

Report to: Pension Board

Date: 4 February 2019

By: Chief Finance Officer

Title of report: External Audit Plan for the East Sussex Pension Fund 2018/19

Purpose of report: To inform the Board of the content of the Pension Fund External Audit Plan for 2018/19

RECOMMENDATION

The Board is recommended to consider and comment upon the External Audit Plan for the East Sussex Pension Fund for 2018/19.

1. Background

1.1 Following the abolition of the Audit Commission, the Government appointed Auditors for each local authority by means of a national procurement exercise. The Council contract with the KPMG ended following the audit of 2017/18 Statement of Accounts. The Council has used the Public Sector Audit Appointments (PSAA) to source the appointment of Grant Thornton LLP to audit the Council and ESPF accounts from 2018/19 to 2022/23. This appointment was made under regulation 13 of the Local Audit (Appointing Person) Regulations 2015, and approved by the PSAA Board.

1.2 The External Audit Plan confirms the core external audit fee as £20,487. This is a reduction in audit fee, compared to 2017/18 audit fee of £26,607. The planned audit fees are in line with the scale fee published by PSAA, and where the auditors are required to respond to requests received from other auditors of other bodies for assurance in respect of information held by the Fund and provided to the actuary to support their individual International Accounting Standard Nineteen (IAS 19) calculations, these will be billed in addition to the audit fee on a case by case basis. The audit fee is charged to the Pension Fund.

2. Supporting Information

2.1 The attached Pension Fund external audit plan (Appendix 1) set out in more detail the work the external auditors will conduct in order to audit the Pension Fund's 2018/19 accounts. The Plan reflects risks that in the judgement of the auditor require audit consideration because they have a higher risk of material misstatement. Such risks often relate to significant non-routine transactions and judgmental matters.

2.2 Grant Thornton (GT) initial assessment has not identified any significant risks that are specific to the Pension Fund. Areas of audit focus either due to their size, level of judgement or their influence on other balances within the financial statements are:

- Fraud risk from management override of controls (required by ISAs).
- Valuation of hard to price (Level 3) investments.
- Revenue cycle includes fraudulent transactions

3. Conclusion and reasons for recommendations

3.1 This is the first GT audit of the Pension Fund and officers will continue to liaise with the new auditors to ensure that their work is delivered as efficiently and effectively as possible. That internal and external audit plans are complementary and make best use of audit resources. The Plan will be reported to the Pension Committee for approval on 25 February 2019.

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Background Documents
None