

# REPORT FOR: Pension Board

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**Date of Meeting:** 8 November 2017

**Subject:** Information Report - London Borough of Harrow Pension Fund: Annual Report and Financial Statements for the year ended 31 March 2017

**Responsible Officer:** Dawn Calvert, Director of Finance

**Exempt:** No

**Wards Affected:** All

**Enclosures:** Annual Audit Letter 2016/17 (KPMG)  
Auditor's ISA 260 Report 2016/17

## Section 1 – Summary

### Summary

This report presents the Pension Fund Annual Report and Financial Statements for the year ended 31 March 2017 together with the Annual Audit Letter 2015/16 of the auditors KPMG.

### For information

## Section 2 – Report

1. At their meeting on 20 June 2017 the Board received the Pension Fund draft Annual Report and Financial Statements for the year ended 31 March 2017.

2. The Board was advised that the audit of the Accounts by KPMG LLP would commence in July. The results of the audit were considered as part of the Council's overall Accounts by Governance, Audit, Risk Management and Standards Committee on 5 September 2017. They will be recommended for agreement by the Pension Fund Committee on 21 November 2017.
3. The Board was additionally advised that the audited accounts together with the Auditor's report would be presented to the Board at its next meeting.
4. The accounts can be accessed at:

[http://www.harrow.gov.uk/info/200110/council\\_budgets\\_and\\_spending/698/statement\\_of\\_accounts/2](http://www.harrow.gov.uk/info/200110/council_budgets_and_spending/698/statement_of_accounts/2)

5. The audit of the Pension Fund Accounts was conducted at the same time as that of the rest of the Council's Accounts. In their "External Audit Report 2016/17 – London Borough of Harrow and Harrow Pension Fund" and subsequent letter (copy attached) KPMG make relatively few references to the Pension Fund with the key points as follows:

- We issued an unqualified opinion on the Authority's financial statements on 29 September 2017. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year. The financial statements also include those of the pension fund.
- There were no significant issues arising from our audit of the pension fund and we issued an unqualified opinion on the pension fund financial statements as part of our audit report.
- As part of our audit of the Pension Fund, we sought to understand the controls in place to ensure the accuracy of the data used by the actuary and tested a sample of the data back to the systems and reports from which it was derived. This work focused on the data relating to the Authority itself as the largest member of the Pension Fund.
- We also review the assumptions adopted in calculating the pension liability included in the Authority's financial statements by having KPMG actuarial experts review the assumptions and methodology used by Hymans Robertson in their actuary's report and the accounting entries made in relation to those assumptions.
- We found that the assumptions used were in line with our expectations and that appropriate accounting entries had been made with regards to the IAS 19 liability.

6. The Auditors made only one recommendation. This was in relation to pension fund journals authorisation:

### **Pension Fund Journals Authorisation**

- We have identified one individual that has authorised a number of Pension Fund journals above their authorisation limits per Authority guidelines in the year. We have reviewed email confirmation that this officer was given separate authority to authorise these journals.
- However, to align with best practice and avoid any confusion around authorisation limits we recommend that the Authority either formalises this arrangement within the Scheme of Delegation or require these journals to be authorised by an officer with a higher authorisation limit.

- 6.1 Officers accepted the recommendation and actioned the following:  
Officers will review the scheme of delegation to ensure authorisation is done at the appropriate level. The Head of Treasury and Pensions will be added to the scheme of delegation to authorise journals over £500,000.
7. At their meeting on 12 July 2017 the Board requested that the annual report included confirmation that Employer contributions are paid on a timely basis. Officers have confirmed that employer contributions are paid on time.

### **Financial Implications**

8. Whilst this report discusses all aspects of the financial standing of the Pension Fund there are no financial implications arising directly from it.

### **Legal Comments**

9. Regulation 57 of the Local Government Pension Scheme Regulations 2013 requires that an administering authority must produce an annual report containing certain specified matters. The report must be published before 1 December of the scheme year end.

### **Risk Management Implications**

10. All risks are included within the Pension Fund Risk Register.

### **Equalities implications**

11. There are no direct equalities implications arising from this report.

### **Council Priorities**

12. The financial health of the Pension Fund directly affects the resources available for the Council's priorities.

### **Section 3 - Statutory Officer Clearance**

Name: Dawn Calvert  Chief Financial Officer

Date: 25 October 2017

**Ward Councillors notified:** Not applicable

### **Section 4 - Contact Details**

**Contact:** Iain Millar, Treasury and Pensions Manager 0208  
424 1432

**Background Papers – None**