

REPORT OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES

Pension Fund Audit Arrangements 2016-17 Annual Report & Accounts	Classification PUBLIC	Enclosures 1
	Ward(s) affected ALL	AGENDA ITEM NO.
Pensions Committee 29th March 2017		

1. INTRODUCTION

- 1.1 This report introduces the arrangements for the audit of the Pension Fund Report and Accounts for the financial year 2016-17, following on from the requirement introduced in 2008-09 for the Pension Fund to have a separate audit opinion for inclusion in the Annual Report.

2. RECOMMENDATIONS

- 2.1 **The Pensions Committee is recommended to note the report.**

3. RELATED DECISIONS

- 3.1 Pension Sub-Committee 11th March 2009 – setting out new audit requirements

4. COMMENTS OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES

- 4.1 The London Borough of Hackney as the Administering Authority for the Hackney Pension Fund is responsible for ensuring that the Pension Fund is properly administered and that the arrangements for the financial management of the Pension Fund are properly scrutinised.
- 4.2 The Pension Fund Annual Report and Accounts sets out the financial position of the Pension Fund for the year end and as such acts as the basis for understanding the financial well-being of the Pension Fund. It also enables Members to manage and monitor the Scheme effectively and be able to take decisions understanding the financial implication of those decisions.
- 4.3 The requirement for a separate audit has meant there is a separately identified audit fee charged to the Pension Fund. The cost for the current financial year is planned to be £21,000, which is unchanged from the previous year.

5. COMMENTS OF THE DIRECTOR, LEGAL

- 5.1 The Pensions Committee as quasi-trustee of the Pension Fund has delegated responsibility from the Administering Authority to manage the Pension Fund. The Committee's terms of reference require it to receive and approve an Annual Report on the activities of the Fund prior to publication. The Local Government Pension

Scheme Regulations 2013, Regulation 57 require the Pension Fund to publish an Annual Report by 1 December following the financial year end and for the report to contain a number of standard items.

- 5.2 KPMG LLP's plan for conducting the audit (attached at Appendix 1) ensures that the audit fulfils the statutory requirements and will enable the Committee to publish the Annual Report before the statutory deadline.
- 5.3 There are no immediate legal implications arising from this report.

6. BACKGROUND/TEXT OF THE REPORT

- 6.1 The Pension Fund Annual Report and Accounts has been subject to a separate audit opinion and annual governance review since the financial year 2008-09.
- 6.2 The Pension Fund Annual Report and Accounts will be presented to the Pensions Committee at its meeting in September 2016 along with the Annual Governance Report from the KPMG, prior to the publication of the Audit Opinion and the accounts by the 30th September.
- 6.3 The draft audit plan from KPMG LLP is set out in the appendix to the report. One area of significant risk has been identified in relation to the Pension Fund, which relates to the valuation of Pension Fund assets. This has been designated as significant in view of the value of assets and potential for complexity (Pg 6). The plan also notes the potential impact of the triennial valuation on the Council's accounts, with the potential for significant changes to the Council's pension liability.
- 6.4 Materiality for the Pension Fund has been set at £23m (previous year £23m) with individual differences normally being considered to be trivial if less than £750k (page 2).
- 6.5 Officers will work closely with the auditors to provide the necessary assurances over the proper financial management of the Fund.

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Appendices

Appendix 1 – KPMG Draft External Audit Plan 2016/17 London Borough of Hackney