

**London Borough of Merton
Pension Fund Advisory Committee**

Date: 07 March 2018

Wards: All

Subject: 2017/18 Merton Pension– The Annual Audit Plan and Preparatory Activity

Lead officer: Caroline Holland Director of Corporate Services

Lead member: Councillor Phillip Jones

Contact officer: Roger Kershaw

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RECOMMENDATION

Members are asked to note notes the Planning Report from Ernest and Young that relates to the Merton Pension Fund's financial accounts, as set out in Appendix 1.

That PFAP notes the preparatory activity undertaken and underway by Officers, as set out in the main report.

The Purpose of the Report

This report presents the Merton Pension Fund's 2017-18 audit plan prepared by the Council's external auditors Ernst and Young LLP. This report sets out details of their proposed audit scope for the Merton Pension Scheme for the year ending 31 March 2018

1. Context

- 1.1 The purpose of the audit planning report is to set out to the PFAP the key considerations of planning for this year's audit with a view to ensuring that the year-end activities can be managed smoothly.
- 1.2 The responsibilities of the auditors are set out in Appendix 1 – Briefing on Audit Matters. The auditors are asked to treat the Local Government Pension Scheme as a Stand-alone body, with a separate audit plan and report to the PFAP.

2. Main Risks to Note

- 2.1 The precise details of approach to be adopted by the auditors are laid out in the Appendix to this report.

3. Preparatory Activity for 2017/18 Statement of Accounts

- 3.1 In general, officers have commenced and progressed preparations for financial year-end from a much earlier point in the year. The officers had the initial meeting with the auditors in February.
- 3.2 There has been extensive engagement between with Pension Shared Services and Pension Team at Merton to ensure that planning for year-end is embedded, and therefore laying the groundwork for a trouble-free exercise.

4. Finance

- 4.1 2017-18 Pension Fund audit fee is £21k (2016-17 £21k) and this will be paid from the Pension Fund.

5. Legal and statutory implications

- 5.1 The Accounts and Audit (England) Regulations 2011 require the Council to maintain an adequate and effective system of internal audit of its accounting records, and of its system of internal control in accordance with proper practice.
- 5.2 Regulation 4 requires the Council to conduct a review, at least once a year, of the effectiveness of internal control which includes risk management arrangements. The Council is also under a duty to conduct, at least once a year, a review of its system of internal audit. The findings of both reviews must be considered together by the PFAP.

- 6. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**
 - 6.1 None

- 7. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**
 - 7.1 N/A

- 8. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**
 - 8.1 N/A

- 9. BACKGROUND PAPERS**
 - 9.1 2017-18 Audit plan

- 10. Timetable for implementation**
 - 10.1 The 2017/18 reporting cycle opens formally with this report, and will be continued with presentation of the final Pension Fund Statement of Accounts and Annual report in July 2018.

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