

Dorset County Council Pension Fund

 Significant risk
  Audit focus area

Results from our audit

When planning our audit we set the following audit quality objectives for this audit: to obtain sufficient, relevant and reliable audit evidence to enable us to express an opinion on the statutory accounts of the Fund prepared under the Code of Practice on Local Authority Accounting (“the Code”) issued by CIPFA and LASAAC. There have been no changes to our scope, risk assessment or procedures from our April 2019 Planning Report to the Audit Committee. Our conclusions and observations are noted below subject to the list of outstanding items detailed on page 3

Materiality was calculated using 1% of Fund net assets at £30.3m with a clearly trivial threshold of £0.3m.

Risk Area	Risk Type	Fraud Risk	Comment
Management override of controls			We have used our audit analytic software “Spotlight” to interrogate journal entries and have not identified any instances of management override from our audit procedures.
Completeness and accuracy of the asset transfer to Brunel Pension Partnership Ltd			We have reviewed the independently received transition and valuation reports from Brunel with no issues noted.
Valuation of direct property investments			We prepared an expectation of the year end valuation of each property held by the Fund using comparable market indices and comparing the expectation to the valuation provided by BNP Paribas Real Estate. We also utilised our experts Deloitte Real Estate (DRE) to assess the fair value of a sample of properties reported by BNP Paribas Real Estate. No issues were noted.
Completeness and valuation of investments and disclosures			<p>We identified one minor disclosure deficiency whereby the fair value hierarchy disclosure was missing a sensitivity analysis of its level 3 assets as per the CIFPA requirement. This has been addressed in the latest version of the financial statements. No other issues were noted with our testing.</p> <p>We recommend performing either a book cost, unit or cash reconciliation quarterly. We understand from speaking to management that this is planned in the future and 2018 was the first year with StateStreet as global custodian and this level of reporting will be considered in 2019.</p>
Accuracy of retirement benefits and transfers out values			There were no issues noted with any of our substantive procedures however while testing the design and implementation of key controls operating within the Aquila infrastructure we raised a number of general IT control findings as detailed on page 23. We have also raised observations surrounding the membership reconciliation process and the benefit calculation review process as detailed on page 22.

There were no uncorrected misstatements or disclosure deficiencies in the financial statements. The Conclusions above are based on the status of our work so far, and we anticipate issuing an unqualified audit opinion, subject to the outstanding items raised on page 3.

Our audit fee for the year ending 31 March 2019 is £19,362 for the Fund.