

Audit & Governance Committee  
10 July 2024

**Surrey Pension Fund External Audit Plan 2023/24**

**Purpose of the report:**

To provide the Audit & Governance Committee with an update on the process for undertaking the external audit of the 2023/24 Surrey Pension Fund.

**Recommendations:**

It is recommended that the Committee:

Approve the 2023/24 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 2023/24**

2. The External Audit Plan proposed by Ernst & Young (EY) for the audit of the 2023/24 Surrey Pension Fund is attached in Annex 1. The audit commenced in May 2024. This report provides an opportunity for the external auditor to communicate its plan for auditing the Council's 2023/24 Surrey Pension Fund to members.
3. The External Audit Plan proposed by Ernst & Young (EY) for the audit of the Council's 2023/24 Statement of Accounts and Group Accounts was presented to the Audit and Governance Committee in June 2024 and has been revised for the July 2024 Committee.
4. The Annex shares the audit approach regarding the Surrey Pension Fund, the focus of the external audit work and the preparation work requirements. The Audit Plan enables Ernst & Young (EY) to:
  - Explain the audit process and strategy.
  - Describe significant audit risks and the risk assessment process.
  - Outline the approach to materiality.

- Set out the scope, key responsibilities and approach.
- Advise of the fee for the 2023/24 audit and the independence of the auditor.
- Highlight any changes to the requirements of the auditor.

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

- Data migration issue from SAP to Unit 4 ERP system.
- Valuation of Level 3 Investments.

6. Planning materiality has been determined at £52.9m for the Pension Fund, which equates to 1% of net assets as of 31 March 2023. There is a separate Performance materiality of £26.5m which equates to 50% of the planning materiality as this is the first-year audit with EY. Therefore, Audit differences materiality is £2.6m. Errors and omissions above the materiality level will be reported in the audit findings report.

#### **Conclusions:**

7. Ernst & Young's 2023/24 external audit plan regarding the Surrey Pension Fund 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.

#### **Legal Implications – Monitoring Officer**

11. There are no direct legal implications of this report.

#### **Next steps:**

12. The external audit commenced in May 2024 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:**

None

**Annexes/Appendices:**

Annex 1 - Surrey Pension Fund External Audit Plan 2023/24

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