

Pension Fund Committee

16 March 2023



Internal Audit Plan 2022/23 - Progress Report to 31 December 2022

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 31 December 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 delivering the Pension Fund Internal Audit Plan for 2022/23 up to 31 December 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 31 December 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
Audits brought forward from 2021/22			
Admission Bodies / Funding Risks	Assurance	Final Report	Substantial
Pension System ICT Controls	Assurance	Final Report	Substantial
Debt Recovery	Assurance	Service Request to defer to 2023/24	
2022/23 audits			
Compliance with Breach Policy	Assurance	Scheduled Q4	
Pensions Payroll	Assurance	In Progress	
Benefit Calculations	Assurance	Final Report	Substantial
Bank Reconciliation	Assurance	Final Report	Substantial
Management time and ad hoc advice & guidance	Advice/Consultancy	In Progress	

- 7 There were seven assurance audits planned for 2022/23, one of which has now been deferred to 2023/24. No final reports were issued in the period, however, all remaining audits in the plan are scheduled to start prior to the end of 2022/23.
- 8 With regards to the Debt Recovery audit, the service requested that this be deferred to 2023/24, as a revised policy is planned to be brought to the Committee in June, and the audit will be scheduled thereafter.

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.