

Bath & North East Somerset Council

MEETING:	Avon Pension Fund Committee	
MEETING DATE:	23 September 2011	AGENDA ITEM NUMBER
TITLE:	Audited Statement of Accounts & the Annual Governance Report – 2010/11	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix 1 – 2010/11 Audited Statement of Accounts – subject to any further issues raised by the Auditor		
Appendix 2 – Draft Annual Governance Report 2010/11		

1 THE ISSUE

- 1.1 The Annual Governance Report summarises the results of the Audit Commission's audit of the 2010/11 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 2010/11 and note the issues raised in the Governance reports at its meeting on 29 September 2011, 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 2010/11.**
- 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 2011 as £2,668,063,000. This is £134,000 less than the figure in the draft accounts prior to the external audit.

4 CHANGES FROM THE DRAFT STATEMENT OF ACCOUNTS

4.1 The Committee noted the draft Statement of Accounts 2010/11 at its meeting of 24th June 2011.

4.2 They are now being resubmitted following several presentational and technical changes.

4.3 The main changes are:-

1) Following the instruction of the auditors, the cost of the Triennial Valuation is not deferred to be charged over the period to which the valuation applies as it was in the draft accounts. Instead it is to be charged to the year in which the valuation work was performed. Consequently the £134,000 cost of the triennial valuation is now included in the Fund Account under Administrative Expenses and is no longer included under Net Current Assets in the Net Asset Statement as a deferred charge. In consequence the directly controlled administration out-turn costs that were reported to the Committee in June as being £200,000 below budget for the year ending 31st March 2011 are now £66,000 below budget for the year.

2) An addition to note 10 regarding Investment income discloses:- Dividends from equities in the year to 31 March 2011 includes tax reclaims from former investment managers of £275,598 received in the year ending 31 March 2009 but not previously recognised as income in the accounts.

3) An additional disclosure has been added as note 22 to disclose the Fund's holdings of financial instruments and related income, expenses, gains and losses. Former notes 22 and 23 have become notes 23 and 24.

4) Notes 4 and 6 now include separate disclosure of the contributions paid by B&NES Council to the Fund during the year and the benefits paid to B&NES pensioners during the year, respectively.

5) Paragraph 2.2 previously point viii, referring to AVCs not being included in the accounts, has been deleted as this is also stated in note 19.

6) Paragraph 2.2 (new) point viii has been amended to replace "Pensions SORP" with "CIPFA code of practice on local authority accounting".

5 CHANGES FROM LAST YEAR, MADE TO COMPLY WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

5.1 The Statement of Accounts 2010/11 includes the following major changes from the 2009/10 Statement of Accounts in order to comply with the new CIPFA code of practice based on International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS).

5.2 In compliance with IAS 26 note 16 discloses the actuarial present value of promised retirement benefits. The assumptions required by this accounting standard are different from those used in the triennial valuation. Consequently the resulting valuation of liabilities is not the same.

5.3 In compliance with IFRS 7 note 23 is a financial risk management disclosure. This explains and quantifies the financial risks to which the Fund is exposed. These are analysed as market risk, credit risk and liquidity risk. Market risk includes price risk, interest rate risk and currency risk. Note 23 also includes a classification of the Fund's financial assets and liabilities in a three level fair value hierarchy that reflects the subjectivity of the inputs used in making an assessment of their fair value.

5.4 In compliance with IAS 39 note 22 discloses the financial instruments held by the Fund and related income, expenses, gains and losses.

6 RISK MANAGEMENT

6.1 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.

7 EQUALITIES

7.1 An equalities impact assessment is not necessary

8 OTHER OPTIONS CONSIDERED

8.1 None as this report is a statutory requirement.

9 CONSULTATION

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

10 ISSUES TO CONSIDER IN REACHING THE DECISION

10.1 No decision as this is a statutory requirement.

11 ADVICE SOUGHT

11.1 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.

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Background papers	Pension Fund Committee – 24 th June – Draft Statement of Accounts
Please contact the report author if you need to access this report in an alternative format	