

Audit and Standards Committee

25 May 2023

Warwickshire Pension Fund - External Audit Risk Assessment 2022/23

Recommendation

That the Audit and Standards Committee considers and comments on the Audit Risk Assessment for 2022/23, attached at Appendix 1.

1. Purpose of the Report

- 1.1 The Pension Fund is asked by the external auditors to provide an audit risk assessment to help to inform external auditors of risks and issues that may impact on the accounts and therefore help external audit in focusing attention on key issues. The draft audit risk assessment is attached as Appendix 1 and documents the Pension Fund's key risk areas and the management response to these. The Audit and Standards Committee are asked to consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make before the document is finalised and submitted.
- 1.2 Key issues and significant changes in comparison to last year are summarised in the following table:

Audit Risk Assessment – Summary of Key Issues and Changes

Heading	Key Issues/Changes
General Enquiries of Management	<ul style="list-style-type: none">- The development and use of new fund offerings with Border to Coast Pensions Partnership- Impact of Russia/Ukraine conflict on asset values and wider socio-economic impacts
Fraud Risk Assessment	<ul style="list-style-type: none">- The Fund reviewed its Bribery and Fraud Policy in March 2023- Pension fund transfer scams continue to be a significant risk, and additional checks are in place, such as the Pension Pledge.

Laws and regulations	The McCloud and Goodwin requirements continue to be implemented
Related Parties	- No issues to highlight
Going Concern	- No issues to highlight
Accounting Estimates	- Level 3 valuations: there may be significant movements post balance sheet due to lagged reporting. (Level 3 investments are the most difficult to value, where funds are not valued based on observable market data and where the valuation can be sensitive to a single input. For the Pension Fund this refers to private equity, private debt, and infrastructure investments).

2. Financial Implications

2.1 There will be an audit fee in respect of external audit work which is budgeted for.

3. Environmental Implications

3.1 None arising directly from this report.

Appendices

Appendix 1 – Informing the Audit Risk Assessment for Warwickshire Pension Fund 2022/23

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The report was circulated to the following members prior to publication:

Local Member(s): n/a – pension funds

Other members: