



**Open Report on behalf of Andrew Crookham, Executive Director - Resources**

Report to:	<b>Pensions Committee</b>
Date:	<b>22 September 2022</b>
Subject:	<b>Annual Report and Accounts 2021/22: External Audit Update Report</b>

**Summary:**

This report bring to the Pensions Committee an update report from Mazars, the Funds External Auditor, on the 2021/22 audit of the financial statements. The report details the audit work outstanding and findings from the work completed to date.

**Recommendation(s):**

That the Committee consider the report and feedback from the external auditor in their progress report.

**Background**

1.1 The Pension Fund Annual Report and Accounts for the year ended 31 March 2022 have been completed and were approved by this Committee at its meeting on 14 July. They are now being independently audited by the Fund's external auditors, Mazars.

**Statement of Accounts**

1.2 Over the summer, unquoted holdings 31 March valuations have been received, and after review by Pension Fund Officers, have been incorporated into the Pension Fund Accounts. The total impact of these updated valuations is a £8.771m increase in asset values (across alternatives, infrastructure, private equity and property venture). At the date of preparing this paper a number of 31 March valuations were still outstanding. When these are received, they will be reviewed and incorporated into the accounts as necessary.

1.3 The above amendments have been made to the Statement of Accounts for 2021/22, plus a small number of disclosure amendments identified by the External Auditor during their presentational review of the accounts document.

## **Audit Progress Report**

1.4 A copy of the External Auditors Progress Report is attached to this report at appendix A. This details the findings from their work on the Pension Fund financial statements completed to date and summarises the work outstanding on the audit.

1.5 In summary, the key points to note are:

- **Status of the Audit (Section two)**: The auditor still has work to complete on:
  - Investments, as some third-party investment information is still outstanding from Fund Managers;
  - The consistency opinion, including checks from the final pension fund accounts to the Annual Report;
  - Revised financial statements, to check updated valuation information has been incorporated in the final version of the accounts; and
  - Audit quality control and completion procedures, including specific procedures carried out in relation to the significant audit risks identified and the final review of the audit work by the Mazars Engagement Lead.
  
- **Significant Findings (Section four)**:
  - The review of management override of controls has not highlighted any issues to bring to the Committee's attention; and
  - Valuation of investments within level 3 of the fair value hierarchy: subject to completion of the work highlighted in section two should provide the assurances required, but highlights that a number of updated valuation statements have been received by the Fund since the date the accounts were published in draft at the end of June.
  
- **Internal Control Recommendations (Section five)**: No material internal control recommendations have been identified to date.

## **Conclusion**

2.1 The audit of the Pension Fund Statement of Accounts for the year ended 31 March 2022 is largely complete and it is expected that the external auditor, Mazars, will issue an unqualified audit opinion in November. They also expect to issue the consistency opinion on the Annual Report by the statutory deadline.

## **Consultation**

### **a) Risks and Impact Analysis**

The Pension Fund has a risk register which can be obtained by contacting the Head of Pensions.

## Appendices

These are listed below and attached at the back of the report	
Appendix A	Mazars External Audit Progress Report (August 2022)

## Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

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