

General Enquiries of Management

Question	Management response
1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2020/21?	The 2020/21 financial statements will be prepared in accordance with the Accounting Code of Practice. Accounting policies have been reviewed and no significant updates for the accounts are expected
2. Have you considered the appropriateness of the accounting policies adopted by Gloucestershire County Council and Pension Fund? Have there been any events or transactions that may cause you to change or adopt new accounting policies?	GCC- There are no changes to accounting policies proposed for 2020/21. Pension Fund – There are no changes to accounting policies proposed for 2020/21.
3. Is there any use of financial instruments, including derivatives?	Yes, details of our use of financial instruments will be give within the relevant notes to the accounts.
4. Are you aware of any significant transaction outside the normal course of business?	GCC – No significant transactions other than additional activities due to the ongoing impact of the Covid 19 Pandemic. Pension Fund – As part of the ongoing transition, assets of £363m were transferred to the management of the Brunel Pension Partnership from Blackrock, Hermes, CBRE and Standard Life GARS.
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets?	Not at the moment, although if appropriate changes will be identified in the accounts and notes
6. Are you aware of any guarantee contracts?	Yes – Pension guarantee contracts. Details will be given in the accounts
7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements?	GCC- Nothing material known. The Statement of Accounts clearly sets out the Councils policies and approach to both contingent liabilities and reserves.

	<p>Pension Fund – A former employer has applied for a Judicial Review in relation to the payment of cessation surplus citing Northampton County Council. An assessment of the legal challenge and the implications of the case has been made and it is not felt appropriate at the current time to make any financial provisions within the 2020-21 Statement of Accounts. The situation is being monitored accordingly.</p>
<p>8. Other than in house solicitors, can you provide details of those solicitors utilised by Gloucestershire County Council and Pension Fund during the year. Please indicate where they are working on open litigation or contingencies from prior years?</p>	<ul style="list-style-type: none"> • Sharpe Pritchard • Bevan Brittan • Anthony Collins • Freeths • Geldards • Eversheds. <p>Pension Fund – Pinsent Mason – historic reclaim of tax on foreign dividends, Osborne Clarke – dealing with the solicitors acting on behalf of a former employer bringing a judicial review on the payment of cessation surplus. Osborne Clarke has also drawn up some Admission Agreements for employers joining the Fund.</p> <p>Insurance Services response: Insurance Services use of external solicitors is as follows:</p> <ul style="list-style-type: none"> - Wansbroughs, Northgate House, Devizes, SN10 1JX - Browne Jacobson, Victoria House, Victoria House Square, Birmingham, B2 4BU - Weightmans, St Philips Point, Birmingham, B2 5AF - BLM, 63 Temple Row, Birmingham, B2 5LS <p>Cases would involve both types</p>
<p>9. Have any of the Gloucestershire County Council and Pension Fund's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements?</p>	<p>Pension Fund –No</p> <p>ARA Shared Service response: Although there have been reported cases of fraud these would not be classed as material and would therefore not affect the financial statements.</p> <p>Fraud/irregularity case review outcomes are reported to the Audit and Governance Committee, through the Internal Audit Progress Reports and the Annual Internal Audit Report. Both report types are published on the Council website.</p>

<p>10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?</p>	<p>During 2020/21 the Council has used a number of advisors covering a wide range of service areas. A list of advisors can be prepared from our main financial system on request</p> <p>Pension Fund – MJ Hudson, Independent Advisor to the Fund – Investment issues. Hymans Robertson, Actuary – Funding issues , AON – Pension Governance</p> <p>ARA response: PS Tax (in respect of Gloucestershire Fire and Rescue Service regarding use of provided emergency vehicles and tax implications with effect from April 2020, due to changes in HMRC rules- This dialogue continued into 2020/21)</p>
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Fraud risk assessment

<p>1. Have Gloucestershire County Council and Pension Fund assessed the risk of material misstatement in the financial statements due to fraud? How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process? How do the County Council and Pension Fund's risk management processes link to financial reporting?</p>	<p>Effective External and Internal Audit.</p> <p>Risk assurance model in place i.e. The Three Lines of Defence Model.</p> <p>Governance assurance framework / process in place, which informs the statements made within the Annual Governance Statement and any improvement actions identified. Framework based on the CIPFA / SOLACE Delivering Good Governance in Local Government 2016, which includes assurances on the seven principles of good governance, from Service Heads, Lead Commissioners as well as Directors, Lead Cabinet Member review and Head of Paid Service, Monitoring Officer and Chief Financial Officer oversight and challenge.</p> <p>Audit and Governance Committee's role is to advise on the adequacy and effectiveness of the Council's corporate governance arrangements, risk management processes and internal control environment.</p> <p>Pension Fund - Robust – regular reviews by Internal Audit</p>
<p>2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?</p>	<p>Fraud risk assessment – Inherent risks identified include payroll, procurement, contracting, treasury management, pension payments, access to cash and third party payments.</p> <p>Areas of risks where previous fraud / irregularity identified are included within the annual Internal Audit plans to review the effectiveness of the financial control environment.</p> <p>Financial risk mitigated via good internal financial controls/ annual internal audit review of key financial systems (based on risk).</p> <p>Insurance – Fidelity Guarantee policy which provides fraud cover for all GCC employees plus additional cover for those employees deemed to be a high risk to the council from a financial perspective.</p>

	<p>Pension Fund -Altair System, Pensions Payroll, Pension Transfers.</p> <p>ARA response – County wide: Based on 2020/21 counter fraud/irregularity review - procurement, direct payments, and schools.</p>
<p>3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within Gloucestershire County Council and Pension Fund as a whole or within specific departments since 1 April 2020?</p> <p>As a management team, how do you communicate risk issues (including fraud) to those charged with governance?</p>	<p>Yes. All such allegations are investigated by Internal Audit and reported to the Statutory Officers Group: Head of Paid Service (Chief Executive), Monitoring Officer (Director of Policy, Performance and Governance), Chief Financial Officer (Executive Director of Corporate Resources) and the Director responsible for HR (Director of People), and key outcomes reported to the Audit and Governance Committee.</p> <p>Pension Fund – No</p> <p>The Head of Paid Service, Monitoring Officer and Chief Financial Officer are made aware and fully briefed by Internal Audit on all such activity.</p> <p>Quarterly update reports highlighting key fraud / irregularity outcomes to Audit and Governance Committee.</p> <p>Annual Governance Statement, the revised Local Code of Corporate Governance (which includes a self-assessment against the seven key principles of good governance, one specifically relating to risk management) plus the assurance statement framework / process, Annual Report on Internal Audit activity and the Annual Report on Risk Management Activity.</p> <p>The above includes assurances on good governance from Service Heads, Lead Commissioners as well as Directors, Lead Cabinet Member review and Head of Paid Service, Monitoring Officer, Chief Financial Officer and Corporate Management Team (CoMT) oversight and challenge.</p> <p>The Pension Fund maintains and reviews its Risk Register on an ongoing basis and presents it at every quarterly meeting of the Pension Committee. The risk register is also reviewed by the Pension Board every six months. Risks are communicated broadly under four headings; Financial, Funding/Demography, Administration and Governance. Risks are categorised through consideration of likelihood and impact and a summary of changes during the period since the last review are always highlighted to the Committee's attention.</p> <p>ARA response: Yes, these are reported to the Council's Statutory Officers, plus the Director responsible for HR, in monthly fraud and irregularity updates. Outcomes are also reported to the Audit & Governance Committee through the Internal Audit Progress Reports and the Annual Internal Audit Report.</p> <p>The fraud risk register is approved by the Executive Director of Corporate Resources, Director of Finance and the Audit & Governance Committee. The Strategic risk register is owned, reviewed and agreed by the Corporate Leadership Team (CLT). It is reported to Overview and Scrutiny Committee as a whole and the high scoring risks are then reported to Cabinet.</p>

<p>4. Have you identified any specific fraud risks?</p> <p>Do you have any concerns there are areas that are at risk of fraud?</p> <p>Are there particular locations within Gloucestershire County Council and Pension Fund where fraud is more likely to occur?</p>	<p>Please refer to the Annual Governance Statement 20/21, which includes the key governance improvement actions identified, the Local Code of Corporate Governance, plus the assurance gathering framework / process (which is based on the CIPFA / SOLACE seven key principles of good governance), Annual Report on Internal Audit Activity, outcomes of the governance arrangements operating within the Pension Fund and the Annual Report on Risk Management Activity.</p> <p>Please note that the reviews have not yet been finalised or AGS written and will not be finalised until the end of May 2021, therefore the above 'may' change. However, reasonable assurance can be provided in respect of the financial control environment and the pension fund's internal control processes.</p> <p>ARA response: Yes – see the latest Fraud Risk Register.</p> <p>Procurement is a specific risk where non-compliance with procurement rules and regulations may lead to fraud, especially where collusion takes place.</p> <p>Direct payments are inherently at risk of fraud as funds are provided to individuals to manage their own care arrangements. However, to mitigate this all new, and the majority of existing cases, are now provided with a payment card account which the Council is able to monitor more closely.</p> <p>Schools, due to their autonomy and potential lack of separation of duties, especially in smaller schools, may result in a higher likelihood of procurement fraud.</p> <p>No specific locations within the Pension Fund, where fraud is more likely to occur, have been identified other than the Pension Fund not being notified on the death of a pensioner and payments continue.</p>
<p>5. What processes do Gloucestershire County Council and Pension Fund have in place to identify and respond to risks of fraud?</p>	<p>GCC- Governance / Risk / Control Frameworks are in place (in accordance with national guidance) to enable the identification and response to the risk of fraud.</p> <p>Counter Fraud and Corruption Policy Statement and Strategy (2020-2023), Anti Bribery Policy, Money Laundering Policies all in place.</p> <p>Corporate Risk Management Policy Statement and Strategy and associated toolkits and guidance clearly states financial and fraud risks are key categories of risk to be considered when delivering outcomes.</p> <p>Refreshed and reinvigorated whistleblowing policy in place.</p>

	<p>The Counter Fraud Team within Internal Audit has received 12 new referrals in 2020/21, to date, and also continued to work on 6 cases from previous years. The service areas of the cases referred to Internal Audit within 2018/19 to date are categorised as follows: Adults (3); Children Services (3); Community Safety (1); Economy, Environment and Infrastructure (4); and Corporate resources (1).</p> <p>All referrals to IA within 2020/21 are being / have been reviewed and/or investigated.</p> <p>Monthly updates on fraud/irregularities provided by Internal Audit to the three Statutory Officers: Head of Paid Service, Chief Financial Officer and Monitoring Officer, plus the Director responsible for HR.</p> <p>ARA response: Counter-Fraud and Corruption Policy Statement and Strategy 2020-2023 (which includes the Fraud Response Plan, Anti Bribery Policy and Anti Money Laundering Policy); Whistle blowing policy; notifications of current fraud risks from the National Anti Fraud Network and City of London Police ; plus information sharing by the Midland Counties fraud group, all of which are used to identify potential fraud areas and details are passed onto the appropriate service area.</p> <p>Reported irregularity/fraud cases are reviewed by the ARA Counter Fraud team and reported to Statutory Officers and Audit & Governance Committee accordingly.</p>
<p>6. How do you assess the overall control environment for Gloucestershire County Council and Pension Fund, including:</p> <ul style="list-style-type: none"> the existence of internal controls, including segregation of duties; and the process for reviewing the effectiveness the system of internal control? <p>If internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)?</p>	<p>GCC is a member (via Internal Audit) of National Anti Fraud Network (NAFN). The Council is regularly notified of fraud aimed at other members and subsequently the appropriate service areas are made aware of these fraud risks, such as the E Service Centre, Strategic Finance and schools via Schoolsnet, What's Up Gov or Heads Up newsletters.</p> <p>Chief Internal Auditor / Internal Audit is a member of peer groups such as Midland Counties and Districts Chief Auditor Group and Local Authority Chief Internal Auditors Group to share good practice, benchmarking etc.</p> <p>Participants in the Cabinet Office National Fraud initiative (NFI).</p> <p>Dedicated Counter Fraud specialists within Internal Audit (professionally qualified).</p> <p>Pension Fund -Robust control systems are in place to prevent fraud. Irregularities identified in recent years, mostly th have not been classified as fraud necessarily – most relate to non-notification of death but in the majority of cases the pensi already been stopped. Only one case of suspected fraud has been identified in recent years, whereby a family memb to receive their mother's pension after her death, although the suspect subsequently died before sanctions could be ta</p> <p>ARA response: Please see the Chief Internal Auditor opinion for 2019/20 and the Internal Audit Progress Report assur outcomes to date in 2020/21. The Chief Internal Auditor opinion for 2020/21 will be completed as part of the Annual In Report.</p> <p>The above is supported by Effective External and Internal Audit, through which internal controls and segregation of dur during planned audits.</p>

	<p>Risk assurance model in place i.e. The Four Lines of Defence Model.</p> <p>Governance assurance framework / process in place, which informs the statements made within the Annual Governance and any improvement actions identified. Framework based on the CIPFA / SOLACE Delivering Good Governance in Local Government 2016, which includes assurances on the seven principles of good governance, from Service Heads, Lead Commissioners as well as Directors, Lead Cabinet Member review and Head of Paid Service, Monitoring Officer and Chief Financial Officer oversight and challenge.</p>
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7. Are there any areas where there is potential for misreporting?	ARA response: None known
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<p>8. How do Gloucestershire County Council and Pension Fund communicate and encourage ethical behaviours and business processes of its staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud?</p> <p>Have any significant issues been reported?</p>	<p>The whistle blowing policy and Employee Code of Conduct is owned by the Monitoring Officer.</p> <p>Rolled out an e-learning package to all staff about whistleblowing.</p> <p>Asked specific questions regarding Whistleblowing in the annual staff survey, which showed increased awareness.</p> <p>In addition, the AGS assurance gathering process requests management assurances that staff are aware of the required ethical conduct behaviours.</p> <p>All potential concerns re fraud/irregularities are required to be notified under the Council's confidential reporting procedure 'Whistleblowing'</p> <p>The Head of Paid Service, Monitoring Officer and Chief Financial Officer are made aware and fully briefed on all such activity.</p> <p>ARA response: Employee code of conduct which is published/publicised on the intranet as well as on the County Council website.</p> <p>Through the Council's whistle blowing policy. This is available via the Fraud and Whistleblowing Staffnet webpages. Awareness campaigns have also been completed to promote the area.</p> <p>Any that might arise, although not just fraud necessarily – unethical behaviour for example or if anything just '<i>doesn't seem right</i>'.</p> <p>Reports have been made, although not considered to be significant in terms of monetary value.</p>
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<p>9. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p>	<p>ARA response: Potentially, any post which is responsible for procurement of both goods & services and those relevant to Treasury Management.</p> <p>Budget management process and controls, overview of financial spend by Strategic Finance and Budget Holders/Managers, publishing of payments over £500, etc.</p>
<p>10. Are you aware of any related party relationships or transactions that could give rise to instances of fraud?</p> <p>How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>ARA response: Potentially, a recent case identified within schools but as this is currently under investigation / progress it has not been reported to the Audit & Governance Committee, although this is likely to be reported soon.</p> <p>Requirement to annually declare any conflict of interest, pecuniary or otherwise by all staff , specifically those with the potential to influence decisions. NFI review of reports, which identifies relationships through reports on payroll to payroll, payroll to creditors (including bank accounts) and payroll to company directors.</p>
<p>11. What arrangements are in place to report fraud issues and risks to the Audit and Governance Committee ?</p> <p>How does the Audit and Governance Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control?</p> <p>What has been the outcome of these arrangements so far this year?</p>	<p>Internal Audit provide quarterly update reports highlighting key fraud / irregularity outcomes to Audit and Governance Committee.</p> <p>Quarterly corporate performance reports to Cabinet bring together monitoring information on performance, finance and risk for the authority.</p> <p>ARA response: Quarterly (Internal Audit Progress Reports) and annual (Annual Internal Audit Report) reports are produced for the Audit and Governance Committee. The Chief Internal Auditor also has direct access to the Chair of the Audit & Governance Committee to discuss any issues that need to be reported immediately.</p> <p>The quarterly and annual reports to the Committee include summary paragraphs on all internal audit activity. The service lead of those audits which are of limited assurance are required to attend the Committee for challenge and update on progress against the audit recommendations raised.</p> <p>The Committee responses to the above arrangements in 2020/21, to date, have been positive. The Audit & Governance Committee published papers evidence reporting to Committee, questions re. audit outcomes, management update to Committee where limited assurance on control has been given and then agreement of Committee for audit follow up to be completed on these areas.</p> <p>Examples of this in 2020/21 include the GFRS follow-up review of limited assurance reports emanating from 2018/19 and 2019/20, most of which the management response requirements have now been actioned .</p>

<p>12. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?</p>	<p>Yes, all have been followed-up, in which ARA has been involved. All referrals notified have been dealt with under the Council's Whistleblowing policy, which has been refreshed and reaffirmed during 2018/19 and 2019/20.</p> <p>The three statutory officers: Head of Paid Service, Monitoring Officer, Chief Financial Officer and the Director for HR are made aware and fully briefed on all such activity.</p> <p>Pension Fund – No</p> <p>ARA response: Individuals are encouraged/supported to follow the Council's whistle blowing policy, where it is relevant/required. Whistleblowing complaints have been received in 2020/21 and appropriately reviewed/actioned in line with procedure.</p>
<p>13. Have any reports been made under the Bribery Act?</p>	<p>GCC -No, Pension Fund – No</p> <p>ARA response: One potential case identified within schools, but the Police/CPS have not followed this through under the Bribery Act but have reviewed it under a potential fraud under the fraud Act 2006.</p>

Impact of laws and regulations

Question	Management response
<p>1. How does management gain assurance that all relevant laws and regulations have been complied with? What arrangements does Gloucestershire County Council and Pension Fund have in place to prevent and detect non-compliance with laws and regulations? Are you aware of any changes to the County Council and Pension Fund's regulatory environment that may have a significant impact on the County Council and Pension Fund's financial statements?</p>	<p>No we are not aware of any changes in the regulatory framework and the 2020/21 Financial statements will be prepared in accordance with the relevant accounting code of practice.</p> <p>Pension Fund – No we are not aware of any changes in the regulatory framework and the 2020-21 Financial statements will be prepared in accordance with the relevant accounting code of practice. Officers attend Brunel Pension Partnership and regional officer group meetings.</p> <p>ARA response: The Annual Internal Audit Plan contains a breadth of audit and consultancy work across the Council services and Council wider areas. Dependent on the agreed audit scope, some audits will review compliance against regulations. Outcomes from the internal audit work are reported to Audit & Governance Committee through the Internal Audit Progress Reports and the Annual Internal Audit Report.</p>
<p>2. How is the Audit and Governance Committee provided with assurance that all relevant laws and regulations have been complied with?</p>	<p>ARA response: The Annual Internal Audit Plan contains a breadth of audit and consultancy work across the Council services and Council wider areas. Dependent on the agreed audit scope, some audits will review compliance against regulations. Outcomes from the internal audit work are reported to Audit & Governance Committee through the Internal Audit Progress Reports and the Annual Internal Audit Report.</p>

<p>3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2020 with an on-going impact on the 2020/21 financial statements?</p>	<p>ARA response: Not specific to the financial statements. Please refer to the 2020/21 Internal Audit Progress Report audit outcomes reported to Audit & Governance Committee to date.</p>
<p>4. Is there any actual or potential litigation or claims that would affect the financial statements?</p>	<p>The Council does have negligence / liability claims, however, Insurance Services commission an actuarial review of the Council's reserves and provisions based on the Council's risk profile (as a minimum triennially).</p> <p>However, this may be carried out more frequently if the Council's risk profile alters significantly which in turn influences the level of funds required to pay claims.</p> <p>The council's insurance programme is based on the Council's risk profile and reviewed and updated accordingly with MARSH, our insurance brokers annually.</p> <p>Insurance Services: Claims/potential claims are reported to Statutory Officers monthly. Reports for 20/21 can be shared with external audit.</p>
<p>5. What arrangements does Gloucestershire County Council and Pension Fund have in place to identify, evaluate and account for litigation or claims?</p>	<p>Pension Fund- Likelihood of success v cost Operated in accordance with Regulations and policies</p> <p>All insurance claims that are received are recorded on the claims management / recording system (Figtree) and estimates held on each using all of the available information.</p> <p>Liability claims are handled externally by insurers who provide us with the estimate that they consider appropriate. Any cases that are litigated are then taken on by external solicitors who review the case, which would include the level of the estimate being held. Any payments made are recorded on the same Claims recording system and paid via the council's SAP financial management system.</p> <p>ARA response: Insurances Services has a claims management system which records all claims against the Council. This includes the financial information against each claim including payments and estimates. These are reviewed at monthly finance meetings</p>
<p>6. Have there been any report from other regulatory bodies, such as HM Revenues and Customs which indicate non-compliance?</p>	<p>No, in terms of any instances of non-compliance with laws or regulations, however, there is an on going value for money in relation to previous year's accounts,</p> <p>Pension Fund – No</p>

Related Parties

Question	Management response
<p>1. Have there been any changes in the related parties including those disclosed in Gloucestershire County Council and Pension Fund 's 2019/20 financial statements?</p> <p>If so please summarise:</p> <ul style="list-style-type: none"> • the nature of the relationship between these related parties and Gloucestershire County Council and Pension Fund • whether Gloucestershire County Council and Pension Fund has entered into or plans to enter into any transactions with these related parties • the type and purpose of these transactions 	<p>Each member of the Pension Committee and County Council members are required to disclose their interests at the start of each meeting. Directors and Members complete an annual formal declaration, confirming their situation in relation to Related Party Transactions</p>
<p>2. What controls does Gloucestershire County Council and Pension Fund have in place to identify, account for and disclose related party transactions and relationships?</p>	<p>Pension Fund - Each member of the Pension Committee and Pension Board are required to disclose their interests at the start of each meeting. Members and senior staff are also asked to respond annually confirming their situation in relation to Related Party Transactions. Transactions and relationships are disclosed in the Notes to the Pension Fund Accounts and within the Pension Fund Annual Report.</p> <p>Similar arrangements to the above exist for GCC</p>
<p>3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?</p>	<p>GCC & Pension Fund – segregation of duties and authorisation by appropriate members of staff</p>
<p>4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?</p>	<p>GCC & Pension Fund – segregation of duties and authorisation by appropriate members of staff</p>

Accounting Estimates - General Enquiries of Management

Question	Management response
1. What are the classes of transactions, events and conditions, that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?	Pension Fund – Level 3 market valuations GCC valuations of Property Plant & Equipment; Financial Instruments; deferred pension liabilities See separate return for more information.
2. How does the councils and pension fund risk management process identify and addresses risks relating to accounting estimates?	Pension Fund –Categorises investments depending on whether it's market value is based on observable market data. GCC- Discuss/review with Professional advisors as appropriate to ensure full compliance with accounting standards and full disclosures are made.
3. How do management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?	Pension Fund –Fund Level accounting is performed by the appointed managers, independent middle office or appointed administrator. Ongoing valuations provided by General Partner tracked by Colmore and provided to the Custodian for record keeping.
4. How do management review the outcomes of previous accounting estimates?	Pension Fund – Tracked via ongoing updated quarterly valuations
5. Were any changes made to the estimation processes in 2020/21 and, if so, what was the reason for these?	Pension Fund - No
6. How do management identify the need for and apply specialised skills or knowledge related to accounting estimates?	Pension Fund –Through an outsourced private market administrator receiving and processing monthly/quarterly valuations and providing FAIR service validation overlay

<p>7. How does the [Trust/CCG/Authority/pension fund] determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?</p>	<p>Pension Fund – In conjunction with the Brunel Pension Partnership the required control activities are identified. This includes the controls relevant to service providers.</p>
<p>8. How do management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?</p>	<p>Pension Fund – Through detailed reporting received from the Brunel Pension Partnership</p>
<p>9. What is the nature and extent of oversight and governance over management’s financial reporting process relevant to accounting estimates, including:</p> <ul style="list-style-type: none"> • Management’s process for making significant accounting estimates • The methods and models used • The resultant accounting estimates included in the financial statements. 	<p>Pension Fund – See Point 8 above</p>
<p>10. Are management aware of transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)?</p>	<p>Pension Fund - No</p>
<p>11. Are the management arrangements for the accounting estimates, as detailed in Appendix A reasonable?</p>	<p>Pension Fund - Yes</p>
<p>12. How is the Audit Committee provided with assurance that the arrangements for accounting estimates are adequate ?</p>	

Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Land and buildings valuations	All non school building assets not covered in this years full valuation, have been reviewed and will be revalued using the BCIS % increases	All building assets not included in the main full valuation	Review and % changes provided by our internal valuation team	Any non school asset with significant works during 18/19 have also been picked in full valuation list and not part of the review. BCIS most appropriate form of estimate	No, this method has been used in previous years.

	from Q2 2018 to Q4 2019			for building assets	
Investment property valuations	N/A				
Depreciation	Straight line as per our SOA policy	Asset over £1m split over 4 component parts, host, land, services & externals and depreciated at varying rates as per our SOA policy	Internal Valuation Team used for any changes to useful lives if necessary.	Pension Fund – N/A	No, this method has been used in previous years
Valuation of defined benefit net pension fund liabilities	Liabilities valued on an IAS19 basis and rolled forward from the last triennial valuation as at March 2019-	Expert advice obtained on the assumptions to be applied	The Pension Fund's Actuary	Produced in accordance with accounting standard	No, this method has been used in previous years
Level 2 investments (Pension Fund)	Closing bid price where bid and offer prices are published. Closing single price where single price published	Fund accounting is performed by State Street and signed off by Alternative Investment Fund Manager (Fundrock)	Investment managers and custodian	Oversight through monthly KPI's and deep due diligence is sufficient, this includes reviews of State Street SOC1	No, this method has been used in previous years
Level 3 investments (Pension Fund)	Various methods based on type of asset, closing bid prices, comparable valuation of similar companies, market values based on current yields, independent valuation using discounted cash flow methodology, company's ability to make payments and it's earnings.	Fund level accounting is performed by the appointed managers, independent middle office or appointed administrator. Ongoing valuations provided by General Partner tracked by Colmore and provided to State Street for	Investment managers and custodian	Oversight through appointed specialist middle office (Colmore), which is oversights by Brunel (inc. Colmore SOC1)	No, this method has been used in previous years

		record keeping			
Fair value estimates	Pension Fund - Estimate of the value which the investments could be realised within a reasonable timeframe	See above – Level 2 and 3 investments	Pension Fund - Investment managers and custodian	See above – Level 2 and 3 investments	Pension Fund - No, this method has been used in previous years
Provisions	Review of existing contract/partnership arrangements assessment of potential liabilities and probability of payment being made payable.		In house staff assessment	All liabilities are fully accounted for in the triennial valuation	No as used in previous years
Accruals	Discussions with Budget holders and service delivery staff to review existing contract arrangements in identifying all outstanding accruals that were payable during 2019-20, and provide estimate of amount outstanding.	Contract information evidence checking that accruals are appropriate.	In house staff		Same process as in previous financial years
(LGPS) Actuarial gains/losses – Pension Fund	The actuarial gains and losses figures are calculated by the actuarial expert the Council and Pension Fund. These figures are based on making % adjustments to the closing values of assets/liabilities.				No – same as previous years but based on the 2019 triennial valuation of the Fund.

Finance lease liabilities					
Measurement of financial instruments	Review market values or fair value of investments and loans applicable during the financial year	Summary of all financial instruments maintained	Advice from the Council's treasury management advisors Arlingclose Ltd using their standard templates available for all clients. Pension Fund – Investment Managers and Custodians	<p>Material Valuation Uncertainty: The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.</p> <p>Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. So our valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case.</p>	Same process as in previous financial years.

				<p>Based on the pricing date shown in the reports from CBRE, and based on our knowledge of reporting arrangements for “alternatives” we believe that the valuations relating to another £127m may change.</p> <p>Pension Fund – The Pension Fund will identify any investments valued on the Material Valuation Uncertainty basis.</p>	
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