

Committee	Pensions Committee
Officer Reporting	James Lake, Finance
Papers with report	EY Pension Fund Audit Plan 2020/21

HEADLINES

The attached document set out the initial plans for the 2020/21 audit of the Pension Fund and by the external auditors Ernst and Young LLP (EY). The plans set out the approach to the audit of the Pension Fund Accounts including a broad timetable which should enable the whole process to be completed by the end of September 2021. As part of the Audit EY will also review the Pension Fund Annual Report to ensure consistency with the Pension Fund Accounts.

RECOMMENDATION

The Committee is asked to note this report

SUPPORTING INFORMATION

Pension Fund Audit Plan

Materiality: Materiality remains on a basis of 1.0% of the prior year's net assets of the fund, with the figure unchanged for 2020/21 and estimated as £9.9m (2019/20 £9.9m). Based on this amount, EY would expect to report on all unadjusted misstatements greater than £0.5m (2019/20 £0.5m).

Key Financial Statement Risks: The plan highlights the key audit risks, these being the main areas on which specific audit work will focus. For 2020/21 the audit risk areas include:

- Misstatement due to fraud or error
- Misstatement of investment amounts through fraudulent journal entries
- Risk of incorrect valuation of Unquoted Investments
- Disclosure on Going Concern

Fees

EY remain in consultation with the PSAA regarding the proposed increase in scale fees. The basic scale fee for the 2020/21 audit is £16,170, with additional fees estimated at between £9,000 and £12,500 to cover areas of risk and specialists. Proposed increase in scale fees yet to be agreed is a further £28,290 (Fees for 2019/20 £33,306 excluding proposed increase).

Timetable

The timetable for the audit accommodates the deadline for completed draft accounts 30 June 2021 and the audit opinion due by 30 September 2021.

FINANCIAL IMPLICATIONS

The financial implications are included in the report

LEGAL IMPLICATIONS

The legal implications are included in the annual report