

**Audit Committee**  
**Minutes of the Meeting held on Thursday 21 September 2017 at**  
**2pm in the Edwards Room, County Hall, Norwich**

**Present:**

Mr I Mackie - Chairman  
Mr C Foulger  
Mr A Jamieson  
Mr S Morphew  
Mr H Thirtle – Vice-Chairman  
Mrs K Vincent

**1 Apologies for Absence**

- 1.1 An apology for absence was received from Steffan Aquarone.

**2 Minutes**

- 2.1 The minutes from the Audit Committee meeting held on 15 June 2017 were agreed as an accurate record and signed by the Chairman.

**3 Declaration of Interests**

- 3.1 Mrs K Vincent declared an interest in items 7 and 8 as she was a member of the Norfolk Pension Fund.
- 3.2 Mr H Thirtle declared an interest in items 7 and 8 as he was a member of the Norfolk Pension fund.
- 3.3 Mr S Morphew declared an interest in items 7 and 8 as his wife was a member of the Norfolk Pension Fund.
- 3.4 Mr A Jamieson declared an interest in items 7 and 8 as he was a Director of Norse.
- 3.5 Mr C Foulger declared an interest in item 8 as he was a Director of Hethel Innovation Ltd.

**4 Items of Urgent Business**

- 4.1 At its last meeting, following the tragic fire at Grenfell Tower in Kensington, the Committee had commissioned a short report investigating the safety of the cladding recently installed on the exterior of the main County Hall building, including fire escape routes in County Hall; fire alarm system and drills; whether the fire alarm system was linked to Diamond Jubilee Carrow Fire Station and provisions for Fire Wardens in the building. The Committee also requested that the review should address business contingency plans that would be implemented to provide vital services if County Hall became dysfunctional.
- 4.2 The Committee welcomed the Head of Property and Head of Resilience to the meeting to provide an update.

- 4.3 The Head of Property advised that he had no further information to the update included at paragraph 2.8 of the report titled "Norfolk Audit Services Report for the quarter ending 30 June 2017" (Agenda item 5). The Head of Property added that officers were in regular contact with Norfolk Fire & Rescue Service and professional bodies for any additional requirements or remediation for office buildings. There were no plans to carry out additional testing at County Hall at the present time, although the situation would be closely monitored.
- 4.4 The Head of Resilience advised that, as part of the business continuity management process, systems were in place to identify risks and prioritise critical activities. Business Improvement Analysis was carried out two times per year which fed into the business continuity plans. The analysis included identifying alternative work areas in the event County Hall became non-operational, one example being the Professional Development Centre, Woodside Road, Norwich.
- 4.5 The Committee thanked the Head of Property and Head of Resilience for attending the meeting and for providing the update.

(For ease of reference, items appear in these minutes in the order in which they appeared on the agenda. This was not necessarily the order in which the items were considered at the meeting.)

## **5 Norfolk Audit Services Report for the Quarter ended 30 June 2017**

- 5.1 The Committee received the report by the Executive Director of Finance & Commercial Services setting out how Internal Audit's work would contribute to the County Council's priorities around 'Caring for our County'.
- 5.2 The Chief Internal Auditor confirmed that his team would investigate the recommendation from Ernst & Young in the Audit report - section 7 (Assessment of Control Environment) - (The Council should review delegation procedures for the accounts payable financial system to mitigate the same person raising an order and approving payment.)
- 5.3 Following a concern raised about whistleblowing investigations being delegated to a senior officer in the relevant department, the Chief Internal Auditor confirmed that if there were particular points raised which needed specialist actions, the investigation would be delegated to the safeguarding team. Any financial whistleblowing investigations would be carried out by the Investigative Auditor.
- 5.4 The next report would include further information about the four 'ways of working' and how these could be built into the work of the audit team. The new ways of working were being developed to assist senior manager's shape their teams to fit into the organisational changes which were being undertaken.
- 5.5 The Committee **RESOLVED** to consider and comment on:
- The overall opinion on the effectiveness of risk management and internal control being 'acceptable' and therefore considered 'sound'.

- Satisfactory progress with the traded schools audits and the operation of the Audit Authority for the France Channel England Interreg programme.
- Plans are being established to strengthen corporate development themes of: Strategy into Action/Accountability, Commerciality/Business Like, Data Analytics/Evidence Based and Collaboration/Influencing for the internal audit function.

## **6 Governance, Control and Risk Management of Treasury Management**

- 6.1 The Committee received the report by the Executive Director of Finance & Commercial Services concluding that the County Council's Treasury Management operations were fully compliant with the statutory and regulatory framework and recognised best practice.
- 6.2 In reply to a question it was confirmed that the Treasury Management Panel met three times per year.
- 6.3 The Committee **RESOLVED** to consider and comment on the report.

## **7 Norfolk Pension Fund Governance Arrangements**

- 7.1 The Committee received the report by the Executive Director of Finance & Commercial Services and Head of Pensions outlining the ongoing governance arrangements of the Norfolk Pension Fund.
- 7.2 The Committee welcomed the Head of Norfolk Pension Fund and the Chief Investment Manager, who attended the meeting to present the report and answer questions from the Committee.
- 7.3 The Head of Norfolk Pension Fund gave the Committee some background information with regard to the ACCESS (A collaboration of Central, Eastern and Southern Shires) pool and how this linked with the governance arrangements. The Committee requested an update on the latest position at its January 2018 meeting.
- 7.4 In response to a question, the Head of Norfolk Pension Fund confirmed that the number of contributing employers to the Fund continued to rise. This was largely due to schools becoming academies which meant they became employers. The number of Active Members had also increased which was mainly due to the auto-enrolment scheme.
- 7.5 **RESOLVED**

That the Committee consider the report which detailed to the Committee, Norfolk Pension Fund's governance arrangements, being fully compliant with legislative requirements, regulatory guidance and recognised best practice.

## **8 Norfolk County Council and Norfolk Pension Fund Audit Results Reports – Audit Committee Summary for the year ended 31 March 2017.**

- 8.1 The Committee received the report by the Executive Director of Finance & Commercial Services introducing the External Auditor's (Ernst & Young) Norfolk

County Council and Norfolk Pension Fund Audit Results reports – Audit Committee Summary for the year ended 31 March 2017. The Committee was asked to consider the draft Ernst and Young Norfolk County Council and Norfolk Pension Fund Audit Results Reports – Audit Committee Summary for the year ended 31 March 2017.

8.2 The Committee welcomed Mr D Riglar and Mr M Hodgson from Ernst & Young who had attended the meeting to present the report.

8.3 During the presentation of the report, the following points were noted:

- It was hoped that the Audit would be signed-off during week commencing 25 September 2017.
- An unqualified opinion was proposed.
- There were no unadjusted errors.
- The adjusted errors were insignificant.
- With regard to Norfolk Pension Fund Audit Results Report, the Committee was advised that the Pensions Committee had considered the report at its meeting on 19 September 2017 and that an unqualified opinion was also proposed for the Norfolk Pension Fund accounts.

8.4 Mr Hodgson thanked officers at Norfolk County Council for their work in producing the draft accounts and advised that the Auditors had reached an “unqualified Value For Money conclusion”.

8.5 The Chairman thanked Mr Hodgson and Mr Riglar for attending the meeting and said he was delighted to hear the unqualified opinion. He commended Ernst & Young for their hard work, in particular with the challenges faced with the coterminous end of year for the Norse, Norfolk County Council and the Norfolk Pension Fund Accounts.

8.6 The Committee **RESOLVED** to consider the matters raised in the reports before Ernst & Young issue their audit opinion.

## **9 Annual Statement of Accounts and Annual Governance Statement 2016-17.**

9.1 The Committee received the report by the Executive Director of Finance & Commercial Services introducing the Statement of Accounts and Annual Governance Statement of Norfolk County Council for 2016-17 which had been subject to external audit by Ernst & Young. It was expected that the Council would receive an unqualified audit opinion.

9.2 The Committee received some minor amendments to the report since the agenda had been published. A copy of amendments can be found at Appendix A to these minutes.

9.3 The following points were noted in response to questions from the Committee:

9.3.1 Once the opinion had been received from Ernst & Young, the Statement of Accounts would be published on the website by the deadline of 30 September 2017.

- 9.3.2 The Committee **agreed** to add the following paragraph to the Annual Governance Statement:

Paragraph 5.7 - Review Mechanisms for Norse.

"In accordance with Section 54, Part 6 of the Modern Slavery Act 2015 the NORSE Group's Slavery and Human Trafficking Statement for the financial year ending 31 March 2016 was signed on 8 June 2016."

- 9.3.3 The Norse Governance responsibilities were set out in Part 4.1 of the Norfolk County Council Constitution.

- 9.4 The committee recorded its thanks to the Finance Team for once again achieving this outcome for the council and for their hard work in the preparation of the annual statement of accounts.

- 9.5 The Committee **RESOLVED** to:

- Note that following annual reviews, the system of internal control and internal audit are considered adequate and effective for the purposes of the relevant regulations;
- Consider and approve the Annual Governance Statement (Appendix 2) and commend the final statement for signature by the Leader and the Managing Director;
- Consider and approve the Council's 2016-17 Statement of Accounts (Appendix 4);
- Note the Summary of the Statement of Accounts (Appendix 3) to be published alongside the full accounts.

## **10 Letters of Representation 2016-17**

- 10.1 The Committee received the report by the Executive Director of Finance & Commercial Services providing details of the letters of representation in connection with the audit of the financial statements of Norfolk County Council for 2016-17.

- 10.2 A copy of the Norfolk Pension Fund letter of representation, which had been signed by the Chairman of the Pension Committee and the Executive Director of Finance and Commercial Services was circulated at the meeting. A copy of the letter is attached at Appendix B to these minutes.

- 10.3 The Committee **RESOLVED** to:

- Endorse the letters of representation in respect of the Pension Fund and of Norfolk County Council, and the Chairman of the Audit Committee and Executive Director of Finance & Commercial Services signed the letter on behalf of the Council.

## **11 Revised Internal Audit Plan 2017-18**

- 11.1 The Committee received the report by the Executive Director of Finance & Commercial Services asking it to consider the effectiveness of the system of internal audit including internal audit's strategy, plan and performance and that those arrangements were compliant with all applicable statutes and regulations,

including the Public Sector Internal Audit Standards and the Local Authority Guidance Note of 2013 and any other relevant statements of best practice.

- 11.2 In response to a question it was clarified that the Income – Car Parking audit topic had been introduced to ensure that the revenue received from staff car parking charges and football match parking charges were correctly accounted for. Norse managed football match car parking, which was charged at £8/£10 per car per match. As this money was mainly cash payments, it was important to carry out an audit to ensure the revenue was appropriately accounted for. The money from football match car parking charges was part of the income target stream for the Norfolk Property Team.
- 11.3 The Chief Internal Auditor confirmed that, following the recruitment of the additional Principal Client Manager and the Investigating Auditor, the Audit Team was now in a good position from a staffing point of view to be able to deliver the Audit Plan.
- 11.4 The Committee **RESOLVED** to note:
- That internal audit's strategy and plan contribute to meeting the Council's priorities of 'Caring for our County', an effective system of internal audit and that those arrangements are compliant with all applicable statutes and regulations, including the Public Sector Internal Audit Standards and the Local Authority Guidance Note of 2013 and any other relevant statements of best practice
  - That the 2017-18 Internal Audit Strategy has been revised for the second half of the year (Appendix A). The actual days available to deliver the audit opinion work within the strategy have reduced from 768 days to 706 days, however the days remain sufficient to support the opinion
  - The revised Internal Audit Plan to support the opinion for the whole year (Appendix Bi) is 706 days, which includes contractor time as part of our planned mixed economy delivery model. The opinion work plan will be managed flexibly to support the traded schools approach. Some audits timed for Quarters 1 and 2 are carried into the remainder of the year as work in progress.
  - The Strategy includes 100 days for the Investigative Auditor's work
  - The three year [Internal Audit Strategy](#), (item 8, Appendix A) agreed in January 2017, remains largely unchanged and will be refreshed in January 2018
  - The overall target for 2017-18 final reports and draft reports for audits are 20 and 7 respectively, to be reported on in the Annual Internal Audit Report.

## 12 Audit Committee Terms of Reference

- 12.1 The Committee received the report by the Executive Director of Finance & Commercial Services introducing the Committee's Terms of Reference. The

terms of reference for the Committee are considered as part of a regular formal review. No changes were proposed.

- 12.2 The Committee **RESOLVED** to consider the proposed Terms of Reference and that no changes were proposed.

### **13 Risk Management Report**

- 13.1 The Committee received the report by the Executive Director of Finance & Commercial Services providing it with the corporate risk register as it stood in September 2017, along with an update on the Risk Management Strategy 2016-19 and other related matters, following the latest review conducted during August 2017.
- 13.2 The following points were noted in response to questions from the Committee:
- 13.2.1 The Committee asked the Risk Management Officer to ensure the risks were updated before the report was presented at its January 2018 meeting.
- 13.2.2 The only significant change to the risks since the last report was to risk number RM017 (Failure to construct and deliver the Norwich Northern Distributor Route (NDR) within agreed budget (£179.5m)) as the risk score had increased from 12 to 25. This change had been agreed by the Environment Development and Transport Committee at its June 2017 meeting.
- 13.2.3 Work was being undertaken to update Risks RM020a and RM020b (Failure to meet the long-term needs of Norfolk citizens) as it was recognised the two risks were similar. Discussions were taking place with the Executive Director of Adult Social Care to adapt the risks into one risk with the possibility of including Children's Services. The Committee was reassured that County Leadership Team reviewed and discussed the corporate risks and were aware of the long-term issues faced.
- 13.2.4 A suggestion was made that the Committee should undertake an investigation into the budget issues associated with the NDR contract to ensure that the lessons learned from this project were not repeated in future projects. The Committee agreed the suggestion but felt that any in-depth investigation should wait until the final budget costs were known, which was likely to be January 2018.
- 13.2.5 The Chairman of the NDR Working Group reassured the Committee that lessons were being learned from this contract which would be carried forward for future contracts.
- 13.3 The Committee **RESOLVED** to consider:
- a) The changes to the corporate risk register (Appendices A and B), the progress with mitigating the risks; and
  - b) The scrutiny options for managing corporate risks (Appendix C);
  - c) The movement of corporate risks since the last meeting (Appendix D);
  - d) If any further action is required.

## **14 Risk Management Policy Report**

14.1 The Committee received the report by the Executive Director of Finance & Commercial Services providing it with an update following the full review of the Well Managed Risk Norfolk County Council Management of Risk Policy (2014).

14.2 The Committee **RESOLVED** to:

- Consider the content of the updated Risk Management Policy and the list of Risk Management Procedures.
- Approve the revised Policy.
- Recommend adoption of the revised Policy to the Policy & Resources Committee.

## **15 Anti-Fraud and Corruption Strategy Update**

15.1 The Committee received the report by the Chief Legal Officer providing it with a summary of the proposed changes to the Anti-Fraud and Corruption Strategy and Associated policies following a review against the document: Fighting Fraud and Corruption Locally, The Local Government Counter Fraud and Corruption Strategy 2016-19.

15.2 In response to a question from the Chairman regarding fraud e-learning for every member of staff, which had been raised by the Committee on several occasions, the Chief Internal Auditor confirmed that a new strategy was now in place and a list was being compiled including budget holders and procurement staff members for whom the fraud training was recommended to be mandatory. Once the list of recommended mandatory staff had been compiled it would be considered by County Leadership Team. The Chief Internal Auditor would bring an update on the latest position to Audit Committee in January 2018.

15.3 The Committee **RESOLVED** to:

- Consider the content of the updated Strategy (Appendix 1) and Policy (Appendix 2).
- Consider the content of the proposed Activity Plan (Appendix 3).
- Approve the revised Strategy and Policy, and Activity Plan.
- Recommend adoption of the revised Strategy and Policy to the Policy & Resources Committee.

## **16 Audit Committee Work Programme**

16.1 The Committee received the report by the Executive Director, Finance and Commercial Services setting out the programme of work.

16.2 In accordance with its Terms of Reference the Committee considered and **agreed** the programme of work outlined in the report, with the addition of updates to the following subjects for consideration at its January 2018 meeting:

- Update on Risk RM018 (NDR)
- Risk RM 020a/b (ASC)
- Update on ACCESS Pool Arrangements from the Head of Norfolk Pension Fund.



The meeting ended at 3.45pm.

## **CHAIRMAN**



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Norfolk County Council

Audit Committee 21 September 2017

**Supplementary information**

**Statement of Accounts changes since agenda draft**

The following have been made to the Statement of Accounts after the agenda was issued as a result of continued detailed checking by both officers and auditors:

<b>Page</b>	<b>Ref/note</b>	<b>Amendment</b>
40	Note 5: Critical judgements in applying accounting policies.	Value of PFI operational assets corrected to £47.1m
42	Note 8: Events after the Reporting Period	Note references corrected, associated narrative updated.
56	Note 17 Financial Instruments	Carrying amount of non-PWLB debt and total corrected.
94	Group CIES	I&E re-allocations between services corrected to reflect audit changes and final group accounting adjustments.
108/9	Group accounts Note 12 Leasing	Minimum lease payment tables corrected for current/non-current split and consistency between table totals.

None of the changes above have had an impact on net assets, net cost of services or on reserves and balances. All have been discussed with the external auditors.



**Norfolk Pension Fund**

Delivering the Local Government Pension Scheme in Norfolk

LGC Finance Awards 2018



Appendix B

Tessa Gilbert  
Executive Director  
Ernst & Young  
Apex Plaza  
Forbury Road  
Reading  
RG1 1YE

Please contact **Robert Mayes**  
Address **Norfolk Pension Fund  
4<sup>th</sup> Floor Lawrence  
House  
5 St Andrews Hill  
Norwich NR2 1AD**  
Email **robert.mayes@norfolk.gov.uk**  
Telephone **01603 222870**

22<sup>nd</sup> September 2017

This letter of representations is provided in connection with your audit of the financial statements of Norfolk Pension Fund ("the Fund") for the year ended 31 March 2017. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the financial transactions of the Fund during the year ended 31 March 2017 and of the amount and disposition of the Fund's assets and liabilities as at 31 March 2017, in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK and Ireland), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

#### **A. Financial Statements and Financial Records**

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.
2. We confirm that the Fund is a Registered Pension Scheme. We are not aware of any reason why the tax status of the scheme should change.
3. We acknowledge, as members of management of the Fund, our responsibility for the fair presentation of the financial statements. We believe the financial

statements referred to above give a true and fair view of the financial position and financial performance of the Fund in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, and are free of material misstatements, including omissions. We have approved the financial statements.

4. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
5. As members of management of the Fund, we believe that the Fund has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 that are free from material misstatement, whether due to fraud or error.
6. There are no unadjusted audit difference identified during the current audit and pertaining to the latest period presented.

#### **B. Fraud**

1. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
2. 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.
3. We have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in the Fund's internal controls over financial reporting. In addition, we have no knowledge of any fraud or suspected fraud involving other employees in which the fraud could have a material effect on the financial statements. We have no knowledge of any allegations of financial improprieties, including fraud or suspected fraud, (regardless of the source or form and including without limitation, any allegations by "whistleblowers") which could result in a misstatement of the financial statements or otherwise affect the financial reporting of the Fund.

#### **C. Compliance with Laws and Regulations**

1. We have disclosed to you all identified or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
2. We have not made any reports to The Pensions Regulator, nor are we aware of any such reports having been made by any of our advisors.
3. There have been no other communications with The Pensions Regulator or other regulatory bodies during the Fund year or subsequently concerning matters of non-compliance with any legal duty. We have drawn to your attention all correspondence and notes of meetings with regulators.

#### **D. Information Provided and Completeness of Information and Transactions**

1. We have provided you with:
  - 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;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have made available to you all minutes of the meetings of the Pension and Audit held through the year to the most recent meeting on the following date: 27<sup>th</sup> June 2017 for the Pension Fund Committee and 15<sup>th</sup> June 2017 for the Norfolk County Council Audit Committee.
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Fund's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.
5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. We have disclosed to you, and the Fund has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
7. No transactions have been made which are not in the interests of the Fund members or the Fund during the fund year or subsequently.

#### **E. Liabilities and Contingencies**

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.

3. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent.
4. No other claims in connection with litigation have been or are expected to be received.

#### **F. Subsequent Events**

1. As described in Note 6 to the financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

#### **G. Other information**

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises The Norfolk Pension Fund Annual Report and Accounts 2016/17.
2. We confirm that the content contained within the other information is consistent with the financial statements.

#### **H. Derivative Financial Instruments**

1. We confirm the Fund's statement of investment principles has been duly reviewed to ensure that such investments comply with any limitations imposed by its provisions.
2. The financial statements disclose all transactions in derivative financial instruments that have been entered into during the period, those still held by the Fund at the year end and the terms and conditions relating thereto.
3. Management has duly considered and deemed as appropriate the assumptions and methodologies used in the valuation of 'over the counter' derivative financial instruments which the Fund is holding, and these have been communicated to you.

#### **I. Actuarial valuation**

1. The latest report of the actuary Hymans as at 31 March 2016 has been provided to you. To the best of our knowledge and belief we confirm that the information supplied by us to the actuary was true and that no significant information was omitted which may have a bearing on his report.

#### **J. Ownership of Assets**

1. The Fund has satisfactory title to all assets appearing in the Net Asset Statement, and there are no liens or encumbrances on the Fund's assets, nor has any asset been pledged as collateral. All assets to which the Fund has satisfactory title appear in the Net Asset Statement.
2. All agreements and options to buy back assets previously sold have been

properly recorded and adequately disclosed in the financial statements.

3. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts.

**K. Purchase and Sales Commitments**

1. Losses arising from purchase and sales commitments have been properly recorded and adequately disclosed in the financial statements.
2. At the year end, the Fund had no unusual commitments or contractual obligations of any sort which were not in the ordinary course of business and which might have an adverse effect upon the Fund (e.g., contracts or purchase agreements above market price; repurchase or other agreements not in the ordinary course of business; material commitments for the purchase of property, plant and equipment; significant foreign exchange commitments; open balances on letters of credit; purchase commitments for inventory quantities in excess of normal requirements or at prices in excess of the prevailing market prices; losses from fulfilment of, or inability to fulfil, sales commitments, etc.).

**L. Use of the Work of a Specialist**

1. We agree with the findings of the specialists that we engaged to evaluate the valuation of investments and the classification of assets under fair value levelling requirements and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

**M. Estimates – Valuation of Investments**

1. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimates have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.
2. We confirm that the significant assumptions used in making the valuation of investments appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.
3. We confirm that the disclosures made in the financial statements with respect to the accounting estimates are complete and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.
4. We confirm that no adjustments are required to the accounting estimates and disclosures in the financial statements due to subsequent events.

**N. Investment managers' control reports ISAE3402**

1. The latest reports available do not cover the whole of the 2016.17 audit year. We confirm we are not aware of any issues with the respective fund managers that indicate a reduction in control procedures.

**O. Advisory reports**

1. 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/payment schedule.

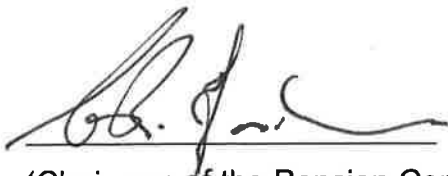
**P. Comparative information**

1. There have been changes to the fair value hierarchy of the valuation of financial instruments during 2016/17 with classification guidance in the Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).
2. The comparative amounts have been correctly restated to reflect the above matter and an appropriate note disclosure of this restatement has also been included in the financial statements.

Yours faithfully,



(Executive Director of Finance and Commercial Services)



(Chairman of the Pension Committee)