

## ITEM NO: 9

<b>Report To:</b>	<b>AUDIT PANEL</b>
<b>Date:</b>	26 May 2016
<b>Reporting Officer:</b>	Peter Morris, Executive Director of Pensions Ben Jay Assistant Executive Director - Finance
<b>Subject:</b>	<b>GMPF STATEMENT OF ACCOUNTS 2014-2015 GOVERNANCE ARRANGEMENTS</b>
<b>Report Summary:</b>	This report aims inform Members of the governance arrangements for approval of the accounts for Greater Manchester Pension Fund as part of the accounts of Tameside as administering authority. Secondly the report asks Members to approve the key assumptions for estimates to be used in the accounts
<b>Recommendations:</b>	<ul style="list-style-type: none"><li>(i) To note the governance arrangements for approval of GMPF accounts</li><li>(ii) To approve the assumptions for estimates to be used in the accounts.</li></ul>
<b>Financial Implications: (Authorised by the Section 151 Officer)</b>	<p>As the administering authority, Tameside MBC has some important responsibilities in relation to the Greater Manchester Pension Fund. However, as the largest fund in the Local Government Pension Scheme, the fund also has significant resources it deploys to meet those responsibilities. This paper sets out where the responsibilities lie.</p> <p>The assumptions used for valuing assets will have an impact on the value of assets reported in the accounts. In most circumstances the impact is unlikely to be material. For equities and bonds a bid basis is used that results in a more prudent outcome (v mid or offer).</p>
<b>Legal Implications: (Authorised by the Solicitor to the Fund)</b>	The administering authority must produce an annual report and accounts.
<b>Risk Management:</b>	GMPF's accounts are used to provide information to a variety of users and for a variety of purposes. The accuracy of the statements is critical in the determination of employer costs and there are clearly reputational issues relating to the validity of the accounts. The audit process provides reassurance on the integrity of the statements and mitigates against the possibility of material misstatement
<b>ACCESS TO INFORMATION:</b>	<b>NON-CONFIDENTIAL</b> <b>This report does not contain information which warrants its consideration in the absence of the Press or members of the public.</b>

**Background Papers:**

The background papers used in the preparation of this report were:

1. The 2014/2015 Financial Ledger
2. Closure Working Papers
3. GMPF Statement of Accounts 2013/2014

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## 1. INTRODUCTION

- 1.1 This aim of this report is to The report will cover three sections .
- Governance Arrangements
  - The key changes in approach to the accounts from last year
  - The continued key assumptions made in compiling the accounts

## 2. GOVERNANCE ARRANGEMENTS

- 2.1 The key decision making body for the Fund is the Management Panel which approves the pension fund accounts and receives audit reports.
- 2.2 The key decision making bodies for the Council are the Audit Panel which receives accounting policies reports for both the Fund and the Council and the Overview (audit) Panel which received the report of the external auditor following the audit of the accounts. . TMBC retain overall responsibility for the accounts of both and the follow-up on the audit reports received for both, but in practice delegates the responsibility for the Fund to the Fund.
- 2.3 The provisional timetable for approval at of the accounts and audit reports by these bodies for 2015/16 is outlined in the table below.

Date	Group	Stage
26 May	Audit Panel	Approval of key assumptions and noting of governance arrangements (TMBC and GMPF)
3 July	GMPF Management Panel	Approval of key assumptions and noting of governance arrangements (GMPF)
TBC Mid September	Urgent Matters sub group of panel	Approval of final accounts, annual report and audit report (GMPF)
September	Overview (Audit) Panel	Approval of final accounts, annual report and audit report (GMPF and TMBC)
2 October	GMPF Management Panel	Noting of the Approval of final accounts, annual report and audit report

- 2.4 Financial requirements are that the pre-audit accounts of both TMBC and GMPF must be signed off by the s151 officer of the Council by 30 June.
- 2.5 The review by the external auditors commences thereafter. Grant Thornton LLP provide the external audit contract for both, but a separate team conduct the GMPF audit due to the specialist and technical demands of LGPS accounts.
- 2.6 The audit process must be completed before the end of September. The date for GMPF Management Panel has been set at 2 October hence the need for an Urgent Matters sub Panel in September. The audit letters for both the Fund and the Council will be received formally by the TMBC Overview (audit) Panel in September.
- 2.7 The newly created Pensions Local Board will also play a part in undertaking a review of the audit process but is not a decision making body.

## 3. KEY CHANGES FOR GMPF ACCOUNTS THIS YEAR

- 3.1 The key changes in the accounts this year are is the partial adoption of CIPFA's guidance on accounting for management costs in the LGPS. The aim of this guidance is to improve transparency in the reporting of investment costs by improved disclosure of transaction

costs and costs of pooled investment vehicles. The intention for GMPF is to phase in the implementation over two years, please see appendix one for details.

#### **4. CONTINUED KEY ASSUMPTIONS**

- 4.1 The key continuing assumptions used in production of the accounts will be disclosed in note 2 of the accounts when produced:
- Accruals basis
  - Fair value for investments
  - Market prices at bid where possible
  - For non-listed assets, compliance with accounting standards and best practice
  - Liabilities in compliance with International Accounting Standard 19 (IAS19)

#### **5. RECOMMENDATION**

- 5.1 Members note the governance arrangements for the approval of the accounts for Greater Manchester Pension Fund as part of the accounts of Tameside MBC as administering authority.
- 5.2 Members approve the assumptions for estimates to be used in the GMPF Statement of Accounts 2013/2014 (The accounting policies and estimates for the accounts of TMBC are included elsewhere on this agenda).