

MUNICIPAL YEAR 2017/18 – REPORT NO.

MEETING TITLE AND DATE:

Pension Board
Committee: 20th July 2017

REPORT OF:

Executive Director of Finance, Resources
& Customer Services

Contact:

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AGENDA PART 1**ITEM :**

**Subject: 2016/17 Annual Statement of
Pension Fund Accounts.**

Cabinet Member Consulted:

Cllr McGowan

1. EXECUTIVE SUMMARY

- 1.1 This report presents the Draft (unaudited) Annual Statement of Pension Fund Accounts for the 2016/17 financial year for Members' information.

2. RECOMMENDATIONS

It is recommended that pension Fund Notes:-

- 2.1 The Draft Statement of Accounts for 2016/17, including the Group Accounts, were completed by the 30th June statutory deadline and were authorised for issue by the Executive Director of Finance, Resources and Customer Services.
- 2.2 That, in accordance with the Accounts and Audit Regulations, the final audited Statement of Accounts will be presented for approval to the pension Board on 28th September 2017 after which they will be published with the audit opinion.
- 2.3 At the time of publication of this report, the Pension Fund Accounts have been prepared on valuation best estimates and it is anticipated that they will be updated for final valuations which will be available before the start of the Pension Fund Audit in August.

3. THE PROCESS FOR APPROVING THE ANNUAL STATEMENT OF ACCOUNTS

- 3.1 The Accounts and Audit Regulations require local authorities to prepare their annual Statement of Accounts to 31st March for each year as soon as practicable after the year end.
- 3.2 The Regulations require the Responsible Finance Officer to certify Draft Statement of Accounts by 30th June. In Enfield the Responsible Finance Officer is the Executive Director of Finance, Resources and Customer Services. Following their consideration of the Auditor's Report, Members are required to approve the Final (Audited) Statement of Accounts so that these can be published no later than 30th September.

- 3.3 The Draft Statement of Accounts as certified by the Executive Director of Finance, Resources and Customer Services is attached for Members' information. The reporting of the Draft Accounts to Members, whilst not mandatory, is considered good practice and gives Members time to consider any queries and objections.
- 3.4 Whilst the Executive Director of Finance, Resources and Customer Services is responsible for the preparation of the Statement, Members' role is to demonstrate their ownership of the Financial Statements and their confidence in the Executive Director of Finance, Resources and Customer Services in the processes through which he maintains the accounting records and prepares the statements.
- 3.5 Under Section 4.1 of the Audit Committee Protocol on Conduct and Objection to the Draft Statement of Accounts, any member wishing to make a query or objection to the Draft Accounts should do so in writing and serve it to the Section 151 Officer 15 days before the meeting on 1st September.

4. THE STATEMENT OF ACCOUNTS 2016/17

- 4.1 The Accounts and Audit Regulations stipulate what is to be included in the Statement of Accounts. In order to achieve this on a consistent basis across all local authorities, the Chartered Institute of Public Finance and Accountancy (CIPFA) produces a Code of Practice that defines proper accounting practices for local authorities. The Code is based on International Financial Reporting Standards (IFRS).
- 4.2 The accounts are subject to public inspection from the 3rd July to 11th August 2017. During this period, members of the public may inspect the Draft Accounts and all related documents and take copies of these accordingly. They can also ask the Auditor questions and object to the Council's accounts asking the Auditor to issue a report in the public interest (under Section 27 of the Local Audit & Accountability Act 2014) and/or apply to the court for a declaration that an item in the accounts is contrary to law (under Section 28 of the Local Audit & Accountability Act 2014).
- 4.3 The Statement of Accounts need to be re-certified by the Executive Director of Finance, Resources and Customer Services after they have been reviewed by the external auditor and re-presented to the Audit Committee on 28th September for approval along with the external auditor's report. After approval, the Statement of Accounts must be published by 30th September along with the audit opinion.

5. SIGNIFICANT MATTERS CONTAINED IN THE 2016/17 STATEMENT OF ACCOUNTS

5.1.1.1 The key issues reflected in the Pension Fund Statement of Accounts are:

- The Pension Fund has grown by 17.6%
- The 2016 valuation reported an 87% level of funding (compared to 85% in 2013). The Actuary has updated the valuation up to 96% based on the current markets as at March 2017.
- The Fund's cash flow position at member transactions level reflects the increased number of retirements, hence reduced contributions and increased pension payments.

- The Accounts were prepared in conjunction with the Fund's custodian Northern Trust appointed in July 2016 reliance was also put on figures from our former custodian State Street. The 2017/18 accounts will be produced using Northern trust's accountancy service; this will help facility the earlier closedown requirements for the 2017/18 accounts (31 May 2018) – as part of this process quarterly accounts will be produced.
- The statement of accounts also reflect the CIPFA code of practice requirement on cost transparency these changes were already included in the 2015/16 accounts. management costs fell during the year despite rising market values.
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6. ALTERNATIVE OPTIONS CONSIDERED

Under the Accounts and Audit Regulations, Member approval to the Statement of Accounts is not required until after the Statement has been reviewed by the external auditor. However, earlier consideration and review by members is consistent with good corporate governance practice.

7. REASONS FOR RECOMMENDATIONS

The presentation of the Draft Accounts to Members, whilst not mandatory, is considered good practice and gives Members time to consider the accounts and raise any queries and objections

8. COMMENTS OF THE EXECUTIVE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES AND OTHER DEPARTMENTS

8.1 Financial Implications

Financial implications are implicit in the body of the report.

8.2 Legal Implications

The Council has a statutory duty to arrange for the proper administration of its financial affairs and a fiduciary duty to taxpayers with regards to its use of and accounting for public monies. This report assists in the discharge of those duties.

8.3 Property Implications

Not applicable in this report.

9. KEY RISKS

The Statement of Accounts must be prepared and approved in accordance with statutory regulations.

10. IMPACT ON COUNCIL PRIORITIES

10.1 Fairness for All – The recommendations in the report fully accord with this Council priority.

10.2 Growth and Sustainability – The recommendations in the report fully accord with this Council priority.

10.3 Strong Communities – The recommendations in the report fully accord with this Council priority.

11. EQUALITIES IMPACT IMPLICATIONS

Not directly applicable in this report

12. PERFORMANCE MANAGEMENT IMPLICATIONS

The report provides evidence of sound financial management, planning and efficient use of resources.

13. PUBLIC HEALTH IMPLICATIONS

There are no public health implications directly related to this Report.