

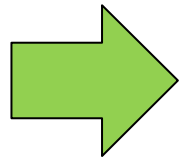


CIPFA Pensions Network – Scottish Workshop

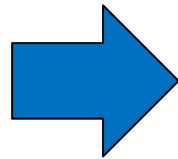


Tim Bridle – Technical Adviser (Local Government)

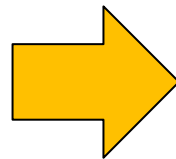
Areas to cover



Quick look back at 2010/11 audit outcomes



Closer look 2011/12 accounts and audit



Issues to consider going forward

Quick look back at 2010-11 Year 1



First year of separate accounts and audit opinion!

Transitional timetable & requirements

Some issues about what was initially
–submitted for audit at 30 June; and
–included in the annual reports.

First year for disclosure of IAS 19 Liabilities

RPI to CPI

Quick look back at 2010-11 Audit outcomes

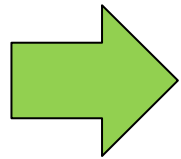


11 un-modified opinions issued - no qualifications

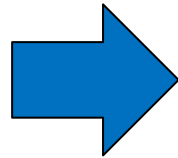
Some material errors identified & amended - including double counting of assets

A number of issues common to annual audit reports

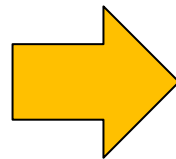
- Internal Audit – lack of specific coverage
- Committee role and remit – focus often investment only
- Committee structure and governance – quorum and representation from other bodies
- Succession planning – officers and members



Quick look back at 2010/11 audit outcomes



Closer look 2011/12 accounts and audit



Issues to consider going forward

Closer look at 2011-12

What's different?

First year of new audit appointments

- Change of audit provider for some funds
- 8 in-house / 3 with firms

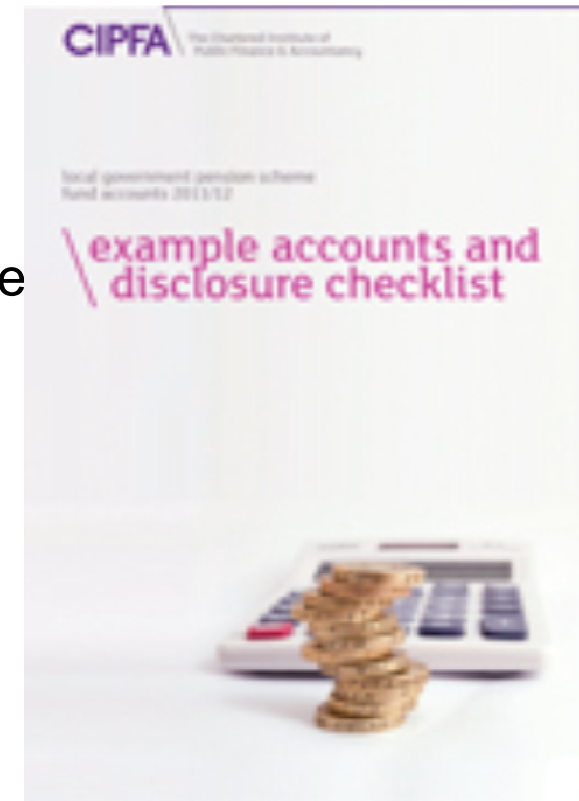
No transition arrangements!

- Full annual report and accounts by 30 June
- Audit by 30 September

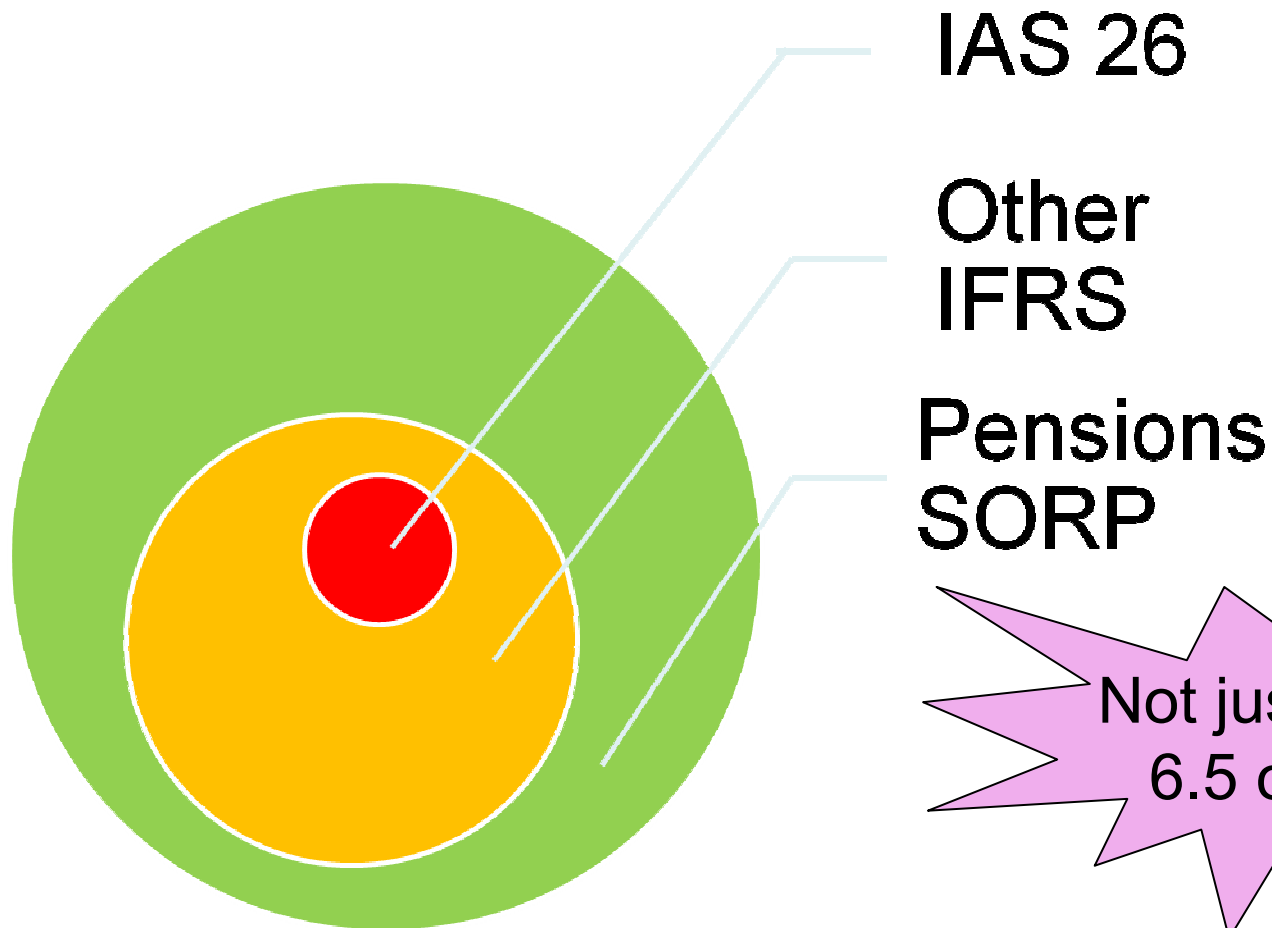
Clarification of accounting requirements

- Not just section 6.5 of Code!

CIPFA example accounts



Pension Fund Accounts – Code requirements



Not just section 6.5 of code!

Closer look at 2011-12

What the accounts show

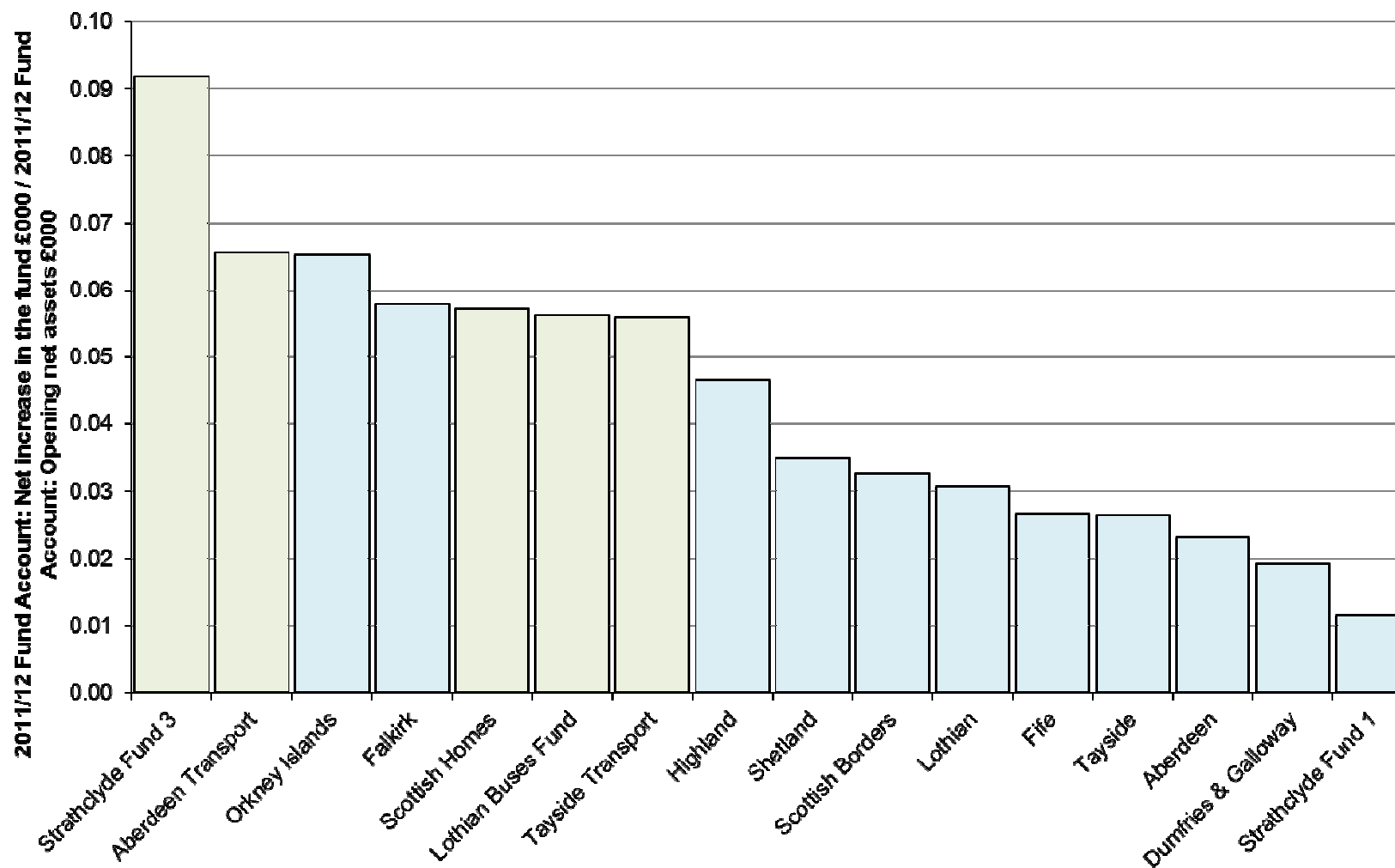


A quick look at 3 areas

- Net assets position
 - Dealings with members
 - Return on investments
- Membership
- Net assets compared to pension liabilities
 - Funding
 - IAS 19

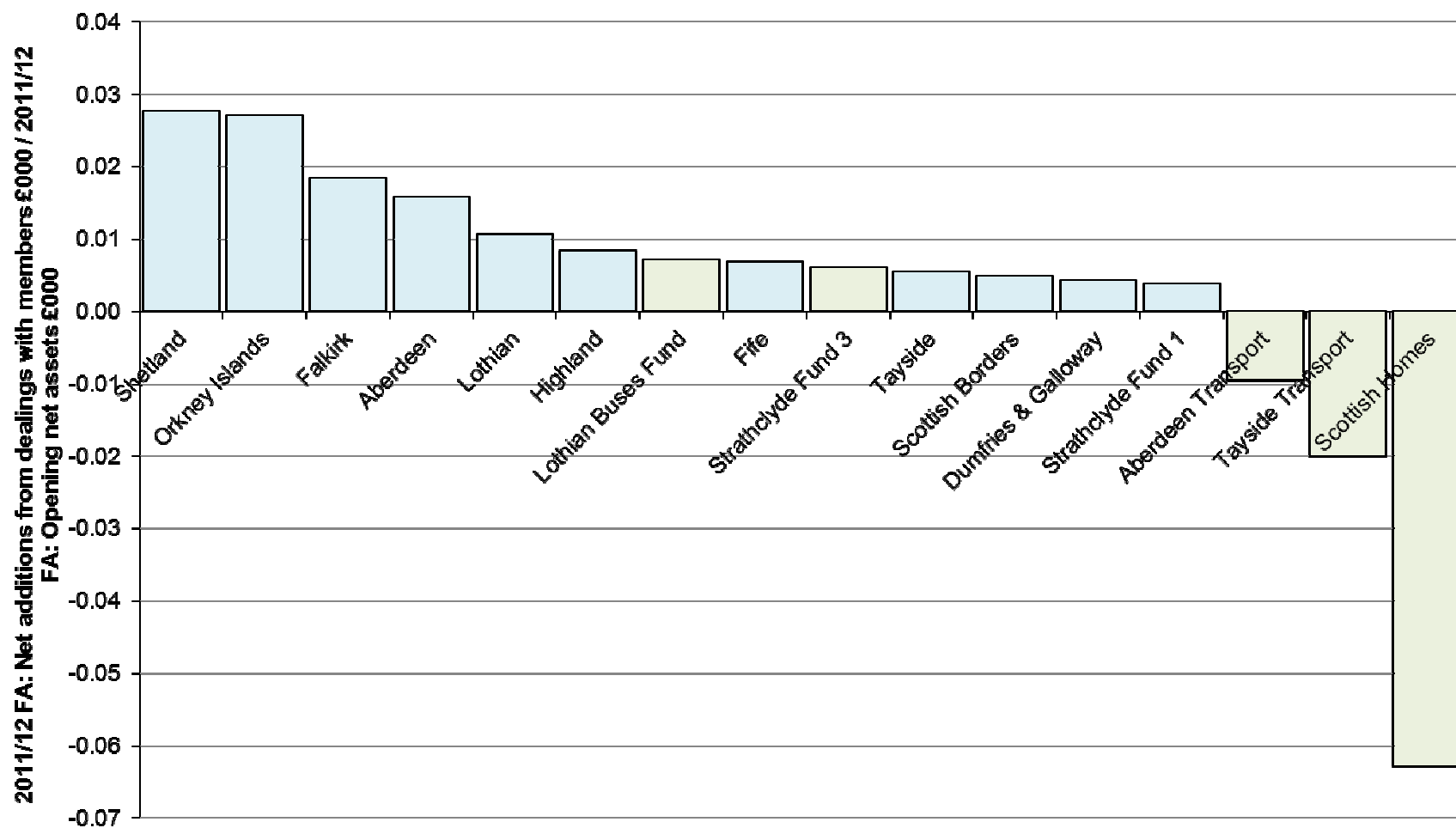
2011-12 unaudited accounts

Increase in Net Assets



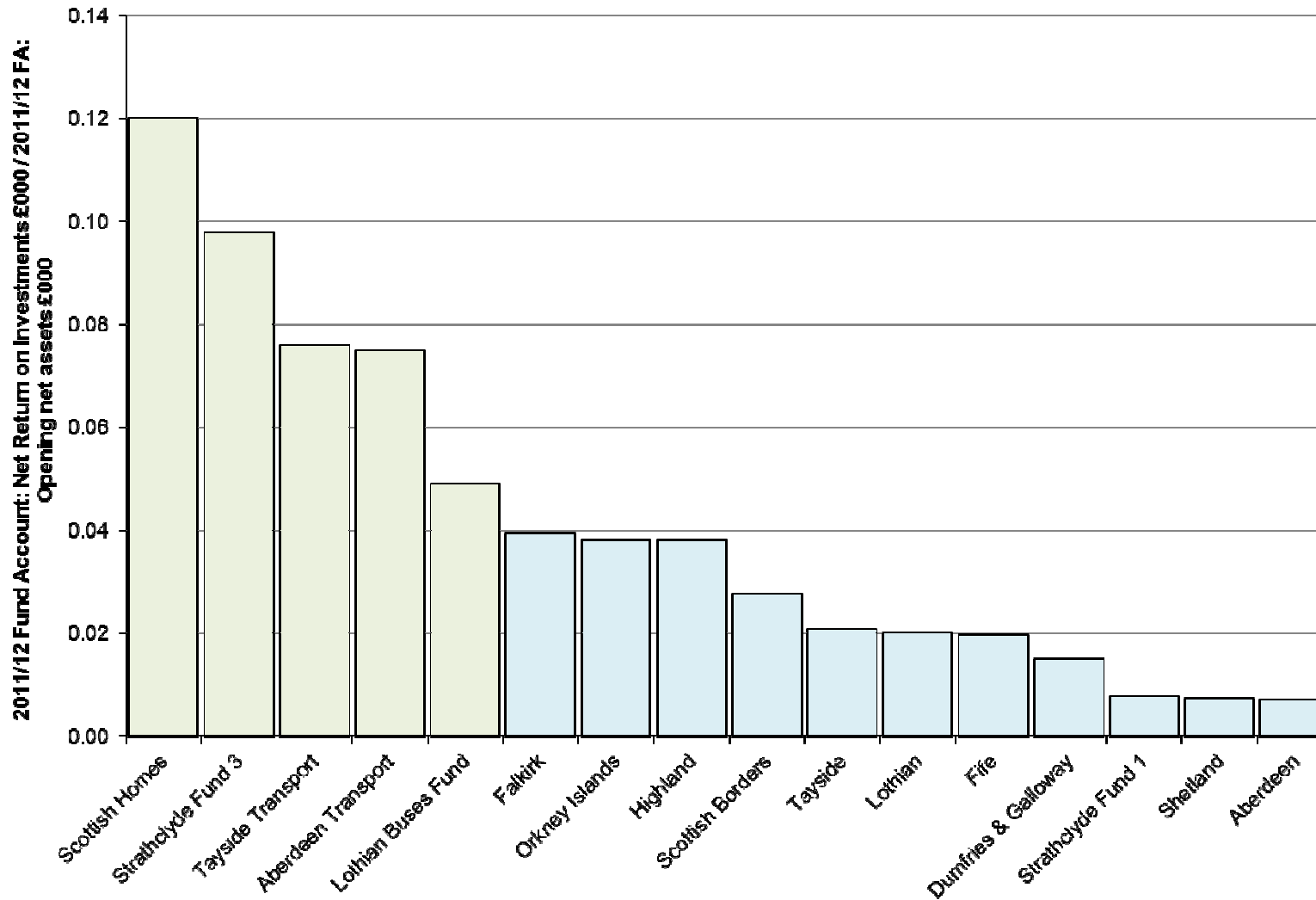
2011-12 unaudited accounts

Additions from dealings with members



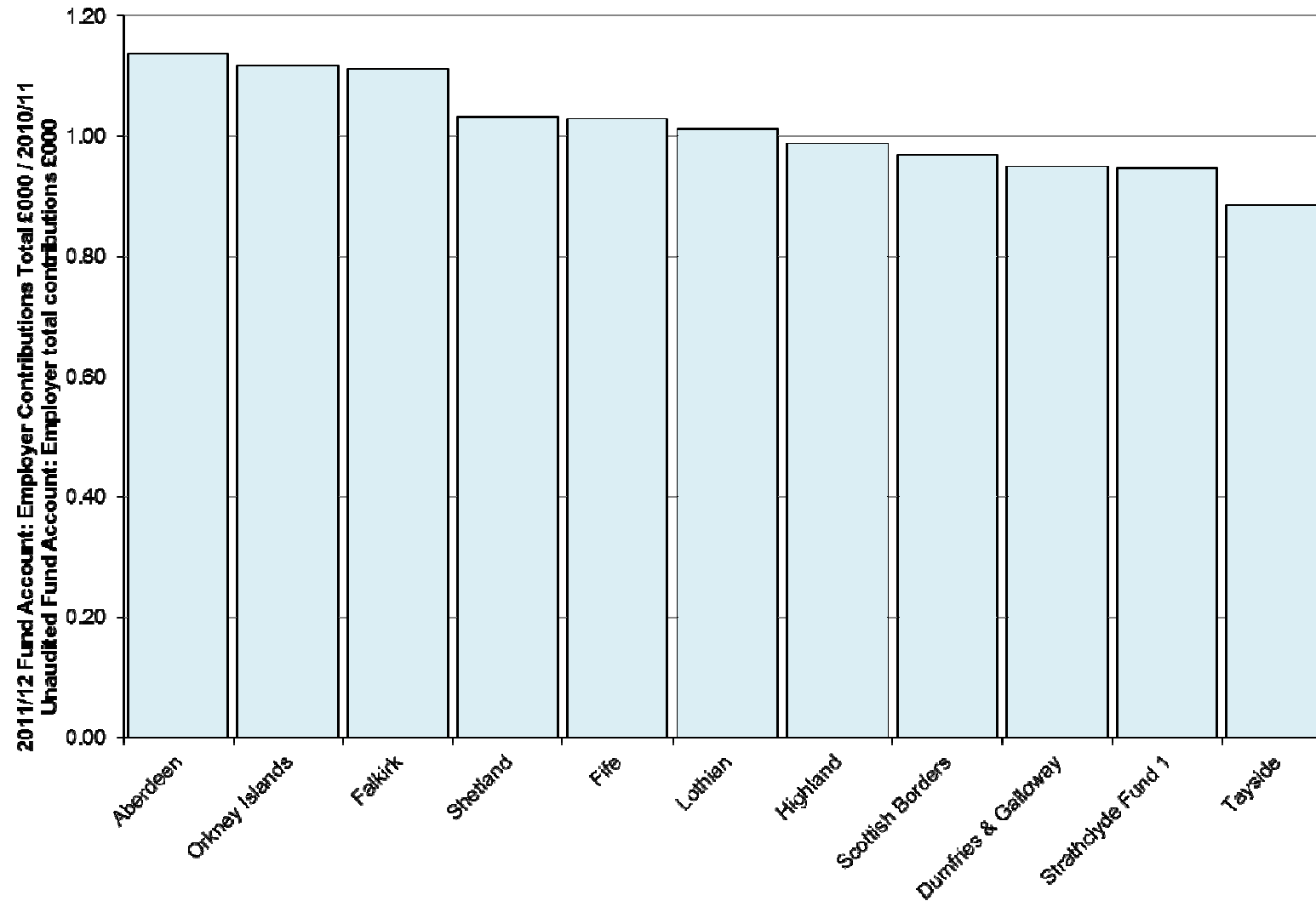
2011-12 unaudited accounts

Net return on investments



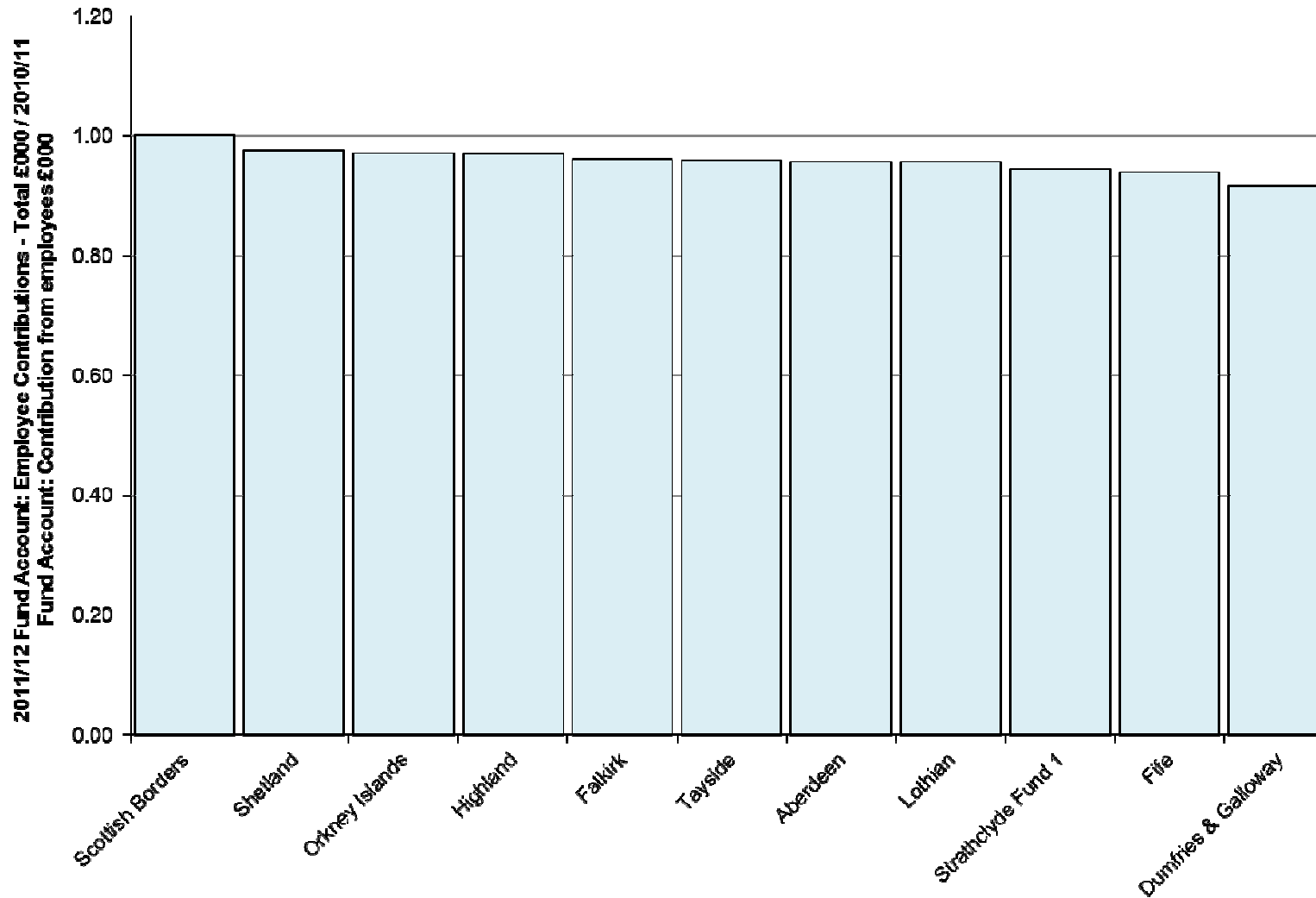
2011-12 unaudited accounts

Employer contributions year on year



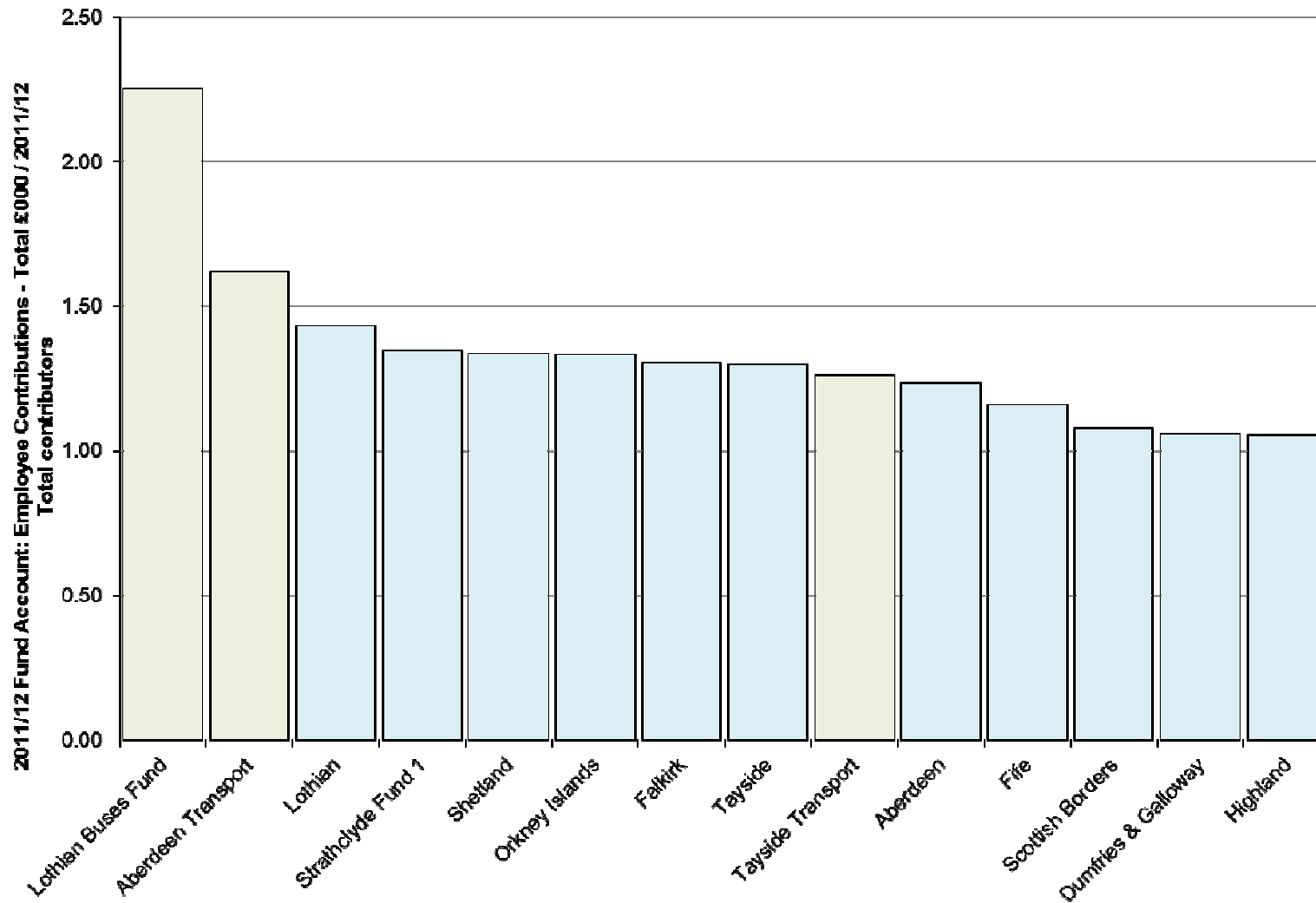
2011-12 unaudited accounts

Employee contributions year on year



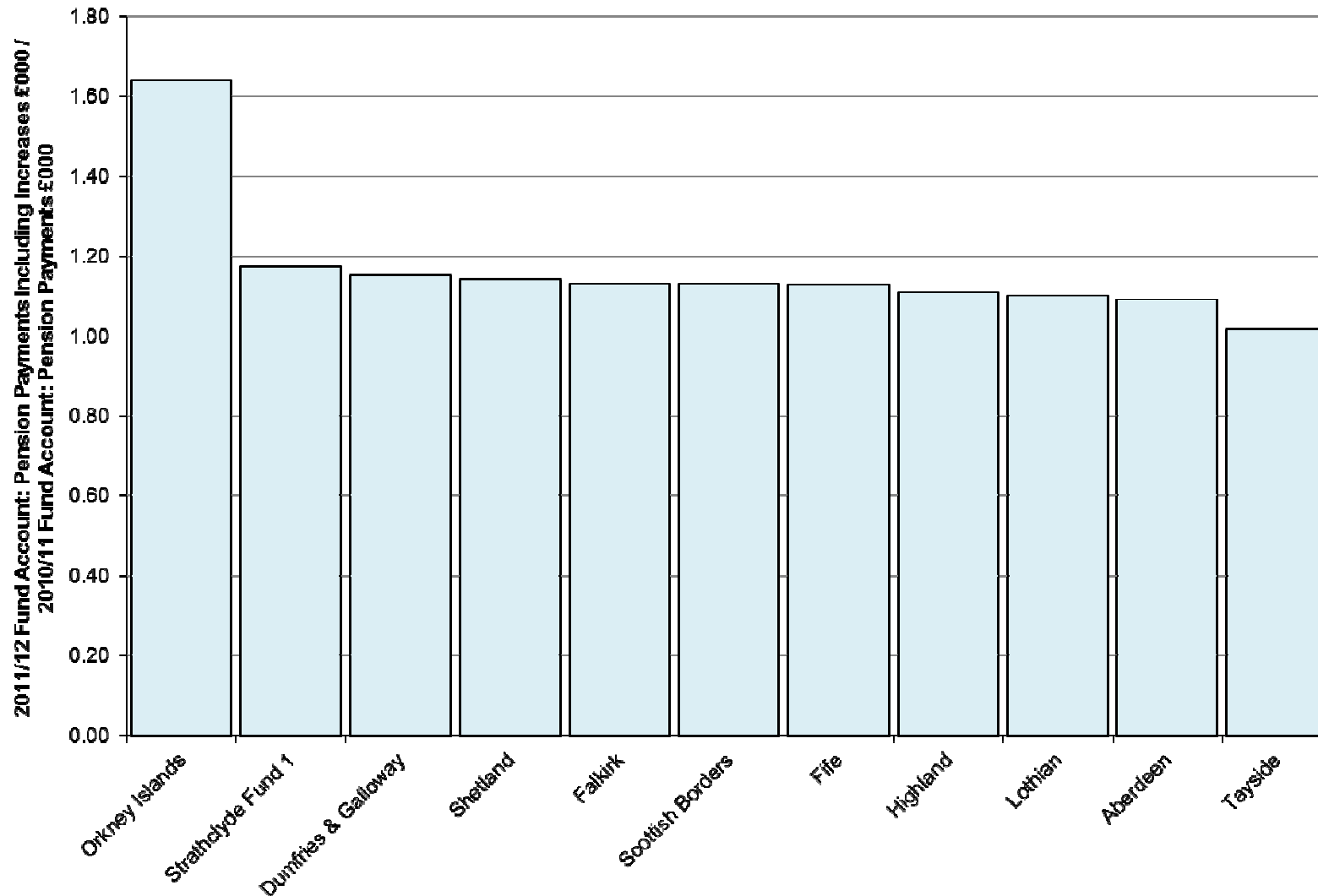
2011-12 unaudited accounts

Employee contributions per contributor

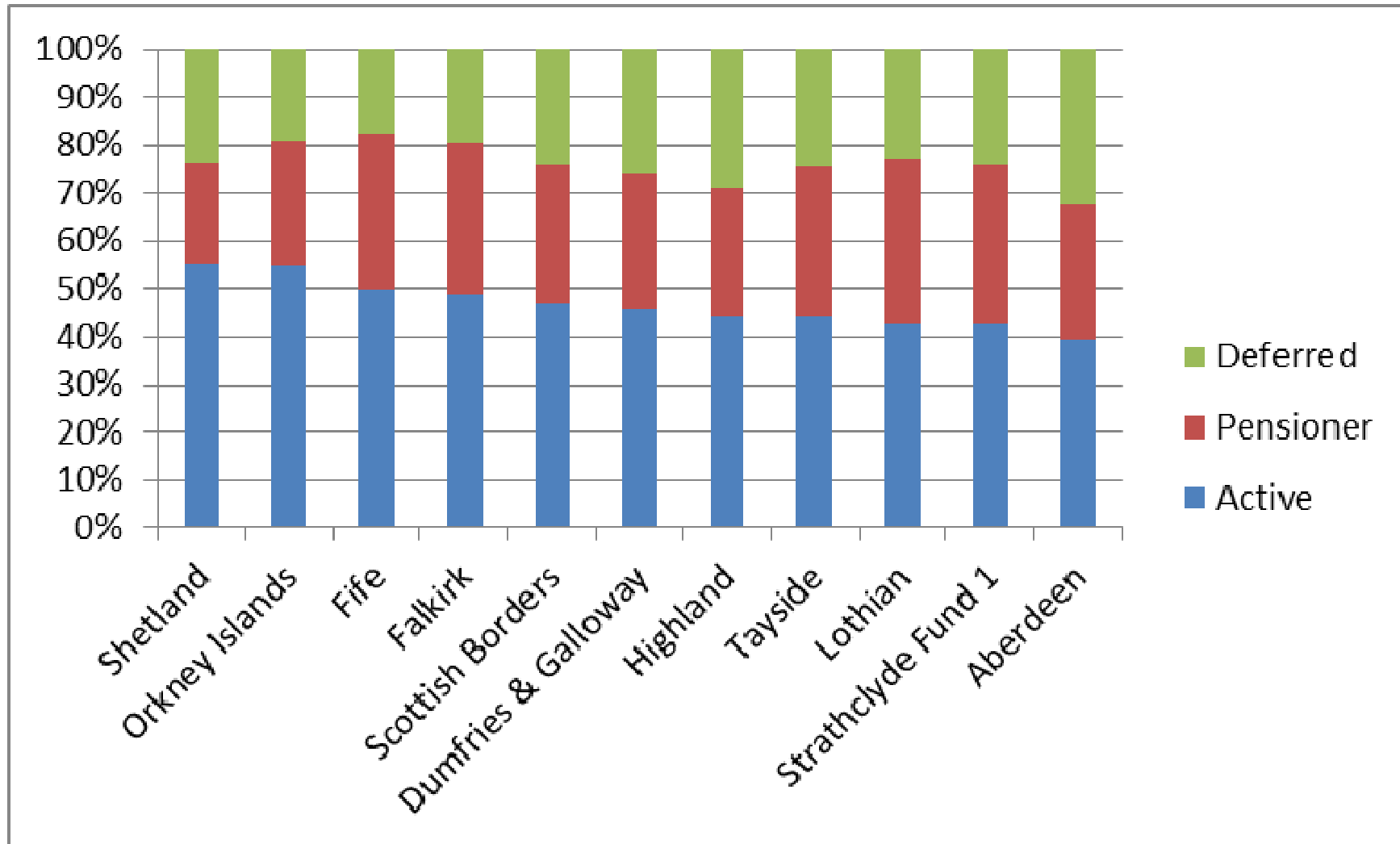


2011-12 unaudited accounts

Pension payments year on year

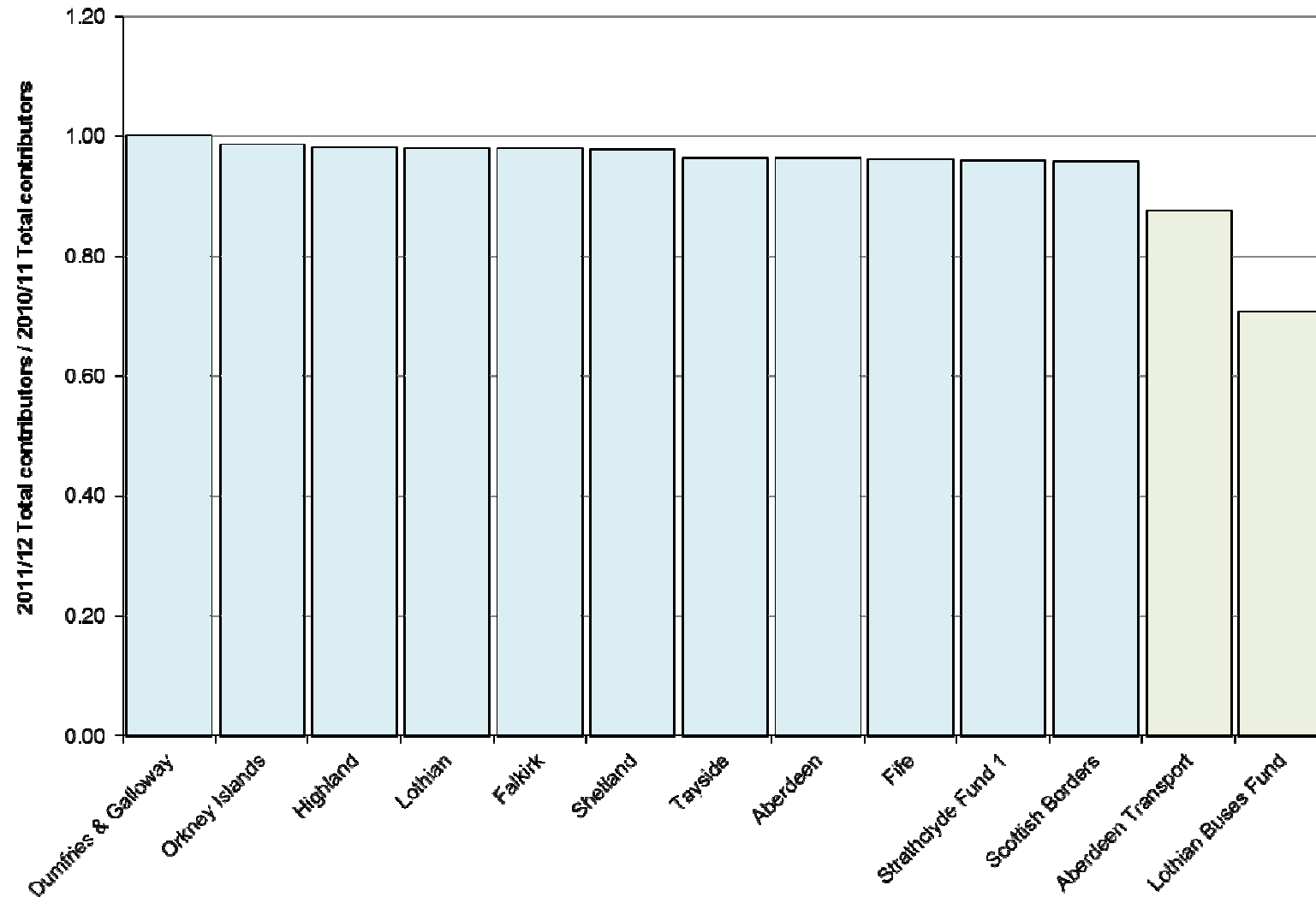


2011-12 unaudited accounts Membership



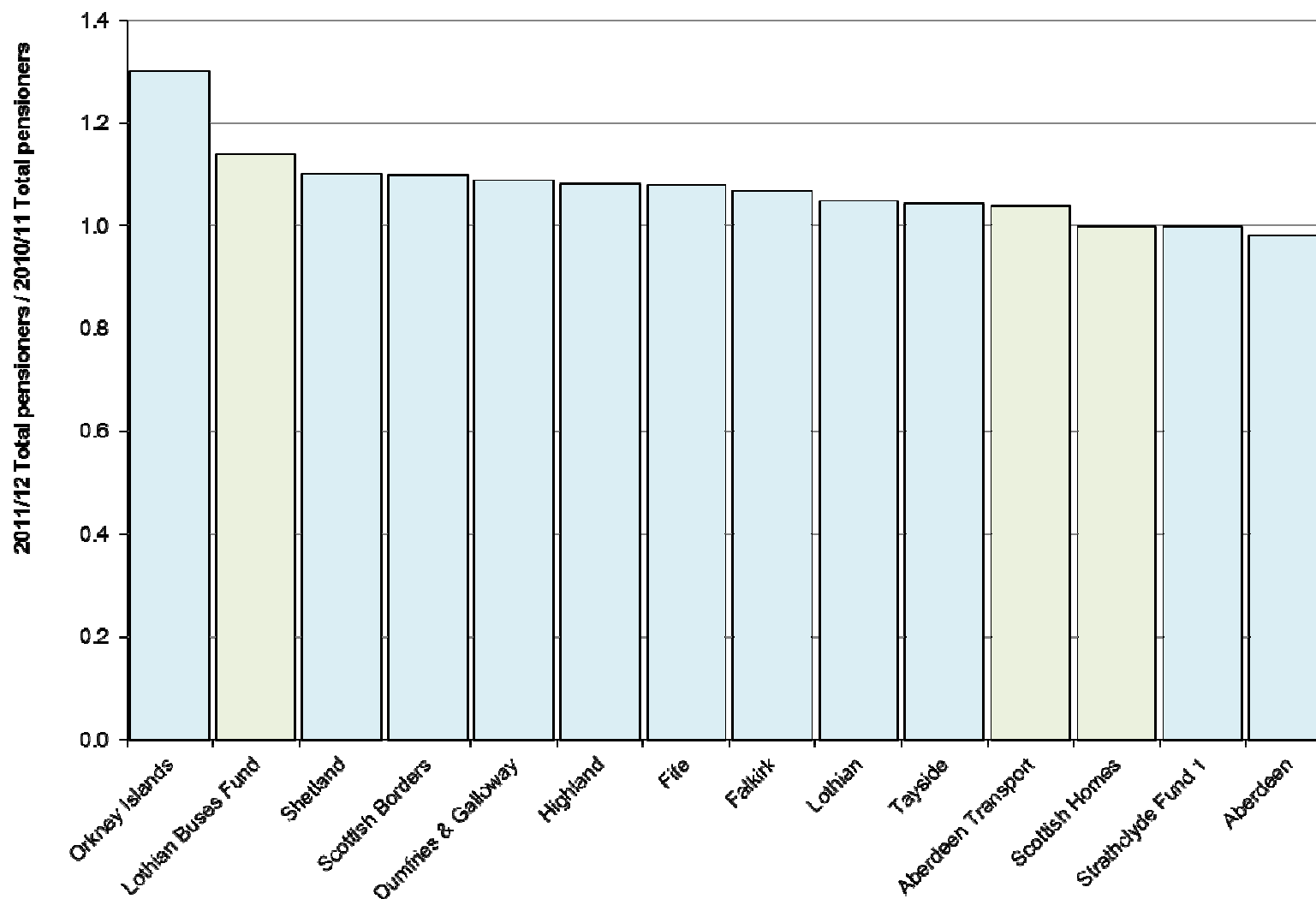
2011-12 unaudited accounts

Active members year on year



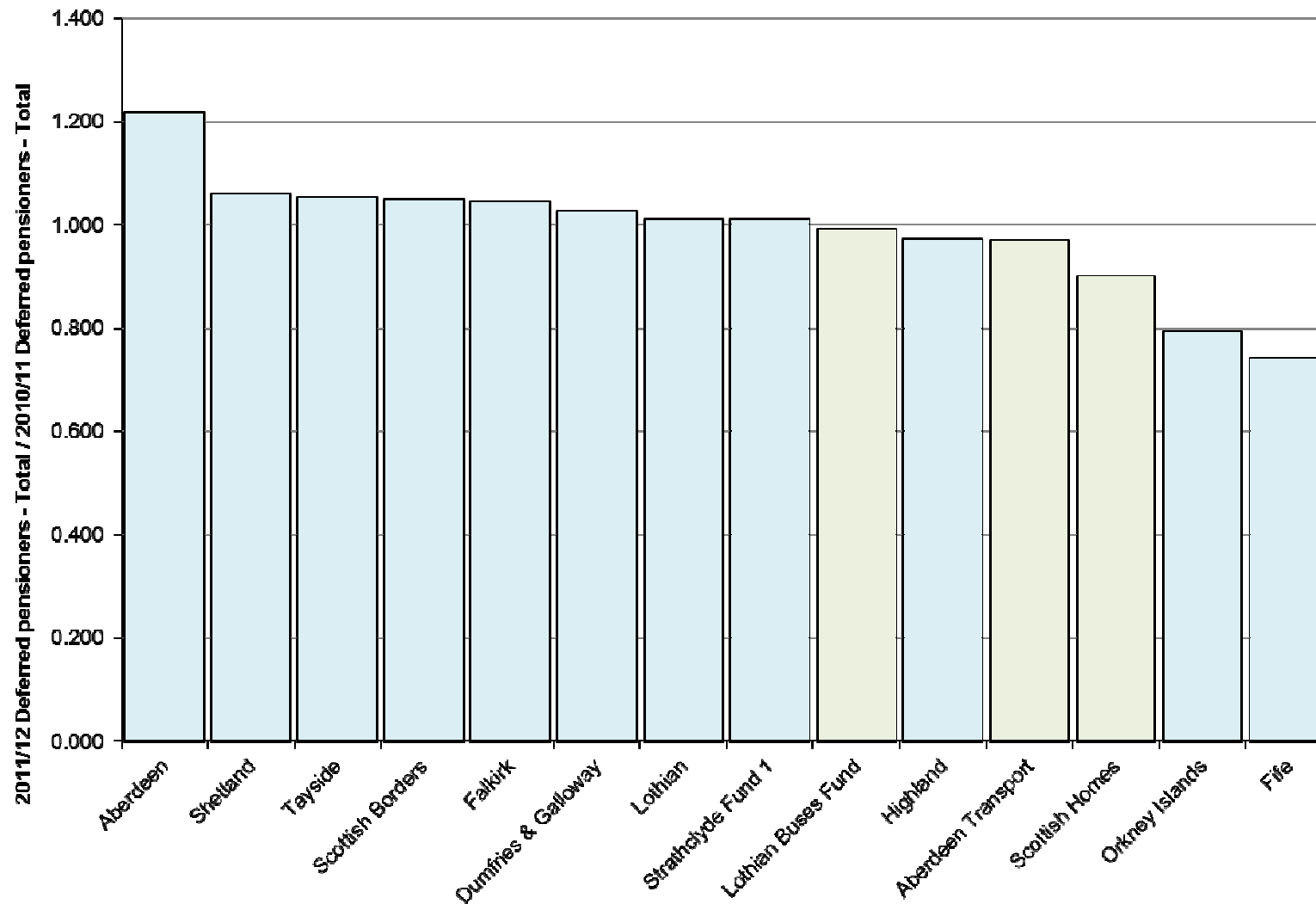
2011-12 unaudited accounts

Pensioner numbers year on year



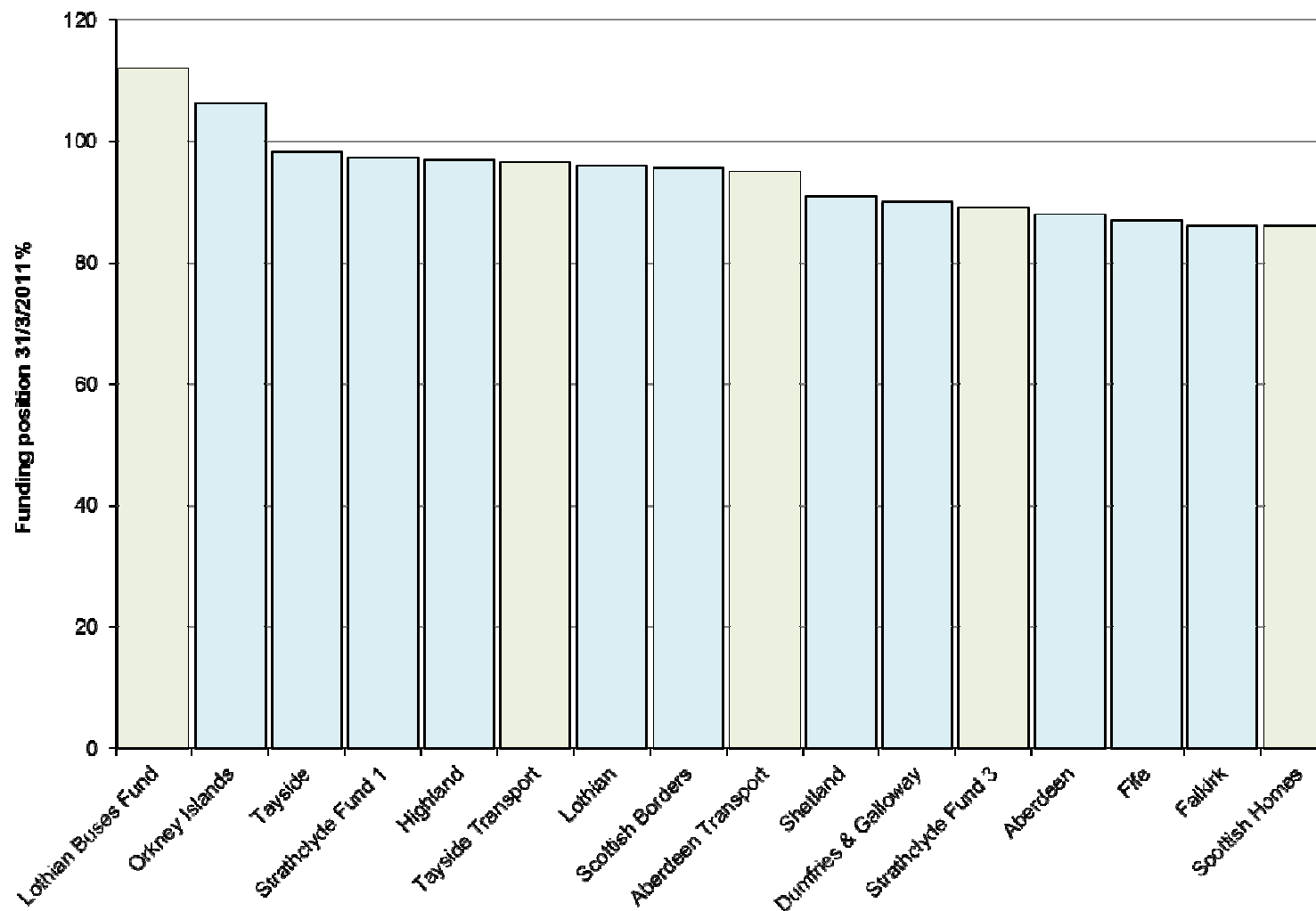
2011-12 unaudited accounts

Deferred pensioners year on year



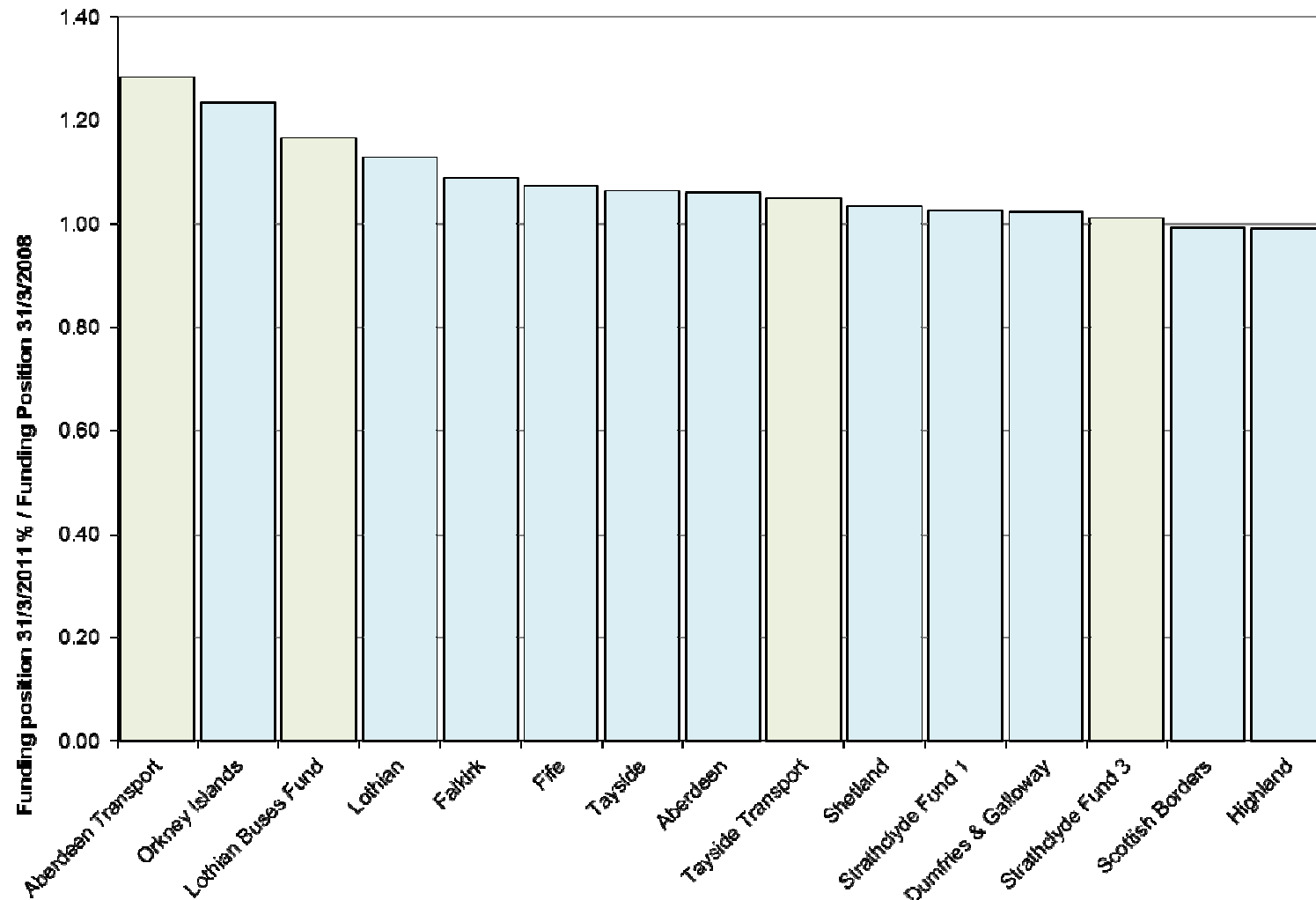
2011-12 unaudited accounts

Funding position 31/3/2011



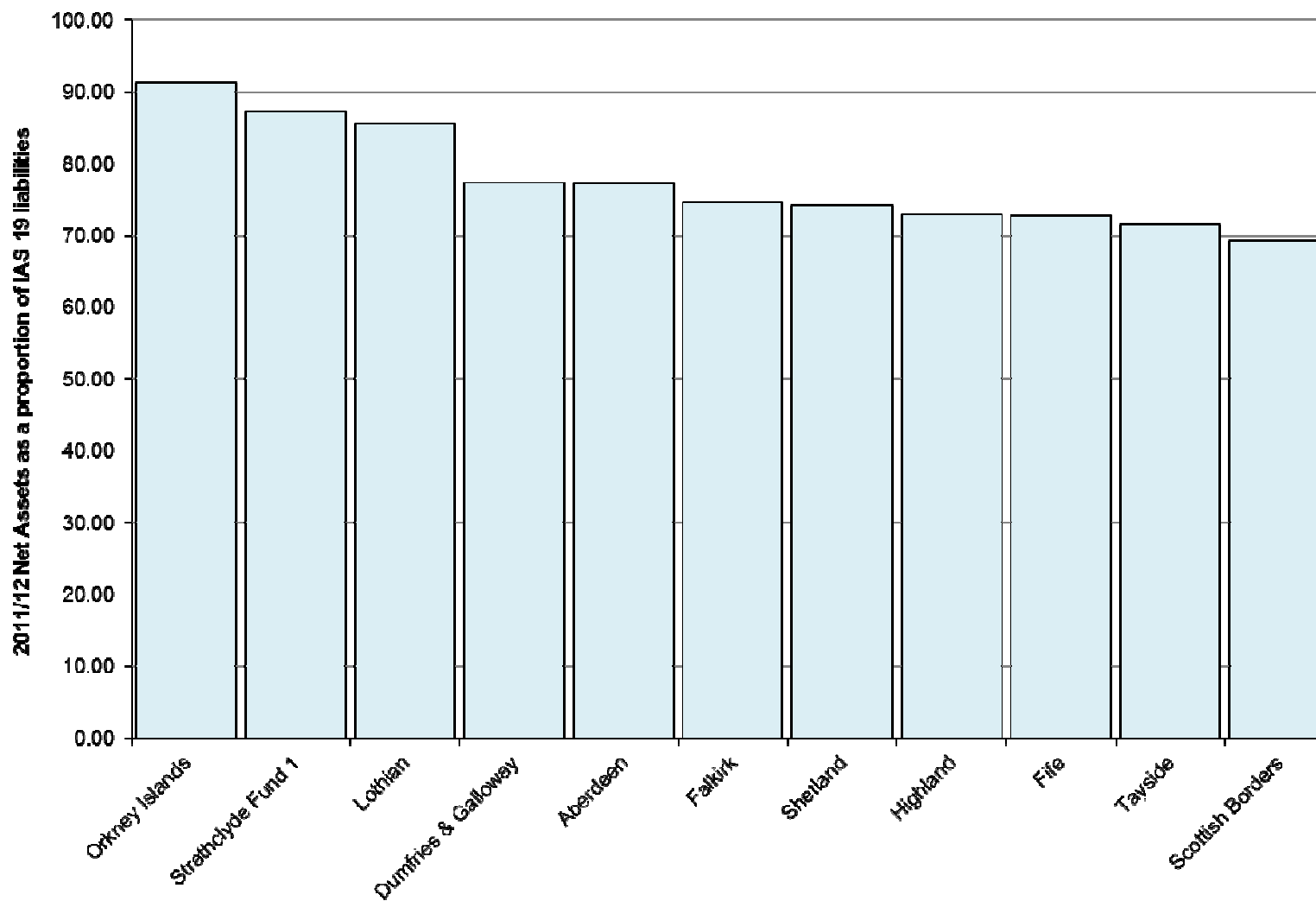
2011-12 unaudited accounts

Change in funding position 2008 - 2011

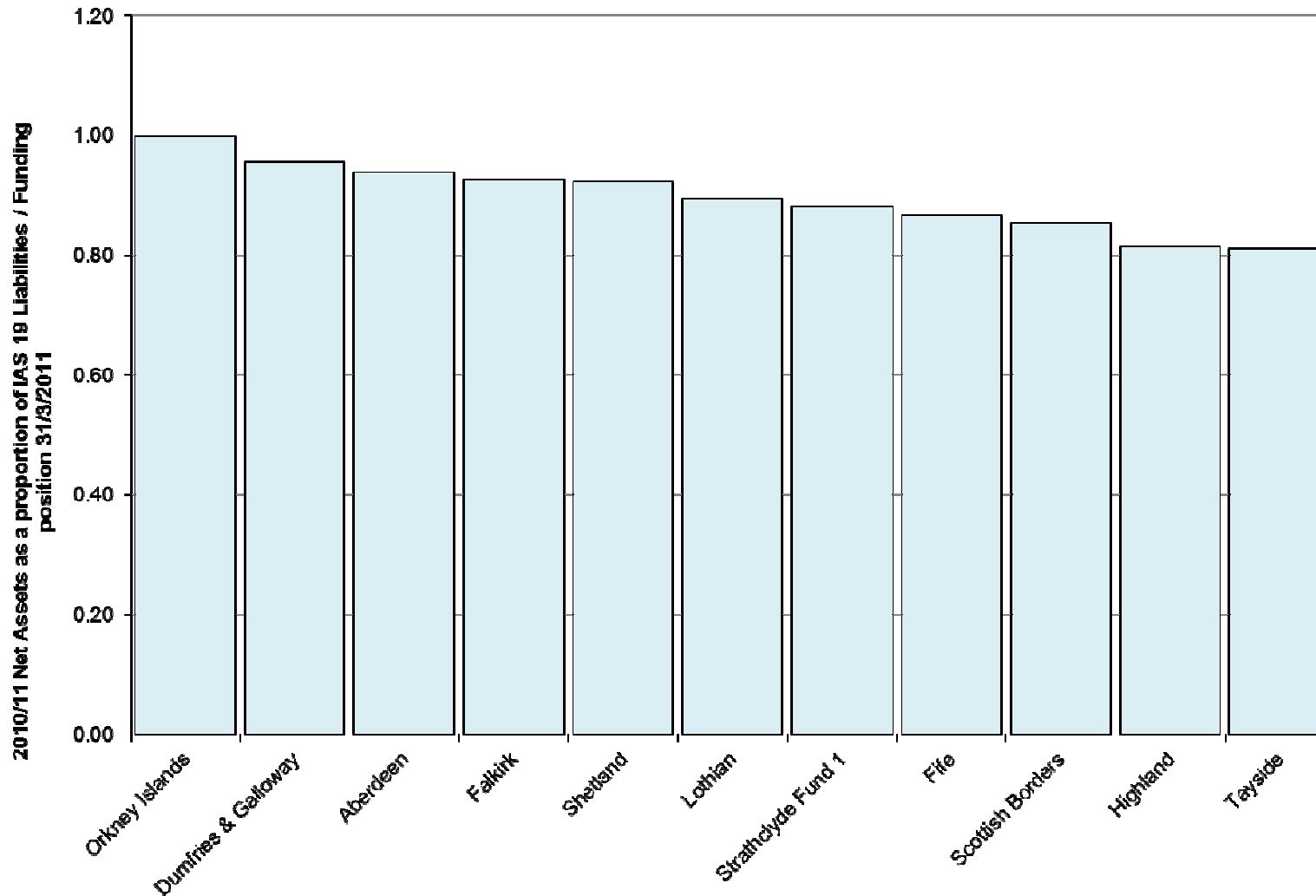


2011-12 unaudited accounts

Net assets as % of IAS 19 Liabilities



2011-12 unaudited accounts IAS 19 and funding positions 31/3/2011



Issues arising in 2011-12



Differing approaches to reports and disclosures

- eg investment analysis comparability between funds and with investment strategy?

Governance statements – GCS / AGS / SIFC

Accruals – death benefits

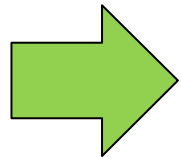
Added years

Operation of separate bank accounts

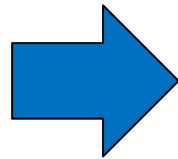
Issues arising in 2011-12



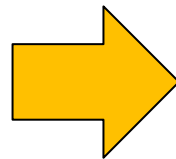
Governance Compliance Statement	Annual Governance Statement	Statement of Internal Financial Control
<ul style="list-style-type: none"> • Structure • Committee membership and representation • Selection and role of lay members • Voting • Training/Facility time/Expenses • Meetings (frequency/quorum) • Access • Scope • Publicity 	<ul style="list-style-type: none"> • Responsibility for system of governance and internal control • Level of assurance that systems and procedures can provide • Key elements of governance framework • Process applied in maintaining and reviewing effectiveness of arrangements including role of: <ul style="list-style-type: none"> ○ Authority ○ Executive ○ Audit committee ○ Internal Audit ○ Other mechanisms • Outline of actions 	<ul style="list-style-type: none"> • Responsibility for internal control • Level of assurance that internal financial control can provide • Main features of system of IFC • Role of IA and the management and reporting arrangements for IA • Details of any reviews informing effectiveness of IFC • Explanation of weaknesses and actions



Quick look back at 2010/11 audit outcomes



Closer look 2011/12 accounts and audit



Issues to consider going forward

Issues to consider going forward



Difficult conceptual issues

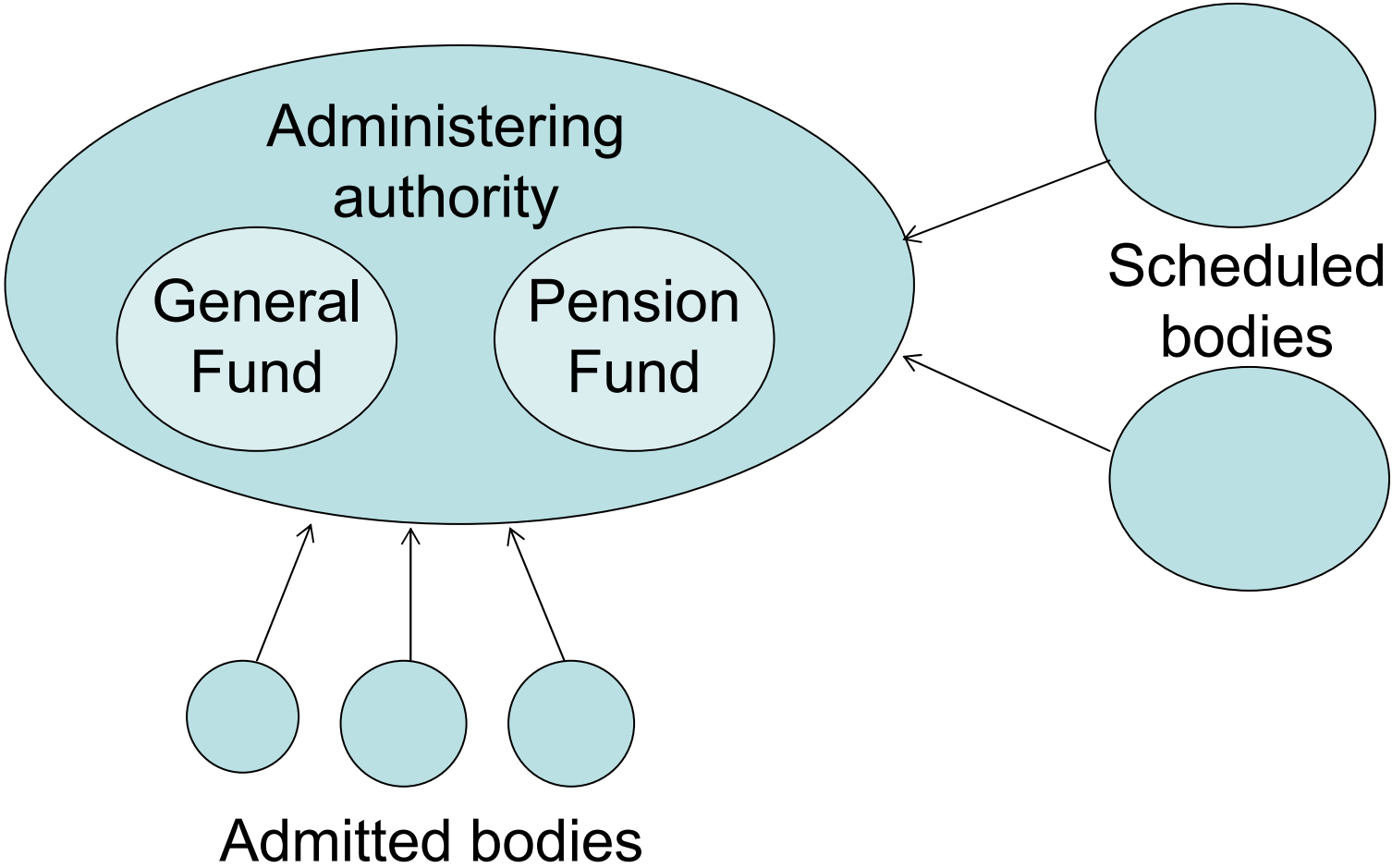
- Separateness / administered fund
- Principal / Agency
- Accruals / non exchange transactions

Complex investments a risk area

- Valuation and disclosure

Scope for greater consistency and comparability in Scotland

Issues to consider going forward Entity / administered fund



Issues to consider going forward Principal / Agent accounting



The Code stipulates that a council is acting as an agent

“where the authority is acting as an intermediary”.

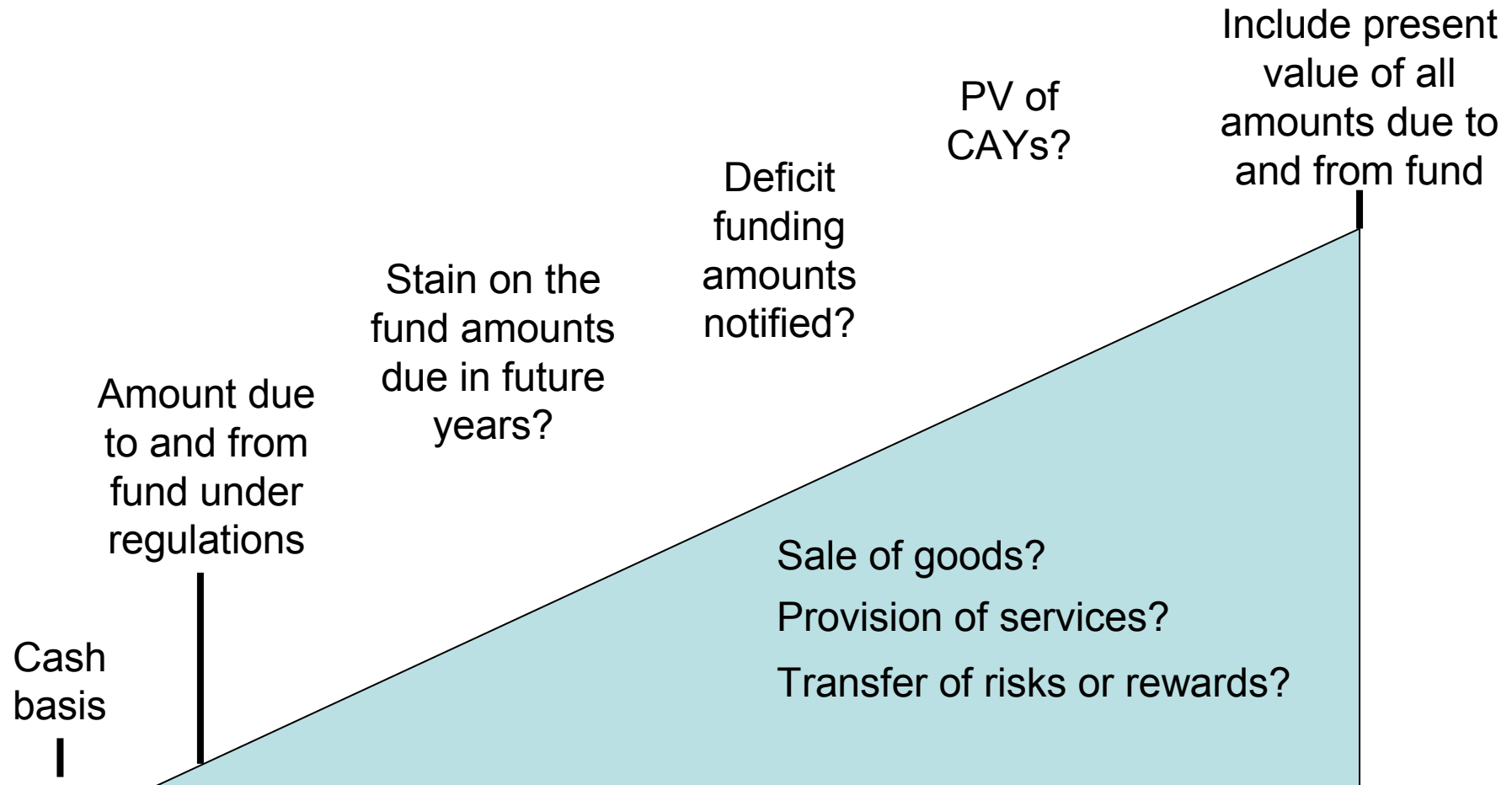
It is acting as a principal

“where the authority is acting on its own behalf”

Where an authority is acting as an agent, transactions should not be reflected in an authority’s financial statements.

Issues to consider going forward

Accruals continuum?



Contact details



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