

WIRRAL COUNCIL

PENSIONS BOARD

10 OCTOBER 2017

SUBJECT:	ANNUAL REPORT AND ACCOUNTS - MERSEYSIDE PENSION FUND
WARD/S AFFECTED:	ALL
REPORT OF:	DIRECTOR OF PENSIONS
KEY DECISION	NO

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to present the Board with the Annual Report of Merseyside Pension Fund for 2016/17, which contains the audited statement of accounts, and our response to the Audit Findings Report from Grant Thornton.
- 1.2 Grant Thornton has indicated there will be an unqualified opinion; their work identified no adjustments affecting the Fund's reported position for the year ended 31 March 2017 of net assets of £8.2bn and no recommendations.
- 1.3 Grant Thornton's report expresses a positive outcome from their audit of the accounts and refers to the accounts being prepared to a good standard with good supporting working papers.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 The LGPS regulations require the Pension Fund Annual Report to contain the Fund Accounts and Net Asset Statement with supporting notes and disclosures, prepared in accordance with proper practices.
- 2.2 International Standards on Auditing (UK & I) 810 (revised) requires that auditors read any information published with the accounts. It also states that the auditor should not issue an opinion until that other information is published.
- 2.3 The purpose of the Statement of Audited Accounts is to present the overall financial position of the Pension Fund as at 31 March 2017 in accordance with prescribed guidance.
- 2.4 Grant Thornton has completed its audit of the accounts and presented their Audit Findings Report to Pensions Committee on 17 July.
- 2.5 There are no adjustments affecting the Fund's reported financial position for the year ended 31 March 2017 of net assets of £8.2bn. A small number of

disclosure adjustments to improve the presentation of the financial statements and annual report have been agreed and amended.

- 2.6 Within the audit findings report against controls, two issues have been brought to your attention by the auditor:
 - a) the lump sums and pension payment calculations work undertaken by internal audit has been reviewed by management with the conclusion that compensatory controls did exist, but there was a timing inefficiency. The issue has now been resolved with changes in working practices. The change to immediate payments during 2016/17 has further strengthened the control environment.
 - b) The Fund reviews internal control reports from main mandate investment managers on an annual basis; the review by the Fund did result in identifying control weaknesses, however, further assurances were obtained by the Fund on the issues identified. Future reviews will be reported to Governance and Risk Working Party.
- 2.7 The audit findings report also reports of a small number of fair value measurements disclosures that did not appear to be fully compliant with the requirements of the Code, the Fund's view is in some instances the information is already contained within other notes to the accounts, were it is not, the information was not readily available from its advisors, the Fund will continue to work with its advisors and Fund Managers.
- 2.9 The Section 151 Officer has prepared a Letter of Representation on behalf of the Committee which gives assurances to the Auditor on various aspects relating to the Pension Fund.
- 2.10 The Audit Opinion will be issued following final completion of the audit, consideration of the Audit Findings 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 has 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 2017. Subject to this, the accounts as now shown will form the basis of the Annual Report for the year ended 31 March 2017.

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 OUTSTANDING PREVIOUSLY APPROVED ACTIONS

- 6.1 There are no previously approved actions outstanding.

7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

7.1 There are no implications arising directly from this report.

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

8.1 There are none arising directly from this report.

9.0 LEGAL IMPLICATIONS

9.1 There are no implications arising directly from this report.

10.0 EQUALITIES IMPLICATIONS

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

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

11.0 CARBON REDUCTION AND ENVIRONMENTAL IMPLICATIONS

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

12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

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

13.0 RECOMMENDATION/S

13.1 That the Board notes the report.

14.0 REASON/S FOR RECOMMENDATION/S

14.1 Under the Audit Commission Act 1998 and the Audit Commission Code of Audit Practice for Local Government, the Auditor reports its findings on the audit of the Pension Fund Financial Statements to those charged with governance.

14.2 As the Pension Fund receives a separate Audit Findings Report, this report is first considered by Pensions Committee, and then by Audit and Risk Management Committee.

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APPENDICES

1. Audit Findings Report.
2. Annual Report
3. Letter of Representation

BACKGROUND PAPERS/REFERENCE MATERIAL

BRIEFING NOTES HISTORY

Briefing Note	Date

SUBJECT HISTORY (last 3 years)

Council Meeting	Date