



**Report for: Pension Fund
Committee**

Date of Meeting: 4 April 2024

Subject: Pension Fund Annual Report and
Accounts 2022-23 – Audit Strategy
Memorandum

Responsible Officer: Sharon Daniels – Acting Director of
Finance and Assurance

Exempt: No

Wards affected: List Ward(s) affected by decision.
NONE

Enclosures: Appendix 1 – Audit Strategy
Memorandum (Mazars)

Section 1 – Summary and Recommendations

This report sets out the approach and timescale for Mazars to carry out the external audit of the LBH pension Fund Annual report and accounts for 2022-23.

Recommendations:

The Committee is requested to note the report.

Section 2 – Report

Background

1. As previously advised, there have been significant national issues which have impacted adversely upon auditors' ability to complete the audits of

local authorities' accounts. As a consequence, there is now a significant audit backlog. This impacts on the Pension Fund accounts because the auditors are required to verify that the Pension Fund Accounts are consistent with those of the Council – hence the Pension fund Audit can only be completed and signed off once the audit of the Council's main accounts has been finalised.

2. The 2021-22 audit was completed in November 2023. A representative of the Council's Auditor, Mazars, presented the audit findings to the Committee's meeting in December 2023.
3. The Committee approved the draft Pension Fund Annual Report and Accounts for 2022-23 at its meeting in September 2023. Following a review of the local authority audit situation nationally, it is intended that the 2022-23 audit will be completed by the end of September 2024.
4. Mazars Audit strategy memorandum, which sets out their planned approach to the audit – is attached at **Appendix 1**. Mazars presented this document, and the Audit Strategy Memorandum for the Council's main accounts to the GARMS Committee on 19 March 2024.
5. The Strategy Memorandum sets out the approach and highlights the key risks which Mazars will test – these are generally common to all local authorities. The exception is the payroll system migration, which is specific to LBH. Mazars have been carrying out their fieldwork, including systems and control testing, during the first quarter of 2024. The next phase of their work will be the review of the financial statements.
6. Once they have completed the audit, Mazars will issue their Audit Findings Report and Audit Opinion – at that stage, Mazars will be asked to attend the Committee's meeting to present that report.

Legal Implications

7. There are no direct legal implications arising from this report.
8. The Pension Fund Committee has the following powers and duties:
 - i. to exercise on behalf of the Council, all the powers and duties of the Council in relation to its functions as Administering Authority of the LB Harrow Pension Fund (the fund), save for those matters delegated to other Committees of the Council or to an Officer;
 - ii. the determination of applications under the Local Government Superannuation Regulations and the Teachers' Superannuation Regulations;
 - iii. to administer all matters concerning the Council's pension investments in accordance with the law and Council policy;
 - iv. to establish a strategy for the disposition of the pension investment portfolio; and

- v. to appoint and determine the investment managers' delegation of powers of management of the fund;

Financial Implications

- 9. The Audit "Scale Fee" – the nationally agreed figure for Pension Fund Audits – is £16,170. In addition, the costs of testing will be in the range £15,000 to £24,000, excluding the testing required to obtain assurance about payroll migration. These costs are part of the Fund Governance Costs and are fully met by the Pension Fund.

Risk Management Implications

- 10. The Pension Fund's Risk Register is reviewed regularly by both this Committee and by the Pension Board. The most recent was reported to the Committee in July 2023.
- 11. There are no specific risk management implications arising from this report. The level of risk to which its investments are exposed is a key component in developing the Fund's investment strategy.

Equalities implications / Public Sector Equality Duty

- 12. Was an Equality Impact Assessment carried out? No
- 13. There are no direct equalities implications arising from this report.

Council Priorities

- 14. The performance of the Pension Fund directly affects the level of employer contribution which then, in turn, affects the resources available for the Council's priorities.

Section 3 - Statutory Officer Clearance

Statutory Officer: Sharon Daniels

Signed by the Chief Financial Officer

Date: 22/03/2024

Statutory Officer: Sharon Clarke

Signed on behalf of the Monitoring Officer

Date: 21/03/2024

Chief Officer: Sharon Daniels
Signed on behalf of the Chief Executive
Date: 22/03/2024

Mandatory Checks

Ward Councillors notified: NOT APPLICABLE

Section 4 - Contact Details and Background Papers

Contact: Jeremy Randall - Interim Pensions Manager
Email: jeremy.randall@harrow.gov.uk
Telephone 020 8726 6552

Background Papers: None