

# SOUTH YORKSHIRE PENSIONS AUTHORITY

## AUDIT COMMITTEE

### 4 MARCH 2021

PRESENT: Councillor A Atkin (in the Chair)  
Councillors: S Cox, A Law and M Stowe

N Doolan-Hamer (Unison), D Patterson (UNITE) and  
G Warwick (GMB)

Officers: S Bradley (Audit Manager), W Goddard (Team  
Manager - Financial Services), G Graham (Director),  
M McCarthy (Deputy Clerk), G Richards (Senior Democratic  
Services Officer) and G Taberner (Head of Finance and  
Corporate Services)

D Peuters and N Wright (Deloitte)

D Webster (Local Pension Board observer)

Apologies for absence were received from Councillor  
J Mounsey

#### 1 APOLOGIES

Apologies were noted as above.

In the absence of the Cllr J Mounsey the Committee agreed that Cllr A Atkin would take the chair.

Cllr Atkin welcomed everyone to the meeting and conveyed best wishes to Cllr Mounsey for a swift recovery.

#### 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 22 OCTOBER 2020

RESOLVED – That the minutes of the meeting held on 22<sup>nd</sup> October 2020 be agreed as a true record.

**7** INTERNAL AUDIT PROGRESS REPORT 2020/21

The Committee considered the Internal Audit Progress report for the period 5<sup>th</sup> October 2020 to 14<sup>th</sup> February 2021.

It was noted that 76% of the planned days had been delivered. As in previous years, the 2020/21 plan was profiled more heavily towards the end of the year and the Internal Audit team were on track to deliver the plan on time.

The report detailed the audits that had been added to the plan as agreed with management, these included eight as part of the Core Financial Systems reviews and two as part of the Pensions Review process.

Seven reports had been issued during the period, all giving positive assurance. The report also included information on the audits in progress.

The report also contained the status of internal audit management actions due for completion during the period; there were no concerns.

Members were reminded that the Head of Internal Audit must deliver an annual internal audit opinion and report that could be used by the Authority to inform its Annual Governance Statement.

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

RESOLVED – That the report be noted.

**8** INTERNAL AUDIT PLAN 2021/22

A report was considered which presented the draft Internal Audit Plan for 2021/22.

The Plan covered all aspects of risk, internal control and governance and cuts across all portfolios. It had been drafted in consultation with the Director, SMT, the Treasurer and members of the Committee.

The number of planned days for 2021/22 was 241, which included a small number of days to complete an Annual Governance Statement review that commenced in 2020/21. This was the same number of planned days as in 2020/21. There was a small number of days in contingency for unplanned work and to ensure the Plan was flexible.

RESOLVED – That Members:

- i) Approve the draft Internal Audit Plan in principle whilst acknowledging the need for the Head of Internal Audit, in consultation with the Director and Treasurer, to exercise his professional judgement during the year to apply the Plan flexibly according to priority, risk and resources available.
- ii) Agree that the Audit Committee would receive quarterly monitoring reports from the Head of Internal Audit to demonstrate progress against the Plan including information where the Plan had materially varied from the original Plan.

## 9 EXTERNAL AUDIT PLAN 2020/21

The Committee considered the external auditor's work plan for 2020/21.

N Wright reminded the Committee that due to the Covid-19 timetable last year the audit signing deadline had been moved backwards. Allowances had again been made this year and the provisional timetable meant that SYPA had to have the draft accounts signed by 1<sup>st</sup> August 2021 which then needed to be audited and signed off by 30<sup>th</sup> September 2021.

It was hoped that the audit would be completed, as far as possible, by the end of July, when an Audit Committee meeting would be held to approve the draft accounts.

Members noted that the key areas of responsibility under the Audit Code were Financial Statements, the Annual Governance Statement and Value for Money (VfM). With regard to VfM it was noted that there had been a change to the guidance in this area. In addition to the audit opinion a narrative commentary would be provided which would set out the key governance and financial matters of SYPA which the auditor would comment on and provide recommendations, if necessary. Work was ongoing on how to apply the guidance to SYPA's circumstances.

The Committee noted the materiality thresholds for the Fund and the Authority. These would be updated at year-end when the draft financial statements were available.

Significant risks and other areas of focus were detailed within the report. Valuation of directly held commercial property was highlighted due to the effects of Covid-19 on the economy, the agricultural portfolio was no longer considered a significant risk.

The report also contained details of revisions to the auditing standards and how these would affect the audit.

The Committee was reminded that the base audit fee was a scale fee set by Public Service Audit Appointments. The factors considered in varying this fee included the additional procedures needed due to the impact of Covid-19 and the changes to the VfM approach; these would be discussed with the Director in due course.

G Graham commented that with regards to the timing of the audit, the local authorities in South Yorkshire depended on the completion of SYPA's audit in order

to complete their own audits, therefore it was important that SYPA's audit was completed in a timely manner.

In answer to a question from Cllr Atkin regarding audit fees, the Director commented that it was generally accepted that base audit fees were too low. There was a need for discussions around the correct level of fees and what those fees would include.

RESOLVED – That Members agree the external Audit Plan for the audit of the Authority for 2020/21.

10 PROGRESS UPDATE ON AUDIT RECOMMENDATIONS

A report was submitted to update Members on the actions being taken in response to audit recommendations made by both internal and external audit during the current financial year and in previous financial years.

Members noted that progress was continuing to be made on the majority of actions although there had been some delays arising from the impact of Covid-19 and lockdowns. In all cases, target dates had been set and would continue to be actively monitored.

RESOLVED – That the report be noted.

11 PROGRESS ON DELIVERING THE 2019/20 ANNUAL GOVERNANCE STATEMENT ACTION PLAN

The Committee considered a report which provided an update on the delivery of the action plan included in the 2019/20 Annual Governance Statement (AGS) as part of their function to maintain an overview of the processes concerned with the production of the Annual Governance Statement.

Appendix A to the report set out the actions arising from the last AGS due to be undertaken in the current year. In all cases progress had been made although there had been delays to the delivery of elements of Learning and Development and a significant delay to recruitment of the new Governance and Risk role. It was noted that adequate progress had been made in the area of reporting.

RESOLVED – That the report be noted.

12 ANNUAL PROCUREMENT REPORT

A report was submitted to provide members with an annual update in relation to various procurement issues in line with the requirement of standing orders.

G Graham informed members that it had become evident during the year that there was a need to review Contract Standing Orders to better deal with annual renewals of maintenance and licence agreements for items such as software, where waivers were currently being requested. A review of these provisions would be undertaken with a view to changes being made at the Authority's annual meeting.

RESOLVED – That the report be noted.

13 AUDIT COMMITTEE ANNUAL REPORT

A report was submitted which sought 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.

The report detailed the Committee's work during the year and was intended to give the Authority assurance that the Audit Committee had undertaken their role as expected and demonstrate strength in the control framework.

RESOLVED – That Members approve the Committee's Annual Report for 2020/21 for publication subject to updates to reflect the attendance and outcomes of this meeting being agreed by Officers and the Chair.

CHAIR