

<b>Essex Pension Fund Strategy Board</b>	<b>PSB 08</b>
<b>Date: 23 September 2020</b>	

## **External Audit 2019/20: Audit Plan and Results Update 2019/20**

Report by the Interim Director for Essex Pension Fund

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### **1. Purpose of the Report**

- 1.1 To present BDO LLP's Audit Plan in relation to the 2019/20 external audit of the Essex Pension Fund.
- 1.2 To provide an update on the 2019/2020 external audit results of the Essex Pension Fund.

### **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, Governance and Standards Committee (Audit Committee) has ultimate responsibility for the governance of Essex County Council.

### **4. External Audit Plan**

- 4.1 The Audit Plan explains how BDO LLP intend to carry out their responsibilities as auditor of the Essex Pension Fund and is provided at Appendix A of this report.
- 4.2 David Eagles on behalf of BDO LLP has submitted the attached Essex Pension Fund Audit Plan which describes the approach that has been adopted for the external audit of the 2019/20 Essex Pension Fund Accounts.
- 4.3 The plans summarise BDO LLP's initial assessment of the key risks driving the development of an effective audit for the Essex Pension Fund and outlines their planned audit strategy in response to those risks.
- 4.4 This Audit Plan was reported to an informal meeting of the Essex County Council's Audit Committee on 23 March 2020 for noting.

### **5. Publication Timetable**

- 5.1 In recognition of the significant pressure local authorities were under in responding to the Covid-19 pandemic, the Government resolved that the timetable for the 2019/20 financial year be extended by deferring the date by which the draft accounts for 2019/20 must be provided to 31 August (previously 31 May 2020) and the deadline for publication for final, audited accounts to 30 November (previously 31 July 2020).

- 5.2 Taking the above into consideration, Essex County Council's (ECC) revised its timetable of presenting its annual draft accounts for external audit by 30 June and publishing its final audited and approved accounts by 30 September.
- 5.3 The Fund is also required to publish a separate Annual Report and Accounts by 1 December.

## **6. Accounts Closure & BDO External Audit Completion report**

- 6.1 The Pension Fund 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 30 June deadline.
- 6.2 BDO commenced the external audit on 6 July 2020.
- 6.3 The Pension Fund audit has progressed well and BDO's intention was to issue their Audit Completion Report for the Pension Fund for the year ended 31 March 2020 to the Audit Committee on 28 September 2020.
- 6.4 BDO have, however, since confirmed that due to a loss of planned and booked resource in the early phase of the audit, resulting in the audit becoming a couple of weeks behind schedule, whilst they may be in a position to issue their Audit Completion Report for the Pension Fund for the Audit Committee on 28 September they will not be in a position to issue their opinion on the accounts until Essex County Council audit is complete. BDO have provisionally indicated November for completion of their audit and for issuing both ECC and the Pension Fund opinions. The Completion Report will be provided to Members' once the report becomes available.

## **7. Pension Fund Annual Report & Accounts 2019/20**

- 7.1 A final draft of the Pension Fund Annual Report & Accounts will be submitted to the Chairman of the Board for approval. A copy of the approved Annual Report will then be uploaded to the Essex Pension Fund website.

## **8. Link to Essex Pension Fund Objectives**

8.1 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.

## **9. Risk Implications**

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

## **10. Communication Implications**

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

## **11. Finance and Resources Implications**

11.1 As highlighted in the attached Audit Plan, the charge to the Fund in 2019/20 will be £39,500 (2018/19: £29,575), of which £11,500 (2018/19: £5,500) will be recharged back to those employers in respect of assurance required for IAS19 purposes.

## **12. Background Papers**

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

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

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