

## 2023/2024 Final Accounts Closedown

### West Sussex Pension Fund (WSPF)

#### Project Management Handbook

#### Background & Overview

1. This Project Management Handbook has been prepared, recognising the importance of achieving an unqualified set of final accounts for the organisation, for the assurance it gives in:
  - Providing a reliable foundation for decision-making and planning.
  - Maintaining the reputation of the West Sussex Local Government Pension Scheme (LGPS) and providing employers with assurance around the stewardship and transparency of the arrangements in place.
  - Ensuring employers participating in the West Sussex LGPS can adhere to their own accounting timetable where this relies on the WSPF's Statement of Accounts.
  - Ensuring key processes are identified and adhered to.
2. This handbook and project plan have been prepared to facilitate the production of the 2023/24 accounts by 31 May 2024, the legislative deadline for the publication of draft accounts. However due to the widespread issues in the audit market and the uncertainties around the EY audit timeframe there is limited detail in relation to audit and subsequent approval of the accounts.

#### Key Milestones, Project Controls and Quality Controls

3. The following are the key milestones for a successful final accounts project – reflecting key project and quality controls. The dates provided within this document are likely to change given the uncertainty in the audit timing at the time of writing.

<b>Milestone</b>	<b>Date</b>
Complete quality assurance (QA) of SoA	24 May 2024
Director of Finance certifies draft SoA for publication & submission to EY	31 May 2024
Deadline for publication of draft SoA	31 May 2024
Ensure that individual electronic working papers are complete in accordance with the agreed protocol with EY, signed off by the Lead Reviewer	7 June 2024
Submission of draft SoA and working papers to Ernst & Young (EY) and audit commences	June 2024 TBC
Completion of EY audit work within advised fee scale	TBC
Consideration of final SoA by RAAC *	25 September 2024
Provision of an unqualified audit certificate following meeting of RAAC	Late September TBC
Publication of audited SoA on website	30 September 2024

\*subject to audit scheduling by EY

## **Roles & Responsibilities**

### Project organisation

4. Taryn Eves, Director of Finance & Support Services, as Section 151 officer, will be the Project Owner who will sign off the accounts presented to the Regulation, Audit and Accounts Committee (RAAC). The Director will be responsible and accountable for ensuring the accounts work remains focused and on course to meet the key deliverables as set out in the Key Milestones (above). Taryn Eves is due to leave the organisation in May 2024 and it is anticipated that an interim will be appointed who will inherit the ownership of this project.
5. Rachel Wood, Pension Fund Strategist, will oversee the preparation, review and delivery and provide the final quality assurance (Lead Reviewer) of the SoA on behalf of the Project Owner and will monitor the progress of the team against the agreed project plan.
6. Dara Quaid, Finance Manager, is responsible for managing the team with responsibility for day-to-day project control, keeping the detailed project plan under close review and ensuring technical compliance to CIPFA Code of Practice. The Finance Manager will facilitate weekly project team meetings on progress against milestones and risks and monthly meetings between the project team.
7. In preparation for the delivery of the accounts, considerable resources have been committed throughout the year. Between March and July, the Pension Fund's accounting team will be focussed on delivering the Project Plan.

### Other Stakeholders (third party providers)

8. The interdependencies of individual tasks are identified in the Project Plan. In addition, several tasks within this Project Plan require input from individuals outside of the immediate Pension Fund's accounting team - including fund managers, administration service providers, custodian and professional bodies. These are listed below.
  - Legal Services (WSCC)
  - Pension Services (Hampshire CC)
  - External Valuer (Savills)
  - External Fund Managers (Abrdn, Waystone, Goldman Sachs, ICG, JP Morgan, Pantheon, Partners Group)
  - Custodian (Northern Trust)
  - Fund Actuary (Hymans Robertson)
  - Investment Consultant (Hymans Robertson)
  - Professional Body (CIPFA)
  - External Auditor (Ernst & Young)

## **Key Risks**

9. The following are key risks to the delivery of the Project and are detailed in Annex 1.

- Delay in information supplied by third party providers and complexity and estimation for end of year valuations for illiquid asset classes (property, private equity, infrastructure, and private debt).
- The methodology applied by EY to provide assurance to Level 3 investments may result in a difference that is outside their acceptable tolerance range. Due to the holdings in these asset classes having increased since 1 April 2023 there is a risk that any difference from EY's calculations compared to valuations reported in the financial statements may be above the reporting threshold.
- Failure to provide information to EY in time and in a compliant format.
- Late additional technical requirements.
- Uncertainty around the audit framework and timetable may be compounded this year by changes at a senior level (Audit Partner and Senior Manager) within the audit team.

## Annex 1 - West Sussex Pension Fund closedown – Risk Register

**Key:** Risk (R): Impact x Likelihood

**Impact (I):** 1 = insignificant, 2 = minor, 3 = moderate, 4 = significant, 5 = catastrophic

**Likelihood (L):** 1 = rare, 2 = unlikely, 3 = possible, 4 = likely, 5 = certain

Risk	Potential Impact	Initial Risk (I – Impact L-Likelihood R- Risk)			Mitigation	Who	Time scale
		I	L	R			
<p><b>Complexity and estimation for end of year valuations for illiquid asset classes (property, private equity, infrastructure and private debt).</b></p>	<p>Provision of information after 31 May 2024 will mean that estimations are included within the draft SoA. Final 31 March 2024 valuations will be received during the audit period for some asset classes, which may be materially different to the estimations and require an adjustment.</p> <p>EY will undertake alternative valuation methods to gain assurance on the reported value of the level 3 investments. The Pension Fund has increased commitments to these asset classes in the last 12 months.</p> <p>Changes in valuation can also impact on employer IAS19 statements, requiring amendments – which therefore has a third party impact.</p>	4	4	16 (R)	Engage with Fund Managers, Advisors and EY in advance and through-out the process.	FM	March to September 2024
<p><b>Failure to achieve the legislative deadline for publication of draft accounts</b></p>	<p>There may be implications in relation to the Pension Fund audit and subsequent approval of audited accounts as a result of legislative changes relating to County Council disclosures. Uncertainty in the scheduling of audit work by EY. Primary legislation remains in place which requires the Pension Fund accounts to form part of the WSCC Statements. The completion of the audit for the Pension Fund is therefore dependent on the County Council's audit. No framework currently exists to support the two sets of accounts being separated.</p>	3	4	12 (R)	Continual engagement with County Council Finance Team and EY. Monitoring of developments through the Scheme Advisory Board.	FM	March to September 2024

Risk	Potential Impact	Initial Risk (I – Impact L-Likelihood R- Risk)			Mitigation	Who	Time scale
		I	L	R			
<b>Reduction of resource availability to produce the Final Accounts</b>	The core project team are required to operate at maximum capacity throughout the accounting period. Any staff unavailability could result in the inability to complete technical accounting tasks and issue the accounts by the deadline.	4	2	8(A)	Utilisation of resources across the wider Pensions team and develop a succession plan to manage key person risk.	FM	March to July 2024
<b>Delay in information supplied by third party providers (including Private Equity &amp; Private Debt Fund Managers)</b>	Prevents completion of statements and delays time available for Quality Assurance (QA).	4	2	8 (A)	Requesting information early. Estimates to be calculated for Private Equity and Private Debt (see above). Additional time allowed to embed QA processes.	FM	March to May 2024
<b>Failure to provide information to EY on time and in compliant form</b>	Delays in audit, causing additional audit fees	3	2	6 (A)	Early liaison with EY over format of working papers	PFS	March to July 2024
<b>Late additional technical requirements</b>	Delays to timetable	2	2	4 (A)	Professional networking, liaison with CIPFA and attendance at year-end events/conferences	FM	March July 2024

Leads: **PFS** Pension Fund Strategist; **FM** Finance Manager;  
**DEM** Democratic Services; **EY** External Auditors;