

SOUTH YORKSHIRE PENSIONS AUTHORITY AUDIT & GOVERNANCE COMMITTEE

7 MARCH 2024

PRESENT: Councillor Marnie Havard (Chair)

Councillors: Roy Bowser, Simon Clement-Jones, Steve Cox and David Nevett

Trade Unions: Garry Warwick (GMB)

Officers: George Graham (Director), Gillian Taberner (Assistant Director - Resources), Jo Stone (Head of Governance and Corporate Services), William Goddard (Head of Finance and Performance), and Annie Palmer (Team Leader - Governance)

Sukdave Ghuman (Deputy Clerk (BMBC Service Director Law & Governance), Caroline Hollins (BMBC Internal Audit)

Richard Lee and Elizabeth Wharton (External Audit Partner KPMG)

Karen McWilliam and Liam Robson (Aon Governance Advisors)

1 **WELCOME, INTRODUCTIONS AND APOLOGIES**

The Chair welcomed Karen McWilliams and Liam Robson from Aon as observers.

Apologies were received from Nicola Doolan-Hamer (Unison) and Sharon Bradley (BMBC Internal Audit).

2 **ANNOUNCEMENTS**

None.

3 **URGENT ITEMS**

None.

4 **ITEMS TO BE CONSIDERED IN THE ABSENCE OF THE PUBLIC AND PRESS**

None.

5 **DECLARATIONS OF INTEREST**

None.

6 **MINUTES OF THE MEETING HELD ON 14/12/2023**

RESOLVED: That the minutes of the meeting held on 14 December 2023 be agreed as a true record.

7 INTERNAL AUDIT PROGRESS REPORT 2023/24 QUARTER 4

C Hollins delivered the report on Internal Audit Progress 2023/24 Quarter 4.

It was confirmed at the time of the report that 73% of the total plan days had been delivered equating to 84% of plan days excluding contingency as detailed in the report. The reports completed, the work in progress and the planned assignments relating to the Internal Audit Progress Report were summarised and it was reported there were no concerns.

RESOLVED: Members received and noted the report.

8 INTERNAL AUDIT PLAN 2024/25

C Hollins presented the report on the draft Corporate Assurance Plan for 2024/25 and explained the research and resources used to produce it.

It was explained there was a slight reduction in plan days for 2024/25 down to 200 from the 220 of the previous year but Members were reassured the scope of the draft plan was sufficient to support SYPA to meet all statutory responsibilities.

RESOLVED:

- a) **The draft Corporate Assurance plan for 2024/25 was approved in principle whilst acknowledging the need for the Head of Corporate Assurance, in consultation with the Director and the Chief Finance Officer, to exercise her professional judgement during the year to apply the Plan flexibly according to priority, risk and resources available;**
- b) **The Audit and Governance Committee agreed to receive quarterly monitoring reports from the Head of Corporate Assurance to demonstrate progress against the plan including information where the Plan has materially varied from the original Plan.**

9 EXTERNAL AUDIT PLAN - AUDIT OF YEAR ENDING 31 MARCH 2024

R Lee presented the current external audit plan for the Authority audit and explained the context and scope of the Plan. It was explained that this report related to the financial statements and that documents regarding the Value for Money risk assessment would be circulated separately.

It was explained that KMPG worked closely with Internal Auditors, IT specialists, VAT specialists, Officers and industry bodies to cover areas of risk when forming the Plan and as a result two main areas of risk had been identified:

- i. Management override of controls
- ii. Valuation of post retirement benefit obligations

R Lee and E Wharton explained that the Pension Fund audit plan was not yet ready to present as a full report and instead presented an indicative risk assessment for the Pension Fund audit of year ending 31 March 2024 (not included in the agenda pack). The indicative risks had been identified as:

- i. Management override of controls
- ii. Contributions
- iii. Investments
- iv. Cash
- v. Actuarial Present Value of Promised Retirement Benefits

The external auditor explained that their planning activities and risk assessment procedures were still on-going, and they would communicate their audit approach in full once this work has reached the appropriate stage.

Members drew attention to the significant increase in fees for the external auditors from 2022/23 to 2023/24. The external auditor explained that the fees were set externally by Public Sector Audit Appointments.

The Committee asked for clarification on the costs, definition, and implications of ISA 315r and ISA 240. The external auditors explained that these were audit industry standards with detailed targets auditors had to meet and placing additional requirements on their work.

The Chair questioned when the full and complete report inclusive of the Value for Money risk assessment would be available. Richard Lee stated that the full report would be completed before the next meeting of the Committee but that with the agreement of Members and Officers it could be circulated on completion (which is planned for the end of the financial year 2023/24).

Members asked for clarity on VAT in relation to the Authority. KPMG explained that they are using a VAT specialist to complete the Plan due to the unique VAT arrangements SYPA have with HMRC.

RESOLVED:

- a) **Members reviewed and noted the external audit plan at Appendix A.**
- b) **Members noted that the accompanying report related solely to the Authority Audit for the year ending 31 March 2024; the Fund plan was to be circulated upon completion.**

10 ACCOUNTING POLICIES - ACCOUNTS FOR YEAR ENDING 31 MARCH 2024

The Head of Finance & Performance presented the Accounting Policies report noting that no new policies had been added in 2023/24.

RESOLVED: Members noted the accounting policies to be used in the preparation of the Authority's Statement of Accounts in accordance with requirements set out in the CIPFA Accounting Code of Practice.

11 PROGRESS ON AGREED MANAGEMENT ACTIONS REPORT

The Governance Team Leader presented the report on Progress on Agreed Management Actions and noted that the majority of the actions detailed in the report had been completed with the exception of changes to the End to End Interfund

Process. It was explained that the Service Manager – Benefits extended the target date to the end of March 2024 to complete the final stage of the process review.

Members praised the progress made, particularly the completion of longstanding objectives and the commitment to ongoing improvements.

RESOLVED: Members noted the progress made on implementing agreed management actions.

12 ANNUAL REVIEW OF GOVERNANCE COMPLIANCE STATEMENT 2023/24

The Head of Governance and Corporate Services presented the report on the Annual Review of Governance Compliance Statement 2023/24 and drew attention to the proposed amendments regarding the role and function of the Local Pension Board in section 2.8 and 2.9 of the Governance Compliance Statement in Appendix A.

RESOLVED: Members approved the Governance Compliance Statement at Appendix A.

13 AUDIT & GOVERNANCE COMMITTEE EFFECTIVENESS REVIEW REPORT 23/24

The Head of Governance and Corporate Services presented the report on the Audit and Governance Committee Effectiveness Review 2023/24 which had been produced to adhere to the principles of good governance as outlined in the CIPFA Position Statement on Audit and Governance Committees 2022.

RESOLVED: Members agreed the Effectiveness Review in Appendix A and the recommended actions therein.

14 AUDIT & GOVERNANCE COMMITTEE ANNUAL REPORT 2023/24

The Head of Governance and Corporate Services presented the report on the Audit and Governance Annual Report 2023/24 and drew attention to the updated data in Appendix C of the Annual Report.

RESOLVED:

- a) **Members approved the Annual Report of the Audit and Governance Committee for 2023/24 as attached at Appendix A.**
- b) **Members delegated approval to the Head of Governance and Corporate Services to update the Annual Report for publication to reflect the attendance at and outcomes of this meeting and the final outcomes of internal audit reviews completed by the end of the year.**

CHAIR