

EXTERNAL AUDITOR REPORT ON THE PENSION FUND ANNUAL REPORT And ACCOUNTS

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SUMMARY

The attached report summarises the findings of the External Auditor on the audit of the 2011/12 Pension Fund Annual Report and Accounts. The report is in draft pending the conclusion of the audit. It is expected the audit will be largely complete by the time the committee meets and a verbal update on the final outcome will be given at the meeting.

The auditor has indicated that it is expected that an unmodified opinion will be given on the Pension fund statements by 30 September 2012.

RECOMMENDATIONS

To note the auditor's findings and to approve the Annual Report of the Pension Fund.

BACKGROUND

1. The Council as an administering authority under the Local Government Pension Scheme Regulations is required to produce a separate set of accounts for the scheme's financial activities and assets and liabilities.
2. The contents and format of the accounts are determined by statutory requirements and mandatory professional standards as established by the Chartered Institute of Public Finance (CIPFA) in their Statement of Recommended Practice (SORP).
3. The Pension Fund Accounts were subject to a separate audit by the Council's external auditors, Deloitte LLP, which must be completed by 30 September 2012.
4. Whilst Audit Committee formally approves the Council's Statements of Accounts, which incorporates the Pension Fund Accounts, the Annual Report requires the approval of Pensions Committee. This report will also be taken to Pensions Committee on 19 September 2012.

SCOPE OF THE EXTERNAL AUDIT

5. Auditors are required to communicate to elected Members matters of governance that arise from the audit of the financial statements. These cover, in addition to an update on the audit status:
 - Key audit risks
 - Identified misstatements
 - Accounting and internal control systems
 - Current Accounting and Regulatory Issues
6. In addition, the Auditor requires a “Representation Letter” to be signed by management and the Committee. The contents of this letter are set out at Appendix 1 to the attached Deloitte report. The letter has to include representations from management on matters material to the statement where sufficient appropriate evidence cannot reasonably be expected to exist.

COMMENT ON THE CONTENTS OF THE REPORT

7. The report gives a comprehensive account of the work undertaken during the audit and includes several auditor mandatory reporting requirements. The report is positive and there were no audit adjustments to report.
8. In relation to accounting and internal control systems, Deloitte have made one recommendation to implement an additional review as part of the closing process for the financial statements of the Private Equity Funds and that Committee are asked to consider any issues arising. Management has agreed with the intention of the recommendation and will review through the Investment Sub Committee on an annual basis. The issue is discussed in Section 2 of the report.

FINANCIAL IMPLICATIONS

The financial implications are contained within the body of the report

LEGAL IMPLICATIONS

The legal implications are mentioned within the report.

BACKGROUND DOCUMENTS

None