

## Bath & North East Somerset Council

MEETING:	Avon Pension Fund Committee	
MEETING DATE:	27 September 2013	AGENDA ITEM NUMBER
TITLE:	<b>Audited Statement of Accounts, the Annual Governance Report &amp; Annual Report – 2012/13</b>	
WARD:	ALL	
<b>AN OPEN PUBLIC ITEM</b>		
<b>List of attachments to this report:</b>		
<b>Appendix 1 – Audited Statement of Accounts 2012/13</b>		
<b>Appendix 2 – Annual Governance Report 2012/13</b>		
<b>Appendix 3 – Draft Avon Pension Fund Annual Report 2012/13</b>		

### 1 THE ISSUE

- 1.1 The Audited Statement of Accounts and the Annual Governance Report are now presented to be noted.
- 1.2 The Annual Governance Report summarises the results of the Grant Thornton audit of the 2012/13 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".
- 1.3 The Corporate Audit Committee was recommended to approve the final audited Statement of Accounts for 2012/13 and note the issues raised in the Governance reports at its meeting on 23 September 2013.
- 1.4 The Fund's Annual Report 2012/13 is a statutory document which the Auditor reviews as part of the Fund's audit. The Committee is asked to approve the draft report on the basis that no substantive changes will be made following Committee approval.

### 2 RECOMMENDATION

**That the Committee:**

- 2.1 Notes the final audited Statement of Accounts for 2012/13.**
- 2.2 Notes the issues raised in the Annual Governance Report.**
- 2.3 Approves the draft Avon Pension Fund Annual Report 2012/13.**

### **3 FINANCIAL IMPLICATIONS**

3.1 The Pension Fund's Statement of Accounts shows the Total Net Assets at 31 March 2013 as £3,145,656 thousand. This has changed from the figure in the draft accounts prior to the external audit following the inclusion of a creditor for £1,310 thousand previously omitted in error.

### **4 THE REPORT**

4.1 The Committee noted the draft Statement of Accounts 2012/13 at its meeting of 21 June 2013. Since then, in response to the Auditors report and to correct some minor errors, the following changes have been made:-

i) Net Asset Statement and Note 14. Current Liabilities have increased by £1.3m. The creditor of £1.3m owed to HMRC in regards to the PAYE on the March 2013 Pensions Payroll was previously omitted. A note regarding a similar error in 2011/12 has been added.

ii) Note 2. Membership. The Membership for 2012/13 has been increased by 149 and for 2011/12 by 138 following the discovery that Councillor members had been omitted in error. An additional note has been added with regard to ex-members who are due refunds of contributions.

iii) Note 8. Administration Expenses. The Audit Fee originally stated as £19 thousand has been restated as £29 thousand following the discovery of an error.

iv) Note 24. Financial Instruments. The figures for Receivables and Financial Assets at fair value through profit or loss have been adjusted and some additional explanation added.

v) Note 25 d. Financial Risk Management Disclosure, Fair Value Hierarchy. In the table as at 31<sup>st</sup> March 2013 the figure for Pooled Investment Vehicles has been reduced by £7,386 thousand and the figure for Equities – Quoted has been increased by £7,386 thousand. This follows the re-definition of certain investments.

4.2 The 2012/13 Statement of Accounts was prepared on the same basis as the Statement of Accounts for 2011/12 consequently there are no significant changes in the 2012/13 Statement of Accounts from the 2011/12 Statement of Accounts.

4.3 The Annual Governance report is in Appendix 2. The Statement of Accounts has been adjusted in response to the issues raised where appropriate. Where adjustment has not been made it has been agreed with the Auditor that the issues will be considered for future years.

4.4 The draft Avon Pension Fund Annual Report is in Appendix 3. Under the Local Government Pension Scheme (Administration) Regulations 2008 the Fund is required to publish a report annually by 1<sup>st</sup> December. As this is before the next Committee meeting, the Committee are asked to approve the 2012/13 report in draft form. No substantive changes are expected to be made following the Committee's approval. The report will be published ahead of the 1<sup>st</sup> December deadline. The report will be published on the Fund's website. Hard copies will be available on request.

4.5 The external auditor has reviewed the annual report as part of the audit.

**5 RISK MANAGEMENT**

5.1 The Avon Pension Fund Committee is the formal decision making body for the Fund. As such it has responsibility to ensure adequate risk management processes are in place. It discharges this responsibility by ensuring the Fund has an appropriate investment and funding strategy that is regularly monitored. In addition it monitors the benefits administration, the risk register and compliance with relevant investment, finance and administration regulations. The work in relation to this year’s 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 (Divisional Director – Legal & Democratic Services) and Section 151 Officer (Director of Business Support) 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>	Pension Fund Committee 21 June 2013: Draft Statement of Accounts
<b>Please contact the report author if you need to access this report in an alternative format</b>	