

**SURREY COUNTY COUNCIL****LOCAL PENSION BOARD****DATE: 10 NOVEMBER 2023****LEAD OFFICER: ANNA D'ALESSANDRO, DIRECTOR OF FINANCE, CORPORATE AND COMMERCIAL****SUBJECT: EXTERNAL AUDIT UPDATE****SUMMARY OF ISSUE:**

This report provides an update to the External Audit of the 2021/22 and 2022/23 Financial Statements.

**RECOMMENDATIONS:**

It is recommended that the Board notes the status of the External Audit work.

**REASON FOR RECOMMENDATIONS:**

The Board needs to be aware of the activities and outputs of the external audit providing insight into the production and assurance of the financial position of the fund.

**DETAILS:****Background**

1. The external auditor, Grant Thornton, carries out an annual audit of the Fund's financial statements including its assets and liabilities.
2. Audit fieldwork has been impacted by a number of ongoing issues during 2023 as set out below.

**Audit of 2021/22 Financial Statements**

3. The Actuarial Valuation as at March 2022 was finalised ahead of the completion of the Council and Pension Fund audits of the 2021/22 Financial Statements due to delays experienced during fieldwork – including a delay in guidance issued for a specific part of the Council accounts. As a consequence, the auditors revisited the pension elements in the Council Accounts for 2021/22 and required further testing. This testing is now complete.
4. The audit opinions on the 2021/22 Accounts for the Council and the Pension Fund were issued by the auditors on 23 October 2023.

## **Audit of 2022/23 Financial Statements**

5. The detailed timeline for the Pension Fund audit was not provided early. The team has been working diligently through the audit testing requirements. In late October 2023 there was one item on the outstanding query log that was actively being addressed. As well as providing working papers directly on areas under Pension Team control, some delays have been experienced in the provision of information from several third parties – including Fund Managers and the Actuary. Officers followed up with the organisations concerned to encourage provision of the relevant information.
6. Grant Thornton is reviewing the resources they require in order to progress the audit through the next few weeks.

### **Delegated authority for sign-off**

7. It is proposed that delegated authority be provided to the Chair of the Pension Fund Committee for final approval of the accounts and compliance with any other process required of the Council Audit & Governance Committee.
8. The accounts will be put to the Council Audit & Governance Committee in due course. As last year we will upload a version of the Pension Fund Annual Report (whether audited or not) before the deadline of 1 December.

### **CONSULTATION:**

9. The Chair of the Local Pension Board has been consulted on the current position.

### **RISK MANAGEMENT AND IMPLICATIONS:**

10. Risk related issues have been discussed and are contained within the report.

### **FINANCIAL AND VALUE FOR MONEY IMPLICATIONS**

11. The process of the audit of the Pension Fund does present potential financial and value for money implications depending on efficiency and effectiveness.

### **DIRECTOR OF FINANCE, CORPORATE AND COMMERCIAL COMMENTARY**

12. The Director of Finance, Corporate and Commercial is satisfied that all material, financial and business issues and possibility of risks have been considered and addressed.

### **LEGAL IMPLICATIONS – MONITORING OFFICER**

13. There are no legal implications or legislative requirements.

### **EQUALITIES AND DIVERSITY**

14. There is no requirement for an equality analysis, as there is no major policy, project or function being created or changed.

**OTHER IMPLICATIONS**

15. There are no potential implications for council priorities and policy areas.

**WHAT HAPPENS NEXT**

16. The following next steps are planned:

- a) Officers to work with the audit team to progress the audits to completion
- b) Further updates to be brought to the Board as necessary.

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**Contact Officer:**

Keevah Dumont

Finance Manager

Paul Titcomb

Head of Accounting and Governance

**Consulted:**

Local Pension Board Chair

**Annexes:**

None

**Sources/background papers:**

None

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