

# External Auditor Report on the Pension Fund Accounts

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Papers with this report	EY: Report on the financial statement audit for the year ended 31 March 2017 Pension Fund Annual Report 2016/17

## SUMMARY

The attached draft report details the work of the External Auditor on the audit of the 2016/17 Pension Fund Accounts. The auditor has indicated that, subject to clearance of final points they expect to issue an unqualified audit opinion on the financial statements.

Also attached to this report is a draft of the Pension Fund Annual Report for 2016/17 for Committee approval for publication which includes the Pension Fund Accounts from page 33.

## RECOMMENDATIONS

- 1. To note the auditor's findings on the audit of the Pension Fund accounts for 2016/17.**
- 2. To delegate authority to the Pension Committee Chairman to sign the Pension Fund accounts on completion of the audit.**
- 3. To approve the Fund Annual Report for publication.**

## BACKGROUND

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.

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 Code of Practice (The Code).

The Pension Fund Accounts were subject to a separate audit by the Council's external auditors, EY LLP, which must be completed by 30 September 2017.

Whilst Audit Committee formally approves the Council's Statements of Accounts, which incorporates the Pension Fund Accounts, the Pension Fund Accounts also requires the approval of Pensions Committee. This report on the Pension Fund accounts will also be taken to Audit Committee on 27 September 2017.

## **SCOPE OF THE EXTERNAL AUDIT**

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:

- Significant audit risks
- Accounting and internal controls
- Consideration of Fraud

In addition, the Auditor requires a “Representation Letter” to be signed by management. The contents of this letter are set out at Appendix D to the attached EY 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 AUDITOR'S REPORT**

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 are no uncorrected misstatements in the Pension Fund accounts. There are 3 changes to disclosure notes from the draft accounts to the final audited version; however these do not impact on the primary statements or the overarching position of the fund.

## **ANNUAL REPORT**

The fund is required to produce an Annual Report and to publish by 1 December each year. The draft report for 2016/17, attached, contains information on the Fund's activities over the last year and is brought to Committee for consideration and approval to publish.

## **FINANCIAL IMPLICATIONS**

The financial implications are contained within the body of the report

## **LEGAL IMPLICATIONS**

The legal implications are mentioned within the report.