

RESPONSE TO THE AUDIT RESULTS REPORT 2015/16 – PENSION FUND

Report of the Director of Resources

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1. Purpose of report

- 1.1 To provide the Committee with a response to Ernst & Young’s draft Audit Results Report for the Pension Fund presented as a separate agenda item to this meeting.

2. Response to the Annual Governance Report

- 2.1 Ernst & Young LLP have issued a draft Audit Results Report for the Pension Fund following the audit of the 2015/16 annual report and accounts. Officers are pleased to report that there are no recommendations and the auditors are expected to confirm an unqualified opinion on the accounts. The report is in a draft form at present, awaiting final sign off.
- 2.2 The audit identified a small number of disclosure errors which were highlighted to management for amendment. The Auditor did not consider any of these significant and therefore did not provide further detail of these amendments in their report.
- 2.3 During the audit officers identified that the property pooled investment assets had been undervalued by £8.7 million and the Final Accounts were updated accordingly. This adjustment has resulted in an increase in the Fund’s net assets to £3.584 billion.

3. Letter of Representation

- 3.1 The last paragraph on page 4 of the Auditor’s report sets out the requirement for a letter of representation from management to gain management’s confirmation in relation to a number of matters, for which the auditor does not currently have sufficient audit evidence. A draft is attached at Appendix A to this report for members to review. This letter is to be signed by the Director of Resources and the Chairman of the Audit Committee.

4. Recommendation

- 4.1 That the response to the Audit Results Report 2015/16 for the Pension Fund is approved, and that the Letter of Representation is signed by the Director of Resources and Chairman of the Audit Committee.