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# Audit Issues from the 2015/16 Pension Fund Accounts Audit

Grant Patterson



# Objectives for the session



- **Backward look of the accounts from 2015/16**
- **Overall messages**
- **Recurring Issues**
- **Key considerations for 2016/17**



# Overall messages

- All opinions were unqualified
- No issues identified within fund which had an impact on the administering authority's VFM conclusion
- Limited changes at most funds
- Greater proportion of funds being signed off before the end of September
- Most common issue the level of disclosures

# Recurring themes



- **Analysis of investment classes and categories**
- **Financial Instrument disclosures**
- **Management expenses**
- **Early close**

# Key considerations for 2016/17



- **Early close**
- **Implementation of the new investment regulations**
- **Accounting for set up costs of investment vehicles**
- **Financial Instrument disclosures and fair value**

# Early close



- **Challenges in the timing of the information flow**
- **Information request from admitted bodies**
- **Increased level of estimation and judgements**
- **Clarity on assurance of investment valuations**
- **Sufficient resource and project planning for the preparation of the fund accounts**

# Implementation of the new investment regulations



- **New investment regulations came into force on 1 November 2016**
- **Investment strategy statements to be published by 1 April 2017**
- **Key headings required on approach to investments and pooling**
- **Secretary of State has the power to intervene**

# Accounting for set up of investment vehicles



- **As the set up of investment vehicles continues, many pools are incurring significant set up costs**
- **Need to consider how these costs are accounted for within the accounts**
- **Depending on the nature of the arrangement, may need to consider whether this constitutes a subsidiary, an associate or a joint venture and whether consolidation is necessary**

# Financial Instrument disclosures and fair value



- **Recurring area for reporting in AFRs**
- **Changes in the code this year will require greater disclosure and the impact of IFRS13**



# Summary and close

