



Local Pension Board

4 September 2019

Title	External Auditor's Report under International Standard on Auditing (ISA) 260 for the year 2018/19
Report of	Director of Finance
Wards	All
Status	Public
Urgent	No
Key	No
Enclosures	Appendix A – External Auditor's ISA 260 report (to follow)
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Summary

The external auditors report (ISA260) on the pension fund accounts for the year to 31 March 2019 is attached. The Auditor will be attending the meeting.

Officers Recommendations

That the Local Pension Board:

1. note the matters raised by the external auditor in respect of the audit of the 2018/19 Accounts and Annual Report; and
2. consider whether there are any matters arising from the Auditor's Report on which they require additional information or action.

1. WHY THIS REPORT IS NEEDED

- 1.1 Under Section 151 of the Local Government Act 1972 - "...every local authority shall make arrangements for the proper administration of their financial affairs...". Additionally, in accordance with International Standard on Auditing (ISA) 260, the external auditor is required to issue detailed reports on matters arising from the audit of the council's accounts and pension fund accounts. There are also specific legal requirements in relation to the accounts and the annual report as set out in section 5.4 below.
- 1.2 The external auditor will be attending the meeting to discuss their report (appendix A). The Auditor also attended the July Committee meeting and indicated that they expect to issue an unqualified audit opinion. At the time of writing, the audit opinion remains outstanding. Key pages from the report are 23 (unadjusted audit differences) and pages 25/26 (recommendations). The three audit recommendations have been accepted.

2. REASONS FOR RECOMMENDATIONS

- 2.1 It is appropriate for the Board to review the Internal Audit findings and managements planned actions.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 Not applicable in the context of this report.

4. POST DECISION IMPLEMENTATION

- 4.1 None.

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 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. This is in line with the aims set out in the Council's Corporate Plan, to ensure that services are delivered efficiently to get value for money for the taxpayer.

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 management as well as value for money.
- 5.2.2 The external audit fees for 2018/19 are £21,170 (£43,810 for 2017/18). At this stage no additional audit fees are anticipated.
- 5.2.3 In accordance with International Standard on Auditing (ISA) 260, the external auditor is required to issue detailed reports on matters arising from the audit of the Council's accounts and Pension Fund accounts.

5.2.4 The ISA 260 report must be considered by “those charged with governance” before the external auditor can sign the accounts”.

5.2.5 The external auditor, BDO was presented with draft financial statements on 31st May 2019.

5.3 **Social Value**

5.3.1 Arrangements for proper administration of financial affairs and 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 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 ISA 260 report 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.

5.6.2 Ensuring the long term financial health of the Pension Fund will benefit everyone who contributes to it. Access to and participation in the Pension Fund is open to those with and those without protected characteristics, alike, provided that the criteria set out within the relevant Regulations are met

5.7 **Corporate Parenting**

5.7.1 Not applicable in the context of this report.

5.8 **Consultation and Engagement**

5.8.1 Not required.

5.9 **Insight**

5.9.1 Not applicable in the context of this report.

6. BACKGROUND PAPERS

- 6.1 Audit plan presented to the Pension Fund Committee on 26 March 2019, agenda item 11.
<https://barnetintranet.moderngov.co.uk/ieListDocuments.aspx?CId=191&MId=9500&Ver=4>