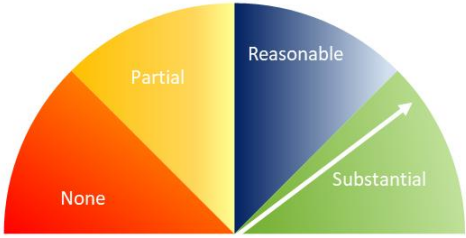


# Pension Fund Transfer 2018/19

## Final Report

Issue Date: 12 March 2019

# Executive Summary

Audit Opinion		Recommendation Summary	
	<p>The assurance opinion we have been able to offer in relation to this audit is <b>Substantial</b>.</p> <p>The areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.</p>	Priority	Number
		Priority 1	0
		Priority 2	0
		Priority 3	0
		<b>Total</b>	0

Audit Conclusion
<p>Overall the Pension Fund Investment transfer project is progressing in line with the timeframes set out in the business case and is on track to achieve the planned benefits and savings. One suggestion has been made which is that an annual audit be completed. This is due to the project being in its early stages and to ensure the project is progressing as intended.</p>

Background
<p>In May 2014, the Government published a consultation which set out how savings might be achieved by Local Government Pension Scheme (LGPS) funds through greater use of pooled investment. As a result of this, Brunel Pension Partnership Ltd was set up in July 2017 with representatives from ten LGPS administering authorities, including Wiltshire Council. Brunel Ltd received authorisation in March 2018 from the Financial Conduct Authority (FCA) to act as a full scope investment firm. A full business case was prepared setting out how the planned savings would be achieved for Wiltshire following the transfer of all pension assets, with the exception of the direct property holdings.</p> <p>Wiltshire Council has approximately £2.5 billion of funds held in thirteen portfolios, including cash and property. At the time of the audit, two portfolios had been transferred to Brunel. The next transfer is planned for November 2019 and the final transfer expected to take place in April 2021.</p>

## Corporate Risk Assessment

### Objective

To review whether the Pension Fund Investment Transfer project is progressing as it should with anticipated benefits and savings being achieved as planned. A review of governance structure and the security surrounding the transfers will also take place.

Risk	Inherent Risk Assessment	Manager's Initial Assessment	Auditor's Assessment
1. The Pension Fund Investment Transfer project does not progress as it should resulting in the anticipated benefits and savings not being achieved as planned.	High	Medium	Low
2. The assets are not transferred securely or on time resulting in financial loss to the Pension Fund.	High	Medium	Low

### Scope

This review considered:

- Whether the Pension Fund Investment transfer project is progressing as intended and whether key milestones as set out in the business case have been met.
- What were the anticipated benefits and savings that the project was expected to deliver and to what extent these are being realised?
- The governance in place within Brunel Pension Partnership Ltd and the role that the Wiltshire Pension Fund Committee has within this structure.
- The security arrangements in place for the transfer of assets to Brunel Pension Partnership Ltd.

# Findings and Outcomes

## Summary of Control Framework

There are several effective controls and processes in place that are mitigating the risks. These are documented below under the relevant risk.

**1. The Pension Fund Investment Transfer project does not progress as it should resulting in the anticipated benefits and savings not being achieved as planned.**

Regular monitoring and reporting of the project's progress is being undertaken by relevant parties against the milestones and budget set out in the project plan. This includes monthly updates from the Investments Manager, quarterly reports to the Wiltshire Investments sub-committee, and regular reporting being received from Brunel. These reports monitor and record the anticipated benefits and savings that the project is expected to deliver.

There is also a clear governance framework in place within Brunel Pension Partnership Ltd, clearly setting out Wiltshire Council's role within this structure.

**2. The assets are not transferred securely or on time resulting in financial loss to the Pension Fund.**

There are formal arrangements in place for the transfer of assets to Brunel Pension Partnership Ltd, the transfers are well monitored and scrutinised by both Wiltshire Council and Brunel.

**1. The Pension Fund Investment Transfer project does not progress as it should resulting in the anticipated benefits and savings not being achieved as planned.**

**Low**

There are no significant findings under this risk.

**2. The Council does not collect the income it is entitled to receive from Council Tax due to administrative errors or omissions.**

**Low**

There are no significant findings under this risk.

### Other Suggestions

The transfers made so far have been successful however the majority of the Wiltshire Pension Fund is still to be transferred and therefore there is a risk that the anticipated benefits and savings are not achieved. The Wiltshire Pension Fund is projected to break even in 2023 in terms of administration costs. Due to the timeframes of the overall asset pooling project the Investments Management requested that an annual Internal audit be undertaken to completion, this request is supported and therefore an annual audit is recommended to provide assurance that the project is still progressing as it should and on track to achieve the anticipated benefits and savings and standardised reporting.

# Audit Framework and Definitions

Assurance Definitions	
<b>None</b>	The areas reviewed were found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
<b>Partial</b>	In relation to the areas reviewed and the controls found to be in place, some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
<b>Reasonable</b>	Most of the areas reviewed were found to be adequately controlled. Generally, risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
<b>Substantial</b>	The areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.

Definition of Corporate Risks	
Risk	Reporting Implications
<b>High</b>	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.
<b>Medium</b>	Issues which should be addressed by management in their areas of responsibility.
<b>Low</b>	Issues of a minor nature or best practice where some improvement can be made.

Categorisation of Recommendations	
In addition to the corporate risk assessment it is important that management know how important the recommendation is to their service. Each recommendation has been given a priority rating at service level with the following definitions:	
<b>Priority 1</b>	Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of management.
<b>Priority 2</b>	Important findings that need to be resolved by management.
<b>Priority 3</b>	Finding that requires attention.

# Authors and Distribution

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