

Report To: **GMPF MANAGEMENT PANEL**

Date: 11 December 2020

Reporting Officer: Sandra Stewart, Director of Pensions
Paddy Dowdall Assistant Director (Local Investments and Property)

Subject: **GMPF STATEMENT OF ACCOUNTS AND ANNUAL REPORT 2019-2020**

Report Summary This report is submitted for information and Members are asked to note the progress of the governance arrangements for the audit of GMPF Accounts 2019/20.

Recommendations: Members are asked to note the report.

Policy Implications: None.

Financial Implications: As the administering authority, Tameside MBC has important responsibilities in relation to the Greater Manchester Pension Fund. 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.

(Authorised by the Section 151 Officer)

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.

Legal Implications: The administering authority must produce an annual report and accounts in line with statutory provisions.

(Authorised by the Solicitor to the Fund)

Risk Management: 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

ACCESS TO INFORMATION: **NON-CONFIDENTIAL**

This report does not contain information which warrants its consideration in the absence of the Press or members of the public.

Background Papers:

APPENDIX 17A	Audit Completion Report
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For further information please contact Paddy Dowdall, Assistant Director – Local Investments and Property, tel 0161 301 7140, email paddy.dowdall@tameside.gov.uk.

1. INTRODUCTION

- 1.1 This report provides an update on the reports to Panel on 17 July 2020 and 18 September. As reported at that time there are changes this year to the governance procedures for approval of GMPF Annual report and accounts due to the impact of the Covid 19 crisis. The deadline for the Audit of local government accounts was changed to 30 November 2020. For GMPF the main concerns were the valuation of illiquid investments caused by acute public market volatility at the year-end date. The draft accounts were produced in line with the original timetable and presented at the last in July and the audit process is very close to completion at the time of writing.

2. UPDATE ON PROGRESS AND NEXT STEPS

- 2.1 The auditors have concluded their work and issued a draft Audit Completion Report attached as an appendix, which has been considered by Tameside Audit Panel. This report is complementary about the quality of accounts produced, makes no recommendations for internal controls and reports that there no adjustment to accounts. During the audit process there were some improvements and amendments to disclosures made at suggestion of the auditors.
- 2.2 The report gives an opinion that the financial statements:
- give a true and fair view of the financial transactions of Greater Manchester Pension Fund during the year ended 31 March 2020, and the amount and disposition of the Pension Fund's assets and liabilities as at 31 March 2020; and
 - have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
- 2.3 There is however an "Emphasis of Matter in the draft audit report, which is detailed below.

Emphasis of Matter – Effect of the Covid-19 pandemic on the valuation of property investment assets

"We draw attention to notes 2 and 2a of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of the Fund's property investment assets. As disclosed in note 2 of the financial statements outlining the major areas of estimation uncertainty, the Pension Fund have disclosed their consideration of the impact of their independent property valuers inclusion of a 'material valuation uncertainty' declaration within their reports. This uncertainty arose as a result of the Covid-19 pandemic creating a shortage of relevant market evidence upon which to base their judgements. Our opinion is not modified in respect of this matter".

- 2.4 It is worth noting that a form of this note will be in the audit reports of all LGPS Funds with substantial holdings in property and that this material valuation uncertainty' declaration from valuers is not attached to post September valuations. There remains as ever uncertainty over the valuation of all "Level 3" Investments until they are sold.
- 2.5 Letters of Assurance from the management of the Fund and those charged with governance have been provided to the auditors and a letter of representation will be sent the auditors by the section 151 officer to complete the process.
- 2.6 Unfortunately, the Auditors, Mazars have yet to sign off the accounts owing to capacity issues as required by the 30 November 2020. Accordingly a notice has been published on the Council's website at <https://www.tameside.gov.uk/statementofaccounts/1920> as follows:

TAMESIDE METROPOLITAN BOROUGH COUNCIL
EXTERNAL AUDIT OF ACCOUNTS: YEAR ENDED 31 MARCH 2020
Publication of Tameside Metropolitan Borough Council Statement of Accounts and Audit Opinion
The Accounts and Audit (England) Regulations 2015 – Regulation 10
As Amended By
The Accounts and Audit (Coronavirus) (Amendment) Regulations 2020

The Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 require that the audited accounts and opinion is published by 30 November 2020.

The audit of the draft statement of accounts for the year ended 31 March 2020 for Tameside Metropolitan Borough Council, including the accounts of Greater Manchester Pension Fund, has not yet been completed by the external auditors, Mazars LLP.

The audit and issue of the audit opinion is expected to conclude during December 2020 after which the statement of accounts and audit opinion will be published as soon as is reasonably practicable.

Therefore, this notice of delayed audit is being published in accordance with Regulation 10, paragraph (2a) of the Accounts and Audit Regulations 2015. See attached link:

<http://www.legislation.gov.uk/ukSI/2015/234/regulation/10/made>

You can read the external audit completion report and accounts presented to the Council's Audit Panel on our website at <https://tameside.moderngov.co.uk/ieListDocuments.aspx?CId=166&Mid=5103&Ver=4>

2.7 Consequently, we are in the hands of the auditors as to when this will be completed. However, Regulation 57 of the LGPS Regulations 2013 requires administering authorities to publish their pension fund annual report, in relation to the Scheme year ending on the 31 March, on or before the following 1 December. The Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 extend the publication for local authority accounts (England and Wales) to 30 November 2020. That said, at present there are no plans for an automatic extension of the publication date for the annual report and accounts. We have therefore published the Annual Report on the website noting that the accounts have not been formally signed off on the basis that there is no expectation that any changes will be required.

3. RECOMMENDATION

3.1 To note the report.