

Audit Progress Report

Derbyshire Pension Fund

March 2023



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Section 01:
Audit Progress

1. Audit Progress

This report sets out progress on the external audits for 2021/22 and 2022/23.

2021/22 Audit

Our work on the 2021/22 audit is complete apart from our final checks on the version of the accounts that we will be giving our opinion on. As reported in our Audit Completion Report we anticipate issuing an unqualified opinion, without modification, on the financial statements. We also anticipate concluding that the Pension Fund financial statements within the Pension Fund's Annual Report are consistent with the Pension Fund financial statements within the Statement of Accounts of Derbyshire County Council. We will be giving our opinion alongside the opinion given on the Council's main accounts where the final elements of our audit are currently being completed.

2022/23 Audit

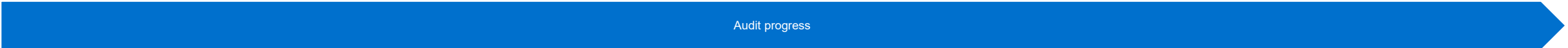
We have commenced our planning work for the 2022/23 audit year. We are liaising with the finance team and completing our normal procedures plus those required by ISA315 (revised) through March and April. We expect to present our Audit Strategy Memorandum (ASM) to the Audit Committee meeting on 20 June 2023. On the following page we set out our initial provisional timetable for our work on the financial statements. We will agree the specific timetable with the finance team as part of our audit planning discussions. We have set out below some initial thoughts and expectations based on our initial planning work.

Materiality

At this stage of our planning work we envisage materiality being broadly in line with the level we used in our 2021/22 audit work. We therefore expect to set a similar materiality threshold at 1% of net assets for 2022/23. Our initial assessment of performance materiality is that it will also be at the same level as 2021/22, i.e. 75% of overall materiality. We also intend setting a provisional specific materiality for the fund account using a benchmark of the higher of 10% of contributions receivable and 10% of benefits payable as we did for 2021/22. Should any circumstances arise as we finalise our planning that mean we revise these initial views we will report these in our ASM.

Identified risks

As previously mentioned we have not yet completed our planning work, however the previous year's risks (management override of controls and valuation of investments within level 3 of the fair value hierarchy) are likely to apply equally this year.



Audit progress

1. Audit Progress

Financial statements audit 2022/23

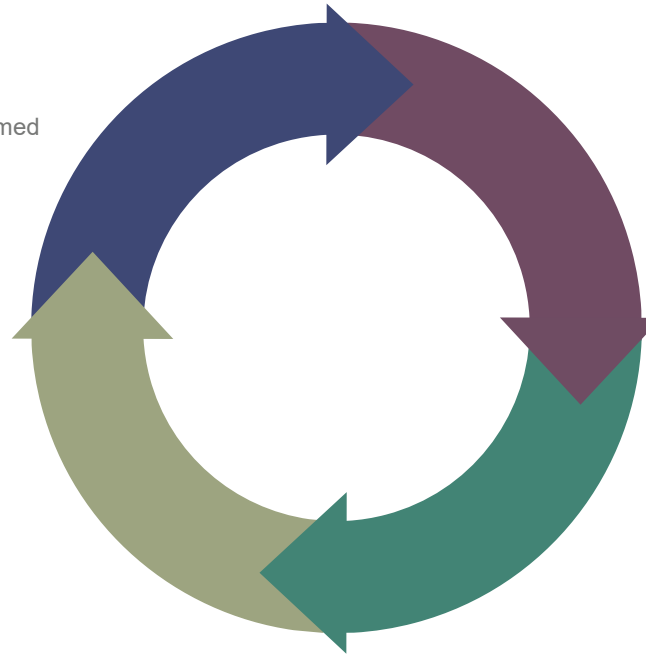
We intend to bring our Audit Strategy Memorandum to the Audit Committee meeting in June 2023. The timeline for the 2022/23 audit is set out below. We will update the Committee if these deadlines change over the course of the year.

Planning February - March

- Planning work and developing our understanding of the Pension Fund
- Initial opinion assessment
- Considering proposed accounting treatments and accounting policies
- Developing the audit strategy and planning the audit work to be performed
- Agreeing timetable and deadlines
- Preliminary analytical review

Completion November - December

- Final review and disclosure checklist of financial statements
- ATS review of final financial statements
- Final partner review
- Agreeing the content of the letter of representation
- Reporting to the Audit Committee
- Reviewing subsequent events
- Signing the auditor's reports



Interim March - May

- Documenting systems and controls
- Performing walkthroughs
- Interim controls testing including tests of IT general controls
- Early substantive testing of transactions
- Reassessment of audit plan and revision if necessary

Fieldwork July - October

- Receiving and reviewing draft financial statements
- Accounting Technical Services (ATS) review of draft financial statements
- Reassessment of audit plan and revision if necessary
- Executing the strategy starting with significant risks and high risk areas
- Communicating progress and issues
- Clearance meeting

Audit progress

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