

Pension Fund Committee

9 December 2021



Internal Audit Plan 2021/22 - Progress Report to 30 September 2021

Report of Stephen Carter, Interim Chief Internal Auditor and Corporate Fraud Manager

Electoral division(s) affected:

Countywide.

Purpose of the Report

- 1 To inform Members of the work that has been carried out by Internal Audit during the period 1 April 2021 to 30 September 2021 as part of the 2021/22 Internal Audit Plan.

Executive Summary

- 2 The report provides Members with the progress that has been made in achieving the Pension Fund Internal Audit Plan for 2021/22 up to 30 September 2021 and aims to:
 - (a) Provide a high level of assurance, or otherwise, on internal control systems operated in the areas that have been subject to audit;
 - (b) Advise on any significant issues where controls need to improve in order to effectively manage risks;
 - (c) Advising of any other types of audit work carried out, such as consultancy reviews where an assurance opinion on the control environment may not be applicable;
 - (d) Advise of any unplanned work carried out or due to be carried out and any changes to the audit process.

Recommendation

- 3 Members are asked to note the work undertaken by Internal Audit during the period ending 30 September 2021.

Background

- 4 As an independent consultancy service, the Internal Audit Team strives to continue to add value and improve the organisation's operations as well as providing objective assurance to service managers and the Pension Fund Committee.
- 5 The Annual Internal Audit Plan 2021/22, covering the period 1 April 2021 to 31 March 2022, was approved by the Pension Fund Committee on 11 March 2021.

Progress against 2021/22 planned work:

- 6 A summary of the approved audit plan, with the status of each audit, is shown below:

| Audit Title | Audit Type | Status | Opinion |
|---|--------------------|-----------------|-------------|
| Audits brought forward from 2020/21 | | | |
| Additional Voluntary Contributions | Assurance | Final Report | Substantial |
| Admission Bodies / Funding Risks | Assurance | Preparation | |
| 2021/22 audits | | | |
| Pension System ICT Controls | Assurance | Not yet started | |
| Investments | Assurance | Not yet started | |
| Transfers In/Out | Assurance | In Progress | |
| Debt Recovery | Assurance | Not yet started | |
| Compliance with Breach Policy | Assurance | Not yet started | |
| National Fraud Initiative – Data matching to identify potential error/fraud | Counter Fraud | In Progress | |
| Management time and ad hoc advice & guidance | Advice/Consultancy | In Progress | |

- 7 The table above shows nine areas planned for completion in 2021/22. Of the seven assurance reviews, one final report was issued in the quarter, with the detail of its scope shown below. Three reviews are in progress, with all other audits scheduled to commence later in the year.

| Audit Area | Brief Scope | Assurance Opinion |
|------------------------------------|--|-------------------|
| Additional Voluntary Contributions | Assurance review of the arrangements in place to mitigate against the risks of; <ul style="list-style-type: none"> - Members not being aware of all the AVC options available to allow an informed decision to be made; - Applications and subsequent deductions are not processed or are not processed accurately or on a timely basis; - System records are incomplete or inaccurate; - Payment of contributions to investment providers are inaccurate, are not paid or are not paid on a timely basis. | Substantial |

Background papers

- Specific Internal Audit reports issued and working papers.

Other useful documents

- None

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Appendix 1: Implications

Legal Implications

The Accounts and Audit Regulation 2015 (Part 2, Section 5) states a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal audit standards or guidance.

Furthermore, Internal Audit assists the Corporate Director of Resources in fulfilling their duties under Section 151 of the Local Government Act 1972 which requires each Local Authority to make arrangements for the proper administration of their financial affairs.

Finance

There are no direct financial implications associated with this report.

Internal Audit work has clear and direct effects, through recommendations made, to assist in improving value for money obtained, the probity and propriety of financial administration, and / or the management of operational risks.

Consultation

Pensions Manager, Finance Manager and Corporate Director, Resources.

Equality and Diversity / Public Sector Equality Duty

None.

Climate Change

There are no direct implications on climate change as a result of this report, however the Internal Audit Service ensures that it considers climate change and sustainability in the recommendations that are made.

Human Rights

None.

Crime and Disorder

None.

Staffing

None.

Accommodation

None.

Risk

The key risk is that actions agreed in audit reports to improve the control environment and assist the Pension Fund in achieving its objectives are not implemented. To mitigate this risk, a defined process exists within the Service to gain assurance that all actions agreed have been implemented on a timely basis. Such assurance is reflected in reports to the Pension Fund Committee.

Procurement

None.