

Standard and General purpose committee (Electronically)

Committee: London Borough of Merton Pension Committee

Date: 28 March 2019

Wards: All

Subject: Merton Pension Fund 2018/19 – The Annual Audit Plan and Preparatory Activity

Lead officer: Caroline Holland - Director of Corporate Services

Lead member: Councillor. Mark Allison.

Contact officer: Roger Kershaw- AD Resources

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RECOMMENDATION

Members are asked to note the 2018/19 Annual Audit Planning Report from our External auditors Ernest and Young that relates to the Merton Pension Fund's financial accounts, as set out in Appendix 1.

That Committee notes the preparatory activity undertaken and underway by Officers, as set out in the main report.

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

This report presents the Merton Pension Fund's 2018-19 audit plan prepared by the Council's external auditors Ernst and Young LLP. This report sets out details of their proposed audit scope for the Merton Pension Scheme for the year ending 31 March 2019.

2. DETAIL

- 2.1 The purpose of the audit planning report is to set out to the Committee the key considerations of planning for this year's audit with a view to ensuring that the year-end activities can be managed smoothly.
- 2.2 The responsibilities of the auditor are set out in Appendix 1 – The Audit planning Report. The auditors are asked to treat the Local Government Pension Scheme as a Stand-alone body, with a separate audit plan and report to the pension Committee.

- 2.3 The precise details of approach to be adopted by the auditor are laid out in the Appendix to this report.

Preparatory Activity for 2018/19 Statement of Accounts

- 2.4 In general, officers have commenced and progressed preparations for financial year-end from a much earlier point in the year. The officers had the initial meeting with the auditor in February 2019.
- 2.5 There has been extensive engagement between with Pension Shared Services (for the pension administration) and Pension Team at Merton to ensure that planning for year-end is embedded, and therefore laying the groundwork for a trouble-free exercise.

3. ALTERNATIVE OPTIONS

- 3.1. N/A

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. Although the Pension Fund's Statement of Accounts and Annual Report are a statutory document whose format is dictated by statute and regulation, it is produced by the Pension team at Merton by closely working with pension Shared services and input from the Fund's investment managers and the Fund custodians.

5 TIMETABLE

- 5.1. The 2018/19 reporting cycle opens formally with this report, and will be continued with presentation of the final Pension Fund Statement of Accounts and Annual report in June 2019.
- 5.2 Appendix 1 – Section 6 details the EY audit time table

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1 There are no direct financial implications in agreeing the recommendations in this report. The annual audit fee of £16,172 will be paid by the Pension Fund

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1. The Accounts and Audit (England) Regulations 2015 require the Council to maintain an adequate and effective system of internal audit of its accounting records, and of its system of internal control in accordance with proper practice.
- 7.2 The Pension Fund accounts are governed by the overall financial framework for local authorities, and in conjunction with the full Code of Practice on Local Authority Accounting in the United Kingdom: 2018/19 Accounts ('The Code').

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

8.1. N/A

9 CRIME AND DISORDER IMPLICATIONS

9.1. N/A

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

10.1. N/A

11 APPENDICES

EY – Pension Fund audit plan 2018-19

12 BACKGROUND PAPERS

12.1.

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