

WIRRAL COUNCIL

PENSIONS COMMITTEE

16TH SEPTEMBER 2013

SUBJECT:	STATEMENT OF ACCOUNTS 2012/13
WARD/S AFFECTED:	ALL
REPORT OF:	JIM MOLLOY INTERIM DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER:	
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

1.1 The purpose of this report is to present Members with the audited statement of accounts of Merseyside Pension Fund for 2012/13 and to respond to the Annual Governance Report (AGR) from Grant Thornton.

2.0 BACKGROUND AND KEY ISSUES

2.1 The purpose of the Statement of Audited Accounts is to present the overall financial position of the Pension Fund as at 31st March 2013 in accordance with prescribed guidance.

2.2 The un-audited statement of accounts were discussed at a meeting of the Governance and Risk Working Party on 18 July and a presentation on the accounts was made at a training session open to Council on 12th August.

2.3 Grant Thornton is close to completion of its audit of the accounts and the Annual Governance Report (AGR) is on this agenda. They may provide a verbal update at the meeting on the AGR and officers will respond if necessary.

2.4 A response to the AGR is contained in the appendices to this report. Officers have agreed to all of the suggested adjustments to the accounts and to the recommendations.

2.5 I have prepared a Letter of Representation on behalf of the Committee which gives assurances to the Auditor on various aspects relating to the Pension Fund.

2.6 The Audit Opinion will be issued following final completion of the audit, consideration of the Annual Governance Report and approval of the amended Statement of Accounts at both the Pensions Committee and the Audit and Risk Management Committee. Once approved, Grant Thornton have indicated that they will again issue an unqualified opinion, and state that the accounts present fairly the financial position of Merseyside Pension Fund as at 31 March 2013. Subject to this, the accounts as now shown will form the basis of the Annual Report for the year ended 31 March 2013.

3.0 RELEVANT RISKS

3.1 Not relevant for this report.

4.0 OTHER OPTIONS CONSIDERED

4.1 Not relevant for this report

5.0 CONSULTATION

5.1 Not relevant for this report

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 There are no implications arising directly from this report

7.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

7.1 There are none arising directly from this report

8.0 LEGAL IMPLICATIONS

8.1 There are no implications arising directly from this report.

9.0 EQUALITIES IMPLICATIONS

9.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

(b) No because there is no relevance to equality.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 There are no carbon usage implications, nor any other relevant environmental issues arising from this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are no planning or community safety implications arising from this report.

12.0 RECOMMENDATIONS

12.1 That the Pensions Committee approves the audited Statement of Accounts for 2012/13 considers the amendments to the draft accounts and the draft Annual Governance Report and the Letter of Representation.

12.2 That the Action Plan within the Annual Governance Report is agreed, and that the Pensions Committee is informed of progress with its implementation.

12.3 That the Pensions Committee refers the recommendations to the Audit and Risk Management Committee.

13.0 REASONS FOR RECOMMENDATION

13.1 Under the Audit Commission Act 1998 and the Audit Commission Code of Audit Practice for Local Government, the District Auditor reports on Pension Fund Financial Statement, as part of those of the Council.

13.2 As the Pension Fund receives a separate AGR, this report will first be considered by the Pensions Committee, and then by the Audit and Risk Management Committee.

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APPENDICES

1. A summary of the response to the AGR and action plan is attached as an appendix to this report.
2. The statement of accounts forms part of the draft annual report which is a separate item on the agenda at this Committee meeting.

REFERENCE MATERIAL

The Statement of Accounts plus relevant working papers and the AGR from Audit Commission were used in the production of this report.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
PENSIONS COMMITTEE	18th SEPTEMBER 2012
AUDIT AND RISK MANAGEMENT COMMITTEE	19th SEPTEMBER 2012
PENSIONS COMMITTEE	19th SEPTEMBER 2011
AUDIT AND RISK MANAGEMENT COMMITTEE	28th SEPTEMBER 2011
PENSIONS COMMITTEE	27th SEPTEMBER 2010
AUDIT AND RISK MANAGEMENT COMMITTEE	28th SEPTEMBER 2010

**Response to Audit Commission Annual Governance Report
Audit 2011/12****1. Executive Summary**

- 1.1 The purpose of this note is to set out the response to the Audit Commission Annual Governance Report Audit 2012/13.
- 1.2 The key points are that subject to outstanding work there will be an unqualified opinion and that there are no material errors. All of the non material errors non trivial errors and disclosure errors have been amended. All of the recommendations have been agreed. The Audit Commission deliver a positive verdict on the conduct of the audit.

2. Explanation of Unadjusted Misstatements

- 2.1 Below is an extract from the Audit Report

Property rental income of £3.194m has been incorrectly recognised as a receipt in advance within current liabilities in the net assets statement, rather than being recognised as income within the 2012/13 fund account. The effect of the misstatement is that both property rental income and the total net assets of the fund are understated by £3.194m. If this error were to be amended then the total net assets of the fund would increase from £5.819bn to £5.822bn.

- 2.2 The management response to this is that whilst the finding is accepted the accounts will not be changed for the following reasons.
- The amount is below the threshold for materiality agreed with the auditors before commencement of the audit.
 - This is an understatement of the Fund rather than an overstatement
 - This was identified at the end of the audit process and there are difficulties in amending the financial statements and notes at this late stage.
- 2.3 The Fund is intending to review its procedures for monitoring of property income and the way in which reports from the managing agent (CBRE) are input to the Fund's accounting systems.

3. Recommendations relating to Misclassifications and Disclosure Changes

- 3.1 Management at the Fund has agreed to the changes outlined in Grant Thornton's report on page 13 which resulted in some changes to the notes to the financial statements.

4. Recommendations relating to other matters

- 4.1 There are no significant issues.