



## Pension Fund Committee

22 March 2023

<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 be attending the meeting. This report is to update the Pension Fund Committee on the 2020/21 audit, and on the plan for the 2021/22 audit.

### Officers Recommendations

That the Pension Fund Committee note the update on the 2020/21 audit, and the plan for the 2021/22 audit, and to identify matters that the Committee 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 the January Pension Fund Committee meeting, officers advised the committee that the external auditors had advised that the fieldwork for the Pension Fund 2020/21 audit had been completed and was pending a review from the audit partner.
  - 1.2.2 Since then officers have had no correspondence or queries from the audit partner regarding this review.
  - 1.2.3 BDO were in attendance at the 1<sup>st</sup> March 2023 Local Pension Board, were they advised the board that the main cause of the delay in signing off the Pension Fund accounts was due to the national issue regarding accounting for infrastructure, which was affecting the sign off of the whole council accounts.
  - 1.2.4 BDO also advised the board that the 2020/21 accounts are expected to be signed off in April 2023.
  - 1.2.5 Officers expect the delays in the audit process to result in higher audit fees incurred by the fund.
  - 1.2.6 BDO will be in attendance in this meeting.
- 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 was November 2022, with an audit plan expected to be presented to the Pension Fund committee in the November meeting.
  - 1.3.3 In the Local Pension Board meeting on 1<sup>st</sup> March 2023 BDO advised the board that a plan had been submitted to the council for a planned start date of the 2021/22 audit in the summer of 2023.
  - 1.3.4 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 Committee 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 Committee following the conclusion of the audit.

#### **5. IMPLICATIONS OF DECISION**

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

5.1.1 The current corporate plan (Barnet Plan 2023-2026) was adopted in February 2023. To ensure that the Pension Fund is being invested prudently and to the best advantage in order to achieve the required funding level. Effective monitoring of the Pension Fund will ensure that long term investment targeted returns are achieved and will provide support towards the Council's corporate priorities.

##### **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 Committee's Terms of Reference include "review and consider approval of the Pension Fund Statement of Accounts".

##### **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.

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## Report Clearance Checklist

*(Removed prior to publication and retained by Governance Service)*

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**Author to complete table below:**

<b>Who</b>	<b>Clearance Date</b>	<b>Name</b>
Chief Officer	Anisa Darr	06/03/2023
HB Public Law	Sharon Clarke	11/03/2023
Finance	Anisa Darr	06/03/2023
Governance	Paul Frost	07/03/2023