

## **WILTSHIRE COUNCIL**

WILTSHIRE PENSION FUND COMMITTEE  
22 July 2011

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### **INTERNAL AUDIT REPORT**

#### **Purpose of the Report**

1. This report informs Members of the findings of the internal auditors report on the Wiltshire Pension Fund from their 2010/11 audit.

#### **Background**

2. The last Internal Audit report on the Wiltshire Pension Fund (WPF) was completed before the introduction of SAP in 2009. The audit approach was based on the publication "Good practice guidance: gaining assurance over the governance and administration of pension funds, and pension fund investment management – a guide for the internal auditor" issued by the Society of County Treasurers. The major focus of the audit was therefore to confirm that an effective control framework exists to provide the necessary sources of assurance over the governance and administration of the fund and investment management.

#### **Key Considerations for the Committee**

3. This report summarises the key issues from that report and the officers responses to the issues raised. The detailed Internal Audit report is appended to this report in the Appendix.
4. The report structure identifies:
  - The audit opinion, key risk issues and profile (pages 3-5)
  - The audit scope, objectives and findings (pages 6-17)
  - The action plan with officers responses (pages 18-21)
5. Overall Internal Audit has reported a "Substantial Assurance" opinion. This means that whilst there is basically a sound system of control, there are weaknesses which may put some of the service objectives at risk.
6. There were no high level risks although three medium level risks were identified as a result of the audit. The key issues for the WPF to address are:
  - The flow of data between the Wiltshire Council SAP payroll and WPF has been problematic since the implementation of SAP and work continues to ensure the most appropriate reports can be produced from SAP to enable effective transfer of information and reconciliations.
  - That more regular reconciliations between SAP and the WPF's Altair database are undertaken for key areas once the current reconciliation work has been completed to maintain the integrity of the two systems.

- The reconciliations between the SAP pension payroll and SAP general ledger are undertaken. This was an action point on the Council's general payroll procedures and controls but WPF need to ensure this doesn't get overlooked in the context of pensions to ensure the overpayments don't become irrecoverable.
7. Officers have worked with Internal Audit to draw up an action plan to respond to the issues raised and implement improvements in controls. The action plan is shown at the end of the report in the Appendix and updates on the implementation are proposed to be brought to this committee.
  8. This report informs Members of the Internal Audit findings and contains an action plan to address all the issues raised.

### **Risks Assessment**

9. The risks reflected in this Internal Audit report are included in the Risk Register which is updated quarterly and presented to this Committee. None of the risks change the risk profile at a corporate level and only one of the risks was identified as having the potential for a 'moderate' impact on the service. Steps are currently being taken to reduce this risk while the Chief Finance Officer, Head of Pensions and Internal Audit will work to mitigate all the risks covered in this report.

### **Financial Implications**

10. The fee for this audit is based on an annual recharge and the issues raised should enable Internal Audit to manage and monitor this review within the current budget.

### **Legal Implications**

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

### **Proposals**

12. The Committee is asked to note the attached Internal Audit Report and its findings and to receive updates on the delivery of the actions to address the issues raised during 2011/12.

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