

Committees:

London Borough of Merton Pension Committee Date: 18 July 2019

Standard and General Purpose Committee Date: 25 July 2019

London Borough of Merton Pension Board Date: 26 Sept 2019

Wards: All

Subject: Merton Pension Fund 2018/19 Audit Report

Lead officer: Caroline Holland - Director of Corporate Services

Lead member: Councillor. Mark Allison.

Contact officer: Roger Kershaw- AD Resources

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RECOMMENDATION

Members are asked to note the content of this report and approve the attached.

- (1) Note the External Auditor's Report as set out in Appendix 1.
- (2) Note the Letter of Representation as set out in Appendix 1.

1 The Purpose of the Report

- 1.1 This report presents the Merton Pension Fund's Audit report for the year-ended 31 March 2019.
- 1.2 The audit report will be presented by EY at the Pension Fund Advisory Committee (PFAC) on the 18 July 2019 and the Pension fund accounts and the annual report will be signed off after presenting to the General Purpose Committee on the 25 July 2019.

2. CONTEXT

- 1.1** This report presents the audit report to the 2018-19 Annual Pension Fund Report and the Statement of Accounts. The Statement of Accounts has been prepared in accordance with The 2018/19 Code of Practice on Local Authority Accounting in the United Kingdom (the Code) and CIPFA guidance on Accounting for Local Government Pension Scheme.
- 1.2** The external auditors Ernst and Young have completed their audit into the Pension Fund and provided an unqualified opinion. The pension fund Annual report and the statement of accounts will be signed off after presenting to the Standard and General Purpose Committee on the 25 July 2019.
- 1.3** The Pension Fund Annual Report carries a very valuable information about the fund and its activities in 2018-19. The regulation require the audited accounts and the annual report must be published by the 1 December.
- 1.4** Merton Pension Fund annual report will be published on the Council website/pension fund page after the main council statement of account and the Pension Fund statement of accounts being signed off on or before the 31 July 2019.
- 1.5** The publication of the Pension Fund Annual Report and Statement of Accounts helps to keep Fund members informed, shows good governance, and helps to demonstrate effective management of Fund assets.
- 1.6** The Accounts comprise two main statements with supporting notes. The main statements are:
- Dealings with Members, Employers and Others, which is essentially the fund's revenue account
 - The Net Assets Statement, which can be considered as the funds balance sheet
- 1.7** In the year the fund assets increased by £58m showing a net asset value of £721m as at 31 March 2018. (£663m) In 2018/19 fund total expenditure was £32m, with the major expenditure being benefit payments to the members (£31m).
- 1.8** In 2018/19, the Fund recorded a total income of £50m. From which, £42m was from dealings with members and £8m from investment income. The council is the administrating authority and the major employer (92%) of the Fund and in the year made a total employer and employee contribution of £21m
- 1.9** The fund carried out a major asset transition as part of moving onto its new investment strategy. As a result of this the fund now have a well-diversified portfolio with assets value of £721m.
- 1.10** Overall, fund membership has increased marginally 2.9% and showed a total membership of 13,668 at the year-end. This was made up of 4,150 active members, 5,592 deferred and 3,926 pensioners.

2. FINANCE

2.1 The total audit fees charged by EY was 16.2k and this showed a reduction of £4.8k from the previous year. The reduction in fee was mainly due to the new audit contract arrangement by the National Audit office.(NAO)

2.2 This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the NAO Code.

3. OTHER ISSUES AFFECTING THE FUND

None

4. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

None.

5. LEGAL AND STATUTORY IMPLICATIONS

None.

6. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

N/A

7. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

None

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