



Redbridge Pension Fund Audit results report

Year ended 31 March 2019

31 July 2019

31 July 2019



Dear Governance and Assurance Committee Members

We are pleased to attach our Audit Results Report for the forthcoming meeting of the Governance and Assurance Committee. This report summarises our preliminary audit conclusion in relation to the audit of Redbridge Pension Fund for 2018/19.

Our audit of Redbridge Pension Fund for the year ended 31 March 2019 is well progressed.

Subject to concluding the outstanding matters listed in our report, we confirm that we expect to issue an unqualified audit opinion on the financial statements in the form at Section 3 before 31 July 2019.

This report is intended solely for the use of the Governance and Assurance Committee, other members of the Authority, and senior management. It should not be used for any other purpose or given to any other party without obtaining our written consent.

We would like to thank your staff for their help during the engagement.

We look forward to discussing with you any aspects of this report or any other issues arising from our work.

Yours sincerely

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

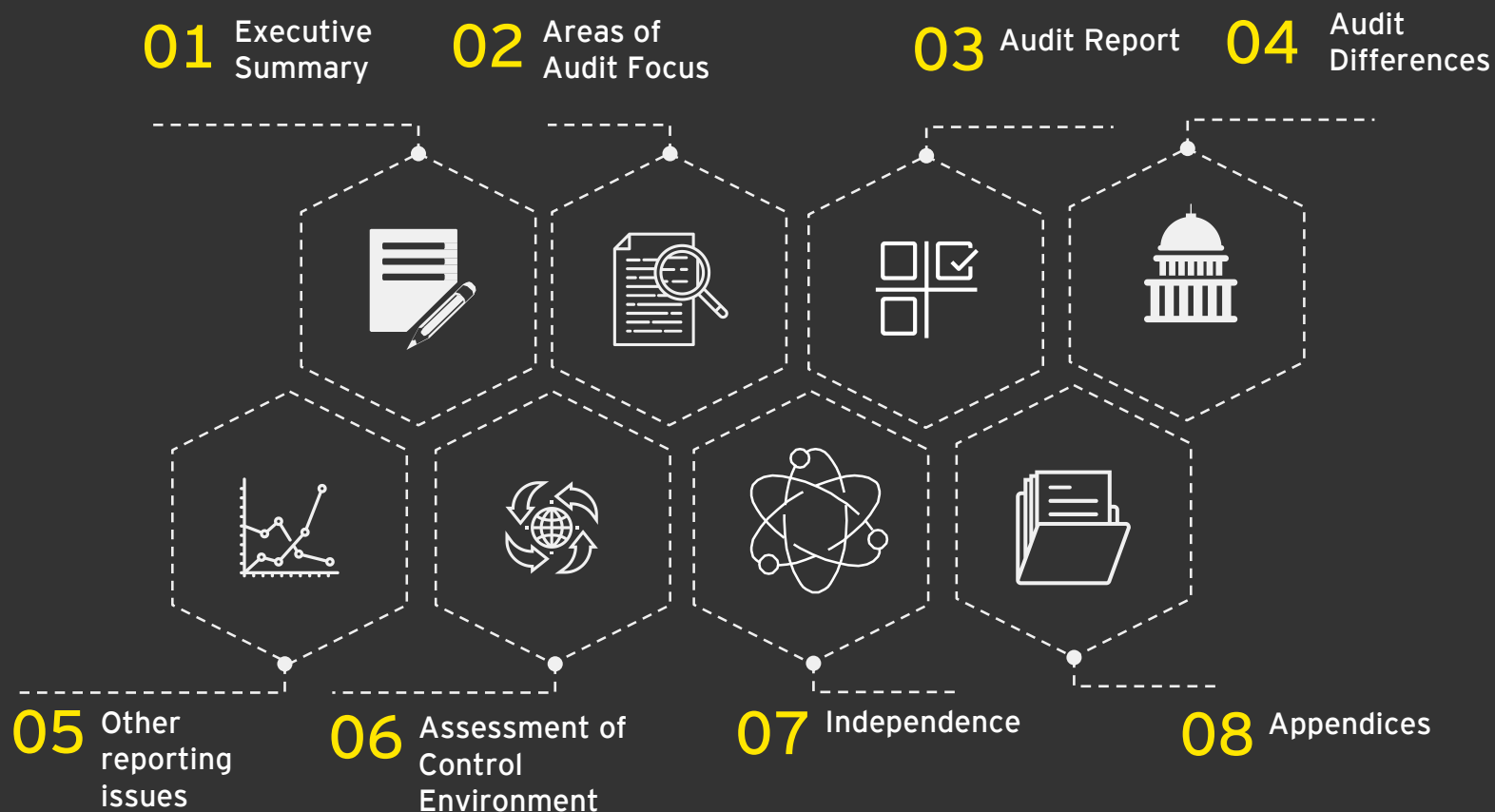
Debbie Hanson

Associate Partner

For and on behalf of Ernst & Young LLP

Enc

Contents



In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued "Statement of responsibilities of auditors and audited bodies". It is available from the via the PSAA website (www.PSAA.co.uk). 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 (updated April 2018)" 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 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 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 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 Plan dated 12 March 2019 which we updated in July 2019, we gave you an overview of how we intended to carry out our responsibilities as your auditor.

We have carried out our audit in accordance with this Plan. There have been no changes in our planned audit strategy.

We planned our procedures using a materiality of £7.72 million. We reassessed this using the actual year-end figures, which have increased this amount to £8.03 million. The threshold for reporting audit differences has increased from £0.38 million to £0.4 million. The basis of our assessment of materiality has remained consistent at 1% of Net Assets.

Status of the audit

Our audit of Redbridge Pension Fund's financial statements for the year ended 31 March 2019 is well progressed and we have performed the procedures outlined in our Audit Plan. Subject to satisfactory completion of the following outstanding items we expect to issue an unqualified opinion on the Fund's financial statements in the form which appears in section 3.

However, until the following work is complete, further amendments may arise. The outstanding items are:

- ▶ Completion of subsequent events review; and
- ▶ Receipt of the signed Accounts and Management Representation letter.

Executive Summary

Audit differences

We identified one audit difference in the draft financial statements. This relates to the incorrect inclusion of Redbridge College in the actuary's IAS 26 report, when it should have been excluded as it had ceased to be an employer in the Redbridge Fund. This results in liabilities for the entire Pension Fund being overstated by £21 million at 31 March 2019. This adjustment does not impact on the investment assets or net assets of the scheme within the financial statements. This will be adjusted by management in the final version of the financial statements.

We also identified a number of audit disclosure differences in the draft financial statements, which will be adjusted by management.

There are no unadjusted audit differences arising from our audit.

Further details are provided in Section 4. We do not deem any other amendments to be so significant that they merit reporting to you.

Areas of audit focus

Our updated Audit Plan identified key areas of focus for our audit of Redbridge Pension Fund's financial statements. This report sets out our observations and conclusions, including our views on areas which might be conservative, and where there is potential risk and exposure. We summarise our consideration of these matters, and any others identified, in the "Key Audit Issues" section of this report.

We ask you to review these and any other matters in this report to ensure:

- ▶ There are no other considerations or matters that could have an impact on these issues
- ▶ You agree with the resolution of the issue
- ▶ There are no other significant issues to be considered.

There are no matters, apart from those reported by management or disclosed in this report, which we believe should be brought to the attention of the Governance and Assurance Committee.



Executive Summary

Control observations

We have adopted a fully substantive approach and so have not tested the operation of controls. We have, however, updated our understanding of key processes and the controls which are in place to detect or prevent error. Through this work, 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 is unknown to you.

Other reporting issues

We perform a review of the information presented in the Annual Report for consistency with the pension fund financial statements and our knowledge of the Fund. The draft Annual Report has been received and reviewed and we have no matters to report as a result of this work. However, our review of the final version still to be completed.

We have no other matters to report.

Independence

Please refer to Section 7 for our update on Independence. We have no independence issues to highlight.



02

Areas of Audit Focus



Areas of Audit Focus

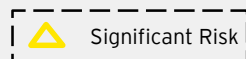
Significant risk

Misstatements due to fraud and error

What is the risk?

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

We identify and respond to this fraud risk on every audit engagement.



What judgements are we focused on?

In addition to the standard areas of risk related to fraud and error, we have determined that the main area of risk is the overstatement of investments and investment income.

This is most likely to affect the valuation of investment assets, investment income and movements in market values, specifically through journal postings.

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 other transactions during our audit which appeared unusual or outside the Fund's normal course of business.

Our testing has not identified any material misstatements of investment income or year end investment assets as a result of inappropriate journals.

What did we do?

To address the general risk of fraud and error we:

- ▶ Inquired of management about risks of fraud and the controls put in place to address those risks.
- ▶ Understood the oversight given by those charged with governance of management's processes over fraud.
- ▶ Considered the effectiveness of management's controls designed to address the risk of fraud.
- ▶ Performed mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements.

To address the specific risk of inappropriate posting of investments and investment income journals we:

- ▶ Tested manual journals at year-end to ensure there are no unexpected or unusual postings;
- ▶ Undertook a review of reconciliations to the fund manager, custodian and valuer reports and investigated any reconciling differences;
- ▶ Re-performed the detailed investment note using the reports we acquired directly from the custodian, valuer or fund managers;
- ▶ Checked the reconciliation of holdings included in the Net Assets Statement back to the source reports; and
- ▶ For quoted investment income, agreed the reconciliation between fund managers and custodians back to the source report.



Areas of Audit Focus



Other areas of audit focus

We identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

Financial statement area	What we did	What we concluded
<p>IFRS 9 financial instruments</p> <p>This new accounting standard is applicable for local authority accounts from the 2018/19 financial year and will change:</p> <ul style="list-style-type: none"> ▶ How financial assets are classified and measured; ▶ How the impairment of financial assets are calculated; and ▶ The disclosure requirements for financial assets. <p>There are transitional arrangements within the standard; and the 2018/19 CIFPA Code of practice on local authority accounting provides guidance on the application of IFRS 9.</p>	<ul style="list-style-type: none"> ▶ Reviewed management's assessment for the classification and measurement of financial assets under IFRS 9, including review of the new expected credit loss impairment model and new disclosure requirements. 	<p>We have concluded our work in this area and have no issues to report. The implementation of IFRS 9 had no material impact on the financial statements.</p>
<p>IFRS 15 Revenue from contracts with customers</p> <p>This new accounting standard is applicable for local authority accounts from the 2018/19 financial year. The key requirements of the standard cover the identification of performance obligations under customer contracts and the linking of income to the meeting of those performance obligations.</p> <p>The impact on local authority accounting is likely to be limited as large revenue streams like council tax, non domestic rates and government grants will be outside the scope of IFRS 15. However where that standard is relevant, the recognition of revenue will change and new disclosure requirements introduced.</p>	<ul style="list-style-type: none"> ▶ Reviewed management's assessment on the impact on revenue recognition, if any, as a result of the adoption of IFRS 15 - Revenue from Contracts with Service Recipient. 	<p>We have concluded our work in this area and have no issues to report. The implementation of IFRS 15 had no material impact on the financial statements.</p>



03 Audit Report



Draft Audit Report

Our opinion on the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON BOROUGH OF REDBRIDGE

Opinion

We have audited the pension fund financial statements for the year ended 31 March 2019 under the Local Audit and Accountability Act 2014. The pension fund financial statements comprise the Fund Account, the Net Assets Statement and the related notes 1 to 22. 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 2018/19.

In our opinion the pension fund financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2019 and the amount and disposition of the fund's assets and liabilities as at 31 March 2019; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

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 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 (C&AG) 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

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 Corporate Director of Resources' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Corporate Director of Resources 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 other information comprises the information included in the Redbridge Council Accounts, other than the financial statements and our auditor's report thereon. The Corporate Director of Resources is responsible for the other information.



Audit Report

Our opinion on the financial statements

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.

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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we report by exception

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- 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;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

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 pages 38 and 39, the Corporate Director of Resources is responsible for the preparation of the Authority'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 2018/19, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Corporate Director of Resources is responsible for assessing the Pension 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 Pension Fund either intends to cease operations, or have no realistic alternative but to do so.



Audit Report

Our opinion on the financial statements

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.

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 Redbridge Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 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 Redbridge Council and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.



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 audit differences

Adjusted differences

We highlight the following misstatement greater than £6.02 million that was identified during the course of our audit which will be corrected by management:

- ▶ Redbridge College had incorrectly been included in the actuary's IAS 26 report, when it should have been excluded as it had ceased to be an employer in the Redbridge Fund. This reduces the liabilities for the entire Fund at 31 March 2019 by £21 million from £1,283 million to £1,262 million. This adjustment does not impact the investment assets or net assets of the scheme within the financial statements. This will be adjusted by management in the final version of the financial statements.

Our audit identified a number of disclosure misstatements, which our team have highlighted to management for amendment. These will be corrected in the final version of the financial statements and relate to disclosure and presentational matters.

Unadjusted differences

There are no unadjusted audit differences arising from our audit.

McCloud ruling

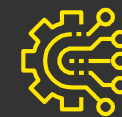
This relates to legal rulings regarding age discrimination arising from public sector pension scheme transitional arrangements, commonly described as the McCloud ruling. The draft pension fund accounts did not recognise this matter, but officers were aware of the issue and continued to consider it.

However, since the year-end there have been some movement in the understanding and assessment of the likely outcome and in the potential impact of any outcome. This has led to the need for a re-assessment of the scheme liabilities under IAS26, together with supporting disclosure notes. The work performed by the Council and their actuary on this issue has indicated that there is no impact for the Pension Fund members.

We have performed reasonableness checks on this judgement and are comfortable that the impact is not material.



05 Other reporting issues



Other reporting issues

Consistency of other information published with the financial statements

We must give an opinion on the consistency of the financial and non-financial information in the Redbridge Pension Fund Annual Report with the audited pension fund financial statements.

We have no matters to report as a result of this work.

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Pension Fund 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. We did not identify any issues.

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 Fund’s financial reporting process. They include the following:

- Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- Any significant difficulties encountered during the audit;
- Any significant matters arising from the audit that were discussed with management;
- Written representations we have requested;
- Expected modifications to the audit report;
- Any other matters significant to overseeing the financial reporting process;
- Related parties;
- External confirmations;
- Going concern; and
- Consideration of laws and regulations.

We have no matters to report.



06

Assessment of Control Environment



Assessment of Control Environment

Financial controls

It is the responsibility of the 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 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.

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 of which you are not aware.



07

Independence

Independence

Confirmation



We confirm that there are no changes in our assessment of independence since our confirmation in our Provisional Audit Plan dated 12 March 2019 and updated in July 2019.

We complied with the FRC Ethical Standards and the requirements of the PSAA's Terms of Appointment. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.

We consider that our independence in this context is a matter which you should review, as well as us. It is important that you and your Governance and Assurance Committee consider the facts known to you and come to a view. If you would like to discuss any matters concerning our independence, we will be pleased to do this at the meeting of the Governance and Assurance Committee on 31 July 2019.

Fee analysis

As part of our reporting on our independence, we set out below a summary of the fees paid for the year ended 31 Month 2019.

We confirm that we have not undertaken non-audit work outside the PSAA Code requirements

	Planned Fee 2018/19	Scale Fee 2018/19	Final Fee 2017/18
	£'s	£'s	£'s
Total Audit Fee - Code work (Note 1).	16,170	16,170	21,000

Note 1:

We will confirm our final fees following the completion of our work and report this within our Annual Audit Letter.



08

Appendices

Appendix A

Audit approach update

We summarise below our approach to the audit of the Net Assets Statement.



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

Net Assets Statement category	Audit Approach in current year
Investment Assets and Liabilities	Substantively tested all relevant assertions
Current Assets (excluding cash)	Substantively tested all relevant assertions
Cash	Substantively tested all relevant assertions
Current Liabilities	Substantively tested all relevant assertions

Appendix B

Summary of communications




Date 	Nature 	Summary 
12 March 2019	Report	The partner in charge of the engagement provided the Corporate Director of Resources the Audit Plan for circulation to Governance and Assurance Committee members, which set out areas of focus for the audit. This included confirmation of independence.
31 July 2019	Meeting/Report	The manager of the audit team, met with the Governance and Assurance Committee and senior members of the management team to discuss the audit results report.

In addition to the above specific meetings and letters the audit team met with the management team multiple times throughout the audit to discuss audit findings.





Appendix C

Required communications with the Governance and Assurance Committee





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

		 Our Reporting to you
Required communications	 What is reported?	 When and where
Terms of engagement	Confirmation by the audit committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Audit Plan - 12 March 2019
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit Plan - 12 March 2019
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	Audit Results Report - 31 July 2019
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit. 	Audit Results Report - 31 July 2019





Appendix C

		 Our Reporting to you
Required communications	 What is reported?	  When and where
Public Interest Entities (including Major Local Audits)	<p>For the audits of financial statements of public interest entities our written communications to the audit committee include:</p> <ul style="list-style-type: none"> ▶ A declaration of independence ▶ The identity of each key audit partner ▶ The use of non-member firms or external specialists and confirmation of their independence ▶ The nature and frequency of communications ▶ A description of the scope and timing of the audit ▶ Which categories of the balance sheet have been tested substantively or controls based and explanations for significant changes to the prior year, including first year audits ▶ Materiality ▶ Any going concern issues identified ▶ Any significant deficiencies in internal control identified and whether they have been resolved by management ▶ Subject to compliance with regulations, any actual or suspected non-compliance with laws and regulations identified relevant to the audit committee ▶ Subject to compliance with regulations, any suspicions that irregularities, including fraud with regard to the financial statements, may occur or have occurred, and the implications thereof ▶ The valuation methods used and any changes to these including first year audits ▶ The scope of consolidation and exclusion criteria if any and whether in accordance with the reporting framework ▶ The identification of any non-EY component teams used in the group audit ▶ The completeness of documentation and explanations received ▶ Any significant difficulties encountered in the course of the audit ▶ Any significant matters discussed with management ▶ Any other matters considered significant 	Audit Results Report - 31 July 2019




Appendix C

		 Our Reporting to you
Required communications	 What is reported?	  When and where
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 	Audit Results Report - 31 July 2019
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Material misstatements corrected by management 	Audit Results Report - 31 July 2019
Subsequent events	<ul style="list-style-type: none"> ▶ Enquiry of the audit committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements. 	Audit Results Report - 31 July 2019
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the Fund ▶ 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 Fund, any identified or suspected fraud involving: <ol style="list-style-type: none"> Management; Employees who have significant roles in internal control; or 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 Committee responsibility. 	We have asked management and those charged with governance about arrangements to prevent or detect fraud. We have not become aware of any fraud or illegal acts during our audit.

Appendix C

		 Our Reporting to you
Required communications	 What is reported?	  When and where
Related parties	<p>Significant matters arising during the audit in connection with the Fund's related parties including, when applicable:</p> <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 Fund 	We have no matters to report.
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 	Audit Results Report - 31 July 2019
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures. 	We have no matters to report.
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▶ Enquiry of the audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of 	We have asked management and those charged with governance. We have not identified any material instances or non-compliance with laws and regulations.

Appendix C

		 Our Reporting to you
Required communications	 What is reported?	 When and where
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> ▶ Written representations we are requesting from management and/or those charged with governance 	Audit Results Report - 31 July 2019
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> ▶ Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	Audit Results Report - 31 July 2019
Auditors report	<ul style="list-style-type: none"> ▶ Any circumstances identified that affect the form and content of our auditor's report 	Audit Results Report - 31 July 2019
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 	Audit Plan - 12 March 2019 and Audit Results Report - 31 July 2019

Management representation letter

Management Rep Letter

Ernst & Young LLP
Luton

This letter of representations is provided in connection with the audit of the financial statements of Redbridge Pension Fund ("the Fund") for the year ended 31 March 2019. The Council as Administering Authority recognises that obtaining representations from it concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the financial transactions of the Fund during the period from 1 April 2018 to 31 March 2019 and of the amount and disposition of the Fund's assets and liabilities as at 31 March 2019, other than liabilities to pay pensions and benefits after the end of the period, and have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

The Council as Administering Authority understands that the purpose of the audit of the Fund's financial statements is to express an opinion thereon and that the 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, the Council as Administering Authority makes the following representations, which are true to the best of its knowledge and belief, having made such inquiries as were considered necessary for the purpose of appropriately informing itself:

A. Financial Statements and Financial Records

1. The Council as Administering Authority has fulfilled its responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.
2. The Council as Administering Authority confirms that the Fund is a Registered Pension Scheme and is not aware of any reason why the tax status of the scheme should change.
3. The Council as Administering Authority acknowledges its responsibility for the fair presentation of the financial statements and believes the financial statements referred to above give a true and fair view of the financial position and the financial performance of the Fund in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, and are free of material misstatements, including omissions and approve the financial statements.
4. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
5. The Council as Administering Authority believes that the Fund has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/2019 that are free from material misstatement, whether due to fraud or error.
6. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.



Appendix D

Management Rep Letter

B. Non-compliance with laws and regulations including fraud

1. The Council as Administering Authority acknowledges that it is responsible for determining that the Fund's activities are conducted in accordance with laws and regulations including:
 - a. identifying and addressing any non-compliance with applicable laws and regulations, including fraud;
 - b. responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud;
 - c. disclosure of the results of its assessment of the risk that the financial statements may be materially misstated as a result of fraud.
2. The Council as Administering Authority has not made any reports to The Pensions Regulator, nor is it aware of any such reports having been made by any of its advisors.
3. 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.
4. The Council as Administering Authority has 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:
 - a. Involving financial statements;
 - b. Related to laws or regulations that have a direct effect on the determination of material amounts and disclosures in the Fund's financial statements;
 - c. 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, its ability to continue, or to avoid material penalties;
 - d. Involving management, or employees who have significant roles in internal control, or others.

C. Information Provided and Completeness of Information and Transactions

1. The Council as Administering Authority has provided as part of the audit:
 - Access to all information of which it is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters.
 - Additional information that you have requested for the purpose of the audit.
 - Unrestricted access to persons within the Council in order to obtain audit evidence.
2. All changes to the Fund rules.
3. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
4. The Council as Administering Authority has 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 2018/19 to the most recent meeting of the Pension Fund Committee on 23 July 2019 and the Governance and Assurance Committee on 31 July 2019.
5. The Council as Administering Authority confirms the completeness of information provided regarding the identification of related parties and has disclosed the identity of the Fund's related parties and all related party relationships and transactions of which it is 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.

Appendix D

Management Rep Letter

6. The Council as Administering Authority confirms the completeness of information provided regarding annuities held in the name of the members of the management of the Fund.
7. The Council as Administering Authority has disclosed 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.

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

9. The Council as Administering Authority believes that the significant assumptions it used in making accounting estimates, including those measured at fair value, are reasonable.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed and are appropriately reflected in the financial statements.

E. Subsequent Events

1. As described in Note 6 to the financial statements, there have been no events subsequent to the period end which require adjustment of or disclosure in the financial statements or notes thereto.

F. Other information

1. The Council as Administering Authority acknowledges its responsibility for the preparation of the other information. The other information comprises the Redbridge Pension Fund Annual Report 2018/19.

G. Independence

1. The Council as Administering Authority confirms that, under section 27 of the Pensions Act 1995, no members of the management of the Fund of the Scheme is connected with, or is an associate of, Ernst & Young LLP which would render Ernst & Young LLP ineligible to act as auditor to the Scheme.

H. Derivative Financial Instruments

1. The Council as Administering Authority confirms that the Fund has made no direct investment in derivative financial instruments.

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

1. The Council as Administering Authority confirms 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

1. The latest report of the actuary, Hymans Robertson, has been provided as part of the audit. To the best of its knowledge and belief, the Council as Administering Authority confirms that the information supplied to the actuary was true and that no significant information was omitted which may have a bearing on his report.



Appendix D

Management Rep Letter

K. Use of the Work of a Specialist

1. The Council as Administering Authority agrees with the findings of the specialists that were engaged to value the actuarial present value of promised retirement benefits (the Actuary).
2. The Council as Administering Authority has adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. It 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 it is not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

Yours sincerely

Maria G Christofi
Corporate Director of Resources

Councillor
Chairman of the Governance and Assurance Committee

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.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

© 2017 EYGM Limited.
All Rights Reserved.

ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

ey.com