

## **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, 6 March 2025 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 666448  
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.**

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**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: D Sutton (Chair), J Church, S Clement-Jones, D Fisher, N Wright and D Nevett.

## **Contact Details**

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## **AUDIT AND GOVERNANCE COMMITTEE TERMS OF REFERENCE**

1. To fulfil the following core Audit and Governance 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, 6 MARCH 2025 AT 10.00 AM - OAKWELL HOUSE, 2 BEEVOR COURT,  
PONTEFRACT ROAD, BARNSELEY, S71 1HG**

### **Agenda: Reports attached unless stated otherwise**

	<b>Item</b>	<b>Pages</b>
	<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.)	
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**SOUTH YORKSHIRE PENSIONS AUTHORITY AUDIT COMMITTEE****5 DECEMBER 2024**

PRESENT: Councillor David Nevett (Acting Chair)

Councillors: James Church, Simon Clement-Jones and David Fisher

Trade Unions: Phil Boyes (UNITE), Nicola Doolan-Hamer (Unison) and Garry Warwick (GMB)

Independent Member: Emma Dawson

Officers: George Graham (Director), Gillian Taberner (Assistant Director - Resources), Jo Stone (Head of Governance and Corporate Services), William Goddard (Head of Finance and Performance) and Gina Mulderrig (Governance Officer)

Sharon Bradley and Caroline Hollins (Corporate Assurance BMBC)

Richard Lee (External Audit KPMG)

Apologies for absence were received from Councillor Neil Wright and Councillor Donna Sutton

1 **WELCOME, INTRODUCTIONS AND APOLOGIES**

Apologies were noted as above.

2 **ANNOUNCEMENTS**

None.

3 **URGENT ITEMS**

None.

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

None.

5 **DECLARATIONS OF INTEREST**

None.

6 **MINUTES OF THE MEETING HELD ON 19/09/2024****RESOLVED: That the minutes of the meeting held on 19 September 2024 be agreed as a true record.**7 **INTERNAL AUDIT PROGRESS REPORT**

The Head of Corporate Assurance presented the report to provide a summary of the Corporate Assurance Team's internal audit activity completed, and the key issues arising from it, for the period 1st September 2024 to 17th November 2024.

Members noted that there were not many action points as a result of the audit and asked for clarity on whether this was related to the work areas assessed or as a result of an overall positive assessment.

The Head of Corporate Assurance explained that this audit had looked predominantly at core financial systems and that there were very few actions therefore providing assurance that appropriate controls were in place.

Members noted that staff levels of absence due to illness fluctuated and asked what was considered reasonable.

The Head of Corporate Assurance explained that absence due to illness tends to fluctuate seasonally and has been affected by the resurgence of Covid-19 but that all absence is monitored and managed through the SYPA Attendance Policy and that, according to Quarter 3 KPIs, delivery of services had not been affected.

**RESOLVED: Members considered the report and as necessary request further information and/ or explanations from the Corporate Assurance Team or Management.**

8 INTERNAL AUDIT PLAN CONSULTATION PAPER FOR 2025/26

The Head of Corporate Assurance presented the report to set out the annual internal audit planning process and to consult with the Audit and Governance Committee with regard to potential projects for inclusion in the draft internal audit plan for 2025/26.

Members noted that previous projects covered in the internal audit plan were weighted towards the area of finance and resources and asked for clarity on plans to cover IT and cyber risk.

The Head of Corporate Assurance agreed explaining that this was expected in the pensions sector but that to give an accurate assurance opinion, all aspects of the Authority needed to be considered. The Head of Corporate Assurance explained that an allocation of days to assess IT and cyber risk and liaise with the appropriate SYPA officer had been made and that it would be considered in depth as part of the plan.

The Chair queried whether risk regarding pooling would be part of the plan.

The Head of Corporate Assurance responded that risk regarding the performance and management of Border to Coast Pensions Partnership would require consideration. The Director added that the Government's Pensions Investment Review and any subsequent changes would also create new risks for consideration.

**RESOLVED: Members**



i) Considered the proposed planning process and were satisfied that it was sufficiently robust and that it would determine a value-

adding internal audit plan, informed by risk and through consultation with appropriate senior management.

ii) Considered potential projects for consideration in the Internal Audit Annual Plan for 2025/26, all nominations to be passed through the Chair for notification to the Head of Corporate Assurance.

iii) Acknowledged the professional responsibility of the Head of Corporate Assurance to ultimately determine the plan of internal audit work.

9 AUDITOR'S ANNUAL REPORT

Richard Lee, the external auditor from KPMG, presented the Auditors Annual Report providing a summary of the findings and any key issues arising from the external auditor's work on the Authority's 2023/24 statement of accounts and value for money assessment.

**RESOLVED: Members received and noted the Auditor's Annual Report attached at Appendix A in the report.**

10 EXTERNAL AUDITOR'S YEAR END REPORT - AUTHORITY

Richard Lee, the external auditor from KPMG, presented the External Auditor's Year End Report on the key findings from the audit work carried out in relation to the financial statements of the Authority for 2023/24.

**RESOLVED: Members received and noted the External Auditor's Year End Report for the Pensions Authority attached at Appendix A in the report.**

11 EXTERNAL AUDITOR'S END REPORT - FUND

Richard Lee, the external auditor from KPMG, presented the external auditor's year-end report on the key findings from the audit work carried out in relation to the financial statements of the Pension Fund for 2023/24.

Members asked for confirmation that there were no major changes made to the Authority or Fund Year End Reports. The external auditor confirmed that this was the case and the reports had not varied significantly from the drafts already seen by the committee. It was explained that the reports were held to new standards brought in in 2024 before they were completed, namely The Pensions Regular General code of practice and the Accounts and Audit Regulation (2024), meaning they met the latest statutory standards.

Members asked if the reports took the volatility of economic markets into account. The external auditor explained that the reports focussed on performance over a year of the Fund and the Authority up to March 2024 but that consideration was also given to financial sustainability, risk management and expectations for the future to ensure the Fund and the Authority are in a strong position to face any market volatility.

Members asked for further detail on the changes that were made to the reports and the plans to produce the 2024-2025 reports. The external auditor explained that the changes related to utilising the updated statutory guidance and formatting the presentation of the report. The external auditor added that there was now a period of

reflection on the experience of producing the reports for SYPA for the first time and that areas for improving the process had been identified to inform the planning for producing the 2024-2025 reports. It was expressed that KMPG want to build on the positive working relationship they now have with SYPA to improve on the delivery and quality of any reports.

**RESOLVED: Members received and noted the External Auditor's Year End Report for the Pension Fund attached at Appendix A**

12 ANNUAL REVIEW OF RISK MANAGEMENT FRAMEWORK 2024/25

The Assistant Director - Resources presented the annual review of the Risk Management Framework for the Committee to consider.

**RESOLVED: Members**

**a. Considered whether any additions or changes are required to the Risk Management Framework presented at Appendix A; and**

**b. Approved the updated Risk Management Framework for publication**

13 WHISTLE BLOWING AND FRAUD AND COUNTER CORRUPTION POLICIES

The Assistant Director - Resources presented the report to the Committee and asked them to consider and comment on the Antifraud, Bribery and Corruption Policy and the Whistleblowing Policy and to recommend them for approval to the Authority.

Members asked whether there had been any instances of whistle blowing and the Assistant Director – Resources explained that there had not been any instances since she had been in position (5 years) but that it was important the policy remained in place.

The Director drew attention to the difference between the two policies and explained how measures in the broader sector, such as the Government's Tell Us Once service, had contributed to the reduction of fraud cases needing to be dealt with by SYPA.

The Chair noted the policies had been overdue for update and approval and asked how this could be managed going forward. The Assistant Director – Resources explained that there was now a robust policy tracker system in place to ensure all policies are approved and reviewed within the agreed deadlines.

Members queried whether cyber security was considered separately from internal fraud. The Assistant Director – Resources responded that there was a separate Cyber Security policy but that there was potential crossover between policies, such as a cyber attack involving attempts to defraud, and in such cases, all relevant policies would be considered.

**RESOLVED: Members considered and recommended the Anti-Fraud, Bribery and Corruption Policy and the Whistleblowing Policy for approval to the Authority.**

14 PROGRESS ON AGREED MANAGEMENT ACTIONS

The Team Leader – Governance presented the report to update Members on the actions being taken in response to audit review findings during the current financial year and in previous financial years drawing attention to the remaining two actions; updating a written policy for Records Management and a Document Retention Schedule and their progress.

**RESOLVED: Members**

- a. Noted the progress being made on implementing agreed management actions; and
- b. Considered if any further information or explanation was required from officers.

CHAIR

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## Agenda Item

<b>Subject</b>	<b>Internal Audit Progress Report</b>	<b>Status</b>	For Publication
<b>Report to</b>	<b>Audit and Governance Committee</b>	<b>Date</b>	<b>06/03/2025</b>
<b>Report of</b>	Head of Corporate Assurance (Internal Audit)		
<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's internal audit activity completed, and the key issues arising from it, for the period 18<sup>th</sup> November 2024 to 23<sup>rd</sup> February 2025.
- 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 an 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 Internal Audit service provided by 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 2024-26, Annual Plan 2024-25, 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 (Internal Audit) Progress Report**

**Audit and Governance Committee**

**6<sup>th</sup> March 2025**

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 (INTERNAL AUDIT) PROGRESS REPORT 18<sup>th</sup> November 2024 to 23<sup>rd</sup> February 2025

### Purpose of this report

This report has been prepared to update the Committee on our activity for the period 18<sup>th</sup> November 2024 to 23<sup>rd</sup> February 2025, 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 (Internal Audit) Plan Progress 2024-25

The following table shows the progress of the corporate assurance plan 2024-25 up to the 23<sup>rd</sup> February 2025, analysed by the number of planned assignments and days delivered by Service Area.

To date, we have delivered 71% of the total planned days. The 2024/25 plan (as in previous years) is profiled more heavily towards the end of the financial year and Corporate Assurance has profiled its resources accordingly.

#### Position as at 23<sup>rd</sup> February 2025- Plan Days Delivered

2024/25 Plan	Original Plan Days	Revised Plan Days	Actual days (% of revised days)
Finance & Resources	80	80	59 (42%)
Pensions Administration	10	18	17 (12%)
Authority Wide	54	54	40 (28%)
Investment Strategy	26	23	9 (6%)
Corporate Services	28	25	16 (12%)
Contingency	2	0	
<b>Chargeable Planned Days</b>	<b>200</b>	<b>200</b>	<b>141 (71%)</b>

#### Position as at 23<sup>rd</sup> February 2025 – 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	2	2	4
<b>Pensions Administration</b>	2	1	1	2
<b>Investment Strategy</b>	2	0	0	1
<b>Corporate Services</b>	1	0	0	1
<b>Authority Wide</b>	2	0	0	1
<b>Total</b>	<b>15</b>	<b>3</b>	<b>3</b>	<b>9</b>

### Changes to the 2024/25 Plan

At the beginning of the year provision is made in the allocation of corporate assurance resources for unplanned work, through a contingency. As requests for 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 no changes to the plan during this period.

## Final Reports Issued

The following reports have been issued during the period.

Assurance Assignment	Assurance Opinion	Number of recommendations raised:			Total	Agreed
		High	Medium	Low		
Finance & Resources: Other Benefits	Substantial	0	0	0	N/A	N/A
Finance & Resources: Fund Contributions	Substantial	0	0	0	N/A	N/A
Pensions Admin: Customer Services incl. Contact Centre	Reasonable	0	0	3	3	3
<b>Total</b>		<b>0</b>	<b>0</b>	<b>3</b>	<b>3</b>	<b>3</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.
Audit and Governance Chair – Briefing Session	To deliver a briefing session on the role of Internal Audit and the Committee.
National Fraud Initiative	Time allocated to provide assurance that the NFI data matching exercises have been undertaken.
DPO Assurance	Time allocated for IA to undertake reviews commissioned by the Data Protection Officer.
Performance Management Framework	To provide advice, support, and guidance to management during the design and implementation of the Performance Management Framework.
Investment Management System – Design and Implementation	To provide advice, support, and guidance to management during procurement and implementation of the new Custodian.
Climate Change and Net Zero Carbon	To provide assurance that the Authority is complying with the requirements of the TCFD.

## Work in Progress

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

Directorate- Assurance Assignment	Pre-Planning	Work in Progress	Draft Report
Finance & Resources: Valuation of Assets			✓
Finance & Resources: Pension Payroll		✓	
Finance & Resources: Purchase to Pay		✓	
Finance & Resources: Main Accounting		✓	
Authority Wide: Pentana Risk System Post Implementation Review		✓	
Investments: Climate Change and Zero Carbon	✓		

## 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
<b>High</b>	0	0	0	0	0
<b>Medium</b>	4	0	3	1	0
<b>TOTAL</b>	<b>4</b>	<b>0</b>	<b>3</b>	<b>1</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 2024/25 (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 2024/25	This Period	Year to Date
1.	<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%

Ref.	Indicator	Frequency of Report	Target 2024/25	This Period	Year to Date
<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%	71%	65%*
2.3	Average number of days lost through sickness per FTE	Quarterly	6 days	2.74 days	4.04 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 and Q2 was 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.
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.

PI Ref	Indicator	Comments
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, as Head of Internal Audit for the Authority, must deliver an annual assurance opinion and report that can be used by the organisation to inform its Annual Governance Statement. The annual internal audit 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 (INTERNAL AUDIT) 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.

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## Agenda Item

<b>Subject</b>	<b>Corporate Assurance Plan Report 2025-26</b>	<b>Status</b>	For Publication
<b>Report to</b>	<b>Audit and Governance Committee</b>	<b>Date</b>	<b>06/03/2025</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 2025-26.

### 2. Recommendations

#### 2.1 It is recommended that: -

- i. **the draft Corporate Assurance Plan for 2025-26 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 2025-26**

##### **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 2025-26 is 207. This is a slight increase of 7 planned days, the plan being 200 days in 2024-25.

#### 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: Corporate Assurance Charter 2024-26, MK Insight (Audit Management System), Public Sector Internal Audit Standards 2017	Barnsley Metropolitan Borough Council, Westgate Plaza, Barnsley.

Draft Corporate Assurance Plan 2025-26

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 2026-27	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
Audit & Governance Committee Awareness Session	To provide training and support to members of the Audit & Governance Committee on the Assurance Framework.	All
Client Liaison	To prepare for and attend client plan update meetings, periodic attendance at SMT etc.	All
AGS Process	To provide advice, support, and guidance to management during the transition to the new enhanced Governance Compliance Statement.	All
NFI	To monitor the undertaking of the required data matching exercises.	DQ; EI; FM; RC
Risk Management	To provide assurance that the Risk Management Framework is fit for purpose and that risks are being effectively and efficiently managed / monitored.	DM; RM
DPO Assurance Advice / Support	To provide advice, support and guidance to management on DPO assurance.	IG; PM; LC; DM
Data Quality	To provide advice, support and guidance re data ownership, quality and integrity across the organisation. To include a review of the Data Quality Improvement Plan.	IG; IS; PM
Cybersecurity	To provide independent assurance that the cyber security, backup and disaster recovery arrangements are robust, comply with UK GDPR requirements and mitigate the risks of accidental loss, destruction, manipulation and damage of data.	DM; ER; IG; IS; RM
Procurement Compliance	To follow up on the lessons learned arising from the Procurement Compliance review undertaken in 2022/23, providing assurance that these have been considered and factored into future procurement processes.	CP; DM; FM
Performance Management Framework	To provide advice, support and guidance to management during implementation of the Performance Management Framework. (to include Management Information / Reporting and Workflows).	DM; DQ; EI; HR; PM

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Job Title	Indicative Scope	Governance Areas
Contract Management	To provide advice, support and guidance to management during the development and implementation of a Contract Management Framework.	CP; DM; FM; PP; PS
Member Learning & Development	To provide assurance that the member Learning & Development Programme is fit for purpose and includes appropriate training to support members in delivery of their roles and responsibilities.	DM; PM; RM
Core Financial System - Main Accounting (excl. Budget Management)	To provide assurance that systems and controls are robust and operating effectively and efficiently. To include General Ledger processes and Bank Reconciliations).	FM; DQ; IG; AM
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 - Accounts Receivable	To provide assurance that systems and controls are robust and operating effectively and efficiently.	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
Core Financial System - Pensioner Payroll (UPM)	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 - Accounting for Deals	To provide assurance that systems and controls are robust and operating effectively and efficiently.	FM; DQ; IG; AM
Budget Management / Monitoring	To provide assurance that the revised budget management arrangements are robust, effective and efficient with clearly defined processes to be adopted, roles and responsibilities.	DM; FM
Pensions Review Process - Child Pensions	To provide assurance that the pensions review process is operating effectively. Specific focus on child pensions.	FM; RC
Annual Benefits Statements	To provide assurance that the processes to complete the statement are effective and efficient. This is a statutory function, and processes are being revised following a system upgrade. Statement due to be completed in August 2025.	FM; RC

Job Title	Indicative Scope	Governance Areas
Pensions Saving Statements	To provide assurance that the processes to complete the statement are effective and efficient. This is a statutory function, and processes are being revised following a system upgrade. Statement due to be completed in September 2025.	FM; RC
Regulatory / Material Breaches	To provide assurance that the mechanism for recording and reporting on regulatory / material breaches is fully embedded, and that relevant training has been provided to all staff.	DM; EI; IG; IS; PM; RC
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
Recruitment, Selection and Retention	To provide independent assurance that the Recruitment, Selection and Retention process is being undertaken in accordance with the approved policy, is consistent and also effective and efficient.	DM; ER; FM; HR; RM
Contract Management - New Custodian	To provide advice, support and guidance to management on contract management arrangements following appointment of the new Custodian (to include transactional testing on assets managed by the new Custodian).	IS; IG; PC; PM; PP; BC; DM; RM
Investment Oversight Model	To provide advice, support and guidance to management following implementation of the Investment Oversight Model.	AM; CP; DM; ER; FM; IG; PM; RC; RM
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	IG	Information Governance/ Security
CP	Procurement, Commissioning and Contract Mgt	IS	Information Systems Management
DM	Governance / Decision Making Arrangements	PM	Performance Management and Data Quality
EI	Ethical Standards and Conduct Mgt	PP	Project / Programme Management
EQ	Equalities and Inclusion	PS	Partnership, Relationship & Collaboration Governance
ER	Business Continuity and Emergency Resilience	RC	Regulatory Compliance
FM	Financial Management	RM	Risk Management
HR	Workforce / HR Management		
HS	Health and Safety		

# South Yorkshire Pensions Authority

## Report to the Audit and Governance Committee

External Audit Plan and Strategy for the year  
ending 31 March 2025

6<sup>th</sup> March 2025

# Introduction

To the Audit and Governance Committee  
of South Yorkshire Pensions Authority

We are pleased to have the opportunity to meet with you on 6<sup>th</sup> March 2025 to discuss our audit of the financial statements of South Yorkshire Pensions Authority for the year ending 31<sup>st</sup> March 2025.

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.

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 has not yet begun.

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.

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Overview of planned scope including materiality	3
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Mandatory communications	10
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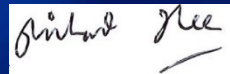
## The engagement team

Richard Lee, CA / CPFA, is the engagement lead on the audit. He has over 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) and Kanika Singh (Engagement Assistant Manager) with 6 and 5 years of experience respectively.

Yours sincerely,



Richard Lee

**Director - KPMG LLP**

24 February 2025

## 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.

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 and have increased this from the prior year based upon our enhanced understanding of the entity and low risk profile.

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 £10k.
- 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.

## Entity Materiality

Materiality for the financial statements as a whole	<b>£200k</b> (2.49% of expenditure) 23/24 – 155k, 1.99%
Procedure designed to detect individual errors at this level	<b>£150k</b> 23/24 - £116k
Misstatements reported to the Audit and Governance Committee	<b>£10k</b> 23/24 - £7,750

# 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 January 2025 where we present our indicative audit plan outlining our audit approach and discuss management’s progress in key areas;
- Audit and Governance Committee meeting in March 2025 where we present our audit plan, excluding our Value For Money (VFM) risk assessment which will be presented at a later date;
- Status meetings with management in July and August 2025 where we communicate progress on the audit plan, any misstatements, control deficiencies and significant issues;
- Closing meeting with management in September 2025 where we discuss the auditor’s report and any outstanding deliverables;
- Audit and Governance Committee meeting in September 2025 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 make inquiries of 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>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.

# Significant risks and Other audit risks

Our indicative 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.

Our risk assessment is ongoing and we will update the committee of any changes at a later date.

## Value for money

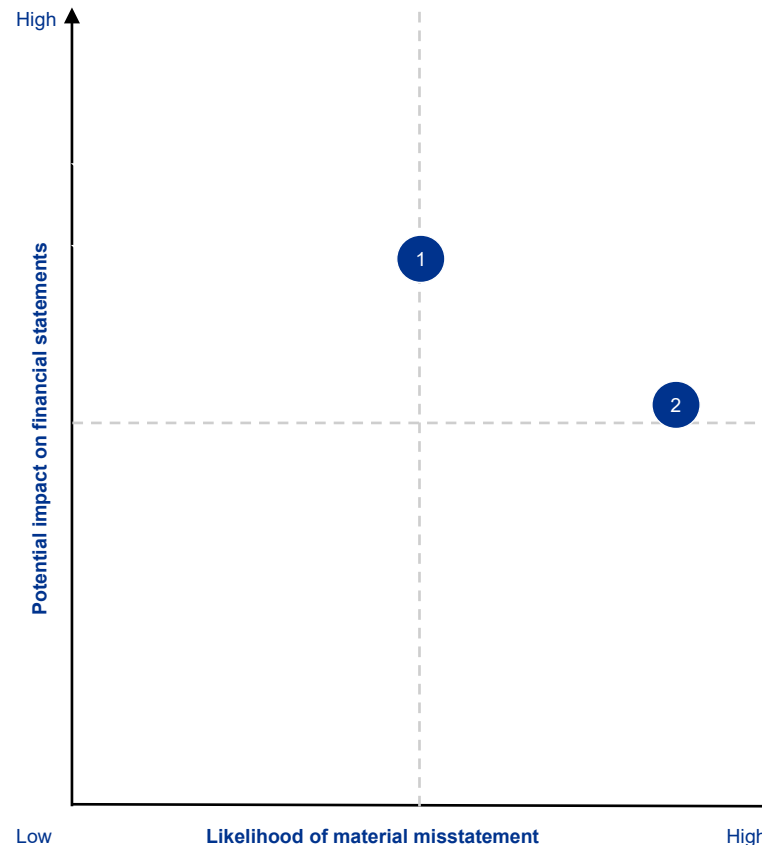
We are required to provide commentary on the arrangements in place for ensuring Value for Money is achieved at the Authority and report on this via our Auditor's Annual Report. This will be published on the Authority's website and include a commentary on our view of the appropriateness of the Authority's 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 and 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. We will:

- 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.
- With regards to the financial reporting and journals process, we will perform the following over journal entries and other adjustments:
  - Evaluate the completeness of the population of journal entries.
  - Determine high risk criteria and select journals based on this criteria for testing.

# 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 and 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 a simple 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:

<p>Work is completed throughout our audit and we can confirm the matters are progressing satisfactorily</p> 	<p>We have identified issues that we may need to report</p> 	<p>Work is completed at a later stage of our audit so we have nothing to report</p> 
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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		No matters to report. The engagement team and others in the firm, as appropriate, have complied with relevant ethical requirements regarding independence.  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 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. Although the Authority is not currently required to submit a WGA consolidation schedule, we may be required to answer specific questions raised by the NAO related to WGA and the Authority until the WGA is certified by the NAO



# 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

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# 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 and Governance Committee and ensure we are co-ordinated across our accounts audit.



Kanika Singh is the Assistant Manager responsible for our audit. She will be responsible for our on-site fieldwork. She will complete work on more complex section of the audit.

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 Richard's second year as your engagement lead. Engagement leaders are required to rotate every five years, extendable to seven with PSAA approval.

# Audit cycle and timetable

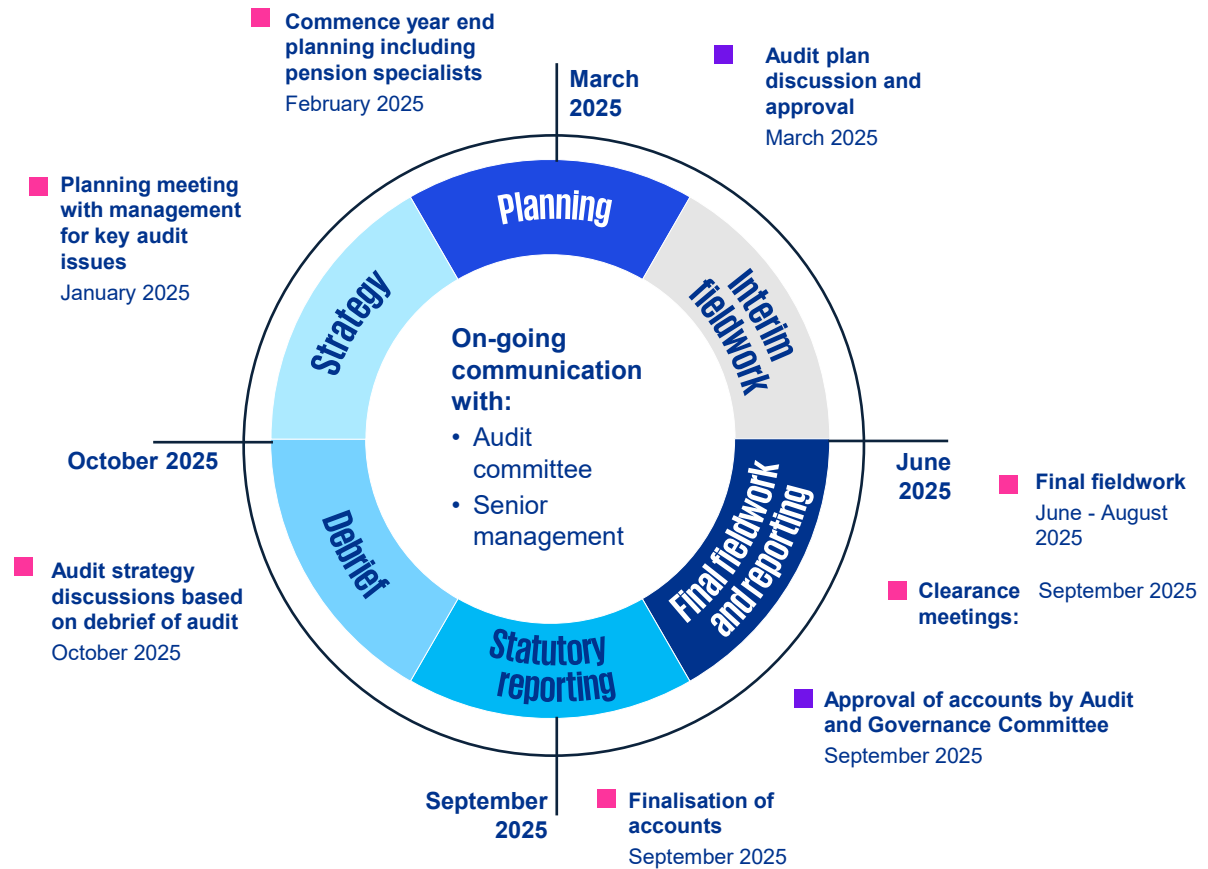
## Our schedule: Jan 25 – Oct 2025

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.

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.

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**Key:**

- Timing of Audit and Governance communications
- Key events

# Fees

## Audit fee

Our fees for the year ending 31 March 2025 are set out in the PSAA Scale Fees communication and are shown below.

Entity	2024/25	2023/24
Statutory audit	£163,047*	£148,276
ISA315r	-	£9,500
VAT Specialist	-	£3,972
IAS19 Assurance Letters	-	£35,762
<b>TOTAL</b>	<b>£163,047*</b>	<b>£161,748</b>

\*scale fee is for SYPA and SYPF combined.

These fees assume no significant risks are identified as part of the Value for Money risk assessment. Additional fees in relation to this area would 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 Director and audit staff is not impaired.

## To the Audit and Governance Committee members

### Assessment of our objectivity and independence as auditor of South Yorkshire Pension 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.

The conclusion of the audit engagement partner as to our compliance with the FRC Ethical Standard in relation to this audit engagement is subject to review by an engagement quality control reviewer, who is a director not otherwise involved in your affairs.

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

No non-audit services have been provided to the Authority during the year ended 31 March 2025 and we have not committed to providing any such services.

We note that the South Yorkshire Pension Fund is one of 11 partner funds in the Border to Coast Pension Partnership (BCPP). BCPP is an audit client of KPMG LLP and KPMG LLP also provides AAF 01/20 assurance reporting for BCPP. These do not constitute non-audit services in respect of the Fund but we include them here in the interest of completeness.

#### Summary of fees

We have considered the fees charged by us to the Authority and Fund for professional services provided by us during the reporting period.

Total fees charged by us for the period ended 31 March 2025 can be analysed as follows:

	2024/25
	£
Statutory audit	163,047
<b>Total Fees</b>	<b>163,047</b>

#### Fee ratio

The ratio of non-audit fees to audit fees for the year was 0 : 1.

# 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 Director and audit staff is not impaired.

To the Audit and Governance Committee members

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

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- 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.)

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 Director and audit staff is not impaired.

## 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 Governance Committee.

## Confirmation of audit independence

We confirm that as of the date of this letter, in our professional judgment, KPMG LLP, each member of the audit engagement team, and anyone else within the Firm who can influence the conduct or outcome of this audit engagement 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 Governance Committee of the Administering Authority 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 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.

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## ■ Commitment to continuous improvement

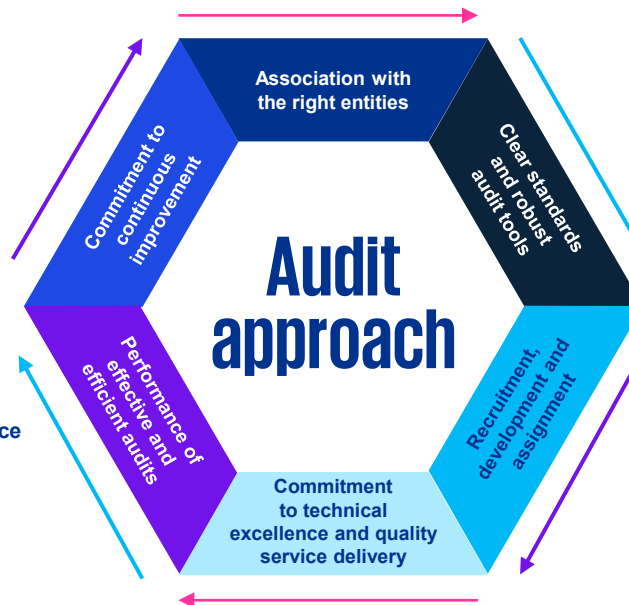
- Comprehensive effective monitoring processes
- Significant investment in technology to achieve consistency and enhance audits
- Obtain feedback from key stakeholders
- Evaluate and appropriately respond to feedback and findings

## ■ Performance of effective and 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 and 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 and 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 and 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 – Understanding of IT



## Summary

**The release of ISA 315 (UK) revised brought an increased focus on Understanding of IT in the audit, and it continues to be an area of focus.**

Stakeholders now expect auditors to not only understand IT in detail, but also to consider the impact of the findings from their risk assessment procedures on their planned audit approach.

### Why is Understanding of IT so important?

Businesses continue to embrace increasingly complex and sophisticated IT systems and place more and more reliance on automated IT processing not simply for a competitive advantage, but also for "business as usual" operations.

This increased reliance means that to effectively audit accounts, balances and transactions, auditors are required to understand and challenge more around how those IT system and process work.

Therefore, Understanding of IT is a crucial building block of our audit strategy and influences our planned audit approach at every stage.

This is true regardless of whether controls reliance is planned or the audit is expected to be fully substantive in nature.

### What kind of things might we identify?

As part of our risk assessment procedures, we perform:

- An assessment of the formality, or otherwise, of certain financially relevant IT processes
- An evaluation of the design and implementation of related general IT controls
- An evaluation of the design and implementation of automated process level controls

As a result of these procedures, we may identify IT control deficiencies or IT process informalities that may have an impact on our planned audit approach.

Additionally, we may identify findings related to the wider control environment or threats to the accuracy or completeness of the information used by both entity management and auditors alike.

### What does this mean for our audits?

Auditors are being asked to consider the findings from their risk assessment procedures over IT in relation to the planned audit approach.

The findings may impact any area of the audit, however there are three main areas of focus where we anticipate that most impact as a result of identifying IT deficiencies or IT process informality;

- Increased risk to data integrity
- Additional fraud risk factors
- Additional high-risk criteria to be used in journals analysis

It is important to understand that these findings may have an impact regardless of planned reliance on automated controls and general IT controls.

# FRC's areas of focus

The FRC released their **Annual Review of Corporate Reporting 2023/24 ('the Review')** in September 2024 having already issued three thematic reviews during the year.

The Review and thematic reviews identify where the FRC believes companies can improve their reporting. These slides give a high level summary of the key topics covered. We encourage management and those charged with governance to read further on those areas which are significant to their entity.



## Key expectations for 2024/25 annual reports

### Overview

The Review identifies that the quality of reporting across FTSE 350 companies has been maintained this year, but there is a widening gap in standards between FTSE 350 and non-FTSE 350 companies. This is noticeable in the FRC's top two focus areas, 'Impairment of assets' and 'Cash Flow Statements'.

'Provisions and contingencies' has fallen out of the top ten issues for the first time in over five years. This issue is replaced by 'Taskforce for Climate-related Financial Disclosures (TCFD) and climate-related narrative reporting'.

The FRC re-iterates that companies should apply careful judgement to tell a consistent and coherent story whilst ensuring the annual report is clear, concise and company-specific.

### Pre-issuance checks and restatements

The FRC expects companies to have in place a sufficiently robust self-review process to identify common technical compliance issues. The FRC continues to be frustrated by the increasing level of restatements affecting the presentation of primary statements. This indicates that thorough, 'step-back' reviews are not happening in all cases.

### Risks and uncertainties

Geopolitical tensions continue and low growth remains a concern in many economies, particularly with respect to going concern, impairment and recognition/recoverability of tax assets and liabilities. The FRC continue to push for enhanced disclosures of risks and uncertainties. Disclosures should be sufficient to allow users to understand the position taken in the financial statements, and how this position has been impacted by the wider risks and uncertainties discussed elsewhere in the annual report.

### Financial reporting framework

The FRC reminds preparers to consider the overarching requirements of the UK financial reporting framework in determining the information to be presented. In particular the requirements for a true and fair view, along with a fair, balanced, and comprehensive review of the company's development, position, performance, and future prospects.

The FRC does not expect companies to provide information that is not relevant and material to users, and companies should exercise judgement in determining what information to include.

Companies should also consider including disclosures beyond the specific requirements of the accounting standards where this is necessary to enable users to understand the impact of particular transactions or other events and conditions on the entities financial position, performance and cash flows.

# FRC's areas of focus (cont.)

## Impairment of assets

Impairment remains a key topic of concern, exacerbated in the current year by an increase in restatements of parent company investments in subsidiaries.

Disclosures should provide adequate information about key inputs and assumptions, which should be consistent with events, operations and risks noted elsewhere in the annual report and be supported by a reasonably possible sensitivity analysis as required.

Forecasts should reflect the asset in its current condition when using a value in use approach and should not extend beyond five years without explanation.

Preparers should consider whether there is an indicator of impairment in the parent when its net assets exceed the group's market capitalisation. They should also consider how intercompany loans are factored into these impairment assessments.

## Cash flow statements

Cash flow statements remain the most common cause of prior year restatements.

Companies must carefully consider the classification of cash flows and whether cash and cash equivalents meet the definitions and criteria in the standard. The FRC encourage a clear disclosure of the rationale for the treatment of cash flows for key transactions.

Cash flow netting is a frequent cause of restatements and this was highlighted in the '[Offsetting in the financial statements](#)' thematic.

Preparers should ensure the descriptions and amounts of cash flows are consistent with those reported elsewhere and that non-cash transactions are excluded but reported elsewhere if material.

## Climate

This is a top-ten issue for the first time this year, following the implementation of TCFD.

Companies should clearly state the extent of compliance with TCFD, the reasons for any non-compliance and the steps and timeframe for remedying that non-compliance. Where a company is also applying the Companies Act 2006 Climate-related Financial Disclosures, these are mandatory and cannot be 'explained', further the required location in the annual report differs.

Companies are reminded of the importance of focusing only on material climate-related information. Disclosures should be concise and company specific and provide sufficient detail without obscuring material information.

It is also important that there is consistency within the annual report, and that material climate related matters are addressed within the financial statements.

## Financial instruments

The number of queries on this topic remains high, with Expected Credit Loss (ECL) provisions being a common topic outside of the FTSE 350 and for non-financial and parent companies.

Disclosures on ECL provisions should explain the significant assumptions applied, including concentrations of risk where material. These disclosures should be consistent with circumstances described elsewhere in the annual report.

Companies should ensure sufficient explanation is provided of material financial instruments, including company-specific accounting policies.

Lastly, the FRC reminds companies that cash and overdraft balances should be offset only when the qualifying criteria have been met.

## Judgements and estimates

Disclosures over judgements and estimates are improving, however these remain vital to allow users to understand the position taken by the company. This is particularly important during periods of economic and geopolitical uncertainty.

These disclosures should describe the significant judgements and uncertainties with sufficient, appropriate detail and in simple language.

Estimation uncertainty with a significant risk of a material adjustment within one year should be distinguished from other estimates.

Further, sensitivities and the range of possible outcomes should be provided to allow users to understand the significant judgements and estimates.

# FRC's areas of focus (cont.)

## Revenue

Disclosures should be specific and, for each material revenue stream, give details of the timing and basis of revenue recognition, and the methodology applied. Where this results in a significant judgement, this should be clear.

## Presentation

Disclosures should be consistent with information elsewhere in the annual report and cover company-specific material accounting policy information.

A thorough review should be performed for common non-compliance areas of IAS 1.

## Income taxes

Evidence supporting the recognition of deferred tax assets should be disclosed in sufficient detail and be consistent with information reported elsewhere in the annual report.

The effect of Pillar Two income taxes should be disclosed where applicable.

## Strategic report and Companies Act

The strategic report must be 'fair, balanced and comprehensive'. Including covering all aspects of performance, economic uncertainty and significant movements in the primary statements.

Companies should ensure they comply with all the statutory requirements for making distributions and repurchasing shares.

## Fair value measurement

Explanations of the valuation techniques and assumptions used should be clear and specific to the company.

Significant unobservable inputs should be quantified and the sensitivity of the fair value to reasonably possible changes in these inputs should provide meaningful information to readers.

## Thematic reviews

The FRC has issued three thematic reviews this year: 'Reporting by the UK's largest private companies' (see below), 'Offsetting in the financial statements', and 'IFRS 17 Insurance contracts – Disclosures in the first year of application'. The FRC have also performed Retail sector research (see below).

### UK's largest private companies

The quality of reporting by these entities was found to be mixed, particularly in explaining complex or judgemental matters. The FRC would expect a critical review of the draft annual report to consider:

- internal consistency
- whether the report as a whole is clear, concise, and understandable; notably with respect to the strategic report
- whether it omits immaterial information, or
- whether additional information is necessary for the users understanding particularly with respect to revenue, judgments and estimates and provisions

### Retail sector focus



Retail is a priority sector for the FRC and the research considered issues of particular relevance to the sector including:

- Impairment testing and the impact of online sales and related infrastructure
- Alternative performance measures including like for like (LFL) and adjusted e.g. pre-IFRS 16 measures
- Leased property and the disclosure of lease term judgements, particularly for expired leases.
- Supplier income arrangements and the clarity of accounting policies and significant judgements around measurement and presentation of these.

## 2024/25 review priorities

The FRC has indicated that its 2024/25 reviews will focus on the following sectors which are considered by the FRC to be higher risk by virtue of economic or other pressures:

 Industrial metals and mining  
 Retail

 Construction and materials  
 Gas, water and multi-utilities

 Food producers  
 Financial Services



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

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# South Yorkshire Pension Fund

## Report to the Audit and Governance Committee

External Audit Plan & Strategy for the year ending  
31 March 2025

6 March 2025



# Introduction

## To the Audit and Governance Committee of South Yorkshire Pension Fund

We are pleased to have the opportunity to share with you our Audit Strategy Document in relation to the financial statements of South Yorkshire Pension Fund (the Fund), as at and for the year ending 31 March 2025.

This report outlines our risk assessment and planned audit approach. Our planning activities are still ongoing and we will communicate any significant changes to the planned audit approach subsequently. 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.

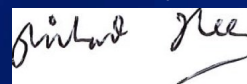
Contents	Page
Overview of planned scope including materiality	3
Significant risks and other audit risks	5
Audit Risks and our audit approach	6
Other significant matters related to our audit approach	10
Mandatory communications	11
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## The engagement team

Richard Lee is the engagement director for the audit. He has over 20 years of local government audit experience. Richard will lead the engagement and is responsible for the audit opinion.

Other key members of the engagement team include Lizzie Wharton as Senior Manager and Uche Igbokwe as the in-charge responsible for our audit. Lizzie has more than 15 years of local government and pension scheme audit experience.

Yours sincerely,



Richard Lee

24 February 2025

## 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.

### Restrictions on distribution

This report is intended solely for the information of those charged with governance of South Yorkshire Pension Fund 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 Fund 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 the Fund's total assets which we consider to be appropriate given the sector in which the Fund operates, its ownership and financing structure, and the focus of users.

We considered qualitative factors such as the fact that this is our initial audit 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 £82.5m / 75% of materiality driven by our expectations of a normal level of undetected or uncorrected misstatements in the period.

We will report misstatements to the Audit and Governance Committee including:

- Corrected and uncorrected audit misstatements above £5.5m.
- Errors and omissions in disclosure (corrected and uncorrected) and the effect that they, individually and 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 by the predecessor auditor and management's response to those findings.

## Materiality

	Materiality for the financial statements as a whole	<b>£110m</b> (PY: £102m) 1% of total assets
	Procedure designed to detect individual errors at this level	<b>£82.5m</b> (PY £76.5m)
	Misstatements reported to the Audit and Governance Committee	<b>£5.5m</b> (PY £5.1m)

Materiality has been calculated based on 31 March 2024 values.



# Overview of planned scope including materiality (cont.)



## Timing of our audit and communications

- We will maintain communication led by the engagement director, senior manager and in charge throughout the audit. We set out below the form, timing and general content of our planned communications:
  - Kick-off meeting with management in January 2025 where we outlined our audit approach and discuss management's progress in key areas
  - Audit and Governance Committee meeting in March 2025 where we present our indicative audit plan
  - Status meetings with management throughout the audit where we communicate progress on the audit plan, any misstatements, control deficiencies and significant issues
  - Closing meeting with management in September 2025 where we discuss the auditor's report and any outstanding deliverables
  - Audit and Governance Committee meeting in September 2025 where we communicate audit misstatements and significant control deficiencies

## Key developments in the year

Key developments	KPMG's response
<b>Commercial property</b> We understand that most of the commercial property (forming the remaining part of the Fund's direct property holdings) has been transferred to a pooled investment with Border to Coast during the year. We do not expect the remaining balance to be material.	We will confirm the details of the transfer with the property manager and with Border to Coast. We will recalculate the value of the new pooled investment using published pricing at the year end (where available). As part of our risk assessment procedures, we will involve our property specialists to assess the risk of material misstatement arising from the residual balance.
<b>New custodian</b> We understand that the Fund has appointed a new custodian to provide custodian and investment accounting services for the full portfolio of investments from 1 April 2025.	We do not expect the change to directly impact our 2024/25 audit. We will assess whether the change is appropriately disclosed as part of our work over other information.

# Significant risks and other audit risks

Our indicative risk assessment draws upon our understanding of the applicable financial reporting framework, knowledge of the pension fund, the industry and the wider economic environment in which the Fund operates.

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

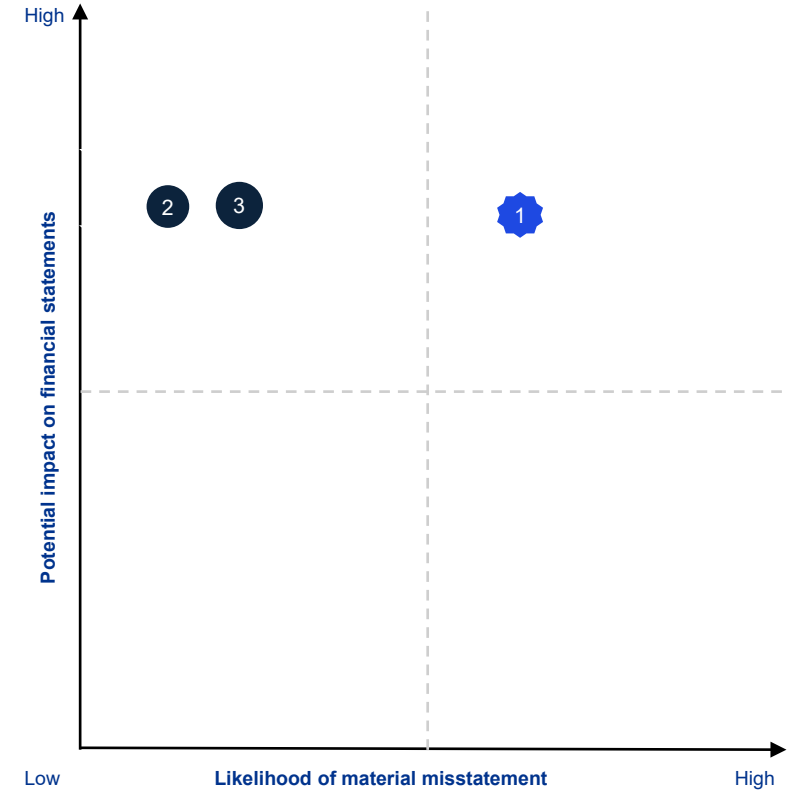
Due to the current levels of economic uncertainty there is an increased likelihood of significant risks emerging throughout the audit cycle that are not identified (or in existence) at the time we planned our audit. Where such items are identified we will amend our audit approach accordingly and communicate this to the Audit and Governance Committee.

## Significant risks

- 1 Management override of controls

## Other areas of focus

- 2 Level 1, 2 and 3 investments are not complete, do not exist or are not accurately recorded
- 3 Valuation of level 1, 2 and 3 investments is misstated



### KEY

- 1 Presumed significant risk
- 2 Significant financial statement audit risks
- 3 Other audit risks



# Audit risks and our audit approach



## 1 Management override of controls<sup>(a)</sup>



### 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.



### Planned response

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

- 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 evaluate the completeness of the population of journals entries and 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.

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

# Audit risks and our audit approach (cont.)



2

## Level 1, 2 and 3 investments are not complete, do not exist or are not accurately recorded



### Other audit risk

- Level 1, level 2 and level 3 investments are not complete, do not exist or are not accurately recorded.
- Investments are held to pay benefits of the Fund. They are held with more than 80 investment managers across a number of asset classes including directly held property and pooled investment vehicles. The investments are material to the financial statements and therefore there is a risk of material misstatement.



### Planned response

- As part of our audit procedures we will gain an understanding of the processes over the completeness, existence and accuracy of level 1, level 2 and level 3 investments. This will include gaining an understanding of the control environment at Border to Coast by reviewing their internal controls reports to identify any control deficiencies that would impact our audit approach.
- We will obtain direct confirmations from the custodian and all investment managers to vouch the holdings and valuation of assets at the year end.
- We will vouch purchases and sales to investment manager and/or custodian reports.
- We will recalculate change in market value and compare this to the overall investment return stated in the Pension Committee's report for consistency with the amounts reported in the financial statements. We will investigate any material deviations.

# Audit risks and our audit approach (cont.)



3

## Valuation of Level 1, 2 and 3 investments is misstated



### Other audit risk

- Valuation of Level 1, 2 and other Level 3 investments is misstated
- Investments are held to pay benefits of the Fund. They are held as pooled investment vehicles with more than 100 investment managers. The investments are material to the financial statements and therefore there is a risk of material misstatement.
- There is a risk of material misstatement relating to fair values of level 1 and 2 pooled investments, due to the estimation uncertainty resulting from the pricing of these investments.
- There is a risk of material misstatement relating to fair values of level 3 pooled investments, due to the estimation uncertainty resulting from unobservable inputs to these investments.



### Planned response

Our approach in relation to valuation for different types of investments is as follows:

- **Level 1 & 2 Pooled Investment Vehicles:** We will recalculate the value of the Level 1 and 2 pooled investments using published pricing of the pooled investment vehicles at the year end (where available).
- **Level 3 Pooled Investment Vehicles:** For each Level 3 pooled investment vehicle investment manager, we will obtain the unaudited Net Asset Value ('NAV') Statement at (or closest to) the measurement date and vouch the valuation to this. For a sample of Level 3 pooled investment vehicles, we will assess the reliability of the NAV statement by:
  - Obtaining and inspecting the latest audited financial statements for the underlying funds where available;
  - Inspecting the audit report to confirm that it is unqualified and that the audit has been carried out by a reputable audit firm; and
  - Comparing the unaudited pricing information at the year end to the audited financial statements valuation.

# Audit risks and our audit approach (cont.)



## 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.

Revenue in a pension fund equates to contributions receivable. This revenue is recognized based on specific instructions as set out in the appropriate schedule(s). There are no subjective issues concerning when contributions need to be recognized. Amounts involved cannot easily be manipulated through accounting policies, issue of credit notes, timing or other policies. There is little incentive for the Fund management to manipulate the financial reporting of contributions.

Therefore, in the absence of specific fraud risk factors, the presumption that fraudulent revenue recognition is a significant risk is rebutted for pension fund audits.

## 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.

Expenditure in a pension scheme equates to payments to members and management expenses. There are no subjective issues concerning when expenses need to be recognised. Amounts involved cannot easily be manipulated through accounting policies, timing or other policies. There is little incentive for the Fund to manipulate the financial reporting of expenses.

Therefore, in the absence of specific fraud risk factors, there is no risk of fraudulent financial reporting arising from the manipulation of expenditure recognition for the Fund.

# Other significant matters related to our audit approach



## Additional reporting

The audit is undertaken to comply with the Local Audit and Accountability Act 2014, which places additional responsibilities on auditors, as well as further requirements to report to the National Audit Office.

Our audit responsibilities under the Code of Practice in respect of the Fund, are as follows:

We read any other information published alongside the Administering Authority's financial statements to check that it is consistent with the Fund financial statements on which we give an opinion and is consistent with our knowledge of the Pension Fund.

We consider our other duties under legislation and the Code, as and when required, including:

- Giving electors the opportunity to raise questions about your 2024/25 financial statements, consider and decide upon any objections received in relation to the 2024/25 financial statements;
- Issue of a report in the public interest or written recommendations to the Fund under section 24 of the Act, copied to the Secretary of State.
- Application to the court for a declaration that an item of account is contrary to law under Section 28 or for a judicial review under Section 31 of the Act; or
- Issuing an advisory notice under Section 29 of the Act.

As part of our procedures on other information, we will obtain and read your pension fund annual report. We will consider whether there is a material inconsistency between this information included in the annual report and the financial statements, or with our knowledge obtained in the audit; or whether this information appears to be materially misstated.



# 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.

## 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:

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		No matters to report. The engagement team and others in the firm, as appropriate, have complied with relevant ethical requirements regarding independence.  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.
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 financial statements 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 17 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



- A** Audit team
- B** Fees
- C** Audit cycle & timetable
- D** Confirmation of independence
- E** KPMG's Audit quality framework
- F** Understanding of IT

# Audit team and rotation



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Your audit team has been drawn from our Public Sector team and Pensions Centre of Excellence 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.

	<p>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 opinions that we issue.</p>		<p>Lizzie Wharton is the senior manager responsible for our audit. They will co-ordinate our audit work, attend the Audit and Governance Committee and coordinate our work on the audit.</p>		<p>Uche Igbokwe is the in-charge responsible for our audit. She will be responsible for our audit planning and fieldwork. She will complete work on more complex sections of the audit.</p>
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To comply with professional standard we need to ensure that you appropriately rotate your external audit partner. There are no other members of your team which we will need to consider this requirement for:



This will be Richard's second year as your engagement lead. Richard is required to rotate every five years.

## 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
<p><b>Property Specialist</b></p>	<p>As part of our risk assessment procedures, we will involve our property specialists to assess the risk of material misstatement arising from the residual balance.</p>
<p><b>Actuarial specialist</b></p>	<p>We will engage our actuarial specialists to evaluate the calculation of the pension liability for compliance with the requirements of IAS26 and the approach outlined in the disclosure note; and to carry out a high level assessment of the calculated figure on a roll forward basis.</p>

# Fees

## Audit fee

Our scale fees for the year ending 31 March 2025 are

Pension Fund <sup>(1)</sup>	2024/25 (£)	2023/24 (£)
Financial statements	163,047	148,276
IAS315r		9,500
IAS19 assurance letters <sup>(2)</sup>		35,762
VAT specialist		3,972
<b>Total</b>	<b>163,047</b>	<b>197,510</b>

(1) The fee covers both the Authority and the Fund.

(2) The fee for the 2023/24 IAS19 assurance letters is subject to the PSAA fee variation process.

## Billing arrangements

Fees will be billed in accordance with a billing schedule agreed with the PSAA.

## Basis of fee information

In line with our standard terms and conditions the fee is based on the following assumptions:

- Draft financial statements and supporting audit information including a trial balance and supporting schedules being prepared to an appropriate standard and available on the due dates;
- 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.

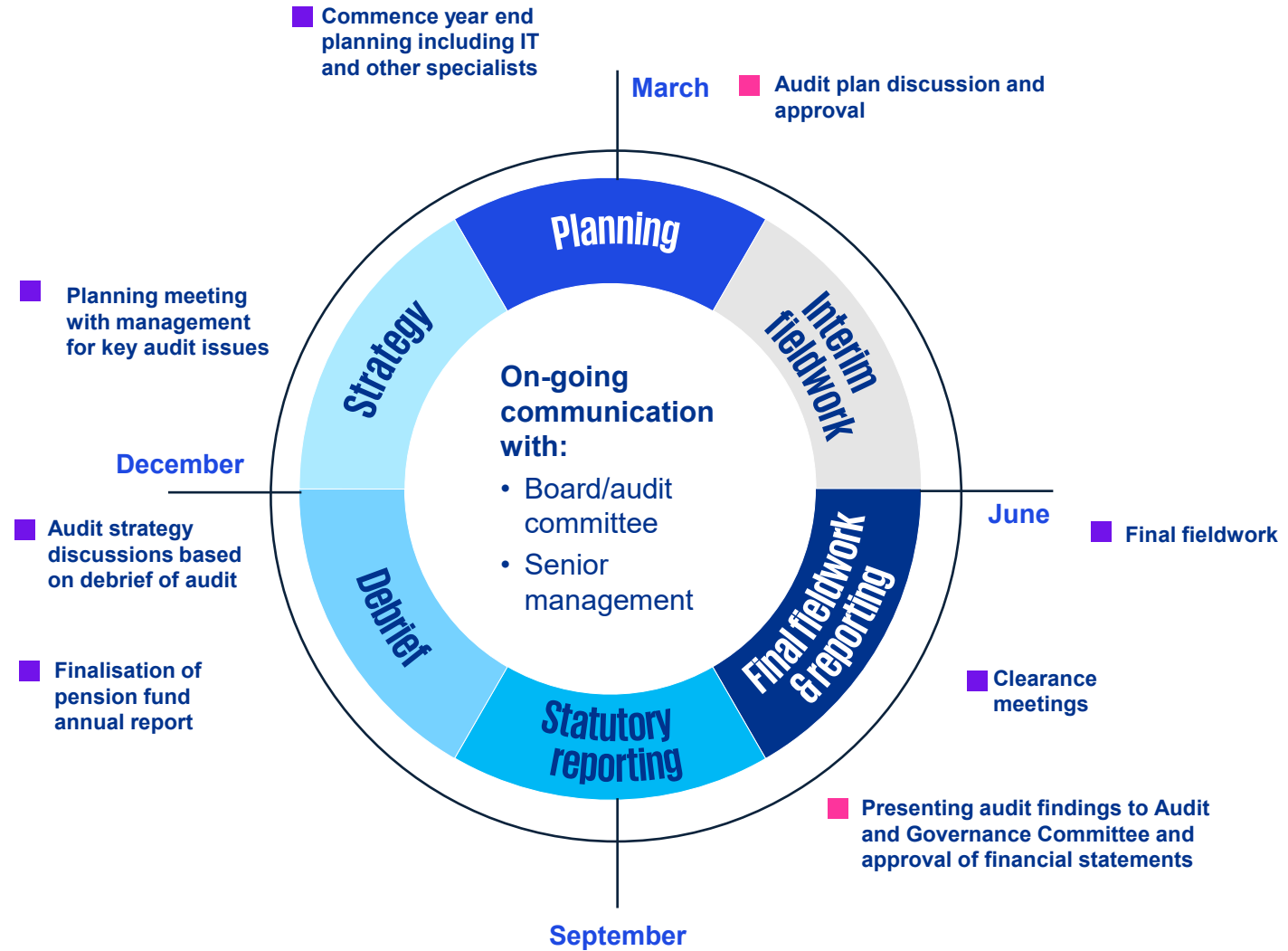
If there are any variations to the above plan, we will discuss them with you and agree any additional fees before costs are incurred wherever possible. Any variations to the above plan will be subject to the PSAA fee variation process.



# Audit cycle & timetable

## Our schedule January 2025 – December 2025

- Key:
- Timing of Audit and Governance Committee communications
  - Key events



# 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 Director and audit staff is not impaired.

## To the Audit and Governance Committee members

### Assessment of our objectivity and independence as auditor of South Yorkshire Pension Fund

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.

The conclusion of the audit engagement partner as to our compliance with the FRC Ethical Standard in relation to this audit engagement is subject to review by an engagement quality control reviewer, who is a director not otherwise involved in your affairs.

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

No non-audit services have been provided to the Fund during the year ended 31 March 2025 and we have not committed to providing any such services.

We note that the Fund is one of 11 partner funds in the Border to Coast Pension Partnership (BCPP). BCPP is an audit client of KPMG LLP and KPMG LLP also provides AAF 01/20 assurance reporting for BCPP. These do not constitute non-audit services in respect of the Fund but we include them here in the interest of completeness.

#### Summary of fees

We have considered the fees charged by us to the Authority and Fund for professional services provided by us during the reporting period.

Total fees charged by us for the period ended 31 March 2025 can be analysed as follows:

	2024/25
	£
Statutory audit	163,047
<b>Total Fees</b>	<b>163,047</b>

#### Fee ratio

The ratio of non-audit fees to audit fees for the year was 0 : 1.

# Confirmation of Independence (cont.)



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 Director and audit staff is not impaired.

## 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 Governance Committee.

## Confirmation of audit independence

We confirm that as of the date of this letter, in our professional judgment, KPMG LLP, each member of the audit engagement team, and anyone else within the Firm who can influence the conduct or outcome of this audit engagement 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 Governance Committee of the Administering Authority 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.

## ■ Commitment to continuous improvement

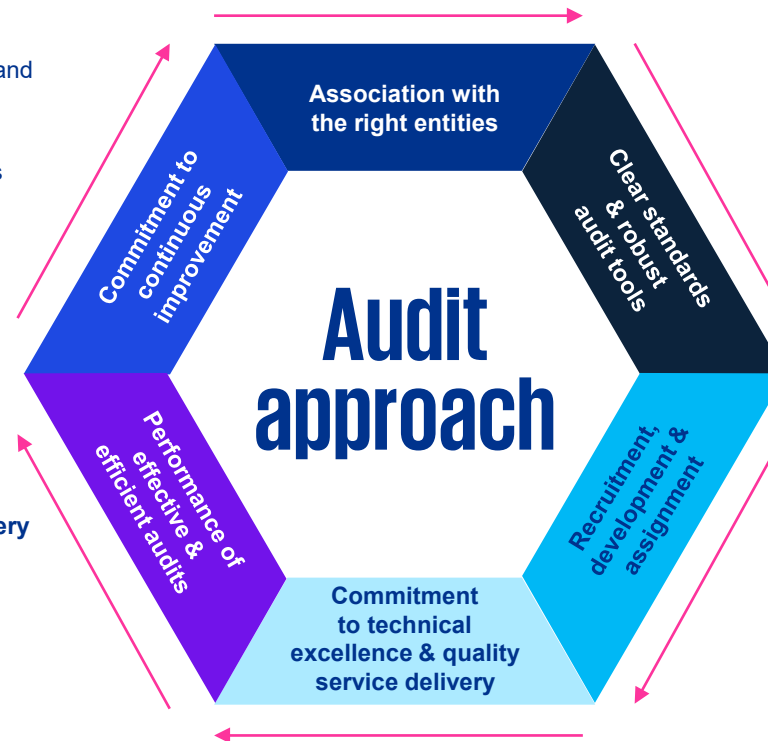
- Comprehensive effective monitoring processes
- Significant investment in technology to achieve consistency and enhance audits
- Obtain feedback from key stakeholders
- Evaluate and appropriately respond to feedback and findings

## ■ 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

# Understanding of IT



## Summary

**The release of ISA 315 (UK) revised brought an increased focus on Understanding of IT in the audit, and it continues to be an area of focus.**

Stakeholders now expect auditors to not only understand IT in detail, but also to consider the impact of the findings from their risk assessment procedures on their planned audit approach.

### Why is Understanding of IT so important?

Businesses continue to embrace increasingly complex and sophisticated IT systems and place more and more reliance on automated IT processing not simply for a competitive advantage, but also for "business as usual" operations.

This increased reliance means that to effectively audit accounts, balances and transactions, auditors are required to understand and challenge more around how those IT system and process work.

Therefore, Understanding of IT is a crucial building block of our audit strategy and influences our planned audit approach at every stage.

This is true regardless of whether controls reliance is planned or the audit is expected to be fully substantive in nature.

### What kind of things might we identify?

As part of our risk assessment procedures, we perform:

- An assessment of the formality, or otherwise, of certain financially relevant IT processes
- An evaluation of the design and implementation of related general IT controls
- An evaluation of the design and implementation of automated process level controls

As a result of these procedures, we may identify IT control deficiencies or IT process informalities that may have an impact on our planned audit approach.

Additionally, we may identify findings related to the wider control environment or threats to the accuracy or completeness of the information used by both entity management and auditors alike.

### What does this mean for our audits?

Auditors are being asked to consider the findings from their risk assessment procedures over IT in relation to the planned audit approach.

The findings may impact any area of the audit, however there are three main areas of focus where we anticipate that most impact as a result of identifying IT deficiencies or IT process informality;

- Increased risk to data integrity
- Additional fraud risk factors
- Additional high-risk criteria to be used in journals analysis

It is important to understand that these findings may have an impact regardless of planned reliance on automated controls and general IT controls.



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<b>Subject</b>	<b>Review of Accounting Policies 2024/25</b>	<b>Status</b>	For Publication
<b>Report to</b>	Audit & Governance Committee	<b>Date</b>	06 March 2025
<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 (as amended).
- 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 2024/25 Code has effect for accounting periods commencing on or after 1 April 2024.
- 5.5 The accounting policies attached at Appendix A follow those prescribed by the 2024/25 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. Changes made for 2024/25 are highlighted in yellow in the document.
- 5.6 There is one change arising from the 2024/25 Code that affects the accounting policies, this is in respect of the adoption of a new accounting standard, IFRS 16 - Leases.
- 5.7 The International Accounting Standards Board (IASB) first published IFRS 16 Leases back in 2016. The implementation for Local Government has been delayed on a number of occasions, initially due to COVID 19 and more recently due to the audit backlog issues across Local Government. In April 2022 CIPFA confirmed that adoption would be mandatory from 1 April 2024.
- 5.8 Under the previous standard a finance lease was categorised as one where the lessee bears the risk and reward of owning the asset with these leases included within the lessee's balance sheet. The Authority had no leases classified as finance leases under that standard. Whereas an operating lease was classified as having the asset risk and reward remaining with the asset owner, with the lessee gaining access to use of the asset through payments. The new standard removes the distinction between operating and finance leases, now classifying assets under one umbrella of right-of-use assets.
- 5.9 The nature of the Authority's purpose means that the only material lease impacted by this change is the lease of Oakwell House. The lease for Oakwell House will be accounted for under the new standard using the transition arrangements in the CIPFA Code of Practice 2024/25. The only other lease held by the Authority is for a printing and scanning device which will fall below our de minimis threshold in the new accounting policy.
- 5.10 The draft accounting policies will be reviewed by the external auditor as part of the audit of the 2024/25 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 October 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	-

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## Note 2a. Accounting Policies

### i. General Principles

The Statement of Accounts summarises the Authority's transactions for the 2024/25 financial year and its position at the year-end of 31 March 2025. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 (as amended), 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 2024/25 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**

##### **The Authority as Lessee**

The authority classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use.

##### Initial Measurement

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

The Authority initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the authority's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- Fixed payments, including in-substance fixed payments
- Variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date
- Amounts expected to be payable under a residual value guarantee
- The exercise price under a purchase option that the authority is reasonably certain to exercise
- Lease payments in an optional renewal period if the authority is reasonably certain to exercise an extension option
- Penalties for early termination of a lease, unless the authority is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received.

Subsequent Measurement

The right-of-use asset is subsequently measured using the fair value model. The Authority considers the cost model to be a reasonable proxy except for:

- Leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. In these financial statements, right-of use assets held under index-linked leases have been adjusted for changes in the relevant index.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured at amortised cost, using the effective interest method.

The liability is remeasured when:

- There is a change in future lease payments arising from a change in index or rate
- The Authority changes its assessment of whether it will exercise a purchase, extension or termination option

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

Low Value and Short Lease Exemption

As permitted by the Code, the Authority excludes leases:

- For low-value items that cost less than £10,000 when new, provided they are not highly dependent on or integrated with other items
- With a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the authority is reasonably certain to exercise and any termination options that the Authority is reasonably certain not to exercise).

**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.



## 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>	06 March 2025
<b>Report of</b>	Head of Governance and Corporate Services		
<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**

To seek the Audit & Governance Committee's approval of the annual update of the Governance Compliance Statement for 2025.

### **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.

### **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 a draft updated version of the Authority's statement, following its annual review, is attached at Appendix A.
- 5.4 There have been no fundamental changes made as a result of this review. 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.
- 5.5 The updated statement was considered by the Local Pension Board at its February meeting, and the Board recommended it to this Committee for approval.
- 5.6 Members are invited to consider the Governance Compliance Statement and approve this annual update.

**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 and Corporate Services & Monitoring Officer**

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

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# Governance Compliance Statement

March 2025

**Document Control Information**

<b>Document title</b>	Governance Compliance Statement
<b>Version</b>	March 2025
<b>Status</b>	<i><b>Draft for Audit &amp; Governance Committee Approval</b></i>
<b>Owner</b>	Head of Governance and Corporate Services
<b>Department</b>	Resources
<b>Publication date</b>	
<b>Approved by</b>	
<b>Next review date</b>	March 2026

## 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) 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:

- 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 assist the scheme manager [i.e. the Authority in this case] in the following matters:

- (a) Securing compliance with the scheme regulations and other legislation relating to the governance and administration of the scheme.
- (b) Securing compliance with requirements imposed in relation to the scheme by the Pensions Regulator.
- (c) Such other matters as the scheme regulations may specify.

2.9 Further details of the Local Pension Board's functions are set out in the Board'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. The membership of these committees is proportional to the constituent council representation on the Authority and the current political balance within each council to the extent possible. The memberships of the Staffing Committee and the Appointment and Appeals Committee differed slightly in 2024-2025 to ensure that no council or political party was over- or under-represented on the total seats assigned across all SYPA Committees. 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 \(sypensions.org.uk\)](https://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](#)) 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, each October or November. Scheme members and employers were previously invited to attend in person or join remotely via an online link. However, following very low attendance at these meetings, a new approach for this was trialled in 2024 whereby scheme members were invited to submit questions online and a video presentation – SYPA In Focus – was produced and streamed online in which the questions were addressed as part of presentations on the financial position of the Fund, a review of investment and administration performance together with news of topical issues. The video was made available online on the Authority's website alongside various linked documents, including a document containing all of the questions and answers, and the Annual Report and Accounts.
- 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. The Authority 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. An FD Summit is also held annually for the Finance Directors (Chief Financial Officers) of the larger employers in the Fund to provide an opportunity to update them on current issues, investment and funding, valuation and contributions and so on.
- 5.8 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.
- 5.9 Focus Groups of scheme members and employers are also used on a regular basis to support service improvement work of various types.
- 5.10 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 for learning with peers and benefiting from networking whilst learning from sessions delivered by experts on issues relating to the administration, investment and governance of the scheme.

- 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. There are also arrangements in place to identify individual learning needs and develop plans to address these 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).	Mainly**
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.	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 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 Audit and Governance Committee is supported by an Independent Member with expert knowledge and skills in audit as part of compliance with CIPFA's position statement on the role of the audit committee in local authorities.

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. 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".

Additionally, each new member now participates in a 12-month induction programme to support each of them individually in understanding their role and developing the knowledge required to fulfil this. The programme includes quarterly one-to-one meetings with democratic support staff and any individual learning needs are identified and plans put in place to meet them.

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 Authority, Committee and Local Pension Board members are all supported and encouraged to attend these as well as 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.

Local Pension Board members are encouraged to attend Authority meetings as observers; not only to keep them informed of Authority decision making process, but also to strengthen the working relationship and collaboration of LPB and Authority members. This has also led to a deeper understanding from Authority members of the role and responsibilities of the LPB.



## 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)

Not applicable.

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 Committees, and the Local Pension Board, including non-voting co-opted members. In addition, all Authority members are required to undertake an online Learning Academy, and where they can attend are 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)

Not applicable.

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 their business meet 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: -

The Local Pension Board are also provided with access to all of the Authority’s meeting papers, including the private papers, at the time of publication of the Authority agenda.

## 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)

Not applicable.

## 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)

Not applicable.

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. An announcement is provided to all four district councils one week prior to meetings.

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. Information on the Authority's website has been reviewed and improved concerning the procedure to provide a clear and accessible route for members of the public to ask questions in this way.

<b>Subject</b>	<b>Annual Governance Statement Action Plan Progress Update</b>	<b>Status</b>	For Publication
<b>Report to</b>	Audit & Governance Committee	<b>Date</b>	06 March 2025
<b>Report of</b>	Head of Governance and Corporate Services		
<b>Equality Impact Assessment</b>	Not Required	Attached	No
<b>Contact Officer</b>	Jo Stone Head of Governance & Corporate Services	<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 provide the Committee with an update on current progress against the Annual Governance Statement action plan as part of the assurance process in preparation of the 2024/25 Annual Governance Statement.

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## **2 Recommendations**

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

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## **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 the Annual Governance Statement address various identified risks and areas for improvement, some of which are directly referenced in the Corporate Risk register, while others are subsets of identified corporate risks.

## **5 Background and Options**

- 5.1 The Accounts and Audit Regulations (2015) (as amended) require the Authority to conduct a review of the effectiveness of its system of internal control and to produce an Annual Governance Statement (AGS) each year. The statement is considered and approved by the members of the Authority meeting as a whole. The statement is included in the Statement of Accounts and relied upon by the external auditor as part of the evidence base for their value for money conclusion.
- 5.2 The process for preparing the 2024/25 AGS is now underway and involves the Director and Head of Governance & Corporate Services reviewing assurance statements completed by each of the senior managers, Authority, Committee, and LPB effectiveness reviews, and the results of the internal audit programme of reviews for the year. The aim is for the draft AGS to be presented firstly to the Local Pension Board for their comments in April, prior to being taken to the Authority for their approval at the June meeting.
- 5.3 As part of this assurance gathering and review process, it is important to reflect and report on the progress made against the actions identified in the 2023/24 AGS action plan for improvements required.
- 5.4 A copy of the 2023/24 AGS Action Plan containing a progress and status update for each of the actions is attached at Appendix A. This shows that very good progress has been made over the course of the year to date. Five of the eight actions are already completed or will be completed by the end of March 2025. The three remaining actions, as outlined in the appendix, are all significantly progressed but have a status of 'partially completed' to reflect that work on these areas will continue into 2025/26.
- 5.5 Members are requested to review the progress made and make any comments or request any further explanation from officers as required.

## **6 Implications**

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

Financial	No direct implications.
Human Resources	No direct implications.
ICT	No direct implications.
Legal	No direct implications.
Procurement	No direct implications.

**Jo Stone**

**Head of Governance & Corporate Services**

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



## Governance Action Plan 2023/24 – Progress Update

The table below sets out the actions identified for improvement and development in last year’s Annual Governance Statement and the progress made against these during 2024/25.

Action Plan 2023/24	Responsible Officer	Target Date	Progress Update 2024/25
<b>Recording of Regulatory Breaches</b> Develop and implement a dedicated recording mechanism for regulatory breaches, supported by training for staff and a decision-making process for reporting material breaches.	Assistant Director – Pensions	September 2024	<b>Completed by March 2025</b> A new process has been developed and training has been delivered to staff across pensions administration teams. Further training is being delivered during Q4 as the process is embedded. This is reflected in updated information now included in the Pensions Administration Quarterly updates to the Local Pension Board.
<b>Review of Counter-Fraud and Whistleblowing Policies</b> Complete a review and update of the Anti-Fraud, Bribery and Corruption Policy Statement and the Whistleblowing Policy.	Head of Governance and Corporate Services	December 2024	<b>Completed</b> Approved by the Authority in December 2024 and published on the Authority’s website.
<b>Equality, Diversity and Inclusion (EDI)</b> Undertake a thorough review of the EDI scheme – prioritising a series of agreed specific actions.	SMT	February 2025	<b>Completed</b> This action is now owned by the Assistant Director – Investment Strategy. A full review was undertaken and a new Diversity, Equality and Inclusion Scheme for 2025 to 2028, including a detailed action plan, was approved by the Authority in February 2025.
<b>Complete Independent Governance Review</b> Independent Governance Review to be completed in June 2024 and an action plan to be developed to address any recommendations.	Head of Governance and Corporate Services	December 2024	<b>Completed</b> The review was completed as planned by June 2024, with very positive results. An action plan to address identified areas for improvements was developed and approved by the Local Pension Board and the Authority.

Action Plan 2023/24	Responsible Officer	Target Date	Progress Update 2024/25
<p><b>Career Grade Scheme</b> Develop an Authority Career Grade Scheme that provides a central policy applicable across the organisation supplemented by appropriately tailored schemes for individual roles that include assessment procedures and incorporate relevant accredited training / professional qualifications alongside development of workplace experience and skills.</p>	<p>Assistant Director – Resources and HR Business Partner</p>	<p>March 2025</p>	<p><b>Partially Completed</b> Work commenced in autumn 2024, with the support of an expert external consultant, and is well in progress with a corporate scheme policy document drafted and work on-going to develop the individually tailored scheme assessment forms for each of the relevant service areas. Largely on track for completion, although to allow enough time for consultation and implementation, the date for completion may be slightly later than initially planned, running into April / May 2025.</p>
<p><b>Business Continuity</b> Complete a full review and refresh of business continuity procedures and documentation, with support from external experts as required.</p>	<p>Head of ICT</p>	<p>March 2025</p>	<p><b>Completed by March 2025</b> This work is well in progress and is on track for completion by the end of March 2025.</p>
<p><b>Performance Management</b> Develop and implement a new framework which will include central production of performance information that will ensure improved reporting and enable service managers and heads to focus on interpretation and taking remedial actions as necessary.</p>	<p>Head of Finance &amp; Performance and Service Manager – Programmes &amp; Performance</p>	<p>In stages over the course of the year to March 2025</p>	<p><b>Partially Completed</b> The performance management framework document was approved by the Authority in September 2024. A suite of dashboards has been developed and these are now in use by management for performance monitoring and for reporting purposes. Work is ongoing to continue development of the framework and updated performance indicators, that is likely to continue into 2025/26.</p>
<p><b>Pensions Administration Improvement and Backlog Clearance Plan</b> Deliver the elements of the Pensions Administration Improvement Plan and clear the backlog of casework.</p>	<p>Assistant Director – Pensions</p>	<p>In stages to March 2026.</p>	<p><b>Partially Completed</b> Good progress is being made on delivery of this action, with detailed updates being reported to the Local Pension Board and to the Authority at each meeting. The current aim is for clearance of the backlog to be concluded by end of December 2025.</p>

<b>Subject</b>	<b>Progress on Agreed Management Actions</b>	<b>Status</b>	For Publication
<b>Report to</b>	Audit & Governance Committee	<b>Date</b>	06 March 2025
<b>Report of</b>	Head of Governance & Corporate Services		
<b>Equality Impact Assessment</b>	Not Required	Attached	No
<b>Contact Officer</b>	Annie Palmer Team Leader – Governance	<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.

## 2. Recommendations

- 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 internal audit findings.

### *Information Governance – Agreed Management Actions*

- 5.3 The table in Appendix A shows two actions that have been closed since the last report was submitted to this Committee in December. The actions were reviewed with colleagues in the Corporate Assurance Team, and it was jointly agreed that the two actions be closed based on the current position set out below.
- 5.4 The original longstanding actions associated with the Records Management Policy and Retention Policy are being progressed, however this is part of a bigger piece of work that aligns with the overarching review of our current information asset registers. Phase 2 of the Information Governance Action Plan clearly sets out the stages of the review and how the policies will be amended within this.
- 5.5 The Project Working Group to review and progress these areas is in the early stages of initiation and will be meeting during this quarter.
- 5.6 Due to the rigorous structure in place to monitor progress on these actions it has been agreed that they are now closed for the purpose of this agreed management actions tracker. It should be noted however that progress and completion will still be monitored regularly in monthly liaison meetings with the Corporate Assurance Team.
- 5.7 *Pensions Administration System Access – Agreed Management Action*

The action agreed from this audit review was to complete the regular review of users and their system permissions, ensuring this is completed and documented every 6 months going forward. This action has now been completed and a review process is in place.

### *Budget Management and Monitoring – Agreed Management Action*

- 5.8 There is currently only one ongoing action with a target completion date of December 2025. This agreed action was to ensure proactive ownership and involvement of budget holders in setting and monitoring budgets.
- 5.9 The Finance Team are currently working on a roll-out of the procurement management application within the Finance System to all purchasing users. All the responsible budget holders are included in the roll-out, which will see them gaining access and familiarity with the Finance System.
- 5.10 Following the successful roll-out of the procurement management application, the team will begin rolling-out access to the budget information to the responsible budget holders. A number of the reports within the software have been developed for the use of budget holders outside of finance, but not tested in the live environment yet. Following feedback from users in the initial phase, we may also need to develop further reporting with the support of the system supplier.
- 5.11 The progress of implementing 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

**Jo Stone**

**Head of Governance & Corporate Services**

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

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**Outstanding Actions Due by March 2025**

None

**Actions Fully Completed Since Last Report**

Audit Review Title: Pensions Administration System – Access Controls Issued Date: October 2024			
<p><b>Finding:</b> The audit found a lack of clarity regarding the roles and responsibilities for undertaking a review of individual user access permissions.  <b>Implication:</b> This may result in inappropriate and unauthorised access to systems, where access is not aligned to individual roles and responsibilities.</p>			
Priority	Agreed Action	Progress Against Action	Officer Responsible and Timescale
Medium	<b>Full review of UPM access permissions with 6 monthly reviews scheduled thereafter.</b>	A review of all the user access permissions has taken place and is now complete with reviews scheduled in.  <b>AMA Completed</b>	Service Manager - Pensions Systems  <b>Completed December 2024</b>

Audit Review Title: Information Governance Issued Date: Sept 2020			
<p><b>Finding:</b> The audit found that the data retention policy is lacking a sufficient level of detail to make it a practical basis for determining document retention for the many different categories of records across the organisation.  <b>Implication:</b> Failure to comply with legislative requirements could lead to reputational damage and sanctions/fines from the Information Commissioners Office.</p>			
Priority	Agreed Action	Progress Against Action	Officer Responsible and Timescale

Progress Update on Agreed Management Actions  
Appendix A

Medium	<b>Develop an updated Data Retention policy.</b>	Agreed jointly with the Corporate Assurance Team that due to the rigorous structure in place to monitor and progress these two actions should be closed. Phase 2 of the Information Governance Action Plan clearly sets out the stages of the review and how the policies will be amended within this. Progress and completion will still be monitored regularly in monthly liaison meetings with the Corporate Assurance Team.	Head of Governance & Corporate Services  <b>Action Closed December 2024</b>
<p><b>Finding:</b> The audit found that the records management procedures are lacking a sufficient level of detail for the many different categories of records across the organisation.</p> <p><b>Implication:</b> Failure to comply with legislative requirements could lead to reputational damage and sanctions/fines from the Information Commissioners Office.</p>			
Medium	<b>Ensure data records management procedures are in place.</b>	Agreed jointly with the Corporate Assurance Team that due to the rigorous structure in place to monitor and progress these two actions should be closed. Phase 2 of the Information Governance Action Plan clearly sets out the stages of the review and how the policies will be amended within this. Progress and completion will still be monitored regularly in monthly liaison meetings with the Corporate Assurance Team.	Head of Governance & Corporate Services  <b>Action Closed December 2024</b>

**Summary of Agreed Actions Not Yet Due**

	<b>Audit Title</b>	<b>Summary of Agreed Action</b>	<b>Owner and Target Timescale</b>
1	Budget Management and Monitoring	Ensure proactive ownership and involvement of budget holders in setting and monitoring budgets	Head of Finance & Performance 31 December 2025





<b>Subject</b>	<b>Audit and Governance Committee Effectiveness Review 2024/25</b>	<b>Status</b>	For Publication
<b>Report to</b>	Audit & Governance Committee	<b>Date</b>	06 March 2025
<b>Report of</b>	Head of Governance & Corporate Services		
<b>Equality Impact Assessment</b>	Not Required	Attached	No
<b>Contact Officer</b>	Jo Stone	<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 report the results of the Committee’s review of its effectiveness in 2024/25.

**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 5 December 2024. 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 2025/26 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 & Corporate Services and Monitoring Officer**

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



Audit &  
Governance  
Committee  
Effectiveness  
Review  
2024/25

March 2025

Members of the Audit and Governance Committee met on 5 December 2024 to conduct a self-assessment to evaluate the Committee’s 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*



## Overall Comments for 2024/25

The effectiveness review evidenced strengths achieved from the addition of an Independent Member to add knowledge and expertise to the committee.

The Committee members have found the bitesize trainings sessions useful and informative but noted that there is still a need for more information and context from internal auditors to enable members to scrutinise the implications and actions agreed from audit reviews. Members expressed a desire for the online Reading Room to have better functionality and the request for pre and post briefings on training sessions would be beneficial.

Members welcomed the year end reporting from the external auditors KPMG with the assurance of continued transparency moving forward. Members expressed their satisfaction with the strong policies in place and the open, transparent independent discussions members are involved in during meetings with internal and external auditors as well as with officers.

## Action Plan Progress Update

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

Areas where the audit committee can have impact by supporting improvement	Proposed Actions 2023/24	Progress Update 2024/25
<b>Promoting the principles of good governance and their application to decision making.</b>	Recruitment of Independent Member to enhance the Committee and ensure compliance with best practice as recommended by CIPFA	<b>Completed</b> New Independent Member joined the Committee in July 2024.
<b>Promoting the principles of good governance and their application to decision making.</b>	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.	<b>Completed</b> Regular bitesize training sessions have been delivered after each Committee meeting which covered topics relevant to agenda items for the next scheduled meeting to ensure current training and knowledge delivered timely to aid scrutiny.
<b>Contribution to the development of an effective control environment.</b>	Provision of more information / training for members on the process for investment decisions relating to investments that are still managed locally.	<b>Completed</b> Training session delivered on 28 November during members CPD away day.

Areas where the audit committee can have impact by supporting improvement	Proposed Actions 2023/24	Progress Update 2024/25
<p><b>Supporting effective external audit, with a focus on high quality and timely audit work</b></p>	<p>Committee to continue building effective working relationships with external auditor in their first year – supported by attendance of external auditor at pre-meetings with the Chair and Independent Member. Effective debate and reporting at the Committee meetings, and any separate briefings as relevant.</p>	<p><b>Completed</b> The first year of KPMG as new external auditors was completed successfully, with regular attendance of the audit director and his team at Committee meetings and at pre-meetings with the Chair and Independent Member, with internal auditors also present. The relationship is now established and will continue to develop over the coming years.</p>
<p><b>Supporting the development of robust arrangements for ensuring value for money.</b></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 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><b>Ongoing</b> This issue is an ongoing challenge. For 2024/25, there has been good continuity of membership on the Committee.</p>

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

Following the review undertaken, some further actions were identified to be undertaken during the forthcoming year to address the areas for further 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.	Provide summary of key points after any training sessions delivered as a reference for attendees as well as those unable to attend. Similarly, provide short briefing note of expected outcomes and relevance for members when promoting planned training sessions.	Head of Governance and Corporate Services	October 2025
Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively.	Members wish to receive more information relating to the detail and context of internal audit reports – including the implications and the actions identified.	Assistant Director – Resources and Team Leader – Governance	Introduce from July 2025 meeting
Supporting the development of robust arrangements for ensuring value for money.	Provide members with more detail on how value for money is assessed and further detail on peers used for benchmarking. Members to receive enhanced detail on Border to Coast partnership roles and responsibilities.	Assistant Director – Resources	October 2025

## 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.





<b>Subject</b>	<b>Audit and Governance Committee Annual Report 2024/25</b>	<b>Status</b>	For Publication
<b>Report to</b>	Audit and Governance Committee	<b>Date</b>	06 March 2025
<b>Report of</b>	Clerk Head of Governance and Corporate Services		
<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 2024/25 as attached at Appendix A; and**
  - b. **Delegate to the Head of Governance and Corporate Services 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 to produce the Authority's Annual Governance Statement (AGS) and several of the functions which it performs are a key part of the provision of assurance which underlies the process of producing the AGS. 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 2024/25 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 2024/25, 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 to produce 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 and Corporate Services**

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



Audit &  
Governance  
Committee  
Annual Report  
2024/25

March 2025

## Foreword

I am pleased to present the annual report of the Authority's Audit and Governance Committee covering the Committee's activity during the 2024/25 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 Donna Sutton

Chair

Audit and Governance Committee – South Yorkshire Pensions Authority



## **1. Introduction**

This report is produced to provide stakeholders with information on the work of the Committee over the 2024/25 Municipal Year and to support the process of assurance gathering required 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 2025 was:

Councillor Donna Sutton (Chair)

Councillor James Church

Councillor Simon Clement-Jones

Councillor David Fisher

Councillor David Nevett

Councillor Neil Wright

Emma Dawson (Independent Member)

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)

Phil Boyes (Unite)

Garry Warwick (GMB)

## **Committee Meetings and Attendance**

The Committee held four meetings during the municipal year (July 2024, September 2024, December 2024 and March 2025). 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 at Appendix A.

Councillor Donna Sutton 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 2024/25 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 September 2024. The implementation of a new risk management and performance software system has been embedded into the strategic reporting on risk throughout 2024/25.
- Received regular progress reports from the Head of Corporate Assurance on internal control matters.
- Received regular reports on progress against actions agreed in response to audit findings.
- Considered the results of the review of internal control and internal audit for 2023/24.

## **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 2024/25
- Received and considered the Head of Corporate Assurance's (as the Authority's Head of Internal Audit) Annual Report for 2023/24, including the opinion on the Authority's internal control arrangements.
- Received and considered regular reports from the Head of Corporate Assurance on their team's progress against the annual plan, including summaries of the reports issued and management's response.

The schedule of Internal Audit Review Results 2024/25 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 external auditor, KPMG, on their Audit Plans for the Authority and Fund relating to the audit of year ended 31 March 2024.
- Received regular progress reports and a final report on the audit of year ended 31 March 2024 from KPMG.
- Received an audit plan relating to the audit of year ended 31 March 2025 from 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 recommended the Authority's Annual Governance Statement 2023/24 to the Authority;
- Reviewed and approved the Authority's Statement of Accounts and Annual Report and letter of representation for 2023/24;
- Received and approved KPMG's Report on the 2023/24 Audit, and their Annual Report 2023/24 which includes their findings and conclusion on the Authority's Value for Money arrangements.

## **Working Arrangements**

Members considered and agreed the Committee's Annual Report for 2023/24 which was then published on the Authority's website and incorporated as part of the Authority's Annual Report for the year.

As part of considering the Committee's annual report, members considered the extent to which its arrangements remained robust.



## **Appendix A**

### **Member and Officer Attendance at Audit & Governance Committee Meetings 2024/25**

<b>Member/Officer</b>	<b>11 July 2024</b>	<b>19 September 2024</b>	<b>5 December 2024</b>	<b>6 March 2025</b>
Councillor Donna Sutton (Chair)	✓	✓	Note 1	
Councillor James Church	✓	✓	✓	
Councillor Simon Clement Jones	Note 1	✓	✓	
Councillor David Fisher	✓	✓	✓	
Councillor David Nevett	✓	✓	✓ Note 2	
Councillor Neil Wright	✓	Note 1	Note 1	
<b>Independent Member</b>				
Emma Dawson	✓	✓	✓	
<b>Co-opted Members:</b>				
Nicola Doolan-Hamer	✓	✓	✓	
Phil Boyes	Note 1	✓	✓	
Garry Warwick	✓	✓	✓	
<b>Director – George Graham</b>				
Assistant Director - Resources (Chief Financial Officer) Gillian Taberner	✓	✓	✓	
Head of Governance & Corporate Services (Monitoring Officer) Jo Stone	✓	✓	✓	
Head of Finance & Performance (Deputy CFO) Will Goddard	✓	✓	✓	
<b>External Audit (KPMG)</b>				
External Audit (KPMG)	✓	✓	✓	
<b>Internal Audit (Barnsley MBC)</b>				
Internal Audit (Barnsley MBC)	✓	✓	✓	

### **Notes**

1. Apologies
2. Acting Chair

**Appendix B Committee Activity 2024/25**

Function/Issue	11 July 2024	19 September 2024	05 December 2024	6 March 2025
<b>Risk Management</b>				
Annual Review of the Risk Management Framework			Approved	
<b>Governance and Internal Control</b>				
Annual Review of the Governance Compliance Statement				
Progress on Agreed management Actions	Noted	Noted	Noted	
Committee Effectiveness Review 2024/25				
Data Protection Policy Statement		Recommended to Authority		
Whistleblowing Policy			Recommended to Authority	
Antifraud, Bribery and Corruption Policy			Recommended to Authority	
<b>Internal Audit</b>				
Quarterly Progress Report	Noted	Noted	Noted	
Annual Report 2023/24	Noted			
Internal Audit Charter		Approved		
Internal Audit Effectiveness Report		Noted		
Audit Plan Consultation paper 2025/26			Noted	
<b>External Audit</b>				
Pension Fund Audit Plan – Audit of Year Ending 31 March 2024	Noted			
Progress Update – Audit of Year Ending 31 March 2024	Noted			
Value for Money Risk Assessment 2023/24		Noted		
Final Report 2023/24 Audit – Authority		Noted		
Final Report 2023/24 Audit – Fund		Noted		
Annual Auditor’s Report 2023/24		Noted		
Year End Report – Authority			Noted	
Year End Report – Fund			Noted	
<b>Statement of Accounts</b>				
Draft Statement of Accounts 2023/24	Noted			
Audited Statement of Accounts 2023/24		Approved		
Letter of Representation		Approved		
Annual Report of the Authority 2023/24		Approved		
<b>Committee Working Arrangements</b>				
Audit & Governance Committee Annual Report 2024/25				

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

**Appendix C**

**Results of Internal Audit Reviews 2024/25**

Review Topic	Assurance Level	Number and Priority of Findings
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Review Topic	Assurance Level *	High Priority Findings	Medium Priority Findings	Low Priority Findings
Service Wide - Data Protection / UK GDPR - Data Breaches & DPIAs	Reasonable	0	0	2
Finance - Core Financial System Other Benefits (incl. Transfer Values / Lump Sums / Rechargeable Pensions)	Substantial	0	0	0
Finance - Core Financial System Treasury Management	Substantial	0	0	0
Finance - Core Financial System Fund Contributions	Substantial	0	0	0
Finance - Core Financial System Staff Payroll	Substantial	0	0	0
Pensions Administration Pensions Administration System Access Controls	Reasonable	0	1	2
Corporate Services Corporate Strategy / HR Strategy	Substantial	0	0	1
Investments Investment Strategy and Decision Making	Substantial	0	0	0
Finance - Core Financial System Valuation of Assets	Substantial	0	0	0
<b>Totals</b>	<b>9 Opinions</b>	<b>0</b>	<b>1</b>	<b>5</b>

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<b>Subject</b>	<b>Committee Work Programme 2025-26</b>	<b>Status</b>	For Publication
<b>Report to</b>	Audit & Governance Committee	<b>Date</b>	06 March 2025
<b>Report of</b>	Head of Governance & Corporate Services		
<b>Equality Impact Assessment</b>	Not Required	Attached	Na
<b>Contact Officer</b>	Annie Palmer Team Leader Governance	<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 present the proposed 2025-26 work programme for the Committee for approval.
- 

## 2 **Recommendations**

- 2.1 Members are recommended to:
- a. Approve the 2025/26 work programme attached at Appendix A.**
- 

## 3 **Link to Corporate Objectives**

- 3.1 This report links to the delivery of the following corporate objectives:  
Effective and Transparent Governance.
- 3.2 To uphold effective governance always showing prudence and propriety.
- 3.3 The planned programme of work for the Audit & Governance Committee supports the operation of effective and transparent governance arrangements.

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

- 4.1 There are no direct implications for specific risks on the register.

## 5 **Background and Options**

- 5.1 Attached at Appendix A is the outline work programme for meetings of the Audit & Governance Committee for the 2025/26 municipal year. Committee members will note that the scheduled dates were approved at the Authority's December meeting. This report is to formally present the planned programme of work 2025/26 for the Committee's own consideration and approval.

- 5.2 The work programme, once agreed, can also be updated throughout the year as required to meet the needs of the Committee and respond to any changing circumstances as relevant.
- 5.3 To support the Committee’s knowledge and understanding, bitesize briefing sessions of approximately 30-minutes each are provided immediately following each formal meeting – with the topics of these sessions planned to be relevant and timely according to the planned agenda for the Committee’s subsequent meetings. The first topic suggested for the 2025/26 programme is set out below with the remaining topics to be confirmed:
- a) July 2025: A briefing on the work of corporate assurance.
  - b) October 2025: TBC
  - c) December 2025: TBC
  - d) March 2026: TBC
- 5.4 Members are invited to consider the initial suggestion for July 2025 and make requests for any specific topics to be included in the coverage for 2025/26 to meet their needs.
- 5.5 Note that these briefing sessions are in addition to the full programme for all Authority and Local Pension Board members set out in the Member L&D Strategy 2025/26, which is to be considered by the Authority at its March meeting.

## **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 & Corporate Services and Monitoring Officer**

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

<b>Audit &amp; Governance Committee Meeting Dates and Outline Work Programme 2025/26</b>		
<b>Date of Meeting</b>	<b>Time</b>	<b>Venue</b>
Thursday 17 July 2025	10:00 - 12:00	Oakwell House
Thursday 02 October 2025	10:00 - 12:00	Oakwell House
Thursday 04 December 2025	10:00 - 12:00	Oakwell House
Thursday 04 December 2025: Effectiveness Review	12:30 - 13:30	Oakwell House
Thursday 05 March 2026	10:00 - 12:00	Oakwell House

#### **July 2025 Meeting**

Internal Audit Annual Report 2024/25  
 2025/26 Quarter 1 Internal Audit Progress Report  
 Internal Audit Charter 2024 to 2027  
 External Auditors - Progress Update on Audit of 2024/25  
 Draft Statement of Accounts 2024/25  
 Progress on Agreed Management Actions  
 Annual Review of Members Register of Interests and Gifts and Hospitality

#### **October 2025 Meeting**

2025/26 Quarter 2 Internal Audit Progress Report  
 Internal Audit Effectiveness Report  
 External Auditor's Report on the 2024/25 Audit - Pension Fund  
 External Auditor's Report on the 2024/25 Audit - Pensions Authority  
 Approval of the Statement of Accounts 2024/25  
 Letter of Representation 2024/25  
 2024/25 Authority Annual Report  
 Progress on Agreed Management Actions

#### **December 2025 Meeting**

2025/26 Quarter 3 Internal Audit Progress Report  
 Internal Audit 2026-27 Plan Consultation Paper  
 External Auditor's Annual Report 2024/25  
 Annual Review of Risk Management Framework  
 Progress on Agreed Management Actions  
 Progress on Annual Governance Statement Action Plan  
 Independent Governance Review Action Plan Update

#### **December 2025 Effectiveness Review Meeting**

Audit & Governance Committee Effectiveness Review

#### **March 2026 Meeting**

2025/26 Quarter 4 Internal Audit Progress Report  
 Internal Audit Plan 2025/26  
 External Audit Plan - Audit of Pension Fund Year Ending 31 March 2026  
 External Audit Plan - Audit of Pensions Authority Year Ending 31 March 2026  
 Accounting Policies for Year Ending 31 March 2026  
 Progress on Agreed Management Actions  
 Annual Review of Governance Compliance Statement 2025/26  
 Draft Annual Governance Statement 2025/26  
 Audit & Governance Committee Effectiveness Review Report 2025/26  
 Audit & Governance Committee Annual Report 2025/26  
 Audit & Governance Committee Work Programme 2026/27

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