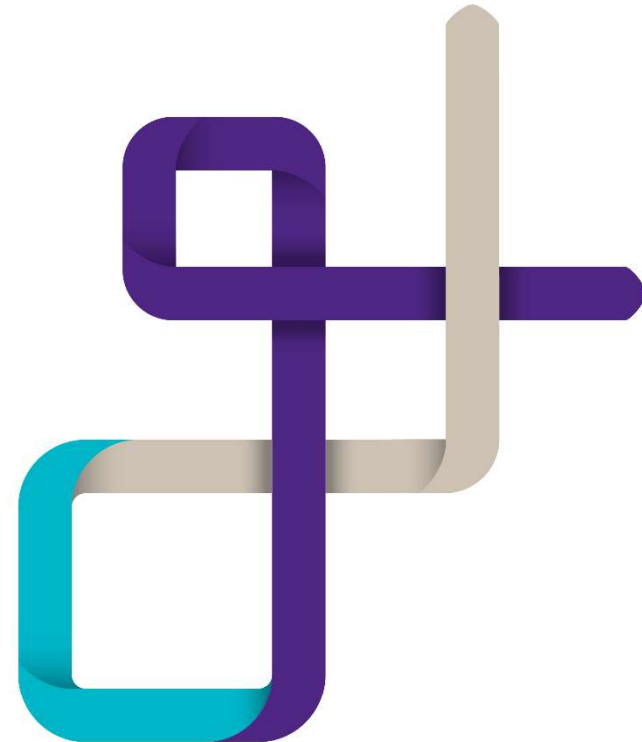


Audit Findings

Year ending 31 March 2018

Cheshire Pension Fund
13 July 2018



Contents



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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.

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Headlines

Introduction

This table summarises the key issues arising from the statutory audit of Cheshire Pension Fund ('the Pension Fund') and the preparation of the Pension Fund's financial statements for the year ended 31 March 2018 for those charged with governance.

Financial Statements	<p>Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:</p> <ul style="list-style-type: none">the Pension Fund's financial statements give a true and fair view of the financial position of the Pension Fund and its income and expenditure for the year, and have been properly prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting.	<p>Our audit work was completed on site during June and July 2018. Our findings are summarised on pages 4 to 12. We have identified no adjustments to the financial statements that have resulted in an adjustment to the Fund's reported financial position. Some minor presentational and disclosure changes were made to enhance disclosures as referred to in Appendix A.</p> <p>Subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Audit & Governance Committee meeting on 25 July 2018, as detailed in Appendix C. These outstanding items include:</p> <ul style="list-style-type: none">- receipt of the management representation letter; and- review of the final set of financial statements.
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Acknowledgements

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.

Summary

Overview of the scope of our audit

This Audit Findings 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.

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.

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;
- controls testing of the benefit payments and member administration systems; and
- substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks.

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Audit & Governance Committee meeting on 25 July 2018, as detailed in Appendix C. These outstanding items include:

- receipt of management representation letter
- review of the final set of financial statements and Annual Report.

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.

Materiality calculations remains the same as reported in our audit plan. We detail in the table below our assessment of materiality for Cheshire Pension Fund.

	Amount (£)	Commentary on Factors
Materiality for the financial statements	49.8m	Headline materiality for the financial statements as a whole is calculated as a percentage of the Net Assets of the Fund. Having undertaken a risk assessment we have used 1% of the benchmark.
Trivial matters	2.5m	Triviality is calculated as a percentage of the materiality for the financial statements as a whole. This has been set at 5% for the 2017/18 audit.

Going concern

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).

Going concern commentary

Management's assessment process

Management has determined that the Fund is a going concern, considering:

- cash flow forecasting across subsequent periods
- review of the latest actuarial valuation
- any communications from relevant Department and Secretary of State.

Auditor commentary

- management of the Fund have concluded that the preparation of the financial statements on a going concern basis remains appropriate
- management's processes for assessing going concern in relation to the Fund are considered adequate.
- key personnel involved and their respective roles are appropriate to the circumstances of the Fund.

Work performed

We have considered the assessment and sought corroborating evidence in support of the conclusion drawn.

Auditor commentary

- we did not identify a material uncertainty in relation to the Fund's ability to continue as a going concern
- management's forecasting shows the Fund will remain cash positive over the period to 2020 without the need to realise asset values to meet benefit obligations (in 2017/18 contributions receivable and investment income are in excess of benefits payable)
- anticipated contributions for the period to 2020 have been modelled as this is set by an independent actuary and current assessment is in force to 2019/20.

Concluding comments

Auditor commentary

- We have considered management's assessment of going concern as the basis for preparing the Fund's accounts. As a result of this work there is no anticipated impact on our audit opinion, and our proposed opinions at Appendix C are unmodified in respect of going concern.

Significant audit risks

Risks identified in our Audit Plan	Commentary
<p>1 Improper revenue recognition</p> <p>Under ISA 240 (UK) there is a 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.</p>	<p>Auditor commentary</p> <p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Pension Fund, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of local authorities, including Cheshire Pension Fund, mean that all forms of fraud are seen as unacceptable. <p>Therefore we do not consider this to be a significant risk for Cheshire Pension Fund.</p>
<p>2 Management override of controls</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.</p> <p>We identified management override of controls as a risk requiring special audit consideration.</p>	<p>Auditor commentary</p> <p>We have:</p> <ul style="list-style-type: none"> • reviewed of accounting estimates, judgements and decisions made by management • tested journal entries using a risk-based sample methodology • reviewed accounting estimates, judgements and decisions made by management • reviewed activity for any unusual significant transactions • reviewed significant related party transactions, particularly for any outside the normal course of business. <p>Our audit work has not identified any issues in respect of management override of controls.</p>

Significant audit risks

Risks identified in our Audit Plan	Commentary
<div data-bbox="71 378 115 422">3</div> <div data-bbox="153 378 730 552">The valuation of Level 3 investments is incorrect Under ISA 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.</div> <div data-bbox="153 581 730 638">We identified the valuation of level 3 investments as a risk requiring special audit consideration.</div>	<div data-bbox="741 378 976 406">Auditor commentary</div> <div data-bbox="741 418 842 446">We have:</div> <div data-bbox="741 459 2028 816"><ul style="list-style-type: none">• confirmed and updated our understanding of the Fund's process for valuing level 3 investments and evaluated the design of the associated controls• reviewed the nature and basis of estimated values and consider what assurance management has over the year end valuations provided for these types of investments• considered the competence, expertise and objectivity of management experts used• reviewed the qualifications of the experts (fund managers & custodian) to value Level 3 investments at year end, and gain an understanding of how the valuation of these investments has been reached• for a sample of investments, tested the valuations reflected in the financial reporting of the Fund 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; reconciling those values to the values at 31 March 2018 with reference to known movements in the intervening period.</div> <div data-bbox="741 829 2028 886">The testing undertaken has not identified any errors or adjustments required. The estimation processes for deriving the value of the relevant assets is considered appropriate.</div> <div data-bbox="741 899 1604 922">We have no concerns over the valuation of such assets being materially incorrect.</div>

Reasonably possible audit risks

Risks identified in our Audit Plan

Commentary

4

Contributions

Contributions from employers and employees' represents a significant percentage of the Fund's revenue.

We therefore identified occurrence and accuracy of contributions as a risk requiring particular audit attention.

Auditor commentary

We have undertaken the following work in relation to this risk:

- evaluated the Fund's accounting policy for recognition of contributions for appropriateness
- updated our understanding of the Fund's system for accounting for contribution income and evaluated the design of the associated controls
- tested a sample of contributions to source data to gain assurance over their accuracy and occurrence
- rationalised contributions received with reference to changes in member body payrolls and the number of contributing pensioners to ensure that any unusual trends are satisfactorily explained.

We have no issues to bring to the committee's attention in respect of this area.

5

Pension Benefits Payable

Pension benefits payable represents a significant percentage of the Fund's expenditure.

We identified completeness of pension benefits payable as a risk requiring particular audit attention:

Auditor commentary

We have undertaken the following work in relation to this risk:




- evaluated the Fund's accounting policy for recognition of pension benefits expenditure for appropriateness
- updated our understanding of the Fund's system for accounting for pension benefits expenditure and evaluated the design of the associated controls
- tested a sample of individual pensions in payment by reference to member files
- rationalised pensions paid with reference to changes in pensioner numbers and increases applied in year to ensure that any unusual trends are satisfactorily explained.

We have no issues to bring to the committee's attention in respect of this area.

Reasonably possible audit risks

Risks identified in our Audit Plan	Commentary
<div data-bbox="71 378 117 423">6</div> <p>The valuation of Level 2 investments is incorrect</p> <p>While level 2 investments do not carry the same level of inherent risks associated with level 3 investments, there is still an element of judgement involved in their valuation as their very nature is such that they cannot be valued directly.</p> <p>We identified valuation of level 2 investments as a risk requiring particular audit attention.</p>	<p>Auditor commentary</p> <p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none">• gained an understanding of the Fund's process for valuing Level 2 investments and evaluate the design of the associated controls• evaluated the nature and basis of estimated values and considered what assurance management has over the year end valuations provided for these types of investments• reviewed the reconciliation of information provided by the pension fund's/individual fund manager's custodian and the Pension Scheme's own records and sought explanations for variances• considered the competence, expertise and objectivity of any management experts used• for direct property investments agree values in total to valuer's report and undertake steps to gain reliance on the valuer as an expert• evaluated the qualifications of the expert Savills to value the direct property investments at year end and gained an understanding of how the valuation of these investment has been reached. <p>We have no issues to bring to the committee's attention in respect of this area.</p>

Accounting policies

Accounting area	Summary of policy	Comments	Assessment
Revenue recognition	<p>The financial statements include policies (Note 3) for recognition of the following:</p> <ul style="list-style-type: none"> • 3(a) Contribution income – recognised on an accruals basis, receipts in advance are accounted for as income • 3(b) Transfers to and from other schemes – 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. • 3(c) Investment income: <ul style="list-style-type: none"> - interest income – recognised on accruals basis - dividend income – recognised when shares are quoted - distribution from pooled funds – recognised at date of issue - property related income – rental income recognised on straight line basis over period of lease - movement in net market value of investments – recognise realised and unrealised profits over financial year. 	<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 these policies have been correctly and consistently applied.</p>	 (green)
Judgements and estimates	<p>Key estimates and judgements include:</p> <ul style="list-style-type: none"> • Pension Fund Liability – present value of future retirement benefits • Valuation of investments - unquoted and infrastructure investments. 	<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.</p> <p>Our testing has confirmed 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>	 (green)
Other critical policies		<p>We have reviewed the Pension Fund's other policies against the requirements of the CIPFA Code of Practice. The Pension Fund's accounting policies are appropriate and consistent with previous years.</p>	 (green)

Assessment

- Marginal accounting policy which could potentially be open to challenge by regulators
- Accounting policy appropriate but scope for improved disclosure
- Accounting policy appropriate and disclosures sufficient

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	Matters in relation to fraud	<ul style="list-style-type: none"> We have previously discussed the risk of fraud with the Audit & Governance Committee. We have not been made aware of any significant incidents in the period and no other issues have been identified during the course of our audit procedures.
2	Matters in relation to related parties	<ul style="list-style-type: none"> We are not aware of any related parties or related party transactions which have not been disclosed.
3	Matters in relation to laws and regulations	<ul style="list-style-type: none"> 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.
4	Written representations	<ul style="list-style-type: none"> A standard letter of representation has been requested from the Pension Fund, which is included in the Audit & Governance Committee papers.
5	Confirmation requests from third parties	<ul style="list-style-type: none"> We requested from management permission to send confirmation requests to all Fund Managers, the Custodian, and all other relevant service providers. This permission was granted and the requests were sent. All of these requests were returned with positive confirmation.

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
6	Disclosures	<ul style="list-style-type: none">• Our review found no material disclosure omissions in the financial statements.
7	Significant difficulties	<ul style="list-style-type: none">• We did not experience any difficulties in conducting the audit which we would like to bring to the Committee's attention.
8	Matters on which we report by exception	<ul style="list-style-type: none">• 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 propose to issue our 'consistency' opinion on the Pension Funds Annual Report on 25 July 2018.

Independence and ethics

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 Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, 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 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 December 2017 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix B.

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. The following non-audit services were identified.

Service		
Audit related	£	Description and Impact
• IAS 19 Assurance to other auditors	1,964	The IAS 19 Assurances fees relate to our responsibilities in providing written assurance (on controls over information provided by the Pension Fund to the actuary) to PSAA appointed auditors of admitted bodies. The provision of these assurances does not impact on our assessment that that we are independent and are able to express an objective opinion on the financial statements.

The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the Pension Fund / Administering Authority's policy on the allotment of non-audit work to your auditors. All services have been approved by the Audit & Governance Committee.

None of the services provided are subject to contingent fees.

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 that impact on the key statements and the reported net expenditure for the year.

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 omission	Detail	Auditor recommendations	Adjusted?
Minor presentational items	<ul style="list-style-type: none"> A number of minor presentational changes and corrections were made. 	<ul style="list-style-type: none"> A number of minor presentational changes and improvements were identified, but confirmed with management that these will be picked up as part of the final updates and checks for publishing. <p>Management response</p> <ul style="list-style-type: none"> The Fund have made all necessary amendments and these have been confirmed to the final draft of the financial statements. 	✓
Events After the Reporting Date	<ul style="list-style-type: none"> During June it was confirmed that one of the tenants of the Fund's property portfolio had served notice to terminate the lease and seek reduce rental charges until cessation. 	<ul style="list-style-type: none"> Management made us aware of this issue as soon as it came to light. We have liaised with the Fund to assist in their consideration of whether this is an adjusting or non-adjusting event. We also confirmed in discussions with the Fund's management that they would seek appropriate professional assessment of the impact on the valuation of the affected property from the Fund's external property valuer. <p>Management response</p> <ul style="list-style-type: none"> The Fund have confirmed that the issue represents a non-adjusting event, and have included an enhanced disclosure on Events after the Reporting Date in respect of this issue. The Fund have confirmed that the financial impact is immaterial. 	✓

Fees

We confirm below our final fees charged for the audit and provision of non-audit services.

Audit Fees

	Proposed fee	Final fee
Pension Fund Audit	£29,342	£29,342
Total audit fees (excluding VAT)	£29,342	£29,342

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

Non-audit Fees

Fees for other services	Fees
Audit related services:	
• IAS 19 Assurance to other auditors	£1,964
	£1,964

Audit opinion

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

Independent auditor's report to the members of Cheshire West and Chester Council on the pension fund financial statements

Opinion

We have audited the pension fund financial statements of Cheshire West and Chester Council (the 'Authority') for the year ended 31 March 2018 **set out on pages ** to **** 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 2017/18.

In our opinion the pension fund financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2018 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;
- have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2017/18; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the pension fund of the Authority in accordance with the ethical requirements that are relevant to our audit of the pension fund financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

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 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 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Chief Operating Officer's use of the going concern basis of accounting in the preparation of the pension fund financial statements is not appropriate; or
- the Chief Operating Officer has not disclosed in the pension fund financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the pension fund financial statements are authorised for issue.

Other information

The Chief Operating Officer is responsible for the other information. The other information comprises the information included in the Statement of Accounts set out on pages ****xx to xx****, the Narrative Report, the **Annual Governance Statement and the Annual Report**, other than the pension fund financial statements, our auditor's report thereon and our auditor's report on the Authority's financial statements. Our opinion on the pension fund financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the pension fund financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the pension fund financial statements or our knowledge of the pension fund of the Authority obtained in the course of our work or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the pension fund financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice)

In our opinion, based on the work undertaken in the course of the audit of the pension fund financial statements the other information published together with the pension fund financial statements in the Statement of Accounts, **the Narrative Report, the Annual Governance Statement and the Annual Report** for the financial year for which the pension fund financial statements are prepared is consistent with the pension fund 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 have reported a matter 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 have made 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 have exercised any other special powers of the auditor under the Local Audit and Accountability Act 2014.

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

Responsibilities of the Authority, the Chief Operating Officer and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Responsibilities **set out on page(s) x to x**, 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 Operating Officer. The Chief Operating Officer is responsible for the preparation of the Statement of Accounts, which includes the pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2017/18, which give a true and fair view, and for such internal control as the Chief Operating Officer determines is necessary to enable the preparation of pension fund financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the pension fund financial statements, the Chief Operating 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 the pension fund lacks funding for its continued existence or when policy decisions have been made that affect the services provided by the pension fund.

The Audit Committee is Those Charged with Governance.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the pension fund financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an

audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these pension fund financial statements.

A further description of our responsibilities for the audit of the pension fund financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

To be signed

John Farrar
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

4 Hardman Square
Spinningfields
Manchester
M3 3EB

To be dated

Annual Report Consistency Audit Report

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

Independent auditor's report to the members of Cheshire West and Chester Council on the consistency of the pension fund financial statements included in the Pension Fund Annual Report

Opinion

The pension fund financial statements of Cheshire West and Chester Council (the "Authority") for the year ended 31 March 2018 which comprise the Fund Account, the Net assets statement and the notes to the financial statements, including a summary of significant accounting policies, of Cheshire Pension Fund are derived from the audited pension fund financial statements for the year ended 31 March 2018 included in the Authority's Statement of Accounts (the "Statement of Accounts").

In our opinion, the accompanying pension 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 2017/18 and applicable law.

Pension Fund Annual Report - Pension fund financial statements

The Pension Fund Annual Report and the pension 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 pension 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.

Who we are reporting to

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.

The audited financial statements and our Report thereon

We expressed an unmodified audit opinion on the pension fund financial statements in the Statement of Accounts in our report dated XXX.

Chief Operating Officer's responsibilities for the pension fund financial statements in the Pension Fund Annual Report

Under the Local Government Pension Scheme Regulations 2013 the 'Chief Financial Officer' of the Authority is responsible for the preparation of the pension 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 pension fund financial statements in both the Statement of Accounts and the Pension Fund Annual Report are set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2017/18.

Auditor's responsibility

Our responsibility is to express an opinion on whether the pension fund financial statements in the Pension Fund Annual Report are consistent, in all material respects, with the audited pension 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.

To be signed

John Farrar

for and on behalf of Grant Thornton UK LLP, Appointed Auditor
4 Hardman Square
Spinningfields
Manchester
M3 3EB

To be dated



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