The Audit Findings for London Borough of Barnet Pension fund

Year ended 31 March 2013

11 July 2013

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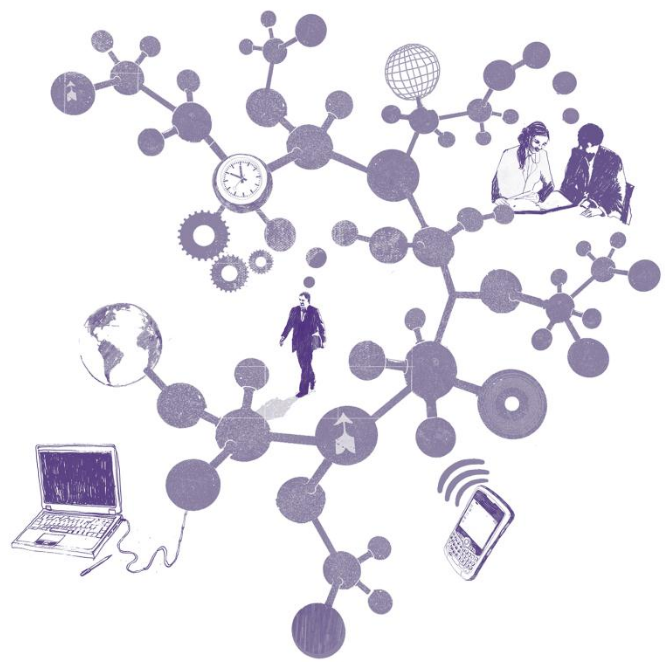

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify 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.

Contents

Section 1: Executive summary

Executive summary

Purpose of this report

This report highlights the key issues arising from the audit of the London Borough of Barnet Pension Fund's ('the Fund') financial statements for the year ended 31 March 2013. 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 that they have been properly prepared in accordance with the Code of Practice on Local Authority Accounting.

Introduction and background

In the conduct of our audit we have not had to alter or change our Audit Plan, which we communicated to you in our Audit Plan dated 6 June 2013. The Council asked us to bring audit work forward for 2012/13, including that of the Pension Fund to support completion of audit and sign off on accounts by the end of July 2013. We planned our review on the assumption that there were no significant audit risks and you have in place a sound control environment to support the production of complete and materially accurate financial statements. We shared working papers requirements with you in March 2013 and asked for these to be provided by the start of the audit on 10 June 2013.

The quality of the accounts presented for audit was poor as evidenced by the changes required to the key sections of the draft accounts following submission to audit, as a result of audit adjustments and other amendments made by officers to as set out in the following sections. Our audit identified the need for improvement in the Pension Fund accounts preparation. Working papers supporting the accounts were provided later than planned and, on production, often identified further issues requiring follow up. We identified errors and gaps in working papers which has resulted in significant delays to the audit and increased the cost of auditing the Fund statements.

Key audit and financial reporting issues

Financial statements opinion

Our audit is substantially complete although there are two areas we were unable to audit as the supporting evidence and documents within working papers were not available. Officers have in the past few days provided the supporting working papers. Our audit is substantially complete other than two areas which are still in progress:

- Pension strain (early retirees contributions) included in Note 3
- Pension Fund Annual Report.

Our review to date identified two errors within the draft pension fund statements which management agreed to amend. They are:

- early retirement payments of £3.9 million was misclassified as contributions
- member contributions of £3.3 million were incorrectly recorded as cash, employer contribution debtor and an accrued liability.

We raised with management one uncertainty in the Pension Fund Account of £473k within change in market value of investments due to historical differences and incorrect ledger postings.

The Council could not initially reconcile the Pension strain balance on its main accounting system to pension administration and payroll data included in the Pension Fund Account in entirety. Our testing identified a non-trivial residual difference of £513k which management has investigated and now resolved. Officers have now provided additional working papers to us which should allow us to complete our Pension strain testing.

We identified a number of disclosure and trivial classification errors within the notes to the Fund Accounts which officers have agreed to amend. Officers also advised us of three additional amendments which you propose making to the statements which are set out in Section 2 of this report.

Executive summary

The audit errors identified and your proposed amendments have resulted in amendments to the draft Fund accounts and related notes. We are currently reviewing all of the proposed changes to supporting evidence and completing the outstanding tests. These changes impact on the Pension Fund Account, Net Assets and notes to the pension fund accounts. Further details are set out in Section 2 of this report.

We will perform the following closing procedures once the above work is completed:
- review of the final version of the financial statements
- review the final version of the Pension Fund Annual Report
- obtaining and reviewing the management letter of representation
- updating our post balance sheet events review, to the date of signing the opinion

The draft financial statements recorded net assets carried forward of £799,078k. The post audit position stands at £798,352k. This does not include the impact of any potential adjustments that may arise from the conclusion of our work in respect of Contributions and Benefits and Return on Investments. Should the resolution of the outstanding matters result in a further change to net assets carried forward, we will report this to the Audit Committee before we issue our opinion

Subject to the satisfactory conclusion of our work, we anticipate that we will provide the Fund with an unmodified opinion confirming the Pension Fund account give a true and fair view of the transactions of the fund for the year ended 31 March 2013.

We recognise that officers within the Treasury team have needed to invest considerable time in dealing with other priorities which has impacted on officers time available to prepare working papers and quality check the Pension Fund accounts.

We recognise this was largely unavoidable but it has impacted on the quality assurance process and working papers officers would normally expect to have in place. As a result of work to date you have agreed to correct a number of misstatements, classification and narrative disclosure errors in your accounts. Details of the changes are set out in Section 2 of this report. We also made a number of recommendations to management to improve the quality of the accounts. We have agreed an increase to the Pension Fund audit fee of £9,500 with management for the additional audit testing required to complete the audit.

We will update this report on conclusion of our work. The updated report will be presented to the Audit Committee on 24 July 2013 showing the outcome of remaining testing before the accounts are approved.

Acknowledgement
Whilst recognising this year's audit has not been straightforward, we would like to take this opportunity to record our appreciation for the support we received from the Treasury team in helping to resolve audit queries.

Grant Thornton UK LLP
July 2013

Section 2: Audit findings

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 Pension Committee on 11 July 2013. 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 6 June 2013.

Audit opinion

Subject to the satisfactory conclusion of our work, we anticipate that we will provide the Fund with an unmodified opinion. At this stage the wording of the opinion for all local government pension schemes remains subject to agreement with the Audit Commission. We will update Appendix B to this report to include the opinion once this is agreed.

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.	**Improper revenue recognition** Under ISA 240 there is a presumed risk that revenue may be misstated due to improper recognition	• review and testing of revenue recognition policies • testing of material revenue streams • review of unusual significant transactions	We rebutted this presumption and therefore do not consider this to be a significant risk for London Borough of Barnet Pension Fund since: • the nature of the Pension Fund's revenue is in many respects relatively predictable and does not generally involve cash transactions • the split of responsibilities between the Pension Fund, its fund managers and the custodian, provides a very strong separation of duties reducing the risk around investment income • 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 • 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 bodies Our audit work has not identified any issues in respect of revenue recognition.
2.	**Management override of controls** Under ISA 240 there is a presumed risk of management over-ride of controls	• review of accounting estimates, judgements and decisions made by management • testing of journals entries • review of accounting estimates, judgements and decisions made by management • review of unusual significant transactions	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. We set out later in this section of the report our work and findings on key accounting estimates and judgments.

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
Pension Fund Account			
Contributions	Recorded contributions not correct	• Review and testing of pension contributions (received and receivable) • Review and testing of payroll records of pensionable salary to schedule of contributions and scheme rules	Our audit work completed to date has identified the following issues: • early retirement payments of £3.9m were incorrectly netted off against Contributions Receivable rather than disclosed gross in Contributions Receivable and Benefits Payable. Officers have agreed to make the adjustments • we were unable to agree £513k Pension strain balance included within Contribution Receivable to supporting evidence from the payroll and pension administration team. The Pension strain balance within Contributions Receivable is £513k higher than your supporting evidence. Officers are currently reviewing this difference. We are currently reviewing your Contributions Receivable amendments and completing our testing of the Pension strain balance.
Benefit Payments	Benefits improperly computed / claims liability understated	• Review and testing of pension benefit payments, lump sums, deferments, retirements and other material transfers	Our audit work completed to date has identified the following issue: • early retirement payments of £3.9m were incorrectly netted off against Contributions Receivable (details set out in Contributions above) You also advised us of material amendments to Commutations and lump sum payments and Lump sum death benefits within the Benefit Payable Account. They are: • increasing the value of Benefit payment by £433k which officers had incorrectly treated as a 2013/14 payment • write off of debtor balances of £294k which was recommended in the 2011/12 ISA260 report Our audit of your Benefit Payable Account amendments is in progress.

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
Pension Fund Account			
Investments	Investments activity not valid / Investments not valid Fair value measurement not correct	• Review and testing of change in market value of investments • Review and testing of significant sales and purchases of investments	Our audit work completed to date has identified the following issue: • we were unable to agree £2m within Change in market value of investments to supporting records. Officers are currently reviewing their supporting records and believe the majority of the difference is due to mis-postings of investment trades by Fund managers and consequently in the SAP ledger. There is a residual balance of £473k which cannot be agreed to evidence. Officers are of the view that this balance represents an unrealised gain on disposal of investments. We are currently treating this balance of £473k as an uncertainty. The above mis-postings has resulted in material amendments to the value of purchases and sales. The changes you are proposing are: • reductions of £401k in both purchases and sales of investments (Note 9) as a result of the mis-postings • amending the analysis of the investment portfolio to be consistent with Investment Managers' reports.

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
Net assets			
Investments	Investments not valid Fair value measurement not correct	• Review and testing of change in market value of investments • Review and testing of significant sales and purchases of investments	Our testing identified material amendments to the value of purchases and sales of pooled investments. Our audit of these amendments remains in progress. Further details are set out in the Investments table on page 11.
Scheme Contributions, investments and cash	Contributions debtors overstated	• contributions outstanding at the year-end are appropriately analysed • Review and testing of reconciliations of bank balances	Our audit work completed to date has identified the following issue: • Current assets employer contributions was overstated by £3.3m (details are set out in Benefits Payments Investments table on page 13). Officers have agreed to make this adjustment. You also advised us of the following amendments within the current assets balances which are summarised below: • a further reduction of £518k in your employer contributions due • reclassification of £225k employer contributions as member contributions due • write off of debtor balances of £294k.

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
Net assets			
Benefit payments, investments	Benefit creditors understated or not recorded in the correct period	• Review and testing of benefit payment creditors are not understated or not recorded in the correct period	Our audit work completed to date has identified the following issue: • Accrued expenses balance incorrectly included an accrual of £3.3m being the cessation payment from an admitted body. The accrual was not a liability at year end as it had been received (included in cash balance) in the accounting period. Officers have agreed to make this adjustment. You also advised us of trivial classification errors within your current liabilities disclosure which are summarised below: • an increase in unpaid benefits of £114k • an increase in accrued expenses of £319k .

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
Revenue recognition	• The Council's policy for major sources of revenues (contribution income and Investment income) are set out in detail within Note 2 Accounting Policies	• Your revenue recognition policy is consistent with our audit of the pension fund financial statements. Refer to earlier comments on revenue recognition on page 9.	● (green)
Judgements and estimates	• Key estimates and judgements disclosed in the notes to the accounts [Notes 2 and 9] include: – pension fund valuations and settlements – investment valuation	• We reviewed your key estimates and judgements made by management within the notes to the accounts. For the disclosures listed, we concluded they were consistent with guidance set out in the Code of Practice of Local Authority Accounting. • However, we note that the policies do not include a disclosure of your major sources of estimation uncertainty at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. We recommend you include this disclosure as good practice.	● (amber)
Other accounting policies	• The Fund's accounting policies are in accordance with the requirements of the Code of Practice on Local Authority Accounting	• We have reviewed the Fund's policies against the requirements of the Code of Practice on Local Authority Accounting. The Fund's policies are consistent with the Code of Practice.	● (green)

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

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.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the financial statements.

	Detail	Pension Fund Revenue account £'000	Net asset statement £'000	Impact on net assets carried forward £000
1	**Note 3 Contributions receivable** LB Barnet early retirement payments misclassified as contributions	3,863 (3,863)	n/a	n/a
2	**Note 9 Investments** Mis-postings of sales and purchases of investments	n/a	401 (401)	n/a
3	**Note 13 Current Liabilities** Member contribution was incorrectly included as cash, employer contributions receivable and as an accrued liability	n/a	3,300 (3,300)	n/a
4	**Benefit Payable Account** Late posting of Benefit payment incorrectly treated as a 2013/14 payment	(433)	433	433
5	**Account Expenses** Write off of debtor balances	(294)	294	294
	Overall impact	**(727)**	**727**	**727**

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	Disclosure	n/a	Introduction Note 1	The disclosure of a) number of employees contributing to the fund; b) number of pensioners; and c) number of deferred pensioners could not be supported with evidence from the pensions administration system. Officers confirmed that the data is a live system and a screen print of the movements as 31/03/13 had not been retained. Officers have agreed to update the disclosure using data from June 2013.
2	Disclosure	n/a	AVC Investments Note 10	You advised us at the start of the audit that the Additional Voluntary Contributions disclosure note was incomplete. Officers have agreed to update the disclosure note. Our review of the revised disclosure note did not identified any further issues.
3	Misclassification	4,939	Current Assets Note 12	You advised us of other trivial classification errors between employer and member contributions. Other issues arising from our testing are documented on page 12.
4	Misclassification	680	Current Liabilities Note 13	You advised us of other trivial classification errors. Management propose to amend the note. Other issues arising from our testing are documented on page 13.
5	Disclosure	n/a	Membership of the Pension Fund Note 19	Additional disclosure made on Membership of the Pension Fund.
6	Disclosure	n/a	Assumptions made about the future and other major sources of estimation and uncertainty Note 20	Additional disclosure made on judgements and estimates. Refer page 14.

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
7	Disclosure	n/a	Pension Fund	In line with IAS26 the Authority has in previous years utilised Option C which requires you to attached the actuary report as an appendix to the accounts. The Authority will adopt a similar approach for the current year's accounts and will attach the actuarial liabilities using net present values as an appendix to the Pension Fund statements
8	Disclosure	n/a	Annual Report	The statements within the Pension Fund Annual Report should be updated on conclusion of the audit. Our review of the Annual Report is in progress.

Unadjusted misstatements, uncertainties or disclosures

The table below provides details of adjustments identified during the audit but which have not been made within the final set of financial statements. The Audit Committee is required to approve management's proposed treatment of all items recorded within the table below:

	Detail	Pension Fund account £'000	Net asset statement £'000	Reason for not adjusting
1	**Note 3 Contributions Receivable** Pension strain balance included within Contribution Receivable does not reconcile to supporting evidence from payroll and pension admin.	513	n/a	The Council has reconciled the Pension strain balance on SAP to pension administration and payroll data included in the Pension Fund Account. There is a non trivial residual balance which management are continuing to review.
2	**Note 5 Benefits Payable disclosure** The benefits payable should be split between the administering authority; Scheduled bodies, and Admitted bodies	n/a	n/a	The Authority's system cannot readily provide data that would disaggregate the balance
3	**Note 9 Investments** We were unable to agree this change in market value of investments to supporting evidence. We have an uncertainty over this value.	473	n/a	The Authority is of the view that this balance represents an unrealised gain on disposal of investments.
	Overall impact	**986**	**Nil**	

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.	**Matters in relation to fraud**	• We have not been made aware of any incidents in the period and no other issues have been identified during the course of our audit procedures
2.	**Matters in relation to laws and regulations**	• We are not aware of any significant incidences of non-compliance with relevant laws and regulations.
3.	**Written representations**	• A standard letter of representation will be requested from the Fund at the conclusion of our audit
4.	**Disclosures**	• Our review found no material omissions in the financial statements
5.	**Matters in relation to related parties**	• We are not aware of any related party transactions which have not been disclosed
6.	**Going concern**	• Our work has not identified any reason to challenge the Fund's decision to prepare the financial statements on a going concern basis.

Section 3: Fees, non audit services and independence

Fees, non audit services and independence

We confirm below our final fees charged for the audit.

Fees

	Per Audit plan £	Actual fees £
Fund audit	20,226	29,726
Total audit fees	**20,226**	**29,726**

The Audit Commission defines the scale audit fee as "the fee required by the 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." the scale fee or the Barnet Pension Fund audit for 2012/13 is £20,226, the planned fee reported to you in our Audit Plan.

As detailed in this report, the supporting working papers were not available at the start of the audit and the quality of the draft accounts was poor. Most were provided during the audit, however some were recently provided and we are currently reviewing these. We have agreed an increase in the audit fee of £9,500 for additional audit testing required with officers, making the total actual fee £29,726 for 2012/13.

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.

Section 5: Communication of audit matters

01. Executive summary

02. Audit findings

03. Fees, non audit services and independence

04. Communication of audit matters

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).

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 unmodified 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	**Pension strain** Investigate and clear pension strain reconciling difference between SAP, AXIS and payroll systems	High	Agreed Pension strain processing to be reviewed to ensure supporting documentation sufficient to support monthly and year end reconciliation of differences between financial systems.	30 September 2013 Head of Pensions and Head of Treasury
2	**Judgements and estimates** Disclosure in your accounting policy, major sources of estimation uncertainty which could impact at the end of the reporting period. The uncertainty gives rise to a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.	Medium	Agreed. Additional disclosure made in Note 20.	Actioned. Head of Treasury
3	**Membership of the Pension Fund** Retain a screen print from the AXIS system as at 31 March 2014 as evidence supporting your disclosure of a) number of employees contributing to the fund; b) number of pensioners; and c) number of deferred pensioners	Medium	Agreed. Screen-print will be retained as at 31 March 2014. To be included as task on 14-15 closedown timetable.	31 March 2014 Head of Pensions and Head of Treasury
4	**Benefits Payable disclosure** Disclose benefits payable between the administering authority; Scheduled bodies, and Admitted bodies	Medium	Agreed. Cost centre coding to be refined to ensure date entry enables identification of employer to enable benefits disclosure by scheduled and admitted body at summary level.	September 2013 Head of Pensions and Head of Treasury

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
5	**Reconciliations** Perform regular reconciliations of purchases and sales of pooled investments between summary transaction listings, Fund Manager reports and SAP system	High	Actioned .Monthly reconciliation is already undertaken between fund manager reports and SAP.	Actioned Senior Management Accountant
6	**Adjusted misstatements** Process journals for the agreed misstatements (page 15) to ensure SAP ledger balance is consistent with audited Fund statements	Medium	Misclassification adjusted for, remaining journals to be processed in period 13 adjustments once all adjustments are finalised.	11 July 2013 Head of Treasury
7	**Accounts preparation** Implement a rigorous quality assurance programme to improve the quality of the Fund statements	High	Lessons learned review of Closedown scheduled for 11 July. Workplan will be implemented to ensure quality of financial statements is improved.	30 September 2013 Head of Treasury

Appendix B: Audit opinion

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

TO BE ADDED

Subject to the satisfactory conclusion of our work, we anticipate that we will provide the Fund with an unmodified opinion. At this stage the wording of the opinion for all local government pension schemes remains subject to agreement with the Audit Commission. We will update this Appendix to include the opinion once this is agreed.

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