

Audit & Governance Committee  
13 September 2023

**Surrey Pension Fund External Audit Plan 2022/23**

**Purpose of the report:**

To provide the Audit & Governance Committee with an update on the process for undertaking the external audit of the 2022/23 Surrey Pension Fund.

**Recommendations:**

It is recommended that the Committee:

1. Approve the 2022/23 Surrey Pension Fund Audit Plan.

**Introduction:**

1. External auditors are required to agree a plan for auditing each year's Statement of Accounts and Pension Fund. The Audit and Governance Committee is responsible for approving those plans.

**External Audit Plan 2022/23**

2. The External Audit Plan proposed by Grant Thornton for the audit of the 2022/23 Surrey Pension Fund is attached in Annex A. The audit commenced in July 2023. This report provides an opportunity for the external auditor to communicate its plan for auditing the Council's 2022/23 Surrey Pension Fund to members.
3. The External Audit Plan proposed by Grant Thornton for the audit of the Council's 2022/23 Statement of Accounts and Group Accounts was presented to the Audit and Governance Committee in July 2023.
4. The Annex shares the audit approach, the focus of the external audit work and the preparation work requirements. The Audit Plan enables Grant Thornton to:
  - Explain the audit process.
  - Set out the scope, key responsibilities and approach.
  - Highlight any changes to the requirements of the auditor.
  - Describe significant audit risks and the risk assessment process.
  - Outline progress against prior year audit recommendations
  - Outline the approach to materiality.

- Advise of the fee for the 2022/23 audit and the independence of the auditor.
- Outline the process for reporting back to the Council on their work.
- Explain the approach to quality control.

5. The plan sets out the significant audit risks to be addressed:

- Management over-ride of controls, and
- Valuation of Level 3 Investments

6. Planning materiality has been determined at £73m for the Pension Fund, which equates to 1.4% of net assets as at 31 March 2023. There is a separate Fund account materiality of £21m for non-investment related elements, which equates to 10% of Fund expenditure as at 31 March 2023. Errors and omissions above the materiality level will be reported in the audit findings report.

#### **Conclusions:**

7. Grant Thornton's 2022/23 external audit plan is presented to this Committee for approval.

#### **Financial and value for money implications**

8. The External audit plan details the fees associated with the audit of the financial statements.

#### **Equalities and Diversity Implications**

9. There are no direct equalities implications of this report.

#### **Risk Management Implications**

10. There are no direct risk management implications of this report.

#### **Next steps:**

11. The external audit commenced in July 2023 with the audited pension fund accounts and the statement of accounts and audit findings report scheduled to be presented to this Committee in November.

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**Sources/background papers:**

N/A

**Annexes/Appendices:**

Annex A - Surrey Pension Fund External Audit Plan 2022/23