



## Pension Fund Committee

**29 July 2019**

<b>Title</b>	<b>Pension Fund Annual Report and Accounts and External Auditor's Report under International Standard on Auditing (ISA) 260 for the year 2018/19</b>
<b>Report of</b>	Director of Finance
<b>Wards</b>	All
<b>Status</b>	Public
<b>Urgent</b>	No
<b>Key</b>	No
<b>Enclosures</b>	Appendix A – Pension Fund Annual Report 2018/19 and Pension Fund Accounts Appendix B – External Auditor's ISA 260 report (to follow)
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### Summary

The Committee is asked to approve the Annual Report and Accounts for the Pension Fund as at 31 March 2019.

The accounts will be published as part of the Council's main accounts by 31 July 2019

The external auditors report on the accounts (ISA260) is also attached. The Auditor will be attending the meeting.

# Officers Recommendations

**That the Committee:**

- 1. approve the 2018/19 Annual Report and Pension Fund Accounts;**
- 2. note the matters raised by the external auditor in respect of the audit of the 2018/19 Accounts and Annual Report; and**
- 3. consider whether there are any matters arising from the Annual Report & Accounts or Auditor's Report 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.
- 1.2 The Annual Accounts is prepared in accordance with legislation and CIPFA guidance. The content is kept to a minimum to comply with these requirements. The accounts are due to be published as part of the Council's accounts by 31<sup>st</sup> July 2019.
- 1.3 The external auditor will be attending the meeting to discuss their report. At the time of writing the audit is continuing. No significant issues have been raised and the audit is expected to be completed before the end of July. It is anticipated that the report will contain recommendation for consideration by the Committee and management.

## **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, 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 2018/19 are £21,170 (£43,810 for 2017/18). At this stage no additional audit fees are anticipated.

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 on 31<sup>st</sup> May 2019.

## **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 2018/19 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 Equality 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, marriage and civil partnership.

5.6.2 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 Corporate Parenting**

5.7.1 Not applicable in the context of this report.

## **5.8 Consultation and Engagement**

5.8.1 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 March 2019, agenda item 11.

<https://barnettranet.moderngov.co.uk/ieListDocuments.aspx?CIId=191&MIId=9500&Ver=4>