The Audit Findings (ISA260) Report for Wiltshire Pension Fund

Year ended 31 March 2024

4 February 2025

Wiltshire Pension Fund
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4 February 2025

Dear Members of the Audit and Governance Committee

Audit Findings for Wiltshire Pension Fund for the year ending 31 March 2024

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process and confirmation of auditor independence, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management and are now presented to the Audit and Governance Committee.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

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

We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to drive audit quality by reference to the Audit Quality Framework. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at transparency-report-2023.pdf (grantthornton.co.uk). PSAA has also published their own Quality Monitoring Report, this report is available at Audit Quality Monitoring Report 2023 – PSAA

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

Jackson Murray

Director

For Grant Thornton UK LLP

Contents

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This Audit Findings Report (AFR) presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management and are now presented to the Audit and Governance Committee.

Jackson Murray

For Grant Thornton UK LLP

Date: 4 February 2025

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Pension Fund or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of Wiltshire Pension Fund ('the Pension Fund') and the preparation of the Pension Fund's financial statements for the year ended 31 March 2024 for the attention of those charged with governance.

Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- the Pension Fund's financial statements give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2024 and of the amount and disposition at that date of the fund's assets and liabilities, other than liabilities to pay promised retirement benefits after the end of the fund year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

Our audit work was completed in a hybrid approach during July 2024 to January 2025. Our findings are summarised on pages 6 to 20.

We have identified disclosure adjustments to the financial statements which are detailed in Appendix D. However, there are no adjustments to the Pension Fund's reported financial position.

We have identified £4.392m of unadjusted differences in the valuation of the Fund's investments disclosed in the financial statements at 31 March 2024 and the valuation statements received from the third-party investment managers. These unadjusted differences are detailed in Appendix D. Management are proposing not to amend the financial statements on the basis that the differences are not material. The Audit and Governance Committee will be asked to confirm their agreement to this through the Letter of Representation.

We have also raised recommendations for management as a result of our audit work. These are set out in Appendix B. Our follow up of recommendations raised by the previous external auditor are detailed in Appendix C.

Owing to the challenges of undertaking an audit where the previous audits were disclaimed due to the local authority backstop, this year we have been unable to regain full assurance and it has not been possible for us to undertake sufficient work to support an unmodified audit opinion in advance of the proposed backstop date of 28 February 2025. The limitations imposed by not having assurance on opening balances mean that we will be unable to form an opinion on the financial statements. Our anticipated financial statements audit report opinion will be a disclaimer of opinion due to the inability to gain assurance over the opening balances.

We are required to give a separate opinion for the Pension Fund Annual Report on whether the financial statements included therein are consistent with the audited financial statements. We are not yet in a position to consider or issue this opinion as the administering authority, Wiltshire Council, has not yet issued its draft financial statements for the 2023/24 financial year. This will mean that we are unable to issue our opinion on the Pension Fund before the 28 February 2025. We will do so as soon as is practically possible, following the publication of the Council's draft financial statements and the completion of its public inspection period.

The only outstanding items for the pension fund are:

- receipt of the signed management representation letter; and
- receipt and review of the final set of signed financial statements.

1. Headlines

National context – audit backlog

Government proposals around the backstop

On 30 July 2024, the Minister of State for Local Government and English Devolution, Jim McMahon, provided the following written statement to Parliament Written statements - Written questions, answers and statements - UK Parliament This confirmed the government's intention to introduce a backstop date for English local authority audits up to 2022/23 of 13 December 2024. On 9 September 2024 the government published an update to the Accounts and Audit Regulations, and the NAO prepared a revised Audit Code. These came into law on 30 September and 14 November 2024 respectively. As a consequence of this, the Fund's accounts for years 2020/21 up to 2022/23 have been backstopped or are expected to be backstopped by the predecessor auditor (Deloitte LLP). A disclaimer of opinion was issued for the years up to 2021/22 on 12 December 2024. As the administering authority statements for 2022/23 were not published until 29 November 2024, the public inspection period was not completed before 13 December 2024 and therefore the backstop disclaimer could not be issued on this date. The disclaimed opinion is expected to be issued in February 2025. The government has set out its intention that from 2023/24, auditors should work with local authorities to begin the process of recovery. A backstop date for 2023/24 has been proposed of 28 February 2025, and a date for 2024/25 audits of 27 February 2026. The administering authority will also miss the 28 February 2025 backstop date, and as a result we will be unable to issue our final reports on the Pension Fund prior to this date.

Impact on Pension Funds

Pension fund accounts fall within the scope of the backstop legislation. Where an administering authority's accounts may be required to be backstopped, this would not automatically apply to the Pension Fund accounts. We expect to be able to issue a separate opinion on the Fund accounts where the Pension Fund audit can be completed, as is the case at Wiltshire Pension Fund. However, this will be after the 28 February 2025 deadline as the administering authority, Wiltshire Council, has not published its accounts in time to complete the required inspection period.

Circumstances at your audit

Audit years for 2020/21, 2021/22, and 2022/23 were, or are due to be, disclaimed by the predecessor auditor as a result of the backstop. Our focus during this audit has been to begin the process of regaining assurance, and therefore we have focused on transactions within the financial year and closing balances at 31 March 2024. Over time, this approach should enable us to regain full assurance for Pension Fund audits. For 2023/24 however, the lack of assurance in respect of opening balances will give rise to a disclaimer of opinion.

National context – Triennial Valuation

Triennial valuations for local government pension funds have been published. These valuations, which are as at 31 March 2022, provide updated information regarding the funding position of the Pension Fund and set employer contribution rates for the period 2023/24 – 2025/26. For the Pension Fund, the valuation was undertaken by Hymans Robertson and showed that the Fund had an overall funding level of 103%. The results of the latest triennial valuation are reflected in note 24 to the financial statements. These valuations also provide updated information for the calculation of the net pension liability on employer balance sheets.

2. Financial Statements

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management and are now presented to the Audit and Governance Committee.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

For Wiltshire Pension Fund, the Audit and Governance Committee fulfil the role of those charged with governance. The Pension Committee considers the draft financial statements and is part of the overall member oversight process.

Audit approach

Our audit approach was based on a thorough understanding of the Pension Fund's business and is risk based, and in particular included:

- an evaluation of the Pension Fund's internal controls environment, including its IT systems and controls; and
- substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks.

We have not had to alter our audit plan, as communicated to you on 23 July 2024, except to update our materiality determination as described on page 7.

Conclusion

As highlighted in page 4 of this report, it will not be possible for us to undertake sufficient work to conclude our work due to the lack of assurance over the opening balances of the Fund. We therefore plan to issue a disclaimer of the audit opinion. The draft wording of our Audit Report is set out in Appendix G.

We anticipate regaining full assurance over future years in line with guidance from the FRC. This may result in an unqualified opinion for Pension Fund audits by 2026/27, with a potential for an "except-for" qualification in 2024/25 due to a lack of assurance over all in-year movements and prior year comparativesand a likely "except-for" qualification in 2025/26 due to a lack of assurance over the comparative figures.

Acknowledgements

We would like to take this opportunity to thank the team at Wiltshire Pension Fund for their work in bringing the audit to a conclusion. Due to the impact of the prior year disclaimers of opinion, we notified the Audit and Governance Committee of additional fees arising above the PSAA scale fee in October 2024. Additional issues have arisen with the provision of evidence for contributions receivable and benefits payable, particularly in the latter case where we have also raised a control recommendation, requiring significant additional resources for the audit team. We have proposed an additional fee in respect of our audit work with the Corporate Director – Resources as detailed on page 32.

2. Financial Statements

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

We have revised the materiality due to the actual gross investment assets changing significantly from that anticipated at the planning stage, resulting in a review of the appropriateness of the materiality figure.

We set out in this table our determination of materiality for the Pension Fund.

	Pension Fund Amount (£m)	Qualitative factors considered
Materiality for the financial statements	16.7	We considered the proportion of gross assets to the Fund to be an appropriate benchmark for the financial year. Our materiality equates to approximately 0.5% of your gross assets for the year ended 31 March 2024. In setting this materiality level we considered key qualitative factors, chiefly the lack of assurance from prior year audits not having been completed and control issues raised in previous years.
Performance materiality	8.35	We have determined this using 50% of materiality. This is considered an appropriate benchmark reflecting the lack of assurance from prior year audits and control issues raised in previous years.
Trivial matters	0.835	This is based on 5% of materiality, which we consider to be an appropriate threshold to use in terms of our reporting to the Audit and Governance Committee as 'Those Charged with Governance'.
Specific materiality for the Fund Account	4.2	Due to the sensitivity of the fund account disclosures to those stakeholders who are admitted members of the Fund, we have determined a lower materiality threshold over the relevant Fund Account disclosures. This threshold is approximately 2.5% of the gross expenditure on the Fund Account for the year ended 31 March 2024.

2. Financial Statements: Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan	Commentary
The revenue cycle includes fraudulent transactions (rebutted) Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.	In our Audit Plan, having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Fund, we determined that the risk of fraud arising from revenue recognition could be rebutted, because: • there is little incentive to manipulate revenue recognition; • opportunities to manipulate revenue recognition are very limited; and • the culture and ethical frameworks of local authorities, including Wiltshire Pension Fund, mean that all forms of fraud are seen as unacceptable. We have kept this rebuttal under review during our audit and we have not identified any reason to reconsider this risk.
The expenditure cycle includes fraudulent transactions (rebutted) Practice Note 10: Audit of Financial Statements of Public Sector Bodies in the United Kingdom (PN10) states: "As most public bodies are net spending bodies, then the risk of material misstatement due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition". Public sector auditors therefore need to consider whether they have any significant concerns about fraudulent financial reporting of expenditure which would need to be treated as a significant risk for the audit.	In our Audit Plan, we rebutted this presumed risk for Wiltshire Pension Fund because: • expenditure is well controlled and the Fund has a strong control environment; and • the Fund has clear and transparent reporting of its financial plans and financial position to those charged with governance. We have kept this rebuttal under review during our audit. We note that the indicative Audit Plan 2023/24 for the administering authority, Wiltshire Council, did not rebut this risk due to issues in the control environment, specifically over Accounts Payable (AP). However, we determined that the expenditure at the Pension Fund was of a different nature as it relates exclusively to benefits paid to or on behalf of scheme members or expenses incurred through investment activity. These are not paid through the AP system and there are separate controls in place, and we therefore did not revise our rebuttal of this presumed significant risk.

2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Commentary
Management over-ride of controls Under ISA (UK) 240 1there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk.	We have: • evaluated the design and implementation of management controls over journals; • analysed the journals listing and determined the criteria for selecting high risk unusual journals; • identified and tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration; • gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness; and • evaluated the rationale for any changes in accounting policies, estimates, or significant unusual transactions. We have not identified any issues with the journals posted during the year. However, our IT audit review identified deficiencies in the control environment which could enable management to over-ride controls. The significant deficiencies identified relate to the SAP system which has now been replaced and therefore whilst we have reported them, we acknowledge that these deficiencies will be resolved with the new system implementation. Where deficiencies were identified we have undertaken further work to ensure that there was no evidence that these had resulted in fraudulent postings, with none identified, and raised our overall risk level for journal postings as a result. We have not identified any changes to the accounting policies or the process for making any significant estimates.
Data migration with new system implementation There has been a new system implementation during the year. The Council and Pension Fund migrated its financial reporting from SAP to Oracle Fusion in November 2023. We have therefore identified a significant risk in relation to the post-migration data completeness and whether the system functionality of the new system is operating to design.	Our IT Audit team have undertaken specific procedures over the new system implementation. There were no identified deficiencies in the completeness or accuracy of the data migrated from SAP to Oracle or the process of the data migration. We also undertook an exercise to reconcile the transactional data from the old system to the new system and no issues were identified.

2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Commentary
Valuation of level 3 investments The Fund revalues its investments on an annual basis at the year end to ensure that the carrying value is not materially different from the fair value at the financial statements date. By their nature, level 3 investment valuations lack observable inputs. These valuations therefore represent a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions. Under ISA 315 significant risks often relate to significant non-routine transactions and judgemental matters. Level 3 investments require a significant degree of judgement to reach an appropriate valuation at year end. Management utilise the services of investment managers as valuation experts to estimate the fair value as at 31 March 2024. We have therefore identified valuation of level 3 investments as a significant risk.	We have: • evaluated management's processes for valuing Level 3 investments; • reviewed the nature and basis of estimated values and considered what assurance management has over the year end valuations provided for these types of investments, to ensure that the requirements of the Code are met; • independently requested year-end confirmations from investment managers and custodians; • for a sample of investments, tested the valuation by obtaining and reviewing the audited accounts (where available) at the latest date for individual investments, and agreeing these to the fund manager reports at that date. We have then reconciled those values to the values at 31 March 2024 with reference to known movements in the intervening period; • in the absence of available audited accounts, we have evaluated the competence, capabilities and objectivity of the valuation expert; and • where appropriate, reviewed investment manager service auditor report on design effectiveness of internal controls. As highlighted above, our audit focuses on looking at external confirmations from both investments managers and the custodian, and as a result there will normally be some timing differences when this information is received and compared to the information available to management when they are estimating the values for the accounts. We have identified a possible understatement of £6.092m in the valuation of level 3 investment assets, of which £6.060m is a factual difference arising from management's estimates when compared to the actual value that was available after the draft accounts were submitted. The remaining £0.032m is an extrapolation of minor variances over the remaining balance of investments. This arises due to the timing of when information is available to the pension fund, as by necessity some valuations of assets are based on data as at 31 December 2023. This difference is immaterial overall and has not been adjusted for by management. One investment asset valued at £24.877m has been classified as level 3 within the fair value hierarchy. This asset has a unit price available on Bloomberg and we consider that it could more reasonably be considered to be a level 2 asset under the requirements of IFRS 9. The Fund has chosen to classify it as level 3 on the basis that this is the classification given by the Brunel Pension Partnership (BPP) and that it is a property fund which is not easily exited. We are aware of other funds within the pool who have classified this asset as level 2. Management have provided a reasonable justification for their classification of the estimate and the value is materially correct. Classifying the investment at a higher level means that there is no risk of under-disclosure of any elements required by IFRS 9. We have recommended in Appendix B that management review the classification of assets regularly in order to ensure that they are held at the best level in the hierarchy.

2. Financial Statements: Other risks not communicated in our audit plan

Risks identified	Commentary
Triennial valuation Every 3 years the pension fund is required to have a full valuation performed by the actuary. The main purpose is to monitor the assets of the Fund against the liabilities of the pension benefits payable. Contribution rates to be paid for the following 3 years are then determined. The last triennial valuation was performed in 2019, and therefore a valuation was required as of 31 March 2022. Due to the timings of the 2023/24 audit and the incomplete work of the predecessor auditor's, we were unable to review any work performed by them on the triennial valuations, including the testing performed on membership data for purposes of rolling forward. As there is highly material estimation uncertainty involved, we needed to carry out additional procedures during the 2023/24 audit to gain sufficient assurance that the valuation is not materially misstated.	In response to this risk, we have: • reviewed the methods used to calculate the estimate, including the models used; • evaluated the instructions issued by management to their management expert (an actuary) for the valuation and the scope of the actuary's work; • assessed the competence, capabilities and objectivity of the actuary who carried out the triennial valuation; • performed tests on the accuracy and completeness of the data used in the valuation process, including member data. This included examining source documents and reconciling data to supporting records; • reviewed the actuarial reports and assessed the reasonableness of the assumptions made in the reports; and • evaluated the adequacy and accuracy of the disclosures related to the LGPS triennial valuation within the financial statements. There are no matters to bring to your attention in relation to this risk.

2. Financial Statements: new issues and risks

This section provides commentary on new issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan and a summary of any significant deficiencies identified during the year.

Issue	Commentary	Auditor view
IT Control deficiencies Our IT audit work began in October 2023 and was concluded in December 2024. We identified 10 deficiencies, of which 4 were significant deficiencies. All significant deficiencies related to the legacy SAP system.	The four significant deficiencies identified were as follows: • users were identified with inappropriate access to ABAP debugger in the production environment; • there was inadequate oversight of the usage of generic accounts within SAP; • users had inappropriate access to maintain SAP standard and customised tables in the production environment; and • users were identified with inappropriate access to directly create and modify SAP roles in the production environment.	As the pension fund uses the same financial reporting system as the Council, these deficiencies are relevant to the Fund. However, the Fund does not directly administer the IT systems itself. We reviewed the deficiencies identified to understand if there was any impact on the Fund's financial reporting in 2023/24 and did not find any issues which would cause the statements to be materially misstated. We also considered the findings as part of our journals testing strategy.

2. Financial Statements: key judgements and estimates

This section provides commentary on key estimates and judgements in line with the enhanced requirements for auditors.

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Level 3 Investments – £985m	The Pension Fund has investments in pooled property funds, private debt, infrastructure funds and private equity that in total are valued on the net assets statement as at 31 March 2024 at £985m. Management have reviewed the year end valuations provided by the Fund Managers and have treated them as management experts. These investments are not traded on an open exchange/market and the valuation of the investment is highly subjective due to a lack of observable inputs. The Pension Fund uses a custodian to obtain the valuations provided by fund managers/general partners. Service auditor reports (for investment managers and custodians) are obtained and considered by the Pension Fund. The value of the investments has increased by £236.9m in 2023/24.	From the procedures undertaken: • we have obtained an understanding of the management processes for valuing Level 3 investments and evaluated the design and implementation effectiveness of the associated controls; • we have reviewed the accounting policies and valuation techniques stipulated within the financial statements and evaluated whether these are in line with expectations; • we have considered in more detail any management bias in determining the estimate and evaluated evidence that could contradict management's assessment; • we have considered all evidence obtained during the audit, including both corroborative and contradictory audit evidence, when evaluating the appropriateness of accounting estimates; • we have deepened our risk assessment procedures performed including understanding processes and controls around the identification and determination of estimates. This included understanding methods, assumptions and data used; • we have validated sources of information used by management, management's point estimate and disclosures relating to the accounting estimate; and • we have analysed the method, data and assumptions used by management to derive the accounting estimate. As detailed on page 10, our work has identified a possible understatement of the value of level 3 investments of £6.092m. This difference is immaterial overall and has not been adjusted for by management.	Grey

Assessment

- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- {Amber] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements: key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Level 2 Investments – £2,306m	The Pension Fund have investments in unquoted pooled investments in unit trusts and pooled investments in property funds that in total are valued on the net assets statement as at 31 March 2024 at £2,306m. The investments are not traded on an open exchange/market and the valuation of the investments is subjective. In order to determine the value, management has employed expert fund managers who have the necessary experience and technical expertise to ensure the correct valuation of these investments in the year end accounts. The Fund are also supported by investment advisors who are independent from the fund managers who can advise on investment performance. The Investment and Accounting Team Lead presents a quarterly report to the Pension Fund Committee who provide oversight. The value of the investments has increased by £13.2m compared to the prior year (£2,293m).	We have: • assessed management's expert, reviewing their competence, expertise and objectivity where appropriate; • considered the valuation techniques used against industry practice; and • reviewed the adequacy of disclosures of estimate in the financial statements. We identified 8 instances where the balance accounted for in the Net Asset Statement differed from the confirmation from the investment manager, which net to an overstatement of £1.003m. We identified a further possible overstatement of £0.667m resulting from potential differences in estimation, which is trivial and will not be further reported. As these variances are collectively immaterial they do not require adjustment and management have determined that they will not update the draft financial statements.	Amber

Assessment

- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Amber] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements: Information Technology

This section provides an overview of results from our assessment of Information Technology (IT) environment and controls which included identifying risks from the use of IT related to business process controls relevant to the financial audit. This includes an overall IT General Control (ITGC) rating per IT system and details of the ratings assigned to individual control areas**.** For further detail of the IT audit scope and findings please see separate 'IT Audit Findings' report. Significant deficiencies are detailed on page 12.

			ITGC control area rating				
IT application	Level of assessment performed	Overall ITGC rating	Security management	Technology acquisition, development and maintenance	Technology infrastructure	Related significant risks/other risks	Additional procedures carried out to address risks arising from our findings
SAP	Detailed ITGC assessment (design effectiveness only)	🔴	🔴	🔴	🔴	Management override of controls (journals)	Review of deficiencies identified to understand possibility of management over-ride of controls – no instances identified.
Oracle Fusion	Detailed ITGC assessment (design effectiveness only)	🟡	🟡	🟢	🟢	Management override of controls (journals)	
Altair	Detailed ITGC assessment (design effectiveness only)	🟡	🟡	🟢	🟢	Member data Benefits payable	

Assessment

- 🔴 Significant deficiencies identified in IT controls relevant to the audit of financial statements
- 🟡 Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
- 🟢 IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
- ⚫ Not in scope for testing

2. Financial Statements: Information Technology

We also performed specific procedures in relation to the significant changes during the audit period, specifically the new system implementation. We observed the following results:

IT system	Event	Result	Related significant risks/ risk/observations
Oracle Fusion	New system implementation	No deficiencies identified	There is a risk that key aspects of the design, development and implementation process (including data migration and financial reporting), and testing may not have been completed appropriately. Our testing has not identified any issues with the completeness or accuracy of the data migration.

2. Financial Statements: matters discussed with management

This section provides commentary on the significant matters we discussed with management during the course of the audit.

Significant matter	Commentary	Auditor view and management response
Significant events or transactions that occurred during the year including the new system implementation	We have completed work on the new system implementation and this is reported further on page 16.	No issues arising.
Conditions affecting the Pension Fund, and business plans and strategies that may affect the risks of material misstatement.	The Pension Fund accounts for the years 2020/21, 2021/22, and 2022/23 have been, or will be, disclaimed under the local audit backstop arrangements. In addition, we anticipate the 2023/24 Wiltshire Council accounts to be disclaimed, which will impact the Pension Fund as the Council is the administering authority.	The backstop will impact on the opinion given in this and following years. In addition, it has required us to reduce our materiality level which has increased the level of testing required.
Concerns about management's consultations with other accountants on accounting or auditing matters	No such issues identified in the year.	No issues arising.
Discussions or correspondence with management in connection with the initial or recurring appointment of the auditor regarding accounting practices, the application of auditing standards, or fees for audit or other services	No such issues identified in the year.	No issues arising.
Significant matters on which there was disagreement with management, except for initial differences of opinion because of incomplete facts or preliminary information that are later resolved by the auditor obtaining additional relevant facts or information	No such issues identified in the year.	No issues arising.
Prior year adjustments identified	There are no substantive changes to prior year balances, noting these are unaudited and no assurance is provided over them. However, additional comparators have been included in some disclosure notes where this is required to support amended disclosures in current year balances.	No issues arising.
Other matters that are significant to the oversight of the financial reporting process.	No such issues identified in the year.	No issues arising.

2. Financial Statements: other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit and Governance Committee. We have not been made aware of any incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from the Pension Fund , which is included in the Audit and Governance Committee papers.
Audit evidence and explanations	All information and explanations requested from management was provided. As noted in Appendix B, there was an issue with the provision of information to evidence benefits payable. The Fund was able to resolve this sufficiently to complete our testing between November 2024 and January 2025.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to all of the fund managers utilised by the Fund and all banking institutions with which cash is held. This permission was granted and the requests were sent and returned with positive confirmations.
Accounting practices	We have evaluated the appropriateness of the Pension Fund's accounting policies, accounting estimates and financial statement disclosures. We have recommended some amendments to these disclosures as detailed in Appendix D, which have been actioned by management.

2. Financial Statements: other communication requirements

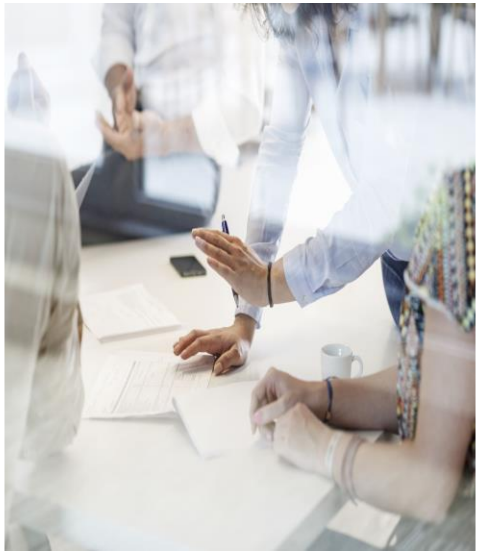
Our responsibility

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern" (ISA (UK) 570).

Issue	Commentary
Going concern	In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies. Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities: • the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities; and • for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Pension Fund meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated: • the nature of the Pension Fund and the environment in which it operates; • the Pension Fund's financial reporting framework; • the Pension Fund's system of internal control for identifying events or conditions relevant to going concern; and • management's going concern assessment. However, as we have been unable to conclude our audit in advance of the backstop date, we have not been able to obtain sufficient appropriate audit evidence to enable us to conclude that: • a material uncertainty related to going concern has not been identified; and • management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

2. Financial Statements: other responsibilities under the Code

Issue	Commentary
Other information	The Pension Fund is administered by Wiltshire Council (the 'Council'), and the Pension Fund's accounts form part of the Council's financial statements. We are required to read any other information published alongside the Council's financial statements to check that it is consistent with the Pension Fund financial statements on which we give an opinion and is consistent with our knowledge of the Council. As the Council accounts which include these statements have not yet been published, we have not yet been able to compare the two versions. As the Council accounts will be disclaimed, we will not be able to give assurance in this area.
Matters on which we report by exception	We are required to give a separate consistency opinion for the Pension Fund Annual Report on whether the financial statements included therein are consistent with the audited financial statements. We propose to issue our 'consistency' opinion on the Pension Fund's Annual Report once the Administering Authority accounts are published, have gone through the statutory public inspection period and on the date we issue our opinion on that set of financial statements. We are required to report if we have applied any of our statutory powers or duties as outlined in the Code. We have nothing to report on these matters.



3. Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, and managers).

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in 7 September 2022 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix F.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see Grant Thornton International Transparency report 2023. PSAA has also published their own Quality Monitoring Report, this report is available at Audit Quality Monitoring Report 2023 – PSAA.

Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Pension Fund. No non-audit services were identified which were charged from the beginning of the financial year to the date of this report. Note that fees for IAS 19 letters for employer body auditors were classed as non-audit fees prior to 2022/23. The National Audit Office have confirmed that the provision of IAS 19 assurances to auditors of local government and NHS bodies should be considered work undertaken under the Code of Audit Practice for 2022/23 onwards.

3. Independence and ethics

As part of our assessment of our independence we note the following matters:

Matter	Conclusion
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Pension Fund that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Pension Fund held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Pension Fund as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Pension Fund.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Pension Fund's board, senior management or staff.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

Appendices

A. Communication of audit matters to those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	•	
Confirmation of independence and objectivity	•	•
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
Significant findings from the audit		•
Significant matters and issue arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter		•

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, we are also required to distribute our findings to those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report to all those charged with governance.

B. Action Plan – Audit of Financial Statements

We have identified 5 recommendations for the Pension Fund as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2024/25 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Note that the findings from our IT audit work were reported separately to Those Charged With Governance (Wiltshire Council's Audit and Governance Committee), along with management's responses, at their meeting 17 January 2025.

Assessment	Issue and risk	Recommendations
Medium	**Bank reconciliations** Following the implementation of Oracle Fusion in November 2023, there was an extended period where bank reconciliations were not completed in a timely manner. For example, the year-end bank reconciliation at 31 March 2024 was not completed until July 2024 and we noted that most of the items on March 2024 bank reconciliation were long outstanding or were only reconciled in the month of July 2024. The Pension Fund have not taken appropriate steps to reconcile items that have been on the bank reconciliation for a number of months and have not recorded appropriate detail to allow them to reconcile all items on the bank reconciliation.	The completion of bank reconciliations (including second sign-off by a senior member of the finance team) is a key control over cash. The Fund should ensure that reconciliations are completed in a timely manner and fully evidenced to ensure that this control operates effectively. **Management response** Banking transactions continued to be monitored daily throughout the period of the oracle system implementation using our established daily banking process. The number and value of outstanding and unreconciled transactions are always maintained at a minimum level. The implementation of the new system disrupted the regular process of reconciliation and reporting against the ledger as reporting was not available for this balance from the system. The team have implemented a new bank reconciliation process for the new system including a new sign off document which is fully integrated into our monthly work plan.
Low	**Evidence for benefits payable** Our initial samples for benefits payable to pensioners were sent to the Fund in July 2024. For the majority of sample items (99 total), supporting information was not available on the Fund's Altair system and had to be retrieved from physical archives. In 3 instances no original calculation sheets could be provided, and in 7 cases there was no proof of identification available. Due to the difficulty in retrieving evidence, this was not completed until November 2024 with subsequent audit queries taking until January 2025 to resolve.	Whilst we understand that many of the Fund's records are historic and that it may therefore not be cost-effective to retain them in a digital format, it is important that all benefits in payment are backed by appropriate documentation and that the Fund is able to retrieve this when necessary, including for the purposes of audit. We will work with management to find a solution to improve this process for the 2024/25 audit in order to ensure the information can be provided in a more timely manner. **Management response** The benefits payable sample work took an extended period of time to respond to due to the extensive nature of the sampling, both in terms of the number of samples but also the age of the samples, with some having gone into payment over 20 years previously. Initial work provided evidence for the payments, however over time the requirement for much more granular historic data was clarified by the audit team, which meant the work extended. The historic data is all archived electronically on council systems. To endeavour to provide accurate and timely responses our admin team dedicated a member of staff away from pension member work to respond to these queries and review calculations with the audit team. Given the extensive sampling the very small number of missing documents feels reasonable. We understand that this level of sampling will not be required, with sampling focused on in year pensions going into payment in future.

Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

B. Action Plan – Audit of Financial Statements

Assessment	Issue and risk	Recommendations
Low	**Classification of investment assets within the fair value hierarchy** One investment asset valued at £24.877m has been classified as level 3 within the fair value hierarchy. This asset has a unit price available on Bloomberg and we consider that it could more reasonably be considered to be a level 2 asset under the requirements of IFRS 9. The Fund has chosen to classify it as level 3 on the basis that this is the classification given by the Brunel Pension Partnership (BPP) and that it is a property fund which is not easily exited. We are aware of other funds within the pool who have classified this asset as level 2.	Management have provided a reasonable justification for their classification of the estimate and the value is materially correct. Classifying the investment at a higher level means that there is no risk of under-disclosure of any elements required by IFRS 9. We would recommend that management regularly review classification of all assets and discuss these with BPP. **Management response** We are undertaking a review of the level of investment classification for all investments in 2024/25.
Low	**Journals review** In our walkthrough of journal postings in SAP, it was noted that there were 'daily journals' posted which were not approved by either of the expected authorisers. This was an impact of the system transition.	Following the move from SAP to Oracle Fusion this issue is not expected to recur. However, we would recommend that management ensure that all journals are authorised where required. **Management response** For the SAP system the team always tracked outside of the system inputter and approval for all journals, ensuring all journals had segregation of approval. The new system controls mean all journals are appropriately authorised.

Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

C. Follow up of prior year recommendations

The following issues in the audit of Wiltshire Pension Fund's 2019/20 financial statements, the last year for which an audit was completed, were reported by the predecessor auditor (Deloitte LLP) in their Audit Findings Report. We are pleased to report that management have implemented all of the recommendations.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	Lack of controls over preparation of investment disclosures: Deloitte recommended that management perform a detailed review of all investment disclosures before the audit commences, and that management assess the impact of the difference in FX rates used by the custodian and investment managers.	We noted some disclosure errors as detailed in Appendix D which have subsequently been corrected. There were no significant impacts from differences in FX rates.
✓	Lack of benefit controls: There were a number of differences in the member reconciliation performed between SAP and Altair. Deloitte recommended that management review the benefit provision model.	No significant differences noted. Management had implemented regular review of the reconciliation between SAP and Altair as an action following a no assurance report from internal audit in March 2022.
✓	No authorisation of transfer value payment: Deloitte recommended that a formal control be implemented to ensure that authorisation limits are adhered to in respect of payments made outside the Fund.	Rectified by management with no issues noted in 2023/24.
✓	No evidence of review of financial statements: Deloitte recommended that management implement a formal control to ensure that reviews performed are appropriately documented to respond to the risk of management override of controls.	Rectified by management with no issues noted in 2023/24.
✓	Improvement of membership controls: Deloitte recommended that management implement formal controls over the benefit payments and membership reconciliation process.	Rectified by management with no issues noted in 2023/24.

Assessment

✓ Action completed

X Not yet addressed

C. Follow up of prior year recommendations (continued)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	User access review (IT): Deloitte recommended that management carry out user access reviews frequently and on a consistent basis.	See GT IT Audit findings from 2023/24.
✓	No IT disaster recovery and business continuity test has been carried out: Deloitte recommended that management implement a formal disaster recovery plan and carry out regular business continuity tests.	See GT IT Audit findings from 2023/24.
x	Altair Leavers Process and User Access Review (IT): It was noted that the leavers' process on the Altair platform is not formally documented. No notifications are received from HR and access is removed based on the Systems Team's knowledge of the current employees at Wiltshire Pension Fund. Furthermore, there is no formal user access review process in place. User access reviews are only performed whenever there is a new joiner or leaver. Management does not review the level of access of each user on a regular basis. Deloitte recommended that a formal user access review is implemented to take place on a regular basis.	See GT IT Audit findings from 2023/24.
✓	Changes are developed and deployed by the third party - Aquila Heywood. There are no formal controls in place at Wiltshire to ensure that the developers and implementers of changes are segregated. This increases the risk that inappropriate changes are deployed into the production environment. Furthermore, there are no third party monitoring controls in place to ensure that the SQL database that the authentication measures are put in place appropriately and restricted to the relevant personnel. This increases the risk that passwords are guessed over time and users gain unauthorised access to the database. Deloitte recommended that management introduce formal controls to ensure segregation of developers and implementers and ensure that authentication rights on SQL are restricted only to the relevant personnel	See GT IT Audit findings from 2023/24.
✓	Privilege Access (IT): Deloitte recommended that management capture cases where privileged user access has been granted to certain employees and to ensure that this is withdrawn when not required.	See GT IT Audit findings from 2023/24.

Assessment

✓ Action completed

X Not yet addressed

D. Audit Adjustments

We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

There are no adjusted misstatements affecting the Pension Fund's financial position at the accounting date. However, there are a number of disclosure adjustments detailed in the following table.

In addition, there was an amendment to management expenses as management identified an element of this had been double counted and was therefore overstated by £4.978m on the face of the Fund Account. However, this overstated the "Management expenses" and "Profits and losses on disposal of investments and changes in market value of investments" by an equal and opposite amount which meant that the error netted to nil and therefore had no effect on the closing net assets of the scheme.

D. Audit Adjustments (continued)

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure/issue/Omission	Auditor recommendations	Adjusted?
The critical judgement disclosed in Note 3 to the draft accounts relating to Net Pension Fund Liability was an explanation of the methodology and how these are valued and did not describe a critical judgement applied by management.	The note has been reworded to only disclose what is necessary under the Code and remove duplication or unnecessary judgments.	✓
Note 4 to the draft accounts states that the valuation techniques are used to determine the carrying values of directly held freehold leasehold property. Note 12 does not have any directly held freehold or leasehold property.	The reference to directly held property has been removed.	✓
Note 4 to the draft accounts only disclosed one item (Pooled Property Investment) as having a significant risk of material adjustment within the next 12 months. The disclosure did not appear to be complete as this is not the only category of investments at level 3 in the fair value hierarchy.	Management agreed that the disclosure was insufficient and have amended the wording to refer to the existing sensitivity analysis with appropriate explanation which will provide the correct level of completeness.	✓
In Note 14, the valuation basis for each category of investment asset table did not include Private Debt, and the disclosure of sensitivity of assets valued at level 3 is missing for the prior year.	The disclosure has been updated to include this asset category and the relevant comparators for the sensitivity analysis.	✓
There was conflicting categorisation of cash balances in Note 14 and Note 15.	The disclosures have been updated to align with each other and clearly set out which are cash balances are held at amortised cost and which are money market funds held at fair value through profit or loss (FVTPL).	✓
Note 15 included items which are not financial assets or liabilities as they are not contractual (e.g. contributions due from employer bodies or benefits payable to pensioners).	The disclosure has been amended appropriately to remove such balances.	✓
Notes 22 was not required by the Code and was outdated. Note 23 included reference to transitional protections as a contingent liability which has been previously resolved.	The disclosures have been removed.	✓
Other minor disclosure issues have been identified and corrected.	All required amendments made.	✓

D. Audit Adjustments (continued)

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2023/24 audit which have not been made within the final set of financial statements. The Audit and Governance Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Pension Fund Account £m	Net Asset Statement £m	Impact on total net assets £m	Reason for not adjusting
There are estimation differences in the valuation of level 2 investments. Of these a £1.003m overstatement is due to timing differences in the availability of information to the Fund when preparing the financial statements. In addition, there is a potential projected £0.667m overstatement based on our evaluation of the estimate. These total a £1.700m net overstatement.	1.700	(1.700)	(1.700)	The difference is immaterial
There are estimation differences in the valuation of level 3 investments. Of these a £6.060m understatement is due to timing differences in the availability of information to the Fund when preparing the financial statements. In addition, there is a potential projected £0.032m understatement based on our extrapolation of these timing differences across untested investments. These total a £6.092m net understatement.	(6.092)	6.092	6.092	The difference is immaterial
For 21 employers, month 12 contributions had not been accrued for. This resulted in an understatement of income and a corresponding understatement of assets of £1.103m.	(1.103)	1.103	1.103	The difference is immaterial
Overall impact	(5.495)	4.392	4.392	

Impact of prior year unadjusted misstatements

Due to the lack of completed audits in prior years, there are no unadjusted misstatements to take into account.

E. Fees and non-audit services

We confirm below our final fees charged for the audit. There were no fees for the provision of non-audit services.

Audit fees	Proposed fee (£)	Final fee (£)
Scale Fee	84,562	84,562
ISA 315*	7,530	7,845
Additional work required due to prior year backstops*	0	35,000
Major local audit*	0	3,765
Work on triennial valuation member data*	0	5,000
Total audit fees (excluding VAT)	92,092	136,172

*additional fees are subject to PSAA approval

The external audit costs in the accounts do not reconcile to the proposed or final fee. The reconciliation is as below:

- External audit costs per draft accounts: £103,231
- Subtract prior year fees payable to Deloitte LLP: £18,669
- **Subtotal: £84,562 agrees to PSAA scale fee**
- Add ISA 315 fee proposed in our Audit Plan: £7,530
- **Subtotal: £92,092 agrees to our Audit Plan**
- Add fee variations raised in the Audit Findings Report: £44,080
- **Total: £136,172 agrees to our Audit Findings Report**

We have requested that the final accounts disclosure clearly disaggregates the fees payable to Grant Thornton and Deloitte.

Note that fees for IAS 19 letters for employer body auditors were classed as non-audit fees prior to 2022/23. The National Audit Office have confirmed that the provision of IAS 19 assurances to auditors of local government and NHS bodies should be considered work undertaken under the Code of Audit Practice for 2022/23 onwards. Provision of IAS 19 assurances to auditors of any other type of entity remains non-Code work.

F. Auditing developments

Revised ISAs

There are changes to the following ISA (UK):

ISA (UK) 315 (Revised July 2020) 'Identifying and Assessing the Risks of Material Misstatement'
This impacts audits of financial statement for periods commencing on or after 15 December 2021.
ISA (UK) 220 (Revised July 2021) 'Quality Management for an Audit of Financial Statements'
ISA (UK) 240 (Revised May 2021) 'The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements

These changes will impact audit for audits of financial statement for periods commencing on or after 15 December 2022.

A summary of the impact of the key changes on various aspects of the audit is included below:

Area of change	Impact of changes
Risk assessment	The nature, timing and extent of audit procedures performed in support of the audit opinion may change due to clarification of: • the risk assessment process, which provides the basis for the assessment of the risks of material misstatement and the design of audit procedures • the identification and extent of work effort needed for indirect and direct controls in the system of internal control • the controls for which design and implementation needs to be assess and how that impacts sampling • the considerations for using automated tools and techniques.
Direction, supervision and review of the engagement	Greater responsibilities, audit procedures and actions are assigned directly to the engagement partner, resulting in increased involvement in the performance and review of audit procedures.
Professional scepticism	The design, nature, timing and extent of audit procedures performed in support of the audit opinion may change due to: • increased emphasis on the exercise of professional judgement and professional scepticism • an equal focus on both corroborative and contradictory information obtained and used in generating audit evidence • increased guidance on management and auditor bias • additional focus on the authenticity of information used as audit evidence • a focus on response to inquiries that appear implausible
Definition of engagement team	The definition of engagement team when applied in a group audit, will include both the group auditors and the component auditors. The implications of this will become clearer when the auditing standard governing special considerations for group audits is finalised. In the interim, the expectation is that this will extend a number of requirements in the standard directed at the 'engagement team' to component auditors in addition to the group auditor. • Consideration is also being given to the potential impacts on confidentiality and independence.
Fraud	The design, nature timing and extent of audit procedures performed in support of the audit opinion may change due to: • clarification of the requirements relating to understanding fraud risk factors • additional communications with management or those charged with governance
Documentation	The amendments to these auditing standards will also result in additional documentation requirements to demonstrate how these requirements have been addressed.

G. Draft audit opinion

DRAFT Independent auditor's report to the members of Wiltshire Council on the pension fund financial statements of Wiltshire Pension Fund

Disclaimer of opinion

We were engaged to audit the financial statements of Wiltshire Pension Fund (the ‘Pension Fund’) administered by Wiltshire Council (the ‘Authority’) for the year ended 31 March 2024, which comprise the Fund Account, the Net Assets Statement and notes to the pension fund financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

We do not express an opinion on the accompanying financial statements of the Pension Fund. 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 Accounts and Audit (Amendment) Regulations 2024 (‘the Regulations’) require the Authority to publish audited financial statements, including for the Pension Fund, for the year ended 31 March 2024 by 28 February 2025 (‘the backstop date’). The backstop date has been put in law with the purpose of clearing the backlog of historical financial statements. The latest date on which unaudited accounts could be published to enable local elector rights to be met in time for the backstop was 16 January 2025. The authority published its full unaudited accounts on XXXX, although the standalone Pension Fund accounts were available for audit on 5 July 2024. As a result of the limitations imposed by the backstop date, we have been unable to obtain sufficient appropriate audit evidence over the corresponding figures and opening balances reported in the Pension Fund financial statements for the year ended 31 March 2024 or whether there was any consequential effect on the Fund Account for the year ended 31 March 2024 for the same reason. Consequently, we have been unable to satisfy ourselves over the in-year movements reported in the Net Assets Statement. We have concluded that the possible effects on the financial statements of undetected misstatements arising from this matter could be both material and pervasive. We have therefore issued a disclaimer of opinion on the financial statements. This enables the Authority to comply with the requirement of the Regulations to publish the financial statements for the year ended 31 March 2024 as soon as reasonably practicable after the backstop date.

Opinion on other matters required by the Code of Audit Practice

The Chief Financial Officer is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the Pension Fund’s financial statements and our auditor’s report thereon. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have been unable to form an opinion, whether based on the work undertaken in the course of the audit of the financial statements and whether the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- 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 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

G. Draft audit opinion

We have nothing to report in respect of the above matters in relation to the Pension Fund.

Responsibilities of the Authority and the Chief Financial Officer

As explained more fully in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Chief Financial Officer. The Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the Pension Fund's financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Pension Fund's financial statements, the Chief Financial Officer 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 they have been informed by the relevant national body of the intention to dissolve the Pension Fund without the transfer of its services to another public sector entity.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Pension Fund's financial statements in accordance with International Standards on Auditing (UK) 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 those financial statements.

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The audit was defective in its ability to detect irregularities, including fraud, on the basis that we were unable to obtain sufficient appropriate audit evidence due to the matter described in the basis for disclaimer of opinion section of our report.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.