



Local Pension Board

09 April 2019

Title	Pension Fund External Audit Plan for the year ended 31 March 2019
Report of	Director of Finance
Wards	N/A
Status	Public
Urgent	No
Key	No
Enclosures	Appendix A - BDO External Audit Plan Work Plan 2018/19
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Summary

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 2018/19 financial year.

Appendix A to this report sets out the audit plan for 2018/19. The Board are invited to comment on the plan.

Recommendations

- 1. That the Local Pension Board note the audit strategy for the 2018/19 Report and Accounts and identify matters that the Board wish to bring to the attention of the Auditor.**

1. WHY THIS REPORT IS NEEDED

1.1 The Board's role is to assist the administering authority in securing compliance with scheme regulations and other legislation relating to the governance and administration of the scheme. The Board's terms of reference also include "ensuring the effective and efficient governance and administration of the Pension Fund". As part of the annual audit of the Pension Fund Financial Statements the auditors will provide a report setting out any matters they have identified including weaknesses in the control environment.

1.2 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 2019.

1.3 The report includes the following sections:

Materiality	page 4 & 29
Audit risks	page 6 & 11
Fees	page 7 & 23
Timeline	Page 9

1.4 The risk discussed are mostly generic, however there is mention of issues that are specific to Barnet e.g. pension liability valuation (p13), membership disclosure (p14), invoicing of strain costs (p18) and Barnet Southgate College (p19).

1.5 The Auditor presented to the Pension Fund Committee on 26th March (attended by the Chairman of the Local Pension Board). The Committee requested that the auditor include testing of individual member records as part of the audit. We agreed for this year that the auditor will visit the administration centre at Darlington rather than audit remotely and has already undertaken a week's testing with the administration team and will visit again post year-end. The auditor will report back to both the Committee and The Board with their findings. The due date for audit sign-off is 31st July 2019.

2. REASONS FOR RECOMMENDATIONS

2.1 It is appropriate for the Board to review the auditor's work programme and have the opportunity to influence the testing undertaken by the auditor.

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 September Board 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 2018/19 are £21,170 (2016/17: £43,810) including £5,000 for additional work with the administration team. Additional fees may be charged if the auditor is not provided with adequate working papers or if issues are identified during the audit. There was an additional charge in 2017-18 of £22,810 (included in the above cost).

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 requirement for an administering authority to prepare a Pension Fund annual report and provide the auditor's report to bodies who have employees who are active members of the scheme are contained in Regulation's 56 and 57 of the Local Government Pension Scheme Regulations 2013.

- 5.4.2 The Board's Terms of Reference include "ensuring the effective and efficient governance and administration of the LGPS for the LBB Pension Fund".

5.5 Risk Management

- 5.5.1 The external audit progress report attached highlights areas of good control and areas of weakness which need to be addressed. Failure to do so carries the risk of adverse financial and/or reputational consequences.

5.6 Equalities and Diversity

5.6.1 Pursuant to the Equality 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 Auditors report on the 2017-18 Report and Accounts. See Local Pension Board 5th September 2018, agenda item 7.