

Report to: Audit Committee

Date of meeting: 29 March 2022

By: Chief Finance Officer

Title: External Audit Plan for the East Sussex Pension Fund 2021/22

Purpose: To inform the Committee of the content of the East Sussex Pension Fund external audit plan for 2021/22

RECOMMENDATION:

The Committee is recommended to consider and comment upon the external audit plan for the East Sussex Pension Fund for 2021/22

1. Background

- 1.1 Grant Thornton (GT), as the East Sussex Pension Fund's (ESPF) external auditors, have provided the draft External Audit Plan for 2021/22 (Appendix 1) which provides an overview of the planned scope and timing of the statutory audit of the ESPF Annual Report and accounts and identifies any significant risks.
- 1.2 The External Audit Plan was not available for consideration and discussion at the Pension Board (10 February 2022) and Pension Committee (24 February 2022).

2. Supporting Information

- 2.1 The External Audit Plan for 2021/22 identifies a number of risks that require audit consideration as they could potentially cause a material error in the financial statements. These are:
 - ISA240: Fraudulent revenue recognition (this presumed risk has been rebutted);
 - Fraudulent expenditure recognition (this presumed risk has been rebutted);
 - Management override of controls (journals, estimates and transactions);
 - Valuation of level 3 investments;
 - IAS26: Pension Fund Disclosures;
 - Altair system data transfer.
- 2.2 One of the measures announced to improve the timeliness of external audits is to extend the deadline for the publication of audited local government accounts for 2021/22 from 30 September 2022 to 30 November 2022. It is proposed then to move back to 30 September for 6 years from 2022/23 onwards. This announcement is on the back of the Public Sector Audit Appointments (PSAA) stating that only 9% of all audits met the 30 September 2021 deadline for the 2020/21 accounts. For East Sussex, the accounts were signed off on 19 October 2021.
- 2.3 For East Sussex, we are working with GT to ensure that the audit is completed as close to the original 30 September 2022 deadline. The MBOS (accounting system replacement) project will require a significant amount of officer involvement as its moves into data

migration, User Acceptance Testing and parallel running phases. It would be unwelcomed if the audit was to take valuable resources away from the project.

- 2.4 The planned audit fees for 2021/22 are yet to be confirmed by the Public Sector Audit Appointments (PSAA) but are likely to show an increase on the provisional actual fees for 2020/21 of £43,487.

3. Conclusion and Recommendation

- 3.1 The External Audit Plan is presented to Committee for discussion and comment.

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Local Member(s): All
Background Documents
None