



# Board Report

Committee	<b>ISLE OF WIGHT LOCAL PENSION BOARD</b>
Date	<b>5 APRIL 2023</b>
Title	<b>ANNUAL REPORT AND ACCOUNTS 2021-22</b>
Report of	<b>PENSION FUND MANAGER</b>

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## EXECUTIVE SUMMARY

1. This report provides the board with a progress update on the completion of the external audit of the pension fund's accounts for the year ended 31 March 2022, and the publication of the fund's annual report and accounts for the year then ended.

## RECOMMENDATION

2. That the Board receives and notes the audit results report from Ernst & Young LLP, as presented at the audit committee meeting on 20 March 2023.
3. That the Board receives a verbal update on the progress towards completion of the council's audit, and hence the provision of the audit opinion on the pension fund's annual report and accounts.
4. That the Board be notified following the publication of the fund's annual report and accounts for the year ended 31 March 2022.

## BACKGROUND

5. At its meeting on 17 January 2023, the board received a report setting out the content of the pension fund's annual report and accounts for the year ended 31 March 2022, and extracts from the draft document which had not previously been presented to the board or committee.
6. The board agreed the content of the annual report and accounts and noted that it was presented in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) *Code of Practice on Local Authority Accounting in the United Kingdom 2021/22*.

7. The board noted that the external audit of both the pension fund and the council were due to be concluded at the Audit Committee meeting on 20 March 2023.
8. The pension fund committee, at its meeting on 8 February 2023, received the same content and extract detail as presented to the board, and agreed that the draft version of the annual report and accounts should be published on the fund's website as soon as possible after the committee meeting.
9. The committee further agreed to delegate authority to the Pension Fund Manager, in consultation with the Director of Finance and the chairman of the Pension Fund Committee, to update the annual report and account for any changes arising from the audit, and to publish the final annual report and accounts as soon as practical, following the Audit Committee meeting on 20 March 2023.

#### OUTCOME OF AUDIT COMMITTEE MEETING 20 MARCH 2023

10. Ernst & Young LLP, the external auditors of the council and the pension fund, presented their audit reports at the audit committee meeting. The auditors confirmed that the audit opinion on pension fund accounts had to be issued at the same time as that of the council.
11. In respect of the audit of the council's accounts, the auditors reported that there were still a number of areas of work outstanding, primarily around valuation of property assets and the accounting for infrastructure assets. The auditors anticipated that this work would take two to three weeks to complete (from the date of the audit committee).
12. Consequently, the council's accounts for the year ended 31 March 2022, including those of the pension fund, could not be approved at the audit committee meeting. The committee agreed to delegate authority to the director of Finance and the chairman of the audit committee to make any final changes necessary to the accounts as a result of the audit.
13. The auditors confirmed that on the basis there were no material amendments required from the remainder of their audit work, updated audit reports would be issued to the chairman of the Audit Committee and the Director of Finance, following which the audit opinion would be issued and the accounts could be signed and published.
14. In respect of the pension fund accounts, the auditors indicated that they would be presenting an unqualified audit opinion, reporting that there were no unadjusted or adjusted audit differences to be brought to the committee's attention, and no matters to bring to their attention in respect of all areas of audit focus identified in the audit plan. The auditors also reported that they did not identify any significant deficiencies in the fund's internal controls.
15. The audit partner reported that the audit of the Isle of Wight Pension Fund accounts was one of the smoothest audits she had dealt with and acknowledged the hard work of fund staff, in particular the Pension Fund and Treasury Management Accountant.
16. The audit results report for the pension fund, as presented to the audit committee, is attached to this report at Appendix 1.

17. An update on the status of the council's audit and the expected timing for the publication of the pension fund's annual report and accounts for the year ended 31 March 2022 will be provided at the board meeting.

## STRATEGIC CONTEXT

18. The primary objective of the fund is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependents, in accordance with the Local Government Pension Scheme (LGPS) regulations and statutory provisions. The committee aims to operate the fund in such a manner that, in normal market conditions, all accrued benefits are fully covered by the value of the fund's assets and that an appropriate level of contributions is agreed by the employer to meet the cost of future benefits accruing.
19. Approval of the fund's annual report and accounts, and the overall stewardship of public funds, form an integral part of the fund's corporate governance framework, and supports the fund's governance objective to ensure compliance with the LGPS Regulations, other relevant legislation and the Pensions Regulator's Codes of Practice.

## FINANCIAL / BUDGET IMPLICATIONS

20. The audit fee for the 2021-22 year end has not been finally agreed, as it is still subject to final agreement by Public Sector Audit Appointments Limited (PSAA).
21. The planned fee for 2021-22 was between £22,135 and £23,125; however the final fee is likely to be in line with the final audit fee for the 2020-21 accounts, which was £34,510.

## APPENDICES ATTACHED

22. Appendix 1: Audit Results Report – Isle of Wight Pension Fund

## BACKGROUND PAPERS

23. Local Pension Board, 17 January 2023, agenda item 7 – Annual report and accounts (draft)  
<https://iow.moderngov.co.uk/documents/s10502/ITEM%207%20Annual%20Report%20and%20Accounts.pdf>
24. Isle of Wight Pension Fund Committee, 8 February 2023, agenda item 8 – Annual report and Accounts 2021-22  
<https://iow.moderngov.co.uk/documents/s10691/ITEM%208%20Annual%20Report%20and%20Accounts%202021-22.pdf>

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