

WIRRAL COUNCIL

PENSIONS COMMITTEE

28 JUNE 2010

AUDIT AND RISK MANAGEMENT COMMITTEE

30 JUNE 2010

REPORT OF THE DIRECTOR OF FINANCE

MERSEYSIDE PENSION FUND ACCOUNTS: YEAR ENDED 31 MARCH 2010

1. EXECUTIVE SUMMARY

- 1.1 This report shows the accounts and financial statements which will in due course be contained in the Annual Report of Merseyside Pension Fund 2009/2010. They are set out in detail in the Appendix.

2 COMMENTARY

- 2.1 In preparing these accounts, I have adhered to the Audit Commission approach to materiality and triviality. For the audit of the 2009/2010 accounts, there will be a single materiality level, which for MPF, will be based on 0.5% of net assets, taken to be £4.6bn. For MPF, this means a materiality level of £23.4m, which for net assets represents a considerable reduction, with potentially more scope for mis-statements. On the other hand, for benefits and contributions, this represents an increase in the materiality level, potentially reducing the number of mis-statements.
- 2.2. The threshold for trivial items is based on the lower of 1% of the materiality level (i.e. £234,000) or £500,000, hence for MPF this is £234,000. The Committee is requested to agree this approach.
- 2.3 The majority of figures relating to investments are provided by external sources. At the time of compiling these draft accounts, as a number of final figures are still outstanding, I have had to make estimates. Should the final figures be received during the period of the audit, and the difference not be deemed trivial, any subsequent adjustments to be made in the audited accounts will be referred to as mis-statements.
- 2.4 The following update on the Audit Commission recommendations consequent to the audit of the Pension Fund Accounts for 2008/2009 is provided:-

1	Strengthen internal quality assurance to ensure that errors in the accounts are minimised.	This tends to be a standard Audit Commission recommendation. I have closed the 2009/2010 Accounts using, for first time, the Oracle Accounting platform, and so new procedures have been identified and followed. This has improved the robustness of certain aspects of the closure of accounts programme, but, with any change of this magnitude, has brought its own set of challenges. I shall conduct an internal review of this process in the autumn, in addition to any comments from the Audit Commission.
2	Members should ensure they comply with the process for making related party transactions.	Returns from Members are complete.
3	Ensure that audit trails are available to support year end balances.	This is another standard recommendation. MPF continues to diversify investments and remains heavily dependent upon the timely receipt of accurate information and evidence from an increasing number of external sources. The audit trail for a specific internal balance, identified as inadequate last year, has been strengthened.
4	Improve procedures within the Pension Fund to ensure compliance with the SoRP aided by improved communication with other pension funds and government to ensure interpretation is clear and consistent.	This has been achieved. The Financial Controller of MPF chaired a meeting of the Audit Commission and 13 selected local authority pension funds, under the auspices of CIPFA. The Department for Communities and Local Government subsequently clarified the two remaining outstanding issues. CIPFA subsequently released the outcomes in time to inform the closure of local authority pension fund accounts for 2009/2010.

3 FINANCIAL AND STAFFING IMPLICATIONS

3.1 There are none arising directly from this report.

4. EQUAL OPPORTUNITY IMPLICATIONS

4.1. There are none arising from this report.

5. COMMUNITY SAFETY IMPLICATIONS

5.1. There are none arising from this report.

6. LOCAL MEMBER SUPPORT IMPLICATIONS

6.1. This report has no particular implications for any Members or wards.

7. LOCAL AGENDA 21 IMPLICATIONS

7.1. There are none arising from this report.

8. PLANNING IMPLICATIONS

8.1. There are none arising from this report.

9. BACKGROUND PAPERS

9.1. There are none with this report

10. RECOMMENDATIONS

10.1 That the Committee agree the levels of materiality and triviality.

10.2 That the Committee approve the accounts and financial statements of Merseyside Pension Fund for the year ended 31 March 2010

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/121/10