

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 2008/09 Pension Fund Annual Report and Accounts. Regulations require that the auditor's report is communicated to Audit Committee as the body charged with governance of the council's accounts. At the time of writing the report certain procedures remain outstanding and an oral update will be given by Deloitte at the Audit Committee meeting on 22 September 2009.

RECOMMENDATION

To note the auditor's findings and the actions recommended to improve the quality and accuracy of the information contained within the report and accounts and to address the matters raised within the report.

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 2009.
4. Communities and Local Government (CLG) have introduced an additional requirement for Councils to publish before the 1st December 2009 an annual report which incorporates elements of the financial accounts. Hillingdon have produced an annual report for several years, although this is the first year in which this document has also been audited. The report has been produced to the same timetable as the accounts to allow external audit to review the final document.

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5. 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. Cllr Corthorne in his capacity as chairman of Pensions Committee therefore signed the final version of the Annual Report in advance of the Audit Committee meeting on 22 September 2009.

International Standard on Auditing Report 260 (ISA 260)

6. The ISA 260 requires that auditors should communicate to elected members matters of governance that arise from the audit of the financial statements. These cover:
 - Key audit risks
 - Accounting policies and financial reporting
 - Accounting and internal control systems
7. 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. 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

Accounting policies and financial reporting

8. There were no financial reporting presentational or disclosure matters which were significant to the 2008/09 financial statements.

Accounting and internal control systems

9. Deloitte identified that investment values obtained from the custodian were used for preparing the statements, but these values were not input into the Council's financial system to produce the trial balance. They recommend that the trial balance is updated at year end to include the full year change in investment valuation. We fully agree this recommendation and action is underway to revise our procedures for the production of the 2009/10 accounts.

FINANCIAL IMPLICATIONS

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The financial implications are contained within the body of the report

LEGAL IMPLICATIONS

The legal implications are mentioned within the report.

BACKGROUND DOCUMENTS

None