



Audit Committee  
Annual Report  
2019/20  
March 2020

## **Foreword**

I am pleased to present the first annual report of the Authority's Audit Committee covering the Committee's activity during the 2019/20 financial year. Reporting on the Committee's work in this way contributes to the process of assurance gathering which is used to produce the Authority's Annual Governance Statement and demonstrates the robustness of the overall governance arrangements that are in place.

Councillor John Mounsey

Chair

Audit Committee – South Yorkshire Pensions Authority

## **1. INTRODUCTION**

This report is produced in order to provide stakeholders with information on the work of the Committee over the 2019/20 Municipal Year and to support the process of assurance gathering required in order to produce the Authority's Annual Governance Statement.

It outlines the Committee's:

- Role and responsibilities;
- Membership and attendance; and
- Work programme.

## **2. COMMITTEE INFORMATION**

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

The Committee's terms of reference are set out in the Authority's constitution and are as follows:

To fulfil 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 Annual Governance Statement, properly reflect the risk environment and any actions required to improve it.
- d) Approve (but not direct) internal audit's Charter and annual plan.
- e) Monitor performance against internal audit's Charter and annual plan.
- f) Review summary internal audit reports and the main issues arising, and seek assurance that action had been taken where necessary.
- g) Receive the annual report of the Head of Internal Audit.
- h) Consider the annual 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 the production of and approve the Authority's Annual Governance Statement.
- l) To review and approve the annual Statement of Accounts and the Authority's Annual Report, focusing on:
  - The suitability of, and any changes in accounting policies;
  - 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, focusing on significant adjustments and material weaknesses in internal control reported by the external auditor.

Monitor the Authority's risk register and annual governance action plan, reporting issues of concern to the full Authority.

### **Membership**

The Committee's membership at the end of March 2020 was:

Councillor J Mounsey (Chair)

Councillor A Atkin

Councillor S Cox

Councillor A Law

Councillor M Stowe

In addition the three observers nominated to the Authority by the recognised trade unions are entitled to attend and participate in meetings of the Committee. During the year these representatives were:

N Doolan-Hamer (Unison)

D Patterson (Unite)

G Warwick (GMB)

### **Committee Meetings and Attendance**

The Committee held three meetings during the municipal year (July 2019, October 2019 and March 2020). The business conducted reflected the terms of reference and the pattern of work of the Authority's Internal and External Auditors. As this was the first year of the operation of the Committee in this form learning from the work programme and the effectiveness of reporting in this first year will be reflected in the programme for future years.

The schedule of Members' and Officers' attendance is attached as Appendix 1. 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 Committee maintains a broad programme of work for its main areas of activity. The reports received during 2018-19 are shown in Appendix B; the outcomes of the Committee's work in relation to 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 Committee has:**

- Reviewed the Authority's Risk Management Framework and approved changes in the methodology for assessing risks. As a result of this routine reporting of changes to the risk register and the assessment of individual risks is reported to the Authority as part of regular quarterly reporting with a twice yearly detailed review of the register by the Committee the first of which is due in July 2020.
- Received regular progress reports from the Head of Internal Audit on internal audit matters.
- Considered the results of the review of internal control and internal audit for 2018/19.

### 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.*

#### **The Committee has:**

##### ***Internal Audit:***

- Agreed the Internal Audit Strategy and Annual Plan for 2019/20 and 2020/21;
- Received and considered Head of Internal Audit's Annual Report for 2018/19, 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.

##### ***Appointed External Auditor (see also Accounts below):***

- Received reports from Deloitte on their Audit Plans for the Authority;
- Received regular progress reports from Deloitte

- Approved Deloitte's fee for the financial year 2018/19.

### **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 Committee has:

- Overseen the production of, and approved the Authority's Annual Governance Statement 2019/20;
- Reviewed and approved the Authority's Statement of Accounts 2018/19;
- Received and approved Deloitte's Annual Governance Report 2018/19 and agreed the responses to the recommendations made.

### **3.4 Working Arrangements**

Members considered and agreed the Board's Annual Report for 2018/19 which was then 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.

**APPENDIX A**

**MEMBER/OFFICER ATTENDANCE AT AUDIT COMMITTEE MEETINGS**

<b>Member/Officer</b>	<b>18 July 2019</b>	<b>24 October 2019</b>	<b>5 March 2020</b>
Cllr J Mounsey (Chair)	(Note 1)	(Note 3)	X
Cllr A Atkin	X (Note 2)	X	X
Cllr S Cox	X	X (Note 2)	X
Cllr A Law	(Note 3)	X	(Note 1)
Cllr M Stowe	X	X	X
N Doolan-Hamer	X	X	X
D Patterson	(Note 3)	(Note 3)	X
G Warwick	X	X	X
Fund Director	(Note 3)	X	X
Head of Finance and Corporate Services	X	X	X
Head of Pensions Administration	X	X	(Note 3)
Treasurer (s73 Officer)	X	X	(Note 1)
Monitoring Officer	X	X	(Note 3)
Deputy Clerk	X	(Note 3)	X
External Audit (Deloitte)	X	X	X
Internal Audit (Barnsley MBC)	X	X	X

**Notes**

1. Apologies and substitute sent
2. Acted as Chair
3. Apologies sent

## COMMITTEE ACTIVITY

Function/Issue	18 July 2019	24 October 2019	5 March 2020
<b>Risk Management</b>			
Update to the Risk Management Framework		Approved	
<b>Governance and Internal Control</b>			
Data Protection Officer's Annual Report	Noted		
Review of the Anti-Fraud and Corruption Policy		Approved	
Review of the Whistleblowing Policy		Approved	
Progress on delivering the 2018/19 Annual Governance Statement Action Plan			Noted
Progress on Implementation of Audit Recommendations		Noted	
Annual Review of Contracts			Noted
<b>Internal Audit</b>			
Progress Report	Noted	Noted	Noted
Annual Report 2018/19	Noted		
Internal Audit Charter	Approved		Noted
Internal Audit Plan 2020/21			Noted
<b>External Audit</b>			
Annual Governance Report 2018/19	Noted		
Annual Audit Letter 2018/19		Noted	
External Audit Plan 2019/20			Approved
<b>Accounts</b>			
Audited Annual Report and Statement of Accounts 2018/19	Approved		
Letter of Representation			
<b>Board Working Arrangements</b>			
Audit Committee Annual Report 2019/20			Approved

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