

The Audit Findings for West Midlands Pension Fund

Year ended 31 March 2021

West Midlands Pension Fund
September 2021



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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.

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1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of West Midlands Pension Fund ('the Pension Fund') and the preparation of the Pension Fund's financial statements for the year ended 31 March 2021 for those charged with governance.

Under the Council's governance arrangements the Audit and Risk Committee are determined to be 'Those Charged with Governance' but we have determined to communicate with the Pensions Committee given its role in oversight of the production of the Pension Fund Annual Report (including the financial statements).

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 position of the Pension Fund and its income and expenditure for the 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 remotely during June-September. Our findings are summarised on pages 4 to 14. As outlined in Appendix C, we have proposed no adjusting entries as a result of our audit work. We have also raised recommendations for management as a result of our audit work in Appendix A. Our follow up of recommendations from the prior year's audit are detailed in Appendix B.

Our work is now substantially complete and there are no matters of which we are aware that would require modification of our audit opinions [Appendix E] or further material changes to the financial statements, subject to completion of the matters the following outstanding matters:

- receipt of management representation letter;
- completion of audit procedures in a small number of non-material areas (such as investment management expenses);
- resolution of final internal quality review issues on key estimate areas (Level 3 investments); and
- review of the final set of financial statements.

We have concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and the financial statements we have audited.

We have identified £76m of valuation differences (£65m extrapolated uncertainty in Level 3 assets and £11m quantifiable timing difference in Level 3 assets managed by LGPS Central) between the accounts and final fund manager statements (pages 7, 9 and 10).

The sums are not material individually or in aggregate. Management are proposing not to adjust for the valuation differences on the basis that they do not materially affect the financial statements. The extrapolated uncertainty cannot be adjusted for and is also not material.

In addition, we identified some minor changes to disclosure notes and clarifications of critical judgments.

The Audit and Risk Committee will be asked to confirm its agreement with management's proposal not to adjust through the Letter of Representation. The Pensions Committee is asked to confirm its agreement as part of its reporting to the Audit and Risk Committee.

We have made two recommendations for improvement in Appendix A in respect of:

- putting in place formal Terms of Engagement with the Fund's direct property valuer, and,
- working better with ourselves and investment managers so that we can obtain independent confirmation of year end investor statements.

Our anticipated audit report opinion at this stage will be unmodified.

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 the chair of the Pensions 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.

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;
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks
- Use of auditor's experts to provide assurances in areas relating to significant estimates such as direct property holdings and the insurance buy in.

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 and Risk Committee meeting on 29 September 2021. These outstanding items include:

- receipt of management representation letter;
- completion of audit procedures in a small number of non-material areas (such as investment management expenses);
- resolution of final internal quality review queries on key estimate areas (Level 3 investments); and
- review of the final set of financial statements.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff. As highlighted within our audit plan presented to the Audit and Pensions Committees earlier in the year, the impact of the pandemic has meant that both your finance team and our audit team faced audit challenges again this year, such as remote access to financial systems, video calling, verification of the completeness and accuracy of information provided remotely produced by the entity and similar challenges relating to pandemic working conditions.

In particular, the Fund provided significant support in helping to obtain a large quantity of investment confirmations.

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.

Materiality levels remain the same as reported in our audit plan on 25 March 2021.

We detail in the table below our determination of materiality for West Midlands Pension Fund.

	Pension Fund Amount (£m)	Qualitative factors considered
Materiality for the financial statements	165.0	Per the audit plan, we set materiality based on a proportion of net assets as at 31 December 2020. We have continued to update our assessment of materiality at the final accounts stage, however we determined that the this benchmark remained appropriate.
Performance materiality	115.5	Based on the internal control environment at the Fund we determined that 70% of headline materiality would be an appropriate benchmark.
Trivial matters	8.25	We deem matters below 5% of materiality to be sufficiently trivial not to warrant drawing to the attention of the Committee



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
<p>Management override of controls</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that management override of controls is present in all entities. The Pension Fund faces external scrutiny of its spending and stewardship of funds and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of controls, in particular journals, management estimates and transactions outside of the course of normal business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We have:</p> <ul style="list-style-type: none"> • evaluated the design effectiveness 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 <p>Our audit work has not identified any issues in respect of management override of controls.</p>
<p>The revenue cycle includes fraudulent transactions (rebutted)</p> <p>Under ISA (UK) 240, there is a rebuttable 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>As external auditors in the public sector, we are also required to give regard to Practise Note 10, which interprets the ISA in a public sector context and directs us to consider whether the assumption also applies to expenditure.</p>	<p>Having considered the risk factors set out in ISA 240 and the nature of the revenue streams at the Fund, we have determined that the risk of fraud arising from revenue and expenditure recognition can be rebutted, because:</p> <ul style="list-style-type: none"> - there is little incentive to manipulate revenue and expenditure recognition - opportunities to manipulate revenue and expenditure recognition are very limited; and - the culture and ethical frameworks of local authorities, including the administering authority for the Fund, City of Wolverhampton Council means that all forms of fraud are seen as unacceptable. <p>Therefore we do not consider this to be a significant risk for West Midlands Pension Fund.</p>

2. Financial Statements - Significant risks

Risks identified in our Audit Plan

Valuation of Level 3 Investments (Annual revaluation)

The Fund revalues its investments on an annual basis to ensure that the carrying value is not materially different from the fair value at the financial statement 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 by their very nature 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 values of these assets.

We therefore identified valuation of Level 3 investments as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.

Commentary

We have:

- evaluated management's processes for valuing Level 3 investments
- reviewed the nature and basis of estimated values and consider what assurance management has over the year end valuations provided for these types of investment to ensure that the requirements of the Code are met;
- independently requested year-end confirmations from investment managers, with an additional focus on ensuring use of appropriate International Private Equity and Venture Capital Valuation (IPEV) Guidelines (or equivalent) methodology in their valuation books, updated for most recent available guidance in relation to Covid 19;
- for a sample of investments, tested the valuation by comparing the valuation per the General Ledger (typically based on an investor statement as at the reporting date or, in the case of harder to value assets, the latest capital statement available adjusted for known cash movements in the final quarter of the year) to direct confirmation of capital balance from Investment Managers and, where available, latest audited financial statements;
- completed sample testing of purchases and sales to prime documentation across the period to support our reconciliation of opening and closing balances;
- engaged the Firm's internal Actuary to provide assurance over the ITA Pension Fund insurance buy-in (see page 10).

As a result of a lag in the valuations process for hard to value investments, we estimate a £65m understatement of the value of Level 3 assets (alongside a similar £11m quantifiable understatement on L3 assets managed by LGPS Central to give a total variance of £76m). This is a function of the reporting process as opposed to a control weakness on the Fund's part and is not an unusual finding in pension fund audits. The size of the variance noted this year is indicative of bullish markets following a significant decrease in the value of investment assets in response to the pandemic in the prior period.

Furthermore, we experienced some difficulty in obtaining independent investment confirmations for approximately 1.5% of our level 3 sample (approximately £36m in value). We do not deem this to be a material risk and with the assistance of staff at the Fund have now been able to perform alternative procedures over the balance. We have provided further context and made a recommendation in respect of potential improvements in Appendices C and A respectively. Furthermore, it should also be contextualised that this represents 3 confirmations from a sample size of over 100.

Our work in this area is substantially complete, pending completion of the Firm's internal quality reviews.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan

Valuation of Directly Held Property (Level 3 investment) (Annual revaluation)

The Fund revalues its directly held property on an annual basis to ensure that the carrying value is not materially different from the fair value at the financial statements date. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (approximately £1bn) and the sensitivity of this estimate to changes in key assumptions.

Management engage the services of a valuer to estimate the value at the balance sheet date as well as an investment manager for the portfolio.

We have therefore identified valuation of directly held property assets, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatements.

Commentary

We have:

- evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work;
- independently requested year-end confirmations/valuations from the investment manager;
- evaluated the competence, capabilities and objectivity of the valuation expert, engaging an auditor's expert to assist;
- written to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the CIPFA Code are met;
- challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding.

Our work in this area is complete and we have no material issues to report to the Committees. We have made a recommendation in relation to putting in place a formal Terms of Engagement with the external valuer at Appendix A.



2. Financial Statements – key judgements and estimates

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

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
<p>Level 3 Investments (net of direct property holdings and insurance buy in, which are discussed separately) – £2,706m</p> <p>This investments, typically relating to unquoted investments and pooled investment vehicles, are not traded on an open exchange and the valuation of the investment is highly subjective due to a lack of observable inputs. In order to determine the value, management rely on the valuations provided by experts employed by the private equity funds or similar vehicles in which the Fund invests.</p>	<p>These investments are not traded on an open exchange and the valuation of the investment is highly subjective due to a lack of observable inputs. In order to determine the value, management typically rely on the valuations expertise of investment managers, supported by the Fund's own advisors and analysis of performance against the market and expectations. The value of the investment has increased by £95m in 2020/21, largely due to the improvement of market conditions following a significant fall in value in response to the pandemic in 2019/20.</p>	<p>As detailed in the previous section, we noted an estimated £65m (2.4% of Level 3 assets and 0.34% of total investment assets) understatement of assets in this area and a quantifiable £11m variance in relation to assets managed by LGPS Central stemming from the timing differences between valuation of assets and accounts production. This is not an unusual finding in relation to pension funds and the size of this is in relation to the market volatility which has occurred over last two accounting periods.</p> <p>However, our review of management's process for arriving at and accounting for the estimate did not suggest any control or process weaknesses and we are satisfied that the process is appropriate and assumptions not subject to undue optimism or management bias.</p>	<p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious</p>
<p>Direct property holdings – £1,014m</p> <p>As above, the Fund has investments in direct property totalling over £1bn in 2020/21. These assets are hard to value and are therefore held at level 3 in the Fair Value hierarchy, representing a significant estimate for the Fund.</p>	<p>Management forms its estimates of the valuation by placing reliance on the valuations expertise of its external valuer. The valuer provides quarterly investor statements which provide a valuation of the full portfolio held by the Fund.</p> <p>Management acknowledges the possibility of other appropriate valuations by providing a sensitivity analysis within its financial instrument disclosures. The value of the investment has increased by approximately £50m in year, largely due to additional acquisitions and a slight recovery of the market following the impact of the Covid 19 pandemic on the wider property and specifically retail markets.</p>	<p>In response to the risk of material misstatement stemming from this estimate, Grant Thornton has engaged an independent auditor's expert to assess the methodology and assumptions used by managements expert as well as performing our own review of the capabilities and competence of the expert and consideration of the results of their work against national indices to look for any unusual movements, which were then subject to further detailed audit testing.</p> <p>Our work is complete in this area and we have no issues we wish to bring to the attention of the Committee.</p>	<p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious</p>

Assessment

- [Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] 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
- [Light Purple] 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
<p>Level 2 Investments – £4,204m</p> <p>The Pension Fund have investments in unquoted bonds and pooled investments that cannot easily be reconciled to valuations recorded on an open exchange as the valuation of the investments involves some subjectivity. In order to determine the value, management rely on the information which they are given from the various fund managers.</p>	<p>As with Level 3 investments, management typically relies on valuation information provided by expertise proved by its fund managers, supported by assessment against the market and expectations by its advisors. This area of the accounts has experienced a significant (approximately £800m) uplift in valuation as a result of the bullish markets following a significant decrease in value in the previous year as a result of the pandemic.</p>	<p>Management's processes here are in line with our expectations and we are satisfied that their process for arriving at and accounting for the estimate is appropriate and not subject to undue optimism or bias.</p>	<p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious</p>
<p>Insurance buy-in</p> <p>A bulk annuity insurance buy-in was put in place in 2012/13 as part of the ITA Pension Fund's risk strategy. This has now transferred to the West Midlands Pension Fund following the merger.</p>	<p>This cover means that the insurer underwrites the risk of meeting the future liabilities relating to West Midlands Travel Ltd. Pensioners on the payroll at 11 August 2011 in return for a one-off premium. This buy-in is valued within the financial statements at £200m. The balance is highly subjective due to a lack of observable inputs. In order to determine the value, management have engaged their Actuary, Barnett Waddingham. The value of this asset has declined by £29m in 2020/21 as a result of changes in demographic and actuarial assumptions in year.</p>	<p>Management's process for arriving at this value is based around usage of an external expert to determine the value. Grant Thornton have performed an assessment of the competence and capabilities of the expert, as well as engaging our own expert to calculate an independent estimate of the valuation as well as review the methodology and assumptions employed by management's expert.</p> <p>Our auditor's expert arrived at a very similar (within all trivial aspects) position as the Fund's expert and determined that the methodology and assumptions employed were reasonable and appropriate. On that basis we are satisfied that management's processes for calculating and accounting for the estimate are appropriate and free from undue optimism or management bias.</p>	<p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious</p>

Assessment

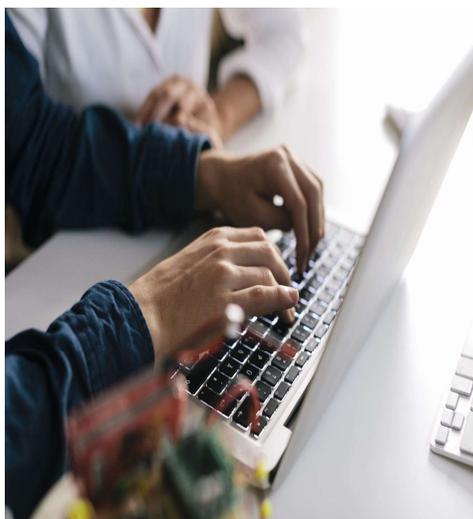
- **Dark Purple** We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- **Blue** We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- **Grey** We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- **Light Purple** We consider management's process is appropriate and key assumptions are neither optimistic or cautious

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 Pensions and Audit and Risk Committees. We have not been made aware of any instances of material fraud 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 Pensions Committee papers. Specific representations have been requested from management in respect of the outstanding investment confirmations referred to in Appendices A and C.

2. Financial Statements - other communication requirements



Issue	Commentary
Confirmation requests from third parties	We requested from management permission to send confirmation requests to the Fund's banking and investment management partners. This permission was granted and the requests were sent. The vast majority of these requests were independently returned to us with positive confirmation, however a small number of requests were not received so we undertook alternative procedures, including a review of online portals to confirm evidence of balances as at the balance sheet date. Further details of this are provided later in the report and a recommendation is made at Appendix A.
Accounting practices	We have evaluated the appropriateness of the Pension Fund's accounting policies, accounting estimates and financial statement disclosures. Our review found no material omissions in the financial statement. A small number of disclosure changes have been discussed with management – this is not deemed a material issue and further details are provided in the report.
Audit evidence and explanations/ significant difficulties	Aside from the investment confirmations referred to above, all information and explanations requested from management was provided.

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	<p>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:</p> <ul style="list-style-type: none"> 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 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. <p>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:</p> <ul style="list-style-type: none"> 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 management’s going concern assessment. <p>On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none"> a material uncertainty related to going concern has not been identified 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
Disclosures	No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect.
Matters on which we report by exception	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. Due to statutory deadlines the Pension Fund Annual Report is not required to be published until 1 December 2021 and therefore this report has not yet been finalised. We have therefore not given this separate opinion at this time (but have included a draft at Appendix F).



3. 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

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix D

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 which were charged from the beginning of the financial year to the report date, as well as the threats to our independence and safeguards that have been applied to mitigate these threats.

Service	Fees £	Threats identified	Safeguards
Non-audit Related			
IAS19 procedures for other bodies admitted to the pension fund.	9,250	Self-interest	This is a recurring fee and therefore poses a potential self-interest threat. However, the level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work of £9,250, in comparison to the total fee for the audit and in particular to Grant Thornton UK's overall turnover. Furthermore, the work is on audit related services, which the Fund's auditor would typically be best placed to provide. It is a fixed fee with no contingent element. These factors all mitigate the perceived self interest threat to an acceptable level.

These services are consistent with the Pension Fund's policy on the allotment of non-audit work to your auditors. All services have been approved by the Pensions Committee. None of the services provided are subject to contingent fees.

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 [Transparency report 2020 \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/transparency-report-2020)

Appendices

A. Action plan – Audit of Financial Statements

We have identified 2 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 2021/22 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.

Assessment	Issue and risk	Recommendations
● Low – Best practice	Our auditor’s external expert noted that there is no formal Terms of Engagement between the Fund and its external property Valuer.	<p>We recommend that a formal Terms of Engagement with the Fund’s external property valuer is introduced in future periods.</p> <p>Management response</p> <p>There is a contract for services currently in place between the Fund and its property valuer under the Local Authority Frameworks arrangement however, the Fund will work to agree a more specific Terms of Engagement with the provider for future periods.</p>
● Medium – Limited Effect on financial statements	<p>We struggled to independently obtain direct investment confirmations from a small number of investment managers representing around 1.5% of our level 3 sample (approximately £36m in value). The Fund holds copies of the statements sent to them but auditing standards require us to independently obtain confirmations to help mitigate the potential risk of fraudulent reporting. The Fund has also put considerable time and effort in looking to help us resolve this matter and we have been able to perform alternative procedures in this area. However, independent verifications will remain an on-going audit requirement in future years.</p> <p>Controls</p> <ul style="list-style-type: none"> ● High – Significant effect on financial statements ● Medium – Limited Effect on financial statements ● Low – Best practice 	<p>We wish to work with the Fund to put in place improved arrangements for future years. As part of this we would ask the fund to:</p> <ul style="list-style-type: none"> • consider making the independent provision of statements to external auditors in a timely manner part of future contracts or investment manager agreements so that it can be part of KPIs, and • either engage directly or through its advisers with relationship managers at their Investment Managers to ensure they are aware of the importance to the audit process of providing independent investment confirmations in future periods. <p>Management response</p> <p>The Fund understands the importance for the audit process of obtaining independent confirmations from its appointed investment managers and has worked proactively in recent years to improve the response rate and procure such confirmations on behalf of the external audit team.</p> <p>As part of future investment management agreements, the Fund will seek to agree KPIs for the independent provision of statements to external auditors in a timely manner and highlight the importance to the audit process of providing investment confirmations.</p> <p>To reaffirm the independence of this audit procedure, enhance monitoring and control over receipt and content and align with normal practice, the Fund recommends requests to investment managers for independent confirmations in future periods are made directly by the external auditor.</p>

B. Follow up of prior year recommendations

We identified the following issues in the audit of West Midlands Pension Fund's 2019/20 financial statements, which resulted in 3 recommendations being reported in our 2019/20 Audit Findings report. We are pleased to report that management have implemented all of our recommendations.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p>During the audit we noted a number of cases where employers used an incorrect Future Service Rate to calculate employer's contributions. In total employers had applied a lower FSR rate which amounted to a net £150k overpayment of contributions.</p> <p>We recommended that the Fund look into ways to build in controls to UPM to notify employers of the error at the point of remittance.</p>	<p>Management have investigated and resolved instances of this occurring. We noted no such instances during our 2020/21 audit.</p>
✓	<p>As a result of the option to pre-pay Future and Past Service Contributions, this now results in frequent, substantial year on year variances on contributions receivable which present a challenge to the auditor in assessing completeness of the population.</p> <p>We recommended that the Fund enhance procedures around reconciling notional contribution values (based on expected values in real time per actual pensionable pay) to actual cash received and extend this concept to third party confirmations from member employers.</p>	<p>Despite being the first year of a new three-year cycle following a triennial valuation and therefore including a significant uplift in contributions receivable, we noted no issues in obtaining reconciliation documents from the client and third party confirmation procedures were considerably improved.</p>
✓	<p>Audit procedures performed in relation to cash balances identified a small cash balance being held in a Fund bank account (and accounted for using the Fund's General Ledger system) which does not form part of the Fund's financial structure.</p> <p>We recommended that the Fund set up a separate bank account and sub ledger accounting system to monitor the cash balance in question.</p>	<p>We note that the entity in question now has a separate bank account. The WMPF ledger system still contains transactions relating to third party entities, however we were able to obtain a WMPF only Trial Balance and exclusion of cost centres relating to third parties for completeness purposes was not an onerous task.</p>

Assessment

- ✓ Action completed
- X Not yet addressed

C. 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 adjusting entries arising from our audit procedures.

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	Auditor recommendations	Adjusted?
Minor adjustments to the Financial Instruments note to ensure inclusion of narrative required by the Code.	Fund finance staff should ensure they regularly review draft accounts against the Code to ensure compliance.	Yes
Further clarification required on critical judgements note.	Fund finance staff should amend wording to make clearer what judgements have been made in each case.	Yes

C. Audit Adjustments

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2020/21 audit which have not been made within the final set of financial statements. The Pensions and Audit Committees are 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
The extrapolated outcome of sample testing on Level 3 investment assets suggests a £65m understatement of the value in the accounts due to timing differences in the valuation process (further detail provided at the estimates section of this report). There was a further quantifiable £11m variance noted on Level 3 assets managed by LGPS Central, related to a similar timing issue.	(76)	76	76	Not a material misstatement. Nature of valuations means there is always a time delay in some assets.
Overall impact	(76)	76	76	

Impact of prior year unadjusted misstatements

The table below provides details of adjustments identified during the prior year audit which had not been made within the final set of 2019/20 financial statements

Detail	Pension Fund Account £m	Net Asset Statement £m	Impact on total net assets £m	Reason for not adjusting
A similar issue was noted in the prior period resulting in a £33m understatement on Level 3 assets. Owing to the time delay in valuations, these valuations were updated in Q1 20/21 and therefore there is no cumulative impact of this in the current year.	33	(33).	(33)	Reason for not adjusting in 2019/20 as above.
Overall impact	33	(33)	(33)	



D. 2020/21 Fees

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

	Proposed Fee 2020/21	Final Fee 2020/21
West Midlands Pension Fund Audit PSAA Scale Fee	£37,436	£37,436
Ongoing increases to scale first identified in 2019/20 (price adjusted)		
Raising the Bar/Regulatory Factors	£3,500	
Valuation of Level 3 Financial Investments	£2,750	
Additional Procedures on Direct Property Investments	£2,750	
Appointment of Property Valuation Specialist	£1,500	
Insurance Buy-in – use of auditor’s valuation expert	£1,400	
On-going 2019/20 Fee Variation	£11,900	£11,900
New Issues for 2020/21		
Impact of ISA 540 on PSAA Scale Fee	£8,000	£8,000
Impact of ISA 240/700 on PSAA Scale Fee	£3,000	£3,000
Local risk factors – auditor’s derivatives valuation expert	£800	£800
Total audit fees for Pension Fund Audit (excluding VAT)	£61,136	£61,136
Non-audit fees for other services		
Audit Related Services	0	0
Other [IAS19 letters to auditors in 2020/21]	£9,250	£9,250
Total non-audit fees (excluding VAT)	£9,250	£9,250
Total audit fees	£70,386	£70,386

Details of variations in final fees from the financial statements;

The fees reconcile to the financial statements as follows:

- Fees per financial statements: £68,980
- Less 2019/20 Covid 19 surcharge (£7,295)
- Additional £8,701 variance between estimated fee and final fee (per scoping letter)
- total fees £70,386 per table.

D. Confirmation of 2019/20 Fees

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

Statutory Audit Fee		Planned Fee 2019/20	Final Fee 2019/20
West Midlands Pension Fund Audit PSAA Scale Fee		£37,436	£37,436
Raising the Bar/Regulatory Factors	£3,500		
Valuation of Level 3 Financial Investments	£2,750		
Additional Procedures on Direct Property Investments	£2,750		
Insurance Buy-in	£1,400		
Planned for IFRS 16 work but used for GT expert on Derivative Valuations	£800	£11,200	£11,200
Proposed 2019/20 Fee Variation		£48,636	£48,636
Additional 2019/20 Variations			
Appointment of Auditor's Property Valuation Expert			£1,250
Impact of Covid-19			£7,295
Total audit fees for Pension Fund Audit (excluding VAT)		£48,636	£57,181
Non-audit fees for other services		Planned Fee 2019/20	Final Fee 2019/20
Audit Related Services (Review of Unitisation of ITA Pension Fund)		£5,000	£5,000
Other [IAS19 letters to auditors in 2019/20]		£9,250	£9,250
Total non-audit fees (excluding VAT)		£14,250	£14,250
Total audit fees		£62,886	£71,431

Details of variations in final fees from our audit plan

We set out our expectation that there would be an additional fee requirement for the 2019/20 audit, compared to the scale fee published by PSAA, of £11,200 to a total of £48,636 (an increase of 30% based on a scale fee of £37,436). This was reflected in our Audit Plan dated March 2020.

The subsequent COVID 19 pandemic had a further significant impact on the cost of us as auditors discharging our responsibilities. As a result of the additional work a further uplift to the fee was proposed resulting in a proposed fee for 2019/20 of £7,295 (a variation to our proposed fee of 15%).

Subsequently, we concluded the audit on 30 November 2020. We proposed a final fee of £57,181 which included the adjustments noted above and an additional charge of £1,250 in relation to the appointment of an auditor's expert in respect of our work on the Fund's direct property holdings.

The main reasons for the further variation relate to the disruption caused by COVID - 19, impacting both on your closedown procedures and our ability to audit remotely; as well as the additional audit considerations including in respect of asset valuations. These meant that like you, we incurred considerable extra costs. Across all firms, only 45% of local government audits were signed off by the target date of 30 November, which indicates the scale of the challenge involved.

E. Audit opinion

Our draft audit opinion is included below. We anticipate we will provide the Pension Fund with an unmodified audit report

Independent auditor's report to the members of City of Wolverhampton Council on the pension fund financial statements of West Midlands Pension Fund

Opinion

We have audited the financial statements of West Midlands Pension Fund (the 'Pension Fund') administered by City of Wolverhampton Council (the 'Authority') for the year ended 31 March 2021 which comprise the Pension 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 2020/21.

In our opinion, the financial statements:

- give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2021 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 properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21; 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, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. 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 Authority in accordance with the ethical requirements that are relevant to our audit of the Pension Fund's 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.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Director of Finance's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Pension Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Pension Fund to cease to continue as a going concern.

In our evaluation of the Director of Finance's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 that the Pension Fund's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Pension Fund. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority in the Pension Fund financial statements and the disclosures in the Pension Fund financial statements over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Pension Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

E. Audit opinion

Our draft audit opinion is included below. We anticipate we will provide the Pension Fund with an unmodified audit report

In auditing the financial statements, we have concluded that the Director of Finance's use of the going concern basis of accounting in the preparation of the Pension Fund financial statements is appropriate.

The responsibilities of the Director of Finance with respect to going concern are described in the 'Responsibilities of the Authority, the Director of Finance and Those Charged with Governance for the financial statements' section of this report.

Other information

The Director of Finance 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, our auditor's report thereon, and our auditor's report on the Authority's **and group's** financial statements. Our opinion on the Pension Fund's 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's 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's financial statements or our knowledge of the Pension Fund obtained in the audit 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 the 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 (2020) 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's financial statements and our knowledge of the Pension Fund, the other information published together with the Pension Fund's financial statements in the Statement of Accounts, for the financial year for which the 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 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.

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

E. Audit opinion

Our draft audit opinion is included below. We anticipate we will provide the Pension Fund with an unmodified audit report

Responsibilities of the Authority, the Director of Finance and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Responsibilities set out on page XX 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 Director of Finance. The Director of Finance 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 2020/21, for being satisfied that they give a true and fair view, and for such internal control as the Director of Finance 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 Director of Finance 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 there is an intention by government that the services provided by the Pension Fund will no longer be provided.

The Audit and Risk Committee is Those Charged with Governance for the Pension Fund. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the Pension Fund's 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 financial statements.

A further description of our responsibilities for the audit of the 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.

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 extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Pension Fund and determined that the most significant, which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks (international accounting standards as interpreted and adapted by the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Public Service Pensions Act 2013, The Local government Pension Scheme Regulations 2013 and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.
- We enquired of senior officers and the Pensions Committee, concerning the Authority's policies and procedures relating to:
 - the identification, evaluation and compliance with laws and regulations;
 - the detection and response to the risks of fraud; and
 - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of senior officers and the Pensions Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

E. Audit opinion

Our draft audit opinion is included below. We anticipate we will provide the Pension Fund with an unmodified audit report

- We assessed the susceptibility of the Pension Fund's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls and any other fraud risks identified for the audit. We determined that the principal risks were in relation to:
 - journal entries posted by senior officers, with no description and post year end;
 - the valuation of level 3 investments
 - Our audit procedures involved:
 - evaluation of the design effectiveness of controls that the Director of Finance has in place to prevent and detect fraud;
 - journal entry testing;
 - challenging assumptions and judgements made by management in its significant accounting estimates in respect of level 3 investments;
 - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
 - These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
 - The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and expenditure recognition,
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's.
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
 - knowledge of the local government pensions sector
 - understanding of the legal and regulatory requirements specific to the Pension Fund including:
 - the provisions of the applicable legislation
 - guidance issued by CIPFA, LASAAC and SOLACE
 - the applicable statutory provisions.
 - In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the Pension Fund's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
 - the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

E. Audit opinion

Our draft audit opinion is included below. We anticipate we will provide the Pension Fund with an unmodified audit 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 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.

[Signature]

Grant Patterson, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

Birmingham

September 2021

F. Annual Report Audit opinion

Our draft audit opinion on the consistency of the pension fund accounts in the Council's financial statements with those in the Annual is included below. We anticipate we will provide the Pension Fund with an unmodified audit report

Independent auditor's report to the members of City of Wolverhampton Council on the consistency of the pension fund financial statements of West Midlands Pension Fund included in the Pension Fund Annual Report

Opinion

The pension fund financial statements of West Midlands Pension Fund (the 'pension fund') administered by City of Wolverhampton Council (the "Authority") for the year ended 31 March 2021 which comprise the Fund Account, the Net Assets Statement and the notes to the pension fund financial statements, including a summary of significant accounting policies are derived from the audited pension fund financial statements for the year ended 31 March 2021 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 2020/21 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.

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 XX September 2021.

Director of Finance's responsibilities for the pension fund financial statements in the Pension Fund Annual Report

Under the Local Government Pension Scheme Regulations 2013 the Director of Finance 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 20120/21.

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.

Use of our report

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 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.

Grant Patterson, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor
Birmingham

