

WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD

15 October 2020

Fund Audit Plan – 2021/22

Purpose of the Report

1. To enable members of the Board to recommend auditing proposals to the Pensions Committee for inclusion in the Fund's audit plan for 2021/22.

Background

2. The scope of the plan will need to consider audits conducted by the externally appointed auditor Deloitte for the completion of the Annual Report & Account's (AR&A) & the internal audits offered by the South West Audit Partnership (SWAP) covering the Fund's compliance with various regulations such as the LGPS regulations, its internal financial controls, the Data Protection Act 2018/GDPR & the Fund's FCA's MiFID II compliance.
3. **External Audits** – The Wiltshire Pension Fund (WPF) will employ the services of Wiltshire Council's external auditor in conjunction with the requirements of the Council's Audit Committee. Consequently it is anticipated that officers will prepare an audit timetable including an interim site visit by Deloitte in December 2020, prior to the preparation of the draft accounts in May. Deloitte's will then undertake a further site visit in May/June after which officers will submit the draft report & accounts for 2020/21 to both the Board & Committee in July. It is intended that the AR&A's for 2020/21 will be completed and by 31st July.
4. **Internal Audits** – Each year a risk identification approach is employed by Wiltshire Council to determine the terms of reference of its internal auditors. As part of this determination the Pension Fund Committee should make recommendations to the Audit Committee on areas of compliance which it considers to be relevant. In 2021/22 it is anticipated that SWAP should therefore complete a site visit undertaking a review of the Fund's Pension Transfer arrangements to BPP, its internal financial controls & the Data Protection Act 2018/GDPR. In addition, as part of the Fund's internal audit strategy it should also request copies of key SWAP audits conducted on other Wiltshire Council service areas which provide significant services to the Fund.
5. **Officer self-assessments** – Officers have also sought to introduce an additional layer of forensic review conducted by subject matter experts within the Pension's Department. In addition to another self-assessment of the Pension Regulator's Code of Practice 14, which has been suggested this year as a result of the Regulator delaying its implementation of their new Single Code of Practice, this range of second line reviews will be intended to focus on operationally strategic functions being undertaken by the Fund. For example, in 2020 officers undertook second line reviews on their Systems Access controls, the Annual Allowance process & the Fund's fulfilment of its statutory returns.

Officers also intend to set out the Fund's self-assessment arrangements against the requirements of the Taskforce Climate-rated Financial Disclosures (TCFD) due to be implemented from 2023, to ensure its compliance.

Considerations for the Board

External Audits

6. As a result of the Fund's AR&A's for 2018/19 still not being signed off by Deloitte & at the time of writing this report the AR&A's for 2019/20, has not been signed off either, the Board is asked to consider whether any next steps should be taken. In light of the delays connected with the signing off of Council's annual accounts, Board members are asked to consider whether they should receive a written update detailing the continued nature of the delay, along with a strategy for resolution which has been agreed between the Council & the Auditor. It is noted by officers that a paper on this issue has been submitted to the Council's Audit Committee.

Internal Audits

7. Annual audits are essential to cover the Fund's key financial controls & Pension Transfer arrangements with BPP. With regard to the Fund's key financial controls audit it should additional focus on the Fund's newer significant processes in particular i-Connect, MSS & its treasury management arrangements. It is also recommended that a limited audit takes place concerning the Fund's Data Protection Act 2018/GDPR compliance resolving around its newly implemented System & Security Access controls.

Officer self-assessments

8. In addition to the officer self-assessment undertake in respect of the existing Pension Regulator's Code of Practice 14 requirements, officers will also conduct a series of second line reviews, which at the time of writing this report are likely to cover;
 - a) The Aggregation of benefits process;
 - b) The tier two Ill health early retirements process;
 - c) Transfers in & out; &
 - d) Death Benefits.

Environmental Impact of the Proposal

9. Not applicable.

Financial Considerations & Risk Assessment

10. There are no known implications at this time.

Legal Implications

11. There are no material legal implications from this report.

Safeguarding Considerations/Public Health Implications/Equalities Impact

12. There are no known implications at this time.

Proposals

13. For the LPB to recommend that the Pension's Committee request a written report outlining a resolution which will enable the sign off of the Fund's AR&As.

14. For the LPB to recommend that the Committee approve the scope of the internal SWAP audits in 2020/21, covering the Fund's Pension Transfers arrangements, its internal financial controls & Data Protection Act 2018/GDPR compliance.
15. For the LPB to recommend that the Committee approve an officer self-assessment of the Pension Regulator's Code of Practice 14 during 2021.

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