

<b>REPORT OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES</b>		
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<b>Training – Pension Fund Accounts and Audit</b>	<b>Classification</b> <b>PUBLIC</b>	<b>Enclosures</b>  None
	<b>Ward(s) affected</b>  <b>ALL</b>	<b>AGENDA ITEM NO.</b>
<b>Pensions Committee</b> <b>19<sup>th</sup> September 2017</b>		

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**1. INTRODUCTION**

- 1.1 This report introduces the presentation of a training session for Members on the Pension Fund accounts and audit process, to assist them in meeting the standards set out in the CIPFA Knowledge and Skills Framework and in the Fund’s training policy.

**2. RECOMMENDATIONS**

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

**3. RELATED DECISIONS**

- Pensions Committee 11<sup>th</sup> September 2017 – Pension Fund Report and Accounts
- Pensions Committee 14<sup>th</sup> January 2015 – Training Policy

**4. COMMENTS OF THE GROUP DIRECTOR OF FINANCE & CORPORATE RESOURCES**

- 4.1 Management of the Pension Fund is complex and varied, covering areas including investment, administration, governance and financial management. It is therefore essential that members of both the Pensions Committee and Pension Board are provided with training, to ensure that they are able to meet the various duties placed upon them. The cost of such training is immaterial in the context of the Pension Fund; many of the training sessions are provided free of charge or at minimal cost.
- 4.2 An understanding of the accounting treatment applied to the Pension Fund is essential for Committee Members, to ensure that they understand their responsibilities with regard to review and sign off of the Fund accounts. A similar level of understanding is required by the Pensions Board to ensure that they are able to discharge their governance obligations.

**5. COMMENTS OF THE DIRECTOR, LEGAL**

- 5.1 Each member of the Pension Board is required by Section 248a of the Pensions Act 2004 (as amended by the Public Service Pensions Act 2013) to obtain ‘*a degree of knowledge and understanding...appropriate for the purposes of enabling the individual properly to exercise the functions of a member of the pension board.*’ This includes the rules of the scheme, any policy documents concerning its administration

and relevant law relating to pensions. These requirements are considered by The Pensions Regulator in its 'Code of Practice No 14: Governance and Administration of Public Service Pension Schemes (2015)' to include accounting policies relating to the Scheme.

- 5.2 Knowledge and skills requirements for the Pensions Committee are set out in CIPFA's Code of Practice on Public Sector Pensions Finance Knowledge and Skills. Although not statutory, this guidance provides a framework for both Administering Authorities and individual Committee Members to assess their level of understanding and determine any training needs.
- 5.3 There are no immediate legal implications arising from this report.

## **6. BACKGROUND/TEXT OF THE REPORT**

- 6.1 The Hackney Pension Fund has adopted the key recommendations of the CIPFA Code of Practice on Public Sector Pension Finance Knowledge and Skills. As such, training for Pensions Committee members is organised in line with the areas of knowledge set out in the Code; these include a section on Pensions Accounting and Auditing Standards.
- 6.2 It is intended that Pension Board Members should also attend the training session if possible to help ensure that they meet the Knowledge and Understanding requirements set out by the Pensions Act 2004 and The Pensions Regulator's Code of Practice. CIPFA has produced a Technical Knowledge and Skills framework designed for Local Pension Boards, which sets out suggested training requirements for Members. The requirements are very similar to those set out in the Code of Practice on Public Sector Pension Finance Knowledge and Skills.
- 6.3 The training session will therefore provide members with a broad overview of the regulatory requirements for the Pension Fund accounts and audit. It will cover:
- Accounting policies in accordance with the Code of Practice
  - Sources of income, contributions, transfers, income from investments
  - Expenditure – payment of benefits, lump sums, death benefits, administration costs, disclosure of investment management costs
  - Basis of valuation of assets
  - Value of promised retirement benefits in accordance with IAS19
  - Role of audit
  - Budget monitoring

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