

WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD

11 November 2021

Fund Audit Plan – 2022/23

Purpose of the Report

1. To enable members of the Board to recommend auditing proposals to the Pensions Committee for inclusion in the Fund's audit plan for 2022/23.
2. To consider the Fund's auditing arrangements and whether they continue to serve its stated aims and objectives.

Background

Auditing proposals

3. The plan seeks to cover both the Fund's internal & external audits, giving consideration to the Administetring Authority's core auditor appointments. Namely, Deloitte, for the completion of the Annual Report & Account's (AR&A) & the South West Audit Partnership (SWAP) for the completion of internal audits such as the Fund's key financial controls. It is noted that the underlying stated aims and objectives of the Fund's package of commissioned audits is to ensure independent assurance that all the laws, regulations & practice by which the Fund operates are being appropriately adhered to. In addition, to enable a dynamic audit strategy by which the oversight of new practices and innovations can also be monitored.
4. For the Scheme Year 2022/23 the proposed plan of audits recommended are therefore;

Audit	Proposed auditor	Proposed completion date	Comments
Standard Annual Audits – 2021/22			
Annual Report & Accounts	Deloitte	31/07/2022	For sign off and publication by 1 st December 2022
Key Financial Controls	SWAP	31/07/2022	Reviews the Fund's internal controls
BPP Pension Transfers	SWAP	31/07/2022	Covers the migration of Fund assets from IMs to BPP.
BPP Cost Transparency	SWAP	31/07/2022	Considers the costs savings expected from the migration of assets
TPR Code of Practice 14	SWAP	31/07/2022	Independent audit of the Code has not occurred since the 2018/19. The new single code is still delayed.
Audits targeting Fund innovations, progress improvements & new regulations, based on a risk identification approach			
Payroll Reconciliation	Deloitte	31/07/2022	A review of progress in relation to the GMP Rectification exercise & guidance associated with the payroll migration

Investment governance	Specialist auditor	30/09/2022	Holistic review of investment governance arrangements including TCFD
Cyber security	Specialist auditor	30/09/2022	Specialist review to ensure the Fund's compliance with tPR guidance
Statutory returns	Specialist auditor	30/09/2022	A specialist external process review based on officers internal review

Auditing arrangements

5. With the increased complexity and technical requirements the Pension Fund is required to comply with, as demonstrated by the new CIPFA Knowledge & Skills Framework 2021, there is in turn an increased risk that traditional auditor appointments may no longer be suitable to audit all technical areas. A new risk has therefore be added to the risk register entitled "PEN061: Failure of auditors to conduct audits commissioned by the Committee in accordance with an agreed terms of reference". To mitigate this risk it is proposed that one or more additional external organisations may need to be appointed, on ad-hoc or on-going basis with a view to providing the Fund with the range of independent assurance it requires, from auditors who have the appropriate skills to carry such reviews.
6. It is noteworthy that during the past two Scheme Years the Fund has experienced delays in the completion of both its commissioned external & internal audits. The key factors contributing to these delays include the Fund's accounting relationship with its Administering Authority and the resourcing, appointment and approval arrangements that accompany that relationship. Consequently, a risk has been presented to the Fund whereby the existing auditing arrangements could potentially jeopardise the integrity of the Fund's own audit programme.

Considerations for the Board

Auditing proposals

7. To consider whether the range of standard annual audits and audits targeting Fund innovations, progress improvements & new regulations over the previous scheme year represent the complete range of audit recommendations which need to be commissioned by the Pensions Committee. In addition, the Board should satisfy itself that the audits & auditors proposed will fulfil the oversight function of both groups by providing the independent assurance that all laws, regulations & practice by which the Fund operates have been adhered to.

Auditing arrangements

8. Sign off of the the Fund's Annual Report & Accounts have experienced delays in both the Scheme Years 2018/19 & 2019/20, not only due to the auditor challenging Wiltshire Council's accounts, but also as a result of internal authority delays such as meeting cancellations and agenda item deferral. Council resource limitations, changes in process and delayed approval arrangements appear to be impacting on the Fund's operation leading to a reduced audit programme. In turn this potentially creates a deterioration in the ability of members to fulfil their oversight function. The Board should therefore consider whether it needs to recommend changes to the Fund's audit programme with the introduction specialist auditors who can provide assurance in the latest technical areas, as well as possibly reviewing the terms of reference of the Fund's existing auditors appointments.

Environmental Impact of the Proposal

9. Not applicable.

Financial Considerations & Risk Assessment

10. There are no known implications at this time.

Legal Implications

11. There are no material legal implications from this report.

Safeguarding Considerations/Public Health Implications/Equalities Impact

12. There are no known implications at this time.

Proposals

13. For the Board to recommend to the Committee that they approve the scope of audits and auditors set out in paragraph 4.

14. For the Board to recommend to the Committee that within the 2022/23 budget additional provision is made for the appointment of specialist auditors in relation to ad-hoc or on-going strategic audits.

15. For the Board to recommend to the Committee that it reaffirms the terms of reference it expects the Fund's appointed auditors to adhere to.

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Unpublished documents relied upon in the production of this report: NONE