

WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD
6 April 2017

INTERNAL AND EXTERNAL AUDIT UPDATE

Purpose of the Report

1. This report updates the Board on the 2016-17 internal audit report by the South West Audit Partnership (SWAP) on key controls, and provides an update on progress of actions from 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 Committee in September 2016 as no recommended actions arose from this.
3. This paper also updates the Board on the appointment process for the external auditor.

Background

4. 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).
5. The SWAP papers were considered by the Pension Fund Committee at their meeting on 23 March 2017.

Key Considerations for the Board

Key Financial Controls Internal Audit of Key Controls 2016-17

6. The internal audit of the key controls for 2016-17 is now completed. 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. This audit was expanded to accommodate the request from the Board that it reviews the Fund's compliance with the requirements under the 2014 LGPS Regulations and CIPFA Code of Practice Requirements for Annual Reporting.
7. SWAP has given the Fund a "Reasonable Assurance" opinion. There were no significant findings in the report, with two priority 3 risks identified.
8. Of the two medium risks, the reconciliations of New Pensioners and New Dependents between the Altair Pension system and SAP Pension Payroll will commence once resources are in place. The reconciliation between Altair and Pension Payroll records are on-going as discussed in paragraph 6.

SWAP Report – Compliance with the Pension Regulator's (tPR) Code of Practice No 14

9. This audit assessed the Wiltshire Pension Fund's compliance with the legal requirements of the Pension Regulators Code of Practice No. 14. There were no significant findings and 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 - **update: completion of the tPR toolkit is outstanding for 1 member.**
- the assessment of materiality of late and overdue contributions and consideration to the regulator - **update: new framework being implemented, update to October Board meeting**
- the meeting of regulatory timescales for distributing annual benefits statements aren't exceeded - **update: Project started to ensure completion within timeframe;**
- the Internal Dispute Resolution Process (IDRP) is fully reviewed to address tPR's code and the documentation is updated on the website - **update: processes reviewed;** and
- the IDRP procedures is redrafted to show timescales to manage members expectations - **update: timescales on website.**

10. The Local Pension Board also requested an example of how the Fund tracks late contributions at its October meeting and that SWAP benchmark the Fund against other similar funds in future audit reports on TPR compliance.

Appointment of the External Auditor

11. The Board asked officers to confirm the process for appointing auditors. The current external auditors KPMG are contracted until 2017/18, and pending changes to legislative requirements to appoint public body auditors following the Local Accountability and Auditor Act 2014 that dissolved the Audit Commission, the Council has to determine an appropriate route to appoint its external auditors thereafter.

12. This was considered by the Audit Committee on 26 October 2016, and they resolved to support in principle an approach by Wiltshire Council to join a 'sector led body' arrangement where specified appointing person status had been achieved under the relevant Regulations, provided that: (a) value for money is achieved and (b) the period of appointment for auditors is specified.

13. The relevant paper and minutes can be viewed at the link below:

<http://cms.wiltshire.gov.uk/ieListDocuments.aspx?CId=155&MId=10072&Ver=4>

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 Committee.

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 approximately £26k 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 SWAP Internal Audit Report.

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