



Pension Fund Committee

1 February 2024

| | |
|--------------------------------|----------------------------------------------------------------------------|
| Title | External Audit and Accounts Update |
| Date of meeting | 1 February 2024 |
| Report of | Executive Director of Strategy and Resources (S151 officer) |
| Wards | All |
| Status | Public |
| Urgent | No |
| Appendices | Appendix 1- 2022/23 Draft Annual Report |
| Officer Contact Details | Adam McPhail, Finance Manager, 0208 359 7639 adam.mcphail@barnet.gov.uk |

Summary

This paper asks the Committee to approve the 2022/23 Draft Annual Report and seeks confirmation it would be appropriate to publish the Report based on current audit status.

Recommendations

1. That the Pension Fund Committee approve the 2022/23 Draft Annual Report.
2. The Pension Fund Committee approve the publishing of the 2022/23 Draft Annual Report.

1. Reasons for the Recommendations

Draft Annual Reports

Background

1.1 Section 57 of the LGPS Regulations 2013 requires each LGPS Fund to prepare an Annual Report. The report must be published by 1 December following the year to which it relates. The report must contain:

- a) a report about the management and financial performance during the year of each of the pension funds maintained by the authority;
- b) a report explaining the authority's investment policy for each of those funds and reviewing the performance during the year of the investments of each fund;
- c) a report of the arrangements made during the year for the administration of each of those funds;

- d) for each of those funds, a statement by the actuary who carried out the most recent valuation of the assets and liabilities of the fund in accordance with regulation 62 (actuarial valuations of pension funds), of the level of funding disclosed by that valuation;
- e) the current version of the statement under regulation 55 (governance compliance statement);
- f) for each of the funds, the fund account and net asset statement with supporting notes and disclosures prepared in accordance with proper practices;
- g) an annual report dealing with—
 - i. the extent to which the authority and the Scheme employers in relation to which it is the administering authority have achieved any levels of performance set out in a pension administration strategy in accordance with regulation 59 (pension administration strategy), and
 - ii. such other matters arising from a pension administration strategy as it considers appropriate;
- h) the current version of the statement referred to in regulation 58 (funding strategy statement);
- i) the current version of the investment strategy under regulation 7 (investment strategy statement) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016;
- j) the current version of the statement under regulation 61 (statements of policy concerning communications with members and Scheme employers); and
- k) any other material which the authority considers appropriate.

1.2 At the 11th January 2024 Committee Meeting the Draft 2021/22 Annual report was approved by the committee.

1.3 Officers are seeking approval to delegate the signing the Draft 2022/23 Draft Annual Report to the Chair and the S151 Officer, subject to no significant changes required by auditors.

Publishing the Annual Report

1.4 Individual Fund Annual Reports are published on the Scheme Advisory Boards website LGPSBoard.org ([LGPS Scheme Advisory Board - Fund Annual Reports 2023 \(lgpsboard.org\)](https://lgpsboard.org)) and Barnet Pension Fund's website ([Local Government Pension Scheme | Barnet Council](https://www.barnet.gov.uk/council-and-governance/local-government-pension-scheme)). Note that the Annual Report is not the same as our Pension Fund Accounts (although the Annual Report includes a Statement of Accounts). Pension Fund accounts form part of the Council's Full Accounts.

1.5 Officers are also seeking committee approval to publish the Draft 2022/23 Pension Fund Annual Report.

2. Alternative Options Considered and Not Recommended

2.1 None

3. Post Decision Implementation

3.1 None- The external auditor will report to the Board following the conclusion of the audit.

4. Corporate Priorities, Performance and Other Considerations

Corporate Plan

4.1 In its original request the Council stated that the request supports Our Plan for Barnet 2023-26. Under 'Being an effective and engaged council' the priority set out is 'making the best possible use of our financial resources, now and in the future, so that we are able to continue to deliver on what matters to Barnet residents'

Corporate Performance / Outcome Measures

4.2 Not applicable in the context of this report

Sustainability

4.3 Not applicable in the context of this report

Corporate Parenting

4.4 Not applicable in the context of this report.

Risk Management

4.5 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.

Insight

4.6 Not applicable in the context of this report

Social Value

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

5. Resource Implications (Finance and Value for Money, Procurement, Staffing, IT and Property)

5.1 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 The external audit fees for 2021/22 are £35,789 (£36,170 for 2020/21).

5.3 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.

5.4 The ISA 260 report must be considered by "those charged with governance" before the external auditor can sign the accounts".

6. Legal Implications and Constitution References

6.1 The efficient governance and administration Section 151 of the Local Government Act 1972 requires that "...every local authority shall make arrangements for the proper administration of their financial affairs".

6.2 The Council is a public authority that is subject to the audit of its annual accounts by an external auditor. The Local Audit and Accountability Act 2014, Part 5 specifies the conduct of local audit.

6.3 Part 3, regulation 9 of the Accounts and Audit Regulations 2015 requires that the statement of accounts must be considered by a committee or full council and approved by a resolution of that body. The accounts must then be signed by the person presiding at the meeting. The Section 151 officer must then reconfirm on behalf of the authority that they are satisfied that the statement of accounts presents a true and fair view of the financial position of the authority and its income and expenditure for that year.

6.4 The 2015 Regulations require that the final approved accounts are published not later than 30th September of the financial year immediately following the end of the financial year to which the statement relates. The audit did not commence until September 2021 and it was therefore not possible for it to be concluded in line with the statutory deadline. Part 2B - Terms of Reference & Delegation of Duties to Committees and Sub-Committees of the Council Constitution, Para 15.1.9 states that the Pension Fund Committee has responsibility to review and consider approval of the Pension Fund's Annual Report and Statement of Accounts, together with recommendations from external and internal auditors

7. Consultation

7.1 Not required

8. Equalities and Diversity

8.1 Pursuant to the Equality Act 2010, the Council is under an obligation to have due regard to 1) eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; 2) advancing equality of opportunity between persons who share a relevant 'protected characteristic' and those who do not share it; and 3) 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. The Council also has regard to the additional protected characteristic of marriage and civil partnership even though this does not apply to parts 2) and 3) (above) of the public-sector equality.

8.2 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.

9. Background Papers

9.1 None