

**REPORT OF CORPORATE DIRECTOR RESOURCES**

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**STATEMENT OF ACCOUNTS AND ANNUAL REPORT FOR 2016-17**

**Reason for this Report**

1. The Pension Committee Terms of Reference set out the Committee's responsibility for the strategic governance of the Cardiff & Vale of Glamorgan Pension Fund.
2. The Terms of Reference include considering the Fund's financial statements and agreeing the Annual Report.

**Background**

3. The Statement of Accounts for the City of Cardiff Council includes the accounts for the Cardiff & Vale of Glamorgan Pension Fund.
4. Draft accounts for the financial year ending 31 March 2017 were prepared and presented to the Wales Audit Office on 15 June 2017.
5. The final accounts are due to go to Council at the meeting on 28 September 2017.

**Issues**

6. The audit has now been completed and the auditor's draft 'Audit of Financial Statements Report' for the Pension Fund is attached as Appendix 1. The Auditor General intends to issue an unqualified audit report on the financial statements once they have been provided with the Letter of Representation included in Appendix 1. There are no misstatements which remain uncorrected. The report refers to the main corrections made by management.
7. WAO's Audit of Financial Statements Report also highlights a number of qualitative findings as follows:
  - We have no concerns about the qualitative aspects of your accounting practices and financial reporting.
  - We did not encounter any significant difficulties during the audit.
  - There were no significant matters discussed and corresponded upon with management which we need to report to you.

- There are no other matters significant to the oversight of the financial reporting process that we need to report to you.
  - We did not identify any material weaknesses in your internal controls.
  - There are not any other matters specifically required by auditing standards to be communicated to those charged with governance.
8. The Statement of Accounts form the core of the Fund's Annual Report which is published annually following the completion of the audit. The draft Annual Report is attached as Appendix 2.
  9. In addition to the financial statements the report includes:
    - The names of the members of the Pensions Committee, the Investment Advisory Panel and the Local Pension Board
    - Details of the Fund's Investment Managers and Professional Advisers
    - A summary of the administration arrangements for the Fund
    - An Investment Management and Performance Report
    - A statement from the Fund Actuaries
    - An Appendix containing statistical data, a glossary and contact details for further information
  10. An auditor's statement will be added when the audit has been completed.
  11. The Annual Report will be published in English and Welsh on the Council's website by the statutory deadline of 1 December.

## **Legal Implications**

12. The Statement of Accounts and Annual Report are technical documents, the contents of which Legal Services are unable to comment upon. It is understood by Legal Services that these documents are drafted with assistance from external advisors and on the basis of the information contained in the report there are no concerns raised by the Wales Audit Office. It is noted that the Annual Report is still in draft format and any changes that are made prior to publication should receive the benefit of advice from the Councils specialised advisors in this regard. The recommendation does not appear to raise any specific legal implications however the general legal advice set out below should be considered.
13. As with approval of all technical documents this decision must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council eg. standing orders and financial regulations; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its tax payers; and (h) be reasonable and proper in all the circumstances and comply with any equalities legislation.

## **Financial Implications**

14. There are no direct financial implications arising from this report.

## **Recommendations**

15. That the Committee notes the Auditor's Report.
16. That the Committee approves the Annual Report for the Fund for 2016-17.

## **CHRISTINE SALTER CORPORATE DIRECTOR RESOURCES**

The following Appendices are attached:

Appendix 1 – Draft Auditor's Report for 2016-17

Appendix 2 – Draft Annual Report for 2016-17