



The Audit Findings for Cheshire Pension Fund

Year ended 31 March 2013

August 2013

Judith M Tench

Director

T +44 (0)161 214 6369

E judith.m.tench@uk.gt.com

Caroline Davies

Audit Manager

T +44 (0)161 214 6394

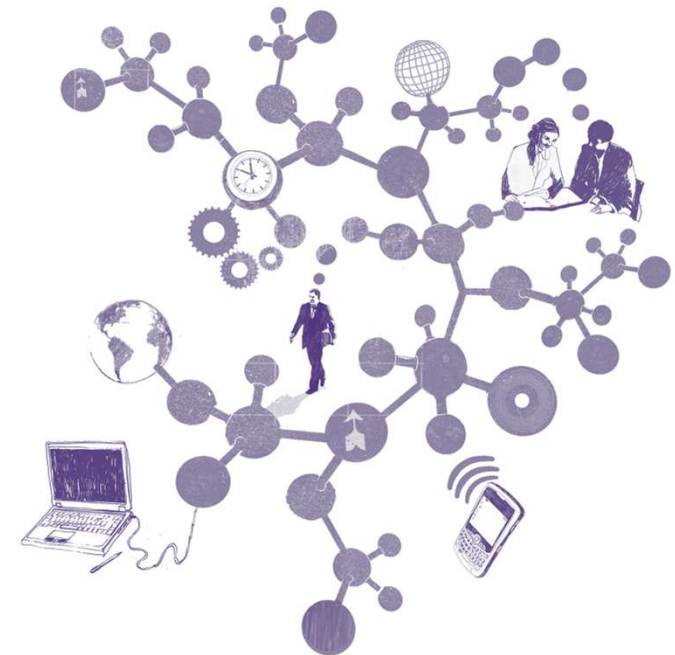
E caroline.davies@uk.gt.com

Ian Pinches

Executive

T +44 (0)161 234 6395

E ian.m.pinches@uk.gt.com



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

02. Audit findings

03. Fees, non audit services and independence

04. Communication of audit matters

Executive summary

Purpose of this report

This report highlights the key issues arising from the audit of Cheshire 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

In the conduct of our audit we have not had to alter or change the planned approach as communicated to you in our audit plan in June 2013.

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

- obtaining and reviewing the management letter of representation;
- completing our work to support issue of IAS19 assurances to scheduled bodies;
- updating our post balance sheet events review, to the date of signing the audit opinion;
- our review of the Annual report; and
- our final review procedures.

Key audit and financial reporting issues

Financial statements opinion

We expect to provide an unqualified opinion on the financial statements.

We have not identified any material adjustments affecting the Fund's draft financial position, which showed net assets of £3,359m.

The key messages arising from our audit of the Fund's financial statements are:

- a material reclassification of £147m between Pooled Investment Vehicles and Equities, as set out in page 13 of this report.
- the draft financial statements were provided at the start of our audit work and high quality working papers were made available;
- Officers were available throughout our audit fieldwork to provide additional supporting information in a timely manner and resolved our queries promptly.

Controls

The Council'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 Council.

Our work has not identified any control weaknesses which we wish to highlight for your attention, except for some minor IT control weaknesses. Further details are provided within section 2.

The way forward

Matters arising from the financial statements audit with the Director of Resources and officers.

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 Director of Resources and the finance team.

Acknowledgment

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

Grant Thornton UK LLP
9 August 2013

Section 2: *Audit findings*

01. Executive summary

02. Audit findings

03. Fees, non audit services and independence

04. Communication of audit matters

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 Pensions Committee on 07 June 2013 and the Audit and Governance Committee on 25 June 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.

Audit opinion

We anticipate that we will provide the Fund with an unqualified opinion on the financial statements. Our anticipated audit opinion on the financial statements is set out in Appendix B. We have also included our anticipated opinion on the annual report at Appendix C.

Letter of Representation

We have provided the Fund with a suggested letter of representation. We are not seeking any specific representations. This is included at Appendix D.

IAS 19 assurances

We are in the process of completing work to support the IAS19 assurances required by a number of scheduled bodies to the pension scheme. This work is in addition to our core audit programme and was set out in the Audit Plan presented to you in June. This work is likely to incur an extra fee. We will be currently waiting for the Audit Commission to agree the fee variations and will update you as necessary.

Follow up of previous recommendations

We have reviewed the work of your predecessor auditor in planning our audit programme, including a review of previous recommendations. This involved reviewing key reconciliations at year to ensure they have been carried out. Our follow up work is complete and there are no matters that we wish to bring to your attention.

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>Improper revenue recognition</p> <p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper recognition</p>	<ul style="list-style-type: none"> • review and testing of revenue recognition policies • testing of material revenue streams • review of unusual significant transactions 	<p>Our audit work has not identified any issues in respect of revenue recognition.</p>
2.	<p>Management override of controls</p> <p>Under ISA 240 there is a presumed risk that management over-ride of controls is present in all entities</p>	<ul style="list-style-type: none"> • review of accounting estimates, judgements and decisions made by management • testing of journals entries • review of unusual significant transactions 	<p>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 have 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 judgments.</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
Investments	Investments not valid Investments activity not valid Fair value measurement not correct	<ul style="list-style-type: none"> • obtained independent, direct confirmation of balances from Investment Managers, and Custodian. • Obtain independent confirmation of valuation of property investments. • 3-way reconciliation between records of the fund managers, the custodian, and the Fund • Sample testing of valuations, in particular hard-to-value investments • Testing of sales / purchases in material classes of investments. 	<p>Our audit work has not identified any investments held by the Fund that are not valid, or where the fair value measurement is not correct.</p> <p>Our audit work supports the valuations of investments where estimation techniques and judgement have been applied.</p> <p>An material misclassification was identified in the course of the audit, which officers had already identified. This is detailed on page 13 of this report.</p>
Benefit Payments	Benefits improperly computed/claims liability understated	<ul style="list-style-type: none"> • Sample testing of pension payments, lump sums, and refunds • Analytical procedures rationalising pensions paid with changes in pensioner numbers & annual pension increases applicable to 12/13 • Reconciliation of movements in membership statistics to transactions in the accounting records 	<p>Our audit work did not identify any evidence that benefit payments have been improperly computed, or the claims liability understated.</p>
Contributions	Recorded contributions not correct	<ul style="list-style-type: none"> • Review design of controls regarding receipt of contributions at the Fund, and walkthrough to ensure these controls are operating effectively. • Sample testing of individual members contributions received by the Fund. • Sample testing of lump sums. • Analytical procedures rationalising contributions received to changes in member data and payroll data. 	<p>Our audit work has not identified any evidence that contributions been recorded incorrectly.</p>

Audit findings against other risks

Review of Information Technology (IT) Controls




As part of our planned programme of work, our information systems specialist team undertook a high level review of the general IT control environment at the Administering authority. This was undertaken as part of the review of the internal controls system and included a follow up of the issues that had been raised by the previous auditor, the Audit Commission. We are pleased to report that no significant issues arose from our work, however, we identified a number of minor areas where the existing IT arrangements can be further developed including :

- transferring responsibility for administrative access for security within the Capita Academy system to IT system administrators rather than end users
- enforcing password complexity within Oracle Financials and Capita Academy
- periodically performing user account reviews for appropriateness of access
- developing formal batch processing policies and procedures.

Our recommendations are set out at Appendix A.

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	<ul style="list-style-type: none"> • Contribution Income: normal contributions for both employee and employers is accounted for on an accruals basis • Transfers to and from the scheme: Transfers are recognised when they are received / paid. • Investment Income: The Fund adopts several different recognition approaches dependent on the types of investment as disclosed within the statements. 	<ul style="list-style-type: none"> • The revenue recognition policies of the Fund are appropriate and in line with the relevant accounting framework • The application of the revenue recognition policies at the Fund is not considered complex, and our testing has not identified any inappropriate revenue recognition 	 Green
Judgements and estimates	<ul style="list-style-type: none"> • Key estimates and judgements include : <ul style="list-style-type: none"> – investment valuation for unquoted, hard to value investments – pension fund actuarial valuations and settlements 	<ul style="list-style-type: none"> • The valuation of the Fund's investment portfolio has been substantively tested to gain assurance that it is not materially misstated • We have confirmed that the work of the actuary is in line with professional standards and regulation, and that they are a reliable source of estimation relating to the pension fund liabilities. 	 Green
Other accounting policies	<ul style="list-style-type: none"> • The Fund's accounting policies are in accordance with the requirements of the Code of Practice on Local Authority Accounting 	<ul style="list-style-type: none"> • 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. 	 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

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	£147,486	Pooled Investment Vehicles	This misstatements is a misclassification with no impact on the retained net assets carried forward. The misclassification was as a result of an in year change between share classes. The misclassification also impact on other notes throughout the statements (notes 15 and 15f).
	(£147,486)	Equities	

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	<ul style="list-style-type: none"> We have previously discussed the risk of fraud with the Audit Committee and were not informed of any significant 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	<ul style="list-style-type: none"> We are not aware of any significant incidences of non-compliance with relevant laws and regulations.
3.	Written representations	<ul style="list-style-type: none"> A standard letter of representation has been requested from the Fund.
4.	Disclosures	<ul style="list-style-type: none"> Our review found no material omissions in the financial statements.
5.	Matters in relation to related parties	<ul style="list-style-type: none"> We are not aware of any related party transactions which have not been disclosed.
6.	Going concern	<ul style="list-style-type: none"> 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

01. Executive summary

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Fees, non audit services and independence

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

Fees

	Per Audit plan £	Actual fees £
Fund audit	28,489	28,489
Total audit fees	28,489	28,489

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 4: Communication of audit matters

01. Executive summary

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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.

	Audit Plan	Audit Findings
Our communication plan		
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	Responsibility of administering security within Capita Academy and Oracle Financials should be performed by system administrators. Password complexity should also be enforced within these systems.	Low	<p>Responsibility for all aspects of ICT system administration, including who undertakes roles such as granting system access, is being reviewed as part of the design process for the shared services Separate Legal Entity (SLE). Revised protocols will be considered and implemented where necessary as part of this process.</p> <p>Options being considered already include the purchase of a tool which monitors access and activities within the system. This is seen as an enhanced control to the system access process and the manual controls already in place to monitor access and system security.</p>	<p>April 2014</p> <p>Shared Services Programme Board</p>
2	<p>Batch processing arrangements for Oracle Financials and Capita Academy need to be further developed by:</p> <ul style="list-style-type: none"> establishing policies and procedures covering batch administration, monitoring and error handling; ensuring system administrators are responsible for administration; establishing a formalised change control process for modifying batch jobs and schedules; Introducing a formalised batch processing monitoring process; enabling the account lock out facility. 	Low	<p>As reflected in the previous recommendation the administrative processes governing the operation of all the Councils systems are being reviewed in advance of the implementation of the SLE.</p> <p>The outcomes of this redesign process will, amongst other things, ensure that the administrative processes for batch processes are robust and undertaken by the most appropriate person.</p> <p>The level of documentation held will be reviewed to ensure that it is sufficient to manage the risks associated with the respective systems and roles.</p>	<p>April 2014</p> <p>Shared Services Programme Board</p>

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
3	Management should periodically perform formal reviews of user accounts and group membership assignments within Active Directory for appropriateness.	Low	Existing controls ensure that responsibilities are removed when individuals cease employment but changes are not always captured when individuals change roles. ICT and HR will need to work together to identify a process to ensure permissions are commensurate with the duties performed and are reviewed periodically.	Mar 13 ICT Shared Service/ Human Resources

Appendix B: Proposed audit opinion for the financial statements

We anticipate we will provide Cheshire Pension Fund with an unqualified audit report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHESHIRE PENSION FUND

Opinion on the pension fund financial statements

We have audited the pension fund financial statements of Cheshire Pension Fund for the year ended 31 March 2013 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 2012/13.

This report is made solely to the members of Cheshire Pension Fund 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 Resources and auditor

As explained more fully in the Statement of the Director of Resources Responsibilities, the Director of Resources 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 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 Resources; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword and the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matters

In our opinion, the information given in the explanatory foreword and the content of the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Opinion on 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 2013 and the amount and disposition of the fund's assets and liabilities as at 31 March 2013, other than liabilities to pay pensions and other benefits after the end of the scheme year; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

Judith Tench
Engagement Lead
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Royal Liver Building
Liverpool
L3 1PS

August 2013

Appendix C: Proposed audit opinion for the annual report

We anticipate we will provide Cheshire Pension Fund with an unqualified audit report for inclusion in the annual report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHESHIRE PENSION FUND

Opinion on the pension fund financial statements

We have audited the pension fund financial statements of Cheshire Pension Fund for the year ended 31 March 2013 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 2012/13.

This report is made solely to the members of Cheshire Pension Fund 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 of 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 Fund'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 Resources and auditor

As explained more fully in the Statement of the Director of Resources Responsibilities, the Director of Resources is responsible for the preparation of the pension fund's financial statements 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 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 Resources; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matters

In our opinion, the information given in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if, in our opinion the governance compliance statement does not reflect compliance with the Local Government Pension Scheme (Administration) Regulations 2008 and related guidance. We have nothing to report in this respect.

Opinion on 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 2013 and the amount and disposition of the fund's assets and liabilities as at 31 March 2013, other than liabilities to pay pensions and other benefits after the end of the scheme year; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

Judith Tench
Engagement Lead
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Royal Liver Building
Liverpool
L3 1PS

August 2013

Appendix D: Letter of Representation

Grant Thornton UK LLP
Royal Liver Building
Liverpool
L3 1PS
27 August 2013

Dear Sirs

Cheshire Pension Fund

Financial Statements for the year ended 31 March 2013

This representation letter is provided in connection with your audit of the financial statements of Cheshire Pension Fund for the year ended 31 March 2013 for the purpose of expressing an opinion as to whether the financial statements show a true and fair view of the financial transactions of the Fund during the year ended 31 March 2013, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Fund year, in accordance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 (the Code).

Financial Statements

1. We have fulfilled our responsibilities for the preparation of the financial statements in accordance with the Code; in particular the financial statements show a true and fair view in accordance therewith, and for keeping records in respect of contributions received in respect of active members.
2. We acknowledge our responsibility for the design and implementation of internal control to prevent and detect error and fraud.
3. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
4. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of the Code.
5. All events subsequent to the date of the financial statements and for which the Code requires adjustment or disclosure have been adjusted or disclosed.

6. The financial statements are free of material misstatements, including omissions.

7. We believe that the Pension Scheme's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the Pension Scheme's needs. We believe that no further disclosures relating to the Pension Scheme's ability to continue as a going concern need to be made in the financial statements.

8. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

9. We acknowledge our responsibilities for making the accounting estimates included in the financial statements. Where it was necessary to choose between estimation techniques that comply with the Code, we selected the estimation technique considered to be the most appropriate to the Pension Fund's particular circumstances for the purpose of giving a true and fair view. Those estimates reflect our judgment based on our knowledge and experience about past and current events and are also based on our assumptions about conditions we expect to exist and courses of action we expect to take.

Information Provided

10. We have provided you with:

- (a) access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- (b) additional information that you have requested from us for the purpose of your audit; and
- (c) unrestricted access to persons from whom you determine it necessary to obtain audit evidence.

11. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

12. All transactions have been recorded in the accounting records and are reflected in the financial statements

13. We are not aware of any fraud or suspected fraud affecting the Fund involving:

- (a) management;
- (b) employees who have significant roles in internal control; or
- (c) others where the fraud could have a material effect on the financial statements.

Appendix D: Letter of Representation

- 14. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the Fund's financial statements communicated by employees, former employees, analysts, regulators or others.
- 15. We are not aware of any instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- 16. There have been no communications with The Pensions Regulator or other regulatory bodies during the fund year or subsequently concerning matters of non-compliance with any legal duty.
- 17. We are not aware of any reports having been made to The Pensions Regulator by any of our advisors.
- 18. We have disclosed to you the identity of the Fund's related parties and all the related party relationships and transactions of which we are aware.
- 19. We confirm that no trustee of the fund is connected with, or is an associate of, Grant Thornton UK LLP which would render Grant Thornton UK LLP ineligible to act as auditor to the Fund under section 27 of the Pensions Act 1995.

Other

- 20. We confirm that the Fund is a Registered Pension Fund. We are not aware of any reason why the tax status of the Fund should change.
- 21. We confirm that we are not aware of any late contributions or breaches of the schedule of contributions that have arisen which we considered did not require reporting under the easement introduced under The Occupational Pension Funds (Miscellaneous Amendments) Regulations 2000.
- 22. We have not commissioned advisory reports which may affect the conduct of your work in relation to the fund's financial statements and schedule of contributions.

Approval

The approval of this letter of representation was minuted by the Pension Funds Audit and Governance Committee at its meeting on 27 August 2013.

Signed on behalf of the Pension Fund

Name.....

Position.....

Date.....

Name.....

Position.....

Date.....



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