

## Pension Fund Committee

14 March 2024



## Internal Audit Plan 2023/24 - Progress Report to 31 December 2023

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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 2023 to 31 December 2023 as part of the 2023/24 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 2023/24 up to 31 December 2023 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 2023.

## 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 2023/24, covering the period 1 April 2023 to 31 March 2024, was approved by the Pension Fund Committee on 16 March 2023.

### Progress against 2023/24 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 2022/23</b>			
Compliance with Breach Policy	Assurance	Final Report	Substantial
Pensions Payroll	Assurance	Final Report	Substantial
<b>2023/24 audits</b>			
Debt Recovery	Assurance	Scheduled March 2024	
Transfer Values In and Out of the Pension Fund	Assurance	Final Report	Substantial
Additional Voluntary Contributions	Assurance	Scheduled March 2024	
Contributions	Assurance	Scheduled February 2024	
Governance Arrangements (including Pool)	Assurance	Deferred to 2024/25 (at Service Request)	
Management time and ad hoc advice & guidance	Advice/Consultancy	In Progress	

- 7 Of the seven assurance audits originally planned for 2023/24, two of which relate to audits slipped forward from the 2022/23 audit year, final reports have been issued for three reviews, one of which, Transfer Values, was issued in the current period. The scope of this review and the assurance opinion issued following the conclusion of the audit is shown in the table below:

Audit Area	Brief Scope	Assurance Opinion
Transfer Values In and Out of the Pension Fund	Assurance review of the arrangements in place to mitigate against the risks: <ul style="list-style-type: none"> <li>- Non-compliance with LGPS Pension Regulator guidelines.</li> <li>- Transfer values calculations (in and out) are inaccurate or not carried out promptly</li> </ul>	Substantial

8 Of the four remaining audits, one has been deferred to 2024/25, with the other three to be carried out in February and March 2024.

### 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**

Head of Pensions, Finance Manager and Corporate Director of 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.