

AUDIT AND GOVERNANCE COMMITTEE

21 JULY 2017

EXTERNAL AUDIT PROGRESS REPORT – WORCESTERSHIRE COUNTY COUNCIL PENSION FUND ANNUAL STATUTORY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Recommendation

- 1. The Chief Financial Officer recommends that:**
 - a) the progress made on the External Audit of the 2016/17 Worcestershire County Council Pension Fund Statement of Accounts be noted and the plan return to the Committee meeting on 26 September 2017 for approval.**
 - b) the Worcestershire County Council Pension Fund Audit Findings Report for the financial year ending 31 March 2017 be noted.**

Background

2. This report sets out progress to date to support the independent external audit of the 2016/17 Worcestershire County Council Pension Fund Statement of Accounts. An audit findings report from the County Council's External Auditor, Grant Thornton UK LLP, is included.
3. The Chief Financial Officer would like to express his thanks to Grant Thornton staff for supporting the delivery of an audited set of accounts by this Committee date.

2016/17 Closedown Process – Key Dates

4. The audit work is substantially complete and the External Auditor anticipates providing an unqualified opinion on the Pension Fund's Statement of Accounts. This is expected to take place at the 26 September 2017 Committee meeting alongside the County Council's Statement of Accounts. The External Auditor's Audit Findings Report is contained in Appendix 2. The formal 30 day public inspection period ended on 14 July 2017 with no known significant issues raised as of 12 July 2017. A verbal update will be provided to the Committee on any issues raised in the interim period.
5. The remaining steps are summarised below:
 - a) Minor residual audit compliance work around consistency between the Pension Fund Annual Report 2016/17 and the Pension Fund Statement of Accounts 2016/17.
 - b) Audit and Governance Committee approval on 26 September 2017.

Statement of Accounts for the Year Ending 31 March 2017

6. The Statement of Accounts that provide a comprehensive picture of the Worcestershire County Council Pension Fund financial position is attached as Appendix 1.

7. The independent external auditor has indicated that they will issue an unqualified audit opinion. Their Audit Findings Reports is attached as Appendix 2.

Matters of substance

8. The key headlines are:

- The Pension Fund's Net Assets increased by 27.1% (£529 million) to £2.48 billion. This included the addition of £29.4 million of investment income (£38.1 million in 2015/16) along with £494.1 million profit and losses on disposal of investments and changes on the market value of investments.
- During the year a surplus resulted on the Pension Fund account totalling for 2016/17 £34.4 million, a decrease of £4.2 million from the surplus of £38.6 million for 2015/16.
- The last actuarial valuation of the Fund at 31 March 2016 indicated assets covered 75% of liabilities (69% at 31/03/2013). Changes in Employers' Contribution Rates will take place from 1 April 2017 and normal fund management are both expected to ensure that assets will match 100% of liabilities over 18 years. The next actuarial valuation will use data at 31st March 2019 with any changes in contribution rates effective from 1st April 2020.

9. There are no further matters of substance that need to be brought to members of the Committee's attention.

Contact Points

County Council Contact Points

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Specific Contact Points for this report

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Supporting Information

- Appendix 1 Worcestershire County Council Pension Fund Statement of Accounts 2016/17
- Appendix 2 Audit Findings Report - Worcestershire County Council Pension Fund Audit 2016/17

Background Papers

In the opinion of the proper officer (in this case the Chief Financial Officer) the following are the background papers relating to the subject matter of this report:

- Worcestershire County Council Pension Fund Statement of Accounts 2015/16