

Local Government Pension Funds: 2017 Audit and Accounting update

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This session will cover:

- Faster Closing



Changing deadlines

2015 Accounts and Audit Regulations :

- 2017/18 accounts prepared by 31 May (currently 30 June)
- Audit completed by 31 July (currently 30 September)
- Annual report published by 1 December

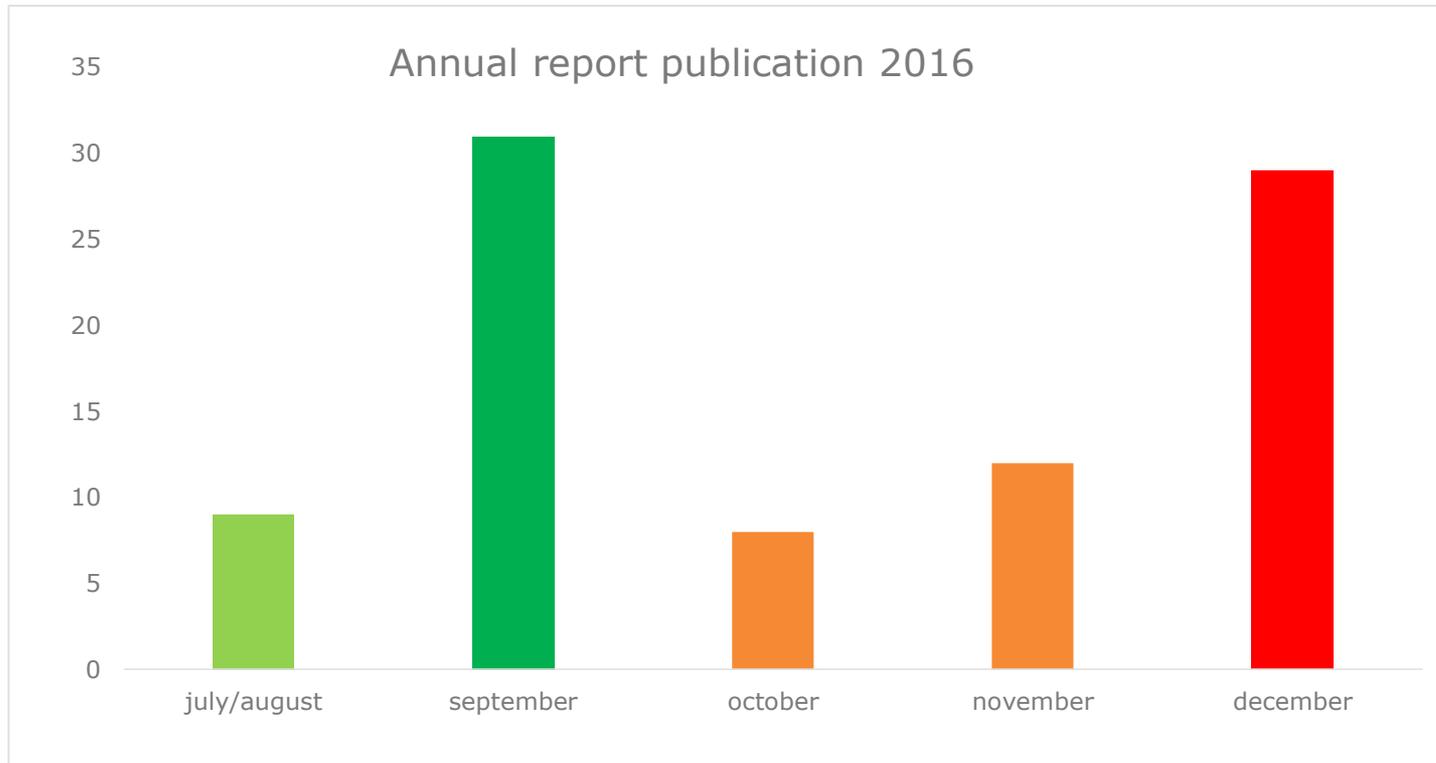
2017/18 proposed changes:

- LGPS accounts to be taken out of Council's Statement
- Annual report will become sole reporting document
- Publication of annual report brought forward -to 31 May?
- Implementation date not yet decided



The current position

In 2015/16 only two thirds of LGPS published their annual reports in advance of the 1 December deadline



Source; LGPS Board website 2015/16

Getting organised

Pre Xmas - set up templates for annual report and statement of accounts, including comparative data

Agree timescales with 3rd parties to provide information required

Agree working paper requirements with external audit

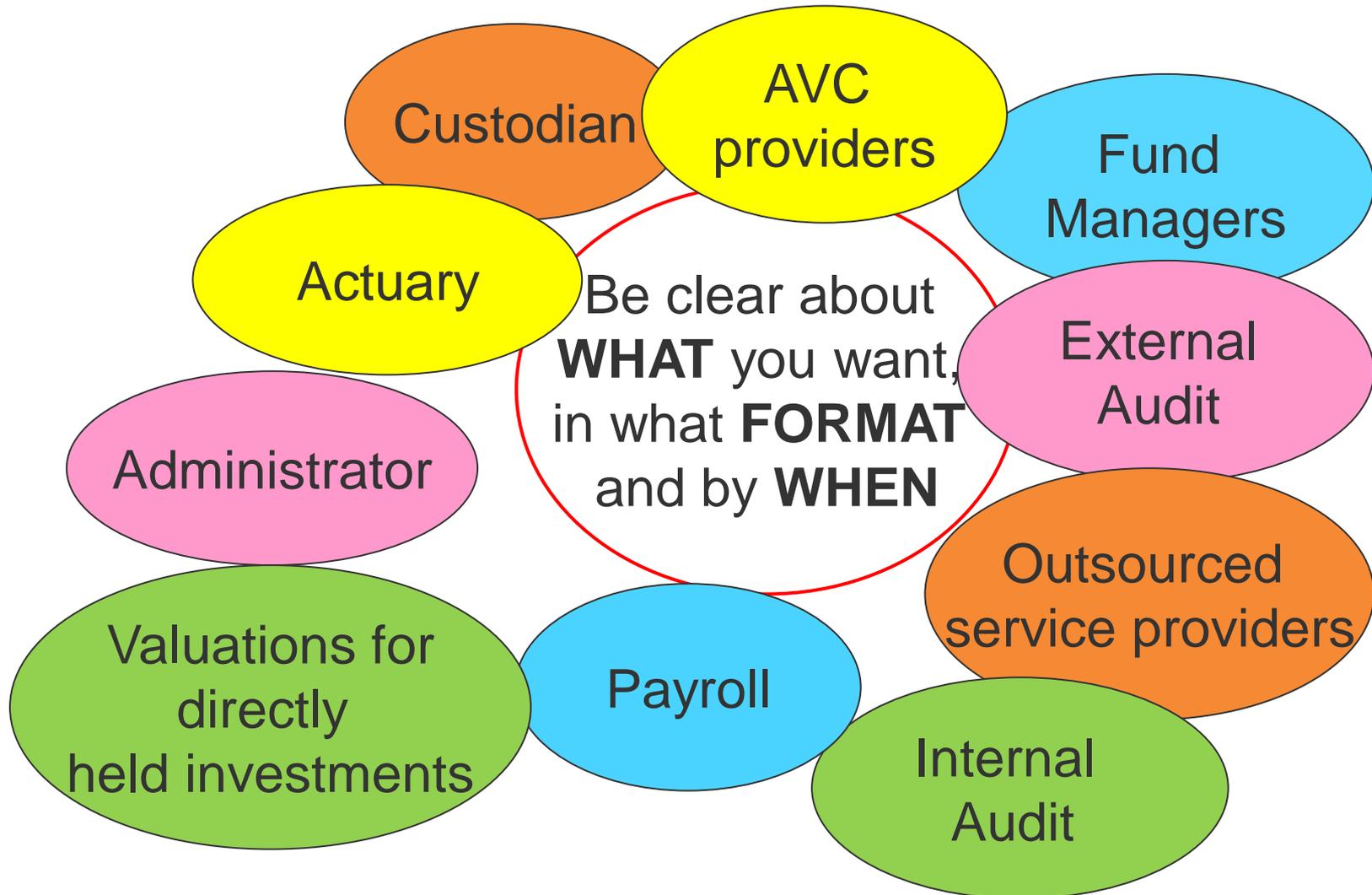
Jan- March – draft disclosure notes and sections of annual report not requiring year end data

Agree complex or contentious accounting entries with external audit

Ensure GL postings and in-year reconciliations are up to date



Liaising with 3rd parties



Annual reports – Publication and project management

- ✓ Use CIPFA guidance to identify what you need
- ✓ Ensure strategy documents are kept up to date
- ✓ Leave time for Member review and approval
- ✓ Post the **correct** version on the website
- ✓ Ensure the document is easy to find
- ✓ Add to LGPS Board website
- ✓ Consider producing a summary report



Annual report contents (excluding accounts)

Scheme manager/advisor details
Risk management arrangements
Cash flow forecasts
Admin and management performance report

Actuarial report
Funding Strategy Statement
Statement of Investment Principles
Investment policy & performance review

Scheme Administration Summary
Pensions Administration Strategy
(discretionary)
Communications Policy
(England and Wales)

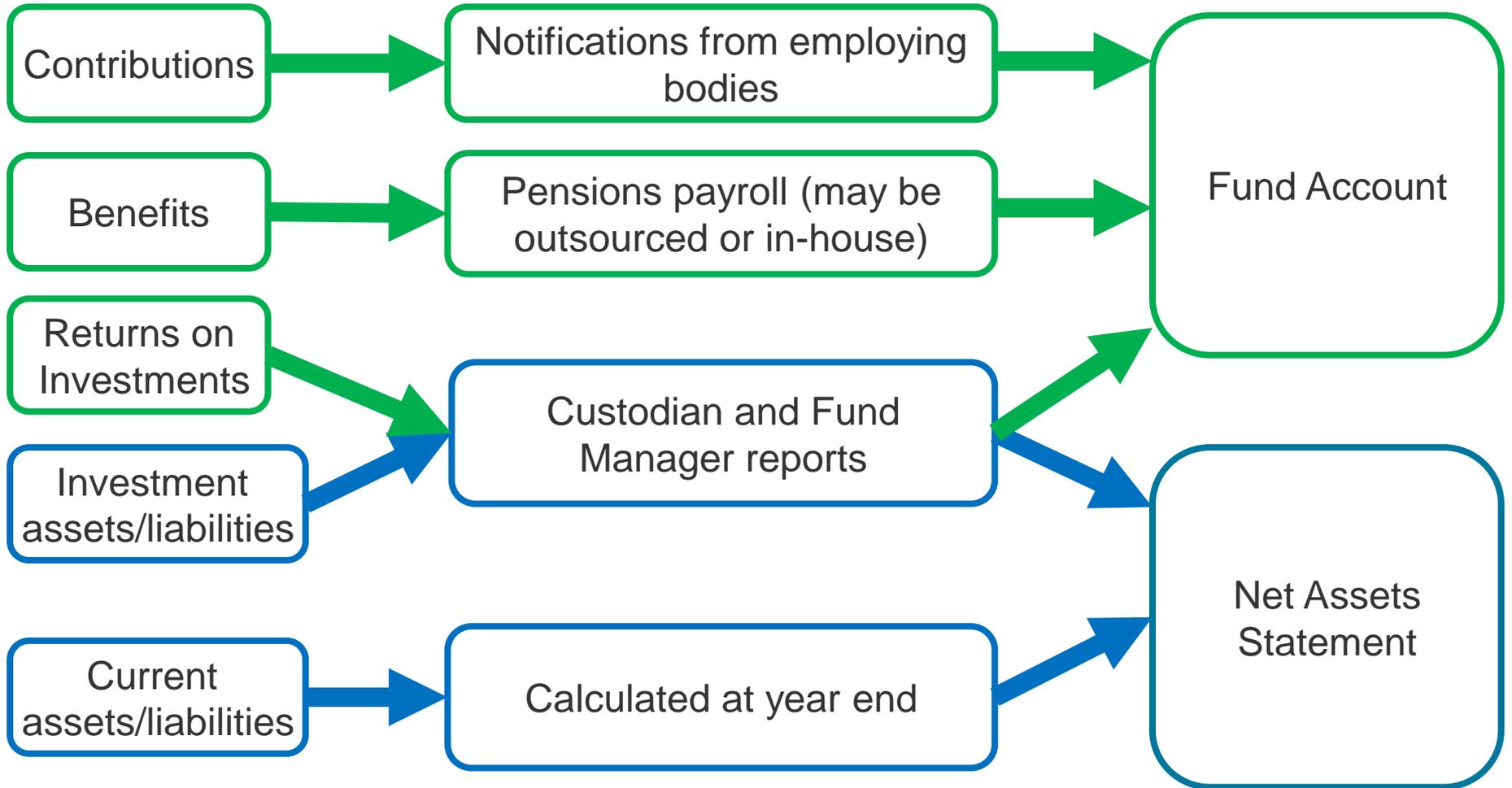
Outstanding borrowings (Scotland)
Governance compliance statement

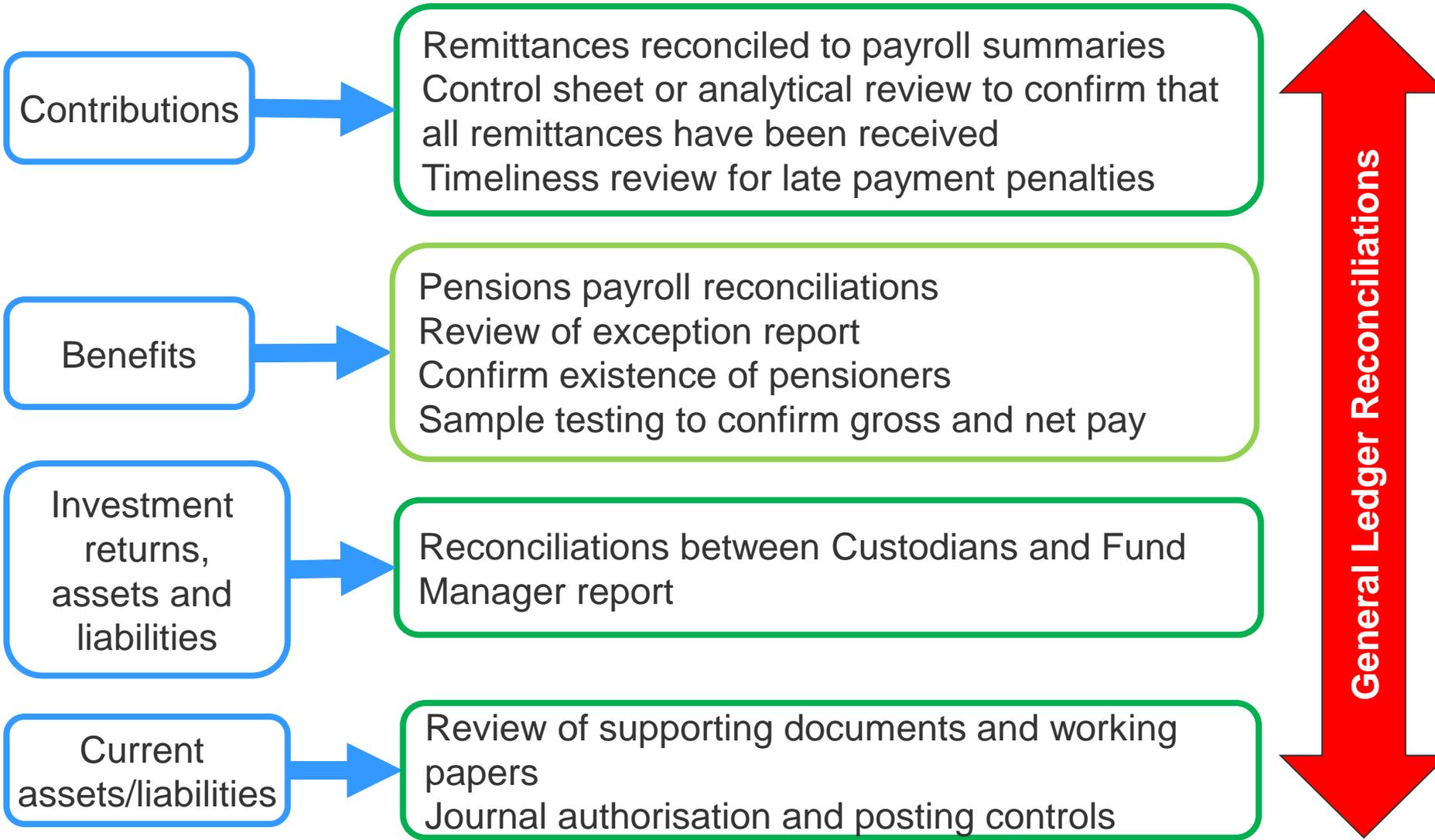
1. All reports highlighted in **BOLD** (half of them) can be produced in advance of the year end
2. Most strategy documents do not need to be aligned with financial year ends

At least 1/3 of all disclosure notes can be drafted pre year end

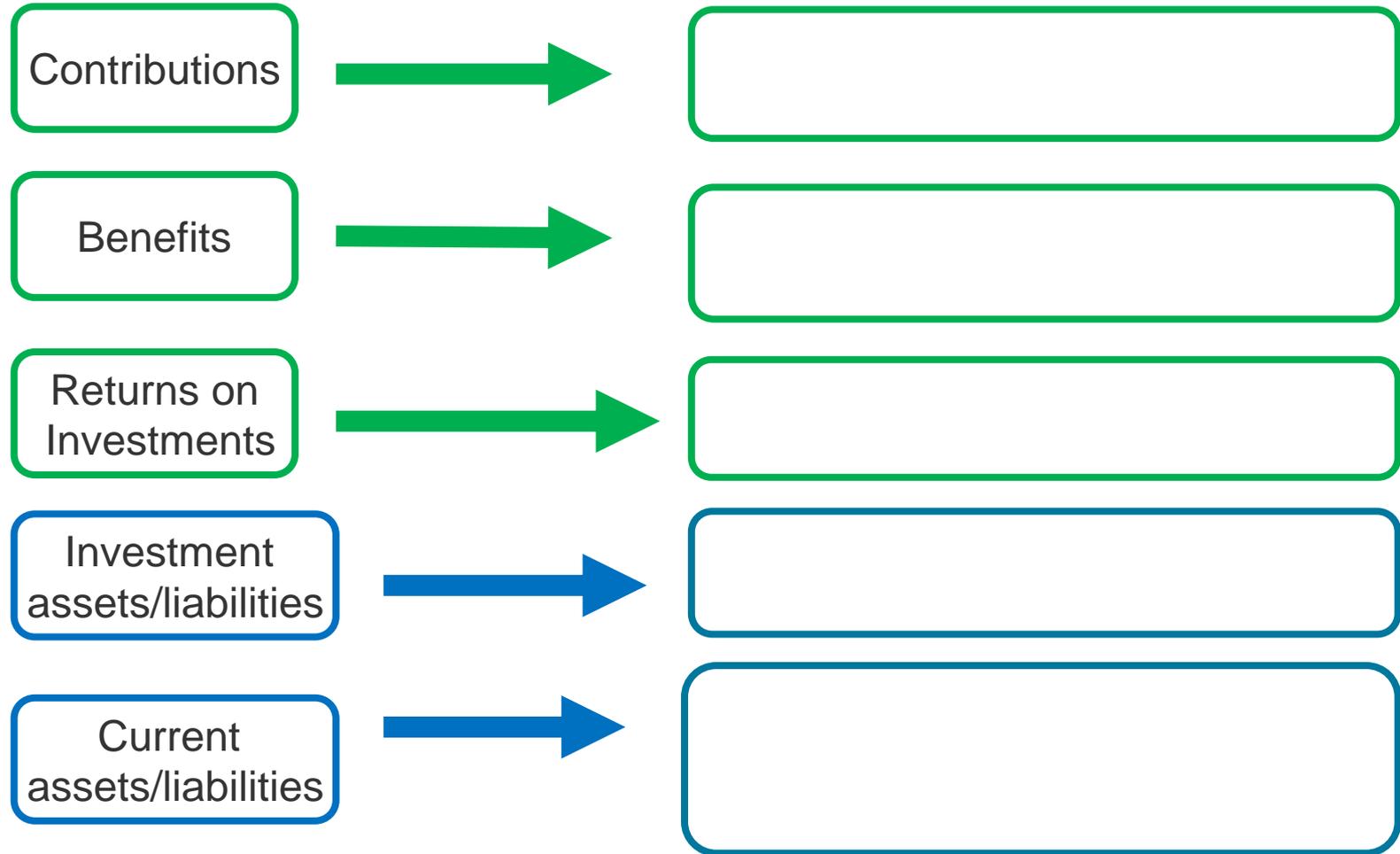
Notes 1-5	General information, policies, estimates and judgements	✓
Note 6	Post balance sheet events	
Notes 7 to 13	Fund Account disclosures	
Notes 14 - 15	Analysis of investments and derivatives	
Note 16/16a	Investment valuation and fair value hierarchy	✓
Notes 16b-c	Other fair value disclosures	
Note 17	Classification of financial instruments	
Note 18	Financial instrument risks	✓
Note 19	Funding valuation	✓
Note 20	IAS 19 valuation	
Notes 21 - 22	Current assets and liabilities	
Note 23	AVCs	
Note 24	Agency services	✓
Note 25	RPTs and remuneration	✓
Notes 26 - 28	Contingencies, commitments and impairments	✓

Information sources





Using estimation techniques (1)



What this all means in practice

- ✓ Do as much as possible in advance of the year end
- ✓ Liaise effectively with 3rd parties providing information
- ✓ Share the workload – get other people involved
- ✓ Prioritise closedown so deadlines are achieved
- ✓ Ensure GL is fit for purpose and up to date
- ✓ Practice in-year with “mini-closedowns”
- ✓ Close on estimates
- ✓ Clear and comprehensive working papers
- ✓ Allow time for adequate QA and review



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