

Pensions Committee

21 March 2018

Report title	External Audit Plan 2017/18	
Originating service	Pension Services	
Accountable employee(s)	George Hill	Interim Head of Finance
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Recommendations for action or decision:

The Committee is recommended to:

1. Confirm the management responses to questions from the external auditors, Grant Thornton LLP, as part of their audit planning.
2. Delegation to the Chair of Pensions Committee authority to approve the final publication of the 2017/18 Annual Report and Accounts following audit in July, and approval of the draft by Committee in June.

Recommendations for noting:

The Committee is asked to note:

3. The external audit plan for the 2017/18 Annual Report and Accounts, as prepared by Grant Thornton.

1.0 Purpose

- 1.1 The purpose of this report is to inform Committee members of the plan for the external audit of the Fund's Annual Report and Accounts for 2017/18.

2.0 Background

- 2.1 The purpose of the Audit Plan is to direct and communicate the audit approach to the Pensions Committee. 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.

3.0 Audit of Accounts 2017/18

- 3.1 Two documents prepared by Grant Thornton are appended to this report: These are:

- *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. Under auditing standards, Grant Thornton are required to formally seek the views of the Committee on these areas. The document provides management responses to a number of questions posed by the auditor, and the Committee are invited to consider whether these responses are consistent with its own understanding, and whether it has any further comments to make on these matters.

- 3.2 A third document which has been reviewed by the Interim Head of Finance is:

- *Arrangements letter setting out working papers required for an efficient and timely audit* – this sets out the working papers that Grant Thornton expect and will assist them in delivering an efficient and timely audit of the year-end financial statements. The Audit Plan assumes the Fund will complete this information and present it for audit in line with the agreed timetable.

- 3.3 *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.

- 3.4 The ultimate outcome of Grant Thornton's work will be an opinion in respect of the Fund on:

- The fund's financial statements;
- The fund's annual report.

3.5 The audited Annual Report and Accounts, including the auditor's opinions, will be presented for Committee's formal approval in July, ahead of the statutory deadline for publication of 31 July.

4.0 Early Closure and Audit of Accounts 2017/18

4.1 The statutory timetable for the preparation and audit of local government accounts has changed for the 2017/18 accounts. Accounts need to be prepared and available for audit by 31 May 2018, rather than, as previously the 30 June.

4.2 The audit of local government accounts now has to be completed before 31 July so that accounts can be approved and by Committee and published by 31 July. Previously accounts had to be published by 30 September.

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 proper practice.

6.0 Legal implications

6.1 This report contains no direct legal implications.

7.0 Equalities implications

7.1 This report has no equalities implications.

8.0 Environmental implications

8.1 This report has no environmental implications.

9.0 Human resources implications

9.1 The report has no human resources implications.

10.0 Corporate landlord implications

10.1 This report has no corporate landlord implications.

11.0 Schedule of background papers

11.1 None

12.0 Schedule of Appendices

- 12.1 Appendix 1 - External Audit Plan for West Midlands Pension Fund
- 12.2 Appendix 2 - Informing the Audit Risk Assessment for West Midlands Pension Fund