

CITY OF
WOLVERHAMPTON
COUNCIL

Pensions Board

30 April 2019

Report title	Audit 2019-2020	
Originating service	Pension Services	
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Recommendations for noting:

The Pensions Board is asked to note:

1. The external audit plan for the 2018/19 Annual Report and Accounts as prepared by Grant Thornton.
2. The internal audit plan for 2019 - 2020 as prepared by City of Wolverhampton Council Internal Audit

1.0 Purpose

- 1.1 To provide the Board with an overview of the plan for the external audit of the Fund's Annual Report and Accounts for 2018/2019 and to outline the internal audit work programme for 2019 - 2020.

2.0 Background

- 2.1 The purpose of the external Audit Plan is to direct and communicate the audit approach to the Pensions Committee as the decision making body for the Fund. The Audit Plan considers the risks to the audit in forming the Audit Opinion and details the approach to addressing the key areas of the Fund's financial statements.
- 2.2 The purpose of internal audit is to provide the Director of Pensions, Section 151 Officer, Pensions Committee and Local Pensions Board with an independent and objective opinion on risk management, control and governance and their effectiveness in achieving the Fund's agreed objectives. In order to provide this opinion, we are required to review the risk management and governance processes.

3.0 Audit of Accounts 2018/19

- 3.1 Two documents prepared by Grant Thornton are appended to this report as appendices A and B respectively:

- *The Audit Plan* – this sets out the scope and timing of Grant Thornton's proposed work on the external audit along with other relevant information.
- *Informing the Audit Risk Assessment* – this document sets out some of the potential areas of risk with regard to the Annual Report and Accounts. In accordance with auditing standards, Grant Thornton were required to formally seek the views of the Pensions Committee on these areas. The document provides management responses to a number of questions posed by the auditor and the Committee were invited to consider whether these responses are consistent with its own understanding and provide any further comments regarding the matters presented. The Committee approved the management responses at its last meeting on the 27th March.

- 3.2 *Informing the Audit Risk Assessment* considers areas of particular relevance to the external audit under five headings:

- Fraud Risk Assessment;
- Impact of Laws and Regulations;
- Going Concern Considerations;
- Estimate Considerations;
- Related Party Considerations.

- 3.3 The ultimate outcome of Grant Thornton's work will be an opinion on:

- The Fund's Annual Statement of Accounts;
- The Fund's Annual Report.

3.4 The audited Statement of Accounts, including the audit opinion, will be presented for Pension Committee's formal approval in July ahead of the statutory deadline for publication by 31 July.

3.5 The Board will be provided a report on the preparation, approval and audit of the draft Annual Statement of Accounts and the Annual Report at its meeting in September.

4.0 Internal Audit Work Plan 2019 - 2020

4.1 The Internal Audit work plan provides an overview of the areas of focus for Internal Audit over the coming financial year. The plan is devised by considering specific risks associated with the achievement of the Funds' core objectives and prioritising those areas where the assessment of assurance need is rated as medium or high.

4.2 A copy of the agreed work plan for 2019 - 2020 is attached at Appendix C.

5.0 Financial implications

5.1 External audit of the Annual Report and Accounts is a fundamental part of the system of financial controls that governs the Fund's work. It provides independent assurance to stakeholders that the financial statements provide a true and fair view of the Fund's financial position and transactions for the period in question and that those statements have been prepared in accordance with generally accepted accounting practice.

5.2 Internal audit is a key part of the Fund's governance and financial control framework, and seeks to provide assurance that the Fund's systems, processes and controls are operating effectively and in support of the Fund's overall aims and objectives.

6.0 Legal implications

6.1 This report contains no direct legal implications.

7.0 Equalities implications

7.1 This report contains no equal opportunities implications.

8.0 Environmental implications

8.1 This report contains no environmental implications.

9.0 Human resources implications

9.1 This report contains no direct human resources implications.

10.0 Corporate landlord implications

10.1 This report contains no direct corporate landlord implications.

11.0 Schedule of background papers

11.1 None

12.0 Schedule of Appendices

12.1 Appendix A - External Audit Plan for West Midlands Pension Fund

12.2 Appendix B - Informing the Audit Risk Assessment for West Midlands Pension Fund

12.3 Appendix C – Internal Audit Plan 2019 – 2020.