

Draft management representation letter

To:

Susan M Exton

District Auditor

Audit Commission

1st Floor, Millbank Tower

Millbank

London

SW1P 4QH

London Borough of Lewisham Pension Fund - Audit for the year ended the 31st of March 2011

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other officers of the London Borough of Lewisham, the following representations given to you in connection with your audit of the Council's financial statements for the year ended the 31st of March 2011. All representations cover the Pension Fund accounts included within the financial statements.

Compliance with the statutory authorities

I have fulfilled my responsibility under the relevant statutory authorities for preparing the financial statements in accordance with the Code of Practice for Local Authority Accounting in the United Kingdom, which give a true and fair view of the financial position and financial performance of the London Borough of Lewisham Pension Fund, for the completeness of the information provided to you, and for making accurate representations to you.

Supporting records

All relevant information and access to persons within the entity has been made available to you for the purpose of your audit, and all the transactions undertaken by the London Borough of Lewisham have been properly reflected and recorded in the financial statements.

Internal control

I have communicated to you all deficiencies in internal control of which I am aware.

Irregularities

I acknowledge my responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud or error.

I also confirm that I have disclosed:

- my knowledge of fraud, or suspected fraud, involving either management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial statements;
- my knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others; and
- the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

Law, regulations, contractual arrangements and codes of practice

I have disclosed to you all known instances of non-compliance, or suspected non-compliance with laws, regulations and codes of practice, whose effects should be considered when preparing financial statements.

Transactions and events have been carried out in accordance with law, regulation or other authority. The Council has complied with all aspects of contractual arrangements that could have a material effect on the financial statements in the event of non-compliance.

All known actual or possible litigation and claims, whose effects should be considered when preparing the financial statements, have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

Accounting estimates including fair values

I confirm the reasonableness of the significant assumptions used in making the accounting estimates, including those investments measured at fair value.

I confirm that the unadjusted discrepancies summarised below are not material to the financial statements, either individually or in aggregate. These misstatements have been discussed with those charged with governance and the reasons for not correcting these items are as follows:

External audit finding	Council response
I found two discrepancies between the net asset statement and the external confirmation from the fund manager (£65k for RCM investments and £246k for Schroders investments).	The Council confirmed that in some cases the prices differ slightly due to various factors including pricing sources and methods. The value disclosed in the accounts is fairly stated.
I have no external investment	The Council has confirmed via the

<p>manager confirmation for the valuation of one investment (£7.1million) in the accounts as at 31 March, other than the custodian's confirmation. The difference between the December and the March price was non trivial (£178k).</p>	<p>custodian that this valuation is correct as at 31 March 2011.</p>
<p>I tested the price of equities held in Harbour Vest Private Equity Group against publicly available information (prices held on external websites). There was a discrepancy of £187k.</p>	<p>Various differences between the custodian and the fund manager reports are due to timing and pricing sources used, and therefore no amendments have been made for these differences.</p>
<p>I found the following discrepancies between the values disclosed in the accounts and the fund manager:</p> <ul style="list-style-type: none"> - Alliance Bernstein: Sales £294k, Purchases £489k - Schroders: Purchases £275k 	<p>Various differences between the custodian and the fund manager reports are due to timing and pricing sources used, and therefore no amendments have been made for these differences.</p>

Related party transactions

I confirm that I have disclosed the identity of the London Borough of Lewisham Pension Fund related parties and all the related party relationships and transactions of which I am aware. I have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirement of the framework.

Subsequent events

All events subsequent to the date of the financial statements, which would require additional adjustment or disclosure in the financial statements, have been adjusted or disclosed.

Signed on behalf of the London Borough of Lewisham.

I confirm that this letter has been discussed and agreed by the Council on the xx of September 2011.

Signed:

Name:

Position:

Date:
