

## Bath & North East Somerset Council

MEETING:	Avon Pension Fund Committee	
MEETING DATE:	24 September 2010	AGENDA ITEM NUMBER <b>8</b>
TITLE:	<b>Audited Statement of Accounts &amp; the Annual Governance Report – 2009/10</b>	
WARD:	ALL	
<b>AN OPEN PUBLIC ITEM</b>		
<b>List of attachments to this report:</b>		
<b>Appendix 1 – 2009/10 Audited Statement of Accounts – subject to any further issues raised by the Auditor</b>		
<b>Appendix 2 – Draft Annual Governance Report 2009/10 – to follow</b>		

### **1 THE ISSUE**

- 1.1 The Annual Governance Report summarises the results of the Audit Commission's audit of the 2009/10 accounts. It includes the issues arising from the audit of the financial statements and those issues which they are formally required to report under the Audit Commission's Code of Audit Practice and International Standard of Auditing (UK & Ireland) (ISA(UK&I) 260) – "Communication of audit matters with those charged with governance".
- 1.2 The Audited Statement of Accounts is now presented for final approval. They remain subject to any issues raised by the Auditors prior to this meeting. If there are any such issues they will be discussed at this meeting.
- 1.3 The Corporate Audit Committee will be recommended to approve the final audited Statement of Accounts for 2009/10 and note the issues raised in the Governance reports at its meeting on 30 September 2010, subject to any recommendations from the Avon Pension Fund Committee.

### **2 RECOMMENDATION**

**That the Committee:**

- 2.1 Approves the final audited Statement of Accounts for 2009/10.**
- 2.2 Notes the issues raised in the Annual Governance Report.**

### **3 FINANCIAL IMPLICATIONS**

3.1 The Pension Fund's Statement of Accounts shows the Total Net Assets at 31 March 2010 as £2,458 million. This is unchanged from the figure in the draft accounts prior to the external audit.

### **4 THE REPORT**

4.1 The Audit Committee approved the draft Statement of Accounts 2009/10 at its meeting of 29<sup>th</sup> June 2010.

4.2 Since then there have been several presentational and technical changes to the accounts which require us to re-present the accounts.

4.3 The main changes are:-

1) The insertion of a note to the Net Assets Statement regarding a Non Adjusting Post Balance Sheet Event, being the announcement in the Budget of 22<sup>nd</sup> June that Pensions Increases will be based on the CPI instead of RPI. This will reduce the Fund's pension obligations by an estimated 5 to 8%.

2) The re-wording of paragraph 1.7 and insertion of 1.8 regarding the Actuary's estimation of the funding level, in recognition of the announcement in the budget of 22<sup>nd</sup> June concerning the use of CPI in place of RPI.

3) The re-wording of the explanation regarding Lump Sum Retirement Benefits beneath Note 13. Following comments by the Committee in June this explanation has been revised to clarify that these benefits were not accrued for in the 2008/09 accounts.

4) The addition of Note 18 disclosing the Fund's outstanding commitments at 31<sup>st</sup> March 2010 relating to future draw downs of £73m in property investments.

4.4 In late July during a review of the invoicing process for Strain on the Fund costs, it was discovered that approximately £1m of Strain on the Fund costs were rechargeable at 31<sup>st</sup> March, but had not been included as debtors in the accounts. This matter was brought to the attention of the Auditors. They agreed that this was not material and did not require an amendment to the accounts.

4.5 A discrepancy of £152k between the Creditor held on the B&NES balance sheet relating to the Pension Fund and the Debtor held on the Pension Fund balance sheet relating to B&NES has now been resolved. The discrepancy related to dividends and tax recoveries from former investment managers received in 2008/09 that had been paid direct to the B&NES bank account rather than via the custodian. This was partly offset by differences in the recording of the value of cash injections in 2007/08 as a result of currency fluctuations. The net balance of these had been omitted from the initial transfer of cash on the setting up of the Pension Fund's separate bank account.

**5 RISK MANAGEMENT**

5.1 A proportionate risk assessment has been carried out in relation to the Councils risk management guidance. Management of the Avon Pension Fund remains a key risk although the work in relation to this years audit has not identified any new corporate risks or significant changes.

**6 EQUALITIES**

6.1 An equalities impact assessment is not necessary

**7 OTHER OPTIONS CONSIDERED**

7.1 None as this report is a statutory requirement.

**8 CONSULTATION**

8.1 Consultation has been carried out with the Section 151 Finance Officer.

**9 ISSUES TO CONSIDER IN REACHING THE DECISION**

9.1 No decision as this is a statutory requirement.

**10 ADVICE SOUGHT**

10.1 The Council's Monitoring Officer and Section 151 Officer (Divisional Director - Finance) have had the opportunity to input to this report and have cleared it for publication.

<b>Contact person</b>	Martin Phillips, Finance and Systems Manager (Pensions) (01225) 395259
<b>Background papers</b>	Corporate Audit Committee – 29 <sup>th</sup> June – Draft Statement of Accounts
<b>Please contact the report author if you need to access this report in an alternative format</b>	