



## Pension Fund Committee

**14 December 2021**

<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 2020/21</b>
<b>Report of</b>	Director of Resources
<b>Wards</b>	All
<b>Status</b>	Public
<b>Urgent</b>	No
<b>Key</b>	No
<b>Enclosures</b>	Appendix A – Annual Report and Accounts 2020/21 Appendix B – External Auditor's ISA 260 report <b>(to follow)</b>
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### Summary

The Committee is asked to approve the Annual Report and Accounts for the Pension Fund as at 31 March 2021. The accounts will be published as part of the Council's main accounts and on the Pension Fund web site. The external audit is currently in progress. It is intended that the auditor's report on the accounts (ISA260) will be circulated in advance of the meeting and that the Auditor will attend the meeting.

### Officers Recommendations

**That the Pension Fund Committee approve the 2020/21 Annual Report and Pension Fund Accounts, subject to the delegation of minor presentational changes agreed between Chairman, Director of Resources and Auditor;**

**That the Pension Fund Committee note the matters raised by the external auditor in respect of the audit of the Accounts and Annual Report; and**

**That the Pension Fund Committee 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. Although the annual report runs to over 130 pages, 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 before the end of the year. As previously reported, commencement of the audit was held up due to BDO resourcing constraints. It has been reported that only 9% of local authority audits were completed before the statutory deadline of 30 September 2021.
- 1.3 The Annual report comprises:
- Trustee's report (overview of the year) – pages 2 to 22
  - Auditor's report – pages 23 to 25
  - Statement of Responsibility – page 26
  - Statement of Accounts – pages 28 to 58
  - Statutory policies – pages 59 to 133
- 1.4 The format and content of the annual report and accounts is in line with last year. There are no matters discussed in the report that has not been reported to the Committee.
- 1.5 The external auditor, BDO, will be attending the meeting. At the time of writing the audit is continuing. The only significant issue raised to date relates to access to records created by the previous administrator. It is hope that BDO will issue their completion report in advance of the meeting, but this is not certain, and it may be necessary to defer approval of the Annual Report.

## **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 2020/21 and the prior year are both £36,000. 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 should have been completed by 30 September 2020.

5.2.5 The external auditor, BDO was presented with draft financial statements on 7<sup>th</sup> June 2021.

### **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 2020/21 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. ENVIRONMENTAL IMPACT**

6.1 Not applicable in the context of this report.

## **7. BACKGROUND PAPERS**

7.1 Audit plan presented to the Pension Fund Committee on 4<sup>th</sup> May 2021, agenda item 10.

<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=191&MId=10958&Ver=4>