

**Internal and External Audit Plans for 2016**

**Purpose of the Report**

1. The purpose of this report is to highlight the current audit plans for the Wiltshire Pension Fund to Members.

**Background**

2. The Wiltshire Pension Fund is subject to both internal and external audits as part of its governance assurance responsibilities.
3. The external auditor is responsible for the audit of the Council's Statement of Accounts, of which the Pension Fund accounts are included. The current auditor for the Council is KPMG, and although they currently give a single audit opinion, they have a separate audit team that reviews the pension fund accounts. They do not audit the Fund's Annual Report, but will comment on its consistency with the accounts included within them.
4. KPMG will undertake an interim audit, usually in February and issue an interim report shortly afterwards should any issues arise. They then carry out their main audit in May / June to enable them to provide an audit opinion for the Council's Audit Committee in July.
5. The Pension Fund's draft annual accounts will be presented to the Pension Fund Committee on 30 June 2016, with the final Annual Report presented to its September meeting along with the audit report.
6. The internal audits are less regulatory driven and focus on the examination of specific areas of the administration of the Fund. These audits look from a more management perspective at the procedures and processes, making sure they are robust and meet best practice to mitigate potential risks. The internal audit is undertaken by the South West Audit Partnership (SWAP).
7. SWAP also supports some of the work undertaken by KPMG by reviewing key processes which they can then rely on to reduce the amount of work required in the main audit.

**Key Considerations for the Board**

*External Audit Plan*

8. KPMG are still in the process of drafting the audit plan for 2015-16. It was originally intended that it would go to the Council's March Audit Committee but that meeting has now been rearranged for April.
9. Once the plan has been finalised it will be brought to this committee for review.

*Internal Audit Plan*

10. For the internal audit a work plan is agreed in conjunction with the Pension Fund officers. The current plan was discussed in December 2015 for the audit of the Key Controls on the Pension Fund. The plan and scope of the work being assessed is shown on the attached plan. The report of this audit is still being finalised and will be presented to the Pension Fund Committee at its meeting on 30 June 2016.

11. A more in-depth audit was carried out in 2015 which looked across the administration of the pension service. The objective was to ensure that Pension Records and Payments are administered by the Wiltshire Pension Fund in compliance with Regulations and best practice while the internal controls minimise the risk of losses through fraud or errors.
12. This focused on procedures, the accuracy of records and payment of benefits and the timeliness of these payments. This report was presented to the Pension Fund Committee in June 2015, and reviewed by this Board in July 2015 as seen at the following link:

<https://cms.wiltshire.gov.uk/ieListDocuments.aspx?CId=1280&MId=9430&Ver=4>

13. There were 9 recommendations within the action plan. The proposed plan in 2016 is that SWAP undertake a follow up to this audit and review the implementation of these actions.

### **Financial Considerations & Risk Assessment**

14. The purpose of both internal and external audits is to address risks outlined on the Fund's Risk Register shown elsewhere on this agenda.
15. The external audit fee is based on a set annual charge and the SWAP audit forms part of the central services recharge to the Fund.

### **Legal Implications and Environmental Impact of the Proposal**

16. There are no material legal or environmental impacts of these proposals.

### **Safeguarding Considerations/Public Health Implications/Equalities Impact**

17. There are no known implications at this time.

### **Reasons for Proposals**

18. The internal and external audits provide the assurances the Pension Fund is operating in line with the scheme and accounting regulations. The Board need to be assured that these audits provide these adequate assurances that compliance is being achieved.

### **Proposals**

19. The Board is asked to note the audit process and proposed plans for 2016.

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