

AGENDA SUPPLEMENT (5)

Meeting: Audit and Governance Committee

Place: Kennet Room - County Hall, Bythesea Road, Trowbridge, BA14 8JN

Date: Thursday 5 December 2024

Time: 10.30 am

The Agenda for the above meeting was published on 27 November 2024. Additional documents are now available and are attached to this Agenda Supplement.

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This Agenda and all the documents referred to within it are available on the Council's website at www.wiltshire.gov.uk

5a **Statement of Accounts 2020/21 and 2021/22 (Pages 3 - 40)**

External Audit Pension Fund ISA 260 report

DATE OF PUBLICATION: 5 December 2024

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Wiltshire Pension Fund

**Report to the Audit & Governance Committee on the 2020/21 and 2021/22 audits
Issued on 4 December 2024 for the meeting on 5 December 2024**

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Introduction

The key messages in this report:

This report to the Audit & Governance Committee of the Wiltshire (“the Council”) sets out the results of the work we have performed as appointed auditor to the Wiltshire Pension Fund (“the Fund”) for the financial years 2020/21, and 2021/22.

**Statement of
Accounts**

The Government has introduced a legislative ‘backstop’ date, by which local authorities are required to publish their statement of accounts and audit report. For financial years up to 31 March 2023, this is 13 December 2024.

The scope of our financial statement audit work has been limited by the introduction of the ‘backstop’ date. Due to the time available, it has not been possible to complete the audit work required under auditing standards for the financial years 2020/21, 2021/22 and 2022/23 before that date.

Under auditing standards, and as envisaged in the backstop proposals, we will therefore include in our audit report a disclaimer of opinion in respect of financial years 2020/21, and 2021/22. This is because we will be unable to obtain sufficient appropriate audit evidence by the backstop date, and the areas affected would be so material and so pervasive that we would be unable to form a view as to whether the financial statements give a true and fair view.

The 2022/23 opinion will not be issued by 13 December as the Council did not publish its accounts in time for the public inspection to be completed before 13 December.

We have performed the procedures set on pages 6 to 8, which reflect the Local Audit Reset and Recovery Implementation Guidance.

**Fund Annual
Report**

At the time of issuing this report we have not completed our checks on the consistency of the Fund Annual Report with the financial statements included within the Authority’s Statement of Accounts for each of the years. We will provide an oral update to the Committee if there are any issues arising from the completion of these consistency checks.

Disclaimer of opinion

Our audit report will include a disclaimer of opinion, as we have not been able to obtain sufficient, appropriate audit evidence on which to base an opinion

Background

The scope of our financial statement audit work has been limited by the introduction of the 'backstop' date. Due to the time available, it is not possible to obtain sufficient, appropriate audit evidence on which to base an opinion before that date.

Due to the extent of testing that has been performed in respect of the 2020/21 and 2021/22 financial statements the possible effect on the financial statements of undetected misstatements, if any, could be both material and pervasive.

We are therefore required under auditing standards to "disclaim" our opinion. The disclaimer covers the entirety of the financial statements, and states that the user should not place any reliance on the work of the auditor for any part of them.

Impact upon our audit report

Our audit report is required to explain the reasons that gave rise to the disclaimer. The backstop is a limitation upon our audit due to legislative reasons and we will explain this in our audit report. If there are known, material issues in the financial statements, then this is required to be reported, even if there is a disclaimer of opinion.

The audit report ordinarily includes commentary on the use of the going concern basis of preparation of the financial statements. However, where there is a disclaimer of opinion, the audit report does not include any commentary on going concern.

As our audit report will include a disclaimer of opinion, we have not planned or performed procedures to address the risk of fraud or non-compliance with laws and regulations, and therefore will state this in our audit report. There are no matters that have come to our attention from our other work that we consider necessary to report upon in respect of fraud or non-compliance with laws and regulations. The expected wording of our audit report in relation to the disclaimer of opinion is provided at Appendix B.

ISA required reporting

ISA 260 requires the auditor to communicate with those charged with governance, inter alia:

- Significant difficulties, if any, encountered during the audit; and
- Any other significant matters arising during the audit that, in the auditor's professional judgement, are relevant to the oversight of the financial reporting process.

Our reporting in respect of the backstop fulfils this in respect of this significant matter.

Other matters to be reported in respect of the financial statements

We report other identified material, or potentially material, uncorrected misstatements in our audit report on the financial statements

Other than our Financial Statement procedures findings on pages 6 to 8, our Controls Findings on pages 10 to 19 , and our Audit Adjustments on pages 22 to 25, no Other Matters to be reported have been identified in respect of the 2020/21 or 2021/22 audits.

Findings from financial statement procedures

We have completed the procedures set out in our letter to the S151 Officer dated 3 October 2024

Overview of procedures performed following the conclusion the backstop provisions would apply

We have summarised below the procedures we planned to undertake with respect of your financial statements, in line with the Local Audit Reset and Recovery Implementation Guidance.

Financial statement procedures

Findings

We obtained an understanding of management's process for the preparation of the financial statements, including any updates to the originally published accounts necessary for findings from previous audits.

We have previously noted certain minimum checks upon the draft financial statements that we would expect the Council Officers to perform. We identified errors and omissions as separately reported which we would expect to be identified and corrected through procedures such as systematic checks on the cast and internal consistency of the document.

We reviewed the draft financial statements, including performing overall analytical procedures.

No findings noted beyond those discussed above and in Appendix A.

We agreed the primary statements to supporting accounting records.

We have been able to agree the primary statements to supporting accounting records.

We have agreed the opening balances and comparative figures to the prior year financial statements.

No findings noted.

Findings from financial statement procedures (continued)

Financial statement procedures	Findings
We have performed a “call and cast” of the financial statements for internal consistency and arithmetic accuracy.	We identified a small number of errors and inconsistencies within the financial statements for 2020/21 and 2021/22 and brought these to officers’ attention. Officers have resolved all issues and internal inconsistencies, other than trivial rounding/casting differences, except for those noted within Appendix A – Disclosure Deficiencies.
We have reviewed the financial statements against the requirements of the CIPFA Code of Practice for Local Authority Accounting for the relevant year.	No findings noted.
Where we have identified apparent errors, omissions, or inconsistencies that are not clearly trivial, we have discussed with management and requested correction of identified misstatements (including disclosure deficiencies).	We have not identified any uncorrected misstatements within the financial statements. All issues and internal inconsistencies have been corrected.
We have evaluated the misstatements and disclosure deficiencies identified and considered whether uncorrected items are individually or in aggregate material to the financial statements.	

Findings from financial statement procedures (continued)

Other planned procedures

Findings

Fraud inquiries

We made inquiries of the Head of Pensions and Treasury (Interim), the Section 151 Officer and the Internal Audit and Counter Fraud team as to their knowledge of any fraud or allegations thereof affecting the pension fund for the period. As a result of the backstop, we have been unable to perform other procedures required by auditing standards in respect of fraud.

No instances of fraud or allegations thereof of significance were noted from our inquiries in relation to the Fund.

Compliance with laws and regulation

We made inquiries of the Head of Pensions and Treasury (Interim), the Section 151 Officer; the Monitoring Officer; and Internal Audit, as to their knowledge of any instances of non-compliance with laws or regulation for the period.

No instances of non-compliance with laws and regulations were noted from our inquiries in relation to the Fund

We reviewed reports to regulators such as the Pension Regulator for the period.

As a result of the backstop, we have been unable to perform other procedures required by auditing standards in respect of non-compliance with laws and regulations.

Subsequent events

We have inquired of management whether there are any subsequent events that affect the open years of account, and if so, whether and how they have been reflected in the financial statements.

No additional events were reported to us by management which required adjustment to or disclosure in the financial statements.

Other matters for reporting to those charged with governance

Materiality

We are required to determine materiality for the purposes of evaluation of any misstatements identified (and so whether the financial statements are materially misstated) in respect of 2020/21 and 2021/22 where our originally planned procedures included testing of balances.

We have set materiality, based on total net assets per the draft financial statements. We have set this out in the table below together with the threshold above which we report misstatements to the you, as follows:

Financial year	Materiality	Reporting threshold
2020/21	£32.0m	£1.6m
2021/22	£29.0m	£1.5m

The significant risk which we had identified in respect of the 2020/21 and 2021/22 audits from the partially completed risk assessment procedures, and which the Audit & Governance Committee may wish to consider the internal assurances in place in respect of for the open years of account, was:

- Management override of controls

Significant risks

We have not completed all of the risk assessment procedures required by ISAs in 2020/21 or 2021/22 to identify significant risks for the financial years subject to audit or performed procedures to respond to identified risks of material misstatement.

Internal control: control observations

Summary

We highlight the importance of the control environment over the preparation and review of the financial statements for the recovery of timely financial reporting for the Council in future years.

From the procedures performed in relation to audits of the years 2020/21 and 2021/22, we have identified the following additional control observations:

Area	Year identified, severity	Observation
1. Peer review of contributions tracker	2020/21, 2021/22, low	<p>A contribution tracker is kept by the administration team to track employers contributions against what the actuary has stated should be paid over to the scheme. We note that there is no formal review to be evidenced</p> <p>For our audit we requested evidence of the internal review of the tracker spreadsheet which is used by the team to track when payments are made and the value of the payments for reporting purposes. This is a key document for the administration team. Per our discussions with the team, the document is reviewed periodically throughout the year. However we have not been able to substantiate this with evidence of a review.</p> <p>There is a risk that errors may be entered into the spreadsheet causing material misstatements which are then overlooked due to a lack of review.</p> <p>It is recommended that this review process is performed regularly and evidenced by sign off.</p>

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Internal control: control observations (continued)

Area	Year identified, severity	Observation
2. Pension payroll reconciliation has not been evidenced as reviewed	2020/21, 2021/22, low	<p>The monthly pension payroll reconciliation is completed by a member of the payroll team and reviewed by a senior team member.</p> <p>To support our initial review of controls processes we were provided with the control sheet for the reconciliation of the pension payroll and noted that the "Checked by" box was not completed on three separate reconciliation documents.</p> <p>It is recommended that this review is performed on a monthly basis and evidenced as being completed as required.</p>
3. Bank reconciliation does not have evidence of review	2020/21, low	<p>We have received the bank reconciliation for the month of March 2021 from the Fund administrator, and noted that the bank reconciliation was not signed off by the person processing and reviewing the bank reconciliation.</p> <p>It is recommended that Bank reconciliations should be prepared on a monthly basis and reviewed, with sign off, by a senior reviewer.</p>
4. Deficit payments paid by CIPFA are inaccurate	2020/21, 2021/22, medium	<p>From our controls testing surrounding contributions, we noted that the contribution tracker spreadsheet shows deficit payments due from CIPFA of £322,000 annually. However, the actuary schedule of contribution payments states a deficit contribution to be paid of £1,000,000.</p> <p>CIPFA have underpaid into the scheme by £678,000 each year (2020/21 and 2021/22). This is also a deviation from the Rates and Adjustments schedule.</p> <p>It is recommended that a separate review should be performed with a focus on ensuring that employers are paying the correct amount to the scheme in the form of deficit contributions</p>

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Internal control: control observations (continued)

Area	Year identified, severity	Observation
5. No evidence of senior review of the front end of annual fund accounts	2020/21, low	<p>We noted from our controls testing that we were not able to evidence the review performed by the legal team, S179 officer or the Pensions Administration Lead of the front end of the accounts.</p> <p>Due to the nature of the reviews taking place, either in person or communicated via email, specifically in relation to face to face meetings, there is no substantive evidence of these reviews taking place.</p> <p>It is recommended that all affected parties are given opportunities to review the front end of the accounts and that this is documented afterwards.</p>
6. Lump Sum Retirement Benefits review process	2020/21, low	<p>It was noted for one member, WP193278C, with a lump sum value of £173.9k, the initial benefit calculation was performed and subsequently signed off by the same individual on the same date.</p> <p>We note from discussions with the Benefits Manager, and confirmed to the internal procedure documents that there is internal rationale for self-review instances, however we consider that the act of self-review is not a control as it is the same person reviewing the same calculation. We therefore consider that this is a control deficiency.</p> <p>We note that the individuals who are allowed to perform self-reviews are limited, and performed by only those deemed to have suitable high levels of knowledge.</p> <p>It is recommended that the practice of self-reviewing should be avoided, and separate reviewers implemented for this and other areas of operations.</p>

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Internal control: control observations (continued)

Area	Year identified, severity	Observation
7. Progression of internal audit findings	2020/21, 2021/22, medium	<p>During the prior year audit and according to the opinion formed; “some systems would require the introduction or improvement of internal controls to ensure the achievement of objectives”. The following key matters were noted as still outstanding during our review of Internal Audit progress:</p> <ul style="list-style-type: none"> - <i>Reconciling New Pensioners and New Dependants between the Altair Pension system and SAP Pensions Payroll monthly.</i> - <i>Carrying out a full reconciliation of Altair and SAP Payroll to provide further assurance that payments made to pensioners cast and provide the basis for a monthly reconciliation of cumulative balances.</i> - <i>Service to demonstrate that monthly reconciliations are verified, and an advisory recommendation has been made to ensure payment authorisations are always retained or recorded to show who approves each payment.</i> - <i>Review and authorisation process for calculations of benefit: The Pensions Team stopped signing the notification / schedule three years ago to save time and resources. Audit made an advisory recommendation in 2015-16 for managers to consider whether efficiency gains from not retaining a record of authorisation in Altair outweigh the loss of being able to efficiently find managers' authorisations of payments.</i> - <i>The Head of Pensions Administration & Relations has also confirmed that identification of authorisers in work flows is currently being considered.</i> - <i>Reconciliation of the pension payroll system to the general ledger: The Fund Investment & Accounting Manager's verification of the reconciliations is not evident.</i> <p><i>It was also recommended that the Fund Investment & Accounting Manager ensured that they verified the reconciliations prepared. (PRIORTY 3 - the accuracy of the records is at risk and requires attention)</i></p> <p>It is recommended that these matters are prioritised by management and reporting is made to those charged with governance to provide update and assurance on the progress of implementation until a satisfactory completion of the recommendations of Internal Audit is achieved.</p>

Internal control: control observations (continued)

Area	Year identified, severity	Observation
8. Implementation failure of Pensioner Existence Controls	2020/21, 2021/22, medium	<p>As part of our initial controls D&I testing (Design and Implementation), we were unable to perform any D&I or obtain reliance on the pensioner existence checks performed as part of the pensioner existence process. This process has been outsourced to a company which does not produce an internal controls report (Target).</p> <p>It is recommended that the provider is instructed to provide an internal controls report or sufficiently appropriate other assurance is given so that management can assess the internal control environment at the respective service organisation. This would also support audit procedures around Design and Implementation of key controls around Pensioner Existence.</p>
Late payments by contributing employers	2020/21, 2021/22, medium	<p>In 2020/21 we reviewed the total value of late contributions as detailed on the contributions tracker and noted a total amount of £4.12m was paid late in the year. This included £2,210 of payments, for seven months, from one employer, which exceeded the 90 day regulatory breach limit.</p> <p>In 2021/22 we reviewed the total value of late contributions as detailed on the contributions tracker and noted a total amount of £8.73m was paid late in the year. This included £1,491 of payments, for two months, from one employer which exceeded the 90 day regulatory breach limit.</p> <p>Late payments over a certain level may be reportable due to the requirements of the regulators. A lack of suitable review over individual employers and aggregate late payments may be a breach of duties.</p> <p>We recommend that management perform a review at least quarterly on individual and aggregate late payments and document considerations for reporting, or not reporting, the late payments to the regulators.</p>

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Internal control: control observations (continued)

Area	Year identified, severity	Observation
No Sample of Automated Calculations is sent to the Actuary	2020/21, medium	<p>All transfer out and lump sum retirement benefit calculations are automated calculations performed within Altair. However, none of these calculations are sent to the actuary for review and therefore there is limited assurance over their accuracy. In order to ensure the automated calculations are being calculated accurately, a systematic sample of calculations performed during the period (ensuring that a sample is selected from each tranche of benefit calculation) should be sent to the actuary to ensure accuracy of the Altair system.</p> <p>As no automated calculations are sent to the actuary, inaccurate benefits may be calculated and therefore paid to the members.</p> <p>We recommend that in order to ensure the automated calculations are being calculated accurately, a systematic sample of calculations performed during the period (ensuring that a sample is selected from each tranche of benefit calculation) should be sent to the actuary to ensure accuracy of the Altair system.</p>
Notification of Change in Benefit Value	2020/21, low	<p>It was noted during our review of the controls environment around 'Transfers Out', that if a period of less than three months has elapsed between the date in which the initial calculation was performed, and the date which the member forms are returned then the retirement benefit calculation is re-run within Altair. If the retirement benefit value changes when it is re-performed compared to when the calculation was initially done at quotation stage, the PO/ SPO will not notify the member of this change in value unless the retirement benefit has 'significantly' decreased in value.</p> <p>As there is no standardised threshold for what is deemed 'significant', and therefore no threshold for variance for notifying the member of this change in benefit value, instead the PO/ SPO evaluates whether the change in value is enough for the member to be notified on a case by case basis.</p> <p>As a result members retiring may be paid less than they have initially agreed to at quotation stage if >3 months has lapsed between the date in which the initial calculation was performed, and the date which the member forms are returned.</p> <p>It is recommended that management should implement a standardised threshold whereby if a member's benefits decreases in value e.g. by 1% or more of the benefit value initially quoted then the member is notified.</p>

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Internal control: control observations (continued)

Area	Year identified, severity	Observation
Review of Accounts by Board Members	2020/21, low	<p>In line with the controls process, the fund accounts are reviewed by the board members during minuted meetings. The meeting minutes are however vague on the nature of challenge levied, and do not state that queries were discussed or what the next steps should be.</p> <p>There is little other evidence of a review of the accounts by board members other than the comments made in the meeting minutes. It is thus ambiguous if the evidence of the minutes satisfies that the control has been implemented.</p> <p>We recommend that within the minutes it is noted when the board members received the accounts prior to the meeting for review, and where queries are raised during the meeting, make reference to who it is who has queried and whether the query is resolved within the meeting or if it will be resolved outside of the meeting. It should also be minuted how the resolution will be communicated to the board members.</p>

Internal control: control observations (IT Controls)

Summary

In support of our external audit for the years ended 31 March 2021, and 31 March 2022, we have performed limited procedures to assess the design and implementation of selected general IT controls which were in place for the financial year. Our scope included the review of selected controls for the Altair application.

We have set out the IT observations which came to our attention during the audit. Our audit was not designed to identify all matters that may be relevant to the board and this report is not necessarily a comprehensive statement of all IT controls related deficiencies which may exist in internal control or of all improvements which may be made.

We summarise below your key IT systems and an overview of the results of our work. These are then detailed on the subsequent pages.

IT system	IT system description	Risk	Finding control area
Altair	Pension administration system	Medium	1. Application user access management control
		Low	2. Application user access review control
		Medium	3. Third Party Monitoring

Internal control: control observations (IT Controls) (continued)

Observation	Year first communicated and severity	Deloitte recommendation
ALTAIR		
<p>Application user access management controls</p> <p>The leaver process on the Altair application is not formally documented and does not include notifications from the HR department. Instead access is removed based on notification from line managers or the Systems Team’s knowledge of current employees.</p>	2019/20, medium	<p>Without a formalized leavers process involving HR, there is an increased risk that accounts belonging to leavers remain active on the system for a longer period and thus open to misuse.</p> <p>We recommend that a formal process is documented for removing the access of leavers on Altair. This process should involve communication from HR to the Pension Systems team to ensure timely notification of all leavers.</p>
<p>Application user access review control</p> <p>User access reviews are only performed on an ad-hoc basis when there is a new joiner or leaver and the review is not formally documented. Furthermore, the review does not consider the appropriateness of the permissions each user has on the application.</p> <p>Although the user base of the application is relatively small, it is important to periodically review access rights to ensure these remain appropriate for a user’s job roles and responsibilities.</p>	2019/20, low	<p>Where user access levels are not periodically reviewed, there is an increased risk that users maintain access that’s is inappropriate for their job role or redundant accounts are not removed from the application.</p> <p>We recommend a formal user access review is undertaken bi-annually to ensure that access rights are commensurate with the job responsibilities. Formal documentation should be maintained and signed off by appropriate business heads, confirming that the current access in the systems does not allow users to perform conflicting actions via Altair. Furthermore, the following aspects should be taken into consideration while performing access reviews:</p> <ul style="list-style-type: none"> • Access rights are provided based on Principle of Least Privilege basis. This will limit access rights for users to the bare minimum permissions they need to perform their work. • If access management is performed outside the IT department, ensure adequate segregation of duties and monitoring controls are in place; • Review roles and functions to ensure there is no conflicting access built-in with them.

Internal control: control observations (IT Controls) (continued)

Observation	Year first communicated and severity	Deloitte recommendation
ALTAIR		
Third Party Monitoring There are no controls in place to monitor the activity of the third party Aquila Heywood, who are responsible for hosting the database and deploying changes to the live environment.	2020/21, medium	Where there are no controls in place to monitor third party activity, there is an increased risk of inappropriate actions being performed on the systems by the third party. We recommend that third party access to systems is monitored and logged and that the logs are reviewed on a periodic basis to ensure only appropriate actions have been undertaken by the third party.

Purpose of our report and responsibility statement

Our report sets out the work we have performed and the impact of the backstop provisions upon our audit.

This report has been prepared for the Audit & Governance Committee, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose. Except where required by law or regulation, it should not be made available to any other parties without our prior written consent.

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Deloitte LLP

Cardiff | 4 December 2024

Appendices

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Appendix A: Audit adjustments

Unadjusted misstatements, FY2020/21

The following uncorrected misstatements have been identified which we request that you ask management to correct as required by ISAs (UK). We have assumed that the unadjusted misstatements reported in relation to the 2019/20 audit have not been corrected in 2020/21.

		Debit/ (credit) income statement £m	Debit/ (credit) in net assets £m	Debit/ (credit) OCI/Equity £m
Misstatements identified in prior year				
Stale Pricing of CBRE Funds	[1]	(9.393)	9.393	-
Pension Payroll Database reconciliation provision	[2]	(7.079)	7.079	-
Aggregation of misstatements individually < materiality				
Total		(16.472)	16.472	-

[1] We have noted differences in our Custodian to Investment Manager reconciliation due to the stale pricing of the CBRE Global Investment Partners Alpha and Standard Life Long Lease Property funds. Following discussion it was confirmed that management do not wish to adjust the PIV (Pooled Investment Vehicle) valuation in the financial statements to amend for the latest valuation. As a result, a finding has been raised to this respect and as the stale pricing results in a difference of c.£9.4m.

[2] Management have included a provision for costs arising from the reconciliation of pension records within the Altair and SAP systems. This was estimated by management as £8.25m. However, following this estimate further work has been performed by management, and a final 'true-up' cost of £1.171m was identified. As such we would expect the provision as included within Current Liabilities, and within Note 18 (Current Liabilities) to be adjusted accordingly.

Appendix A: Audit adjustments

Unadjusted misstatements, FY2021/22

The following uncorrected misstatements have been identified which we request that you ask management to correct as required by ISAs (UK). We have assumed that the unadjusted misstatements reported in relation to the 2019/20 audit have not been corrected in 2020/21.

		Debit/ (credit) income statement £m	Debit/ (credit) in net assets £m	Debit/ (credit) OCI/Equity £m
Misstatements identified in prior year				
Missing Accrual in Admin Expenses	[1]	1.255	(1.255)	-
Stale Pricing of CBRE Funds	[2]	(19.544)	19.544	-
Pension Payroll Database reconciliation provision	[3]	-	7.079	(7.079)
Aggregation of misstatements individually < materiality				
Total		(18.289)	25.368	(7.079)

[1] The scheme has failed to accurately accrue for investment management expenses. In our testing of accruals we identified one invoice of annualised costs ending 4th November 2021, meaning that part of the expense should have been accrued for at the end of the prior year. This was not the case, and the full expense has been accounted for in the current year.

[2] We have noted differences in our Custodian to Investment Manager reconciliation due to the stale pricing of the CBRE Global Investment Partners Alpha and Standard Life Long Lease Property funds. Following discussion it was confirmed that management do not wish to adjust the PIV (Pooled Investment Vehicle) valuation in the financial statements to amend for the latest valuation. As a result, a finding has been raised to this respect and as the stale pricing results in a difference of c.£19.5m.

[3] Management have included a provision for costs arising from the reconciliation of pension records within the Altair and SAP systems. This was estimated by management as £8.25m. However, following this estimate further work has been performed by management, and a final 'true-up' cost of £1.171m was identified. As such we would expect the provision as included within Current Liabilities, and within Note 18 (Current Liabilities) to be adjusted accordingly. This adjustment was also identified for FY2020/2021, and as such is shown as an equity adjustment in 2021/22 instead of income statement.

Appendix A: Audit adjustments (continued)

Unadjusted misstatements - disclosures

Disclosure misstatements

As part of our work we noted a number of disclosure misstatements which were corrected by management. These are not detailed within this report. The following uncorrected disclosure misstatements have been identified up to the date of this report:

Financial year	Disclosure
2020/21, 2021/22	Missing disclosure around managing Interest Rate Risk – Note 16 There is no disclosure in the financial statements relating to how the fund manages/ mitigates the interest rate risk in which some of their investments are susceptible to. This disclosure is required under the CIPFA guidance, CIPFA PFA 39
2020/21	Non-Compliance with the SIP (Statement of Investment Principles) It was noted that the composition of the investment assets held at year end do not fall within the acceptable ranges on a number of different asset classes specified within the interim position detailed in the Investment Strategy Statement. This should be reported within the statement.
2021/22	PIV Disclosure – Note 12a (CIPFA Checklist) Per the disclosures in the financial statements, Pooled Investment Vehicles are broken down in their most detailed sense in note 12b where they are disaggregated into the amounts relating to unit trusts and property. However, per CIPFA guidance (PFA 8a), pooled investment vehicles should be analysed between unit trusts, unitised insurance policies and other managed funds, showing separately those funds invested in property. As the fund also holds PIVs in the form of unit linked insurance policies, this means that the PIVs disclosure has not been separated/ disaggregated correctly, resulting in a disclosure deficiency per CIPFA PFA 8.
2020/21	Prior Year Consistency Errors – Note 16.2 Interest Rate Risk We noted prior year consistency errors within note 16.2, Interest Rate Risk. The Fixed Interest Securities line for 2020 (Prior Year) has been noted as £785,513k instead of £187,206k per the 2019/2020 accounts. This has similarly shifted the 'Total' line to £810,939k from £212,631k. This is not presented as a 'restatement' and is presumed to be an error. We have requested an explanation of this from management, but have not received it at the time of issuing this report.

Appendix A: Audit adjustments (continued)

Unadjusted misstatements – disclosures (continued)

Financial year	Disclosure
2020/21, 2021/22	<p>Disclosures decimal place errors – Note 12b (2020/21, 2021/22), Note 16.3 (2021/22)</p> <p>Disclosures for Note 12b Investments over 5% of the net assets of the fund (both in the 2020/21, and 2021/22 financial statements) are mis-entered by a factor of 1000, this error applies to the current year and prior year comparative tables, but does not affect the % of total market value columns, nor the tie through to the primary financial statements.</p> <p>Disclosures for Note 16.3 Currency Risk (2021/22 only), are similarly incorrect by a factor of 1000 in the Current Year columns for US Dollar and Euro. Again this error does not impact the primary financial statements.</p>
2021/22	<p>Figure Entry Error in Note 15 Net gains and losses on financial instruments</p> <p>The Fair value through profit and loss line within this note is incorrectly recorded as £247,314k, instead of £267,314 per the supporting note detail and accounting records. The total for this disclosure table reflects the correct amount of £267,203k (the above, less £111k in Amortised cost – realised/unrealised gains), and the error is isolated to the disclosure note only, not impacting the primary financial statements.</p>
2020/21	<p>Related Parties – Note 21</p> <p>Note 21, related party Transactions, details Wiltshire Council’s contributions to the fund as £36.4m in respect of employers and employees contributions. This is incorrect and should instead be £45.0m, as reconciles to note 5a, Contributions Receivable.</p>
2021/22	<p>Subsequent Events Disclosure – Ukraine/Russia Conflict</p> <p>There has been uncertainty in financial markets as a result of the conflict in Ukraine, and the associated sanctions against Russia which led to volatility in investment markets since February 2022. Although we note discussion of this within the ‘front half’ of the Annual Report, this has not been reflected as a Subsequent Event within the Notes to the Accounts.</p>

Appendix B: Audit report wording – disclaimer of opinion

The relevant sections of our audit report for 2020/21 are set out below

Text of disclaimer of opinion - 2020/21

The relevant sections of the audit report are:

Disclaimer of opinion

We do not express an opinion on the accompanying financial statements of Wiltshire Pension Fund ('the pension fund') for the year ended 31 March 2021. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The pension fund is administered by Wiltshire ('the Authority'), therefore the Authority includes the pension fund's financial statements within its statement of accounts. The Accounts and Audit (Amendment) Regulations 2024 ('the Regulations') require the Authority to publish its statement of accounts, including the pension fund's financial statements and accompanying auditor's report, for the year ended 31 March 2021 by 13 December 2024.

The Authority was required by the Audit and Accounts Regulations (2015) to publish its draft statement of accounts, including the pension fund's financial statements, for the year ended 31 March 2021 for public inspection by the first working day of August 2021. The Authority published its draft statement of accounts on 28 July 2022 and its draft pension fund financial statements on 21 June 2021. Following the introduction of the Regulations, there was insufficient time to complete the necessary audit work to form an audit opinion.

As a result, we were unable to determine whether any adjustments might have been identified in respect of recorded or unrecorded items within the pension fund's financial statements.

Appendix B: Audit report wording – disclaimer of opinion (continued)

The relevant sections of our audit report for 2020/21 are set out below

Auditor’s responsibilities for the audit of the financial statements

Our responsibility is to conduct our audit in accordance with International Standards on Auditing (UK), the Code of Audit Practice, the Local Audit and Accountability Act 2014 and applicable law, and to issue an auditor’s report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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Appendix B: Audit report wording – disclaimer of opinion (continued)

The relevant sections of our audit report for 2020/21 are set out below

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations, including fraud

We are required to design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which our procedures are capable of detecting non-compliance with laws and regulations, including fraud has been limited by the pervasive extent of the matters described in the basis for disclaimer of opinion section of our report.

We plan to consider the nature of the pension fund and its control environment, and review the pension fund's documentation of their policies and procedures relating to fraud and compliance with laws and regulations.

We enquired of management about their own identification and assessment of the risks of non-compliance with laws and regulations.

We plan to obtain an understanding of the legal and regulatory framework that the pension fund operates in.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In addressing the risk of fraud through management override of controls, we are required to: test the appropriateness of journal entries and other adjustments; assess whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluate the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our planned procedures include the following:

- reviewing financial statement disclosures;*
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;*
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and*
- where available, reading minutes of meetings of those charged with governance and reviewing correspondence with the Pensions Regulator.*

Owing to the pervasive limitations set out above, we were unable to complete all these procedures.

Appendix B: Audit report wording – disclaimer of opinion (continued)

The relevant sections of our audit report for 2021/22 are set out below:

Text of disclaimer of opinion - 2021/22

The relevant sections of the audit report are:

Disclaimer of opinion

We do not express an opinion on the accompanying financial statements of Wiltshire Pension Fund ('the pension fund') for the year ended 31 March 2022. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The pension fund is administered by Wiltshire ('the Authority'), therefore the Authority includes the pension fund's financial statements within its statement of accounts. The Accounts and Audit (Amendment) Regulations 2024 ('the Regulations') require the Authority to publish its statements of accounts, including the pension fund's financial statements and accompanying auditor's reports, for the years ended 31 March 2022 and 31 March 2021 by 13 December 2024.

The Authority published its draft statements of accounts, including the pension fund's financial statements, for the years ended 31 March 2022 and 31 March 2021 on 28 July 2022 and 21 June 2021 and its draft pension fund financial statements on the same dates. Following the introduction of the Regulations, there was insufficient time to complete the necessary audit work to form an audit opinion on the pension fund's financial statements for the years ended 31 March 2022 and 31 March 2021.

As a result, we were unable to determine whether any adjustments might have been identified in respect of recorded or unrecorded items within the pension fund's financial statements.

Appendix B: Audit report wording – disclaimer of opinion (continued)

The relevant sections of our audit report for 2021/22 are set out below:

Auditor’s responsibilities for the audit of the financial statements

Our responsibility is to conduct our audit in accordance with International Standards on Auditing (UK), the Code of Audit Practice, the Local Audit and Accountability Act 2014 and applicable law, and to issue an auditor’s report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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Appendix B: Audit report wording – disclaimer of opinion (continued)

The relevant sections of our audit report for 2021/22 are set out below:

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations, including fraud

We are required to design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which our procedures are capable of detecting non-compliance with laws and regulations, including fraud has been limited by the pervasive extent of the matters described in the basis for disclaimer of opinion section of our report.

We plan to consider the nature of the pension fund and its control environment, and review the pension fund's documentation of their policies and procedures relating to fraud and compliance with laws and regulations.

We enquired of management about their own identification and assessment of the risks of non-compliance with laws and regulations.

We plan to obtain an understanding of the legal and regulatory framework that the pension fund operates in.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In addressing the risk of fraud through management override of controls, we are required to: test the appropriateness of journal entries and other adjustments; assess whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluate the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our planned procedures include the following:

- reviewing financial statement disclosures;*
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;*
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and*
- where available, reading minutes of meetings of those charged with governance and reviewing correspondence with the Pensions Regulator.*

Owing to the pervasive limitations set out above, we were unable to complete all these procedures.

Appendix C: Management representations

We have requested the following representations from management.

This representation letter is provided in connection with your audits of to the financial statements of the Wiltshire Pension Fund (the “Fund”) financial statements for the years ended 31 March 2021, 31 March 2022, that form part of the Wiltshire Pension Fund’s Statement of Accounts, for the purpose of expressing an opinion as to whether the financial statements of the Fund show a true and fair view of the financial transactions of the Fund during the period from 01 April 2020 to 31 March 2022 and of the amount and disposition at the end of the Fund period of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the period, in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom.

We confirm, to the best of our knowledge and belief, subject to the pervasive matters that resulted in the disclaimer of opinion, the following representations:

Financial statements

1. We understand and have fulfilled our responsibilities for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA/LASAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (“the Code”).
2. The methods, the data, and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.
3. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of IAS 24 “Related party disclosures”.
4. All events subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment of or disclosure have been adjusted or disclosed.
5. The effects of uncorrected misstatements and disclosure deficiencies are immaterial, both individually and in aggregate, to the financial statements as a whole.

Appendix C: Management representations (continued)

6. We confirm that the financial statements have been prepared on the going concern basis. As a local government body, the Fund cannot be dissolved without statutory prescription, and it is assumed that the Fund will continue to operate for the foreseeable future. We are not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the Fund's ability to continue as a going concern. We confirm the completeness of the information provided regarding events and conditions relating to going concern at the date of approval of the financial statements, including our plans for future actions.
7. We confirm that all the disclosures within the Financial Statements have been prepared in accordance with the relevant legislation and guidance.

Information provided

8. We have provided you with all relevant information and access as agreed in the terms of the audit engagement letter and required by the Scheme Administration Regulations.
9. All transactions have been recorded and are reflected in the financial statements and the underlying accounting records.
10. We acknowledge our responsibilities for the design, implementation and maintenance of internal control to prevent and detect fraud and error.
11. 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.
12. We are not aware of any fraud or suspected fraud that affects the Fund and involves:
 - i. Management;
 - ii. employees who have significant roles in internal control; or
 - iii. others where the fraud could have a material effect on the financial statements.
13. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the Fund's financial statements communicated by employees, former employees, analysts, regulators or others.
14. We are not aware of any reports having been made to The Pensions Regulator.
We also confirm that we are not aware of any other matters which have arisen that would require a report to The Pensions Regulator.

Appendix C: Management representations (continued)

15. We have disclosed to you the identity of the Fund's related parties and all the related party relationships and transactions of which we are aware.
16. There are no claims in connection with litigation which have been or are expected to be received.
17. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.
18. We confirm that:
- (i) we consider that the Fund has appropriate processes to prevent and identify any cyber breaches other than those that are clearly inconsequential; and
 - (ii) we have disclosed to you all cyber breaches of which we are aware that have resulted in more than inconsequential unauthorised access of data, applications, services, networks and/or devices.
19. 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.
20. 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. We also confirm that we are not aware of any other matters which have arisen that would require a report to The Pensions Regulator.
21. 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..
22. We have not commissioned advisory reports which may affect the conduct of your work in relation to the Fund's financial statements.
23. We confirm that, under section 27 of the Pensions Act 1995, no trustee of the Fund is connected with, or is an associate of Deloitte LLP, which would render Deloitte LLP ineligible to act as auditor to the Fund.
24. You have been informed of all changes to the Fund rules.

Appendix C: Management representations (continued)

25. We confirm there has been no stock-lending.
26. No transactions have been made which are not in the interests of the Fund members or the Fund during the Fund year or subsequently.
27. We confirm that the Fund does not hold investments in the Principal or Participating employers in excess of 5% of the net assets of the Fund.

We confirm that the above representations are made on the basis of adequate enquiries of management and staff (and where appropriate, inspection of evidence) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully,
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Appendix D: Independence and fees

As part of our obligations under International Standards on Auditing (UK), we are required to report to you on the matters listed below:

Independence confirmation	We confirm the audit engagement team, and others in the firm as appropriate, Deloitte LLP and, where applicable, all Deloitte network firms are independent of the Fund and our objectivity is not compromised.
Audit fees	<p>The scale fee payable by the Council was set by PSAA for 2020/21 and 2021/22 at £19k for the audit of the Fund. The scale fee is based on assumptions about the scope and required time to complete our work and does not reflect changes in the scope of work. These are subject to separate agreement with the Council and PSAA.</p> <p>PSAA has not yet confirmed its approach for the determination of fees for audits affected by the backstop. With respect to previous periods where we have completed the audit, the total hours incurred on the audit for each year have been significantly higher than allowed for in the scale fee.</p> <p>We have not yet discussed or agreed fee variations with respect of our backstop procedures with the Council and PSAA in respect of the period through to issue of our opinions.</p>
Non-audit services	<p>We continue to review our independence and ensure that appropriate safeguards are in place including, but not limited to, the rotation of senior partners and professional staff and the involvement of additional partners and professional staff to carry out reviews of the work performed and to otherwise advise as necessary.</p> <p>There were no non-audit services fees proposed or provided in the years ended 31 March 2021 and 31 March 2022.</p>
Relationships	We have no other relationships with the Council, the Fund, its members, officers and affiliates, and have not supplied any services to other known connected parties.

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