



Local Pension Board

Title	External Audit Update
Date of meeting	11 March 2024
Report of	Executive Director of Strategy and Resources (S151 officer)
Wards	All
Status	Public
Urgent	No
Appendices	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. This report is to update the Local Pension Board on the 2020/21 audit, and on the plan for the 2021/22 and 2022/23 audit. For the 2023/24 financial year Audit, Grant Thornton have been appointed as the Pension Fund's external auditors. This report also provides an update on their discussions with officers and their proposed timings of the Audit.

Recommendations

That the Local Pension Board note the update on the 2020/21 audit, and the plan for the 2021/22, 2022/23, and 2023/24 audit.

1. Reasons for the Recommendations

- 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.

2020/21 External Audit Update

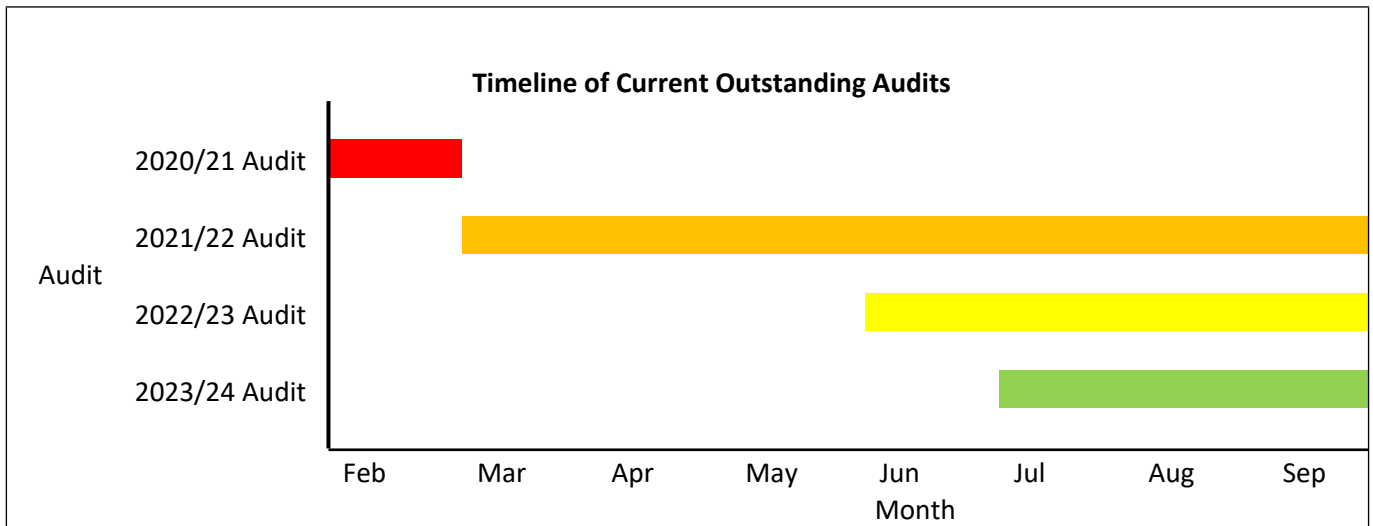
- 1.2 In 2021 BDO presented their audit plan for the pension fund which gave an approximate audit end date of October 2021. However, to date the 2020/21 audit report is still outstanding.
- 1.3 BDO have provided a number of updates at previous Local Pension Board and at Pension Fund Committees.
- 1.4 To date officers have still not received the completed audit report.
- 1.5 BDO have advised that the Pension Fund committee that Pension Fund Accounts are ready to sign off, when the Council Accounts are ready to be signed off.
- 1.6 BDO have advised the Governance, Audit, Risk Management and Standards Committee on 27th November 2023. In their report they noted that a few outstanding reviews and issues remain with the Council's Accounts and have stated that these should be completed in January 2024, with the audit opinion report being published in February 2024. There has been no further update on the status of the audit since then.

2021/22 and 2022/23 External Audit

- 1.7 BDO are the appointed external auditor for the 2021/22 and 2022/23 external audit.
- 1.8 Due to the delays in completing the 2020/21 audit, BDO have advised that an audit plan report is not yet available.
- 1.9 The Department for Levelling Up, Housing and Communities (DULCH) have proposed a backstop to outstanding Local Government Audits of the 30th September. If this gets agreed then it is likely BDO will issue a modified or disclaimed opinion on the Council and Pension Fund accounts for 2021/22 and 2022/23.
- 1.10 More details around this can be found at [Local audit delays: Joint statement on update to proposals to clear the backlog and embed timely audit - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/local-audit-delays-joint-statement-on-update-to-proposals-to-clear-the-backlog-and-embed-timely-audit)
- 1.11 Officers have asked BDO to provide an update on this, however no response has been received at the time of publishing.

2023/24 Accounts and External Audit

- 1.12 The Pension Fund has been given a deadline from the Council to provide draft Pension Fund accounts by the 24th May 2024.
- 1.13 This is the same deadline as 2022/23 and therefore officers currently have no concerns this deadline will not be met.
- 1.14 Grant Thornton PLC are the appointed auditors for the 2023/24 audit. Discussions and meetings have already taken place between officers and Grant Thornton, with Grant Thornton expecting to complete the audit by the end of September 2024.
- 1.15 A chart showing the outstanding audits and the expected timelines of these can be found below.



2. Alternative Options Considered and Not Recommended

2.1 None

3. Post Decision Implementation

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

4. Corporate Priorities, Performance and Other Considerations

Corporate Plan

4.1 The Local Pension Board supports the delivery of the Council’s strategic objectives and priorities as expressed through the Corporate Plan, by assisting in maintaining the integrity of the pension Fund by monitoring the administration and compliance of the Fund.

Corporate Performance / Outcome Measures

4.2 Not applicable in the context of this report

Sustainability

4.3 Not applicable in the context of this report

Corporate Parenting

4.4 Not applicable in the context of this report.

Risk Management

4.5 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.

Insight

4.6 Not applicable in the context of this report

Social Value

4.7 Arrangements for proper administration of financial affairs and contributing to the Pension Fund ensures that contributing members have a secured income on retirement.

5. Resource Implications (Finance and Value for Money, Procurement, Staffing, IT and Property)

- 5.1 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 The external audit fees for 2021/22 are £35,789 (£36,170 for 2020/21).
- 5.3 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.
- 5.4 The ISA 260 report must be considered by "those charged with governance" before the external auditor can sign the accounts".

6. Legal Implications and Constitution References

- 6.1 Under the terms of reference for the Local Pension Board, the role of the Board is assist to "ensure the effective and efficient governance and administration of the Local Government Pension Scheme (LGPS) for the London Borough of Barnet (LBB) Pension Fund" and "securing compliance with LGPS Government regulations and any other legislation relating to the governance and administration of the LGPS"
- 6.2 Section 151 of the Local Government Act 1972 requires that "...every local authority shall make arrangements for the proper administration of their financial affairs".
- 6.3 The Council is a public authority that is subject to the audit of its annual accounts by an external auditor. The Local Audit and Accountability Act 2014, Part 5 specifies the conduct of local audit. Part 3, regulation 9 of the Accounts and Audit Regulations 2015 requires that the statement of accounts must be considered by a committee or full council and approved by a resolution of that body. The accounts must then be signed by the person presiding at the meeting. The Section 151 officer must then reconfirm on behalf of the authority that they are satisfied that the statement of accounts presents a true and fair view of the financial position of the authority and its income and expenditure for that year.
- 6.4 The 2015 Regulations require that the final approved accounts are published not later than 30th September of the financial year immediately following the end of the financial year to which the statement relates. The audit did not commence until September 2021 and it was therefore not possible for it to be concluded in line with the statutory deadline. Part 2B Section 2.4.13 of the Council's Constitution details the functions of the Governance, Audit, Risk Management and Standards Committee and include "To review and approve the annual statement of accounts and consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts."

7. Consultation

- 7.1 Not required

8. Equalities and Diversity

- 8.1 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.

- 8.2 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.

9. Background Papers

- 9.1 None