

MINUTES

A&B – Public

Pension Fund Committee Council Chamber, Town Hall, Lerwick Wednesday 19 September 2018 at 11.50am Present - Members: A Cooper S Coutts S Leask E Macdonald C Smith G Smith T Smith R Thomson <u>Apologies:</u> R McGregor I Scott	Pension Board Council Chamber, Town Hall, Lerwick Wednesday 19 September 2018 at 11.50am Present - Members: M Bell J Fraser D Marsh A Taylor R Williamson <u>Apologies:</u> A Goudie J Johnston A Westlake
In Attendance: M Sandison, Chief Executive C Ferguson, Director – Corporate Services J Riise, Executive Manager – Governance and Law H Tait, Team Leader - Accountancy K Adam, Solicitor C McCourt, Financial Accountant L Geddes, Committee Officer Also: J Corrigan, Deloitte LLP C Healy, Deloitte LLP P Kenny, Deloitte LLP D Peters, Deloitte LLP (<i>by telephone</i>)	

Chair

Mr Coutts, Chair of the Pension Fund Committee, presided.

Circular

The circular calling the meeting was held as read.

Declarations of Interest

None

18/18 **Annual Audit Report on the 2017/18 Audit - Shetland Islands Council Pension Fund**

The Committee and Board considered a report by the Executive Manager – Finance (F-073-18-F) which set out the findings of the 2017/18 audit as contained in the external auditor's Annual Report.

The Team Leader – Accountancy advised that there had been no changes since the unaudited accounts had been presented in June, and Deloitte LLP had confirmed their unmodified opinion.

Ms Peters outlined the key messages in the report, advising that one significant area of risk – management override of controls - and two areas of audit focus – accuracy of contributions paid to the Fund and valuation of investments – had been considered. The result of the audit control testing had been satisfactory and no material misstatements had been identified, so an unmodified opinion had been issued. Three instances of late payment had been noted, but there were no other issues to report. There was a disclosure deficiency in note 11a of the financial statements, whereby the Schroder Liquidity Fund should be disclosed under “Pooled Investment Vehicle” rather than “Cash Income”, but this was not material and had no effect on the audit opinion. There were a number of technical updates which would have an impact on the scheme in future, so Trustees would have to carry out some work to ensure compliance with the new standards.

The Executive Manager – Governance and Law advised that the Audit Committee had heard the same presentation at its meeting, and had approved the recommendations in the report.

In response to a question relating to the dashboard for significant risk and areas of audit focus, Mr Corrigan advised that items were either classed as satisfactory or not – there were no other categories. This meant that all testing had performed and there were no material errors.

Responding to a question about the late payments, the Team Leader – Accountancy said that the late payments by SADA related to their financial position at the time. This situation had been monitored very closely to ensure that payments were made. She understood that the late payment in relation to SAT had related to staffing in the organisation being unavailable at the time. She went on to say that the issue relating to the Schroder Liquidity Fund would be taken forward in future accounts.

Ms Peters added that although it was common for pension funds to try and classify this under cash income, specialist institutions Deloitte LLP had consulted were comfortable that it should be disclosed as a Pooled Investment Vehicle.

It was commented that there would be a need to discuss interaction with the regulator at future meetings.

The Chair thanked staff from Deloitte LLP, and Council staff for their hard work, and went on to move that the recommendations in the report be approved.

Mr G Smith seconded.

Decision:

The Pension Fund Committee and Pension Board:

- NOTED the findings of the 2017/18 audit as contained in the external auditor's Annual Report
- APPROVED the audited Annual Accounts for 2017/18 for Shetland Islands Council Pension Fund for signature

The meeting concluded at 12.15pm.

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Chair