

# Public Document Pack

Oakwell House  
2 Beevor Court  
Pontefract Road  
Barnsley  
S71 1HG

[www.sypensions.org.uk](http://www.sypensions.org.uk)

## **NOTICE OF AUTHORITY MEETING**

**You are hereby summoned to a meeting of the South Yorkshire Pensions Audit & Governance Committee to be held at Oakwell House, 2 Beevor Court, Pontefract Road, Barnsley, S71 1HG on Thursday, 7 March 2024 at 10.00 am for the purpose of transacting the business set out in the agenda.**



**Sarah Norman  
Clerk**

This matter is being dealt with by: Governance Team      Tel: 01226 666405  
Email: [Governanceteam@sypa.org.uk](mailto:Governanceteam@sypa.org.uk)

### **WEBCASTING NOTICE**

**This meeting may be filmed for live or subsequent broadcast via the Authority's website. At the start of the meeting the Chair will confirm if all or part of the meeting is being filmed.**

**You should be aware that the Authority is a Data Controller under the Data Protection Act. Data collected during this webcast will be retained in accordance with the Authority's published policy.**

**Therefore by entering the meeting room, you are consenting to being filmed and to the possible use of those images and sound recordings for webcasting and/or training purposes.**

## **Distribution**

Councillors: M Havard (Chair), R Bowser, S Clement-Jones, S Cox and D Nevett.

## **Contact Details**

For further information please contact:

Governance Team  
South Yorkshire Pensions Authority  
Oakwell House  
2 Beevor Court  
Pontefract Road  
Barnsley,  
S71 1HG

Tel: 01226 666405

[Governanceteam@sypa.org.uk](mailto:Governanceteam@sypa.org.uk)

## **AUDIT COMMITTEE TERMS OF REFERENCE**

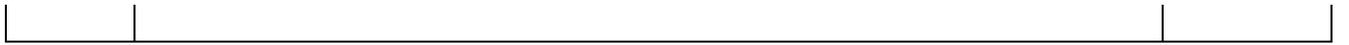
1. To fulfil the following core Audit Committee functions:
  - a) Consider the effectiveness of the Authorities risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements.
  - b) Seek assurances that action is being taken on risk related issues identified 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 has been taken where necessary.
  - g) Receive the Annual Report of the Head of Internal Audit.
  - h) Consider the Annual Reports of External Audit and inspectors.
  - i) Ensure that there are effective relationships between Internal 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 report 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.
2. Monitor the Authority's Risk Register and Annual Governance Action Plan, reporting issues of concern to the full Authority.

## SOUTH YORKSHIRE PENSIONS AUTHORITY AUDIT COMMITTEE

THURSDAY, 7 MARCH 2024 AT 10.00 AM - OAKWELL HOUSE, 2 BEEVOR COURT,  
PONTEFRACT ROAD, BARNSELEY, S71 1HG

### Agenda: Reports attached unless stated otherwise

	Item	Pages
	<b><u>Committee Administration</u></b>	
1.	Apologies	
2.	Announcements	
3.	Urgent Items  To determine whether there are any additional items of business which by reason of special circumstances the Chair is of the opinion should be considered at the meeting; the reason(s) for such urgency to be stated.	
4.	Items to be considered in the absence of the public and press  To identify items where resolutions may be moved to exclude the public and press. (For items marked * the public and press may be excluded from the meeting.)	
5.	Declarations of Interest	
6.	Minutes of the meeting held on 14/12/2023	7 - 10
	<b>INTERNAL AUDIT</b>	
7.	Internal Audit Progress Report 2023/24 Quarter 4	11 - 20
8.	Internal Audit Plan 2024/25	21 - 28
	<b>EXTERNAL AUDIT</b>	
9.	External Audit Plan - Audit of Year Ending 31 March 2024	29 - 54
	<b>RESOURCES</b>	
10.	Accounting Policies - Accounts for Year Ending 31 March 2024	55 - 64
	<b>GOVERNANCE</b>	
11.	Progress on Agreed Management Actions Report	65 - 72
12.	Annual Review of Governance Compliance Statement 2023/24	73 - 94
13.	Audit & Governance Committee Effectiveness Review Report 23/24	95 - 102
14.	Audit & Governance Committee Annual Report 2023/24	103 - 114



This page is intentionally left blank

## SOUTH YORKSHIRE PENSIONS AUTHORITY AUDIT AND GOVERNANCE COMMITTEE

14 DECEMBER 2023

PRESENT: Councillor M Havard (Chair)

Councillors: S Clement-Jones (Sheffield City Council), S Cox (Sheffield City Council) and D Nevett (City of Doncaster Council), Cllr

Trade Unions: N Doolan-Hamer (Unison), R Bedford (UNITE), G Warwick (GMB)

Officers: G Graham (Director), G Taberner (Assistant Director Resources), W Goddard (Head of Finance).

R Lee (External Audit Partner KPMG)

R Winter (Internal Audit BMBC) S Bradley (Internal Audit BMBC) C Hollins (Internal Audit BMBC)

No apologies for absence were received

### 1 WELCOME, INTRODUCTIONS AND APOLOGIES

The Chair welcomed Richard Bedford (UNITE) as a new member.

### 2 ANNOUNCEMENTS

The Director informed members that this would be Rob Winter's last attendance at the Audit and Governance Committee as he is due to retire. He expressed great thanks to Rob acting in his role as both Head of Internal Audit and Data Protection Officer.

Members also expressed their thanks for his support and advice over the years.

### 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 21 SEPTEMBER 2023

RESOLVED: That the minutes of the meeting held on 21 September 2023 be agreed as a true record.

## 7 INTRODUCTION TO KPMG

The Chair welcomed Richard Lee (Director at KPMG) to the meeting who gave an overview of the process that will take place due to the appointment of KPMG as the Authority's external auditor. He gave a background to the initial groundwork carried out to date and explained to member the KPMG team structure, highlighted their experience in Local Government and Local Government Pension schemes.

Assurance was given that the transition process would not cause any delays in the audit schedule, with the planning and risk assessment work expected to be completed by the end of the financial year. KPMG are working closely with Deloitte to ensure a smooth transition.

Members questioned if there was anyone in the team that had previous experience of the SYPA scheme and also what transitional risks, if any, had been identified. Richard confirmed that this was the case and detailed the experience within the team of this scheme. He explained that the risk assessment phase was currently in progress but in terms of the transition the key risk is around ensuring timescales are met.

An outline plan will be submitted to the next Audit and Governance Committee and further assurance was given in terms of close liaison with internal and external auditors.

RESOLVED: Members thanked R Lee for the introduction and noted the areas covered.

## 8 2023/24 QUARTER 3 INTERNAL AUDIT PROGRESS REPORT

C Hollins delivered the report on Internal Audit Progress 2023/24 Quarter 3.

She confirmed at the time of the report 49% of the total plan days had been delivered. The majority of quarter 3 reviews have commenced, and quarter 4 reviews will be agreed with SMT early January.

Members were assured that internal audit have no concerns around the agreed management actions process and that regular updates are provided. Particular attention was drawn to the quarterly performance indicators and sickness percentages and it was stressed that this had not impacted negatively on the delivery of the SYPA plan.

RESOLVED: Members received and noted the report.

## 9 INTERNAL AUDIT TRANSFORMATION - PRESENTATION

S Bradley delivered a presentation to update members on the review of the current service and explain the new structure and changes to be put in place. She explained that the terminology of internal audit and anti-fraud will be replaced by the terminology of a Corporate Assurance Team.

Members were advised that one of the key changes will be a greater focus on strategic objectives and risks, but still with an opportunity to review operational areas if issues are highlighted as part of the strategic reviews.

Members questioned if there should be any concern that previous reviews hadn't been carried out correctly. S Bradley explained that the reviews have been completed in line with the strategy but there has traditionally been a focus on discreet functional areas whereas the new approach will see a shift towards a more overarching review from a risk and governance perspective.

Members also commented on the reduction in staff and questioned the future capacity of the team. It was confirmed that there would be no reduction in the service provided to SYPA and much of the resourcing issues linked to other external bodies.

**RESOLVED:** Members received and noted the presentation.

#### **10 LOCAL CODE OF CORPORATE GOVERNANCE**

The Assistant Director – Resources presented the updated Local Code of Corporate Governance for members to review.

It was explained to members the update stemmed from an action agreed following the review of the Annual Governance Statement and that the Local Code sets out the arrangements and evidence to show how we evidence the seven principles set out in the Good Governance Framework.

Members were asked to note that once approved the code will form the basis of what compliance is assessed against when the next Annual Governance Statement is carried out.

**RESOLVED:** Members approved the updated Local Code of Corporate Governance for publication.

#### **11 ANNUAL REVIEW OF RISK MANAGEMENT FRAMEWORK 2023/24**

The Assistant Director – Resources presented the updated Risk Management Framework. The Framework has undergone a robust review this year to capture the next levels of assurance at operational level.

Members were asked to note the additional measures that have been put in place to enhance and strengthen the risk management process including external training for SMT and Middle Managers, risk workshops to review in more detail the current strategic risks and the revised format of the risk register.

RESOLVED:

- a. Members noted the contents of this report
- b. Members approved the updated Risk Management Framework for publication

#### 12 PROGRESS ON AGREED MANAGEMENT ACTIONS

The Team Leader - Governance presented the progress on agreed management actions report.

Particular attention was drawn to actions that had target dates extended and also new actions that have been added in relation to the review of procurement processes. Members were asked to note that a number of the new actions were already close to completion and these will be captured in the next report.

RESOLVED: Members received the report and noted the progress being made on implementing agreed management actions.

Chair

## Agenda Item

<b>Subject</b>	<b>Corporate Assurance Progress Report</b>	<b>Status</b>	For Publication
<b>Report to</b>	<b>Audit and Governance Committee</b>	<b>Date</b>	<b>07/03/2024</b>
<b>Report of</b>	Head of Corporate Assurance		
<b>Equality Impact Assessment</b>	Not Required		
<b>Contact Officer</b>	Sharon Bradley	<b>Phone</b>	07795 305846
<b>E Mail</b>	<a href="mailto:SharonBradley@barnsley.gov.uk">SharonBradley@barnsley.gov.uk</a>		

### 1. Purpose of the Report

- 1.1 The purpose of this report is to provide a summary of the Corporate Assurance Team activity completed, and the key issues arising from it, for the period 27<sup>th</sup> November 2023 to 18<sup>th</sup> February 2024.
- 1.2 To provide information regarding the performance of the Corporate Assurance Team during the period.

### 2 Recommendation

- 2.1 **It is recommended that Members consider the report and as necessary request further information and/ or explanations from the Corporate Assurance Team or Management.**

### 3 Background Information

- 3.1 The Audit and Governance Committee has responsibility for reviewing the adequacy of the Authority's corporate governance arrangements, including those relating to internal control and risk management. The reports issued by the Corporate Assurance Team are a key source of assurance contributing to the evidence the Committee receives to assure them that the internal control environment is operating as intended.
- 3.2 The Head of Corporate Assurance produces an Annual Report (reported into the July Committee meeting), which provides her overall opinion on the adequacy of the Authority's control environment and compliance with it during the year.

### 4. Implications

- 4.1 The proposals outlined in this report have the following implications:

Financial	The cost of the services of the Corporate Assurance Team is contained within the budget and is periodically invoiced.
Human Resources	n/a
ICT	n/a
Legal	Section 73 of the Local Government Act 1985 requires the Authority to make arrangements for the proper administration of its financial affairs; and Regulation 6 of the Accounts and Audit Regulations 2015 requires the Authority to maintain an adequate and effective system of Internal Audit (Corporate Assurance) of its accounting records and of its system of internal control. This report does not contain any information which is exempt under the Freedom of Information Act 2000.
Procurement	n/a

**Sharon Bradley CMIIA**  
**Head of Corporate Assurance**

<b>Background Papers</b>	
<b>Document</b>	<b>Place of Inspection</b>
Background papers and other sources of reference include: Corporate Assurance Charter 2021-24, Annual Plan 2023-24, Individual Assurance Reports, MK Insight (Audit Management System), Public Sector Internal Audit Standards 2017	Barnsley Metropolitan Borough Council, Westgate Plaza, Barnsley.

# South Yorkshire Pensions Authority Corporate Assurance Progress Report

Audit and Governance Committee

7<sup>th</sup> March 2024

The matters arising in this report are only those which came to our attention during our corporate assurance work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regard to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

## CORPORATE ASSURANCE PROGRESS REPORT 27<sup>th</sup> November 2023 to 18<sup>th</sup> February 2024

### Purpose of this report

This report has been prepared to update the Committee on our activity for the period 27<sup>th</sup> November 2023 to 18<sup>th</sup> February 2024, bringing to your attention matters that are relevant to your responsibilities as members of the Authority's Audit and Governance Committee. The report also provides information regarding the performance of the Corporate Assurance Team during the period.

### Corporate Assurance Plan Progress

The following table shows the progress of the corporate assurance plan up to the 18<sup>th</sup> February 2024, analysed by the number of planned assignments and days delivered by Service Area.

To date, we have delivered 73% of the total planned days (84% of the planned days not incl. contingency). The 2023/24 plan (as in previous years) is profiled more heavily towards the end of the financial year and the Corporate Assurance Team has profiled its resources accordingly. As in previous years, there are likely to be a number of pieces of work that will be completed in the new financial year.

#### Position as at 18<sup>th</sup> February 2024 - Plan Days Delivered

2023/24 Plan	Original Plan Days	Revised Plan Days	Actual days (% of revised days)
Finance	92	92	79.6 (47%)
Pensions Admin	18	18	19.6 (12%)
Authority Wide	89	69	44.8 (27%)
Investments	10	10	9.2 (5%)
Corporate Services	20	10	14.6 (9%)
Contingency	2	32*	
<b>Chargeable Planned Days</b>	<b>231</b>	<b>231</b>	<b>168 (73%)</b>

\* Refer to plan changes below.

#### Position as at 18<sup>th</sup> February 2024 – Planned Assignments With Report

	Planned assignments in year	Assignments to be completed in period	Actual assignments completed in period	Actual assignments completed to date
<b>Finance &amp; Resources</b>	8	4	3*	7
<b>Pensions Admin</b>	3	0	0	3
<b>Investments</b>	1	0	0	1
<b>Corporate Services</b>	1	1	0*	0
<b>Service Wide</b>	3	0	0	1
<b>Total</b>	<b>16</b>	<b>5</b>	<b>3</b>	<b>12</b>

\* The Training & Development Appraisal Process and Investment Income reviews are currently at draft report stage, for discussion and agreement with management.

## Changes to the 2023/24 Corporate Assurance Plan

At the beginning of the year provision is made in the allocation of audit resources for unplanned work, through a contingency. As requests for audit work are received, or more time is required for jobs or changes in priorities are identified, time is allocated from this contingency. There have been three plan changes during the period:-

- Deferred - Authority's Risk Management arrangements – a compliance review was planned but the system will not have been implemented and embedded sufficiently in this financial year to enable that review to be undertaken.
- Deferred - Business Continuity Planning (BCP) – a compliance review was planned but the BCP needs to be revised and implemented by Management and then embedded to enable this review to be undertaken.
- Deferred - Staff Payroll & HR System – Design & Implementation – delays in procuring the system.

## Final Corporate Assurance Reports

The following reports have been issued during the period.

Assurance Assignment	Assurance Opinion	Number of recommendations raised:			Total	Agreed
		High	Medium	Low		
Finance: Fund Contributions	Substantial	0	0	0	N/A	N/A
Finance: Accounting for Deals	Substantial	0	0	0	N/A	N/A
Finance: UPM Payroll	Substantial	0	0	0	N/A	N/A
<b>Total</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>N/A</b>	<b>N/A</b>

## Other Corporate Assurance work undertaken

Assurance Activity	Description
Follow-up of Agreed Management Actions (AMAs)	Regular work undertaken to follow-up agreed management actions.
Planning, Liaison and Feedback	Meeting and corresponding with Senior Management regarding progress of assurance work, future planning, and general client liaison.
Advice	General advice to services regarding controls, risk, or governance.
Audit and Governance Committee Support	Time taken in the preparation of Audit and Governance Committee reports, Member training (as required), general support and development.
National Fraud Initiative	Time allocated to provide assurance that the NFI data matching exercises have been undertaken.
Pentana Risk System – Design & Implementation	Time allocated to provide advice, support and guidance to management during the design and implementation stages of the internal control framework for the risk management system.
Data Protection / UK GDPR – Advisory	To provide advice in a critical friend role that the Authority is complying with the Data Protection and UK GDPR regulatory

Assurance Activity	Description
	requirements.
Performance Management Framework	To provide advice, support and guidance to management during the design and implementation of the Performance Management Framework.
Project / Programme Management	To provide advice, support and guidance to the newly appointed Project Manager, during the development and implementation of a project / project management framework and to provide assurance with regards to the project management arrangements of one project to be delivered during 2023/24 to ensure lessons learned are identified and considered for future projects.

### Work in Progress

The following table provides a summary of the audits in progress at the time of producing this report:

Directorate- Assurance Assignment	Pre Planning	Work in Progress	Draft Report
Finance: Investment Income			✓
Finance: Purchase to Pay		✓	
Service Wide: Training & Development Appraisal Process			✓
Service Wide: Cybersecurity		✓	

### Follow-up of Corporate Assurance Report Management Actions

The following table shows the status of agreed management actions due for completion during the period:

Management Action Classification	Followed up	Not Yet Due	Closed - Implemented	Revised target date agreed	Awaiting Update From Mgt
High	2	0	1	1	0
Medium	18	2	7	9	0
<b>TOTAL</b>	<b>20</b>	<b>2</b>	<b>8</b>	<b>10</b>	<b>0</b>

The Corporate Assurance Team continues to get good co-operation from management including the Senior Management Team (SMT) and as such is able to closely monitor any implications that may arise from a delay in the implementation of management actions.

## Corporate Assurance Team performance indicators and performance feedback for 2023/24 (Quarter 3)

The Corporate Assurance Team's performance against a number of indicators is summarised below. The Service uses a range of performance indicators to monitor operational efficiency. Quarterly performance of the function is satisfactory and all PIs for the year are either on or exceed target levels.

Ref.	Indicator	Frequency of Report	Target 2023/24	This Period	Year to Date
<b>1.</b>	<b><u>Customer Perspective:</u></b>				
1.1	Percentage of questionnaires received noted "good" or "very good" relating to work concluding with an assurance report.	Quarterly	95%	100%	100%
<b>2.</b>	<b><u>Business Process Perspective:</u></b>				
2.1	Percentage of final assurance reports issued within 10 working days of completion and agreement of the draft assurance report.	Quarterly	80%	100%	100%
2.2	Percentage of chargeable time against total available.	Quarterly	73%	60%	62%*
2.3	Average number of days lost through sickness per FTE	Quarterly	6 days	7 days	12.7 days*
<b>3.</b>	<b><u>Continuous Improvement Perspective:</u></b>				
3.1	Personal development plans for staff completed within the prescribed timetable.	Annual	100%	100%	100%
<b>4.</b>	<b><u>Financial Perspective:</u></b>				
4.1	Total costs v budget.	Quarterly	Within budget	Yes	Yes

\* The chargeable time indicator in Q1, Q2 & Q3 has been impacted upon by the profile of annual and statutory leave, which will level out throughout the year and the impact of sickness absences. These absences have not impacted on the delivery of the South Yorkshire Pensions Authority Plan.

### Performance indicator definitions and supporting information

PI Ref	Indicator	Comments
1.1	Percentage of favourable questionnaire responses received (noted "good" or "very good") relating to work concluding with an assurance report.	Client Sponsor and Operational Lead Questionnaires are circulated at the end of each piece of work. The questionnaires ask specific questions covering the effectiveness of pre-planning, communication, timing, and quality of the assurance report/output. An overall assessment is sought as to the overall value of the work. This is the answer used for this PI. All questionnaires are analysed in detail to ensure all aspects of the assurance process are monitored and improved.

PI Ref	Indicator	Comments
2.1	Percentage of final assurance reports issued within 10 working days of completion and agreement of the draft assurance report.	This is an operational PI to ensure the timely issue of final reports. This PI is influenced by the availability of Senior Corporate Assurance staff to clear the report and any issues the Service's quality assessment process highlights along with the availability of the client sponsor.
2.2	Percentage of chargeable time against total available.	A key operational measure of the 'productivity' of the Corporate Assurance Team taking into account allowances for administration, general management, training, and other absences. This PI will reflect the % chargeable time of staff in post, net of vacancies.
2.3	Average number of days lost through sickness per FTE.	A corporate PI to measure the effectiveness of good absence / attendance management.
3.1	Personal development plans for staff completed within the prescribed timetable.	The Corporate Assurance Team place a high level of importance on staff training and continuous development and are committed to ensure all staff have their own training plans derived from the personal development plan process.
4.1	Total costs v budget.	This is a simple overall measure to note whether the Service's expenditure for the year has been kept within the budget.

### Head of Corporate Assurance's Opinion

The Head of Corporate Assurance must deliver an annual assurance opinion and report that can be used by the organisation to inform its Annual Governance Statement. The annual corporate assurance opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

At this point in the year, based on work completed to date, it is anticipated that a **Reasonable** (positive) overall assurance opinion will be provided.

### Corporate Assurance Contacts

Contact	Title	Contact Details
Sharon Bradley	Head of Corporate Assurance	Mobile: 07795 305846 Email: SharonBradley@barnsley.gov.uk
Caroline Hollins	Corporate Assurance Manager	Mobile: 07809 103249 Email: CarolineHollins@barnsley.gov.uk

**KEY TO CORPORATE ASSURANCE GRADINGS AND CLASSIFICATION OF IMPLICATIONS**

1. **Classification of Implications (impact)**

- High**                      Requires immediate action – imperative to ensuring the objectives of the system under review are met.
- Medium**                 Requiring action necessary to avoid exposure to a significant risk to the achievement of the objectives of the system under review.
- Low**                      Action is advised to enhance control or improve operational efficiency.

2. **Assurance Opinions**

	Level	Control Adequacy	Control Application
<b>POSITIVE OPINIONS</b>	<b>Substantial</b>	Robust framework of controls exist that are likely to ensure that objectives will be achieved.	Controls are applied continuously or with only minor lapses.
	<b>Reasonable</b>	Sufficient framework of key controls exist that are likely to result in objectives being achieved, but the control framework could be stronger.	Controls are applied but with some lapses.
<b>NEGATIVE OPINIONS</b>	<b>Limited</b>	Risk exists of objectives not being achieved due to the absence of key controls in the system.	Significant breakdown in the application of key controls.
	<b>None</b>	Significant risk exists of objectives not being achieved due to the absence of controls in the system.	Fundamental breakdown in the application of all or most controls.

Page 20

## Agenda Item

<b>Subject</b>	<b>Corporate Assurance Plan Report 2024/25</b>	<b>Status</b>	For Publication
<b>Report to</b>	<b>Audit and Governance Committee</b>	<b>Date</b>	<b>07/03/2024</b>
<b>Report of</b>	Head of Corporate Assurance		
<b>Equality Impact Assessment</b>	Not Required		
<b>Contact Officer</b>	Sharon Bradley	<b>Phone</b>	07795 305846
<b>E Mail</b>	<a href="mailto:SharonBradley@barnsley.gov.uk">SharonBradley@barnsley.gov.uk</a>		

### 1. Purpose of the Report

The purpose of this paper is to present to members of the Audit and Governance Committee (The Committee) the draft Corporate Assurance Plan for 2024/25.

### 2. Recommendations

#### 2.1 It is recommended that:-

- i. **the draft Corporate Assurance plan for 2024/25 is 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; and**
- ii. **the Audit and Governance Committee 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.**

### 3. Background Information

3.1 Corporate Assurance is an important and influential aid to senior management and corporately aims to help the organisation achieve its objectives and priorities by ensuring there is an appropriate and effective internal control, risk, and governance framework. The overall opinion issued each year by the Head of Corporate Assurance is used as a key source of assurance to support the preparation of the statutory Annual Governance Statement. Corporate Assurance also supports the Authority's statutory officers in discharging their responsibilities.

3.2 The Corporate Assurance plan is important because it sets out the components of the governance, risk and internal control environment that need to be reviewed. In addition, it provides a statement of intent and a performance target for Corporate Assurance and subsequent accountability to the Director, Chief Finance Officer, the Senior Management Team (SMT) and the Audit and Governance Committee. It is also important that the resources of the Corporate Assurance Service are utilised effectively. This paper sets out the methodology to demonstrate how this will be achieved.

- 3.3 Corporate Assurance adopts a risk-based approach to identifying areas to be included in the plan, the performance of its work and to ensure that the Corporate Assurance Team assigns its resources to the key areas of risk and priority facing the organisation in achieving their objectives and therefore where the greatest value can be added.
- 3.4 This risk-based framework aims to provide a logical basis to compile the annual Corporate Assurance plan, inform likely priorities for future plans and ensure that the scope of work enables the service to provide appropriate and sufficient evidence in support of the assurance opinion provided on the adequacy, effectiveness and reliability of the organisation's risk management, governance, and internal control processes.
- 3.5 The process outlined complies with the requirements of the Public Sector Internal Audit Standards (PSIAS) which require the plan to be risk-based and informed by the organisation's risk management, performance management and other assurance processes.

#### **4. Basis of the Draft Corporate Assurance Audit Plan 2024/25**

##### **4.1 Risk Management Arrangements**

**Risk Maturity:** The approach has taken into account the risk maturity of the organisation to consider whether reliance can be placed on the organisation's risk management and other governance processes for identifying areas for assurance coverage. Risk maturity has been assessed as "risk managed" which confirms that there is an enterprise-wide approach to risk management which is developed and communicated. The Corporate Assurance approach therefore provides for an independent review of the risk management process to be undertaken and the application of risk management to be challenged on an ongoing basis as part of each Corporate Assurance review.

**Risk Registers:** Corporate Assurance aims to provide assurance to management, Members, and other stakeholders that the organisation's risks are being effectively identified and adequately mitigated. Risks have been identified and assessed through reviews of the strategic and operational risk registers.

##### **4.2 Corporate Governance Framework:**

The Governance Assurance Framework underpins every organisational function and activity, and it is therefore essential that this is reviewed in order that assurances can be given regarding its adequacy and effectiveness.

The Corporate Assurance plan contributes to this process and specific governance reviews are undertaken in order to provide assurance in respect of the organisation's framework. Examples include financial management, contracts / procurement, information security / governance, risk management and HR. Other important elements of the governance framework include health and safety/wellbeing and safeguarding.

##### **4.3 Governance 'Themes':**

All risks, review work, findings and implications are governance "themed" for the purposes of linking Corporate Assurance coverage to risks and assurances. These themes have been based on the key areas of a governance assurance framework. Functionality within the 'Audit Management System' will enable reports covering the defined themes to be produced on assurance work completed during a given period.

#### 4.4 Chief Finance Officer:

Mandatory work supports the fulfilment of statutory responsibilities in ensuring the proper administration of the organisation's financial affairs. This work also enables the Head of Corporate Assurance to form her opinion on the adequacy and effectiveness of the governance, risk, and internal control environment. This work includes:

- On a risk basis, a review of core financial systems to ensure there are adequate controls in place to produce reliable financial information and accurate and complete statutory annual accounts. This Corporate Assurance work is considered by External Audit when carrying out their audit of the Authority's statement of accounts.
- Review of the financial administration and arrangements for safeguarding cash, assets, and financial interests. This includes work which is targeted towards areas with a high risk of misappropriation, misuse, fraud, or error. The selection of areas for review in any one year is made following an assessment identifying the areas of greatest risk.
- Ensuring that data matches identified through the National Fraud Initiative (NFI) have been investigated and resolved and reviewing the organisation's risk management arrangements.

#### 4.5 Cumulative Knowledge and Experience

An important element of Corporate Assurance planning is the application of knowledge and experience through the review of key plans, reports, press coverage and national issues.

In addition, the knowledge of existing management and internal control environments, including information relating to any system changes and a professional judgement on the risk of fraud or error has been taken into account along with the outcome of the National Fraud Initiative.

Other considerations have included the following:

- Business plans and the significance / impact of the changes on the control framework.
- Previous assurance report opinions.
- The results of the follow-up of agreed management actions.
- The elapsed time since any previous coverage.
- External assurance provided in relation to a particular risk or risks as part of external inspection, intervention, and assurance activity. Corporate Assurance is mindful to avoid any possible duplication of effort in this regard.

#### 4.6 Follow-up Work:

Targeted follow-up work is designed to maximise the benefit of the original work, by ensuring that the agreed management actions in response to findings and implications have been completed and the appropriate outcomes achieved.

#### 4.7 Responsive Work:

An allowance is made within the plan to deal with requests for advice and unplanned Corporate Assurance work which arise throughout the year. The work usually follows requests from SMT / Chief Finance Officer for support and advice, and specific issues arising during the course of individual assurance reviews. Corporate Assurance's

flexibility to respond promptly to issues of this nature is highly valued and can often highlight some of the more significant items of concern and areas for improvement.

Careful consideration will be given to ensure the right balance is struck between allocating resources to planned work and maintaining a contingency of days in order to respond to any request for advice and support as outlined above.

**4.8 Allocated Days**

The number of planned days in the indicative Plan for 2024/25 is 200. This is a slight reduction of 20 planned days, the plan being 220 days in 2023/24.

**4.9 Consultation**

The Director, SMT and the Chief Finance Officer have been consulted in terms of the approach, risk assessment process and content of the plan.

**5. Emerging Risks and Revisions to the Plan**

5.1 Following approval of the draft Corporate Assurance Plan by the Audit and Governance Committee, it is subject to on-going review throughout the year. This is to ensure that it remains relevant and linked to the Authority’s strategic objectives.

5.2 Progress against the plan is regularly monitored as part of Corporate Assurance’s performance management arrangements and is reported quarterly to the Audit and Governance Committee. Any amendments to the plan in terms of unplanned, deleted, or deferred work will be agreed with the Director and Chief Finance Officer and reported to the Audit and Governance Committee.

**6. Implications**

6.1 The proposals outlined in this report have the following implications:

Financial	The cost of the services of the Corporate Assurance Team is contained within the budget and is periodically invoiced.
Human Resources	n/a
ICT	n/a
Legal	Section 73 of the Local Government Act 1985 requires the Authority to make arrangements for the proper administration of its financial affairs; and Regulation 6 of the Accounts and Audit Regulations 2015 requires the Authority to maintain an adequate and effective system of Corporate Assurance (Internal Audit) of its accounting records and of its system of internal control. This report does not contain any information which is exempt under the Freedom of Information Act 2000.
Procurement	n/a

**Sharon Bradley CMIIA**  
**Head of Corporate Assurance**

<b>Background Papers</b>	
<b>Document</b>	<b>Place of Inspection</b>
Background papers and other sources of reference include: Internal Audit Charter 2021-24, MK Insight (Audit Management System), Public Sector Internal Audit Standards 2017	Barnsley Metropolitan Borough Council, Westgate Plaza, Barnsley.

Draft Corporate Assurance Plan 2024/25

Job Title	Indicative Scope	Governance Areas
Advice	Provision of advice, as and when requested.	All
Advice and Support - HoCA	Provision of advice and support from the HoCA, as and when requested.	All
Planning & Feedback	Day to day management of annual assurance plan, including scheduling of resources and incorporating any revisions. Research across the sector.	All
Follow Up of Agreed Management Actions (AMAs)	Follow up and update of the status of agreed management actions (AMAs) from individual assurance assignments.	All
Annual Assurance Planning	To discuss and develop an agreed annual assurance plan for 2024/25	All
Audit & Governance Committee	Preparation of reports and attendance at the Audit & Governance Committee meetings. Liaison with the Chair of the Audit & Governance Committee.	All
Client Liaison	To prepare for and attend client plan update meetings, periodic attendance at SMT etc.	All
SAGS Process	To provide advice, support, and guidance to management during the transition to the new enhanced Governance Compliance Statement.	All
DNFI	To monitor the undertaking of the required data matching exercises.	DQ; EI; FM; RC
DPO Assurance	Time allocated for Corporate Assurance to undertake reviews commissioned by the Data Protection Officer.	IG; PM; LC; DM
Business Continuity Planning	To provide assurance that the lessons learned and innovative working practices arising from the reactive phase to the pandemic and also the revised arrangements following the office move have been considered and factored into BAU (where required). The BCP Plans have been revised, updated, and tested.	DM; DQ; ER; HR; IG; RC
Performance Management Framework	To provide advice, support, and guidance to management during the design and implementation of the Performance Management Framework.	DM; DQ; EI; HR; PM
Pentana Risk System - Post Implementation Review	To provide independent assurance that the newly implemented Pentana Risk Management system is operating effectively and efficiently, with robust internal controls.	All
Core Financial System - Main Accounting	To provide assurance that systems and controls are robust and operating effectively and efficiently. To include General Ledger processes / Budgetary Control / Bank Reconciliations).	FM; DQ; IG; AM
Core Financial System - Other Benefits (incl. Transfer Values / Lump Sums / Rechargeable Pensions)	To provide assurance that systems and controls are robust and operating effectively and efficiently.	FM; DQ; IG; AM

Page 26

Job Title	Indicative Scope	Governance Areas
Core Financial System - Purchase Management (Purchase to Pay)	To provide assurance that systems and controls are robust and operating effectively and efficiently.	FM; DQ; IG; AM
Core Financial System - Valuation of Assets	To provide assurance that systems and controls are robust and operating effectively and efficiently.	FM; DQ; IG; AM
Core Financial System - Staff Payroll	To provide assurance that systems and controls are robust and operating effectively and efficiently.	FM; DQ; IG; AM
Core Financial System – Fund Contributions	To provide assurance that systems and controls are robust and operating effectively and efficiently.	FM; DQ; IG; AM
Core Financial System - Treasury Management	To provide assurance that systems and controls are robust and operating effectively and efficiently.	FM; DQ; IG; AM
Core Financial System - Pensions Payroll	To provide assurance that systems and controls are robust and operating effectively and efficiently.	FM; DQ; IG; AM
Core Financial System - Staff Payroll	To provide assurance that systems and controls are robust and operating effectively and efficiently.	FM; DQ; IG; AM
Core Financial System - Fund Contributions	To provide assurance that systems and controls are robust and operating effectively and efficiently.	FM; DQ; IG; AM
Pensions Administration System	To provide assurance that the IT system access controls for the Pensions Administration system are robust and operating effectively and efficiently.	FM; IS; IG; PM; BC; DM
Staff Payroll and HR System - Design and Implementation	To provide advice, support, and guidance to management during the design and implementation stages of the Payroll and HR System(s). Currently Flexipay and T&A. The systems and processes need modernising incl. workflows e.g. online expenses claims, and better interfacing with the Internet site for recruitment.	DM; DQ; IG; FM; AM; CP; IS; PM; PP
Corporate Strategy / HR Strategy	To undertake a Strategic level Corporate Assurance Review focussing on the governance arrangements relating to the Corporate Strategy / HR Strategy. To include Recruitment & Selection and Workforce Planning.	HR; PM; EI; DM
Investment Management System - Design & Implementation	To provide advice, support, and guidance to management during procurement and implementation of the new Custodian.	IS; IG; PC; PM; PP; BC; DM; RM
Investment Strategy and Decision Making	To provide independent assurance on the investments made by the Authority i.e. in line with the strategy, evidenced and informed decision making etc.	PR; PM; AM; BC; LC; DM; RM
Climate Change and Net Zero Carbon	To provide assurance that the Authority is complying with the requirements of the TCFD.	PR; PM; BC; LC; DM

Job Title	Indicative Scope	Governance Areas
General Contingency	Small unallocated provision of days to accommodate changes in the scope of work, ad hoc requests beyond advisory and general unplanned work.	All

Governance Areas – Key:

AM	Asset Management
CP	Procurement, Commissioning and Contract Mgt
DM	Governance / Decision Making Arrangements
EI	Ethical Standards and Conduct Mgt
EQ	Equalities and Inclusion
ER	Business Continuity and Emergency Resilience
FM	Financial Management
HR	Workforce / HR Management
HS	Health and Safety
IG	Information Governance/ Security
IS	Information Systems Management
PM	Performance Management and Data Quality
PP	Project / Programme Management
PS	Partnership, Relationship & Collaboration Governance
RC	Regulatory Compliance
RM	Risk Management



<b>Subject</b>	<b>External Audit Plan – Audit of Year Ending 31 March 2024</b>	<b>Status</b>	For Publication
<b>Report to</b>	Audit & Governance Committee	<b>Date</b>	07 March 2024
<b>Report of</b>	Chief Finance Officer		
<b>Equality Impact Assessment</b>	Not Required	Attached	Na
<b>Contact Officer</b>	Will Goddard Head of Finance & Deputy Chief Finance Officer	<b>Phone</b>	01226 666421
<b>E Mail</b>	<a href="mailto:wgoddard@sypa.org.uk">wgoddard@sypa.org.uk</a>		

## 1 Purpose of the Report

- 1.1 To provide members of the Audit & Governance Committee with the current external audit plan for the Authority audit, and to explain the context and current status of this plan and the Fund audit plan, for the audit of year ending 31 March 2024.
- 

## 2 Recommendations

- 2.1 Members are recommended to:
- a. **Review and comment upon the external audit plan at Appendix A.**
  - b. **Note the accompanying report relates solely to the Authority Audit for the year ending 31 March 2024; the Fund plan will be brought in full to the 11 July 2024 Audit & Governance Committee meeting.**
- 

## 3 Link to Corporate Objectives

- 3.1 This report links to the delivery of the following corporate objectives:  
**Effective and Transparent Governance**

To uphold effective governance showing prudence and propriety at all times.

- 3.2 The annual external audit is a key part of our governance arrangements.

## 4 Implications for the Corporate Risk Register

- 4.1 This report does not address any specific corporate risks.

## 5 Background and Options

- 5.1 The External Audit Plan and Strategy for the audit of year ended 31 March 2024 is attached at Appendix A and this will be presented by the external auditor. This plan is specifically in relation to the audit of the Authority’s accounts. The plan for the audit of the Fund accounts will be dealt with separately as explained below.
- 5.2 The external audit contract for the Authority and Fund was awarded to KPMG from the financial year 2023/24 by Public Sector Audit Appointments (PSAA). Following the conclusion of the 2022/23 external audit with Deloitte in September 2023, the on-boarding process with KPMG began.
- 5.3 Substantial work has progressed on the Authority plan, which has resulted in the 2023/24 plan being part of the reporting pack. However, there have been delays in two areas:
- a. Fund Plan – the Fund plan has not progressed to the point where a report can be issued by KPMG; a verbal update will be given to the committee.
  - b. Value For Money Plan – the value for money work requires a significant amount of work to be completed in preparation, particularly in the context of this being the first year for KPMG and the need to develop their understanding and risk assessment for this area. Officers are working through all the information KPMG have requested.
- 5.4 The full external audit plan and strategy for the year-ending 31 March 2024 will be presented to the 11<sup>th</sup> July 2024 Audit & Governance Committee.
- 5.5 Delays in relation to this year’s planning timetable are as a result of the on-boarding process in year one taking significant resources to ensure the audit team have a full understanding of the Authority and Fund. It is not anticipated that there will be delays to future years’ plans as the knowledge base increases. It is not expected that the delays in the planning phase will follow through to the remainder of the 2023/24 audit process, with the plan being to meet the statutory deadline of 30 September 2024 for publishing the audited financial statements.

## **6 Implications**

- 6.1 The proposals outlined in this report have the following implications:

Financial	None.
Human Resources	None
ICT	None
Legal	None
Procurement	None

**Gillian Taberner**

**Assistant Director – Resources & Chief Finance Officer**

<b>Background Papers</b>	
<b>Document</b>	<b>Place of Inspection</b>
None	-

# South Yorkshire Pensions Authority

## Report to the Audit & Governance Committee

External Audit Plan & Strategy for the year ending  
31 March 2024

7<sup>th</sup> March 2024

# Introduction

To the Audit & Governance Committee  
of South Yorkshire Pensions Authority

We are pleased to have the opportunity to meet with you on 7<sup>th</sup> March 2024 to discuss our audit of the financial statements of South Yorkshire Pensions Authority for the year ending 31<sup>st</sup> March 2024.

We have been appointed as your auditors by Public Sector Audit Appointments Ltd. The audit is governed by the provisions of the Local Audit and Accountability Act 2014 and in compliance with the NAO Code of Audit Practice.

The NAO is consulting on a new Code of Audit Practice for 2023/24, therefore this plan will remain draft until the finalisation of that Code.

This report outlines our risk assessment and planned audit approach based on work performed to date. We will update the plan once all risk assessment and planning work is complete. Our risk assessment work over value for money is outstanding.

We provide this report to you in advance of the meeting to allow you sufficient time to consider the key matters and formulate your questions.

Contents	Page
Overview of planned scope including materiality	3
Significant risks and Other audit risks	5
Audit Risks and our audit approach	6
Mandatory communications	10
Appendix	12

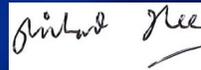
## The engagement team

Richard Lee, CA / CPFA, is the engagement lead on the audit. He has 20 years of experience.

Richard Lee shall lead the engagement and is responsible for the audit opinion.

Other key members of the engagement team include Josh Parkinson (Engagement Manager) & James Reilly (Engagement Assistant Manager) with 5 and 4 years of experience respectively.

Yours sincerely,



Richard Lee

**Director - KPMG LLP**

26 February 2024

## How we deliver audit quality

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion. We consider risks to the quality of our audit in our engagement risk assessment and planning discussions.

We define 'audit quality' as being the outcome when audits are:

- Executed consistently, in line with the requirements and intent of applicable professional standards within a strong system of quality controls and
- All of our related activities are undertaken in an environment of the utmost level of objectivity, independence, ethics and integrity.

We depend on well planned timing of our audit work to avoid compromising the quality of the audit. This is also heavily dependent on receiving information from management and those charged with governance in a timely manner. The audit undertaken in the current year is dependent on the finalisation of the previous auditor's work over historical financial statements. We aim to complete all audit work no later than 2 days before audit signing. As you are aware, we will not issue our audit opinion until we have completed all relevant procedures, including audit documentation.

### Restrictions on distribution

*This report is intended solely for the information of those charged with governance of South Yorkshire Pensions Authority and the report is provided on the basis that it should not be distributed to other parties; that it will not be quoted or referred to, in whole or in part, without our prior written consent; and that we accept no responsibility to any third party in relation to it.*

# Overview of planned scope including materiality

## Our materiality levels

We determined materiality for the entity financial statements at a level which could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. We used a benchmark of expenditure which we consider to be appropriate given the sector in which the entity operates, its ownership and financing structure, and the focus of users.

We considered qualitative factors such as stability of legislation and lack of shareholders when determining materiality for the financial statements as a whole.

To respond to aggregation risk from individually immaterial misstatements, we design our procedures to detect misstatements at a lower level of materiality (75% of materiality) driven by our expectations of a normal level of undetected or uncorrected misstatements in the period. We also adjust this level further downwards for items that may be of specific interest to users for qualitative reasons, such as officers' remuneration.

## We will report misstatements to the audit committee including:

- Corrected and uncorrected audit misstatements above £7,750.
- Errors and omissions in disclosure (corrected and uncorrected) and the effect that they, individually in aggregate, may have on our opinion.
- Other misstatements we include due to the nature of the item.

## Control environment

The impact of the control environment on our audit is reflected in our planned audit procedures. Our planned audit procedures reflect findings raised in the previous year and management's response to those findings.

## File review

We have undertaken an appropriate prior year file review of the previous auditors with no issues noted.

## Entity Materiality



**Entity Materiality**  
**£155k**

**1.99% of forecast entity expenditure £7,771k**

# Overview of planned scope including materiality (cont.)

## Timing of our audit and communications

- We will maintain communication led by the engagement lead and manager throughout the audit. We set out below the form, timing and general content of our planned communications:
- Kick-off meeting with management in February 2024 where we present our draft audit plan outlining our audit approach and discuss management's progress in key areas;
- Audit & Governance Committee meeting in March 2024 where we present our final audit plan, excluding our Value For Money (VFM) risk assessment which will be presented at a later date;
- Status meetings with management in July & August 2024 where we communicate progress on the audit plan, any misstatements, control deficiencies and significant issues;
- Closing meeting with management in September 2024 where we discuss the auditor's report and any outstanding deliverables;
- Audit and Governance Committee meeting in September 2024 where we communicate audit misstatements and significant control deficiencies; and
- Biannual private meetings can also be arranged with the Committee chair if there is interest.

## Using the work of others and areas requiring specialised skill

We outline below where, in our planned audit response to audit risks, we expect to use the work of others such as Internal Audit or require specialised skill/knowledge to perform planned audit procedures and evaluate results.

Others	Extent of planned involvement or use of work
<b>Internal Audit</b>	Whilst we have met with Internal Audit and actively review their reporting, we do not plan to rely on the work performed by internal audit as part of our external audit.
<b>Indirect Tax Team</b>	We will be utilising our Indirect Tax Team to review the treatment of the Irrecoverable VAT expense within the Authority's accounts.
<b>KPMG Pensions Centre of Excellence (PCoE)</b>	We will be utilising our PCoE team to perform work over the LGPS assets and liabilities within the Authority's accounts.
<b>IT Audit Team</b>	Given this is a first year audit and we are unfamiliar with the IT environment, we will be utilising our IT team to gain an understanding of the key financial systems and processes within the Authority.

# Significant risks and Other audit risks

Our risk assessment draws upon our understanding of the applicable financial reporting framework, knowledge of the business, the sector and the wider economic environment in which South Yorkshire Pensions Authority operates.

We also use our regular meetings with senior management to update our understanding and take input from sector and internal audit reports.

## Value for money

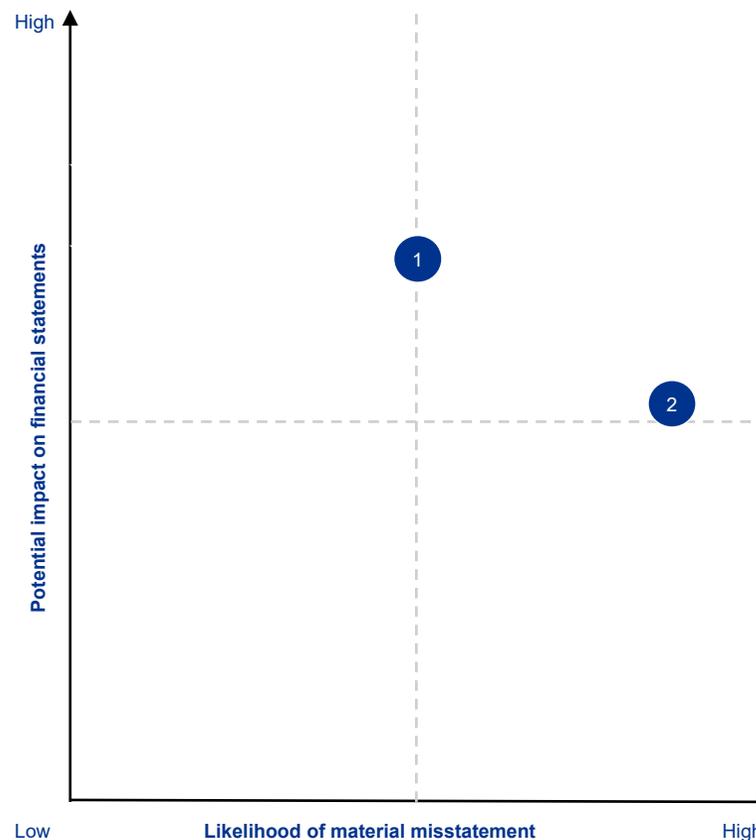
We are required to provide commentary on the arrangements in place for ensuring Value for Money is achieved at the Council and report on this via our Auditor's Annual Report. This will be published on the Council's website and include a commentary on our view of the appropriateness of the Council's arrangements against each of the three specified domains of Value for Money: financial sustainability; governance; and improving economy, efficiency and effectiveness.

Our risk assessment work over this has not yet commenced and we will update the Audit & Governance Committee at a later date.

## Significant risks

1. Management override of controls
2. Valuation of post retirement benefit obligations

Key: # Significant financial statement audit risks



# Audit risks and our audit approach (cont.)

## 1 Management override of controls (a)

Fraud risk related to unpredictable way management override of controls may occur



### Significant audit risk

- Professional standards require us to communicate the fraud risk from management override of controls as significant.
- Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.
- We have not identified any specific additional risks of management override relating to this audit.

*Note: (a) Significant risk that professional standards require us to assess in all cases.*



### Planned response

Our audit methodology incorporates the risk of management override as a default significant risk.

- Assess accounting estimates for biases by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicate a possible bias.
- Evaluate the selection and application of accounting policies.
- In line with our methodology, evaluate the design and implementation of controls over journal entries and post closing adjustments.
- Assess the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates.
- Assess the business rationale and the appropriateness of the accounting for significant transactions that are outside the entity's normal course of business, or are otherwise unusual.
- We will test specific journals through the year using our selected high risk criteria, focussing our testing on those with a higher risk, such as journals with unusual account code combinations outside of our expectations.

# Audit risks and our audit approach (cont.)

2

## Valuation of post retirement benefit obligations

An inappropriate amount is estimated and recorded for the defined benefit obligation



### Significant audit risk

- The valuation of the post retirement benefit obligations involves the selection of appropriate actuarial assumptions, most notably the discount rate applied to the scheme liabilities, inflation rates and mortality rates. The selection of these assumptions is inherently subjective and small changes in the assumptions and estimates used to value the Authority's pension liability could have a significant effect on the financial position of the Authority.
- The effect of these matters is that, as part of our risk assessment, we determined that post retirement benefits obligation has a high degree of estimation uncertainty. The financial statements disclose the assumptions used by the Authority in completing the year end valuation of the pension deficit and the year on year movements.
- We have identified this in relation to the following pension scheme memberships: Local Government Pension Scheme
- Also, recent changes to market conditions have meant that more councils are finding themselves moving into surplus in their Local Government Pension Scheme (or surpluses have grown and have become material). The requirements of the accounting standards on recognition of these surplus are complicated and requires actuarial involvement.



### Planned response

We will perform the following procedures:

- Understand the processes the Authority have in place to set the assumptions used in the valuation;
- Evaluate the competency, objectivity of the actuaries to confirm their qualifications and the basis for their calculations;
- Perform inquiries of the accounting actuaries to assess the methodology and key assumptions made, including actual figures where estimates have been used by the actuaries, such as the rate of return on pension fund assets;
- Agree the data provided by the audited entity to the Scheme Administrator for use within the calculation of the scheme valuation;
- Evaluate the design and implementation of controls in place for the Authority to determine the appropriateness of the assumptions used by the actuaries in valuing the liability;
- Challenge, with the support of our own actuarial specialists, the key assumptions applied, being the discount rate, inflation rate and mortality/life expectancy against externally derived data;
- Confirm that the accounting treatment and entries applied by the Group are in line with IFRS and the CIPFA Code of Practice;
- Consider the adequacy of the Authority's disclosures in respect of the sensitivity of the deficit or surplus to these assumptions;
- Where applicable, assess the level of surplus that should be recognised by the entity.

# Audit risks and our audit approach

## Expenditure – rebuttal of Significant Risk

Practice Note 10 states that the risk of material misstatement due to fraudulent financial reporting may arise from the manipulation of expenditure recognition is required to be considered.

Having considered the risk factors relevant to the Authority and the nature of expenditure within the Authority, we have determined that a significant risk relating to expenditure recognition is not required.

Specifically, the financial position of the Authority is not indicative of a position that would provide an incentive to manipulate expenditure recognition and the nature of expenditure has not identified any specific risk factors.

# Audit risks and our audit approach

## Revenue – Rebuttal of Significant Risk

Professional standards require us to make a rebuttable presumption that the fraud risk from revenue recognition is a significant risk. Due to the nature of the revenue within the sector we have rebutted this significant risk. We have set out the rationale for the rebuttal of key types of income in the table below.

Description of Income	Nature of Income	Rationale for Rebuttal
<b>Fees, Charges &amp; Other Service Income</b>	This income primarily relates to the provision of IT services.	The income is highly predictable and is broadly known at the beginning of the year due to the low number of transactions and low value - it is highly unlikely for there to be a material error in the population given this income stream is only just above materiality.
<b>Charge To The South Yorkshire Pension Fund</b>	The Authority incurs costs in discharging its functions as the administering body for South Yorkshire Pensions Fund. The Authority charges its costs to the Fund as they are incurred which is recorded as Income by the authority.	This income is simply a recharge of expenditure incurred in the process of the Authority discharging its functions as the administering body, hence it is of a straightforward nature and is processed as one transaction at year end.
<b>Levy For Residual Liabilities</b>	This income is a pass through transaction which is incurred in relation to the historic pension arrangements that the Authority assumed upon its creation.	The income is highly predictable and is broadly known at the beginning of the year - the levy values are agreed annually. We do not deem there to be any incentive or opportunity to manipulate the income.

# Mandatory communications - additional reporting

## Going concern

Under NAO guidance, including Practice Note 10 - A local authority's financial statements shall be prepared on a going concern basis; this is, the accounts should be prepared on the assumption that the functions of the authority will continue in operational existence for the foreseeable future. Transfers of services under combinations of public sector bodies (such as local government reorganization) do not negate the presumption of going concern.

However, financial sustainability is a core area of focus for our Value for Money opinion.

## Additional reporting

Your audit is undertaken to comply with the Local Audit and Accountability Act 2014 which gives the NAO the responsibility to prepare an Audit Code (the Code), which places responsibilities in addition to those derived from audit standards on us. We also have responsibilities which come specifically from acting as a component auditor to the NAO. In considering these matters at the planning stage we indicate whether:

Page 40

Work is completed throughout our audit and we can confirm the matters are progressing satisfactorily 	We have identified issues that we may need to report 	Work is completed at a later stage of our audit so we have nothing to report 
--	--	--

We have summarised the status of all these various requirements at the time of planning our audit below and will update you as our work progresses:

Type	Status	Response
Our declaration of independence		We have not identified any independence issues. We are required to report that Richard Lee has a close family member who is a member of the South Yorkshire Pension Fund. We do not believe this presents an independence conflict.
Issue a report in the public interest		We are required to consider if we should issue a public interest report on any matters which come to our attention during the audit. We have not identified any such matters to date.
Provide a statement to the NAO on your consolidation schedule		This "Whole of Government Accounts" requirement is fulfilled when we complete any work required of us by the NAO to assist their audit of the consolidated accounts of DLUHC.
Provide a summary of risks of significant weakness in arrangements to provide value for money		We are required to report significant weaknesses in arrangements. Work to be completed at a later stage.
Certify the audit as complete		We are required to certify the audit as complete when we have fulfilled all of our responsibilities relating to the accounts and use of resources as well as those other matters highlighted above.

# Mandatory communications

Type	Statements
<b>Management’s responsibilities (and, where appropriate, those charged with governance)</b>	<p>Prepare financial statements in accordance with the applicable financial reporting framework that are free from material misstatement, whether due to fraud or error.</p> <p>Provide the auditor with access to all information relevant to the preparation of the financial statements, additional information requested and unrestricted access to persons within the entity.</p>
<b>Auditor’s responsibilities</b>	<p>Our responsibilities set out through the NAO Code (communicated to you by the PSAA) and can be also found on their website, which include our responsibilities to form and express an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.</p>
<b>Auditor’s responsibilities – Fraud</b>	<p>This report communicates how we plan to identify, assess and obtain sufficient appropriate evidence regarding the risks of material misstatement of the financial statements due to fraud and to implement appropriate responses to fraud or suspected fraud identified during the audit.</p>
<b>Auditor’s responsibilities – Other information</b>	<p>Our responsibilities are communicated to you by the PSAA and can be also found on their website, which communicates our responsibilities with respect to other information in documents containing audited financial statements. We will report to you on material inconsistencies and misstatements in other information.</p>
<b>Independence</b>	<p>Our independence confirmation at page 16 discloses matters relating to our independence and objectivity including any relationships that may bear on the firm’s independence and the integrity and objectivity of the audit engagement partner and audit staff.</p>

# Appendix

	Page
A Audit team	13
B Audit cycle & timetable	14
C Fees	15
D Confirmation of independence	16
E KPMG's Audit quality framework	18
F ISA (UK) 315 Revised: Overview	19
G ISA (UK) 240 Revised: Summary of key changes	20
H FRC's Areas of Focus	21

# Audit team and rotation

Your audit team has been drawn from our specialist local government audit department and is led by key members of staff who will be supported by auditors and specialists as necessary to complete our work. We also ensure that we consider rotation of your audit partner and firm.



Richard Lee is the director responsible for our audit. He will lead our audit work, attend the Audit and Governance Committee and be responsible for the opinion that we issue.



Josh Parkinson is the manager responsible for our audit. He will co-ordinate our audit work, attend the Audit & Governance Committee and ensure we are co-ordinated across our accounts audit.



James Reilly is the Assistant Manager responsible for our audit. He will be responsible for our on-site fieldwork. He will complete work on more complex section of the audit.

Page 43

To comply with professional standard we need to ensure that you appropriately rotate your external audit lead There are no other members of your team which we will need to consider this requirement for:



This will be the Director's first year as your engagement lead. They are required to rotate every five years, extendable to seven with PSAA approval.

# Audit cycle & timetable

## Our schedule: Nov 2023 – Sept 2024

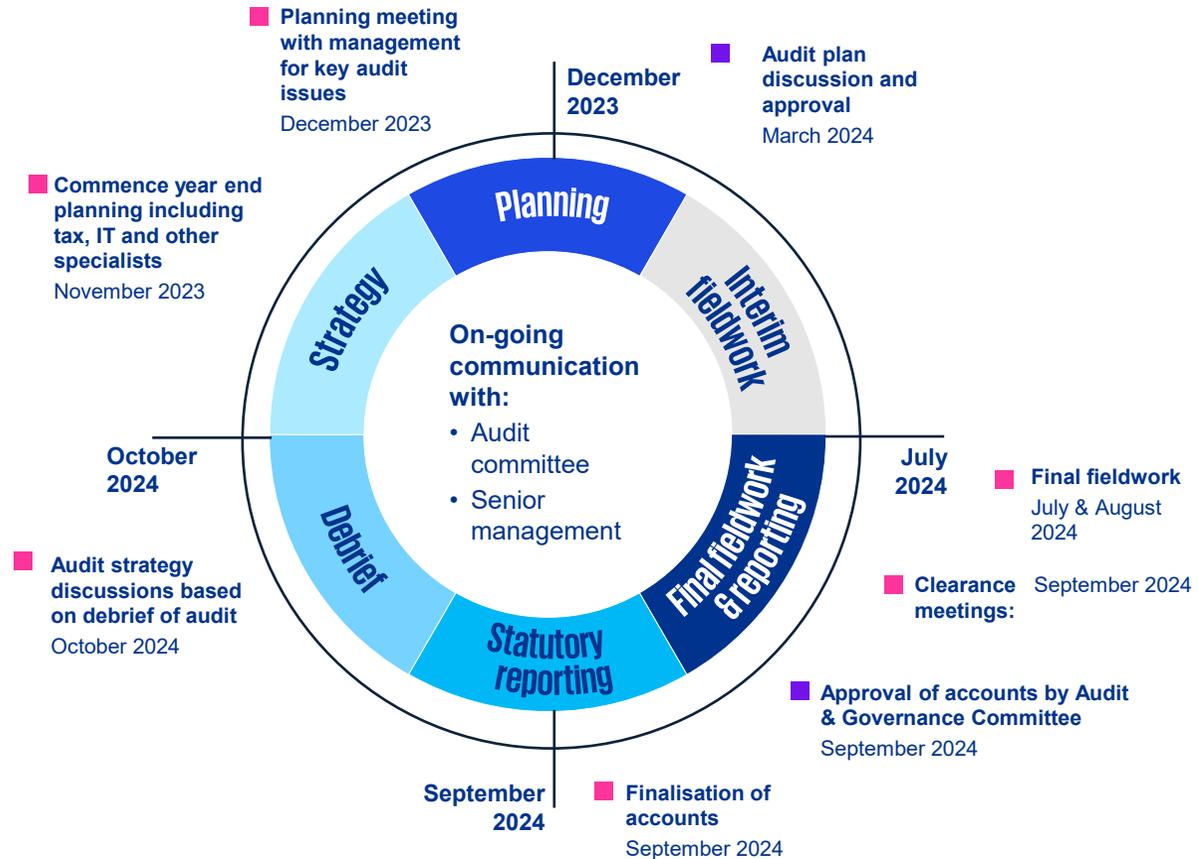
We have worked with management to generate our understanding of the processes and controls in place at the Authority in its preparation of the Statement of Accounts.

We have agreed with management an audit cycle and timetable that reflects our aim to sign our audit report by 30<sup>th</sup> September 2024.

This being the first year of KPMG as auditor we have undertaken greater activities to understand the Authority at the planning stage. This level of input may not be required in future years and may change our audit timings.

Given the large amount of consultation happening in regard to the scope and timing of local government this audit **schedule may be subject to change**.

Page 44



**Key:**

- Timing of Audit & Governance communications
- Key events

# Fees

## Audit fee

Our fees for the year ending 31 March 2024 are set out in the PSAA Scale Fees communication and are shown below.

Entity	2023/24	2022/23**
Statutory audit	£148,276*	£45,969
ISA315r	TBC	-
<b>TOTAL</b>	<b>£148,276*</b>	<b>£45,969</b>

\*scale fee is for SYPA and SYPF combined. We will update our plan once we have determined an allocation between entities.

\*\*fee charged by Deloitte - your predecessor auditor.

As per PSAA's Scale Fees Consultation, the fees do not include new requirements of ISA315 revised (risk of material misstatement); or ISA 240 (auditor's responsibilities relating to fraud. The fees also assume no significant risks are identified as part of the Value for Money risk assessment. Additional fees in relation to these areas will be subject to the fees variation process as outlined by the PSAA.

## Billing arrangements

Fees will be billed in accordance with the milestone completion phasing that has been communicated by the PSAA.

## Basis of fee information

Our fees are subject to the following assumptions:

- The Authority's audit evidence files are completed to an appropriate standard (we will liaise with you separately on this);
- Draft statutory accounts are presented to us for audit subject to audit and tax adjustments;
- Supporting schedules to figures in the accounts are supplied;
- The Authority's audit evidence files are completed to an appropriate standard (we will liaise with management separately on this);
- A trial balance together with reconciled control accounts are presented to us;
- All deadlines agreed with us are met;
- We find no weaknesses in controls that cause us to significantly extend procedures beyond those planned;
- Management will be available to us as necessary throughout the audit process; and
- There will be no changes in deadlines or reporting requirements.

We will provide a list of schedules to be prepared by management stating the due dates together with pro-formas as necessary.

Our ability to deliver the services outlined to the agreed timetable and fee will depend on these schedules being available on the due dates in the agreed form and content.

Any variations to the above plan will be subject to the PSAA fee variation process.

# Confirmation of Independence

We confirm that, in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and that the objectivity of the Partner and audit staff is not impaired.

To the Audit and Risk Committee members

## Assessment of our objectivity and independence as auditor of South Yorkshire Pensions Authority

Professional ethical standards require us to provide to you at the planning stage of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed.

This letter is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

- General procedures to safeguard independence and objectivity;
- Independence and objectivity considerations relating to the provision of non-audit services; and
- Independence and objectivity considerations relating to other matters.

## General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners/directors and staff annually confirm their compliance with our ethics and independence policies and procedures including in particular that they have no prohibited shareholdings. Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard. As a result we have underlying safeguards in place to maintain independence through:

- Instilling professional values.
- Communications.
- Internal accountability.
- Risk management.
- Independent reviews.

We are satisfied that our general procedures support our independence and objectivity.

## Independence and objectivity considerations relating to the provision of non-audit services

### Summary of non-audit services

There are no non-audit services applicable.

# Confirmation of Independence (cont.)

## Summary of fees

We have considered the fees charged by us to the Group and its affiliates for professional services provided by us during the reporting period.

## Fee ratio

The ratio of non-audit fees to audit fees for the year is anticipated to be 0.0:1. We do not consider that the total non-audit fees create a self-interest threat since the absolute level of fees is not significant to our firm as a whole.

2023/24	
£	
Statutory audit	148,276*
<b>Total Fees</b>	<b>148,276</b>

\* scale fee is for SYPA and SYPF combined. We will update our plan once we have determined an allocation between entities.

## Application of the FRC Ethical Standard 2019

We communicated to you previously the effect of the application of the FRC Ethical Standard 2019. That standard became effective for the first period commencing on or after 15 March 2020, except for the restrictions on non-audit and additional services that became effective immediately at that date, subject to grandfathering provisions.

AGN 01 states that when the auditor provides non-audit services, the total fees for such services to the audited entity and its controlled entities in any one year should not exceed 70% of the total fee for all audit work carried out in respect of the audited entity and its controlled entities for that year.

We confirm that as at 15 March 2020 we were not providing any non-audit or additional services that required to be grandfathered.

## Independence and objectivity considerations relating to other matters

There are no other matters that, in our professional judgment, bear on our independence which need to be disclosed to the Audit and Risk Committee.

## Confirmation of audit independence

We confirm that as of the date of this letter, in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the partner and audit staff is not impaired.

This report is intended solely for the information of the Audit and Risk Committee of the Group and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

Yours faithfully



**KPMG LLP**

# KPMG's Audit quality framework

**Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion.**

To ensure that every partner and employee concentrates on the fundamental skills and behaviours required to deliver an appropriate and independent opinion, we have developed our global Audit Quality Framework.

Responsibility for quality starts at the top through our governance structures as the UK Board is supported by the Audit Oversight Committee, and accountability is reinforced through the complete chain of command in all our teams.

Page 48

## ■ Commitment to continuous improvement

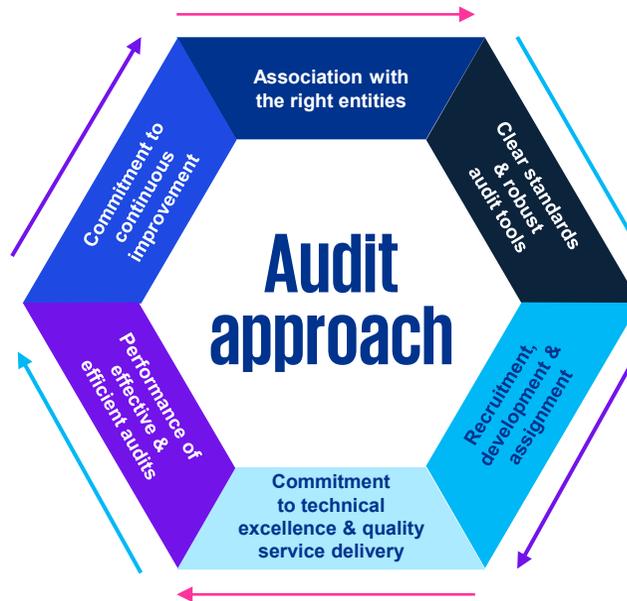
- Comprehensive effective monitoring processes
- Significant investment in technology to achieve consistency and enhance audits
- Obtain feedback from key stakeholders
- Evaluate and appropriately respond to feedback and findings

## ■ Performance of effective & efficient audits

- Professional judgement and scepticism
- Direction, supervision and review
- Ongoing mentoring and on the job coaching, including the second line of defence model
- Critical assessment of audit evidence
- Appropriately supported and documented conclusions
- Insightful, open and honest two way communications

## ■ Commitment to technical excellence & quality service delivery

- Technical training and support
- Accreditation and licensing
- Access to specialist networks
- Consultation processes
- Business understanding and industry knowledge
- Capacity to deliver valued insights



## ■ Association with the right entities

- Select entities within risk tolerance
- Manage audit responses to risk
- Robust client and engagement acceptance and continuance processes
- Client portfolio management

## ■ Clear standards & robust audit tools

- KPMG Audit and Risk Management Manuals
- Audit technology tools, templates and guidance
- KPMG Clara incorporating monitoring capabilities at engagement level
- Independence policies

## ■ Recruitment, development & assignment of appropriately qualified personnel

- Recruitment, promotion, retention
- Development of core competencies, skills and personal qualities
- Recognition and reward for quality work
- Capacity and resource management
- Assignment of team members and specialists

# ISA (UK) 315 Revised: Overview



## Summary

**In the prior period, ISA (UK) 315 Revised “Identifying and assessing the risks of material misstatement” was introduced and incorporated significant changes from the previous version of the ISA.**

These were introduced to achieve a more rigorous risk identification and assessment process and thereby promote more specificity in the response to the identified risks. The revised ISA was effective for periods commencing on or after **15 December 2021**.

The revised standard expanded on concepts in the existing standards but also introduced new risk assessment process requirements – the changes had a significant impact on our audit methodology and therefore audit approach.

### What impact did the revision have on audited entities?

With the changes in the environment, including financial reporting frameworks becoming more complex, technology being used to a greater extent and entities (and their governance structures) becoming more complicated, standard setters recognised that audits need to have a more robust and comprehensive risk identification and assessment mechanism.

The changes result in additional audit awareness and therefore clear and impactful communication to those charged with governance in relation to (i) promoting consistency in effective risk identification and assessment, (ii) modernising the standard by increasing the focus on IT, (iii) enhancing the standard’s scalability through a principle based approach, and (iv) focusing auditor attention on exercising professional scepticism throughout risk assessment procedures.

### Implementing year 1 findings into the subsequent audit plan

Entering the second year of the standard, the auditors will have demonstrated, and communicated their enhanced insight into their understanding of your wider control environment, notably within the area of IT.

In year 2 the audit team will apply their enhanced learning and insight into providing a targeted audit approach reflective of the specific scenarios of each entity’s audit.

A key area of focus for the auditor will be understanding how the entity responded to the observations communicated to those charged with governance in the prior period.

Where an entity has responded to those observations a re-evaluation of the control environment will establish if the responses by entity management have been proportionate and successful in their implementation.

Where no response to the observations has been applied by entity, or the auditor deems the remediation has not been effective, the audit team will understand the context and respond with proportionate application of professional scepticism in planning and performance of the subsequent audit procedures.

### What will this mean for our on-going audits?

To meet the on-going requirements of the standard, auditors will each year continue to focus on risk assessment process, including the detailed consideration of the IT environment.

Subsequent year auditor observations on whether entity actions to address any control observations are proportionate and have been successfully implemented will represent an on-going audit deliverable.

Each year the impact of the on-going standard on your audit will be dependent on a combination of prior period observations, changes in the entity control environment and developments during the period. This on-going focus is likely to result in the continuation of enhanced risk assessment procedures and appropriate involvement of technical specialists (particularly IT Audit professionals) in our audits which will, in turn, influence auditor remuneration.

# ISA (UK) 240 Revised: changes embedded in our practices

## Ongoing impact of the revisions to ISA (UK) 240

ISA (UK) 240 (revised May 2021, effective for periods commencing on or after 15 December 2021) The auditor’s responsibilities relating to fraud in an audit of financial statements included revisions introduced to clarify the auditor’s obligations with respect to fraud and enhance the quality of audit work performed in this area. These changes are embedded into our practices and we will continue to maintain an increased focus on applying professional scepticism in our audit approach and to plan and perform the audit in a manner that is not biased towards obtaining evidence that may be corroborative, or towards excluding evidence that may be contradictory.

We will communicate, unless prohibited by law or regulation, with those charged with governance any matters related to fraud that are, in our judgment, relevant to their responsibilities. In doing so, we will consider the matters, if any, to communicate regarding management’s process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud.

Area	Our approach following the revisions
<b>Risk assessment procedures and related activities</b>	<ol style="list-style-type: none"> <li>1) Increased focus on applying professional scepticism – the key areas affected are:                             <ul style="list-style-type: none"> <li>• the need for auditors not to bias their approach towards obtaining evidence that is corroborative in nature or excluding contradictory evidence;</li> <li>• remaining alert for indications of inauthenticity in documents and records, and</li> <li>• investigating inconsistent or implausible responses to inquiries performed.</li> </ul> </li> <li>2) Requirements to perform inquiries with individuals at the entity are expanded to include, amongst others, those who deal with allegations of fraud.</li> <li>3) We will determine whether to involve technical specialists (including forensics) to aid in identifying and responding to risks of material misstatement due to fraud.</li> </ol>
<b>Internal discussions and challenge</b>	<p>We will have internal discussions among the audit team to identify and assess the risk of fraud in the audit, including determining the need for additional meetings to consider the findings from earlier stages of the audit and their impact on our assessment of the risk of fraud.</p>

# FRC's areas of focus



The FRC released their [Annual Review of Corporate Reporting 2021/22](#) in October 2022, along with a [summary of key matters for the coming year](#), primarily targeted at CEOs, CFOs and Audit Committee chairs. In addition, they released six thematic reviews during the year which should be considered when preparing financial reports.

The reports identify where the FRC believes companies should be improving their reporting. Below is a high level summary of the key topics. We encourage management and those charged with governance to read further on those areas which are significant to the Authority.



## Reporting in uncertain times

Last year's Annual Review of Corporate Reporting from the FRC was prepared in the context of the current heightened economic and geopolitical uncertainty. The challenges of the Covid-19 pandemic, Russia's invasion of Ukraine and slowing of global economies has led to inflationary pressure worldwide and rising interest rates.

This makes meaningful disclosure more important than ever, and the FRC has stressed the need for companies to move beyond simply complying with the minimum requirements of the relevant accounting and reporting frameworks. They expect companies to provide high-quality, decision-useful information for investors, with companies continually assessing evolving risks and ensuring these are clearly explained in annual reports.

The potential effects of uncertainty on recognition, measurement and disclosure are numerous, and companies will need to think carefully about the impacts of uncertainty, in particular inflation, on their reporting. The Annual Review gives a number of examples including:

**Strategic report:** the impact of inflation on the business model, changes to principal risks and uncertainties, and the impact of inflation on stakeholders.

**Discount rates:** inputs need to follow a consistent approach in incorporating the effects of inflation.

**Material assumptions:** where inflation assumptions represent a source of significant estimation uncertainty, the FRC expects companies to provide explanation of how these have been calculated and sensitivity disclosures if appropriate.

**Pension schemes:** explain the effect of uncertainty on investment strategy and associated risks.



## Climate-related reporting

Climate-related reporting has advanced significantly this year as premium listed entities are required by the Listing Rules to provide disclosures consistent with the Taskforce on Climate-Related Disclosures (TCFD) recommendations. This follows the expansion of the Streamlined Energy and Carbon Reporting (SECR) rules last year, which require quoted companies and large unquoted companies and LLPs to provide emissions reporting.

Climate has therefore been an area of ongoing focus for the FRC, with a thematic reviews in both 2021 and 2022 on aspects of climate reporting. From reviews of TCFD disclosures in the year, the FRC has highlighted five areas of improvement for companies to consider going forwards:

**Granularity and specificity:** disclosures should be granular and specific both to the company and the individual disclosure requirement, including a clear link to financial planning.

**Balance:** discussion of climate-related risks and opportunities should be balanced, and companies should consider any technological dependencies.

**Interlinkage with other narrative disclosures:** companies should ensure clear links between TCFD disclosures with other narrative disclosures in the annual report.

**Materiality:** companies should clearly articulate how they have considered materiality in the context of their TCFD disclosures.

**Connectivity between TCFD and financial statements disclosures:** the FRC may challenge those that disclose significant climate risks or net zero transition plans in narrative reporting, but do not explain how this is taken into account in the financial statements.

# FRC's areas of focus (cont.)

## Cash flow statements

This continues to be a particular area of concern as it is a recurring source of errors identified by the FRC, with 15 companies restating their cash flow statements in the review period as a result of the FRC's enquiries.

Companies are encouraged to consider the guidance in the 2020 thematic review on this topic, and to ensure that robust pre-issuance reviews of the financial statements have been undertaken.

Cash flows must be classified as operating, investing or reporting in line with the requirements of the standard, and amounts reported should be consistent with disclosures elsewhere in the report and accounts including the elimination of non-cash transactions.

Several errors identified by the FRC related to the parent company cash flow statement, and it should be ensured that this statement also complies with the requirements of the standard.

## Financial Instruments

Companies should ensure that disclosure is sufficient to enable users to evaluate the nature and extent of risks arising from financial instruments and the approach taken to risk management.

These disclosures should include the approach and assumptions used in the measurement of expected credit losses, and details of concentrations of risk. In times of economic uncertainty, disclosure of methods used to measure exposure to risks, and details of hedging arrangements put in place for interest rates or inflation are all the more important.

In addition, accounting policies should be provided for all material financing and hedging arrangements and any changes in these arrangements. Where companies have banking covenants, information about these should be provided (unless the likelihood of a breach is considered remote).

## Income taxes

Where material deferred tax assets are recognised by historically loss-making entities, disclosures should explain the nature of the evidence supporting their recognition. In addition, any connected significant accounting judgements or sources of estimation uncertainty will also need to be disclosed.

On tax more generally, the FRC expects companies to ensure that tax-related disclosures are consistent throughout the annual report and accounts, and material reconciling items in the effective tax rate reconciliation are adequately explained.

For groups operating in several jurisdictions, effective tax reconciliations may be more meaningful if they aggregate reconciliations prepared using the domestic rate in each individual jurisdiction, with a weighted average tax rate applied to accounting profit.

## Strategic report and other Companies Act 2006 matters

The strategic report needs to articulate the effects of economic and other risks facing companies, including inflation, rising interest rates, supply chain issues and labour relations. Mitigation strategies should be explained, with links, where relevant, to information disclosed elsewhere in the annual report.

Business reviews should discuss significant movements in the balance sheet and cash flow statement, and should not be limited to just an explanation of financial performance in the period.

The FRC has also identified instances of companies not complying with legal requirements around distributions, and companies are reminded of the need to file interim accounts to support distributions in excess of the distributable profits shown in the relevant accounts.

## Revenue

Accounting policies should be provided for all significant performance obligations and should address the timing of revenue recognition, the basis for over-time recognition, and the methodology applied.

Inflationary features in contracts with customers and suppliers and the accounting for such clauses are under increased focus this year.

## Alternative performance measures ('APMs')

APMs should not be presented with more prominence, emphasis or authority than measures stemming directly from the financial statements, and should be reconciled to the relevant financial statements line item.

# FRC's areas of focus (cont.)

## Provisions and contingencies

Companies should give clear and specific descriptions of the nature and uncertainties for material provisions or contingent liabilities, the expected timeframe and the basis for estimating the probable or possible outflow.

Inputs used in measuring provisions should be consistent in the approach to incorporating the effects of inflation, and details of related assumptions should be provided if material.

## Presentation of financial statements and related disclosures

Material accounting policy information should be clearly disclosed, and additional company-specific disclosures should be provided when compliance with IFRS requirements is insufficient to adequately explain transactions.

## Judgements and estimates

Economic uncertainty increases the likelihood of companies needing to make significant judgements when preparing financial statements. The FRC highlights two specific examples – going concern assessments and accounting for inflationary features in contracts – where disclosure is key.

More generally, the FRC highlights the need for disclosures to clearly distinguish between estimates with a significant risk of a material adjustment to the carrying amounts of assets/liabilities within the next year, and other sources of estimation uncertainty.

Significant estimates, and the associated disclosures should be updated at the balance sheet date. Sensitivity disclosures should be meaningful for readers, for example by sensitising the most relevant assumptions, and explaining any changes in assumption since the previous year.

## Impairment of assets

Economic uncertainty may have a significant impact on impairment assessments, and this is an area where queries raised from the FRC could have been avoided by clearer disclosure.

Companies need to explain the sensitivity of recoverable amounts to changes in assumptions, especially where the range of possible outcomes has widened. This should include explanation of the effect of economic assumptions, such as reduction in customer demand and increased cost.

Inflation should be treated consistently in value in use calculations. Nominal cash flows are discounted at a nominal rate, and real cash flows are discounted at a real rate.

Lastly, the FRC stresses the importance of consistency between impairment reviews/disclosures and other disclosures in the annual report.

## Thematic reviews

The FRC released six thematic reviews on corporate reporting last year, and companies are encouraged to consider the guidance in those reviews, where relevant, to enhance their financial reporting. The topics covered are:

- [TCFD disclosures and climate in the financial statements](#)
- [Judgements and estimates](#)
- [IFRS 3 Business Combinations](#)
- [Discount rates](#)
- [Deferred Tax Assets \(IAS 12\)](#)
- [Earnings per Share \(IAS 33\)](#)

## 2022/23 review priorities

The FRC has indicated that its 2022/23 reviews will focus on the extent to which companies' disclosures address risks and uncertainty in the challenging economic environment, including those relating to climate change. Companies need to clearly articulate the impact of these risks on their strategy, business model and viability. In particular, the FRC intends to prioritise reviews of companies operating in the following sectors:

 Travel, hospitality and leisure

 Construction materials

 Retail

 Gas, water and multi-utilities



[kpmg.com/uk](https://kpmg.com/uk)

Some or all of the services described herein may not be permissible for KPMG audited entities and their affiliates or related entities.

© 2024 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.



<b>Subject</b>	<b>Review of Accounting Policies 2023/24</b>	<b>Status</b>	For Publication
<b>Report to</b>	Audit & Governance Committee	<b>Date</b>	07 March 2024
<b>Report of</b>	Chief Finance Officer		
<b>Equality Impact Assessment</b>	Not Required	Attached	Na
<b>Contact Officer</b>	Will Goddard Head of Finance & Deputy Chief Finance Officer	<b>Phone</b>	01226 666421
<b>E Mail</b>	<a href="mailto:wgoddard@sypa.org.uk">wgoddard@sypa.org.uk</a>		

## 1 **Purpose of the Report**

- 1.1 To provide members of the Audit & Governance Committee with an opportunity to review and approve the accounting policies in line with best practice.
- 

## 2 **Recommendations**

- 2.1 Members are recommended to:
- a. **Note 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**
- 

## 3 **Link to Corporate Objectives**

- 3.1 This report links to the delivery of the following corporate objectives:  
**Effective and Transparent Governance**
- To uphold effective governance showing prudence and propriety at all times.
- 3.2 The review of accounting policies prior to the preparation of the annual statement of accounts contributes to effective and transparent governance.

## 4 **Implications for the Corporate Risk Register**

- 4.1 This report does not address any specific corporate risks.

## 5 **Background and Options**

- 5.1 Accounting policies used in the preparation of our annual statement of accounts must comply with the Code of Practice for Local Authority Accounting in the United Kingdom produced by the Chartered Institute of Public Finance and Accountancy (CIPFA).
- 5.2 The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) specifies the principles and practices of accounting required to give a 'true and fair' view of the financial position, financial performance and cash flows of a local authority. The Code sets out the proper accounting practices defined by Section 21(2) of the Local Government Act 2003. These proper practices apply to statements of accounts prepared in accordance with the statutory framework established for England by the Accounts and Audit Regulations 2015.
- 5.3 The Code prescribes the accounting treatment and disclosures for all normal transactions of a local authority and is based on UK-adopted international accounting standards. On the few occasions where the CIPFA/LASAAC Local Authority Accounting Code Board (CIPFA/LASAAC) considers it appropriate to adapt or interpret IFRSs, the accounting treatment is based on the approach in the memorandum of understanding between the relevant authorities.
- 5.4 The 2023/24 Code has effect for accounting periods commencing on or after 1 April 2023.
- 5.5 The accounting policies attached at Appendix A follow those prescribed by the 2023/24 Code and are tailored as appropriate to the circumstances of this Authority, to ensure that we include only those policies that are significant to an understanding of how transactions, other events and conditions are reflected in the reported financial performance and financial position of the Authority.
- 5.6 There are no changes arising from the 2023/24 Code that affect the accounting policies.
- 5.7 The draft accounting policies will be reviewed by the external auditor as part of the audit of the 2023/24 Statement of Accounts. Any significant changes made to the accounting policies as a result of this review will be highlighted to the Committee at its September meeting.

**6 Implications**

6.1 The proposals outlined in this report have the following implications:

Financial	None directly; the accounting policies relate to the reporting of our financial performance and financial position.
Human Resources	None
ICT	None
Legal	None
Procurement	None

**Gillian Taberner**

**Assistant Director – Resources & Chief Finance Officer**

<b>Background Papers</b>	
<b>Document</b>	<b>Place of Inspection</b>
None	-

## Note 2a. Accounting Policies

### i. General Principles

The Statement of Accounts summarises the Authority's transactions for the 2023/24 financial year and its position at the year-end of 31 March 2024. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those regulations require to be prepared in accordance with proper accounting practices. These practices under Section 21 of the Local Government Act 2003 (the 2003 Act) primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act.

The accounting convention adopted in the Statement of Accounts is principally historical cost.

The financial statements have been prepared on the going concern basis which assumes that the Pensions Authority will continue in existence for the foreseeable future. The Authority is the administering authority of the South Yorkshire Pension Fund and as such, its expenses are borne by the Fund it administers.

### ii. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Where income and expenditure has been recognised but cash has not yet been received or paid, a debtor or creditor for the relevant amount is included in the Balance Sheet, subject to the relevant amount exceeding a de-minimis threshold of £1,000. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue in financing and investment income and expenditure for the income that might not be collected.

### iii. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits held with financial institutions repayable without penalty on notice of not more than 24 hours.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

### iv. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of the transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

The Expenditure and Funding Analysis provides the Authority's segmental analysis and the service section of the Comprehensive Income and Expenditure Statement follows the same segmental analysis. In line with Code requirements, the reportable segments are based on the Authority's internal management reporting. Where changes occur to the reportable segments as a result of re-organisation, comparative figures for the prior year are re-stated to match the new format in accordance with the requirements set out in the Code.

#### **v. Employee Benefits**

##### Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end that employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to surplus or deficit on the provision of services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

##### Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. These are charged on an accruals basis to the net cost of services in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

##### Post-Employment Benefits

The Authority participates in the Local Government Pension Scheme (LGPS) which it also administers. The Local Government Pensions Scheme is accounted for as a defined benefits scheme:

- The liabilities of the pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on bond yields as at the date of calculation.
- The assets of the pension fund attributable to the Authority are included in the Balance Sheet at their fair value:
  - Quoted securities - current bid price
  - Unquoted securities - professional estimate
  - Unitised securities - current bid price
  - Property - market value

The change in the net pensions liability is analysed into the following components:

- Service Cost Comprising:
  - Current service cost - the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
  - Past service cost - the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs; and
  - Net interest on the net defined benefit liability (asset), i.e. net interest expense for the Authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- Remeasurements Comprising:
  - The return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
  - Actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions reserve as Other Comprehensive Income and Expenditure;
  - Effect of Asset Ceiling – where the defined benefit liability is negative (i.e., an asset), a limit is applied to the amount that may be recognised as an asset on the balance sheet, this limit is termed the asset ceiling; if an adjustment is required to reduce the total asset to the amount of the asset ceiling, this adjustment is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure; and
  - Contributions paid to the Fund by the employer – cash paid as employer contributions to the pension fund in settlement of liabilities, not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the pensions reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

The negative balance that arises on the pensions reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

#### Discretionary Benefits

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the LGPS.

#### **vi. Events After the Reporting Period**

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the accounting period – the Statement of Accounts is adjusted to reflect such events
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

#### **vii. Financial Instruments**

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability of another. The term covers both financial liabilities and financial assets and includes the borrowing, creditors, debtors, investments and bank deposits of the Authority.

Cash, debtors and creditors are the Authority's only financial instruments; these are disclosed on the Balance Sheet, and are classified as financial assets at amortised cost, and financial liabilities at amortised cost, respectively.

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost.

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost.

The Authority recognises expected credit losses on all of its financial assets held at amortised cost either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

#### **viii. Intangible Assets**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events is capitalised when it is expected that future economic benefit or service potential will flow from the intangible asset to the Authority. Intangible assets are measured initially at cost.

The depreciable amount of an intangible asset is amortised over its useful life on a straight line basis. The assets are funded directly from revenue and charged to the Fund. The capital element is then adjusted in the Capital Adjustment Account.

#### **ix. Property, Plant and Equipment**

Assets that have a physical substance and are held for use in the supply of services or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment.

##### Recognition

Expenditure on the acquisition or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

##### Measurement

Assets are initially measured at cost, comprising:

- The purchase price; and
  - Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- Assets are then carried in the Balance Sheet at depreciated historical cost, due to the assets having short useful lives or low values (or both).

##### Impairment

Assets are assessed each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

##### Depreciation

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives.

Depreciation is calculated on the following basis:

- Vehicles, plant, furniture and equipment – on a straight line basis, as advised by a suitably qualified officer.

Items of property, plant and equipment are excluded from depreciation before they are available for use. Therefore Assets Under Construction are not depreciated. Once the asset is available for use (even if not in actual use yet) it is transferred to the relevant asset category within Property, Plant and Equipment and is subject to depreciation from the date of being available for use.

#### Disposals

When an asset is disposed or decommissioned, the carrying amount of the asset in the balance sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal).

Any amounts written off on disposals will not be a charge against the General Fund, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

#### **x. Leases**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

#### **Operating Leases - The Authority as Lessee**

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

#### **xi. Overheads and Support Services**

The costs of overheads and support services are charged to service segments in accordance with the Authority's arrangements for accountability and financial performance.

#### **xii. Provisions and Contingent Liabilities**

##### Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Authority has an obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

#### Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

#### **xiii. Reserves**

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in the year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge for the expenditure in that year.

Certain reserves are kept to manage the accounting processes for non-current assets and for retirement and employee benefits and do not represent usable resources for the Authority - these reserves are explained in the relevant policies.

#### **xiv. VAT**

The Authority has partial exemption from VAT, as such not all VAT suffered is recoverable. Income and expenditure items are accounted for net of VAT; however, the irrecoverable VAT expense is charged to the relevant services in the Comprehensive Income and Expenditure Statement.

This page is intentionally left blank

<b>Subject</b>	Progress on Agreed Management Actions	<b>Status</b>	For Publication
<b>Report to</b>	Audit & Governance Committee	<b>Date</b>	07 March 2024
<b>Report of</b>	Team Leader Governance		
<b>Equality Impact Assessment</b>	Not Required	Attached	No
<b>Contact Officer</b>	Annie Palmer	<b>Phone</b>	01226 666404
<b>E Mail</b>	<a href="mailto:APalmer@sypa.org.uk">APalmer@sypa.org.uk</a>		

## 1. **Purpose of the Report**

- 1.1 To update Members on the actions being taken in response to audit review findings during the current financial year and in previous financial years.

---

## 1. **Recommendation(s)**

- 2.1 **Members are recommended to:**
- a. **Note the progress being made on implementing agreed management actions; and**
  - b. **Consider if any further information or explanation is required from officers.**
- 

## 3. **Link to Corporate Objectives**

- 3.1 This report links to the delivery of the following corporate objectives:

### **Effective and Transparent Governance**

To uphold effective governance showing prudence and propriety at all times.

- 3.2 The reporting of audit findings and management actions being taken to address these is a key part of providing assurance on the adequacy of the Authority's corporate governance arrangements, particularly those relating to internal control and financial and risk management.

## 4. **Implications for the Corporate Risk Register**

- 4.1 The contents of this report do not link to a specific risk in the corporate risk register; instead, they set out the actions being taken in a number of areas that will contribute to addressing various risks in relation to operations and governance as detailed in the original audit reports.

## **5. Background and Options**

- 5.1 The Authority's Local Code of Corporate Governance sets out the framework in which the Authority complies with the seven principles of good governance; one of which is "*managing risks and performance through robust internal control and strong public financial management*". One aspect of achieving this is having arrangements for assurance and effective accountability in place and ensuring that findings arising from the work of both external audit and internal audit are acted upon.
- 5.2 The Audit & Governance Committee receives reports of the external auditor and of the Head of Internal Audit at regular intervals throughout the financial year. The report attached at Appendix A summarises the actions taken, and progress being made on implementing the actions agreed in response to audit findings during the current and previous financial years.
- 5.3 The tables in the attached Appendix A show the status and progress being made on the outstanding actions.
- 5.4 End to End Interfund Process: The Service Manager – Benefits has extended the target date to the end of March 2024 to complete the final stage of the process review.
- 5.5 This quarterly report also highlights eight actions that have been completed since the last update, these are set out below:
- 5.6 *Information Governance Action Plan* – A robust plan is in place and is regularly reviewed with internal audit colleagues from the Corporate Assurance team. It is recognised though that the full plan will take us to the end of the year to enable the detailed review of current data asset registers.
- 5.7 *Pensions Administration System* – The two actions around the improvement plan and user acceptance testing have been completed. The Service Manager – Pensions Systems has implemented an enhanced system for tracking and monitoring outstanding issues with the provider. The provider is now ensuring that an agreed timeline is in place to enable timely testing.
- 5.8 *Pensions Savings Statements* – Two actions around the pensions savings statements improvement plan and data from employers have been completed resulting in reduced levels of backlogs and an expectation of a positive impact on the number of employer queries raised.
- 5.9 *Procurement Compliance* – This is a long standing action in relation to training to facilitate compliance with the CSOs, this has now been delivered to key officers. Commentary at Appendix A sets out other enhancements that have been applied, including the implementation of the Gateway Approval document.
- 5.10 *Finance Actions* – The final two completed agreed management actions, owned by the Head of Finance, include the full review and implementation of the Treasury Management Strategy and the finalisation of the record of the agricultural portfolio holdings. The Treasury Management Strategy was approved in February 2024. The work on reconciling the property holdings was completed in December 2023. Subsequently, the record keeping for the agricultural property portfolio transferred following the completion of Project CHIP in January 2024.
- 5.11 The progress of implementation of agreed management actions will continue to be reported to the Audit & Governance Committee at regular intervals.

## **6. Implications**

- 6.1 The proposals outlined in this report have the following implications

Financial	No additional financial implications; the costs of the internal audit service and the fees for the external audit are met from existing budgets.
Human Resources	None
ICT	None
Legal	None
Procurement	None

**Annie Palmer**

**Team Leader Governance**

<b>Background Papers</b>	
<b>Document</b>	<b>Place of Inspection</b>
None	-

This page is intentionally left blank

Table 1: Progress Updates on Actions Agreed from Internal Audit Reviews

Audit Review Title	Report Issued Date	Finding / Implication	Progress Update	Officer Responsible and Timescale
End to End Interfund Transfer In 2022/23 - Interfund Transfer Process Delays	May 2023	<p>Delays in the interfund process may impact on the member's ability to transfer their previous pension rights and impact on the benefits available to them when accessing their pension.</p> <p>A review of the reminder process is required which will consider the frequency of reminders issued, content within standard reminder documentation and how reminders are evidenced on the UPM system to provide for a complete audit trail.</p>	<p>Work has continued on the development of the process for escalation of urgent queries, however the final process has still to be agreed. The wording in the reminder letter is currently being worked on. The Service Manager Benefits will be working closely with the Assistant Director – Pensions to progress this action to be completed by March.</p>	<p>Service Manager – Benefits</p> <p>Revised from December 2023 to March 2024</p>
Risk Management 2022/23 - Operational Procedures	August 2022	<p>Lack of operational procedures and relevant training may result in uncertainty of roles and responsibilities, inconsistencies in processes, failure to adhere to requirements.</p>	<p>AMA: The agreed actions were to commission training for managers to support their involvement in preparing operational risk registers and to produce documented guidance for them that would complement the Risk Management Framework.</p> <p>The training was commissioned and delivered in September 2023.</p> <p>The Risk Management Framework was fully updated with additional guidance reflecting the training that had been held and this was approved in December 2023.</p> <p>The updated Framework also refers to training available and that the Governance team will work with relevant managers to guide and support them on implementing the operational risk registers.</p> <p>Therefore, officers consider that these actions have now been completed and will liaise with the internal audit service (Corporate Assurance Team) to confirm this can be closed off.</p>	<p>Head of Governance</p> <p>February 2024</p>

Table 2: Actions Fully Completed Since Last Report

Audit Review Title	Report Issued Date	Finding / Implication	Progress Update	Officer Responsible and Timescale
Information Governance - Action Plan	2021 - updated by annual work programme of DPO	Lack of a framework upon which the Authority can monitor and evidence its progress in addressing the areas of non-compliance with GDPR requirements.	<p>The action plan is in place and being reviewed with Internal Audit on a monthly basis. The action plan includes all areas of compliance and has a timeline for completion for each area. Whilst there are some bigger areas of work contained within the action plan, including the review of the process maps, which still need addressing it is proposed that this action is closed due to the fact that the action plan provides the framework upon which the Authority can monitor and evidence its progress.</p> <p><b>AMA Completed</b></p>	<p>Head of Governance</p> <p>Completed January 2024</p>
Pensions Admin System PIR - Improvement Plan	June 2023	An up-to-date Improvement Plan that captures all gaps and areas for improvement arising from the review of the Specification of Requirements is required to assist in monitoring delivery of agreed actions.	<p>There is now a robust process in place for monitoring the delivery of agreed actions. Monthly account meetings are taking place, which include minutes where there is a review of previously raised areas for improvement, actions occurring from them and highlighting of any new areas that are considered less than adequate.</p> <p><b>AMA Completed</b></p>	<p>Service Manager - Pensions Systems</p> <p>Completed January 2024</p>
Pensions Admin System PIR - User Acceptance Testing	June 2023	Detailed and timely user acceptance testing is required to mitigate increasing the risk of adopting a system that is not fit for purpose and upon which to supplier has not fulfilled its contractual obligations.	<p>We have now commissioned the system supplier to provide the service of installing new releases and a timeline has been agreed with the Authority to ensure prompt testing before a release is put into the live system. Internally we have created a new method of testing where the relevant departments test their aspects of the new release to a set deadline using the Task Planner in Teams.</p> <p><b>AMA Completed</b></p>	<p>Service Manager - Pensions Systems</p> <p>Completed January 2024.</p>
Pensions Savings Statements 2022/23 - Improvement Plan		An Improvement Plan that captures all issues / concerns arising from the annual Pension Savings Statement exercise is required to effectively manage and monitor delivery of agreed actions to full implementation and the Service's ability to address the concerns identified and complete the exercise by the deadline.	<p>A significant number of Pension Savings Statements have been issued within the required HMRC deadline. Work continues on a number of backlog cases which should be resolved shortly.</p> <p><b>AMA Completed</b></p>	<p>Team Leader - Support</p> <p>Completed December 2023</p>

Progress Update on Agreed Management Actions  
Appendix A

Audit Review Title	Report Issued Date	Finding / Implication	Progress Update	Officer Responsible and Timescale
Pension Savings Statements - Additional Data from Employers		Preparation of Pension Savings Statements on estimated figures and / or failure to notify the member of this increases the risk of inaccurate Statements and / or declaration of tax charges to the HMRC by the member.	<p>The Engagement Team and ABS Project Team have worked on a plan to develop further work with employers. As a result, the expectation is now that fewer people will exceed the Annual Allowance (AA) in the coming year due to the change in the revaluation date and the increase in the AA limit to £60k. This should have an impact on the number of employer queries raised.</p> <p><b>AMA Completed</b></p>	<p>Team Leader - Support</p> <p>Completed December 2023</p>
Procurement Insurance - Legislative and Regulatory Compliance		<p>Non-compliance with legislative and regulatory requirements increases the risk of supplier challenge and / or claim and may impact on the maximisation of opportunity to achieve efficiencies and value for money through procurement activity undertaken.</p> <p>The absence of an effective / robust management trail increases the potential for adverse publicity should a challenge or claim be submitted that requires evidence of how the processes had been administered and also how decisions had been made.</p>	<p>The CSO's have been updated in line with current procurement regulations and approved by the Authority. A Gateway approval document has been implemented into the procurement process which captures each stage of the management approval process and gives staff a consistent framework to record various outcomes.</p> <p>The Gateway document also refers staff to the appropriate route for storing all tender documentation on YORtender</p> <p>Procurement training was delivered to relevant staff by CIPFA on 29 January 2024.</p> <p><b>AMA Completed</b></p>	<p>Assistant Director Resources</p> <p>Completed January 2024.</p>
Treasury Management - Treasury Management Policy		Lack of a detailed and up to date Treasury Management Strategy that has been recently reviewed, approved and published may result in a misalignment with strategic objectives and priorities, lack of clarity with regards to processes to be adopted and individual roles and responsibilities and a failure to take into consideration any changes in legislative / regulatory requirements.	<p>The updated Treasury Management Strategy was approved by the Authority in February 2024. The Strategy has been circulated to all officers involved. The final piece of work, the draft Treasury Management Schedule was completed in December and has been reviewed by the Head of Finance. This area of work is now fully complete.</p> <p><b>AMA Completed</b></p>	<p>Head of Finance</p> <p>Completed December 2023</p>

Progress Update on Agreed Management Actions  
Appendix A

Audit Review Title	Report Issued Date	Finding / Implication	Progress Update	Officer Responsible and Timescale
Verification of Assets - Property Holdings		Lack of an accurate and up to date record of property holdings within the Authority's Portfolio, increasing the risk of inaccurate financial records and misappropriation of assets held.	<p>The work with the solicitors was completed on the agricultural portfolio in December 2023, which completed this management action.</p> <p>Project Chip was finalised and completed in February 2024, at which point the record keeping for the agricultural portfolio transferred.</p> <p><b>AMA Completed</b></p>	<p>Head of Finance</p> <p>Completed December 2023</p>

## Agenda Item

<b>Subject</b>	<b>Annual Review of Governance Compliance Statement</b>	<b>Status</b>	For Publication
<b>Report to</b>	Audit and Governance Committee	<b>Date</b>	07 March 2024
<b>Report of</b>	Head of Governance		
<b>Equality Impact Assessment</b>	Not Required	Attached	No
<b>Contact Officer</b>	Jo Stone Head of Governance	<b>Phone</b>	01226 666418
<b>E Mail</b>	<a href="mailto:jstone@sypa.org.uk">jstone@sypa.org.uk</a>		

### **1 Purpose of the Report**

- 1.1 To seek the Audit & Governance Committee’s review of the annual update of the Governance Compliance Statement for 2024 and recommendation if its adoption to the Authority.

---

### **2 Recommendations**

- 2.1 Committee Members are recommended to:
- a. Approve the Governance Compliance Statement at Appendix A.**

---

### **3 Link to Corporate Objectives**

- 3.1 This report links to the delivery of the following corporate objective:

**Effective and Transparent Governance**

To uphold effective governance showing prudence and propriety at all times.

- 3.2 The contents of this report are part of the arrangements in place to ensure good governance.

### **4 Implications for the Corporate Risk Register**

- 4.1 The actions outlined in this report relate to actions that will contribute to addressing risks around regulatory compliance.

### **5 Background and Options**

- 5.1 Section 55(1) of the *Local Government Pension Scheme Regulations 2013*, requires that an administering authority must prepare a written statement setting out:

- a. Whether the authority delegates its functions, or part of its functions under these Regulations to a committee, a sub-committee, or an officer of the authority.
  - b. If the authority does so—
    - (i) the terms, structure, and operational procedures of the delegation
    - (ii) the frequency of any committee or sub-committee meetings
    - (iii) whether such a committee or sub-committee includes representatives of Scheme employers or members, and if so, whether those representatives have voting rights.
  - c. The extent to which a delegation, or the absence of a delegation, complies with guidance given by the Secretary of State and, to the extent that it does not so comply, the reasons for not complying; and
  - d. Details of the terms, structure and operational procedures relating to the local pension board established under regulation 53(4) (Scheme managers).
- 5.2 An administering authority must keep a statement prepared under paragraph (1) under review, and make such revisions as are appropriate, following a material change to any of the matters mentioned in that paragraph.
- 5.3 The Statement produced under s 55(1) is known as the Governance Compliance Statement and an updated version of the Authority’s statement, following its annual review, is at **Appendix A**. There have been no fundamental changes made because of this review. The statement has been re-formatted throughout to improve its presentation, a small number of substantive updates to the text have been made to reflect minor changes made to the arrangements in the year and to provide some further detail on the support provided for member knowledge and understanding.
- 5.4 It is anticipated that more significant changes will be required when the regulatory changes arising from the Good Governance Review are enacted. In the meantime, an independent review of the Authority’s governance arrangements is in progress to be concluded in June 2024 and the results of this will inform the next annual update of this Statement.
- 5.5 The Local Pension Board were provided the opportunity to consider the Statement and comment upon and recommend any changes to the Audit & Governance Committee. The Local Pension Board requested that the Statement be updated to include the detail of the role and functions of the Board in the Authority’s governance arrangements, and this has now been added (along with a link to the Board’s Constitution available on the Authority’s website) at paragraph 2.8 in Appendix A. This has been highlighted in red as a tracked change for ease of reference for the Committee’s review.
- 5.6 As part of the overall assurance gathering process associated with the Annual Governance Statement, it is appropriate that the Audit & Governance Committee consider the Statement and, if content, recommend its approval to the Authority at its next meeting.
- 5.7 Members are invited to consider the Annual Governance Statement and determine whether they wish to recommend its approval to the Authority.

## 6 **Implications**

6.1 The proposals outlined in this report have the following implications:

Financial	None.
Human Resources	None.
ICT	None.
Legal	The Governance Compliance Statement ensures the Authority complies with its obligations under s.55(1) of the Local Government Pension Scheme Regulations 2013.
Procurement	None.

**Jo Stone**

**Head of Governance & Monitoring Officer**

<b>Background Papers</b>	
<b>Document</b>	<b>Place of Inspection</b>

This page is intentionally left blank

February 2024

# Governance Compliance Statement February 2024

**Document Control Information**

<b>Document title</b>	Governance Compliance Statement
<b>Version</b>	February 2024
<b>Status</b>	Draft for LPB and Audit & Governance Committee Review
<b>Owner</b>	Head of Governance
<b>Department</b>	Resources
<b>Publication date</b>	
<b>Approved by</b>	
<b>Next review date</b>	

## 1. Introduction

1.1 As a statutory public service scheme, the Local Government Pension Scheme (LGPS) has a different legal status compared to trust-based schemes and therefore, the governance arrangements are different as well. This is especially true given the interface with local democratic practice since it is elected councillors who ultimately bear responsibility for the stewardship and management of local authority pension funds. Publication of this Statement is a statutory requirement under s 55 (1 to 4) of the Local Government Pension Scheme Regulations 2013, which requires:

An administering authority must prepare a written statement setting out—

(a) whether the authority delegates its functions, or part of its functions under these Regulations to a committee, a sub-committee, or an officer of the authority.

(b) if the authority does so—

- (i) the terms, structure, and operational procedures of the delegation,
- (ii) the frequency of any committee or sub-committee meetings,
- (iii) whether such a committee or sub-committee includes representatives of Scheme employers or members, and if so, whether those representatives have voting rights.

(c) the extent to which a delegation, or the absence of a delegation, complies with guidance given by the Secretary of State and, to the extent that it does not so comply, the reasons for not complying; and

(d) details of the terms, structure and operational procedures relating to the local pension board established under regulation 53(4) (Scheme managers).

An administering authority must keep a statement prepared under paragraph (1) under review, and make such revisions as are appropriate, following a material change to any of the matters mentioned in that paragraph.

Before preparing or revising a statement under this regulation, an administering authority must consult such persons as it considers appropriate.

An administering authority must publish its statement under this regulation, and any revised statement.

1.2 This statement has been revised following an annual review undertaken in preparing the Authority's report and accounts for 2023/24.

## 2. Governance of the South Yorkshire Pension Fund

- 2.1 The Authority was created by the *Local Government Reorganisation (Pensions etc.) (South Yorkshire) Order 1987* made under the *Local Government Act 1985*, and is a Joint Authority created under that act. As such it is a local authority, albeit with a prescribed set of functions, limited to fulfilling the role of LGPS administering authority and meeting the unfunded pension liabilities of the former South Yorkshire County Council for which it is able to make a levy on the District Councils.
- 2.2 The Authority does not operate under a cabinet structure. The Chair and Vice-Chair are nominated from and elected by its own membership, but the Authority carries the strategic responsibilities of an administering authority.
- 2.3 Under Section 41 of the *Local Government Act 1985*, arrangements are made enabling the members of the district councils to raise questions at council meetings. The Authority is required to nominate a member or members to answer questions on the discharge of the Authority's functions in meetings of each of the constituent councils. One member from each district has been nominated as the Section 41 spokesperson.
- 2.4 The Authority has created three committees to support it in its work:
- 2.5 The **Audit and Governance Committee** which is responsible for fulfilling the core audit committee functions in accordance with CIPFA's *Position Statement on Audit Committees in Local Authorities and Police 2022*. Further details of the Audit & Governance Committee's functions are set out in the Authority's Constitution available at: [Governance \(sypensions.org.uk\)](https://www.sypensions.org.uk/governance).
- 2.6 The **Appointments and Appeals Committee** which is responsible for the following functions.
- 1) To exercise all the Authority's functions in respect of:
    - a. Appeals by staff (where a right of appeal exists).
    - b. Complaints against senior officers.
  - 2) To exercise the Authority's functions in relation to the appointment of Statutory Officers and Chief Officers, subject to legislative requirements regarding the approval of statutory officer appointments by the Authority.
  - 3) Determining appeals and requests under the Local Government Pension Scheme Regulations not otherwise delegated to officers.
  - 4) To make appointments of Independent Investment Adviser(s) on behalf of the Authority.
  - 5) To approve arrangements for the procurement of external fund managers, the Fund Actuary and Custodian
  - 6) To deal with all matters concerning complaints concerning member conduct under the Standards regime.

- 2.7 The **Staffing Committee** which is responsible for the following functions.
- 1) To approve proposals for changes to the organisation of the Authority's staffing where more than 5 posts are affected.

### **Local Pension Board**

2.8 The Authority has an established Local Pension Board. The role of the Board as defined by Sections 5(1) and (2) of the Public Service Pensions Act 2013 is to: \_\_\_\_\_

- (a) Secure the effective and efficient governance and administration of the LGPS for the South Yorkshire Pension Fund.
- (b) Provide the Scheme Manager with such information as it requires to ensure that any member of the Local Pension Board or person to be appointed to the Local Pension Board does not have a conflict of interest.
- (c) Ensure the South Yorkshire Pension Fund effectively complies with the Code of Practice on the Governance and Administration of Public Service Pensions Schemes issued by the Pensions Regulator and is effectively managed and administered in compliance with the Code.

2.9 Further details of the Local Pension Board's functions are set out in the Authority's Constitution available at: [South Yorkshire Pensions Authority Local Pension Board Constitution](#)

### 3. Representation

3.1 Unlike other Administering Authorities within the Local Government Pension Scheme, the Authority's membership is laid down in the *Local Government Reorganisation (Pensions etc.) (South Yorkshire) Order 1987* made under the *Local Government Act 1985*. The four district councils in South Yorkshire nominate members to the Authority, from their own elected members, in the specified proportions as shown below.

Constituent Council	Number of Members
Barnsley Metropolitan Borough Council	2
City of Doncaster Council	3
Rotherham Metropolitan Borough Council	2
Sheffield City Council	5
<b>Total</b>	<b>12</b>

3.2 In addition, the Authority has co-opted 3 non-voting members nominated by the Regional Secretaries of the three largest trade unions recognised by the National Joint Council for Local Government Services. These individuals are provided with the facility to attend and participate in meetings of the Authority and its committees, other than in matters concerned with staffing and labour relations.

3.3 The **Audit and Governance Committee** is chaired by the Authority's Vice-Chair and contains 5 other Authority Members (and may not include the Chair). Representatives from the trade unions attend as non-voting co-optees.

3.4 The **Staffing Committee** and the **Appointments and Appeals Committee** are both chaired by the Authority's Chair and each contain 5 other Authority members. Given that the major business of these Committees is concerned with staffing and labour relations, the non-voting co-opted members nominated by the Trades Unions do not routinely attend meetings of these Committees.

3.5 All Committees have full delegated powers but only the Elected Members have voting rights.

### 4. Reasons for Current Representation

4.1 Myners' first Principle states that decisions should only be taken by persons or organisations with the skills, information, and resources necessary to take them effectively. Where trustees elect to take investment decisions, they must have sufficient expertise and appropriate training to be able to evaluate critically any advice they take.

4.2 Formal statutory responsibility for the LGPS and fund investment remains with the administering authority that is answerable for the effective and prudent management of the scheme. Current representation on the Authority provides the appropriate balance between accountability and inclusion as required by best practice with councillors serving on the Authority having full voting rights as a matter of course.

The Authority has approved a formal policy statement setting out the rationale for the way in which various employer and scheme member interests are represented in its governance. This is the Policy Statement on Representation which is available on the following page of the Authority's website: [Governance \(sypensions.org.uk\)](http://sypensions.org.uk)

## 5. Arrangements Outside of Formal Governance

- 5.1 The Authority is committed to inclusion of all stakeholders in consultation and communication outside of the formal governance arrangements. A separate Consultation, Communications and Engagement Strategy can be viewed on our website (at: [Pensions Policies \(sypensions.org.uk\)](http://sypensions.org.uk)) and is included with the Annual Report as required by the relevant regulations.
- 5.2 Meetings of the Authority, its committees and the Local Pension Board are webcast to provide scheme members and other stakeholders with the opportunity to see the decisions that are being made on their behalf.
- 5.3 The Authority holds an annual meeting, in October or November, to which scheme members and employers are invited to attend in person or view a livestream online. Scheme members attending receive presentations on the financial position of the Fund, a review of investment and administration performance together with news of topical issues. Attendees are encouraged to raise questions. A recording of this meeting is also made available on the Authority's website.
- 5.4 The Authority provides scheme members with periodic newsletters which cover issues such as developments in the scheme, investment performance, how to access services, scam avoidance and details of educational and awareness events.
- 5.5 The Authority, in line with the requirements of the *Public Sector Pensions Act 2013*, has an established Local Pension Board comprising equal numbers of employer and scheme member representatives.
- 5.6 The Authority provides each participating organisation with an employer's guide to the Scheme. In addition, regular newsletters are produced to keep employers up to date with scheme developments and administration issues. These are provided via our dedicated employers' website and can also be made available in hard copy. Employers' attention is drawn to LGPC Circulars whenever these are published so that they can view the national perspective as well as the local view.

- 5.7 A variety of meetings are used to communicate with employers. In addition to the Annual Fund Meeting described earlier, the Authority normally holds an annual employers' forum. This is primarily aimed at topical and administrative issues but is also valuable in providing an opportunity for employer representatives to raise questions and discussion points. Further to these, ad-hoc meetings are called to consider specific issues as and when appropriate. Every employer is offered at least one annual meeting with the Authority's officers on a one-to-one basis to discuss any topic either side wishes to raise, although experience shows that very few take advantage of this facility.
- 5.7 Focus Groups of scheme members and employers are also used on a regular basis to support service improvement work of various types.
- 5.8 Officers attend the meetings with the finance officers of the local authorities as required and make an annual presentation to the Leaders of the four district councils.

## 6. Comparison with 'Best Practice' Principles

- 6.1 The Authority is required to make a statement as to the extent to which a delegation, or the absence of a delegation, complies with guidance given by the Secretary of State and, to the extent that it does not so comply, the reasons for not complying.
- 6.2 The appendix to this document provides that statement, setting out against each of the principles the extent of compliance supported by further explanation or comments where further action is to be considered.

## 7. Maintaining Knowledge and Understanding

- 7.1 All members of the Authority and the Local Pension Board are required to complete an e-learning course consisting of several modules designed to cover all key areas needed for Authority and Board members to successfully manage the running of a Fund. Members are also supported to undertake the LGA's 3-day fundamentals training programme, which provides an opportunity to being exposed, on the occasions that they review investment performance and strategy, to presentations on topical issues, and differing types of investment.
- 7.2 A Learning and Development Strategy for all members is in place which includes an annual plan of training events and seminars on relevant topics, and the Strategy identifies individual learning needs and aims to address those individual needs through internal and external means.
- 7.3 An annual 'away day' event to support maintaining up-to-date knowledge and understanding, as well as provide opportunities for collaboration and networking, is held for all Authority and Local Pension Board members together.
- 7.4 The Authority takes part in a National Knowledge Assessment to assess the effectiveness of these arrangements and to inform the member L&D Strategy.

## Appendix A

### Principle A – Structure

		Compliant*
a)	The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council.	Yes
b)	That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.	Mainly**
c)	That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.	Yes
d)	That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.	Yes

\* Please use this space to explain the reason for non-compliance (regulation 73A(1)(c)/1997 Regulations)

*Not applicable.*

\*\*Please use this space if you wish to add anything to explain or expand on the ratings given above: -

The Authority's separate legal status ensures that a), c) and d) are complied with and ensure representation (proportionate to size) of the major local authority employers. It is not practical for the many (around 600) non-local authority employers, whose activities are extremely diverse, to be separately represented. Trades unions representatives attend meetings of the Authority and the Audit and Governance Committee as non-voting co-opted members representing the interests of scheme members. The Local Pension Board, as required by regulations, operates alongside the formal Authority structure but is intrinsically linked with it and includes representation from other employer and scheme member groups.

## Principle B – Representation

		Compliant*
a)	That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include: -  i) employing authorities (including non-scheme employers, e.g., admitted bodies).  ii) scheme members (including deferred and pensioner scheme members),  iii) independent professional observers, and  iv) expert advisers (on an ad-hoc basis).	<b>Mainly**</b>
b)	That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision-making process, with or without voting rights.	<b>Yes</b>

\* Please use this space to explain the reason for non-compliance (regulation 73A(1)(c)/1997 Regulations)

*Not applicable.*

\*\*Please use this space if you wish to add anything to explain or expand on the ratings given above: -

The Authority appoints 2 independent investment advisers who attend meetings of the Authority and give advice to members during discussion of investment related matters.

The work of the Local Pension Board is also supported by an Independent Adviser who ensures that the Board, which acts in a form of scrutiny role, is not inadvertently led by those it is scrutinising.

Please also see the answer to Principle A, item (b) above in respect of employer representation.

## Principle C - Selection and role of lay members

		Compliant*
a)	That committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.	Yes**

\* Please use this space to explain the reason for non-compliance (regulation 73A(1)(c)/1997 Regulations)

*Not applicable.*

\*\*Please use this space if you wish to add anything to explain or expand on the ratings given above: -

Induction courses are held for all new members who are also required to attend initial basic training via an online learning academy and the Pensions Regulator's Public Sector Toolkit. New members who can attend are also automatically supported to attend the LGA's 3-day fundamentals course. Members are also provided with an annually updated handbook which clearly sets out their responsibilities as "quasi-trustees".

A series of member seminars to address new topics or cyclical issues such as the actuarial valuation are included in the programme of meetings and members (whether elected or co-optees or members of the Local Pension Board) can attend these and approved conferences and external seminars, details of which are circulated to all members at the beginning of the year and throughout the year as they become available.

## Principle D – Voting

		Compliant*
a)	The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.	Yes**

\* Please use this space to explain the reason for non-compliance (regulation 73A(1)(c)/1997 Regulations)

*Not applicable.*

\*\*Please use this space if you wish to add anything to explain or expand on the ratings given above:

The Order creating the Authority and its Constitution provides full voting rights to all elected Members. Co-optees do not have voting rights. All members of the Local Pension Board have equal voting rights.

## Principle E – Training/Facility time/Expenses

		Compliant*
a)	That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.	<b>Yes</b>
b)	That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.	<b>Yes</b>
c)	That the administering authority considers the adoption of training plans for committee members and maintains a log of all such training undertaken.	<b>Mainly</b>

\* Please use this space to explain the reason for non-compliance (regulation 73A(1)(c)/1997 Regulations)

Please use this space if you wish to add anything to explain or expand on the ratings given above: -

Induction and in-house training events are made available to all members of the Authority, its Boards and Committees, including non-voting co-opted members. In addition, all Authority members are required to undertake an online Learning Academy and the Pensions Regulators Public Service Toolkit, and where they can attend supported to undertake the Fundamentals course provided by the LGA within the first year of their appointment.

Members are offered individual training plans. Records of training received are logged and published as part of the Annual Report.

All members (whether councillors, co-optees or members of the Local Pension Board) are eligible for the reimbursement of legitimate expenses incurred in undertaking learning and development activity. Councillors receive allowances paid by the Authority in respect of their membership of the Authority. Co-opted members and members of the Local Pension Board are also eligible for such allowances.



**Principle F – Meetings (frequency/quorum)**

		<b>Compliant*</b>
<b>a)</b>	That an administering authority’s main committee or committees meet at least quarterly.	<b>Yes</b>
<b>b)</b>	That an administering authority’s secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.	<b>Yes</b>
<b>c)</b>	That administering authorities who do not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders can be represented	<b>Yes</b>

\* Please use this space to explain the reason for non-compliance (regulation 73A(1)(c)/1997 Regulations)

Please use this space if you wish to add anything to explain or expand on the ratings given above:-

The Authority meets at least quarterly, and the Audit and Governance Committee meets four times per year. The Staffing Committee and the Appointments and Appeals Committee, given the nature of its business meets as required. In addition, annual forums are held for both fund employers and Scheme members. The Local Pension Board meets 4 times per year which is more than the minimum set out in regulations.

## Principle G – Access

		Compliant*
a)	That subject to any rules in the council’s constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.	Yes

\* Please use this space to explain the reason for non-compliance (regulation 73A(1)(c)/1997 Regulations)

The only exception to this general principle is that non-voting co-optees are not permitted access to papers concerned with individual staffing matters.

Please use this space if you wish to add anything to explain or expand on the ratings given above: -

## Principle H Scope

		Compliant*
a)	That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements	Yes

\* Please use this space to explain the reason for non-compliance (regulation 73A(1)(c)/1997 Regulations)

## Principle I – Publicity

		Compliant*
a)	That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements.	Yes

\* Please use this space to explain the reason for non-compliance (regulation 73A(1)(c)/1997 Regulations)

Please use this space if you wish to add anything to explain or expand on the ratings given above: -

Details of the Authority's governance arrangements are published both on its website and in its annual report. The details of the Authority's meetings are publicised both on the website and social media and the public parts of meetings of the full Authority its Committees and the Local Pension Board are webcast.

The Authority maintains a specific policy that the number of items to be considered in private is minimised thus opening the maximum amount of its business to scrutiny by scheme members and the wider public.

The Authority's constitution also includes provision for members of the public to ask questions at meetings of the Authority.



<b>Subject</b>	Audit and Governance Committee Effectiveness Review 2023/24	<b>Status</b>	For Publication
<b>Report to</b>	Audit & Governance Committee	<b>Date</b>	07 March 2024
<b>Report of</b>	Head of Governance		
<b>Equality Impact Assessment</b>	Not Required	Attached	No
<b>Contact Officer</b>	Jo Stone	<b>Phone</b>	01226 666418
<b>E Mail</b>	jstone@sypa.org.uk		

**1. Purpose of the Report**

1.1 To report the results of the Committee’s review of its effectiveness in 2023/24.

**2. Recommendation(s)**

**2.1 Members are recommended to:**

- a. Agree the Effectiveness Review report at Appendix A and the recommended actions therein.**

**3. Link to Corporate Objectives**

3.1 This report links to the delivery of the following corporate objectives:

**Effective and Transparent Governance**

To uphold effective governance always showing prudence and propriety.

The principles of good governance and those outlined in the CIPFA Position Statement on Audit and Governance Committees 2022 require that the Audit and Governance Committee should evaluate its impact. This report contributes to this objective.

**4. Implications for the Corporate Risk Register**

4.1 The actions outlined in this report demonstrate the mitigations in place to address the identified risks around weaknesses in the overall governance and control framework.

**5. Background and Options**

- 5.1 As part of ensuring continuous improvement, the Audit and Governance Committee undertook an effectiveness review on 14 December 2023. The review report is attached as Appendix A.
- 5.2 The results of the review will be used to support planning of the Committee’s future work programme and training provision. The recommended actions arising from the review will be monitored during 2024/25 and reviewed annually going forward.

**6. Implications**

6.1 The proposals outlined in this report have the following implications.

Financial	None
Human Resources	None
ICT	None
Legal	None
Procurement	None

**Jo Stone**

**Head of Governance**

<b>Background Papers</b>	
<b>Document</b>	<b>Place of Inspection</b>

**Audit and Governance Committee – Effectiveness Review 2024**

On 14 December 2023, members of the Audit and Governance Committee met to conduct a self-assessment to evaluate impact and effectiveness over the previous year. This was carried out based on the evaluation tool provided with the CIPFA Position Statement 2022 on Audit Committees in Local Authorities. The review results will be utilised to support planning of the Committee’s future work programme and training plans.

CIPFA guidance states that an audit and governance committee’s effectiveness should be judged by the contribution it makes to and the beneficial impact it has on the authority’s business. Since it is primarily an advisory body, it can be more difficult to identify how the audit committee has made a difference. Evidence of effectiveness will usually be characterised as ‘influence’, ‘persuasion’ and ‘support’. The broad areas that the Committee may support are illustrated below and formed the basis for this review.

*Figure 1: The influential audit and governance committee*



The table below provides a progress update against the actions identified from last year's effectiveness review.

<b>Areas where the audit committee can have impact by supporting improvement</b>	<b>Proposed Actions</b>	<b>Progress Update 2023/24</b>
<b>Promoting the principles of good governance and their application to decision making.</b>	<ul style="list-style-type: none"> <li>a) Review and update of Local Code of Corporate Governance to be completed in 2023.</li> <li>b) Head of Governance to carry out a recruitment process for an independent member for the Committee.</li> <li>c) Training and development plan for 2023/24 to include appropriate coverage of audit and governance issues for members of this Committee.</li> </ul>	<ul style="list-style-type: none"> <li>• Review completed and approved.</li> <li>• Recruitment process for Independent Member not completed so far due to short-staffing in the team and other pressures. Will be undertaken in 2024/25.</li> <li>• Training delivered through 2023/24, areas identified to focus 2024/25 training needs.</li> </ul>
<b>Supporting effective external audit, with a focus on high quality and timely audit work.</b>	<ul style="list-style-type: none"> <li>a) Head of Governance to liaise with external auditors regarding opportunity to join a pre-meeting with the Committee Chair.</li> </ul>	<ul style="list-style-type: none"> <li>• New external auditors, KPMG, now attending pre-meetings with the Committee Chair and Internal Audit as of December 2023.</li> </ul>
<b>Supporting the development of robust arrangements for ensuring value for money.</b>	<ul style="list-style-type: none"> <li>a) Head of Governance to arrange for Benchmarking Exercise results to be reported to the Audit &amp; Governance Committee in 2023/24.</li> </ul>	<ul style="list-style-type: none"> <li>• Benchmarking results of both Pensions Administration and Investments presented in a separate seminar for all Authority and LPB members in February 2024.</li> </ul>
<b>Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks.</b>	<ul style="list-style-type: none"> <li>a) Governance team will include a session around ethics and values on the agenda for the Members' away day scheduled for Nov 2023.</li> <li>b) Officers to review the question regarding pre-employment checks and vetting as additional due diligence to help combat fraud and corruption risks.</li> </ul>	<ul style="list-style-type: none"> <li>• Completed and a session delivered at the first Members CPD Away Day on 30/11/23.</li> <li>• Pre-employment checks are in place and a probationary period for all new staff.</li> <li>• Action will be taken forward to review Antifraud and Corruption policies during 2024/25</li> </ul>
<b>Promoting effective public reporting to the authority's stakeholders and local community and measures to improve transparency and accountability.</b>	<ul style="list-style-type: none"> <li>a) Governance team will ensure that reporting and transparency, including the AGS in particular, is appropriately covered in the Member Learning and Development Strategy for 2023/24.</li> </ul>	<ul style="list-style-type: none"> <li>• To carry forward into 2024/25 – good practice to schedule a briefing session to review the AGS.</li> </ul>

## Effectiveness Review – Areas for Improvement & Action Plan for 2024/25

Following the review undertaken in December 2023 of the progress against actions identified last year outlined in the table above, the outstanding actions and some further actions were identified to be undertaken during the forthcoming year to address the areas for improvement. These are set out in the following table.

Principle and Area for Improvement	Actions Required	Responsible Owner	Date for Completion
Promoting the principles of good governance and their application to decision making.	Recruitment of Independent Adviser to enhance the Committee and ensure compliance with best practice as recommended by CIPFA.	Head of Governance and Corporate Services	July 2024
Promoting the principles of good governance and their application to decision making.	Focused, brief training 'bites' on relevant items to be scheduled in advance of the meetings as relevant to support members in their review and scrutiny. Including: Final Accounts, Risk Appetite, Internal Audit / Corporate Assurance.	Head of Governance and Corporate Services	July 2024
Contributing to the development of an effective control environment	Provision of more information / training for members on the process for investment decisions relating to investments that are still managed locally.	Assistant Director – Investment Strategy	December 2024
Supporting effective external audit, with a focus on high quality and timely audit work.	Committee to continue building effective working relationship with new external auditor in their first year – supported by attendance of external auditor at pre-meetings with the Chair, effective debate and reporting at the Committee meetings, and any separate briefings as relevant.	Audit & Governance Committee Chair	On-going during 2024/25.

<p>Supporting the development of robust arrangements for ensuring value for money.</p>	<p>Committee members identified that continuity of membership on the Authority is a strength but achieving this is subject to external factors – both electoral outcomes and also Council group decisions. The Committee agreed an action for themselves as members to try and encourage greater continuity of membership through raising this issue with their own group leaders.</p>	<p>Audit &amp; Governance Committee Members</p>	<p>May 2024</p>
--	--	---	-----------------

## **Conclusion**

Audit and Governance Committee members evaluated their impact and effectiveness over the year just ended. The review identified actions for continuous improvement; progress on these will be monitored in the forthcoming year.

An effectiveness review will be completed annually.

This page is intentionally left blank



<b>Subject</b>	<b>Audit and Governance Committee Annual Report 2023/24</b>	<b>Status</b>	For Publication
<b>Report to</b>	Audit and Governance Committee	<b>Date</b>	07 March 2024
<b>Report of</b>	Clerk Head of Governance		
<b>Equality Impact Assessment</b>	Not Required	Attached	No
<b>Contact Officer</b>	Jo Stone Head of Governance	<b>Phone</b>	01226 666418
<b>E Mail</b>	<a href="mailto:jstone@sypa.org.uk">jstone@sypa.org.uk</a>		

## 1 Purpose of the Report

- 1.1 To secure approval for the Committee’s annual report on its work as part of the process of providing assurance underlying the preparation of the Annual Governance Statement.
- 

## 2 Recommendations

- 2.1 Members are recommended to:
- a. **Approve the Annual Report of the Audit and Governance Committee for 2023/24 as attached at Appendix A; and**
  - b. **Delegate to the Head of Governance approval 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.**
- 

## 3 Link to Corporate Objectives

- 3.1 This report links to the delivery of the following corporate objectives:

### **Effective and Transparent Governance**

To uphold effective governance showing prudence and propriety at all times.

It is recognised as good practice for an Audit and Governance Committee to produce an annual report setting out how its activities have addressed the various elements of the duties of an Audit and Governance Committee during the year. This contributes to the provision of assurance as part of the preparation of the Annual Governance Statement.

#### **4 Implications for the Corporate Risk Register**

- 4.1 The actions outlined in this report demonstrate the mitigations in place to address the identified risks around weaknesses in the overall governance and control framework.

#### **5 Background and Options**

- 5.1 The Audit and Governance Committee has a central role in the processes for the production of the Authority's Annual Governance Statement (AGS) and a number of the functions which it performs are a key part of the provision of assurance which underlies the process of producing the AGS. In order to provide assurance that the Committee is fully meeting its responsibilities it is good practice for an Annual Report on the Committee's work to be produced.
- 5.2 A draft Annual Report on the Committee's work during the 2023/24 Municipal Year is attached for approval at Appendix A.
- 5.3 The report will be updated to reflect the activity undertaken at this meeting. Members are also advised to note that Appendix C within the report shows the results of internal audit reviews for 2023/24 and permission is requested for officers to update this table with results of further reviews completed by the end of the year to reflect the outturn position on the level of assurance provided.
- 5.4 Following these updates, the report will be published on the Authority's website and will form part of the evidence base for the production of the Annual Governance Statement.

#### **6 Implications**

- 6.1 The proposals outlined in this report have the following implications:

Financial	None
Human Resources	None
ICT	None
Legal	None
Procurement	None

**Sarah Norman**

**Jo Stone**

**Clerk**

**Head of Governance**

<b>Background Papers</b>	
<b>Document</b>	<b>Place of Inspection</b>



Audit & Governance  
Committee  
Annual Report  
2023/24

March 2024

## **Foreword**

I am pleased to present the annual report of the Authority's Audit and Governance Committee covering the Committee's activity during the 2023/24 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 Marnie Havard

Chair

Audit and Governance 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 2023/24 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.
- Work programme.

## **2. Committee Information**

### ***Audit and Governance 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:
  - i. The suitability of, and any changes in accounting policies.
  - ii. 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.
- n) 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 2024 was:

Councillor Marnie Havard (Chair)

Councillor Roy Bowser

Councillor Simon Clement-Jones

Councillor Steve Cox

Councillor David Nevett

In addition, the three Non-Voting Co-Opted Members 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:

Nicola Doolan-Hamer (Unison)

Richard Bedford (Unite) – [from December 2023]

Garry Warwick (GMB)

## **Committee Meetings and Attendance**

The Committee held four meetings during the municipal year (July 2023, October 2023, December 2023 and March 2024). The business conducted reflected the terms of reference and the pattern of work of the Authority's Internal and External Auditors. The schedule of Members' and Officers' attendance is attached as Appendix A.

Councillor Marnie Havard was appointed by the Authority to Chair the Committee.

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 2023/24 are shown in Appendix B; the outcomes of the Committee's work in relation to these are summarised below. The bullet points in the boxes in *italics* are the core functions from the CIPFA guidance; the details below each box identify how the Committee has achieved its responsibilities.

## **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:

- Completed the Annual Review of the Authority's Risk Management Framework in October 2023; significant revisions were implemented to reflect the additional layer of assurance controls and implementation of a new risk management and performance software system.
- Received regular progress reports from the Head of Internal Audit on internal control matters.
- Received regular reports on progress against audit recommendations.
- Considered the results of the review of internal control and internal audit for 2022/23.

## **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.*

In relation to Internal Audit, the Committee has:

- Agreed the Internal Audit Strategy and Annual Plan for 2023/24
- Received and considered the Head of Internal Audit's Annual Report for 2022/23, 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.

The schedule of Internal Audit Review Results 2023/24 at Appendix C summarises the outcomes of Internal Audit Activity during the year.

In relation to External Audit, the Committee has:

- Received reports from the former external auditor, Deloitte, on their Audit Plans for the Authority and Fund relating to the audit of year ended 31 March 2023.
- Received regular progress reports and a final report on the audit of year ended 31 March 2023 from Deloitte.
- Received an introductory update and an audit plan relating to the audit of year ended 31 March 2024 from the new external auditor, KPMG.

## **Statement of 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:*
  - *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 2022/23;
- Reviewed and approved the Authority's Statement of Accounts and Annual Report and letter of representation for 2022/23;
- Received and approved Deloitte's Report on the 2022/23 Audit, and their Annual Report 2022/23 which includes their findings and conclusion on the Authority's Value for Money arrangements. No recommendations were made in either report.

## **Working Arrangements**

Members considered and agreed the Committee's Annual Report for 2022/23 which was then published on the Authority's website.

As part of considering the Annual Report, members considered the extent to which its arrangements remained robust.

## Appendix A

### Member and Officer Attendance at Audit & Governance Committee Meetings 2023/24

Member/Officer	27 July 2023	21 September 2023	14 December 2023	7 March 2024
Councillor Marnie Havard	✓	✓	✓	
Councillor Roy Bowser	Note 1	Note 1	Note 1	
Councillor Simon Clement-Jones	✓	✓	✓	
Councillor Steve Cox	✓	✓	✓	
Councillor David Nevett	✓	✓	✓	
Nicola Doolan-Hamer	✓	✓	✓	
Richard Bedford	N/a - Note 2	N/a - Note 2	✓	
Garry Warwick	✓	Note 1	✓	
Director – George Graham	✓	✓	✓	
Assistant Director - Resources (Chief Financial Officer) Gillian Taberner	✓	✓	✓	
Head of Governance (Monitoring Officer) – Jo Stone	✓	Note 1	Note 1	
Financial Services Manager – Will Goddard	✓	✓	✓	
External Audit (Deloitte)	✓	✓	N/A – Note 3	
External Audit (KPMG)	N/A – Note 3	N/A – Note 3	✓	
Internal Audit (Barnsley MBC)	✓	✓	✓	

### Notes

1. Apologies
2. Appointed to the Committee from December 2023.
3. External Auditors – Deloitte in place for audit of year ended 31/03/2023, attending meetings up to and including September 2023. KPMG appointed for audits of years from 1 April 2023 for next five years and attended meetings from December 2023 onwards.

## Appendix B

### Committee Activity

Function/Issue	27 July 2023	21 September 2023	14 December 2023	7 March 2024
<b>Risk Management</b>				
Annual Review of the Risk Management Framework			Approved	
<b>Governance and Internal Control</b>				
Data Protection Officer's Annual Report				
Annual Review of the Governance Compliance Statement				TBC
Progress on Implementation of Audit Recommendations	Noted	Noted	Noted	TBC
Effectiveness Review	Noted			
Local Code of Corporate Governance			Approved	
<b>Internal Audit</b>				
Progress Report	Noted	Noted	Noted	
Annual Report 2022/23	Noted			
Internal Audit Charter	Noted			
Effectiveness Review		Noted		
<b>External Audit</b>				
Auditor Appointment Process		Noted		
Status Report on the 2022/23 Audit	Noted			
Final Report on the 2022/23 Audit		Noted		
Annual Audit Report 2022/23		Recommended to the Authority		
External Audit Plan 2023/24				TBC
<b>Statement of Accounts</b>				
Draft Statement of Accounts 2022/23	Noted			
Audited Statement of Accounts 2022/23		Approved		
Letter of Representation		Approved		
<b>Committee Working Arrangements</b>				
Audit & Governance Committee Annual Report 2023/24				TBC

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

## **Appendix C**

### ***Results of Internal Audit Reviews 2023/24***

<b>Review Topic</b>	<b>Assurance Level</b>	<b>Number and Priority of Findings</b>
Pensions Administration Actuarial Transition	Reasonable	1 Medium Priority 1 Low Priority
Pensions Administration Pensions Admin System – PIR	Reasonable	1 High Priority 2 Medium Priority
Service Wide Procurement Compliance c/fwd from 22/23	Limited	3 Medium Priority 1 Low Priority
Pensions Administration Customer Services including Contact Centre	Reasonable	1 Medium Priority 2 Low Priority
Finance Core Financial System - Main Accounting	Substantial	0
Finance Core Financial System - Accounts Receivable	Reasonable	1 Medium Priority
Finance Core Financial System - UPM Payroll	Substantial	0
Finance Core Financial System - Authority Staff Payroll	Substantial	0
Finance Core Financial System - Investment Income	Substantial	0
Finance Core Financial System - Accounting for Deals	Substantial	0
Finance Core Financial System - Fund Contributions	Substantial	0
Investments Performance Management – Border to Coast	Substantial	0

This page is intentionally left blank