



RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL
COUNCIL

23rd November 2022

**STATEMENT OF ACCOUNTS FOR THE RHONDDA CYNON TAF PENSION
FUND 2021/22**

REPORT OF THE DIRECTOR OF FINANCE AND DIGITAL SERVICES

AUTHOR: Barrie Davies (01443) 424026

1.0 PURPOSE OF REPORT

- 1.1 This report ensures that Rhondda Cynon Taf CBC, as administering authority, complies with the legal requirements relating to the production of a “Statement of Accounts” for the financial year ended 31st March 2022 with regard to the Rhondda Cynon Taf Pension Fund.

2.0 RECOMMENDATIONS

It is recommended that Members:

- (a) Approve and note the Statement of Accounts for the Rhondda Cynon Taf Pension Fund (Appendix 1), and associated Letter of Representation (Appendix 2).
- (b) Note the outcome of the 7th September 2022 Governance and Audit Committee meeting as required by the Local Government Measure (paragraph 8.2).

3.0 STATUTORY APPROVAL PROCESS

- 3.1 Section 13 of the Public Audit Wales Act 2004 requires administering authorities to prepare accounts for the Pension Funds and for these accounts to be audited by the Auditor General for Wales.

- 3.2 The Accounts and Audit (Wales) (Amendment) Regulations 2018 removes the requirement to include the Pension Fund Statement of Accounts within the administering body Statement of Accounts. Regulation 57 of the Local Government Pension Scheme Regulations 2013 (as amended) requires administering bodies to publish an annual report on the Pension Fund accounts, including the Statement of Accounts, by 1st December each year.

4.0 IMPACT OF COVID 19 UPON THE STATUTORY APPROVAL PROCESS

- 4.1 Officers have maintained regular dialogue with Audit Wales with regard to timescales for the production and audit of the Statement of Accounts for Rhondda Cynon Taf Pension Fund. Finance teams have continued to work effectively and the target date was re-set due to the on-going impact of the pandemic.
- 4.2 The draft Statement of Accounts for Rhondda Cynon Taf Pension Fund was subsequently certified by the Director of Finance and Digital Services on the 29th July 2022.

5.0 STATEMENT OF ACCOUNTS

- 5.1 The approval of this year's accounts provides Members with the continued assurance that the Council operates within the statutory requirements and builds further upon the robust financial management arrangements which the Council has in place.
- 5.2 The 2021/22 Statement of Accounts for the Rhondda Cynon Taf Pension Fund is attached at Appendix 1. These accounts are "final" and the external audit process has been completed in line with statutory timescales.

6.0 LETTER OF REPRESENTATION

- 6.1 It is normal practice for Audit Wales to request that the Responsible Finance Officer provides a "Letter of Representation", which highlights material issues relating to the completeness and/or accuracy of the information included in their financial statements and could, therefore, influence his audit opinion. This is to ensure that the accounts properly reflect financial standing and is consistent with the approach taken by Audit Wales in prior years.

7.0 INTERNATIONAL STANDARD ON AUDITING (ISA) 260

- 7.1 The External Auditor is required, under ISA260, to report to "those charged with governance", relevant matters relating to the audit of the financial statements. This is to be provided to those charged with governance, as distinct from management, before an opinion is given on the financial statements.

7.2 The auditor, in his ISA260 report on the Statement of Accounts of the Rhondda Cynon Taf Pension Fund, states there were “initially a few minor misstatements in the accounts that have now been corrected by management. These were presentational or typographical in nature”. There are no misstatements identified in the accounts, which remain uncorrected and there are no other matters which are required to be reported.

7.3 Accordingly, Audit Wales intend to issue an unqualified auditor's report on the financial statements of Rhondda Cynon Taf Pension Fund.

8.0 LOCAL GOVERNMENT MEASURE REQUIREMENTS

8.1 The Statutory Guidance from the Local Government Measure 2011 was published in June 2012 which provided clarity on the role of Audit Committees in the approval process of the Statement of Accounts. The relevant excerpt is shown below:

Financial statements

*9.21 Before their approval by the authority, the audit committee should consider and comment on the authority’s certified draft financial statements. They will want to see to what extent the statements take cognisance of audit reports during the year, and changes in accounting policy and internal control mechanisms. Audit committees may approve the financial statements themselves where local authorities have delegated that power to them under regulation 9 of the Accounts and Audit Regulations (Wales) 2005 (as amended).**

** The Statutory Guidance referred to above references regulation 9 of the Accounts and Audit Regulations (Wales) 2005 (as amended). However, this has now been replaced by regulation 10 of the Accounts and Audit Regulations (Wales) 2014. Welsh Government have advised that references to the 2005 regulations in subordinate legislation and statutory guidance will be replaced with the 2014 regulation references in due course.*

8.2 The Council’s Governance and Audit Committee considered the draft Pension Fund Accounts on 7th September 2022. The Governance and Audit Committee did not raise any issues at this meeting that would prevent Council from approving the Pension Fund Statement of Accounts.

9.0 EQUALITY AND DIVERSITY IMPLICATIONS AND SOCIO-ECONOMIC DUTY

9.1 The report provides the legal requirements for the approval of the Rhondda Cynon Taf Pension Fund’s Statement of Accounts in accordance with the Local Government Pension Scheme Regulations 2013 (as amended). As a result, there are no equality and diversity or socio-economic duty implications to report.

10.0 WELSH LANGUAGE IMPLICATIONS

- 10.1 There are no Welsh language implications as a result of the recommendations in this report.

11.0 CONSULTATION

- 11.1 There are no consultation requirements emanating from the recommendations set out in the report.

12.0 FINANCIAL IMPLICATION(S)

- 12.1 The financial results / implications within this report have been reported to the Pension Fund Committee, Pension Board and to the Investment and Administration Advisory Panel. Rhondda Cynon Taf Pension Fund's financial performance will continue to be monitored within quarterly Performance Reports during 2022/23.
- 12.2 There are no additional financial implications as a result of the recommendations set out in the report.

13.0 LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

- 13.1 The report ensures the Council complies with the Local Government Pension Scheme Regulations 2013 (as amended) and the Public Audit Wales Act 2004, and in doing so is in line with the CIPFA Local Government Pension Scheme Code of Practice.

14.0 CONCLUSION

- 14.1 The certification of the draft Pension Fund Statement of Accounts by 29th July 2022 demonstrates the continued effective financial management arrangements at this Council in respect of its role as administering authority.
- 14.2 The completion of the external audit and sign off of the 2021/22 final accounts represents further assurance as to the Rhondda Cynon Taf Pension Fund.