

Report to: Pension Board

Date of meeting: 27 May 2022

By: Chief Finance Officer

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

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

RECOMMENDATION:

The Pension Board is recommended to note the report

1. Background

1.1 Grant Thornton (GT), as the East Sussex Pension Fund's (ESPF) external auditors, have provided the 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 considered by the Audit Committee on the 27th March 2022. It was not available for consideration and discussion at the Pension Board (10th February 2022) and Pension Committee (24th 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 30th September 2022 to 30th November 2022. It is proposed then to move back to 30th 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 30th September 2021 deadline for the 2020/21 accounts. East Sussex County Council and Pension Fund accounts were signed off on 19th October 2021.

2.3 The Fund is working with GT to ensure that the audit is completed as close to the original 30th September 2022 deadline. The MBOS (accounting system replacement) project will require a significant amount of officer involvement as it moves into data migration, User Acceptance

Testing and parallel running phases, as a result any audit delay could impact on necessary resources being managed away from the project.

2.4 The planned audit fees for 2021/22 are £35,487.

3. Conclusion and Recommendation

3.1 The External Audit Plan is presented to the Pension Board to note.

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