



## Local Pension Board

6<sup>th</sup> December 2022

<b>Title</b>	<b>External Audit Update</b>
<b>Report of</b>	Executive Director of Strategy and Resources (S151 officer)
<b>Wards</b>	All
<b>Status</b>	Public
<b>Urgent</b>	No
<b>Key</b>	Non-Key
<b>Enclosures</b>	None
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### Summary

BDO are the Pension Fund's appointed external auditors for the 2020/21 and 2021/22 financial years. 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 will not be attending the meeting. This report is to update the Local Pension Board on the 2020/21 audit, and on the plan for the 2021/22 audit.

### Officers Recommendations

That the Local Pension Board note the update on the 2020/21 audit, and the plan for the 2021/22 audit, and to identify matters that the Board wish to bring to the attention of the auditor.

## **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.

### **1.2 2020/21 External Audit Update**

1.2.1 In 2021 BDO presented their audit plan for the pension fund which gave an approximate audit end date of October 2021. However, to date the 2020/21 audit report is still outstanding, with BDO still undertaking some work with West Yorkshire Pension Fund on some benefit calculations. BDO have advised that this delay is due to resource pressures present within audit firms nationally, and that extra testing is required due to the change in administrator in 2020/21.

1.2.2 Due to turnover of BDO staff over the audit, Officers have found the process very inefficient with BDO following up on responses to questions many months later and with BDO staff completing testing that was initially undertaken by other people within the BDO team, which has generated a number of questions on the BDO side.

1.2.3 BDO have assured us that the completed audit report will be ready to be signed off before the New Year.

1.2.4 Further details around the delay in the signing of the overall council accounts, and subsequently the Pension Fund Accounts can be found in the Reports Pack for the 2<sup>nd</sup> November 2022 Audit committee

<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CIId=144&MIId=11061&Ver=4>

### **1.3 2021/22 External Audit Plan**

1.3.1 Due to the delays in completing the 2020/21 audit, BDO have advised that an audit plan report is not yet available.

1.3.2 The expected start date of the 2021/22 audit is November 2022, with an audit plan expected to be presented to the Pension Fund committee in the November meeting.

1.3.3 The draft 2021/22 accounts have been published. The deadline for the publication of the accounts is 30<sup>th</sup> September 2022.

## **2. Reasons for recommendations**

**2.1** It is appropriate for the Board to be updated on the status of the 2020/21 audit, and have the opportunity to influence the testing undertaken by the auditor in the 2021/22.

## **3. Alternative options considered and not recommended**

**3.1** None- Statutory function.

## **4. Post decision implementation**

- 4.1** None- The external auditor will report to the Board following the conclusion of the audit.

## **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 2021/22 are £35,789 (£36,170 for 2020/21).

- 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 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 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. Environmental Impact**

6.1 None in the context of this report.

## **7. Background Papers**

7.1 None.