



## Pension Fund Committee

26 July 2021

<b>Title</b>	<b>External Auditor's Timetable for the year 2020/21</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>	None.
<b>Officer Contact Details</b>	George Bruce, Head of Pensions, 0208 359 7126 <a href="mailto:george.bruce@barnet.gov.uk">george.bruce@barnet.gov.uk</a>

### Summary

BDO are the Pension Fund's appointed external auditors for the 2020/21 financial year. Their planning document was discussed by the Pension Fund Committee on 4<sup>th</sup> May 2021, at which BDO explained that the audit timeline was likely to be delayed. It was agreed to provide an update to the Committee.

### Officers Recommendations

That the Pension Fund Committee note the projected audit timetable for the 2020/21 financial statements.

## **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 audit plan was discussed at the May Committee meeting at which BDO explained that due to other work commitments the completion of the pension fund audit will be delayed. A timetable update was provided by BDO to officers on 5 July at which the first phase of the audit, systems testing and sample section, will commence on 9<sup>th</sup> August with the main year end verification work taking place during November. This timetable will lead to the auditor's report together with the financial statements being presented to the Committee on 14<sup>th</sup> December 2021. The timetable is driven by the availability of audit staff. The pension fund statement of accounts for 2020-21 were provided to the auditor on 7 June. With this timetable we will miss the 30 September regulatory deadline to publish audited accounts.
- 1.3 It is expected that much of the audit will be undertaken remotely, with occasional face to face meetings. Officers have requested that BDO visit the new administrator's, West Yorkshire Pension Fund, office in Bradford to undertake their systems review and testing of the transfer of data to the new administrator. BDO have indicated their willingness to do so.
- 1.4 Update meetings will be held fortnightly once the audit commenced and any changes to the timetable will be notified to the Committee.

## **2. REASONS FOR RECOMMENDATIONS**

- 2.1 The recommendations are 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 None. The external auditor will report their findings to the Pension Fund Committee.

## **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 2020/21 are £36,170 (£36,170 for 2019/20).

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".

## **5.3 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 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 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 1) eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; 2) advancing equality of opportunity between persons who share a relevant 'protected characteristic' and those who do not share it; and 3) 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. The Council also has regard to the additional protected characteristic of marriage and civil partnership even though this does not apply to parts 2) and 3) (above) of the public-sector equality.

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 Auditors planning report for the 2020-21 Report and Accounts. See Pension Fund Committee 4<sup>th</sup> May 2021, agenda item 10.

<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=191&MId=10958&Ver=4>