

Committees:

Pension Fund Investment Advisory Panel

Date: 10 March 2021

Wards: All

Subject: Merton Pension Fund – The 2020-21 Annual External Audit Plan and Preparatory Activity

Lead officer: Caroline Holland

Lead member: Cllr. Tobin Byers

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RECOMMENDATION

Members are asked to note the Merton Pension Fund's 2020-21 Audit planning report from Ernst and Young that relates to the 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.

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

This report presents the Merton Pension Fund's 2020-21 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 2021.

2. DETAIL

- 2.1 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.
- 2.2 The responsibilities of the auditors are set out in Appendix 1 – Merton Pension Fund Audit Plan- 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.
- 2.3 The precise details of approach to be adopted by the auditors are laid out in Appendix 1 to this report.

Preparatory Activity for 2020-21 Statement of Accounts

- 2.4 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 January 2021. The plan is to build on last year's good work by both parties and have a smooth early audit.
- 2.5 There has been regular engagement between with Pension Shared Services at Wandsworth and the Pension Team at Merton to ensure that planning for year-end is embedded, and therefore laying the groundwork for a trouble-free exercise.

3. ALTERNATIVE OPTIONS

- 3.1. N/A

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. Although the Pension Fund's Statement of Accounts and Annual Report are statutory documents whose formats are dictated by statute and regulation, they are produced by the pension team at Merton by closely working with pension shared services and input from the Fund's investment managers and Fund custodian.

5 TIMETABLE

- 5.1. The 2020-21 reporting cycle opens formally with this report, and will be continued with the presentation of the final Pension Fund Statement of Accounts and Annual Report in June/July 2021.

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1 There are no direct financial implications in agreeing the recommendations in this report. The annual audit fee of £16,170.00 will be paid by the Pension Fund. Please note the audit plan talks about possible increases to fees following the discussion with the Public Sector Audit appointment. The 2019-20 final audit fee was £32,920.00. This is mainly due the additional work carried out in relation to triennial valuation and the going concern.

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1. The Accounts and Audit (England) Regulations 2015 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.
- 7.2 The Pension Fund accounts are governed by the overall financial framework for local authorities, and in conjunction with the full Code of Practice on Local Authority Accounting in the United Kingdom: 2020-21 Accounts ('The Code').

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

8.1. N/A.

9 CRIME AND DISORDER IMPLICATIONS

9.1. N/A.

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

10.1. N/A.

11 APPENDICES

11.1 EY – Pension Fund audit plan 2020-21.

12 BACKGROUND PAPERS

12.1. 2020-21 CIPFA Sample accounts and Disclosure checklist.

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