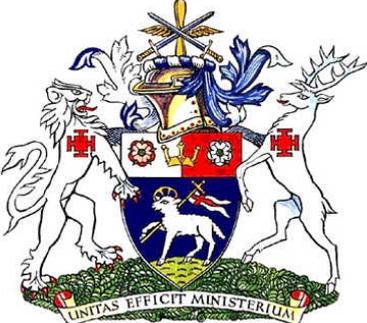


|   |   |
|---|---|
|  | <h2 style="margin: 0;">Pension Fund Committee</h2> <h3 style="margin: 0;">26 June 2018</h3>   |
| <b>Title</b>  | <b>Pension Fund External Audit Plan for the year ended 31 March 2018</b>  |
| <b>Report of</b>  | Director of Finance   |
| <b>Wards</b>  | All   |
| <b>Status</b>   | Public  |
| <b>Urgent</b>   | No  |
| <b>Key</b>  | No  |
| <b>Enclosures</b>   | Appendix A - BDO External Audit Plan 2017/18  |
| <b>Officer Contact Details</b>  | George Bruce, Head of Treasury & Pensions<br>0208 359 7126 <a href="mailto:george.bruce@barnet.gov.uk">george.bruce@barnet.gov.uk</a> |

|  |
|--|
| <h3>Summary</h3>   |
| <p>In line with International Standard on Auditing 260 (ISA 260) the Pension Fund’s external auditors, BDO, should be provided with access to those charged with governance. BDO are the Pension Fund’s appointed external auditors for the 2017/18 financial year.</p> <p>Appendix A to this report sets out the audit plan for 2017/18 which will be presented to Pension Fund Committee by BDO.</p> |

|   |
|---|
| <h3>Recommendations</h3>  |
| <ol style="list-style-type: none"> <li>1. That the Pension Fund Committee note the audit strategy for the 2017/18 Report and Accounts and raise any issues with the auditor.</li> </ol> |

## **1. WHY THIS REPORT IS NEEDED**

1.1 The audit plan contained at appendix A highlights the key elements of the external auditor's proposed audit strategy for the benefit of those charged with governance. The purpose of this report is to highlight and explain the key issues which the auditor believes to be relevant to the audit of the annual accounts of the pension fund for the year ended 31 March 2018.

1.2 The report includes the following sections:

|                      |             |
|----------------------|-------------|
| Timetable            | page 3      |
| Scope and objectives | page 4      |
| Materiality          | page 5 & 14 |
| Audit strategy       | page 6      |
| Key risks            | page 7      |
| Independence         | page 12     |
| Fees                 | page 13     |

1.3 Within the key risks section, there are two references to issues identified last year (page 8) relating to membership data and bank accounts that will form part of the 2017/18 audit.

## **2. REASONS FOR RECOMMENDATIONS**

2.1 The recommendation is required in order for the Council to comply with statutory audit requirements.

## **3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**

3.1 None - statutory function

## **4. POST DECISION IMPLEMENTATION**

4.1 The external auditor will report to the July Pension Fund Committee to present their audit findings.

## **5. IMPLICATIONS OF DECISION**

### **5.1 Corporate Priorities and Performance**

5.1.1 A positive external audit opinion on the Pension Fund's Annual Report and Statement of Accounts plays an essential and key role in providing assurance that the Pension Fund's financial risks are managed in an environment of sound stewardship and control.

### **5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

5.2.1 This report sets out the framework for the assessment of the Pension Fund's financial reporting and financial management as well as providing value for money.

5.2.1 The external audit fees for 2017/18 are £21,000 (2016/17: £21,000). Additional fees may be charged if the auditor is not provided with adequate working papers.

### 5.3 **Social Value**

5.3.1 Contributing to the Pension Fund ensures that contributing members have a secured income on retirement.

### 5.4 **Legal and Constitutional References**

5.4.1 The Council's Constitution (Article 7) – includes within the responsibilities of the Pension Fund Committee,

“To meet review and consider approval of the Pension Fund Statement of Accounts, income and expenditure and balance sheet or record of payments and receipts, and

To receive and consider approval of the Pension Fund Annual Report.”

5.4.2 The Local Government Pension Scheme Regulations 2013 requires that each employer is sent a copy of the auditor's report.

### 5.5 **Risk Management**

5.5.1 The external audit is a key source of comfort on the accuracy of the financial records and the systems that feed information into these records. Engaging with the auditor as they plan and undertake the audit will assist the auditor to direct their work at high risk areas.

### 5.6 **Equalities and Diversity**

5.6.1 Pursuant to the Equalities Act 2010, the Council is under an obligation to have due regard to eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advancing equality of opportunity between persons who share a relevant 'protected characteristic' and those who do not share it; and fostering good relations between persons who share a relevant 'protected characteristic' and persons who do not share it. The 'protected characteristics' are: age, disability, gender reassignment, pregnancy, and maternity, race, religion or belief, sex and sexual orientation, marriage and civil partnership.

### 5.7 **Consultation and Engagement**

5.7.1 Not required.

### 5.8 **Insight**

5.8.1 Not used - external report.

**6. BACKGROUND PAPERS**

6.1 None