



**SOUTH YORKSHIRE PENSIONS AUTHORITY**

**10.00 AM AT THE OFFICES OF THE SOUTH YORKSHIRE JOINT  
SECRETARIAT, 18 REGENT STREET, BARNSELY**

**AGENDA Reports attached unless stated otherwise**

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## SOUTH YORKSHIRE PENSIONS AUTHORITY

22 November 2012

### Report of Clerk and Treasurer

## CORPORATE PLANNING AND GOVERNANCE BOARD: AUDIT COMMITTEE FUNCTIONS 2011/12

### 1. Purpose of the Report

To consider the Corporate Planning and Governance Board's Annual Report for 2011/12.

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### 2. Recommendations

**Members are recommended to consider the Corporate Planning and Governance Board's Annual Report for 2011/12 and note that it will be published on the Authority's website.**

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### 3. Background Information

The Corporate Planning and Governance Board considered the Annual Report relating to its Audit Committee functions at its meeting on 15 November 2012 and agreed to submit it to the full Authority for consideration. The report is attached and it will be published on the Authority's website.

### 4. Implications and risks

There are no financial, legal, risk management or diversity issues associated with the report.

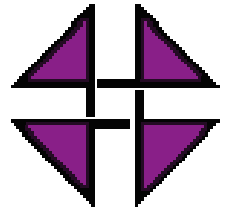
**S Pick**  
**Clerk and Treasurer**

**Officer responsible:** Maureen Oades, Deputy Clerk and Solicitor  
South Yorkshire Joint Secretariat  
01226 772856; [mvoades@sypa.gov.uk](mailto:mvoades@sypa.gov.uk)

**Background papers** used in the preparation of this report are available for inspection at the offices of the Authority in Barnsley.

**Other sources and references:** The Board's agenda papers and minutes.

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**SOUTH YORKSHIRE  
PENSIONS  
AUTHORITY**

**CORPORATE PLANNING AND  
GOVERNANCE BOARD**

**AUDIT COMMITTEE FUNCTION**

**ANNUAL REPORT 2011/12**

**Approved by the Corporate Planning and Governance Board on 15  
November 2012**

**Final version to be presented to the full Authority on 22 November 2012**

## **Foreword**

I am pleased to present the Committee's annual report for the period 2011/12 which provides evidence of the arrangements the Authority has in place to monitor, challenge and hold to account those responsible for managing its governance arrangements and the production and approval of its Annual Governance Statement.

Richard Wraith  
Chair  
Corporate Planning and Governance Board

## AUDIT COMMITTEE ANNUAL REPORT 2010/11

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## **1. INTRODUCTION**

This report is prepared for the full Authority and covers the Board's work during the financial year 2011/12 in relation to its audit committee function. It outlines the Board's:

- Role and responsibilities;
- Membership and attendance; and
- Achievements.

## **2. BOARD INFORMATION**

### **Audit Committee Role and Responsibilities**

The Board provides an overview role on all aspects of governance and achieves this by:

- providing a forum for monitoring governance arrangements;
- receiving and discussing monitoring reports from internal and external sources; and
- making recommendations to the Authority for action to address any deficiencies.

The Board performs the core audit committee functions recommended as good practice by the Chartered Institute of Public Finance and Accountancy (CIPFA). These functions are included in the Boards terms of reference which are attached at Appendix 1. Its achievements are considered in Section 3 below.

### **Board Membership (6 members)**

The Board's membership at the end of March 2012 was:

Councillor R Wraith (Chair)  
Councillor D Baker  
Councillor D Barker  
Councillor E Butler  
Councillor B Ford  
Councillor B Lodge  
Councillor P Wootton

Membership changes occurring during the year were as follows:

- Councillor B Lodge ceased to be a member in May 2011 and was replaced by Councillor D Barker from the 9 June 2011.

### **Board Meetings and Attendance**

The Board held six meetings in the year (May 2011, June 2011, July 2011, November 2011, February 2012 and March 2012). The business conducted was in accordance with the work programme which was reviewed at each meeting.



The schedule of Members' and Officers' attendance is attached as Appendix 2. The good practice guidance suggests that the Chief Financial Officer should attend regularly, and that the Monitoring Officer and other senior officers should contribute as appropriate. The actual attendance recorded demonstrates that this was achieved.

### **3. COMMITTEE WORK PROGRAMME AND OUTCOMES**

The Board maintains a work programme for its main areas of activity which is considered at each meeting. The reports received during 2011 -12 relating to its audit committee functions are shown in Appendix 3; the outcomes of the Board's work in relation these are summarised below. The "boxed" bullet points in *italics* are the core functions from the CIPFA guidance; the details below each box identify how the Board has achieved its responsibilities.

#### **3.1 Risk Management and Internal Control**

- *Considering the effectiveness of the Authority's risk management arrangements, the control environment and associated anti-fraud and corruption arrangements.*
- *Seeking assurances that action is being taken on risk-related issues identified by auditors and inspectors.*
- *Being satisfied that the Authority's assurance statements, including the Annual Governance Statement properly reflect the risk environment and any actions required to improve it.*

#### **The Board has:**

- Considered regular reports on the corporate risk register and considered the movements in individual risks and their categorisation;
- Received progress reports from the Head of Internal Audit on internal and external audit issues;
- Considered the results of the review of internal control and internal audit for 2010/11;
- Approved, the Annual Governance Statement 2010/11 including the improvements required in 2012/13;
- Considered a report from the Monitoring Officer on the Authority's Constitution which identified the revisions made and the scheduled dates for next reviews;
- Received a report from the Monitoring Officer on a Vulnerability Assessment carried out in accordance with the Authority's Anti-Fraud and Corruption Strategy;
- Received regular update reports on the Authority's treasury management position;
- Received regular Budget Monitoring reports.

#### **3.2 Internal Audit and External Audit**

- *Approving (but not directing) Internal Audit's strategy and plan, and monitoring performance.*
- *Reviewing summary Internal Audit reports and the main issues arising, and*

*seeking assurance that action has been taken where necessary.*

- *Receiving the annual report of the head of Internal Audit.*
- *Considering the reports of external audit and inspection agencies.*
- *Ensuring that there are effective relationships between Internal Audit and external audit, inspection agencies and other relevant bodies, and that the value of the process is actively promoted.*

### **Internal Audit:**

The Board has:

- Agreed the Internal Audit Strategy and Annual Plan for 2011/12;
- Received and considered Head of Internal Audit's Annual Report for 2010/11, including the opinion on the Authority's internal control arrangements;
- Received and considered regular reports from the Head of Internal Audit on the Internal Audit Team's progress against the annual plan, including summaries of the reports issued and management's response.

### **Audit Commission (see also Accounts below):**

The Board has:

- Received reports from the Audit Commission on their Audit Plans for the Authority;
- Received progress reports from the Audit Commission and in particular relating to recommendations made by them on Data Flows from the four Metropolitan District Councils to the Authority;
- Approved the Audit Commission's fee for the financial year 2011/12.

### **3.3 Accounts**

- *Reviewing the financial statements, the external auditor's opinion and reports to members, and monitoring management action in response to the issues raised by external audit.*
- *Overseeing the production of, and approving, the Authority's Annual Governance Statement.*
- *Overseeing the production of, and approving, the Authority's Annual Statement of Accounts, focussing on:*
  - *the suitability of, and any changes in, accounting policies;*
  - *major judgemental issues e.g. provisions.*
- *Receiving and agreeing the response to the external auditor's report to those charged with governance on issues arising from the audit of the accounts, focussing on significant adjustments and material weaknesses in internal control reported by the external auditor.*

The Board has:

- Overseen the production of, and approved the Authority's Annual Governance Statement 2010-11;
- Reviewed and approved the Authority's Statement of Accounts 2010/11;

- Received and approved the Audit Commission's Annual Governance Report 2010/11 and agreed the responses to the recommendations made.

### **3.4 Working Arrangements**

Members considered and agreed the Board's Annual Report for 2010/11 which was presented to the full Authority and published on the Authority's website.

The Board revisited the self - assessment of its position against the best practice guidance and considered the extent to which its arrangements remained robust.

**CORPORATE PLANNING & GOVERNANCE BOARD**

**TERMS OF REFERENCE (extract)**

- 6) Carrying out the following core audit committee functions:
- a. Consider the effectiveness of the Authority's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements.
  - b. Seek assurances that action is being taken on risk-related issues identified by auditors and inspectors.
  - c. Be satisfied that the authority's assurance statements, including the Statement on Internal Control, properly reflect the risk environment and any actions required to improve it.
  - d. Approve (but not direct) internal audit's strategy and plan.
  - e. Monitor performance against Internal Audit's strategy and plan.
  - f. Review summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary.
  - g. Receive the annual report of the Head of Internal Audit.
  - h. Consider the reports of external audit and inspection agencies.
  - i. Ensure that there are effective relationships between internal audit and external audit, inspection agencies and other relevant bodies, and that the value of the process is actively promoted.
  - j. Review financial statements, external auditor's opinion and reports to members, and monitor management action in response to the issues raised by external audit.
  - k. To oversee production of, and approve, the Authority's Annual Governance Statement.
  - l. To review and approve the annual Statement of accounts, focussing on the suitability of, and any changes in, accounting policies; and major judgemental issues e.g. provisions.
  - m. To receive and agree the response to the external auditor's report to those charged with governance on issues arising from the audit of the accounts, focussing on significant adjustments and material weaknesses in internal control reported by the external auditor.

## MEMBER / OFFICER ATTENDANCE AT AUDIT COMMITTEE MEETINGS

Member / Officer	May 2011	June 2011	July 2011	Nov. 2011	Feb. 2012	Mar. 2012
<b>Members</b>						
Councillor R Wraith (Chair)	✓	✓	✓	✓	✓	✓
Councillor D Baker	✓		✓	r/a	r/a	
Councillor D Barker		✓	r/a	r/a	✓	✓
Councillor E Butler	✓		✓	r/a	r/a	r/a
Councillor R Ford	✓	✓	✓	✓	r/a	✓
Councillor P Wootton	✓	✓	✓	✓	✓	
Councillor M Lawton		o			o	o
<b>Representative Bodies</b>						
Unison – G Boyington	r/a	r/a	✓	✓	✓	
GMB – G Warwick			✓	r/a	✓	✓
UCATT – J Coombs					r/a	
<b>Officers</b>						
Clerk and Treasurer (WJW)	✓		✓	✓		
Deputy Clerk & Solicitor (MVO)		✓	✓	✓		✓
Chief Internal Auditor (RW)	✓	✓				✓
Audit Manager (MW)				✓	✓	✓
Member Services Representative	✓	✓	✓	✓	✓	✓
Fund Director (JNH)	r/a	r/a	✓	✓	✓	
Operations Manager (BC)						
Head of Pensions Admin (GC)	✓	✓	✓	✓	✓	
Head of Policy & Performance (MM)					✓	
<b>Audit Commission</b>						
District Auditor (JP)	✓		✓	✓	✓	
Audit Manager (LW)	✓	✓	✓	✓	r/a	

## Notes:

- Shaded cells = membership not current at the time of the meeting
- ✓ = attended
- r/a = apologies for absence recorded
- o = observer

**APPENDIX 3**

**BOARD ACTIVITY – AUDIT COMMITTEE FUNCTION**

<b>Function / Issue</b>	<b>May 2011</b>	<b>June 2011</b>	<b>July 2011</b>	<b>Nov. 2011</b>	<b>Feb. 2012</b>	<b>Mar. 2012</b>
<b>Risk Management</b>						
Risk Register	Noted	Noted		Noted	Noted	Noted
<b>Governance and Internal Control</b>						
Review of Internal Control 2010/11	Agreed					
Annual Governance Statement (AGS) 2010/11	Approved					
AGS Improvements Action Plan 2011/12	Agreed					
Contract Standing Orders Exemptions					Noted	
Treasury Management Update	Noted		Noted	Noted	Noted	
Anti-Fraud and Corruption Strategy – Vulnerability Assessment and Progress reports				Noted		
<b>Internal Audit</b>						
Audit Strategy & Plan 2011/12	Agreed					
Audit Strategy & Plan 2012/13						Agreed
Outstanding Recommendations	Noted		Noted	Noted	Noted	
Annual Report 2010/11		Noted				
Progress Report	Noted		Noted	Noted	Noted	
<b>External Audit</b>						
Audit Fee 2011/12	Approved					
VFM Conclusion 2010/11				Noted		
<b>Accounts</b>						
Audited Statement of Accounts 2010/11			Approved			
Annual Governance Report 2010/11			Noted			
Letter of Representation			Approved			
Budget Monitoring 2010/11	Noted		Noted	Noted	Noted	
<b>Board Working Arrangements</b>						
Work Programme	Noted	Noted	Noted	Noted	Noted	
Annual Report 2010/11			Noted			
Good Practice of Self-Assessment and Terms of Reference Review		Noted				

(The term “Noted” is used to include resolutions to note and to receive reports).