

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE

17 December 2019

Fund Audit Plan – 2020/21

Purpose of the Report

1. To enable members of the Committee to agree the Fund's audit plan for 2020/21.

Background

2. To ensure good governance, legislative compliance and oversight of the Fund the Committee should agree its audit plan each year. The scope of the plan will need to consider audits conducted by the externally appointed auditor's Deloitte for completion of the Annual Report & Account's (AR&A) & the internal audits offered by the South West Audit Partnership (SWAP) covering the Fund's compliance with regulations such as the Pension Regulator's Code of Practice 14, its internal financial controls, the Data Protection Act 2018/GDPR, the Fund's FCA's MiFID II compliance & the LGPS regulations.
3. **External Audit** – The Wiltshire Pension Fund (WPF) will employ the services of Wiltshire Council's external auditor in conjunction with the requirements of the Council's Audit Committee. It is anticipated that officers will prepare an audit timetable including an interim site visit by Deloitte in December 2019, prior to the preparation of the draft accounts in May. Deloitte's will then undertake a further site visit in May/June after which officers will submit the draft report & accounts for 2019/20 to both the Board & Committee in July. It is intended that the AR&A's for 2019/20 will be completed by 31st July and published by 1st December 2020.
4. **Internal Audits** – Each year a risk identification approach is employed by Wiltshire Council to determine the terms of reference of its internal auditors. As part of this determination the Pension Fund Committee should make recommendations to the Audit Committee on areas of compliance it considers necessary (potentially following recommendations made by the Board). In 2020/21 it is anticipated that SWAP should complete a site visit to undertake an annual review of the Fund's internal financial controls, the Data Protection Act 2018/GDPR & its MiFID II compliance (Ref: LPB minute 76 on 14/11/2019) arrangements in March.
5. **Officer self-assessment** – The Fund's internal audit report in July 2019 covering Pension Regulator's Code of Practice 14 made only one observation following an officer annual self assessment in June. In addition, officers propose to implement a strategy of internal reviews in 2020 assisting the internal financial controls audit, but which will be focused on the implementation of embedding the Fund's administration processes.

Considerations for the Committee

External Audit

6. Whilst the Fund's AR&A's 2018/19 was completed by 31st July 2019 it was noted that Deloitte's were unable to sign off their audit report due to an audit requirement connected with the Council's annual accounts. Consequently members may wish to give

consideration to the WPF's future requirement to prepare its AR&A's separately to Wiltshire Council's annual accounts.

Internal Audits

7. An annual audit is essential to cover the Fund's key financial controls. In conjunction with this audit the Committee may wish to give consideration in 2020/21 to the Fund's policy and procedures associated with its compliance of the FCA's MiFID II regulations. In addition, it is recommended that a further audit takes place concerning the Fund's compliance with the Data Protection Act 2018/GDPR and that the internal audit plan agreed should ensure that the scope of these audits all take place as part of one larger audit.

Officer self-assessment

8. The successful audit of the Fund's compliance against the Pension Regulator's Code of Practice 14 suggested that auditing against these regulations may need to take place only every other year. In addition to this recommendation, the Committee is asked to consider that the self assessment is bought forward from June each year to March, so that in future years the Code of Practice audit timetable will be consistent with other internal audits. It should be noted that the Pension Regulator proposes to introduce a new Code of Practice 15 later in 2020 & an early audit of the Code 14 will enable officers to implement any changes required by the new Code 15, prior to an internal audit by SWAP in 2021.
9. Officers plan to implement a framework of internal reviews during 2020 covering its compliance & controls of external reporting. The internal reviews will sit within the "Three lines of defence model" as the second line of defence between the oversight provided by the Board & Committee and the Fund's internal auditors.

Environmental Impact of the Proposal

10. Not applicable.

Financial Considerations & Risk Assessment

11. There are no known implications at this time.

Legal Implications

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

13. There are no known implications at this time.

Proposals

14. For the Committee to approve the continued joint Wiltshire Council & Fund accounting arrangements in 2020, but to assess the execution of those arrangements, bearing in mind potential SAB guidance recommending that the Fund's accounts be separated from Wiltshire Council's.
15. For the Committee to approve the scope of the internal audits in 2020/21, covering the Fund's internal financial controls, MiFID II & Data Protection Act 2018/GDPR compliance.

16. For the Committee to approve that only an officer self-assessment of the Pension Regulator's Code of Practice 14 should take place in 2020, with an internal audit planned for 2021, likely to cover the Pension Regulator's Code of Practice 15 requirements.

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