

# The Audit Findings Report for the London Borough of Croydon Pension Fund

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**Year ended 31 March 2014**

August 2014

**Sue Exton**  
Engagement Lead  
T 0207 728 3191  
E [sue.m.exton@uk.gt.com](mailto:sue.m.exton@uk.gt.com)

**Dominic Bradley**  
Manager  
T 01293 554 148  
E [dominic.g.bradley@uk.gt.com](mailto:dominic.g.bradley@uk.gt.com)

**Thomas Ball**  
Assistant Manager  
T 0207 728 3009  
E [thomas.ball@uk.gt.com](mailto:thomas.ball@uk.gt.com)



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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify.

We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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# Section 1: Executive summary

01. Executive summary

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# Executive summary

## Purpose of this report

This report highlights the key issues arising from the audit of the London Borough of Croydon Pension Fund's ('the Fund') financial statements for the year ended 31 March 2014. It is also used to report our audit findings to management and those charged with governance in accordance with the requirements of International Standard on Auditing (UK & Ireland) 260.

Under the Audit Commission's Code of Audit Practice we are required to report whether, in our opinion, the Fund's financial statements present a true and fair view of the financial position, the financial transactions of the Fund during the year and whether they have been properly prepared in accordance with the Code of Practice on Local Authority Accounting.

## Introduction

In the conduct of our audit we have not had to alter or change our planned audit approach, which we communicated to you in our Audit Plan dated 25 June 2014. Our audit is substantially complete although we are finalising our procedures in the following areas:

- testing of new member opt-outs – one final sample case relating to a school
- review of the final version of the financial statements
- obtaining and reviewing the management letter of representation
- updating our post balance sheet events review, to the date of signing the opinion
- review of the pension fund annual report

We received draft financial statements at the start of our two week audit on 14 July 2014, in accordance with the agreed timetable. This version already contained three changes affecting the net assets statement and fund account from the approved 30 June 2014 set of accounts. Not all the working papers were ready at the start of the audit. A trial balance was not provided until 21 July 2014. This was due to the finance team identifying several further omissions from the draft

financial statements after the audit had started. The changes were due to valuations of private equity and hedge fund investments not being updated from their 31 December 2013 values and non-reversal of prior year contribution accruals. These changes resulted in us having to undertake additional audit work in the second week of the audit.

Other working papers were subsequently provided piecemeal throughout the audit and in some instances, not until we had finished on site. When received, working papers were generally of a good standard.

## Key issues arising from our audit

### Financial statements opinion

The draft financial statements recorded net assets of £741,539k; the audited financial statements show net assets of £741,886k. We identified two minor adjustments totalling £2k affecting the Fund's reported financial position. The adjustments identified by the finance team effected net assets by £345k and are listed separately in section two of this report

Our audit procedures also identified a number of adjustments to improve the presentation of the financial statements, the most important of which are recorded in section two of this report.

We recognise the impact of changes made in the finance team. We have agreed actions for improvement with management as detailed in Appendix A.

We anticipate providing an unqualified opinion on the Fund's financial statements (Appendix B) and the Pension Fund Annual Report (Appendix C).

## Acknowledgement

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during our audit. We look forward to working with staff to help improve their closedown and timeline to include a full quality review to try to achieve a smoother audit in 2014/15.

Grant Thornton UK LLP

August 2014

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## Section 2: *Audit findings*

01. Executive summary

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# Audit findings

In this section we present our findings in respect of matters and risks identified at the planning stage of the audit and additional matters that arose during the course of our work. We set out on the following pages the work we have performed and findings arising from our work in respect of the audit risks we identified in our audit plan, presented to the General Purposes and Audit Committee on 25 June 2014. We also set out the adjustments to the financial statements from our audit work and our findings in respect of internal controls.

## **Changes to Audit Plan**

We have not made any changes to our Audit Plan as previously communicated to you on 25 June 2014.

## **Audit opinion**

We anticipate that we will provide the Fund with an unmodified opinion. Our draft audit opinion on the pension fund financial statements is set out in Appendix B.

Whilst we have not yet received a copy of the Annual Report, subject to our review, we anticipate providing an unqualified opinion on the Pension Fund Annual Report. Our draft audit opinion on the pension fund annual report is set out in Appendix C.

# Audit findings against significant risks

"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty" (ISA 315).

In this section we detail our response to the significant risks of material misstatement which we identified in the Audit Plan. As we noted in our plan, there are two presumed significant risks which are applicable to all audits under auditing standards.

	Risks identified in our audit plan	Work completed	Assurance gained and issues arising
1.	<p><b>Improper revenue recognition</b></p> <p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper recognition</p>	<p>We have rebutted this presumption and therefore do not consider this to be a significant risk for London Borough of Croydon Pension Fund since:</p> <ul style="list-style-type: none"> <li>• There is no external pressure to hit a year end financial performance target for the Pension Fund.</li> <li>• There is a strong governance environment which demonstrates that controls exist to prevent fraud.</li> <li>• There is no history of fraud in revenue recognition.</li> <li>• The nature of the Pension Fund's revenue is in many respects relatively predictable and does not generally involve cash transactions.</li> <li>• The split of responsibilities between the Pension fund, the custodian and its fund managers provide a very strong separation of duties reducing the risk around investment income.</li> <li>• Revenue contributions are made by direct salary deductions and direct bank transfers from admitted /scheduled bodies and are supported by separately sent schedules and are directly attributable to gross pay making any improper recognition unlikely.</li> <li>• Transfers into the scheme are all supported by an independent actuarial valuation of the amount which should be transferred and which is subject to agreement between the transferring and receiving funds.</li> </ul>	<p>Pending resolution of the outstanding procedures set out on page 4, our audit work has not identified any issues in respect of revenue recognition.</p>
2.	<p><b>Management override of controls</b></p> <p>Under ISA 240 there is a presumed risk of management over-ride of controls</p>	<ul style="list-style-type: none"> <li>• Review of accounting estimates, judgements and decisions made by management</li> <li>• Testing of journals entries</li> <li>• Review of unusual significant transactions</li> </ul>	<p>Pending resolution of the outstanding procedures set out on page 4, our audit work has not identified any evidence of management override of controls. In particular the findings of our review of journal controls and testing of journal entries has not identified any significant issues.</p> <p>We set out later in this section of the report our work and findings on key accounting estimates and judgements.</p>

# Audit findings against other risks

In this section we detail our response to the other risks of material misstatement which we identified in the Audit Plan. Recommendations, together with management responses are attached at Appendix A.

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
<p><b>Investments</b></p>	<ul style="list-style-type: none"> <li>• Investments not valid</li> <li>• Alternative investments not valid</li> <li>• Investments activity not valid</li> <li>• Fair value measurements of securities quoted using prices (unadjusted) in active markets for identical securities not correct</li> <li>• Fair value measurements priced using inputs (other than quoted prices from active markets for identical investments) that are observable either directly or indirectly not correct</li> <li>• Fair value measurements priced using inputs not based on observable market data (using models or similar techniques) not correct</li> </ul>	<ul style="list-style-type: none"> <li>• We reviewed the reconciliation between information provided by the fund managers, the custodian and the Pension Fund's own records and sought explanations for any variances.</li> <li>• We selected a sample of the individual investments held by the fund at the year end and then tested the valuation of the sample by agreeing prices for quoted investments to third party sources where published and for unquoted and direct property investments, by critically assessing the assumptions used in the valuation.</li> <li>• The existence of investments were confirmed directly with independent custodians or by agreement to relevant documentation.</li> <li>• We obtained direct confirmation of income receivable on Investments from fund managers.</li> <li>• We reviewed the latest AAF 01/06 or ISAE 3402 audited reports on internal controls, published by the respective investment managers and Custodian.</li> <li>• We tested a sample of purchases and sales during the year back to detailed information provided by the fund managers.</li> </ul>	<p>Our audit work has not identified any significant issues in relation to the risk identified that we need to report to you.</p>
<p><b>Benefit Payments and payments to leavers</b></p>	<ul style="list-style-type: none"> <li>• Benefits improperly computed/ liability understated</li> </ul>	<ul style="list-style-type: none"> <li>• We confirmed the existence of controls operated by the pension fund to ensure that all benefits are correctly calculated and that the appropriate payments are generated and recorded. With a view to reducing the level of substantive testing required, we did not consider it necessary to test the key controls identified as sufficient evidence was obtained from other testing.</li> <li>• We selected a sample of individual transfers, pensions in payment (new and existing), lump sum benefits and refunds and tested them by reference to member files.</li> <li>• We rationalised pensions paid with reference to changes in pensioner numbers and increases applied in the year together with comparing pensions paid on a monthly basis to ensure that any unusual trends were satisfactorily explained.</li> </ul>	<p>Our audit work has not identified any significant issues in relation to the risk identified that we need to report to you.</p>






# Audit findings against other risks

In this section we detail our response to the other risks of material misstatement which we identified in the Audit Plan. Recommendations, together with management responses are attached at Appendix A.

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
<b>Contributions</b>	<ul style="list-style-type: none"> <li>Recorded contributions not correct</li> </ul>	<ul style="list-style-type: none"> <li>We confirmed the existence of controls operated by the pension fund to ensure that it identifies and receives all expected contributions from member bodies.</li> <li>We substantively tested contributions deductions. We also reviewed contributions received with reference to changes in member body payrolls and numbers of contributing members to ensure that any unexpected trends were satisfactorily explained.</li> </ul>	Our audit work has not identified any significant issues in relation to the risk identified that we need to report to you.
<b>Membership data</b>	<ul style="list-style-type: none"> <li>Member data not correct</li> </ul>	<ul style="list-style-type: none"> <li>We confirmed the existence of controls and reconciliations covering the determination of member eligibility, the input of evidence onto the Pensions Administration System and the maintenance of member records.</li> </ul>	Pending resolution of the outstanding procedure set out on page 4, our audit work has not identified any significant issues in relation to the risk identified that we need to report to you.

# Accounting policies, estimates & judgements

In this section we report on our consideration of accounting policies, in particular revenue recognition policies, and key estimates and judgements made and included with the Fund's financial statements.

Accounting area	Summary of policy	Comments	Assessment
<p><b>Revenue recognition</b></p>	<p>Contribution Income:</p> <ul style="list-style-type: none"> <li>• Normal contributions are accounted for on an accruals basis at the percentage rate recommended by the actuary in the payroll period to which they relate. Pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset.</li> </ul> <p>Investment Income:</p> <ul style="list-style-type: none"> <li>• Interest income is recognised in the fund account as it accrues.</li> <li>• Dividend income is recognised by your fund managers on the date the shares are quoted ex-dividend.</li> <li>• Distributions from pooled funds are recognised by your fund managers at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a financial asset.</li> <li>• Movement in the net market value of investments are recognised as income and comprise all realised and unrealised profits/losses during the year.</li> </ul>	<ul style="list-style-type: none"> <li>• We have reviewed the revenue recognition policies stated in Note 3 of the Pension Fund accounts and can confirm that these are consistent with prior years.</li> <li>• The revenue recognition policies are appropriate under the CIPFA 2013/14 Code of Practice on Local Authority Accounting.</li> <li>• The revenue recognition policies are adequately disclosed.</li> <li>• No evidence has been identified during our audit to suggest management has not exercised appropriate and reasonable judgement</li> </ul>	<p style="text-align: center;"></p> <p style="text-align: center;">Accounting policy appropriate and disclosures sufficient</p>
<p><b>Judgements and estimates</b></p>	<ul style="list-style-type: none"> <li>• Key estimates and judgements include :                             <ul style="list-style-type: none"> <li>– Pension fund actuarial valuation</li> <li>– Valuation of private equity, property, hedge fund and infrastructure investments</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Judgements and estimates are appropriate under the CIPFA 2013/14 Code of Practice accounting framework and are adequately disclosed in the accounting policies.</li> <li>• No evidence has been identified during our audit to suggest management has not exercised appropriate and reasonable judgement.</li> </ul>	<p style="text-align: center;"></p> <p style="text-align: center;">Accounting policy appropriate and disclosures sufficient</p>
<p><b>Other accounting policies</b></p>	<ul style="list-style-type: none"> <li>• The Fund's accounting policies are in accordance with the requirements of the Code of Practice on Local Authority Accounting.</li> </ul>	<ul style="list-style-type: none"> <li>• We have reviewed the Fund's policies against the requirements of the Code of Practice on Local Authority Accounting and do not have any comments to make.</li> </ul>	<p style="text-align: center;"></p> <p style="text-align: center;">Accounting policy appropriate and disclosures sufficient</p>

# Adjusted misstatements

A number of adjustments to the draft financial statements have been identified during the audit process. We are required to report all misstatements to those charged with governance, whether or not the financial statements have been adjusted by management. The table below summarises the adjustments arising from the audit which have been processed by management.

Detail	Fund Account £'000	Net Assets Statement £'000
Employee contributions: London Borough of Croydon	(943)	
Employee contributions: Scheduled bodies	717	
Employee contributions: Admitted bodies	(3)	
Employer contributions: London Borough of Croydon	(2,693)	
Employer contributions: Scheduled bodies	2,986	
Employer contributions: Admitted bodies	3	
Early retirement costs recovered	46	
Benefits – pensions	14	
Benefits – lump sums	9	
Administrative expenses	(42)	
Investment income	(397)	
Net gains/(losses) on currency revaluations and underwriting commissions	(359)	
Change in market value of investments – unrealised	(157)	
Change in market value of investments – realised	376	
Investment management expenses	98	
<b>Overall impact</b>	<b>(345)</b>	

## Impact of adjusted misstatements

All adjusted misstatements arising from our audit procedures are set out in detail here and on the next page along with the impact on the financial statements.

There were no non-trivial unadjusted misstatements.

Listed left are the detailed adjustments made to the Fund Account as identified by the finance team.

# Adjusted misstatements

Listed below are the detailed adjustments made to the Net Assets Statement as identified by the finance team.

Detail	Fund Account £'000	Net Assets Statement £'000
Investments held by the Fund Managers: property		19
Investments held by the Fund Managers: private equity		244
Investments held by the Fund Managers: hedge funds		956
Debtors		(231)
Creditors		(4)
Cash held by the fund managers		(602)
Outstanding trades for securities sold		(3)
Outstanding trades for securities purchased		3
Outstanding dividends and tax reclaimable		(37)
<b>Overall impact</b>		<b>345</b>

## Misclassifications & disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Adjustment type	Value £'000	Account balance	Impact on the financial statements
1 Misclassification	8	Benefits – lump sums (retirement grants)	A small number of lump sum payments have been reclassified across the three categories. This reclassification was made concomitantly with the net increase of £9k in the total of benefits – lump sums on the face of the fund account, as shown on page 11.
	1	Benefits – lump sums (death grants)	
2 Disclosure	-	Investments, receivables and financial instruments	Adjustments identified by the finance team have resulted in a significant number of changes being made to the notes to the financial statements.
3 Disclosure	-	Contingent liabilities and contractual commitments (Note 17)	The note was updated to replace the previous values as at 31 December 2013 with those as at 31 March 2014.
4 Disclosures	-	Events after the Reporting Period (Note 24)	The note was updated for the investment valuations since 31 March and also inclusion of the four employers within the Croydon Scheme who are not complying with the Scheme regulations in respect of contributions.
5 Disclosures	-	Related Party Transactions (Note 7)	This note has been revised to disclose positions held by six Council members at employers within the Croydon Scheme during 2013/14. Also included are the amounts of transactions during the year and balances held at year-end between these employers and the Croydon Scheme.

## Internal controls

The purpose of an audit is to express an opinion on the financial statements.

Our audit included consideration of internal control relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

From the work we have completed we have not identified any significant weaknesses in internal controls.

# Other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards to communicate to those charged with governance.

	Issue	Commentary
1.	<b>Matters in relation to fraud</b>	<ul style="list-style-type: none"> <li>We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit.</li> </ul>
2.	<b>Matters in relation to laws and regulations</b>	<ul style="list-style-type: none"> <li>We are not aware of any significant incidences of non-compliance with relevant laws and regulations.</li> </ul>
3.	<b>Written representations</b>	<ul style="list-style-type: none"> <li>A standard letter of representation has been requested from the Fund.</li> </ul>
4.	<b>Disclosures</b>	<ul style="list-style-type: none"> <li>Our review found no material omissions in the financial statements</li> </ul>
5.	<b>Matters in relation to related parties</b>	<ul style="list-style-type: none"> <li>Pending the completion of our sample testing of related party transactions as set out on page 4, we are not aware of any related party transactions which have not been disclosed</li> </ul>
6.	<b>Going concern</b>	<ul style="list-style-type: none"> <li>Our work has not identified any reason to challenge the Fund's decision to prepare the financial statements on a going concern basis.</li> </ul>

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## Section 3: Fees, non audit services and independence

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# Fees, non audit services and independence

We confirm our planned fee, which remains under review as explained below. We confirm there were no fees for the provision of non audit services.

## Fees

	Per Audit plan £	Actual fees £
Fund audit	21,000	TBC
<b>Total audit fees</b>	<b>21,000</b>	<b>TBC</b>

The Audit Commission defines the scale audit fee as “the fee required by auditors to carry out the work necessary to meet their statutory responsibilities in accordance with the Code of Audit Practice. It represents the best estimate of the fee required to complete an audit where the audited body has no significant audit risks and it has in place a sound control environment that ensures the auditor is provided with complete and materially accurate financial statements with supporting working papers within agreed timeframes.”

Additional audit work has been required, as set out in this report. We will discuss the implications for the audit fee with the Director of Finance and Assets following the conclusion of the audit and is subject to agreement by the Audit Commission.

## Fees for other services

Service	Fees £
None	Nil

## Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.

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## Section 5: Communication of audit matters

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# Communication of audit matters to those charged with governance

International Standards on Auditing (ISA) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

The Audit Plan outlined our audit strategy and plan to deliver the audit, while this Audit Findings report presents the key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

## Respective responsibilities

The Audit Findings Report has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission ([www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)).

We have been appointed as the Fund's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the Audit Commission and includes nationally prescribed and locally determined work. Our work considers the Fund's key risks when reaching our conclusions under the Code.

It is the responsibility of the Fund to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Fund is fulfilling these responsibilities.

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issues arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged Details of safeguards applied to threats to independence	✓	✓
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Compliance with laws and regulations		✓
Expected auditor's report		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern		✓

# Appendices

# Appendix A: Action plan

## Priority

**High** - Significant effect on control system

**Medium** - Effect on control system

**Low** - Best practice

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
1	Undertake a quality review of the draft financial statements before they are presented for audit and ensure all working papers are completed in accordance with the agreed timetable.	High	Agreed.	30 June 2015 Head of Pensions and Treasury Management Nigel Cook
2	Ensure all investment valuations are updated with the most recent information received from the Fund's custodian and fund managers when preparing the draft financial statements.	High	Agreed.	30 June 2015 Head of Pensions and Treasury Management Nigel Cook

# Appendix B: Audit opinion – pension fund financial statements

**We anticipate that we will provide the Fund with an unmodified audit report.**

## Opinion on the pension fund financial statements

We have audited the pension fund financial statements of London Borough of Croydon for the year ended 31 March 2014 under the Audit Commission Act 1998. The pension fund financial statements comprise the Fund Account, the Net Assets Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

This report is made solely to the members of London Borough of Croydon in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's Members as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of the Director of Finance and Assets and Section 151 Officer and the auditor

As explained more fully in the Statement of the Director of Finance and Assets and Section 151 Officer Responsibilities, the Director of Finance and Assets and Section 151 Officer is responsible for the preparation of the Authority's Statement of Accounts, which includes the pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the audit of the pension fund financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director of Finance and Assets and Section 151 Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Financial Review of 2013/14 by the Chief Financial Officer to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## Opinion on the pension fund financial statements

In our opinion the pension fund's financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2014 and the amount and disposition of the fund's assets and liabilities as at 31 March 2014; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and applicable law.

## Opinion on other matters

In our opinion, the information given in the Financial Review of 2013/14 by the Chief Financial Officer for the financial year for which the financial statements are prepared is consistent with the financial statements.

Susan M Exton  
Director  
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Grant Thornton House  
Melton Street  
London  
NW1 2EP

XX September 2014

# Appendix C: Audit opinion – pension fund annual report

**We anticipate that we will provide the Fund with an unmodified opinion for the pension fund annual report.**

## **Opinion on the pension fund financial statements**

We have examined the pension fund financial statements for the year ended 31 March 2014, which comprise the Fund Account, the Net Assets Statement and the related notes.

This report is made solely to the members of London Borough of Croydon in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's Members as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of the Director of Finance and Assets and Section 151 Officer and the auditor**

As explained more fully in the Statement of the Director of Finance and Assets and Section 151 Officer Responsibilities, the Director of Finance and Assets and Section 151 Officer is responsible for the preparation of the pension fund financial statements, in accordance with applicable United Kingdom law. Our responsibility is report to you our opinion on the consistency of the pension fund financial statements within the pension fund annual report with the pension fund financial statements in the statement of accounts of London Borough of Croydon, and its compliance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

We also read the other information contained in the pension fund annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the pension fund financial statements.

## **Opinion**

In our opinion, the pension fund financial statements are consistent with the full annual statement of accounts of London Borough of Croydon for the year ended 31 March 2014 and comply with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

*[We have not considered the effects of any events between the date we signed our report on the full annual statement of accounts (insert date) and the date of this statement.]*

Susan M Exton  
Director

for and on behalf of Grant Thornton UK LLP, Appointed Auditor  
Grant Thornton House  
Melton Street  
London  
NW1 2EP

XX September 2014



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