

## Pension Fund Committee

15 September 2022



## Internal Audit Plan 2022/23 - Progress Report to 30 June 2022

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### Report of Tracy Henderson, 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 2022 to 30 June 2022 as part of the 2022/23 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 2022/23 up to 30 June 2022 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 June 2022.

## 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 2022/23, covering the period 1 April 2022 to 31 March 2023, was approved by the Pension Fund Committee on 14 March 2022.

### Progress against 2022/23 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
<b>Audits brought forward from 2021/22</b>			
Admission Bodies / Funding Risks	Assurance	Final Report	Substantial
Pension System ICT Controls	Assurance	Draft Report	
Debt Recovery	Assurance	Not yet started	
<b>2022/23 audits</b>			
Compliance with Breach Policy	Assurance	Not yet started	
Pensions Payroll	Assurance	Not yet started	
Benefit Calculations	Assurance	In Progress	
Bank Reconciliation	Assurance	Final Report	Substantial
Management time and ad hoc advice & guidance	Advice/Consultancy	In Progress	

- 7 There are seven assurance audits planned for 2022/23. Of these, two final reports were issued in the first quarter, with the detail of the scope of these reviews shown in the table below.

Audit Area	Brief Scope	Assurance Opinion
Admission Bodies / Funding Risks	<p>Assurance review of the arrangements in place to mitigate against the risks of;</p> <ul style="list-style-type: none"> <li>- The admitting body (LGPS) does not fulfil its responsibilities;</li> <li>- Admission and funds are delayed</li> <li>- Current regulations are not applied to new admission bodies.</li> </ul>	Substantial

Audit Area	Brief Scope	Assurance Opinion
Bank Reconciliation	Assurance review of the arrangements in place to mitigate against the risks of; <ul style="list-style-type: none"> <li>- Material errors or fraudulent activities within the bank account or Ledger are not identified and corrected in a timely manner;</li> <li>- Theft or misuse of Pension Fund monies or bank accounts;</li> <li>- Inaccurate or misleading financial information.</li> </ul>	Substantial

### Background papers

- Specific Internal Audit reports issued and working papers.

### Other useful documents

- None

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## **Appendix 1: Implications**

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### **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.