

# The Audit Findings Report for the Kent Superannuation Fund

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**Year ended 31 March 2017**

19 July 2017

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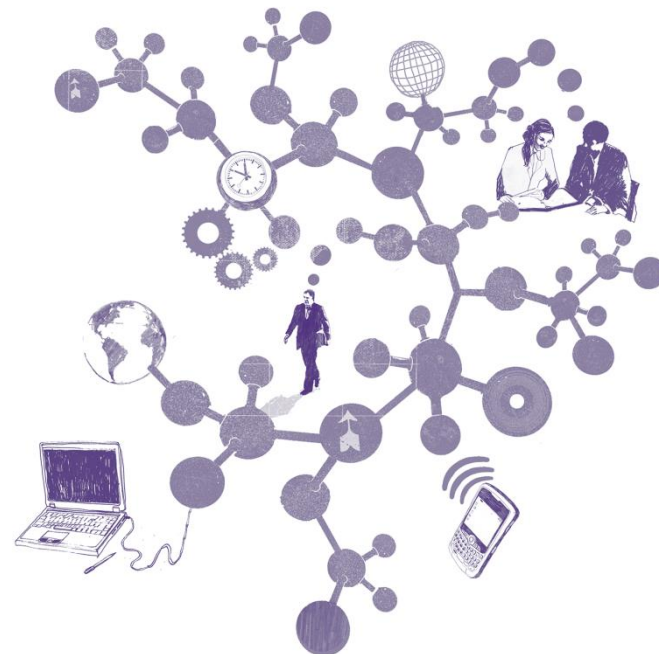
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The Governance and Audit Committee  
Kent County Council  
County Hall  
Maidstone  
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ME14 1XQ

19 July 2017

Dear Members of the Governance and Audit Committee

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**Audit Findings Report for Kent Superannuation Fund for the year ending 31 March 2017**

This Audit Findings report highlights the significant findings arising from the audit for the benefit of those charged with governance (in the case of the Kent Superannuation Fund, the Governance and Audit Committee), as required by International Standard on Auditing (UK & Ireland) 260, the Local Audit and Accountability Act 2014 and the National Audit Office Code of Audit Practice. Its contents have been discussed with management.

As auditors we are responsible for performing the audit, in accordance with International Standards on Auditing (UK & Ireland), 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 primarily 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 any control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. 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 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.

Yours sincerely

Elizabeth Jackson  
Engagement Lead

**Chartered Accountants**

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# Section 1: Executive summary

**01. Executive summary**

**02. Audit findings**

**03. Fees, non audit services and independence**

**04. Communication of audit matters**

## Purpose of this report

This report highlights the key issues affecting the results of the Kent Superannuation Fund ('the Fund') and the preparation of the Fund's financial statements for the year ended 31 March 2017. It is also used to report our audit findings to management and those charged with governance in accordance with the requirements of International Standard on Auditing (UK & Ireland) 260, and the Local Audit and Accountability Act 2014 ('the Act').

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion, the Fund's financial statements give a true and fair view of the financial position of the Fund and its income and expenditure for the year and whether they have been properly prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting.

We are also required consider other information published together with the audited financial statements, whether it is consistent with the financial statements and in line with required guidance. This includes the Narrative Report and the Pension Fund Annual Report.

## Introduction

In the conduct of our audit we have not had to alter or change our audit approach, which we communicated to you in our Audit Plan dated 11 April 2017.

Our audit is substantially complete although we are finalising our procedures in the following areas:

- review of the final version of the Annual Report
- review of the final version of the financial statements
- completion of our final internal reviews
- obtaining and reviewing the management letter of representation, and
- updating our post balance sheet events review, to the date of signing the opinion.

We received draft financial statements and accompanying working papers at the commencement of our work, in accordance with the agreed timetable.

We anticipate providing a unqualified audit opinion in respect of the financial statements (see Appendix B). We have also included our anticipated opinion on the Annual Report at Appendix C.

## Key audit and financial reporting issues

### Financial statements opinion

We have identified no adjustments affecting the Fund's reported net assets position in the draft financial statements. The draft financial statements for the year ended 31 March 2017 recorded net assets of £5,565,175k and the audited financial statements record the same outcome.

There were no significant issues arising from our work. The draft financial statements provided to audit were of a high quality and supported by good working papers. The finance team responded promptly and knowledgeably to audit requests and queries. We have, however, recommended a small number of adjustments to improve disclosure and the presentation of the financial statements, further details of which can be seen within section two of this report.

We anticipate providing an unqualified opinion in respect of the Fund's financial statements.

## Controls

### Roles and responsibilities

The Fund's management is responsible for the identification, assessment, management and monitoring of risk, and for developing, operating and monitoring the system of internal control.

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 any control weaknesses, we report these to the Fund.

## **Controls (continued)**

### **Findings**

Our work has not identified any control weaknesses which we wish to highlight for your attention. Further details are provided within section two of this report.

## **The way forward**

Matters arising from the financial statements audit have been discussed with the Director of Finance and Treasury and Investment Manager.

## **Acknowledgement**

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

**Grant Thornton UK LLP**  
July 2017

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## Section 2: Audit findings

01. Executive summary

02. Audit findings

03. Fees, non audit services and independence

04. Communication of audit matters

This section summarises the findings of the audit, we report on the final level of materiality used and the work undertaken against the risks we identified in our initial audit plan. We also conclude on the accounting policies, estimates and judgements used and highlight any weaknesses found as part of the audit in internal controls. As required by auditing standards we detail both adjusted and unadjusted misstatements to the accounts and their impact on the financial statements.

# Materiality

In performing our audit, we apply the concept of materiality, following the requirements of International Standard on Auditing (UK & Ireland) (ISA) 320: Materiality in planning and performing an audit. The standard states that 'misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements'.

As we reported in our audit plan, we determined overall materiality to be £45,390k (being 1% of net assets from the prior year audited accounts). We have considered whether this level remained appropriate during the course of the audit and have revised our materiality upwards to take account of the increase in the Net Assets during 2016-17, which generates a revised materiality of £55,652k (being 1% of net assets from the draft 2016-17 accounts).

We also set an amount below which misstatements would be clearly trivial and would not need to be accumulated or reported to those charged with governance because we would not expect that the accumulated effect of such amounts would have a material impact on the financial statements. We have defined the amount below which misstatements would be clearly trivial to be £2,269k. Our assessment of the value of clearly trivial matters has been adjusted to reflect our revised materiality calculation, which has thus increased to £2,783k.

As we reported in our audit plan, we did not identify any items where we decided that separate materiality levels were appropriate, and have made no changes to this assessment during the course of our audit.



# Audit findings against significant risks

"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty" (ISA(UK&I)315).

In this section we detail our response to the significant risks of material misstatement which we identified in the Audit Plan. As we noted in our plan, there are two presumed significant risks which are applicable to all audits under auditing standards.

	Risks identified in our audit plan	Work completed	Assurance gained and issues arising
1.	<p><b>The revenue cycle includes fraudulent transactions</b></p> <p>Under ISA (UK&amp;I)240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>Having considered the risk factors set out in ISA(UK&amp;I)240 and the nature of the revenue streams at Kent Superannuation Fund, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> <li>• there is little incentive to manipulate revenue recognition</li> <li>• opportunities to manipulate revenue recognition are very limited due to clear separation of duties between the Fund, fund managers and the custodian; and</li> <li>• the culture and ethical frameworks of local authorities, including Kent County Council as the administering authority, mean that all forms of fraud are seen as unacceptable.</li> </ul>	<p>Our audit work has not identified any material issues in respect of revenue recognition.</p>
2.	<p><b>Management over-ride of controls</b></p> <p>Under ISA(UK&amp;I)240 it is presumed that the risk of management over-ride of controls is present in all entities.</p>	<p>We have completed the following work in respect of this risk:</p> <ul style="list-style-type: none"> <li>• review of entity-level controls</li> <li>• testing of journal entries</li> <li>• review of accounting estimates, judgements and decisions made by management</li> <li>• review of unusual significant transactions</li> </ul>	<p>Our audit work has not identified any evidence of management over-ride of controls. In particular the findings of our review of journal controls and testing of journal entries has not identified any significant issues.</p> <p>We set out later in this section of the report our work and findings on key accounting estimates and judgements.</p>

# Audit findings against significant risks continued

We have also identified the following significant risks of material misstatement from our understanding of the entity. We set out below the work we have completed to address these risks.

	Risks identified in our audit plan	Work completed	Assurance gained and issues arising
3.	<p><b>Level 3 Investments – Valuation is incorrect</b></p> <p>Under ISA(UK&amp;I)315 significant risks often relate to significant non-routine transactions and judgemental matters. Level 3 investments by their very nature require a significant degree of judgement to reach an appropriate valuation at year end.</p>	<ul style="list-style-type: none"> <li>• We carried out walkthrough tests of the controls identified in the cycle.</li> <li>• Tested a sample of private equity investments valuations by obtaining and reviewing the latest audited accounts for individual investments and agreeing these to the fund manager reports at that date. Reconciliation of those values to the values at 31 March with reference to known movements in the intervening period.</li> <li>• Reviewed the qualifications of fund managers as experts to value the level 3 investments at year end and gain an understanding of how the valuation of these investments has been reached.</li> <li>• 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.</li> </ul>	<p>Our audit work has not identified any issues around the valuation of the Level 3 Investments reported at year end.</p>

# Audit findings against other risks

In this section we detail our response to the other risks of material misstatement which we identified in the Audit Plan. Recommendations, together with management responses are attached at appendix A.

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
<b>Investment purchases and sales</b>	Investment activity not valid. (Occurrence)  Investment valuation not correct. (Valuation gross)	<b>We have undertaken the following work in relation to this risk</b> <ul style="list-style-type: none"> <li>We have performed a walkthrough to gain assurance that the in-year controls were operating in accordance with our documented understanding.</li> <li>We have reviewed the reconciliation of information provided by the fund managers, the custodian and the Fund's own records and sought explanations for variances.</li> </ul>	Our audit work has not identified any significant issues in relation to the risk identified.
<b>Investment values – Level 2 investments</b>	Valuation is incorrect. (Valuation net)	<b>We have undertaken the following work in relation to this risk:</b> <ul style="list-style-type: none"> <li>We have performed a walkthrough to gain assurance that the in-year controls were operating in accordance with our documented understanding.</li> <li>We have reviewed the reconciliation of information provided by the fund managers, the custodian and the Fund's own records and sought explanations for variances</li> <li>For direct property investments agreed values in total to valuer's report and undertaken steps to gain reliance on the valuer as an expert.</li> </ul>	Our audit work has not identified any significant issues in relation to the risk identified.

# Audit findings against other risks (continued)




Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
<b>Contributions</b>	Recorded contributions not correct (Occurrence)	<p><b>We have undertaken the following work in relation to this risk:</b></p> <ul style="list-style-type: none"> <li>• We have performed a walkthrough to gain assurance that the in-year controls were operating in accordance with our documented understanding.</li> <li>• Controls testing over occurrence, completeness and accuracy of contributions.</li> <li>• Undertook a monthly trend analysis over the contributions received during the year to gain assurance over the completeness of contributions included within the accounts.</li> <li>• Tested a sample of contributions to source data to gain assurance over their accuracy and occurrence.</li> <li>• Rationalised contributions received with reference to changes in member body payrolls and numbers of contributing pensioners and ensured that any unexpected trends were satisfactorily explained.</li> </ul>	Our audit work has not identified any significant issues in relation to the risk identified.
<b>Benefits payable</b>	Benefits improperly computed/claims liability understated (Completeness, accuracy and occurrence)	<p><b>We have undertaken the following work in relation to this risk:</b></p> <ul style="list-style-type: none"> <li>• We have performed a walkthrough to gain assurance that the in-year controls were operating in accordance with our documented understanding.</li> <li>• Controls testing over completeness, accuracy and occurrence of benefit payments.</li> <li>• Undertook a monthly trend analysis over the pension payments made during the year to gain assurance over the completeness of benefits paid included within the accounts.</li> <li>• Rationalised pensions paid with reference to changes in pensioner numbers and increases applied in the year and ensured that any unusual trends were satisfactorily explained.</li> </ul>	Our audit work has not identified any significant issues in relation to the risk identified.

## Audit findings against other risks (continued)

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
<b>Member Data</b>	Member data not correct. (Rights and Obligations)	<p><b>We have undertaken the following work in relation to this risk:</b></p> <ul style="list-style-type: none"><li>• We have performed a walkthrough to gain assurance that the in-year controls were operating in accordance with our documented understanding.</li><li>• Controls testing over annual/monthly reconciliations and verifications with individual members.</li><li>• Sample tested changes to member data for new member, leavers and new pensioners made during the year to source documentation.</li></ul>	Our audit work has not identified any significant issues in relation to the risk identified.

# Accounting policies, estimates and judgements

In this section we report on our consideration of accounting policies, in particular revenue recognition policies, and key estimates and judgements made and included with the Fund's financial statements.

Accounting area	Summary of policy	Comments	Assessment
<b>Revenue recognition</b>	<p>The financial statements include policies for recognition of the following:</p> <ul style="list-style-type: none"> <li>• Investment income</li> <li>• Contribution income</li> <li>• Transfers in to the scheme</li> </ul> <p>Revenue for the first two categories is recognised on an accruals basis, whilst for the third category it is recognised on a cash basis, with the exception of bulk transfers, which are accounted for on an accruals basis in accordance with the terms of the transfer agreement.</p>	<p>Review of your policies for revenue recognition confirms they are in line with the requirements of the CIPFA Code of Practice and cover all the expected areas in accordance with the Fund's activities.</p> <p>Our testing has confirmed that these policies have been correctly and consistently applied.</p>	 <b>Green</b>
<b>Judgements and estimates</b>	<p>Key estimates and judgements include:</p> <ul style="list-style-type: none"> <li>• Valuation of private equity, property and infrastructure investments</li> <li>• Present value of future retirement benefits</li> </ul>	<p>Our review of your key judgements disclosed in the draft financial statements has confirmed they are complete in accordance with our understanding of the Fund. Our testing has confirmed that the accounting policies in relation to these areas are in accordance with the CIPFA Code of Practice and have been correctly and consistently applied.</p>	 <b>Green</b>
<b>Going concern</b>	<p>Officers have a reasonable expectation that the services provided by the Fund will continue for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.</p>	<p>We have reviewed officers' assessment and are satisfied with management's assessment that the going concern basis is appropriate for the 2016/17 financial statements.</p>	 <b>Green</b>

## Assessment

● **Red** - Marginal accounting policy which could potentially attract attention from regulators  
 policy appropriate and disclosures sufficient

● **Amber** - Accounting policy appropriate but scope for improved disclosure

● **Green** - Accounting

# Accounting policies, estimates and judgements continued

Accounting area	Summary of policy	Comments	Assessment
Other accounting policies	We have review ed the Fund's policies against the requirements of the CIPFA Code and accounting standards.	The Fund's accounting policies are appropriate and consistent with previous years.	<div><div></div><div>Green</div></div>

Assessment

Red

 - Marginal accounting policy which could potentially attract attention from regulators

Amber

 - Accounting policy appropriate but scope for improved disclosure

Green

# 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
1.	<b>Matters in relation to fraud</b>	<ul style="list-style-type: none"> <li>We have previously discussed the risk of fraud with the Governance and Audit Committee and have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.</li> </ul>
2.	<b>Matters in relation to related parties</b>	<ul style="list-style-type: none"> <li>From the work we carried out, we have not identified any related party transactions which have not been disclosed.</li> </ul>
3.	<b>Matters in relation to laws and regulations</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>
4.	<b>Written representations</b>	<ul style="list-style-type: none"> <li>A standard letter of representation has been requested from the Fund.</li> </ul>
5.	<b>Confirmation requests from third parties</b>	<ul style="list-style-type: none"> <li>We obtained direct confirmations from your fund managers and custodian for investment balances and from your bank for your cash balances (outside of the cash held by your fund managers). All of these requests have been returned with positive confirmation.</li> </ul>
6.	<b>Disclosures</b>	<ul style="list-style-type: none"> <li>Our review found no material errors or omissions but we have requested management to make some minor amendments to further improve the clarity of the information included within the financial statements.</li> </ul>
7.	<b>Matters on which we report by exception</b>	<ul style="list-style-type: none"> <li>We are required to report by exception where the Pension Fund Annual Report is inconsistent with the financial statements. We have not identified any issues we wish to report.</li> </ul>



# Internal controls

The purpose of an audit is to express an opinion on the financial statements.

Our audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. We considered and walked through the internal controls for Investment Purchases and Sales, Investment Valuations – Levels 2 and 3, Contributions, Benefits Payable, and Member Data as set out on pages 11 to 13 within this report.

The controls were found to be operating effectively and we have no matters to report to the Governance and Audit Committee.

# Adjusted and unadjusted misstatements

We are required to report all non-trivial misstatements to those charged with governance, whether or not the financial statements have been adjusted by management. There were no adjusted or unadjusted misstatements identified as a result of our procedures.

# Misclassifications 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.

Adjustment type		Value £'000	Account balance	Impact on the financial statements
1	Disclosure	n/a	Various notes within the Accounts	Various minor amendments have been made to enhance the clarity of the final version of the accounts.

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## Section 3: Fees, non-audit services and independence

01. Executive summary

02. Audit findings

**03. Fees, non audit services and independence**

04. Communication of audit matters

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

Fees

	Proposed fee per Audit Plan £	Actual fees £
Pension fund scale fee	30,568	30,568
<b>Total audit fees (excluding VAT)</b>	<b>30,568</b>	<b>30,568</b>

The proposed fees for the year were in line with the scale fee set by Public Sector Audit Appointments Ltd (PSAA).

Fees for other services

Service	Fees £
Audit related services	Nil
Non-audit services	Nil

Independence and ethics

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. We have complied with the Auditing Practices Board's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.

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## Section 4: Communication of audit matters

01. Executive summary

02. Audit findings

03. Fees, non audit services and independence

04. Communication of audit matters

# Communication to those charged with governance

International Standards on Auditing (ISA) (UK&I) 260, as well as other ISA(UK&I)s, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

The Audit Plan outlined our audit strategy and plan to deliver the audit, while this Audit Findings report presents the key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

## Respective responsibilities

The Audit Findings Report has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by Public Sector Audit Appointments Limited (<http://www.psa.co.uk/appointing-auditors/terms-of-appointment>).

We have been appointed as the Fund's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England at the time of our appointment. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice issued by the NAO (<https://www.nao.org.uk/code-audit-practice/about-code/>). Our work considers the Fund's key risks when reaching our conclusions under the Code of Audit Practice.

It is the responsibility of the Fund to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Fund is fulfilling these responsibilities.

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	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issues arising during the audit and written representations that have been sought		✓
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	✓	✓
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Non compliance with laws and regulations		✓
Expected modifications to auditor's report		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern		✓

# Appendix A: Audit opinion

We anticipate we will provide the Fund with an unmodified audit report.

## INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF KENT COUNTY COUNCIL

We have audited the superannuation fund financial statements of Kent County Council (the "Authority") for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014 (the "Act"). The superannuation fund financial statements comprise the Fund Account, the Net Assets Statement and the related notes. 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 2016/17.

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Act and as set out in paragraph 43 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 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.

**Respective responsibilities of the Corporate Director of Finance and auditor**

As explained more fully in the Statement of Responsibilities, the Corporate Director of Finance is responsible for the preparation of the Authority's Statement of Accounts, which includes the superannuation fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, which give a true and fair view. Our responsibility is to audit and express an opinion on the superannuation fund financial statements in accordance with applicable law, the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the "Code of Audit Practice") and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the superannuation fund financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the superannuation fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Corporate Director of Finance; and the overall presentation of the superannuation fund financial statements. In addition, we read all the financial and non-financial information in the Authority's Statement of Accounts to identify material inconsistencies with the audited superannuation fund financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing

the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## Opinion on the superannuation fund financial statements

- In our opinion:
- the superannuation fund financial statements present a true and fair view of the financial transactions of the superannuation fund during the year ended 31 March 2017 and of the amount and disposition at that date of the fund's assets and liabilities; and
  - the superannuation fund financial statements have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and applicable law.

## Opinion on other matters

In our opinion, the other information published together with the audited superannuation fund financial statements in the Authority's Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the audited superannuation fund financial statements.

Elizabeth Jackson  
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

30 Finsbury Square  
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EC2P 2YU

XX July 2017

# Appendix B: Proposed audit opinion on the annual report

We anticipate we will provide the Fund with an unmodified audit report

<p><b>Independent auditor’s report to the members of Kent County Council on the consistency of the superannuation fund financial statements included in the superannuation fund annual report</b></p> <p><b>Opinion</b></p> <p>The superannuation fund financial statements of Kent County Council (the "Authority") for the year ended 31 March 2017 which comprise the fund account, the net assets statement and the related notes of the Kent Superannuation Fund are derived from the audited superannuation fund financial statements for the year ended 31 March 2017 included in the Authority's Statement of Accounts (the "Statement of Accounts").</p> <p>In our opinion, the accompanying superannuation fund financial statements are consistent, in all material respects, with the audited financial statements in accordance with proper practices as defined in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and applicable law.</p> <p><b>Superannuation fund annual report - Superannuation fund financial statements</b></p> <p>The superannuation fund annual report and the superannuation fund financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the Statement of Accounts. Reading the superannuation fund financial statements and the auditor's report thereon is not a substitute for reading the audited Statement of Accounts and the auditor's report thereon.</p> <p><b>Who we are reporting to</b></p> <p>This report is made solely to the members of the Authority, as a body, in accordance with Part 5 paragraph 20(5) of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our work has been undertaken so that we might state to the members of the Authority 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.</p> <p><b>The audited financial statements and our Report thereon</b></p> <p>We expressed an unmodified audit opinion on the superannuation fund financial statements in the Statement of Accounts in our report dated xx July 2017.</p>
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<p><b>Director of Corporate Finance’s responsibilities for the superannuation fund financial statements in the superannuation fund annual report</b></p> <p>Under the Local Government Pension Scheme Regulations 2013 the Director of Corporate Finance’s responsibilities of the Authority is responsible for the preparation of the superannuation fund financial statements, which must include the fund account, the net asset statement and supporting notes and disclosures prepared in accordance with proper practices. Proper practices for the superannuation fund financial statements in both the Statement of Accounts and the superannuation fund annual report are set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.</p> <p><b>Auditor's responsibility</b></p> <p>Our responsibility is to express an opinion on whether the superannuation fund financial statements in the superannuation fund annual report are consistent, in all material respects, with the audited superannuation fund financial statements in the Statement of Accounts based on our procedures, which were conducted in accordance with International Standard on Auditing 810 (Revised), Engagements to Report on Summary Financial Statements.</p> <p><i>Signature</i></p> <p>Elizabeth Jackson</p> <p>for and on behalf of Grant Thornton UK LLP, Appointed Auditor</p> <p>30 Finsbury Square London EC2P 2YU</p> <p>xx July 2017</p>
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