

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 2009/10 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.

RECOMMENDATION

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 2010.
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. Therefore a similar report is being taken to Pensions Committee on 22 September 2010.

International Standard on Auditing Report 260 (ISA 260)

5. 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 and internal control systems

Audit Committee 21 September 2010
PART 1 – MEMBERS, PUBLIC & PRESS

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 3. 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. There were no audit adjustments to report.

Accounting and internal control systems

8. During the audit, Deloitte identified two areas of improvement in relation to the internal control system, relevant to the pension fund accounts. Management has agreed with the recommendations which are 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