



Open Report on behalf of Andrew Crookham, Deputy Chief Executive and Executive Director - Resources

Report to:	LGPS Local Pension Board
Date:	21 March 2024
Subject:	Annual Report and Accounts 2023-24: Review of Accounting Arrangements and Accounting Policies

Summary:

This report summarises:

- The publication requirements for the Fund's Annual Report and Accounts, and Statement of Accounts for 2023/24;
- Changes to the Annual Report and Account Guidance and the Code of Practice on Local Authority Accounting for 2023/24;
- The review of the Council's Accounting Policies for the Pension Fund Statement of Accounts; and
- An introduction to the Fund's new external auditor for 2023/24.

Recommendation(s):

That the Board discuss and consider:

1. the changes required to the Annual Report and Accounts and Statement of Accounts for 2023/24;
4. the Statement of Accounting Policies (Appendix A) for use in preparing the Local Government Pension Scheme (LGPS) Pension Fund accounts for the financial year ending 31 March 2024; and
4. the update from the External Auditor and indicative audit plan.

Background

Publishing the Pension Fund Annual Report and Accounts and the Pension Fund Statement of Accounts

- 1.1 The Fund is required to comply with the Local Government Pension Scheme (Administration) Regulations 2008 for publishing the Annual Report and the Accounts and Audit Regulations 2015 in preparing, submitting for audit and publishing the accounts.
- 1.2 Regulation 34 of the LGPS (Administration) Regulations 2008 introduced a statutory requirement for LGPS pension funds to produce a separate Annual Report and Accounts which must be published on or before the 1 December each year. The Annual Report must include the Pension Fund accounts and an opinion issued by the external auditor confirming the pension fund accounts and the annual report are consistent with the audited financial statements of the County Council.
- 1.3 The Accounts and Audit Regulations 2015 set out the requirements for local authorities, including Pension Funds, to prepare an annual statement of accounts, to publish such accounts and to have those accounts audited. The regulations also allow for the statement of accounts to be inspected by members of the public within a certain timeframe. For 2023/24, the statutory publication dates is 31 May and requires local authorities to make the unaudited accounts available for public inspection for a period that includes the first 10 working days of June.
- 1.4 The Pension Fund notes both publication dates and is working towards publishing draft accounts by 31 May with the County Council and publishing the final Annual Report and Accounts by 1 December. The draft Annual Report and Accounts will be presented to the July Pension Board meeting.

Annual Report Guidance and the Code of Practice on Local Authority Accounting

- 1.5 Guidance on the content of the annual report is prepared by the Scheme Advisory Board (SAB). The government response to the "Next Steps on Investments" consultation proposed additional asset and asset pooling information be disclosed within the annual report. The SAB Compliance and Reporting Committee are working to issue new guidance for the preparation of the annual report to bring this in line with the new requirements. This is due to be published before the end of the financial year and will apply from the reporting period 2024/25, however, Funds can adopt elements of the new guidance early. Once the guidance has been received, officers will review and consider if any elements can be reported early in the 2023/24 annual report.
- 1.6 The Pension Fund is required to prepare its Statement of Accounts in accordance with the Local Government Act 2003 and the Code of Practice in Local Authority Accounting in United Kingdom 2023/24 (the Code). These ensure the accounts are prepared using "proper accounting practice". There are no changes to the Code of

Practice for 2023/24 which will have an impact on the Pension Fund Accounts, so the appearance of the accounts will remain largely unchanged from last year.

Statement of Accounting Policies

- 1.7 Accounting policies are defined in the Code as “the specific principles, bases, conventions, rules and practices applied by an authority in preparing and presenting financial statements”. They are an important part of the accounts for ensuring the accounts are prepared using “proper accounting practice’. The accounting policies for the Pension Fund have been reviewed for the 2023/24 accounts and are attached at appendix A.
- 1.8 There have not been any changes to the accounting policies proposed for use in preparing the 2023/24 accounts.
- 1.9 Although the Audit Committee has responsibility for the approval of Lincolnshire County Council’s Statement of Accounts, which contains the Pension Fund Accounts, the Pensions Committee are asked to consider and approve the specific accounting policies used in the preparation of the Pension Fund accounts, and the policies are also shared with the Pension Board for their consideration.

External Audit Update

- 1.10 From 2023/24 KPMG have been appointed as the Fund’s external auditor. Work on the pension fund audit began in February 2024. A copy of the external auditors indicative audit plan is attached at appendix B. KPMG, represented by Rashpal Khangura, Partner, will attend the Board to introduce KPMG, explain their plan for the audit and answer any questions.

Conclusion

- 2.1 The accounting requirements, disclosures, and timescales, as required by the Audit and Accounts Regulations, the Local Government Pension Scheme (Administration) Regulations, and the Code of Practice, will be incorporated into the preparation of the Statement of Accounts for 2023/24.
- 2.2 The Statement of Accounts will be prepared using the Accounting Policies approved at the March Pensions Committee, and considered at this meeting.
- 2.3 The Board should note the external auditors indicative audit plan for the 2023/24.

Consultation

a) Risks and Impact Analysis

The Pension Fund has a risk register which can be obtained by contacting the Head of Pensions.

Appendices

These are listed below and attached at the back of the report	
Appendix A	Statement of Accounting Policies for LGPS Pension Fund financial statements 2023/24
Appendix B	KPMG Indicative Audit Plan (March 2024)

Background Papers

The following background papers as defined in the Local Government Act 1972 were relied upon in the writing of this report.

Document title	Where the document can be viewed
CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2023/24	Assistant Chief Executive and Executive Director of Resources

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