



<b>Report for:</b>	Pensions Committee 10 <sup>th</sup> September 2015	<b>Item number</b>	
<b>Title:</b>	Pension Fund Annual Report and Accounts 2014/15 and ISA260 Audit report		
<b>Report authorised by :</b>	Kevin Bartle, Assistant Director – Finance		
<b>Lead Officer:</b>	George Bruce, Head of Finance – Treasury & Pensions george.bruce@haringey.gov.uk 020 8489 3726		
<b>Ward(s) affected:</b> N/A	<b>Report for Non Key Decision</b>		

### **1. Describe the issue under consideration**

- 1.1 This report presents the audited Pension Fund Annual Report and Accounts for 2014/15 and the Annual Governance Report of the external auditors, Grant Thornton, which reports on their annual audit of the Pension Fund accounts.

### **2. Cabinet Member Introduction**

- 2.1 Not applicable.

### **3. Recommendations**

- 3.1 That the Committee consider the contents of this report and any further verbal updates given at the meeting from Grant Thornton.
- 3.2 That the Committee approves the Pension Fund Annual Report and Accounts for 2014-15.
- 3.3 That the Chair and Chief Financial Officer are authorised to sign the letter of representation to the Auditor.



#### **4. Other options considered**

4.1 None.

#### **5. Background information**

5.1 The Local Government Pension Scheme Administration Regulations 2008 require local government pension funds to produce an annual report every year to be published by 1<sup>st</sup> December following the year end. One of the key components of the annual report is the audited pension fund accounts for the year. The pension fund accounts are also still required to be part of the Council's main accounts, even though they are audited separately. The deadline for the publication of the Council's audited accounts is 30<sup>th</sup> September each year.

5.2 At the Pensions Committee meeting on 24<sup>th</sup> March 2015 Grant Thornton presented their plan detailing how they would undertake the audit of the 2014/15 accounts. The Audit Commission's statutory Code of Practice for Local Government bodies requires the external auditor to report to those charged with governance on matters arising from their audit before it is finalised.

#### **6. Comments of the Chief Financial Officer and financial Implications**

6.1 The Chief Financial Officer is pleased to report that the Pension Fund auditors have given an unqualified audit opinion to the financial statements. One recommendation concerning the monitoring of contribution rates has been accepted.

#### **7. Head of Legal Services and Legal Implications**

7.1 As the report confirms the Authority is required to publish a pension fund annual report in a specific format annually on or before 1 December of the year following the year end to which the annual report relates. Regulation 57 of the Local Government Pension Scheme Regulations 2013 sets out this requirement. The annual report annexed to this report must comply with the requirements of Regulation 57.

7.2 Members must take into account any verbal updates given (if any) by Grant Thornton at the meeting prior to approving the Pension Fund Annual Report.

#### **8. Equalities and Community Cohesion Comments**

8.1 There are no equalities issues arising from this report.



## **9. Head of Procurement Comments**

9.1 Not applicable

## **10. Policy Implications**

10.1 None.

## **11. Use of Appendices**

- 11.1 Appendix 1: Pension Fund Annual Report and Accounts 2014-15
- Appendix 2: ISA260 - Annual Governance Report, Grant Thornton (to follow)
- Appendix 3: Letter of Representation
- Appendix 4: Administration & Investment Costs

## **12. Local Government (Access to Information) Act 1985**

12.1 Not applicable.

## **13. Annual Report and Accounts 2014/15**

13.1 The annual report has been prepared in accordance with the Local Government Pension Scheme Regulations 2013 and includes all the items required.

13.2 The first section of the report sets out the management arrangements for the Pension Fund were during 2014/15 including the committee membership and the Fund's advisers. The following section covers investments setting out the investment strategy operated during the year and the resulting performance. The administration section is next, describing the administration arrangements during the year and reporting on the membership. The results of the last formal actuarial valuation are set out in the funding section. The Financial report follows and the appendices are the latest versions of the Pension Fund's policy statements.

13.3 The accounts are made up of the Fund Account, which shows income and expenditure during the year, the Net Assets Statement, which shows the Fund's investments and other asset and liabilities at the end of the year and the Notes to the Accounts which provide more detail about the figures.

13.4 The market value of the Fund was £1,045m as at 31<sup>st</sup> March 2015, an increase of £146m. Investments added £147m net of expenses, while



benefits and other expenditure exceeds contributions and transfers in by £1m.

13.5 Also attached (Appendix 4) is a comparison of administration and investment management costs incurred in the last two years with benchmarking data provided by the Government.

#### **14. Auditor's Annual Governance Report**

14.1 The ISA260 - Annual Governance Report from Grant Thornton is attached at Appendix 2. This sets out their findings in detail. The report will be presented to the meeting by Mr Paul Jacklin, the Audit Manager.

14.2 The Auditor's have made one recommendation (page 15 of their report) concerning improving the monitoring of contribution rates in use by non Council employers. The recommendation has been implemented.

14.3 The report also mentions changes to private equity valuations (page 16) during the audit. This is a regular occurrence as the March report from the fund manager is not available when the accounts are first drafted. As noted in the report (age 17) a number of disclosures were revised when the accounts were reviewed.

#### **15. Internal Audit Reports**

15.1 The findings from internal audits have not previously been reported to the Pensions Committee, instead to the Corporate Committee. During 2014-15, one report was issued concerning pension fund investments. The conclusion was that the Auditors had received full assurance and no recommendations were made.

15.2 In future, Internal Audit reports will be presented in full to the Pensions Committee.

15.3 Internal audits have to date concentrated on the investments. It has been agreed that a wider scope will be considered when the Fund has developed its own risk register.

#### **16. Letter of Representation**

16.1 The Chair and the Chief Financial Officer are required to sign a letter of representation to acknowledge the Council's responsibility for the fair presentation of the information in the financial statements and the Pension Fund Annual Report. A proposed draft of this letter is shown at Appendix 3 of this report for the Committee's information.