

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 2012/13 Pension Fund Annual Report and Accounts. The auditor has indicated that, subject to clearance of final points they expect to issues an unmodified opinion on the financial statements. A verbal update on the final outcome will be given at the meeting.

RECOMMENDATIONS

- 1. To consider and approve the Annual Report of the Pension Fund,**
- 2. To note the auditor's findings**

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 2013.
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 Audit Committee on 26 September 2013.

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:

Audit Committee 26 September 2013
PART I – MEMBERS, PUBLIC & PRESS

- 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. 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 reports satisfactorily on the key audit risks. There was only one uncorrected misstatement identified and that was in relation to the calculation of deficit funding contributions where an historic split between normal and deficit contributions was used rather than the split from the 2010 valuation.
8. In relation to accounting and internal control systems, Deloitte have made one recommendation and that relates to the misstatement mentioned above. On receipt of the 2013 valuation results a process will be implemented to ensure the updated split is used to produce the next financial statements.

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