

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
23 March 2017

INTERNAL AND EXTERNAL AUDIT UPDATE

Purpose of the Report

1. This report updates the Committee on the follow up to the 2015-16 internal audit report by the South West Audit Partnership (SWAP) on key controls recommended actions, provides the internal audit plan for 2016-17, the 2016-17 key controls report and presents the SWAP report on the Wiltshire Pension Fund compliance with the Pension Regulators Code of Practice No 14.
2. With the exception of the key controls 2016-17 report these report were initially circulated to the Local Pension Board January 2017 meeting as the December Committee agenda focused on the Brunel Pension Partnership full business case.
3. 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.

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).

Key Considerations for the Board

SWAP Internal Audit of Key Control 2015-16

5. The SWAP Internal Audit report on key controls was reviewed by this Committee 30 June 2016. SWAP had given the Fund a "Reasonable Assurance" opinion. There were no significant findings in the report, with two medium risks identified. The agreed Action Plan can be found at the end of this report updated with the latest comments.
6. Of the two medium risks, the outstanding reconciliations between Altair and SAP are now back up to date which has resulted from the change in staff within the accounting team. The reconciliation between Altair and Pension Payroll records remains on-going and is being picked up as part of the GMP reconciliation project.

Key Financial Controls Audit Plan/ Internal Audit of Key Controls 2016-17

7. 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. The Terms of Reference for this audit which outlines the scope and coverage is also attached at the end of this report for the Committee's information.
8. SWAP has given the Fund a "Reasonable Assurance" opinion. There were no significant findings in the report, with two priority 3 risks identified.

9. 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 Code of Practice No 14

10. In line with the Local Pension Board’s request the SWAP 2016/17 audit plan included a review to assess the Wiltshire Pension Fund’s compliance with the legal requirements of the Pension Regulators Code of Practice No. 14.
11. The resulting report is attached for the Committee to note. There were no significant findings and the Fund was found to be fully compliant in publishing information about the scheme and managing risk.
12. There were 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;
 - the assessment of materiality of late and overdue contributions and consideration to the regulator;
 - the meeting of regulatory timescales for distributing annual benefits statements aren’t exceeded;
 - the Internal Dispute Resolution Process (IDRP) is fully reviewed to address tPR’s code and the documentation is updated on the website; and
 - the IDRP procedures is redrafted to show timescales to manage members expectations.
13. The management responses to these areas are outlined in the report and officers will work to ensure these are implemented.
14. This complements the officers own high level assessment of compliance with the TPR Code of Practice No. 14 reviewed by the Local Pension Board at its meeting on 7 April 2016 and can be viewed here [Officers Review of compliance with TPR Code No 14](#)
15. An update on the actions from this review and the SWAP report will be reported to this Committee and the Local Pension Board at a future meeting.
16. 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.

Risks Assessment

17. 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

18. The internal audits fees are based on an annual recharge from Wiltshire Council. The fee for the 2015-16 external audits by KPMG is £24,246 and a direct charge to the Fund.

Legal Implications

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

20. There are no known implications at this time.

Proposals

21. The Committee is asked to note this update and the attached SWAP Internal Audit Reports and updated Action Plan.

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Treasurer to the Pension Fund

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