

WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD
25 January 2017

INTERNAL AND EXTERNAL AUDIT UPDATE

Purpose of the Report

1. This report updates the Board on the follow up to the 2015-16 internal audit report by the South West Audit Partnership (SWAP) on key controls recommended actions, provides the internal audit plan for 2016-17 and presents the SWAP report on the Wiltshire Pension Fund compliance with the Pension Regulators Code of Practice No 14.
2. The report doesn't focus on the external audit report by KPMG reported to this Board at the last meeting as no recommended actions arose from this.

Background

3. The internal audit of Pensions has been completed by SWAP in accordance with an agreed Internal Audit plan. This supports the annual audit undertaken by KPMG (the external auditors).

Key Considerations for the Board

SWAP Internal Audit of Key Control 2015-16

4. The SWAP Internal Audit report on key controls was reviewed by this Board 20 July 2016. SWAP had given the Fund a "Reasonable Assurance" opinion. There were no significant findings in the report, with two medium risks identified. The agreed Action Plan can be found at the end of this report updated with the latest comments.
5. Of the two medium risks, the outstanding reconciliations between Altair and SAP are now back up to date which has resulted from the change in staff within the accounting team. The reconciliation between Altair and Pension Payroll records remains on-going and is being picked up as part of the GMP reconciliation project.

Key Financial Controls Audit Plan 2016-17

6. The internal audit of the key controls for 2016-17 is currently on-going. This takes a risk based approach to ensure the key financial system controls are operating effectively for the Wiltshire Pension Fund and that fraud, error or corruption is minimised. The Terms of Reference for this audit which outlines the scope and coverage is also attached at the end of this report for the Board's information.
7. Discussions are on-going with SWAP in respect of risk 3 ensuring compliance with the LGPS scheme regulations and associated legislation and guidance. The Fund is looking at the possibility of extending the scope of the audit to provide further assurances in this area.

SWAP Report – Compliance with the Pension Regulator’s Code of Practice No 14

8. In line with the Board’s request the SWAP 2016/17 audit plan included a review to assess the Wiltshire Pension Fund’s compliance with the legal requirements of the Pension Regulators Code of Practice No. 14.
9. The resulting report is attached for the Board’s consideration. There were no significant findings and the Fund was found to be fully compliant in publishing information about the scheme and managing risk.
10. There were five ‘Priority 3’ recommendations highlighted in the report. These referred to the following areas:
 - the completion of initiatives to bring the Board Members knowledge & understanding to the level required;
 - the assessment of materiality of late and overdue contributions and consideration to the regulator;
 - the meeting of regulatory timescales for distributing annual benefits statements aren’t exceeded;
 - the Internal Dispute Resolution Process (IDRP) is fully reviewed to address tPR’s code and the documentation is updated on the website; and
 - the IDRP procedures is redrafted to show timescales to manage members expectations.
11. The management responses to these areas are outlined in the report and officers will work to ensure these are implemented.
12. This complements the officers own high level assessment of compliance with the TPR Code of Practice No. 14 reviewed by this Board at its meeting on 7 April 2016 and can be viewed here [Officers Review of compliance with TPR Code No 14](#)
13. An update on the actions from this review and the SWAP report will be reported to the Board at a future meeting.

Risks Assessment

14. The risks reflected in this Internal Audit report are included in the Risk Register which is updated quarterly and presented to this Board.

Financial Implications

15. The internal audits fees are based on an annual recharge from Wiltshire Council. The fee for the 2015-16 external audits by KPMG is £24,246 and a direct charge to the Fund.

Legal Implications

16. None have been identified as arising directly from this report.

Safeguarding Considerations/Public Health Implications/Equalities Impact

17. There are no known implications at this time.

Proposals

18. The Board is asked to note this update and the attached Internal Audit Report and updated Action Plan.

MICHAEL HUDSON
Treasurer to the Pension Fund

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