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| <b>DRAFT PENSION FUND ANNUAL REPORT &amp; EY<br/>EXTERNAL AUDIT PLAN</b> | <b>Item 10</b> |
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| Committee               | Pensions Committee   |
| Officer Reporting       | Tunde Adekoya, Finance   |
| Papers with this report | Draft Pension Fund Annual Report 2023/24<br>EY External Audit Plan 2023/24 |

## HEADLINES

The draft Pension Fund Annual Report for 2023/24 is attached to this report for Committee approval. As part of the audit process the external auditor will also verify the consistency of the Annual Report with the Annual Accounts.

The EY plan for the external audit of the Pension Fund accounts is attached for noting.

## RECOMMENDATIONS

**It is recommended that Pensions Committee:**

- 1. Approve the 2023/24 Draft Fund Annual Report**
- 2. Note the EY External Audit Plan**

## SUPPORTING INFORMATION

The Pension Fund is required to produce an Annual Report and publish by 1 December each year. The annual report includes the Pension Fund annual accounts which are normally reviewed by Pensions Committee and are to be formally approved at Audit Committee.

In 2019 CIPFA published guidance “preparing the annual report” to assist funds in producing the annual report in line with the current regulatory framework. The guidance has been adopted by MHCLG as statutory guidance.

The draft report for 2023/24 contains information on the Fund's activities over the last year. The draft report has been brought to Committee for consideration and approval to publish in December. Once the formal external of the accounts and consistency checks are complete the final version will be published.

## 2023/24 Pension Fund Audit

Attached to this report is the 2023/24 EY Audit Planning report for the Pension Fund. The draft Pension Fund Accounts were prepared in line with guidance issued by the Chartered Institute of Public Finance & Accountancy. The external audit of the Pension Fund began End of August, with the results and sign-off due at the February 2025 Audit Committee.

**Materiality:** Pension Fund planning materiality remains unchanged on a basis of 1.0% of the prior year's net assets of the fund, which for 2022/23 the materiality is estimated as £11.8m. Based on this amount, EY would expect to report on all unadjusted misstatements greater than £0.59m.

**Key Financial Statement Risks:** The plan highlights the key audit risks, these being the main areas on which specific audit work will focus. For 2023/24 the audit risk areas include:

- Misstatement due to fraud or error (Fraud risk)
- Valuation of level 3 (complex) Investments (Significant risk)
- Classification of level 2 and level 3 investments. (Significant risk)
- IAS 26 – Actuarial present value of promised retirement benefits (Inherent risk)

Two listed areas of audit focus are classified as having significant risks, whilst one is deemed to be a fraud risk and the fourth an Inherent risk.

### Fees

The basic scale fee for the 2023/24 audit is £81,688, with additional fees of £6,500 and other fees yet to be advised.

### FINANCIAL IMPLICATIONS

Included in the body of the report.

### LEGAL IMPLICATIONS

Included in the body of the report.