

2021/22 Pension Fund External Audit Plan

Committee	Pensions Committee
Officer Reporting	James Lake, Resources Directorate
Papers with this report	1. EY Pension Fund Audit Plan 2021/22

HEADLINES

The attached document sets out the initial plans for the 2021/22 audit by the Council's external auditors EY. It shows the approach to the audit of the Pension Fund Accounts and includes a broad timetable which should enable the whole process to be completed by the end of September 2022.

As the Pension Fund forms part of the Council's published Financial Statement of Accounts, 'those charged with governance' lies with the Audit Committee, however this report, along with the audit results are brought to Pensions Committee for review and comment.

RECOMMENDATIONS

That the Pensions Committee note the contents of the report.

SUPPORTING INFORMATION

Deadlines

In December 2021, the Department for Levelling Up, Housing and Communities ('DLUHC') announced proposals to extend the deadline for the publication of audited accounts to 30 November 2022 for the 2021/22 Statement of Accounts. The deadline for the Council to produce the draft accounts is the 31 July 2022. However, both EY and the Council are aiming to bring this forward with draft accounts to be produced by 30 June 2022 and audited accounts to be published on 30 September 2022.

Pension Fund Audit Plan

Materiality

Materiality remains unchanged on a basis of 1.0% of the prior year's net assets of the fund, which for 2021/22 is estimated as £11.6m (2020/21 £11.6m). Based on this amount, EY would expect to report on all unadjusted misstatements greater than £0.6m (2020/21 £0.6m).

Key Financial Statement Risks

The plan highlights the key audit risks, these being the main areas on which specific audit work will focus. For 2021/22 there has been no change to the audit risk areas which include:

- Misstatement due to fraud or error
- Misstatement of investment amounts through fraudulent journal entries
- Risk of incorrect valuation of level 3 Unquoted Investments
- Disclosure on Going Concern
- IAS26 Disclosure Actuarial Present Value of Promised Retirement Benefits.

Fees

EY remain in consultation with the PSAA regarding the proposed increase in scale fees. The basic scale fee for the 2021/22 audit is £16,170, with additional specialist fees still to be determined. The proposed increase in scale fees is also yet to be agreed. (Fees for 2020/21 includes the scale fee of £16,170 plus additional specialist fees and scale fee increase which are both still to be agreed).

FINANCIAL IMPLICATIONS

Financial implications have been included in the body of the report.

LEGAL IMPLICATIONS

The legal implications are in the body of the report.