

**WILTSHIRE COUNCIL**

**WILTSHIRE PENSION FUND COMMITTEE**

**23 MAY 2012**

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**INTERNAL AUDIT REPORT**

**Purpose of the Report**

1. This report informs Members of the findings of the internal auditors report on the Wiltshire Pension Fund from their 2011/12 audit.

**Background**

2. The internal audit of Pensions has been completed in accordance with the Internal Audit plan for 2011-12. This incorporates the key controls from KPMG's Internal and External Audit Joint Working Protocol 2011/12. The audit reviewed the operation of the controls as set out under Audit Scope and Objectives outlined on page 6 of the attached report. The scope of this audit was to provide assurances that:
  - Key control operate effectively within the Wiltshire Pension Fund;
  - Key risks identified in the previous Internal Audit report have been appropriately addressed.

**Key Considerations for the Committee**

3. This report summarises the key issues from that report and the officers responses to the issues raised. The detailed Internal Audit report is appended to this report in the Appendix.
4. The report structure identifies:
  - The audit opinion, key risk issues and profile (pages 3-5)
  - The audit scope, objectives and findings (pages 6-13)
  - The action plan with officers responses (pages 14-18)
5. Overall Internal Audit has reported a "Substantial Assurance" opinion. This means that whilst there is basically a sound system of control, there are weaknesses which may put some of the service objectives at risk.
6. There were no high level risks although two medium level risks were identified as a result of the audit. The key issues for the WPF to address are:
  - The lack of a complete and regular comparison of the pensions payroll and the Altair database risks, payments being made to individuals who should not be on the payroll, and possibly payments not being made which should be.
  - Delay in investigating and clearing ageing balances within bank reconciliations risks misstatement in the accounts and a backlog of work at year end
7. With reference the pension payroll and Altair database comparison, procedures have been implemented, although due to the number of records involved this will be phased in

on a rolling programme of reconciliations. In terms of the bank reconciliations a process has been put in place to review these items on a 6 monthly basis.

8. Officers have worked with SWAP to draw up an action plan in response to all the issues raised and implement the necessary improvements in controls. The action plan is shown at the end of the attached report on pages 14-18. Updates on the implementation of these actions are proposed to be brought to future meetings of this committee.

### **Risks Assessment**

9. The risks reflected in this Internal Audit report are included in the Risk Register which is updated quarterly and presented to this Committee. None of the risks change the risk profile at a corporate level and only one of the risks was identified as having the potential for a 'moderate' impact on the service. Steps are currently being taken to reduce this risk while the Chief Finance Officer, Head of Pensions and Internal Audit will work to mitigate all the risks covered in this report.

### **Financial Implications**

10. The fee for this audit is based on an annual recharge.

### **Legal Implications**

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

### **Proposals**

12. The Committee is asked to note the attached Internal Audit Report and its findings and to receive updates on the delivery of the actions to address the issues raised during 2012/13.

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