

Leicester County Council Pension Fund  
The Pension Fund Management Board  
C/o Colin Pratt  
County Hall  
Glenfield  
Leicester  
LE3 8TG

4 November 2009

Dear Sirs

**The Leicestershire County Council Pension Fund  
Report to the Pension Fund Management Board (the “Board”) for the period  
ended 31 March 2009**

We have completed our audit of the financial statements of the above pension fund for the year ended 31 March 2009.

Following completion of the audit to 31 March 2009, we can confirm that our audit opinion is unqualified.

The purpose of this letter is to provide you with feedback from the audit work performed and to communicate any weaknesses in internal controls which came to our attention during the audit.

**Audit scope and resulting issues**

We performed the audit of the financial statements in accordance with the approach presented to the Board in May 2009. Our audit did not identify any matters of material significance and therefore no matters were reported to the Corporate Governance Committee.

The only point noted that requires to be brought to the attention of the Board is as follows:

- ***Late contributions***

Pensions Act 1995 requires that members' pension contributions are paid over to the fund within 19 days of the month following deduction. Local government Pension Schemes (LGPS) however do not require a separate statement about contributions from their auditors and the structure of the LGPS means that late

payment do not compromise the security of individuals' pensions. This means that in general, occasional late payments that are not indicative of a breakdown of internal controls in LGPS tend to be of less concern to the Pensions Regulator and would therefore not be reportable.

During the period under review, we noted some instances of late contributions whereby payments were not received within 19 days of the month following deduction. Whilst these are deemed to be occasional and not indicative of a more serious issue, management are continuing to work with the relevant bodies to ensure they are aware of the regulations in this area and to ensure that going forward, contributions are received on time.

### **Limitations and objectives of the audit**

Our audit is not designed to identify all weaknesses in the Fund's accounting and internal controls system. The principal objective of our audit procedures is to enable us to express our opinion on the truth and fairness of the financial statements as a whole. An audit opinion is based on the concept of reasonable assurance. It is not a guarantee that the financial statements are free of misstatement. Our audit procedures are tailored to our assessment of risk of material misstatement in the financial statements, taking into account the inherent risks of error or fraud and our assessment of the extent to which your controls reduce the risk of misstatement. We plan our audit to have a reasonable expectation of detecting fraud where the potential effects of the fraud would be material to the financial statements. However, there are many kinds of fraudulent activity, particularly involving forgery, collusion and management override of control systems, which it would be unreasonable to expect the normal audit to cover.

Copies of our reports and letters may be made available to any advisor of the Fund, any Director, or employee of the Fund's employer or its associated bodies, provided that it is clearly understood by the recipients that they enjoy such receipt for information only and that we accept no duty of care to them in respect of our reports. The report is not prepared with the needs of the advisors, employer's and associated bodies' Directors or employees in mind. As a result, the report cannot in any way serve as a substitute for other enquiries and procedures that they should undertake for the purpose of satisfying themselves regarding the matters raised.

Please do not hesitate to contact me should you wish to discuss any of these points further.

Yours sincerely

Steve Valentine  
Partner  
Assurance