**NOT PROTECTIVELY MARKED – for public release** **Agenda Item No.**

**JOINT INDEPENDENT AUDIT COMMITTEE**
**10 JUNE 2020**

14

| SUBJECT | **ACTUARIAL ASSUMPTIONS 2019/20** |
|---|---|
| REPORT BY | **CHIEF FINANCE OFFICER OPCC AND FORCE CHIEF FINANCE OFFICER** |
| CONTACT OFFICER | **NICK WARD, HEAD OF FINANCE**<br>**TEL: 01522 947081**<br>**HELEN MARSHALL, CORPORATE ACCOUNTANT** |

**SUMMARY AND PURPOSE OF REPORT**

Following receipt of the assumptions used by the actuaries for the 2019/20 accounts the Committee is requested to review:

- The assumptions that have been proposed;
- Measures introduced to mitigate auditor's concerns with assumptions in previous year.

| **1. RECOMMENDATION** | That the Committee:<br>1. Reviews the assumptions proposed by the actuaries<br>2. Notes the mitigation measures |
|---|---|

## A. SUPPORTING INFORMATION

### 1. Introduction

1.1 The Actuary is commissioned to provide Actuarial Valuations as at 31 March for accounting purposes. Separate actuarial reports are received for the Police Pension Scheme and the Local Government Pension Scheme (LGPS). These reports include documents setting out the assumptions that the actuaries have used as the basis for these reports as well as briefing documents for the pension schemes.

### 2. Assumption and Briefing reports

2.1. The reports received from Hymans Robertson (the Actuary) for the assumptions and briefings are appended to this report for review by the JIAC.

### 3. Proposed Plan for 2019/20

3.1 The External Auditors, Ernst & Young LLP (EY) have been provided with the reports so that they are able to pass these assumptions to their in-house pension specialists for comment. The 2018/19 accounts production was delayed whilst waiting for EY to receive information from their in-house pension specialists. Therefore this stage has been added to the process in order to be able to try and mitigate this risk.

3.2 The 2018/19 issues related to the introduction of a change relating to the McCloud and Sargant judgements, there have been no changes to the process in 2019/20, it is only overriding financial and demographic assumptions that have changed. It has been highlighted to the auditor that these assumption movements are larger than they have been in recent years, but they are consistent across the two schemes.

## B. FINANCIAL CONSIDERATIONS

The impact on the 2019/20 Financial Statements if assumptions cause a material difference during the audit of the financial statements in the opinion of the auditors.

## C. LEGAL AND HUMAN RIGHTS CONSIDERATIONS

None Specific

## D. PERSONNEL, EQUAL OPPORTUNITIES AND DIVERSITY ISSUES (including any impact or issues relating to Children and Young People.)

None specific

## E. REVIEW ARRANGEMENTS

The Actuarial Assumptions are reviewed annually by the JIAC.

## F. RISK MANAGEMENT

The risk is that the auditor disagrees with the assumptions provided by the actuary, because they give rise to a material difference causing delays to the production of the 2019/20 accounts. It is also a risk that the assumptions are inconsistent with the Lincolnshire profile, although this should now be mitigated following learning from the 2018/19 accounts.

## G. PUBLIC ACCESS TO INFORMATION

Information in this report, along with any supporting material, is subject to the Freedom of Information Act 2000 and other legislation.