

	<p>Pension Fund Committee</p> <p>30 July 2018</p>
<p>Title</p>	<p>Pension Fund Annual Report and Accounts and External Auditor’s Report under International Standard on Auditing (ISA) 260 for the year 2017/18</p>
<p>Report of</p>	<p>Director of Finance</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 – Pension Fund Annual Report 2017/18 and Pension Fund Accounts</p>
<p>Officer Contact Details</p>	<p>George Bruce, Head of Treasury, 0208 359 7126</p>

Summary

This report considers the detailed report from the external auditors on matters arising from the audit of the 2017/18 Pension Fund Accounts and Annual Report in line with International Standard on Auditing 260 (ISA 260). The Pension Fund accounts are required to be approved and published as part of the Council’s main accounts by 31 July 2018. The external auditors have highlighted that there is a risk that the Pension Fund audit will not be complete by that date.

The draft auditors’ report is not yet available and will be published when it is received from BDO. A verbal update on the status of the audit and audit work outstanding will be provided at the meeting.

Recommendations

That the Committee:

- 1. approve the 2017/18 Annual Report and Pension Fund Accounts;**
- 2. note the matters raised by the external auditor in respect of the audit of the 2017/18 Accounts and Annual Report; and**
- 3. consider whether there are any areas on which they require additional information or action.**

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. 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 None.

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 and Accounts 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 2017/18 are £21,000 (£28,000 for 2016/17).
- 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 must be considered by "those charged with governance" before the external auditor can sign the accounts, which legally has to be done by 31 July 2018.
- 5.2.5 The external auditor, BDO was presented with draft financial statements in May 2017.
- 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 the 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 2017/18 are approved by the authority or by a committee and signed by the Chairman of the committee which approved the accounts.
- 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 (Article 7) – includes within the responsibilities of the Pension Fund 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, and

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, sexual orientation, marriage and civil partnership. 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 Audit plan presented to the Pension Fund Committee on 26 June 2018, agenda item 7.