

	<p>Pension Fund Committee</p> <p>13 September 2016</p>
<p>Title</p>	<p>Pension Fund Annual Report and External Auditor’s Report under International Standard on Auditing (ISA) 260 for the year 2015/16</p>
<p>Report of</p>	<p>Interim Chief Executive</p>
<p>Wards</p>	<p>All</p>
<p>Status</p>	<p>Public</p>
<p>Urgent</p>	<p>No</p>
<p>Key</p>	<p>No</p>
<p>Enclosures</p>	<p>Appendix A – ISA 260 report (to follow) Appendix B – Pension Fund Annual Report 2015/16 and Pension Fund Accounts</p>
<p>Officer Contact Details</p>	<p>Iain Millar, Head of Treasury Services 0208 359 7126</p>

<p>Summary</p>
<p>In line with International Standard on Auditing 260 (ISA 260) the Pension Fund’s external auditors, BDO, should be provided with access to those charged with governance. BDO are the Pension Fund’s appointed external auditors for the 2015/16 financial year, replacing Grant Thornton.</p>

<p>Recommendations</p>
<p>1. That the Committee approve the Annual Report and Pension Fund Accounts 2015/16.</p>
<p>2. That the Committee consider and comment whether there are any areas on which they require additional information or action.</p>

1. WHY THIS REPORT IS NEEDED

- 1.1 Under Section 151 of the Local Government Act 1972- “every local authority shall make arrangements for the proper administration of their financial affairs”. Additionally in accordance with International Standard on Auditing (ISA) 260, the external auditor is required to issue detailed reports on matters arising from the audit of the council’s accounts and pension fund accounts. The final report of the auditors in respect of the pension fund accounts will be provided in advance of the meeting. There are also specific legal requirements in relation to the accounts and the annual report as set out in section 5.4 below.

2. REASONS FOR RECOMMENDATIONS

- 2.1 The Committee is requested to consider the report and recommendations to enable the Council to meet its obligations under Section 151 of the Local Government Act 1972 as set out in paragraph 1 above.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 Not applicable in the context of this report.

4. POST DECISION IMPLEMENTATION

- 4.1 The external auditor will report to the next Pension Fund Committee to provide a follow up on the previous period’s detailed audit findings.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 A positive external audit opinion on the Pension Fund’s Annual Report plays an essential and key role in providing assurance that the Pension Fund’s financial risks are managed in an environment of sound stewardship and control. This is in line with the aims set out in the Council’s Corporate Plan 2015-2020, to ensure that services are delivered efficiently to get value for money for the taxpayer.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

- 5.2.1 This report sets out the framework for the assessment of the Pension Fund’s financial reporting and management as well as value for money.
- 5.2.2 The external audit fees for 2015/16 are £21,000 and were also £21,000 in 2014/15.
- 5.2.3 In accordance with International Standard on Auditing (ISA) 260, the external auditor is required to issue detailed reports on matters arising from the audit of

the Council's accounts and Pension Fund accounts.

5.2.4 The ISA 260 report has to be considered by "those charged with governance" before the external auditor can sign the accounts, which legally has to be done by 30 September 2016.

5.2.5 The external auditor, BDO was presented with the draft financial statements in June 2016.

5.2.6 It is anticipated that there will be an unqualified opinion on the accounts

5.3 Social Value

5.3.1 Arrangements for proper administration of financial affairs and contributing to Pension Fund ensures that contributing members have a secured income on retirement.

5.4 Legal and Constitutional References

5.4.1 The Accounts and Audit Regulations 2015 require that the authority's accounts for the year 2015/16 are approved by the authority or by a committee and signed by the Chair at the committee meeting where the accounts are approved.

5.4.2 The requirement for an administering authority to prepare a Pension fund annual report is contained in Regulation 57 of the Local Government Pension Scheme Regulations 2013.

5.4.3 The Council's Constitution – Part 15, Responsibility for Council Functions outline the terms of reference which enables the Pension Fund Committee to consider and determine this report. The following functions are delegated to the Committee:

- To meet review and consider approval of the Pension Fund Statement of Accounts, income and expenditure and balance sheet or record of payments and receipts (as the case may be)
- To receive and consider approval of the Pension Fund Annual Report.

5.5 Risk Management

5.5.1 The external audit ISA 260 report highlights areas of good control and areas of weakness which need to be addressed. Failure to do so carries the risk of adverse financial and/or reputational consequences.

5.6 Equalities and Diversity

5.6.1 Pursuant to the Equalities Act 2010, the Council is under an obligation to have due regard to eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advancing

equality of opportunity between persons who share a relevant 'protected characteristic' and those who do not share it; and fostering good relations between persons who share a relevant 'protected characteristic' and persons who do not share it. The 'protected characteristics' are: age, disability, gender reassignment, pregnancy, and maternity, race, religion or belief, sex and sexual orientation. Ensuring the long term financial health of the Pension Fund will benefit everyone who contributes to it. Access to and participation in the Pension Fund is open to those with and those without protected characteristics, alike, provided that the criteria set out within the relevant Regulations are met

5.7 Consultation and Engagement

5.7.1 Not required.

5.8 Insight

5.8.1 Not applicable in the context of this report.

6. BACKGROUND PAPERS

6.1 None