


Pensions Code of Practice 14 Compliance 2019/20

Final report

Issue Date: 26 July 2019

Executive Summary

Audit Opinion		Recommendation Summary	
	<p>The assurance opinion we have been able to offer in relation to this audit is REASONABLE. 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.</p>	Priority	Number
		Priority 1	0
		Priority 2	1
		Priority 3	0
		Total	1

Audit Conclusion

Overall, the audit found that the self-assessment process undertaken to confirm compliance with The Pensions Regulators Code of Practice 14 was robust and transparent with the action plan and reporting deemed to be to an appropriate level.

One recommendation has been made which relates to verifying that the answers provided by management to confirm compliance are correct by undertaking random sampling and testing of the responses.

Background

The purpose of this audit was to review the self-assessment completed by the Wiltshire Pension Fund against their compliance with The Pensions Regulators Code of Practice 14 (Code 14) which relates to the governance and administration of public service pensions schemes. The Code 14 came into legal effect on 1 April 2015 and is set out into 5 key parts:

- Introduction
- Governing your Scheme
- Managing risks
- Administration
- Resolving issues

A self-assessment is completed annually by the Wiltshire Pension Fund management team to assess compliance against the code. Any areas of non-compliance or concern are then reported to the Pension Committee and Local Pensions Board.

Corporate Risk Assessment

Objective

To provide assurance that the self-assessment completed by the Council's Pension Fund of its compliance with the Pensions Regulator's code of practice number 14 is robust and reliable.

Risk	Inherent Risk Assessment	Manager's Initial Assessment	Auditor's Assessment
1. Non-compliance with the Code of Practice 14 resulting in regulatory breaches and fines.	High	Low	Low

Scope

The audit reviewed the end to end self-assessment process including:

- Planning and process undertaken
- Analysis of the responses
- Verification and testing
- Reporting on areas of non-compliance
- Plans in place to rectify areas of non-compliance.

The approach of the audit included interviews with relevant staff members, reviewing the completed self-assessment with associated documentation and verifying responses in the self-assessment by completing testing.

Findings and Outcomes

Summary of Control Framework

Overall the self-assessment process to determine compliance with the Code of Practice 14 is well controlled with a robust and transparent self-assessment completed on an annual basis. An analysis of the results is completed, and the reporting of the results is deemed to be to an appropriate level. A clear and timely plan is also in place to address areas of non-compliance.

1.	1. Non-compliance with the Code of Practice 14 resulting in breaches and fines.	Medium
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1.1 Finding and Action

Issue	Risk	
There is no verification completed to confirm that the responses in the self-assessment are correct.	The Fund could be fined or have sanctions imposed if areas of non-compliance are not identified and reported on.	
Findings		
<p>The current process for assessing compliance with the Code 14 requirement involves sending a spreadsheet to the managers of the Pensions Fund who respond with how they are complying in the areas for which they are responsible. Once all the questions have been responded to, the answers are collated, analysed and reported on. It was noted that areas that had a plan in place to achieve compliance, such as the GDPR regulations, had been assessed as being compliant. Until the plan is fully completed, these areas are not technically compliant and therefore should not be reported as such.</p> <p>There is currently no process to confirm that the responses in the self-assessment are correct as no sample testing or assessments are completed of the areas that have been selected as compliant to verify they are in fact complying.</p>		
Recommendation		
We recommended that the Fund Governance and Compliance Manager complete random sample testing of the responses received in the self-assessment to confirm the responses are correct.	Priority Score	2
Agreed Action	Timescale	30 June 2020
The Fund Governance and Compliance Manager will complete random sample testing of the responses received in the self-assessment to confirm the responses are correct.	Responsible Officer	Fund Governance and Compliance Manager

Audit Framework and Definitions

Assurance Definitions

None	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.
Partial	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.
Reasonable	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.
Substantial	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
High	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.
Medium	Issues which should be addressed by management in their areas of responsibility.
Low	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:

Priority 1	Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of management.
Priority 2	Important findings that need to be resolved by management.
Priority 3	Finding that requires attention.

Authors and Distribution

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