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum in March 2020. We have not made any significant changes to our audit approach since we presented our Audit Strategy Memorandum.

Materiality

We set materiality at the planning stage of the audit at £49.3 million using a benchmark of 1% of net assets available to pay benefits. We set a specific materiality for the fund account of £16.4 million at the planning stage of the audit using a benchmark of 10% of contributions receivable.

Our assessment of materiality, based on the 2019/20 financial statements and qualitative factors is £47 million, using the same benchmark as at planning. Our assessment of specific materiality for the fund account is £16 million, also based on the same benchmark as at planning. We set our trivial threshold (the level under which individual errors are not communicated to the Governance and Audit Committee), at £1.4 million based on 3% of overall materiality.

Misstatements and internal control recommendations

Section 3 sets out the internal control recommendations that we make, together with an update on any prior year recommendations.

Section 4 outlines the misstatements noted as part of our audit as at the time of issuing this report. If any additional misstatements are noted on completion of the outstanding work, these will be reported to the Audit Committee in a follow-up letter.

2. SIGNIFICANT FINDINGS

Set out below are the significant findings from our audit. These findings include:

- our audit conclusions regarding significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 8 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- any further significant matters discussed with management; and
- any significant difficulties we experienced during the audit.

Significant risks and key areas of management judgement

As part of our planning procedures we considered the risks of material misstatement in the Pension Fund's financial statements that required special audit consideration. Although we report identified significant risks at the planning stage of the audit in our Audit Strategy Memorandum, our risk assessment is a continuous process and we regularly consider whether new significant risks have arisen and how we intend to respond to these risks. No new risks have been identified since we issued our Audit Strategy Memorandum.

Significant risk

Description of the risk

Management override of controls

In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Because of the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.

How we addressed this risk

We addressed this risk by performing audit work in the following areas:

- accounting estimates impacting on amounts included in the financial statements;
- consideration of identified significant transactions outside the normal course of business; and
- journals recorded in the general ledger and other adjustments made in preparation of the financial statements.

Audit conclusion

Our audit procedures have not identified any material errors or uncertainties in the financial statements, or other matters that we wish to bring to your attention in relation to management override of controls.

2. SIGNIFICANT FINDINGS (CONTINUED)

Significant risk

Valuation of level 3 unquoted investments for which a market price is not readily available

As at 31 March 2019 the fair value of investments which were not quoted on an active market was £912m, which accounted for 18 percent of net investment assets. Inherently these assets are harder to value, as they do not have publicly available quoted prices from a traded market, and as such they require professional judgement or assumptions to be made when valuing them at year end.

How we addressed this risk

We addressed this risk by:

- agreeing holdings from fund manager reports to the custodian's report;
- agreeing the valuation to supporting documentation including investment manager valuation statements and cashflows for any adjustments made to the investment manager valuation;
- agreeing the investment manager valuation to audited accounts or other independent supporting documentation, where available; and
- reviewing independent control assurance reports to identify any exceptions that could present a risk of material misstatement in the Fund's financial statements.

Audit conclusion

The work on this significant audit risk is in the process of final review and no material misstatements have been identified in the course of the audit work completed to-date.

The Financial Statements include at Note 5 a disclosure referring to the 'material valuation uncertainty' reported by valuers in relation to the Pooled Property Unit Trust investment assets caused by COVID-19. Our draft audit report at Appendix B includes an 'emphasis of matter' paragraph referring to this disclosure. Our audit opinion is not being qualified in respect of this matter.

2. SIGNIFICANT FINDINGS (CONTINUED)

Qualitative aspects of the entity's accounting practices

We have reviewed the Pension Fund's accounting policies and disclosures. We have provided feedback on the draft financial statements and agreed amendments in any areas where disclosures could be strengthened. We are satisfied that the final statements comply with the requirements of the Code of Practice on Local Authority Accounting (the Code), appropriately tailored to the Pension Fund's circumstances.

The national timetable for the accounts completion and audit this year was changed in response to the COVID-19 pandemic. There was also an expectation that asset valuations would change as a result of updated information due in July 2020 from fund managers. We agreed with management a split audit visit to accommodate these issues. The draft Statement of Accounts, including the Pension Fund's draft financial statements, were received on 8 June 2020, well ahead of the 31 August 2020 deadline, and were of a good quality.

Significant matters discussed with management

Significant matters discussed with management during our audit and which had implications for our audit testing and reporting included the impact of COVID-19 on the Pension Fund's business. This included any potential increased risk of material misstatement. This included the disclosures required regarding the key sources of estimation uncertainty that management has made in preparing the financial statements. The notes to the Pension Fund's financial statements disclose the significant matters considered and reference the "material valuation uncertainty" over the pooled property unit trust investments caused by COVID-19.

Significant difficulties during the audit

During the course of the audit we have had the full co-operation of management. The changes to the Council's and Mazars' working arrangements in response to COVID-19, the changes to the national timetable and other pressures across the sector has led to a number of challenges during the year-end accounts closedown and audit process for management and ourselves. There have understandably been some difficulties in carrying out our normal audit procedures and obtaining the audit evidence required to complete the audit. We are grateful for the co-operation and support provided.

Wider responsibilities

Our powers and responsibilities under the 2014 Act are broad and include the ability to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these powers as part of our 2019/20 audit.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. No such questions or objections have been raised in relation to the Pension Fund.

Modifications required to our audit report

As described above we expect to modify our audit opinion by including an 'emphasis of matter' paragraph drawing attention to the material valuation uncertainty caused by COVID-19 disclosed in the notes to the financial statements. This does not qualify our audit opinion. We are consulting on the specific wording for this modification and the proposed wording is included in the draft audit report included at Appendix B. We will update the Audit Committee on this matter at its meeting.

Other matters

Alongside the audit work required directly for the audit opinion on the Pension Fund Financial Statements we are required to provide annual IAS19 pension assurance work at the request of employer auditors. This work has been completed and the results reported directly to the employer auditors.

3. INTERNAL CONTROL RECOMMENDATIONS

The purpose of our audit is to express an opinion on the financial statements. As part of our audit we have considered the internal controls in place relevant to the preparation of the financial statements. We do this in order to design audit procedures to allow us to express an opinion on the financial statement and not for the purpose of expressing an opinion on the effectiveness of internal control, nor to identify any significant deficiencies in their design or operation.

The matters reported in this section are limited to those deficiencies and other control recommendations that we identified during our normal audit procedures and that we consider to be of sufficient importance to merit being reported. If we had performed more extensive procedures on internal control we might have identified more deficiencies to be reported. Our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

Our work to date has not identified any internal control issues to bring to your attention. Should any issues arise during the completion of our audit, these will be reported to the Audit Committee in a follow-up letter.

4. SUMMARY OF MISSTATEMENTS

We set out below the misstatements identified for adjustment during the course of the audit, above the level of trivial threshold of £1.4 million.

The table below outlines the misstatement that was identified during the course of our audit which management has assessed as not being material, either individually or in aggregate, to the financial statements and does not currently plan to adjust.

There were no adjusted misstatements in relation to the Pension Fund's 2019/20 financial statements.

Unadjusted misstatements 2019/20

	Fund Account		Net Assets Statement	
	Dr (£m)	Cr (£m)	Dr (£m)	Cr (£m)
1	Dr: Investments – Managed Funds			8.9
	Cr: Change in Market Value	8.9		
	Difference between valuation of unquoted investments per pension fund accounts and third party confirmations			

Disclosure amendments

The following proposed disclosure amendment has not been made:

Note 20 – We identified a difference of £5 million between the valuation of the commitments sampled in relation to this note and the value of the third party confirmations of commitments we received. This difference extrapolates to a difference of £10.855 million between the valuation of the commitments detailed in this note and the value of third party confirmations of commitments. Management does not believe that this is an error. It is management's view that this is based on an out of date response by an investment manager, however it is accepted there is no time available to get an updated response.

The following disclosure amendments have been made by the Council:

Note 10 – The Council identified that management fees as a proportion of average investment fees needed the proportion updating from 0.49% to 0.50% in both years to agree to the updated Pension Fund Annual Report analysis. The Council has updated this note accordingly.

Note 13 – We identified the requirement to include additional analysis of the pooled investment vehicles, to split these between funds invested in property, unit trusts, unitised insurance policies and other managed funds. The Council has updated this note accordingly.

Note 15 – We identified the need to include an additional fair value table, with further details of the valuation hierarchy, basis of valuation, observable and unobservable inputs and key sensitivities affecting the valuation provided. The Council has updated this note accordingly.

Note 17 – The Council identified that the latest table for current assets latest table was not pasted in (table was before a £0.191 million loss allowance for rental debtors), in error, however the current assets detailed in the net assets statement was correct. The Council has updated this note accordingly.

APPENDIX A

DRAFT MANAGEMENT REPRESENTATION LETTER

Mazars LLP
Salvus House
Aykley Head
Durham
DH1 5TS

XX November 2020

Dear Cameron

Derbyshire Pension Fund - audit for year ended 31 March 2020

This representation letter is provided in connection with your audit of the financial statements of the Derbyshire Pension Fund ('the Pension Fund') for the year ended 31 March 2020 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code).

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

My responsibility for the financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code.

My responsibility to provide and disclose relevant information

I 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 material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Pension Fund you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Director of Finance & ICT that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Accounting records

I confirm that all transactions that have a material affect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Pension Fund and Committee meetings, have been made available to you.

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with the Code and International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Pension Fund's financial position, financial performance and cash flows.

Accounting estimates, including those measured at fair value

I confirm that any significant assumptions used by the Pension Fund in making accounting estimates, including those measured at fair value, are reasonable.

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

Executive summary

Significant findings

Internal control
recommendations

Summary of misstatements

Appendices

APPENDIX A

DRAFT MANAGEMENT REPRESENTATION LETTER

(CONTINUED)

Contingencies - continued

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Pension Fund have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code.

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom. The Pension Fund has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Fraud and error

I acknowledge my responsibility as Director of Finance & ICT for the design, implementation and maintenance of internal control to prevent and detect fraud and error. I have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Pension Fund involving:
 - management and those charged with governance;
 - employees who have significant roles in internal control; and
 - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Pension Fund's statement of accounts communicated by employees, former employees, analysts, regulators or others.

Assets

I confirm that all assets held are free from liens, charges or any other encumbrance.

Related party transactions

I confirm that all related party relationships, transactions and balances have been appropriately accounted for and disclosed in accordance with the requirements of the Code.

I have disclosed to you the identity of the Pension Fund's related parties and all related party relationships and transactions of which I am aware.

Future commitments

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Specific representation on unquoted investments

Unquoted investments are included in the net assets statement at the value estimated by the general partner managing each fund in accordance with the guidelines used by the industry, and based on the latest information to hand at the time of the valuation. I am satisfied, based on the knowledge I have, with the valuations, and am not aware of any subsequent events that would have a material impact on the estimated value of the unquoted investments.

Unadjusted misstatements

I confirm that the effects of the uncorrected misstatements as included in the auditor's draft Audit Completion Report are immaterial, both individually and in aggregate, to the statement of accounts as a whole.

APPENDIX A DRAFT MANAGEMENT REPRESENTATION LETTER (CONTINUED)

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code requires adjustment or disclosure have been adjusted or disclosed. Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

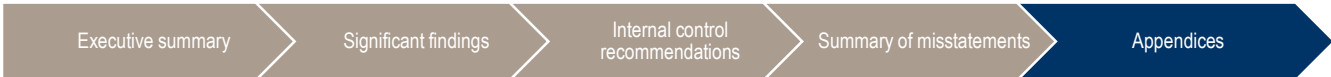
Going concern

To the best of my knowledge there is nothing to indicate that the Pension Fund will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts. I have updated our going concern assessment in light of the Covid-19 pandemic. I continue to believe that the Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that current and future sources of funding or support will be more than adequate for the Council's needs. We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements.

Yours sincerely

Director of Finance & ICT

Date.....



APPENDIX B

DRAFT AUDITOR'S REPORT

Subject to consultation on 'emphasis of matter'

Draft Independent auditor's report to the members of Derbyshire County Council Report on the financial statements

Opinion on the financial statements of the Derbyshire Pension Fund

We have audited the financial statements of Derbyshire Pension Fund ('the Pension Fund') for the year ended 31 March 2020, which comprise the Fund Account, the Net Assets Statement, and notes to the financial statements, including a summary of significant accounting policies. 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 2019/20.

In our opinion the financial statements:

- give a true and fair view of the financial transactions of Derbyshire Pension Fund during the year ended 31 March 2020, and the amount and disposition of the Pension Fund's assets and liabilities as at 31 March 2020; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

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 section of our report. 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 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.

Emphasis of Matter – effects of Covid-19 on the valuation of the Pension Fund's Property Investment Assets

We draw attention to Note 5 of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of the Pension Fund's property investment assets as at 31 March 2020. As disclosed at Note 5 these valuations have been reported by the valuers on the basis of 'material valuation uncertainty' in line with guidance from the Royal Institute of Chartered Surveyors. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Director of Finance & ICT's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Director of Finance & ICT has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Pension Fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Director of Finance & ICT is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Executive summary

Significant findings

Internal control
recommendations

Summary of misstatements

Appendices

APPENDIX B

DRAFT AUDITOR'S REPORT (CONTINUED)

In connection with our audit of 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 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 or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Director of Finance & ICT for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Director of Finance & ICT is responsible for the preparation of the Statement of Accounts, which includes the Pension Fund's 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 2019/20, and for being satisfied that they give a true and fair view. The Director of Finance & ICT is also responsible for such internal control as the Director of Finance & ICT determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Director of Finance & ICT is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and prepare the financial statements on a going concern basis, unless the Council is informed of the intention for dissolution of the Pension Fund without transfer of services or function to another entity. The Director of Finance & ICT is responsible for assessing each year whether or not it is appropriate for the Pension Fund to prepare the accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the Pension Fund's 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.

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

Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

APPENDIX B

DRAFT AUDITOR'S REPORT (CONTINUED)

Use of the audit report

This report is made solely to the members of Derbyshire County Council, as a body and as administering authority for the Derbyshire Pension Fund, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's 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 members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Cameron Waddell
For and on behalf of MazarsLLP

Salvus House
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DH1 5TS

XX November 2020

APPENDIX C

DRAFT CONSISTENCY REPORT

Independent auditor's statement to the members of Derbyshire County Council on the pension fund financial statements included within the Derbyshire Pension Fund annual report

Report on the financial statements

Opinion

We have examined the Pension Fund financial statements for the year ended 31 March 2020 included within the Derbyshire Pension Fund annual report, which comprise the Fund Account, the Net Assets Statement and the notes to the financial statements, including the summary of significant accounting policies.

In our opinion, the Pension Fund financial statements are consistent with the audited financial statements of Derbyshire County Council for the year ended 31 March 2020 and comply with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

Respective responsibilities of the Director of Finance & ICT and the auditor

As explained more fully in the Statement of the Director of Finance & ICT's Responsibilities, the Director of Finance & ICT is responsible for the preparation of the Pension Fund's financial statements in accordance with applicable United Kingdom law.

Our responsibility is to report to the Members of Derbyshire County Council as a body, whether the Pension Fund financial statements within the Pension Fund annual report are consistent with the financial statements of Derbyshire County Council

We conducted our work in accordance with Auditor Guidance Note 07 – Auditor Reporting, issued by the National Audit Office. Our report on the Pension Fund financial statements contained within the audited financial statements of Derbyshire County Council describes the basis of our opinions on the financial statements.

Use of this auditor's statement

This report is made solely to the members of Derbyshire County Council, as a body and as administering authority for the Derbyshire Pension Fund, in accordance with Part 5 paragraph 20(5) of the Local Audit and Accountability Act 2014. Our work has been undertaken so that we might state to the members of Derbyshire County Council those matters we are required to state to them and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Derbyshire County Council and Derbyshire County Council's members as a body, for our audit work, for this statement, or for the opinions we have formed.

Cameron Waddell
For and on behalf of Mazars LLP

Salvus House
Aykley Head
Durham
DH1 5TS

XX November

Executive summary

Significant findings

Internal control
recommendations

Summary of misstatements

Appendices

APPENDIX D INDEPENDENCE

As part of our ongoing risk assessment we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We can confirm that no new threats to independence have been identified since issuing the Audit Strategy Memorandum and therefore we remain independent.

CONTACT

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