

Essex Pension Fund Strategy Board	PSB 03
Date: 15 December 2021	

External Audit 2020/21: Audit Completion Report Year Ending 31 March 2021

Report by the Director for Essex Pension Fund

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This Report is for noting

Executive Summary

The Fund is now in receipt of the draft Pension Fund Audit Completion Report where no significant issues have been highlighted and an unmodified audit opinion is anticipated. However, due to delays in finalising the Council's audit the intention is BDO will now present to the rescheduled Audit, Governance and Standards Committee (Audit Committee) meeting on 17 January 2022.

Fund Officers successfully published the Fund's Report and Accounts (R&A's) by the statutory deadline of 01 December 2021. However, due to the reasons stated above this was without the audit opinion.

1. Purpose of the Report

- 1.1 To present BDO LLP's draft Audit Completion Report which is due to be considered at the 17 January 2022 Audit Committee meeting.
- 1.2 To provide the Board with an update in relation to the Audit.

2. Recommendation

- 2.1 That the Board should note the content of the report.

3. Background

- 3.1 The responsibilities of auditors are derived from statute, principally the Local Audit and Accountability Act 2014 and from the National Audit Officer (NAO) Code of Audit Practice.
- 3.2 The Code of Practice requires BDO to report to those formally charged with governance on the work they have carried out to discharge their statutory audit responsibilities. To this end the Audit Committee has ultimate responsibility for the governance of Essex County Council.

4. 2020/21 External Audit

- 4.1 At its July meeting, the Board was provided with BDO LLP's 2020/21 Essex Pension Fund Audit Planning Report. In addition, it was explained that as per the prior year, deadlines in relation to the audit had been extended due to the continuation of pressures on Local Authorities throughout the Covid-19 pandemic.
- 4.2 The revised timetable highlighted to the Board was: the annual draft Accounts presented for external audit by 31 July 2021 (previously 31 May¹); for the Accounts to be audited and approved by the Audit Committee by 30 September 2021 (previously 31 July²); and for the publishing of the Fund's R&A's by 01 December 2021.

5. Accounts Closure & BDO External Audit Completion report

- 5.1 At the Board's 22 September 2021 meeting, a verbal update was provided in regard to the progress with the audit and it was confirmed that the Fund had successfully closed the Accounts in accordance with the Fund's year-end closure timetable and ECC's revised timetable and were presented to the auditors by the 31 July 2021 deadline.
- 5.2 Members were also advised that BDO commenced the external audit during August 2021 but had since written to the Audit Committee to confirm that they

¹ 30 June 2020 for 2019/20 audit.

² 31 August 2020 for 2019/20 audit.

would not be in a position to provide the Fund's Audit Completion Report and their opinion by the statutory deadline of 30 September 2021.

- 5.3 The revised proposal was to have substantially completed their testing by the end of October and for them to present their Audit Completion Reports for both the Council and Pension Fund audits to the 15 November 2021 Audit Committee Meeting. This, however, proved not to be possible and so in line with BDO's revised expectations for completing both audits it was agreed to reschedule the meeting to 13 December 2021.
- 5.4 However, whilst the Fund is now in receipt of BDO's draft Pension Fund Completion Report, provided at Appendix A, for the reasons noted in Appendix B, mainly around the status of the Council's audit, it has again, not been possible for BDO to finalise both audits in time to report their results to the Audit Committee on 13 December 2021.
- 5.5 It is, therefore, the intention to present the Audit Completion Reports for the Council and Pension Fund's financial statements to the Audit Committee on 17 January 2022 at which stage the Committee will be asked to approve the 2020/21 Statement of Accounts for publication.

6. Pension Fund Annual Report & Accounts 2020/21

- 6.1 For the reasons outlined in section 5, the Fund in order to comply with its statutory deadline of 01 December 2021 has published the draft R&A's 2020/21 without the External Audit Opinion. As and when the Fund are in receipt of the Audit Opinion the R&A's will be updated accordingly.

7. Link to Essex Pension Fund Objectives

- 7.1 Audit work assists the Fund in achieving a number of its objectives, including:
- ensuring the Pension Fund is managed and its services delivered by people who have the appropriate knowledge and expertise;
 - act with integrity and be accountable to our stakeholders;

- understand and monitor risk and compliance; and
- provide a high-quality service whilst maintaining value for money.

8. Risk Implications

8.1 Audit work is a means of both identifying and mitigating risk.

9. Communication Implications

9.1 Other than ongoing reporting to the Board and ECC's Audit, Governance and Standards Committee, there are no communications implications.

10. Finance and Resources Implications

10.1 As highlighted in the Audit Completion Report, the charge to the Fund in 2020/21 will be £39,500 (2019/20: £40,250), of which £6,500 (2019/20: £12,250) will be recharged back to those employers in respect of assurance required for accounting purposes.

11. Background Papers

11.1 Essex Pension Fund, Audit Completion Report: Year ended 31 March 2021 (Appendix A).

11.2 BDO – Status of the Audit and Reasons for the delay (Appendix B).

11.3 External Audit Update, PSB 05, 22 September 2021.

11.4 External Audit 2020/21: Audit Planning Report Year Ending 31 March 2021, PSB 07b, 07 July 2021.

11.5 The Local Government Pension Scheme (Administration) Regulations 2008.

11.6 The National Audit Office's Code of Audit Practice.