

WEST NORTHAMPTONSHIRE COUNCIL AUDIT AND GOVERNANCE COMMITTEE

28 September 2022

Report Title	Grant Thornton Audit Plan for Northamptonshire Pension Fund 2021-22
Report Author	Ben Barlow, Ben.Barlow@Westnorthants.gov.uk

Contributors/Checkers/Approvers

West MO	Catherine Whitehead	20 th September 2022
West S151	Martin Henry	20 th September 2022

List of Appendices

Appendix A – Northamptonshire Pension Fund Audit Plan Year ended 31 March 2022

Author: Grant Thornton (GT)

1. Purpose of Report

- 1.1 To present the Audit and Governance Committee with the Audit Plan for Northamptonshire Pension Fund from Grant Thornton.

2. Executive Summary

- 2.1 Grant Thornton act as the Northamptonshire Pension Fund’s external auditors. As the external auditors they have produced a plan of the upcoming audit 2021-22 of the Northamptonshire Pension Fund.

3. Recommendations

- 3.1 The Committee is asked to:
- a) Note the Audit Plan 2021-22 and the presentation by Grant Thornton.

4. Reason for Recommendations

4.1 To accord with the Audit and Accounts Regulations 2015.

5. Report Background

5.1 The Pension Fund's Statement of Accounts (SOA) form part of the Council's Statement of Accounts. These are audited by the Council's external auditor Grant Thornton (GT). The auditor confirms whether, in their opinion, the SOA reflect a true and fair view of the financial position of the authority (and the Fund within it) for the financial year 1st April to 31st March and that the SOA is free from material mis-statement.

6. Content, Responsibilities and Timeline

6.1 Grant Thornton (GT) have been appointed as Independent External Auditors to provide an audit opinion on:

6.1.1 whether the financial statements of Northamptonshire Pension Fund give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2022 and the amount and disposition of the Fund's assets and liabilities as at 31 March 2022; and

6.1.2 the consistency of the Pension Fund financial statements within the Pension Fund annual report with the published financial statements of West Northamptonshire Council.

6.2 GT have produced an audit plan, setting out identified audit risks, expected materiality levels, the audit logistics and the planned delivery of the audit process. A Key Audit Partner and Audit Manager from Grant Thornton, Ciaran McLaughlin and David Rowley, will attend this meeting to present the audit plan.

6.3 Page 7 of the accompanying report identifies the key risks and areas of auditor focus, details the Auditor's planned approach to these risk areas. These, along with the Fund's approach are summarised in the following table.

Risk/area of focus	Audit approach	Fund approach
Management over-ride of controls	<ul style="list-style-type: none"> • Evaluate the design effectiveness of management controls over journals; • Analyse the journals listing and determine the criteria for selective high risk unusual journals; • Test unusual journals recorded during the year and after the draft accounts state for appropriateness and corroboration 	<ul style="list-style-type: none"> • Ensure process notes include identified risks • Provide written process notes which detail controls • Make copy journals available • Provide working papers demonstrating the value used for the journals

Risk/area of focus	Audit approach	Fund approach
	<ul style="list-style-type: none"> Gain an understanding of the accounting estimates and critical judgements applied by management and consider their reasonableness with regard to corroborative evidence; and Evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions. 	
Valuation of Level 3 investments (annual valuation)	<ul style="list-style-type: none"> Evaluate management’s processes for valuing level 3 investments; Review the nature and basis of estimated values and consider what assurance management has over the year end valuations provided for these types of investment to ensure the requirements of the code are met; Independently request year end confirmations from Investment Managers; Sample testing of investment values; Sample testing of purchases and sales; Analyse the funds holdings by sector, applying an additional layer of professional scepticism. 	<ul style="list-style-type: none"> Provide working papers demonstrating the value used at the year end and the valuation methodology Provide quarterly reconciliation reports Liaise with Investment Managers to provide information to auditors on a timely basis

6.4 Page 13 of the accompanying report sets out the planned materiality levels for the audit, based on 1% of net assets of £3.3bn, reduced by 10% to reflect the impact of the Russia-Ukraine conflict, which are planned to be:

Audit Area	Materiality
Planning Materiality	£29.8m
Audit Differences	£1.4m

6.5 Page 15 of the accompanying report sets out the proposed timeline for delivery of the audit. The key planned milestones are:

Milestone	Planned dates	Status
Interim Audit	March 2022	Completed
Report audit plan	July 2022	Completed
Year end Audit	July -September 2022	In progress
Audit Findings Report	October 2022	Deadline 30 September 2022

6.6 The statutory date for publication of the final set of the Council's Statement of Accounts is the end of September, or as soon as reasonably practicable after the receipt of the auditor's final findings (if later).

6.7 The statutory date for publication of the Pension Funds Annual Report is 1st December.

7. Implications (including financial implications)

7.1 Resources and Financial

7.1.1 There are no resource or financial implications arising from the proposals in this paper. This paper is for information only.

7.2 Legal

7.2.1 The legal implications are set out in the main body of the report.

7.3 Risk

7.3.1 There are no significant risks arising from the proposed recommendations in this report.

7.3.2 The Fund's full risk register can be found on the Fund's website at the following link:

<https://pensions.northamptonshire.gov.uk/governance/key-documents/northamptonshire/>

7.4 Consultation

7.4.1 The Pension Fund Accounts are produced utilising information and advice provided by Investment Managers, the Fund's Custodian Northern Trust and the Fund's Actuary, Hymans Robertson.

7.5 Consideration by Overview and Scrutiny

7.5.1 Not applicable

7.6 Climate Impact

7.6.1 There are no climate impact considerations arising as a direct result of this paper.

7.7 Community Impact

7.7.1 There are no community impact implications.

7.8 Communications

7.8.1 This information only paper does not require any further communication activities.

8. Background Papers

8.1 Not applicable.