



Grant Thornton UK LLP  
110 Queen Street  
Glasgow  
G1 3BX

31 August 2017

Dear Sirs

**Highland Council Pension Fund**  
**Financial Statements for the year ended 31 March 2017**

This representation letter is provided in connection with your audit of the financial statements of Highland Council Pension Fund ('the Fund') for the year ended 31 March 2017 for the purpose of expressing 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 at that date of its assets and liabilities in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 ('the Code') and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

**Financial Statements**

- 1 We have fulfilled our responsibilities for the preparation of the financial statements in accordance with proper practices as set out in the Code; which give a true and fair view in accordance therewith, and for keeping records in respect of contributions received in respect of active members.
- 2 We have complied with the requirements of all statutory directions affecting the Fund and these matters have been appropriately reflected and disclosed in the financial statements.
- 3 The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- 4 We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect error and fraud.
- 5 Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- 6 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 Fund's particular circumstances for the purpose of giving a true and fair view. Those estimates reflect our judgement 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.

- 7 We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. There are no other material judgements that need to be disclosed.
- 8 Except as disclosed in the financial statements:
  - a there are no unrecorded liabilities, actual or contingent
  - b none of the assets of the Fund have been assigned, pledged or mortgaged
  - c there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- 9 Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of the Code.
- 10 Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of the Code.
- 11 All events subsequent to the date of the financial statements and for which the Code requires adjustment or disclosure have been adjusted or disclosed.
- 12 We have considered the adjusted misstatements, and disclosures changes schedules included in your Audit Findings Report. The financial statements have been amended for these misstatements and disclosure changes and are free of material misstatements, including omissions.
- 13 We have considered the unadjusted misstatements schedule included in your Audit Findings Report and in the appendix attached. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Fund and its financial position at the year-end.

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

- 14 We believe that the Fund'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 Fund's needs. We believe that no further disclosures relating to the Fund's ability to continue as a going concern need to be made in the financial statements.
- 15 We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

#### **Information Provided**

- 16 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 determined it necessary to obtain audit evidence.
- 17 We have communicated to you all deficiencies in internal control of which management is aware.

- 18 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.
- 19 All transactions have been recorded in the accounting records and are reflected in the financial statements.
- 20 We have disclosed to you all our knowledge of 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.
- 21 We have disclosed to you all our knowledge of any allegations of fraud, or suspected fraud, affecting the Fund's financial statements communicated by employees, former employees, analysts, regulators or others.
- 22 We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- 23 There have been no communications with The Pensions Regulator or other regulatory bodies during the year or subsequently concerning matters of non-compliance with any legal duty.
- 24 We are not aware of any reports having been made to The Pensions Regulator by any of our advisors.
- 25 We have disclosed to you the identity of all the Fund's related parties and all the related party relationships and transactions of which we are aware.
- 26 We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

**Approval**

The approval of this letter of representation was minuted by the Council's Pension Committee at its meeting on 31 August 2017.

Yours faithfully

Name.....

Position.....

Date.....

Signed on behalf of Highland Council as administering body of the Highland Council Pension Fund

## **Appendix: Unadjusted Misstatements- Extract from Annual Audit Report**

### **Uncorrected misstatements**

There is one misstatement we identified during the course of our audit, which has not been corrected by Officers.

The valuation in the financial statements for one of the funds investment managers (Partners Group) was understated by £2.903 million, as the actual 31 March 2017 valuations had not been used. An estimate had been used by the custodian for the 31 March 2017 position, using known cash movements. It is usual practice types of investment to have longer lead times in the reporting to the Fund and Custodian. More up to date information was available before the accounts were authorised for issue but this was after the Custodians deadline for accounting, so was not reflected in the accounts. Officers have not corrected this, as is considered not material to the accounts and would result in a number of other statements and notes to be updated