



Audit findings update - Nottinghamshire County Council and Nottinghamshire County Council Pension Fund

Year ended 31 March 2020

November 2020



Summary of Audit Findings Report



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Introduction

We are presenting Audit Findings Report to the Governance and Ethics Committee at its meeting on 25 November 2020 before giving our audit opinions on the County Council and Pension Fund's accounts.

This document provides a summary with an overview of our conclusions, cross referenced to the full document should members wish to review the full detail.

Overall summary

We propose to issue unqualified opinions on the County Council and Pension Fund's statement of accounts, with both including an Emphasis of Matter in relation to material uncertainty in relation to property valuation due to Covid 19. This is not a qualification but is simply an additional paragraph in our audit opinion which draws the reader's attention to a particular part of the accounts – in this case the disclosure notes which outline this estimation uncertainty. The only significant changes made to the accounts during the audit were disclosure amendments in relation to a creditor and debtor incorrectly posted and re-calculation of the Fair Value of borrowing to comply with Code requirements. We also requested various minor improvements to the disclosure notes in both sets of accounts to increase compliance with the Code.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Summary of final position

This table summarises the final position in relation to the key findings from our audits of the external audits of Nottinghamshire County Council ('the Council') and the Nottinghamshire Pension Fund ('Pension Fund') and the preparation of the Council's and Pension Fund financial statements for the year ended 31 March 2020 for those charged with governance.

| Area | Council | Pension Fund | AFR pages |
|-------------------------------------|--|--|-------------------|
| Materiality | No change to planned materiality of £16.8m | No change to planned materiality £40m | 8 |
| Significant risks | No significant matters arising. Our audit work has not identified any significant issues in respect of Covid 19, and the main impact has simply been on the time taken to complete the audit | No significant matters arising in relation to valuation of 'hard to value' investments, but some improvements to investment disclosures recommended. | 9-13 |
| Key judgements and estimates | No significant findings. The Council have expanded the relevant wording within the Financial Statements in relation to material uncertainty to give the reader a better understanding of the RICS guidance. We will refer to this within our Emphasis of Matter to draw this to the attention of the reader. | No significant findings, but improvements recommended in relation the Fund's processes for gaining its own assurances over investment valuations. | 14-16 CC 17 PF |
| Going concern | Assumption of the Council as going concern is reasonable and we do not need to modify our audit reporting in this respect. | Assumption of the Fund as going concern is reasonable and we do not need to modify our audit reporting in this respect. | 18 CC 19 PF |
| VFM | Having identified significant risks in relation to financial sustainability, our work allowed us to conclude that the Council has adequate arrangements in place. | n/a | 22-24 |
| Certificate | We cannot yet certify completion of the audit because we still need to report on the consistency of the Pension Fund Annual Report, once drafted, with the audited accounts. We also need to complete the WGA submission to NAO. | n/a | 21 |
| Fees | In addition to the scale fee of £75,624, we have agreed an additional fee of £15,000 to enable us to meet increased regulatory expectations. Fee variations in relation to Covid impact are to be discussed with s151 officer and PSAA. | In addition to the scale fee of £23,043, we have agreed an additional fee of £4,250 to enable us to meet increased regulatory expectations. Fee variations in relation to Covid impact are to be discussed with s151 officer and PSAA. We are also proposing an additional fee of £6,000 for providing IAS19 assurances to other auditors. | 35 CC 36 PF |
| Recommendations | An action plan containing recommendations for the Council is included within the report | An action plan containing recommendations for the Pension Fund is included within the report | 27-29 |



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