

London Borough of Redbridge Pension Fund Final Audit Results Report

Year ended 31 March 2022
26 November 2024

26 November 2024



Governance and Assurance Committee Members
London Borough of Redbridge
Lynton House
259 High Rd
Ilford IG1 1NY

Dear Governance and Assurance Committee Members,

We are pleased to attach our Final Audit Results Report for the forthcoming meeting of the Governance and Assurance Committee. We will update the Committee at its meeting on 5 December 2024 on further progress to that date and outline the remaining steps for the issue of our final opinion. This report provides an update to our Provisional Report presented to the Committee on 4 March 2024.

The audit is designed to express an opinion on the 2021/22 financial statements and address current statutory and regulatory requirements. This report contains our current findings related to the areas of audit focus, our views on London Borough of Redbridge Pension Fund's accounting policies and judgements and material internal control findings. Our audit is substantially complete, but there remain some areas to be finalised until we can fully conclude, as outlined in this report. Final Partner and Engagement Quality Reviewer review is also to be completed in some areas. We will provide the Committee with a final updated report on completion of all outstanding procedures.

Each year sees further enhancements to the level of audit challenge and the quality of evidence required to achieve the robust professional scepticism that society expects. We thank the management team for supporting this process.

This report is intended solely for the use of the Pensions Committee, Governance and Assurance 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 Committee meeting on 5 December 2024.

Yours faithfully

A handwritten signature in black ink that reads "Debbie Hanson". The signature is written in a cursive, flowing style.

Debbie Hanson, Partner

For and on behalf of Ernst & Young LLP

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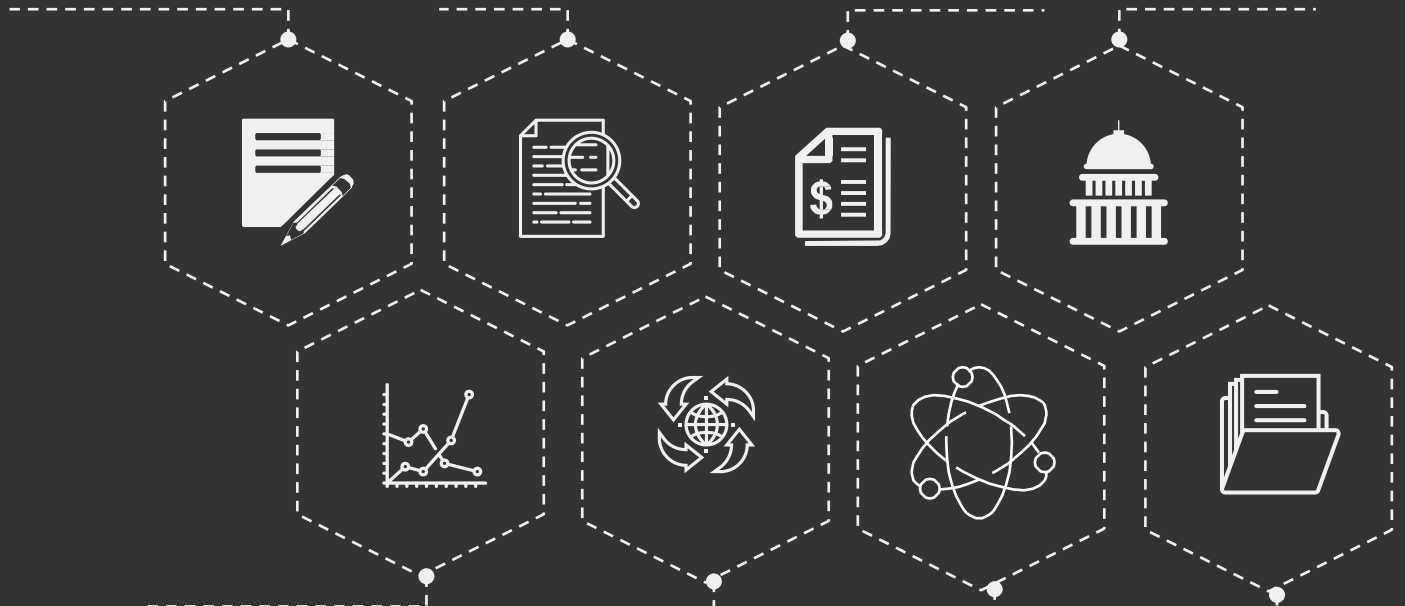
Contents

01 Executive Summary

02 Areas of Audit Focus

03 Audit Report

04 Audit Differences



05 Other reporting issues

06 Assessment of Control Environment

07 Independence

08 Appendices

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/audit-quality/statement-of-responsibilities/>). 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 Governance and Assurance Committee and management of London Borough of Redbridge Pension Fund in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Governance and Assurance Committee and management of London Borough of Redbridge 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 Governance and Assurance Committee and management of London Borough of Redbridge 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 Provisional Audit Planning Report presented to the Governance and Assurance Committee meeting on 2 November 2023, we provided you with an overview of our audit scope and approach for the audit of the Pension Fund's financial statements. We carried out our audit in accordance with this Plan.

Status of the audit

Our audit work in respect of the 2021/22 Pension Fund is substantially complete.

In our Provisional Audit Results report, we noted that the testing of membership numbers was still outstanding. All the evidence to support the completion of this testing has subsequently been received and we have been able to conclude our testing. Our conclusions in relation to this testing are on page 21 of this report.

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

- ▶ Provision of an updated going concern assessment and disclosure by management covering a period of at least 12 months from the date the audited accounts are authorised for issue (i.e. to at least December 2025). Once management have provided this we will need to complete our procedures to assess the reasonableness and accuracy of this.
- ▶ Completion of subsequent event procedures up to the date of our audit report;
- ▶ Receipt of a signed accounts and a signed letter of management representation.

We are unable to issue the audit opinion on the Pension Fund's financial statements until the audit of the administering authority's (London Borough of Redbridge) financial statements is complete, as the Pension Fund Accounts form part of the London Borough of Redbridge accounts and therefore the two opinions need to be issued concurrently.

Audit differences

Our audit has only identified a number of disclosure differences which management has agreed to adjust. These included adjustments due to enhanced pension fund disclosure requirements as set out by the reporting framework and minor errors. The largest change was in Note 22. 'Actuarial Present Value of Promised Retirement Benefits' which was updated to agree to the latest IAS 26 report as this was not available when the Pension Fund prepared the draft accounts.

We include further details in Section 04 of this report.

Executive Summary

Areas of audit focus

Our Audit Plan identified significant risks and areas of focus for our audit of the Pension Fund financial statements. We summarise below our latest findings. This report sets out our observations and status 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 summarised in the "Areas of Audit Focus" section of this report.

Fraud risks	Findings & conclusions
Misstatements due to fraud or error	We carried out procedures to address this fraud 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. We have completed our work in this area. We have not identified issues to bring to your attention.
Incorrect posting of investment journals	We carried out procedures to address this fraud risk as set out in our Audit Plan, including agreeing the Pension Fund's investment income for the year to source reports from the custodian and individual fund manager reports to address the risk of management overstating investment income. We have completed our work in this area. We have not identified issues to bring to your attention.
Significant risk	Findings & conclusions
Valuation of complex investments (level 3 investments)	We undertook additional procedures, as described more fully in Section 2 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 completed our work in this area and did not identify any differences.
Areas of audit focus/Higher inherent risk	Findings & conclusions
Valuation of level 2 investments	We performed tests of valuation by re-calculating the valuation based on observable market data from Bloomberg and other similar investment sites. We have completed our work in this area and have no matters to bring to your attention.
IAS 26 disclosure - actuarial present value of promised retirement benefits	We carried out procedures to assess the IAS 26 disclosure and identified minor disclosure adjustments relating to a required sensitivity analysis and disclosures surrounding estimation uncertainty that management adjusted for. As a result of our work, Note 22. 'Actuarial Present Value of Promised Retirement Benefits' was updated to agree to the latest IAS 26 report as this was not available when the Pension Fund prepared the draft accounts.
Going concern disclosures	Our review of the proposed disclosure on going concern until 31 March 2025 has not identified any issues. However, as the assessment needs to cover a period of at least 12 months from the date the accounts were authorised, Management need to provide an update assessment and disclosure in order for us to be able to complete our procedures in relation to going concern.



Executive Summary

Control observations

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements, and which are unknown to you.

Other reporting issues

We are required to give a consistency opinion on the consistency of the Pension Fund financial statements within the Pension Fund Annual Report with the Pension Fund financial statements in the Statement of Accounts of London Borough of Redbridge. We have not identified material differences in this area.

Independence

We confirm that we have no independence issues to report.

Please refer to Section 07 for our update on Independence.



02

Areas of Audit Focus



Areas of Audit Focus

Fraud risk

Misstatements due to fraud and 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 journals (see following page).

What judgements did we focus on?

The risk of management override at London Borough of Redbridge Pension Fund is mainly through the possibility that management could override controls and manipulate in-year financial transactions which intend to adjust the entity's reported Fund Account.

This could be done through manipulation of estimates including investment valuation, or through journals amending the values in the production of the financial statements from those provided by the custodian or fund managers.

What did we do?

- ▶ We identified fraud risks during the planning stages.
- ▶ 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.

What are our conclusions?

We have not identified any material weaknesses in controls or evidence of material management override.

We have not identified any instances of inappropriate judgements being applied. We did not identify any evidence of management bias in relation to accounting estimates.

Our journal testing did not identify any journal entries without a valid business purpose.

We did not identify any other transactions during our audit which appeared unusual or outside London Borough of Redbridge Pension Fund's normal course of business.

Journal entry testing is completed with no issues identified.



Areas of Audit Focus

Fraud risk

Misstatements due to fraud and error: Incorrect posting of investment income 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 override controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

We identified the incorrect posting of investment income journals as a specific risk where misstatements due to fraud or error may arise for the Pension Fund. There is the risk that management may post inappropriate investment income to the general ledger, with a view to overstating investment income for the year ended 31 March 2022.

What judgements did we focus on?

The posting of incorrect investment income journals to the Pension Funds' general ledger. The reporting of incorrect investment income would impact the performance of the Pension Fund.

What did we do?

To respond to the specific fraud risk we have identified relating to the incorrect posting of investment income journals we have performed the following additional audit procedures:

- ▶ We agreed the Pension Fund's investment income for the year ended 31 March 2022 to source reports from the Pension Fund's custodian and individual fund manager reports.
- ▶ We tested significant reconciling amounts between investment income as reported in Pension Fund's financial statements compared to the custodian's report.

What are our conclusions?

[Our procedures to address this risk are complete.](#)

We have not identified any material weaknesses in controls or evidence of material management override.

We performed a triangulation between the investment journals posted to the general ledger, the custodian report and the individual fund manager confirmations. We did not identify any differences between investments reported in the financial statements and external confirmations.

We did not identify any differences in investment income.



Areas of Audit Focus

Significant risk

Valuation of complex investments (including level 3 investments)

What is the risk?

The Fund's level 3 investments include investments that require the fund to make judgements, often using the work of a fund manager or custodian, to value those investments whose prices are not publicly available. The material nature of investments means that any error in judgement and estimate could result in a material valuation error.

Current market volatility means such judgments can quickly become outdated, especially when there is a significant time period between the latest available audited information and the Fund year end. Such variations could have a material impact on the financial statements.

What judgements did we focus on?

Level 3 investment asset valuations, including the net asset values of each of the individual underlying investments funds. We also considered the potential changes in values where the date of valuation information where is not coterminous with the Pension Fund's year end date of 31 March 2022.

What did we do?

For all level 3 investments we:

- ▶ Documented and walked through the process and design of the controls over the valuation process;
- ▶ Assessed the competence of management experts;
- ▶ Reviewed the relevant investment manager controls' reports for qualifications or exceptions that may affect the audit risk;
- ▶ Reviewed the basis of valuation for level 3 investments and checked that it is in line with the accounting policy;
- ▶ Performed tests on the valuation by obtaining the latest available audited accounts and agreeing the net asset value per the confirmation received to the audited accounts provided;
- ▶ Where the audited accounts do not have the same year end as the Fund we performed a recalculation of expected value as of 31 March 2022 using market indices to obtain assurance that the value is reasonable.

What are our conclusions?

We have not identified audit differences in the valuation of Level 3 investment assets.

We did not identify any weaknesses in fund manager controls related to investment asset valuation reporting of Level 3 assets.

The Pension Fund's financial statement disclosures of significant judgements surrounding the valuation of Level 3 investments were appropriate.



Areas of Audit Focus

What is the risk/area of focus?	What did we do?
<p><u>Valuation of level 2 investments (Higher inherent risk)</u></p> <p>The Fund's level 2 investments (£900 million as at 31 March 2022) include unquoted pooled investment vehicles (such as global equity and return funds). Judgements are taken by investment managers to value those investments where prices are not publicly available. There is a risk that these are materially misstated given the complexity of the measurement and degree of estimation involved and the material nature of this type of investment.</p>	<p>We responded to this inherent risk by conducting the following procedures including:</p> <ul style="list-style-type: none"> ▶ Documenting and walking through the process and design of the controls over the valuation process; ▶ Reviewing the relevant investment manager controls' reports for qualifications or exceptions that may affect the audit risk; ▶ Reviewing the basis of valuation of investments and ensure it is in line with the accounting policy; ▶ Testing the proper classification of the investments in line with the criteria from CIPFA Code; and ▶ Performing tests of valuation by re-calculating the valuation based on observable market data from Bloomberg and other similar investment sites. <p>We have not identified audit differences in the valuation of Level 2 investment assets. We did not identify any weaknesses in fund manager controls related to investment asset valuation reporting of Level 2 assets.</p>
<p><u>IAS 26 disclosure - Actuarial present value of promised retirement benefits (Higher inherent risk)</u></p> <p>The Actuarial Present Value of Promised Retirement benefits is an actuarial estimate of the pension fund liability to pay future pensions calculated by an independent firm of actuaries with specialist knowledge and experience. The estimate is based on the membership data as of 31 March 2022 following the triennial valuation in 2021/22, and has regard to local factors such as mortality rates and expected pay rises along with other assumptions around inflation and investment yields when calculating the liability.</p> <p>Within the calculation for the disclosure note, the valuation may use inappropriate assumptions to value the liability as at the 31 March 2022. We therefore consider that there is a higher inherent risk associated this disclosure.</p>	<p>We responded to this inherent risk by conducting the following procedures including:</p> <ul style="list-style-type: none"> ▶ Assessing the competence of management experts, Hymans Robertson; ▶ Engaging our EY Pensions Advisory Team to consider the work of the NAO's consulting actuary on reviewing the IAS26 approach applied by the actuary and assessing whether the approach and assumptions are reasonable and compliant with IAS26; ▶ Ensuring that the IAS26 disclosure is in line with the relevant standards and consistent with the valuation provided by the Actuary; and ▶ Performed audit procedures to assess the accuracy of membership numbers provided to the actuary and included in the 31 March 2022 Triennial Report <p>We have identified disclosure misstatements which management has corrected. These were due to changes being made to the financial statements to reflect the latest IAS 26 report as this was not available when the draft financial statements were produced. We have not identified any material weaknesses in controls and disclosures are in line with requirements. Within the corrected disclosure, the present value of promised retirement benefits for active members is £514 million (a £102 million decrease from the draft accounts), for deferred members is £383 million (a £32 million increase from the draft accounts), and for pensioners is £553 million (a £90 million increase from the draft accounts).</p>



Areas of Audit Focus

What is the risk/area of focus?

Going concern disclosure (Area of focus)

There is a presumption that the Pension Fund will continue as a going concern for the foreseeable future. However, the Pension Fund is required to carry out a going concern assessment that is proportionate to the risks it faces such as unstable market due to Russian war and bankruptcy of Silicon Valley Bank. There is a need for the Pension Fund to ensure its going concern assessment is thorough and appropriately comprehensive.

The Pension Fund is then required to ensure that its going concern disclosure within the statement of accounts adequately reflects its going concern assessment and in particular highlights any uncertainties it has identified.

The risk decreased from higher inherent risk in 2020/21 but is still an area of focus in 2021/22. We decreased the risk as no issues were found in previous years regarding the going concern disclosures within the Fund's accounts or the preparation of the accounts on a going concern basis.

Our focus will be on the disclosures made by the Pension Fund

What did we do?

We responded to this area of focus by conducting the following procedures including:

- ▶ Challenging management's identification of any events or conditions impacting going concern.
- ▶ Testing management's resulting assessment of going concern by evaluating supporting evidence (including consideration of the risk of management bias).
- ▶ Reviewing the Fund's cashflow forecast to March 2025, to ensure that it has sufficient liquidity to continue to operate as a going concern.
- ▶ Undertaking a 'stand back' review to consider all of the evidence obtained, whether corroborative or contradictory, when we draw our conclusions on going concern.
- ▶ Challenging the disclosure made in the accounts in respect of going concern and any material uncertainties.

We reviewed management's going concern assessment including the reasonableness of assumptions used and cash flow forecast which had been prepared up to March 2025. No indicators were identified that it is not appropriate for the Fund to prepare its accounts on a going concern basis.

Our review of the proposed disclosure on going concern has not identified any issues.

However, as the assessment needs to cover a period of at least 12 months from the date the audited accounts are authorised for issue, Management will need to prepare an updated assessment and disclosure covering a period to at least December 2025.

We have not yet received this assessment or updated disclosure from Management and are therefore not able to review these and complete our procedures in this area.



03 Audit Report



Audit Report

Draft audit report

Our draft opinion on the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON BOROUGH OF REDBRIDGE ON THE PENSION FUND'S FINANCIAL STATEMENTS

Opinion

We have audited the Pension Fund ("the Fund") financial statements for the year ended 31 March 2022 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 24.

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 2021/22.

In our opinion the pension fund financial statements:

- give a true and fair view of the financial transactions of the Fund during the year ended 31 March 2022 and the amount and disposition at that date of its assets and liabilities as at 31 March 2022; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

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 Corporate Director of Resources' 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 for a period of twelve months from when the Fund's financial statements are authorised for issue until 31 March 2025.

Our responsibilities and the responsibilities of the Corporate Director of Resources 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 2021/22, other than the financial statements and our auditor's report thereon. The Corporate Director of Resources is responsible for the other information contained within the Statement of Accounts 2021/22.

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.

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.



Audit Report

Draft audit report

Our draft opinion on the financial statements

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 Corporate Director of Resources

As explained more fully in the Statement of the Corporate Director of Resources' Responsibilities set out on page x, the Corporate Director of Resources is responsible for the preparation of the Fund'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 2021/22, and for being satisfied that they give a true and fair view. The Corporate Director of Resources is also responsible for such internal control as the Corporate Director of Resources 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 Corporate Director of Resources 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 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 Corporate Director of Resources.

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 understanding the incentive, opportunities and motives for non-compliance, including making enquiries of the management, head of internal audit, those charged with governance and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance. We corroborated this through our reading of the Pension Committee minutes, Governance and Assurance Committee minutes and through the inspection of other information.



Audit Report

Draft audit report

Our draft opinion on the financial statements

- 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. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence and in line with the level of risk identified.
- 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 performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures we identified the manipulation of journal entries posting to investment income to be our fraud risk.
- To address our fraud risk we tested the consistency of investment income from the independent sources of the custodian and the fund managers to the financial statements.
- 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.
- 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 London Borough of Redbridge, 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 the London Borough of Redbridge and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Debbie Hanson (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Luton
Date



04 Audit Differences





Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as “known” or “judgemental”. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

Summary of unadjusted and adjusted differences

Management corrected any misstatements greater than £0.505 million, including a small number of disclosure amendments which were identified as a result of our work.

The largest change was in Note 22. 'Actuarial Present Value of Promised Retirement Benefits' which was updated to agree to the latest IAS 26 report as this was not available when the Pension Fund prepared the draft financial statements. These have been corrected during the course of the audit. Within the corrected disclosure, the present value of promised retirement benefits for active members is £514 million (a £102 million decrease from the draft accounts), for deferred members is £383 million (£32 million increase from the draft accounts), and for pensioners is £553 million (a £90 million increase from the draft accounts).

There were no misstatements identified greater than £0.505 million which management did not correct. There are also no other specific misstatements identified during the course of our audit which we wish to draw to your attention.

Other disclosure changes are mostly casting/rounding errors, presentation of financial instruments, difference in dates and formatting changes.



05 Other reporting issues

Other reporting issues

Consistency of other information published with the financial statements

We must also give an opinion on the consistency of the financial and non-financial information in the Statement of Accounts for 2021/22 with the audited Pension Fund financial statements. [This work is now complete. No differences were noted.](#)

[We have also undertaken procedures to provide a report on the consistency of the financial statements within the pension fund's Annual Report with those within the London Borough of Redbridge's Statement of Accounts 2021/22. No differences noted.](#)

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 (as amended) 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 did not identify any issues which required us to issue 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 (as amended).

We have had no reason to report in relation to these duties.

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Pension Fund's financial reporting process. We have no matters to report.

[We have undertaken additional testing this year to provide assurance on the Pension Fund membership data that was submitted to the actuary for the 31 March 2022 triennial valuation of the Pension Fund. In total, we sample tested 125 member records, checking information back to source evidence to verify the data points contained in the Pension Fund's membership system were accurate. Based on the testing performed we are satisfied that:](#)

- [• The control environment and quality of membership data is satisfactory based on the testing we performed.](#)
- [• We have identified a small number of data point errors \(7 from a sample of 125\) as part of work \(where we could not confirm information such as gender, date of birth and date of joining the scheme to external evidence\). We are however satisfied that these issues would not have a material impact on the IAS26 disclosures provided by the actuary in relation to the Fund.](#)

[We are only required to conduct procedures on the triennial membership submission once every three years. Therefore, there is an additional fee this year for completion of these procedures. This is set out in Section 07 of this report.](#)



06

Assessment of Control Environment



Assessment of Control Environment

Financial controls

Our responsibilities

It is the responsibility of the Pension Fund to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Pension Fund has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

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. As we have adopted a fully substantive approach, we have therefore not tested the operation of controls.

Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control.

Findings

We have not identified any significant deficiencies in internal control.



07

Independence

Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Pension Fund, and its members and senior management and its affiliates, including all services provided by us and our network to the Pension 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 2021 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by Ernst & Young

The next page includes a summary of the fees in relation to the year ended 31 March 2022 in line with the disclosures set out in FRC Ethical Standard and in statute. Full details of the services that we have provided are shown below.

As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted. We confirm that we have not undertaken non-audit work.

Other communications

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 period ended 28 June 2024 and can be found here:

[EY UK 2024 Transparency Report](#).

Relationships, services and related threats and safeguard

Services provided by Ernst & Young

As part of our reporting on our independence, we set out below a summary of the fees in relation to the year ended 31 March 2022.

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for the Department for Levelling Up, Housing and Communities.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

On completion of the audit we will finalise our fees and provide supporting details to the Corporate Director of Resources. Any fee increases in relation to Code work also need to be approved by PSAA.

	Proposed fee 2021/22	Proposed fee 2020/21
	£	£
Total Scale Fee - Code Work	16,170	16,170
Other Fee variation:		
Changes in work required to address professional and regulatory requirements and scope associated with risk - variation to the scale fee (note 1)	TBC	26,798
Additional fee in respect of work on admitted body - London Borough of Redbridge - non code/IAS 19 work (note 2)	0	5,000
Triennial membership testing (note 3)	6,000 - 8,000	N/A
Total fees	60,521-62,521	47,968

All fees exclude VAT

See next slide for notes on the fees per the above table

Relationships, services and related threats and safeguard

Notes on fees

Note 1: We do not believe that the current scale fee reflects the changes in the audit market and increases in regulation since the PSAA tender exercise for this audit. For 2021/22 and 2020/21, as in the previous years, we therefore proposed increases to the scale fee to take into account a number of risk factors including: Procedures to address the risk profile of the Pension Fund; implementation of ISA 540; Additional work to address increase in Regulatory Standards; Client readiness and IT support for Data Analytics. We have also performed additional audit procedures relating to the valuation of Investments, particularly the Level 3 investments which we identified as a significant risk, as well as going concern, which we identified as an area of focus for 2021/22 and 2020/21. PSAA have determined the final additional fee for 2020/21 as £26,798. The additional fee for 2021/22 will be subject to determination by PSAA once the audit is fully concluded.

Note 2: Additional fee to take into account the work required to respond to IAS19 assurance requests from the admitted body - London Borough of Redbridge. The Pension Fund can recharge this fee to the Council. This is not subject to PSAA approval.

Note 3: Additional fee to take into account the work required to test membership data used to inform the triennial valuation for 2021/22. This is not subject to PSAA approval. The level of additional fee will be confirmed once the 2021/22 audit is concluded.

A close-up photograph of a person's hand reaching towards a row of hanging file folders. The folders are in various colors (yellow, blue, white) and are filled with papers. The background is a textured wall.

08 Appendices

Appendix A

Audit approach update

We summarise below our approach to the audit of the net assets statements and any changes to this approach from the prior year audit.




Our audit procedures are designed to be responsive to our assessed risk of material misstatement at the relevant assertion level. Assertions relevant to the net assets statement include:

- ▶ Existence: An asset, liability and equity interest exists at a given date
- ▶ Rights and obligations: An asset, liability and equity interest pertains to the entity at a given date
- ▶ Completeness: There are no unrecorded assets, liabilities, and equity interests, transactions or events, or undisclosed items
- ▶ Valuation: An asset, liability and equity interest is recorded at an appropriate amount and any resulting valuation or allocation adjustments are appropriately recorded
- ▶ Presentation and disclosure: Assets, liabilities and equity interests are appropriately aggregated or disaggregated, and classified, described and disclosed in accordance with the applicable financial reporting framework. Disclosures are relevant and understandable in the context of the applicable financial reporting framework

There are no changes to our audit approach to the Pension Fund's net assets statement when compared to the prior year audit.





Appendix B

Required communications with the Governance and Assurance Committee

		Our Reporting to you
Required communications	 What is reported?	  When and where
Terms of engagement	Confirmation by the Governance and Assurance 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	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Provisional Audit Planning Report - November 2023
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 	This Provisional Audit Results Report - March 2024 Audit Results Report - December 2024
Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	This Provisional Audit Results Report - March 2024 Audit Results Report - December 2024
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 	This Provisional Audit Results Report - March 2024 Audit Results Report - December 2024
Subsequent events	<ul style="list-style-type: none"> ▶ Enquiries of the Governance and Assurance Committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements 	This Provisional Audit Results Report - March 2024 Audit Results Report - December 2024




Appendix B

Required communications with the Governance and Assurance Committee (continued)

		 Our Reporting to you
Required communications	 What is reported?	  When and where
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the Governance and Assurance 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 ▶ Any other matters related to fraud, relevant to Governance and Assurance responsibility 	This Provisional Audit Results Report - March 2024 Audit Results Report - December 2024
Related parties	<ul style="list-style-type: none"> ▶ 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 	This Provisional Audit Results Report - March 2024 Audit Results Report - December 2024
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>Communication whenever significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p>	Provisional Audit Planning Report - November 2023 This Provisional Audit Results Report - March 2024 Audit Results Report - December 2024

Appendix B

Required communications with the Governance and Assurance Committee (continued)

		Our Reporting to you
Required communications	 What is reported?	  When and where
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 	This Provisional Audit Results Report - March 2024 Audit Results Report - December 2024
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 Governance and Assurance Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Governance and Assurance Committee may be aware of 	This Provisional Audit Results Report - March 2024
Internal controls	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit 	This Provisional Audit Results Report - March 2024 Audit Results Report - December 2024
Representations	Written representations we are requesting from management and/or those charged with governance	This Provisional Audit Results Report - March 2024 Audit Results Report - December 2024
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	This Provisional Audit Results Report - March 2024 Audit Results Report - December 2024
Auditors report	<ul style="list-style-type: none"> ▶ Any circumstances identified that affect the form and content of our auditor's report 	This Provisional Audit Results Report - March 2024 Audit Results Report - December 2024
Fee Reporting	<ul style="list-style-type: none"> ▶ Breakdown of fee information when the audit plan is agreed ▶ Breakdown of fee information at the completion of the audit ▶ Any non-audit work 	Provisional Audit Planning Report - November 2023 This Provisional Audit Results Report - March 2024 Audit Results Report - December 2024

Management representation letter - DRAFT

London Borough of Redbridge Pension Fund anticipated draft, based on the current position of the audit. Further representations may be required.

Management Representation Letter

Date

Debbie Hanson
Ernst & Young LLP
400 Capability Green
Luton
LU1 3LU

This letter of representations is provided in connection with your audit of the financial statements of London Borough of Redbridge Pension Fund (“the Fund”) for the year ended 31 March 2022. 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 year ended 31 March 2022, and of the amount and disposition at that date of its assets and liabilities, 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 2021/22.

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 2021/22 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 applicable law the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, and are free of material misstatements, including omissions. We have approved the financial statements.

Management representation letter - DRAFT

Management Representation Letter (continued)

3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. 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 the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 that are free from material misstatement, whether due to fraud or error.
5. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

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.
1. 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.
 1. 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

Management representation letter - DRAFT

Management Representation Letter (continued)

- 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.

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.

1. You have been informed of all changes to the Fund rules.

2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

3. 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: 5 December 2024.

4. 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.

5. We confirm the completeness of information provided regarding annuities held in the name of the members of management of the Fund.

6. 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 2021/22.

7. 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.

Management representation letter - DRAFT

Management Representation Letter (continued)

8. No transactions have been made which are not in the interests of the Fund members or the Fund during the year or subsequently.
9. From 28 September 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

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.

We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.

1. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and have disclosed in Note 24 to the financial statements all guarantees that we have given to third parties.

E. Subsequent Events

1. Other than those described in Note 6 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 London Borough of Redbridge Statement of Accounts 2021/22 and the Pension Fund Annual Report 2021/22, 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

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.

Management representation letter - DRAFT

Management Representation Letter (continued)

H. Independence

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.

I. Derivative Financial Instruments and Pooling investments, including the use of collective investment vehicles and shared services

1. We confirm that the Fund has made no direct investment in derivative financial instruments .
2. 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.

J. Actuarial valuation

The latest report of the actuary Hymans Robertson LLP as at 31 March 2022 and dated 30 March 2023 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.

K. Estimates

Investment Asset Valuation and Actuarial Present Value of Promised Retirement Benefits Estimates

1. We confirm that the significant judgments made in making the investment asset valuation and actuarial present value of promised retirement benefits estimates 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 investment asset valuation and actuarial present value of promised retirement benefits estimates.
3. We confirm that the significant assumptions used in making the investment asset valuation and actuarial present value of promised retirement benefits estimates appropriately reflect our intent and ability to continue to hold these investments 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 2021/22.
5. We confirm that appropriate specialized skills or expertise has been applied in making the investment asset valuation and actuarial present value of promised retirement benefits estimates.

Management representation letter - DRAFT

Management Representation Letter (continued)

6. We confirm that no adjustments are required to the accounting estimates and disclosures in the financial statements, including due to the COVID-19 pandemic.

L. Use of the Work of a Specialist

We agree with the findings of the specialists that we have engaged to value the actuarial present value of promised retirement benefits 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.

M. Going Concern

1. 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.
2. 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.

N. 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,

Zena Cooke

Section 151 Officer

Date

Councillor Martin Sachs

Chair of the Governance and Assurance Committee

Date

EY | Assurance | Tax | Transactions | Advisory

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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ED None

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