

Pensions Board

23 April 2024

Report title	External Audit Plan	
Originating service	Pensions Services	
Accountable employee	Christopher Manning Email	Head of Finance Christopher.Manning@wolverhampton.gov.uk
Report to be/has been considered by	Rachel Brothwood Email	Executive Director of Pensions Rachel.Brothwood@wolverhampton.gov.uk

Recommendation for decision:

The Pensions Board is recommended to note the approval by Pensions Committee on 20 March 2024 of:

1. The management responses to questions from the external auditors, Grant Thornton LLP, as part of their audit planning.

The Pensions Board is also asked to note:

2. The external Audit Plan for the 2023/2024 Audit as prepared by Grant Thornton [Appendix A].

1.0 Purpose

- 1.1 The purpose of this report is to inform Board members of the progress of the external audit and the preparation of the Audit Plan for the Fund's Annual Report and Accounts for 2023/24.

2.0 Background

- 2.1 The purpose of the Audit Plan is to direct and communicate the audit approach to the Pensions Committee and share with the Board. 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 For the 2023/24 audit the Fund has a new Audit Partner with Mark Stocks taking over the lead of the audit as part of the routine and planned rotation.

3.0 Audit of Accounts 2023/24

- 3.1 The Audit Plan, prepared by Grant Thornton, is appended to this report (Appendix A). The document sets out the high level timings of Grant Thornton's proposed work on the external audit along with the key risks identified during their planning work and how these will be addressed as part of the audit work. The respective responsibilities of both Grant Thornton and the Fund are included within the plan.
- 3.2 The ultimate outcome of Grant Thornton's work will be an opinion on the Fund's Annual Statement of Accounts and Annual Report, this will be accompanied by an Audit Findings Report (AFR) which will be presented to the Pensions Committee and shared with the Board.
- 3.3 The audited Statement of Accounts, including the audit opinion, will be presented for Committee's formal approval in September ahead of this year's statutory deadline for publication by 30 September 2024.
- 3.4 The scope of the audit work for 2023/24 will include work to review the implementation of the new Pension Administration System, with a focus on data migration and collection during to year as part of the consideration of any impact that this may have on the preparation of the Statement of Accounts.

4.0 Risk Assessment

- 4.1 As part of audit planning Grant Thornton request the Fund completes their Informing the Audit Risk Assessment document. This document (appendix B) sets out some of the potential areas of risk with regard to the Annual Report and Accounts. In accordance with auditing standards, Grant Thornton are required to formally seek the views of the Committee on these areas. The document provides management responses to questions posed by the auditor and these were reviewed and approved by the Pensions Committee in March 2024.

4.2 *Informing the Audit Risk Assessment* considers themes of particular relevance to the external audit under six areas:

- General Enquiries of Management.
- Fraud Risk Assessment.
- Impact of Laws and Regulations.
- Related Party Considerations.
- Going Concern.
- Accounting Estimates Considerations.

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 govern 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 The basis for the audit fee is driven by the PSAA (Public Sector Audit Appointments) framework. The basis for fees in 2023/24 underwent consultation however despite the feedback received this was set at 150% of prior year fees. The audit fee increase has been queried with Grant Thornton who have referred the Fund to PSAA. The Fund has received confirmation that central government grant funding will be received to support audit costs.

6.0 Legal Implications

6.1 This report contains no direct legal implications.

7.0 Equalities Implications

7.1 This report contains no equalities implications.

8.0 Other Potential Implications

8.1 This report contains no other potential implications.

9.0 Schedule of Background Papers

9.1 None.

10.0 Schedule of Appendices

10.1 Appendix A: External Audit Plan.

10.2 Appendix B: Informing the Audit Risk Assessment for West Midlands Pension Fund.