

# The Audit Findings for London Borough of Croydon Pension Fund

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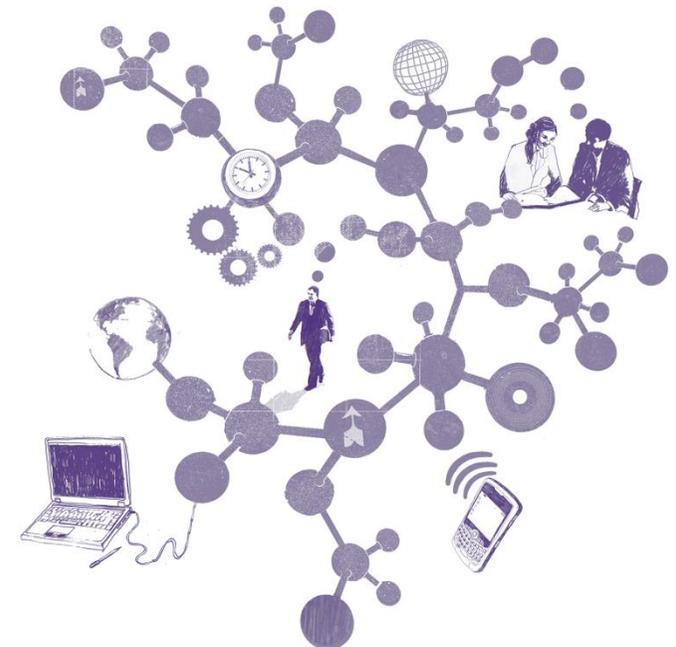
**Year ended 31 March 2017**

20 September 2017

**Elizabeth Jackson**  
Engagement Lead  
T 020 7728 3329  
E [elizabeth.l.jackson@uk.gt.com](mailto:elizabeth.l.jackson@uk.gt.com)

**Richard Lawson**  
Engagement Manager  
T 07766 442038  
E [richard.lawson@uk.gt.com](mailto:richard.lawson@uk.gt.com)

**Tom Beake**  
In-charge Auditor  
T 0207 383 5100  
E [tom.beake@uk.gt.com](mailto:tom.beake@uk.gt.com)



The London Borough of Croydon Pension Fund  
Bernard Weatherill House  
8 Mint Walk  
CR0 1EA

Grant Thornton UK LLP  
30 Finsbury Square  
London  
EC2P 2YU  
T +44 (0) 20 7383 5100  
[www.grant-thornton.co.uk](http://www.grant-thornton.co.uk)

20 September 2017

Dear Sirs

**Audit Findings for the London Borough of Croydon Pension Fund for the year ending 31 March 2017**

This Audit Findings report highlights the key findings arising from the audit that are significant to the responsibility of those charged with governance (in the case of the London Borough of Croydon Pension Fund, the General Purposes and Audit Committee), to oversee the financial reporting process, as required by International Standard on Auditing (UK & Ireland) 260, the Local Audit and Accountability Act 2014 and the National Audit Office Code of Audit Practice. Its contents will be discussed with officers.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK & Ireland) ('ISA (UK&I)'), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

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.

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

Yours sincerely

*Elizabeth Jackson*

Engagement lead

**Chartered Accountants**

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A Audit opinion

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# Section 1: Executive summary

**01. Executive summary**

**02. Audit findings**

**03. Fees, non audit services and independence**

**04. Communication of audit matters**

## Purpose of this report

This report highlights the key issues affecting the results of Croydon Pension Fund ('the Fund') and the preparation of the Fund's financial statements for the year ended 31 March 2017. It is also used to report our audit findings to management and those charged with governance in accordance with the requirements of ISA (UK&I) 260, and the Local Audit and Accountability Act 2014 ('the Act').

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion, the Fund's financial statements give a true and fair view of the financial position of the Fund.

## Introduction

In the conduct of our audit we have not had to alter or change our audit approach, which we communicated to you in our Audit Plan dated 22 March 2017.

Our audit is substantially complete although we are finalising our procedures in the following areas:

- review of the Pension Fund Annual Report
- 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

We received draft financial statements and accompanying working papers at the commencement of our work in line with the agreed timetable. Working papers were of a good quality and officers were responsive to our audit requests for additional information. This enabled us to complete the audit in a timely manner and gives us assurance that the pension fund finance team is ready for the early closedown and opinion deadline in 2018.

## Key audit and financial reporting issues

### Financial statements opinion

We have identified one adjustments affecting the Fund's reported financial position (details are recorded in section two of this report). The draft financial statements for the year ended 31 March 2017 recorded net assets of £1,094m; the audited financial statements show net assets of £1,103m. The change relates to an understatement of infrastructure and private equity investments which officers made us aware of before submitting the draft financial statements for audit. The level 3 investment year end final valuation figures were not made available to officers until after the draft financial statements were completed. Officers expect to receive the information by the end of June and by mid July at the latest so they do not envisage this being a problem for the early opinion deadline of 31 July in 2018. Officers will continue to liaise with the fund managers to ensure information is received in line with the deadlines next year.

We have also recommended a small number of adjustments to improve the presentation of the financial statements. Further details are set out in section two of this report.

We anticipate providing a unqualified audit opinion in respect of the financial statements (see Appendix A).

## Controls

### Roles and responsibilities

The Fund's management is responsible for the identification, assessment, management and monitoring of risk, and for developing, operating and monitoring the system of internal control.

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 report these to the Fund.

## Findings

Our work has not identified any control weaknesses which we wish to highlight for your attention.

### **The way forward**

Matters arising from the financial statements audit of the Fund have been discussed with the Executive Director of Resources and Section 151 Officer.

We have made a number of recommendations, which are set out in the action plan at Appendix A. Recommendations have been discussed and agreed with the Executive Director of Resources and Section 151 Officer and the finance team.

### **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.

**Grant Thornton UK LLP**  
**September 2017**

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## Section 2: Audit findings

01. Executive summary

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# Materiality

In performing our audit, we apply the concept of materiality, following the requirements of ISA (UK&I) 320: Materiality in planning and performing an audit. The standard states that 'misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements'.

As we reported in our audit plan, we determined overall materiality to be £8,770k (being 1% of net assets). We have considered whether this level remained appropriate during the course of the audit and identified the value of the fund had increased to £1.094 billion at the year end that led us to revise our overall materiality to £10,949k (being 1% of net assets).

We also set an amount below which misstatements would be clearly trivial and would not need to be accumulated or reported to those charged with governance because we would not expect that the accumulated effect of such amounts would have a material impact on the financial statements. We have defined the amount below which misstatements would be clearly trivial to be £547k. Our assessment of the value of clearly trivial matters has been adjusted to reflect our revised materiality calculation.

As reported in our audit plan, we did not identify any specific items at that stage where we decided that separate materiality levels were appropriate. However, following receipt of the draft financial statements we have identified management expenses as an item where we have set a lower materiality level.

Balance/transaction/disclosure	Explanation	Materiality level
Management expenses	Due to public interest in these disclosures	£547k

Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK&I) 320)

# Audit findings against significant risks

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
<p><b>The revenue cycle includes fraudulent transactions</b></p> <p>Under ISA (UK&amp;I) 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the London Borough of Croydon Pension Fund, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> <li>• there is little incentive to manipulate revenue recognition;</li> <li>• opportunities to manipulate revenue recognition are very limited; and</li> <li>• the culture and ethical frameworks of local authorities, including the London Borough of Croydon Council as the administering body, mean that all forms of fraud are seen as unacceptable.</li> </ul>	<p>Although we have rebutted this risk, our audit work performed on material revenue streams has not identified any issues in respect of revenue recognition.</p>
<p><b>Management over-ride of controls</b></p> <p>Under ISA (UK&amp;I) 240 it is presumed that the risk of management over-ride of controls is present in all entities.</p>	<p>Work performed:</p> <ul style="list-style-type: none"> <li>• review of journal entry process and selection of unusual journal entries for testing back to supporting documentation</li> <li>• review of accounting estimates, judgements and decisions made by management</li> <li>• review of unusual significant transactions.</li> </ul>	<p>Our audit work has not identified any evidence of management over-ride of controls. In particular the findings of our review of journal controls and testing 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>

"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, due to either 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 (UK&I) 315) . In making the review of unusual significant transactions "the auditor shall treat identified significant related party transactions outside the entity's normal course of business as giving rise to significant risks." (ISA (UK&I) 550)

## Audit findings against significant risks (continued)

We have also identified the following significant risk of material misstatement from our understanding of the entity. We set out below the work we have completed to address this risk.

Risks identified in our audit plan	Work completed	Assurance gained and issues arising
<p><b>Level 3 Investments (Valuation is incorrect)</b> Under ISA 315 significant risks often relate to significant non-routine transactions and judgemental matters. Level 3 investments by their very nature require a significant degree of judgement to reach an appropriate valuation at year end.</p>	<ul style="list-style-type: none"> <li>• Updated our understanding of the processes and control in place to estimate the valuation of these assets.</li> <li>• For a sample of investments we tested valuations by obtaining and reviewing the audited accounts at latest date for individual investments and agreeing these to fund manager reports at that date. Reconciliation of those values to the values at 31st March with reference to known movements in the intervening period.</li> <li>• We reviewed the nature and basis of estimated values and consider what assurance management has over the year end valuation provided for these type of investments.</li> <li>• Reviewed the competence, expertise and objectivity and objectivity of management experts used.</li> <li>• Reviewed the qualifications of the fund managers as experts to value the level 3 investments at year end and gain an understanding of how the valuation of these investments has been reached.</li> </ul>	<p>We are currently finalising our review of the assumptions used by management and the fund managers to value the level 3 investments.</p> <p>Our audit testing of the figures in the accounts identified that infrastructure and private equity investments are understated in the financial statements by £9,155k. This is due to the audited final valuation data not being available at the time of compiling the draft financial statements This is purely a timing issue for the finance team receiving the information.</p> <p>No other significant issues were identified in our testing.</p>

# Audit findings against other risks

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
<p><b>Investment purchases and sales</b></p> <p><b>AND</b></p> <p><b>Investment values – Level 2 investments</b></p>	<p>Investment activity not valid. Investment valuation not correct (Accuracy)</p> <p>AND</p> <p>Valuation is incorrect (Valuation net)</p>	<ul style="list-style-type: none"> <li>• We have undertaken a walkthrough of the controls in place over investments.</li> <li>• We have reviewed the reconciliation between information provided by the fund managers, the custodian and the Fund's own records and investigated any variances.</li> <li>• For unquoted investments we have critically assessed the assumptions used in the valuation and checked valuations to the latest audited financial statements of the respective investment fund.</li> <li>• We have confirmed the existence of investments directly to relevant documentation.</li> <li>• We have tested a sample of purchases and sales during the year back to detailed information provided by the fund managers.</li> <li>• We have completed a predictive analytical review for the different types of investments.</li> </ul>	<p>Our audit work has not identified any significant issues in relation to the investment risks.</p>
<p><b>Contributions</b></p>	<p>Recorded contributions not correct (Occurrence)</p>	<ul style="list-style-type: none"> <li>• We have undertaken a walkthrough of the controls in place over contributions.</li> <li>• We substantively tested contribution deductions from the Administering Authority.</li> <li>• We also reviewed contributions received with reference to changes in member body payrolls and numbers of contributing members to ensure that any unexpected trends are satisfactorily explained.</li> </ul>	<p>Our audit work has not identified any significant issues in relation to contributions.</p>

## Audit findings against other risks (continued)

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
<b>Benefits payable</b>	Benefits improperly computed/claims liability understated. (Completeness, accuracy and occurrence)	<ul style="list-style-type: none"> <li>We have confirmed through walkthrough testing the existence of controls operated by the Fund to ensure that all benefits are correctly calculated and that the appropriate payments are generated and recorded.</li> <li>We have tested a sample of individual transfers, pensions in payment (new and existing), lump sum benefits and refunds and test them by reference to member files.</li> <li>We have completed a rationalisation of 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 are satisfactorily explained.</li> </ul>	Our audit work has not identified any significant issues in relation to benefits payable.
<b>Member Data</b>	Member data not correct. (Rights and Obligations)	<ul style="list-style-type: none"> <li>We have performed walkthrough testing over the controls that are in place over member data.</li> <li>We conducted controls testing of changes to member data made during the year to source documentation.</li> <li>We performed a reconciliation of the member data as at year end to the accounts note.</li> </ul>	<p>Our testing of member data found that the draft figure used for deferred pensioners included in the accounts was incorrect and related to the prior year. The impact is the deferred pensioners membership is under recorded by 62 pensioners see page 19 of this report.</p> <p>Our work has not identified any further significant issues in relation to the risk identified.</p>

### Going concern

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK&I) 570).

We reviewed the management's assessment of the going concern assumption and the disclosures in the financial statements and concluded that there are no issues arising for the Fund in 2016/17.

# Accounting policies, estimates and 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
<b>Revenue recognition</b>	<ul style="list-style-type: none"> <li>Income to the fund is accounted for on an accruals basis</li> </ul>	<ul style="list-style-type: none"> <li>The Fund's accounting policies are appropriate under IAS 18 Revenue and the Code of Practice on Local Authority Accounting.</li> <li>Accounting policies are adequately disclosed in the financial statements.</li> <li>The revenue recognition policies are considered to be in line with other Local Government Pension Funds.</li> </ul>	 <b>Green</b>
<b>Judgements and estimates</b>	<ul style="list-style-type: none"> <li>Key estimates and judgements include:                             <ul style="list-style-type: none"> <li>Valuation of level 3 investments</li> <li>Valuation of fund</li> </ul> </li> </ul>	<p>We reviewed the key estimates and judgements made by management within the material notes to the accounts. For the disclosures listed, we concluded they appear to be consistent in all material aspects with the guidance set out in the Code of Practice of Local Authority Accounting.</p>	 <b>Green</b>
<b>Going concern</b>	<p>The Executive Director of Resources and Section 151 officer has a reasonable expectation that the Fund will continue for the foreseeable future. Members concur with this view. For this reason, the Fund continue to adopt the going concern basis in preparing the financial statements.</p>	<p>We have reviewed officer's assessment and are satisfied with management's assessment that the going concern basis is appropriate for the 2016/17 financial statements.</p>	 <b>Green</b>
<b>Other accounting policies</b>	<p>We have reviewed the Fund's policies against the requirements of the CIPFA Code of Practice.</p>	<p>We have reviewed the Fund's policies against the requirements of the CIPFA Code of Practice. The Fund's accounting policies are appropriate and consistent with previous years.</p>	 <b>Green</b>

## Assessment

-  Marginal accounting policy which could potentially attract attention from regulators
-  Accounting policy appropriate but scope for improved disclosure
-  Accounting policy appropriate and disclosures sufficient

## Other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code 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 previously discussed the risk of fraud with the General Purpose and Audit Committee. 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 procedures.</li> </ul>
2.	<b>Matters in relation to related parties</b>	<ul style="list-style-type: none"> <li>From the work we carried out, we have not identified any related party transactions which have not been disclosed. Two declarations have not been received at the time of writing the report but we have reviewed the declarations from 2015/16 and do not believe that there are missing disclosures from the note.</li> </ul>
3.	<b>Matters in relation to laws and regulations</b>	<ul style="list-style-type: none"> <li>You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.</li> </ul>
4.	<b>Written representations</b>	<ul style="list-style-type: none"> <li>A standard letter of representation has been requested from the Fund, which is included in the General Purpose and Audit Committee papers.</li> </ul>
5.	<b>Confirmation requests from third parties</b>	<ul style="list-style-type: none"> <li>We requested from management permission to send confirmation requests to the fund managers, custodian and banks where the Fund holds the accounts. This permission was granted and the requests were sent. All confirmations requested have been received.</li> </ul>
6.	<b>Disclosures</b>	<ul style="list-style-type: none"> <li>Our review found no material omissions in the financial statements</li> </ul>
7.	<b>Matters on which we report by exception</b>	<ul style="list-style-type: none"> <li>We are required to give a separate opinion for the Pension Fund Annual Report on whether the financial statements included therein are consistent with the audited financial statements. Due to statutory deadlines the Pension Fund Annual Report is not required to be published until the 1<sup>st</sup> December 2017 but officers have decided to prepare this alongside the financial statements. We have received the draft Annual Report and will be able to issue the separate opinion at the same time as the opinion on the financial statements.</li> </ul>

## Adjusted misstatements

One adjustment to the draft accounts has been identified during the audit process. We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management. The table below summarises the adjustment arising from the audit which has been processed by management.

### Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported total net assets for the year.

Detail	Pension Fund Account £'000	Net Asset Statement £'000
<p>1 Our testing confirmed that infrastructure and private equity investments are understated in the financial statements. This is due to audited final valuation data not being available at the time of compiling the draft financial statements and this is purely a timing issue.</p> <p>Officers made us aware of the delay in receiving final information for these investments before submitting the draft financial statements for audit. The level 3 investment year end final valuation figures were not made available to officers until after the draft financial statements were completed. Officers expect to receive the information by the end of June and by mid July at the latest so they do not envisage this being a problem for the early opinion deadline of 31 July in 2018. Officers will continue to liaise with the fund managers to ensure information is received in line with the deadlines next year.</p>	<p>Cr Changes in the market value of investments 9,155</p>	<p>Dr Investments held by Fund Managers (Private Equity and Infrastructure) 9,155</p>
<b>Overall impact</b>	<b>(£9,155)</b>	<b>£9,155</b>

## Unadjusted misstatements

There are no adjustments identified during the audit which we request be processed, but which have not been made within the final set of financial statements.

## Misclassifications and 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 Presentation and disclosure	N/A	N/A	We have made a small number of suggested presentational and disclosure changes to aid users' understanding of the financial statements.
2 Presentation and disclosure	N/A	Fund membership numbers	We have amended the number of deferred pensioners from 8,799 to 8,861 to reflect the fund membership as at 31 March 2017.

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

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**03. Fees, non audit services and independence**

04. Communication of audit matters

We confirm below our final fees charged for the audit and there were no fees for the provision of non audit services.

### Fees

	Proposed fee £	Final fee £
Pension fund audit	21,000	21,000
<b>Total audit fees (excluding VAT)</b>	<b>21,000</b>	<b>21,000</b>

The proposed fees for the year were in line with the scale fee set by Public Sector Audit Appointments Ltd (PSAA).

### 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 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.
- For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to London Borough of Croydon Pension Fund and confirm that no non-audit or audited related services have been undertaken for the Fund.

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## Section 4: Communication of audit matters

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# Communication to those charged with governance

ISA (UK&I) 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.

This document, The Audit Findings, outlines those key issues and other matters arising from the audit, which we consider should be communicated in writing rather than orally, 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 Public Sector Audit Appointments Limited (<http://www.psa.co.uk/appointing-auditors/terms-of-appointment/>)

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 at the time of our appointment. 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 NAO (<https://www.nao.org.uk/code-audit-practice/about-code/>). Our work considers the Fund's key risks when reaching our conclusions under the Code.

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		✓
Non compliance with laws and regulations		✓
Expected modifications to auditor's report, or emphasis of matter		✓
Unadjusted misstatements and material disclosure omissions		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern	✓	✓

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# Appendices

## A. Audit Opinion

# A: Audit opinion

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON BOROUGH OF CROYDON**

We have audited the pension fund financial statements of the London Borough of Croydon (the "Authority") for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014 (the "Act"). 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 2016/17.

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Act and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. 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 Executive Director of Resources and Section 151 Officer and auditor**

As explained more fully in the Statement of Responsibilities, the Executive Director of Resources 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 2016/17, which give a true and fair view. Our responsibility is to audit and express an opinion on the pension fund financial statements in accordance with applicable law, the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the "Code of Audit Practice") 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 pension fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Executive Director of Resources and Section 151 Officer; and the overall presentation of the pension fund financial statements. In addition, we read all the financial and non-financial information in the Authority's Statement of Accounts and Annual Governance Statement and the Annual Report to identify material inconsistencies with the audited pension fund 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 financial statements present a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2017 and of the amount and disposition at that date of the fund's assets and liabilities; and
- the pension fund financial statements have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and applicable law.

### **Opinion on other matters**

In our opinion, the other information published together with the audited pension fund financial statements in the Authority's Statement of Accounts and Annual Governance Statement and the Annual Report for the financial year for which the financial statements are prepared is consistent with the audited pension fund financial statements.

Elizabeth Jackson  
for and on behalf of Grant Thornton UK LLP, Appointed Auditor  
30 Finsbury Square  
London  
EC2P 2YU

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