

SOUTH YORKSHIRE PENSIONS AUTHORITY AUDIT COMMITTEE

21 OCTOBER 2021

PRESENT: Councillor G Weatherall (Chair)

Councillors: S Clement-Jones, D Fisher, D Nevett, C Rosling-Josephs and N Wright

Trade Unions: N Doolan-Hamer (Unison) and G Warwick (GMB)

Officers: W Goddard, G Graham (Director), Richards, G Taberner (Head of Finance and Corporate Services), S Bradley (Audit Manager) and G Kirk

Apologies for absence were received from M McCarthy

1 APOLOGIES

The Chair welcomed everyone to the meeting.

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

Cllr G Weatherall commented that he was in receipt of a LGPS pension.

6 MINUTES OF THE MEETING HELD ON 29 JULY 2021

RESOLVED – That the minutes of the meeting held on 29th July 2021 be agreed as a true record.

7 INTERNAL AUDIT PROGRESS REPORT 2021/21

S Bradley presented the Internal Audit Progress report which covered the period 12th July 2021 to 26th September 2021.

Members noted that to date 14.3% days of the Plan had been delivered. As in previous years the 2021/22 Plan was profiled more heavily towards the end of the year.

There had been several changes to the Plan during the period which had been agreed during the consultation with regards to coverage of DPO assurance areas and financial systems.

There had also been two deferrals agreed with management which were Procurement Compliance and Staff Payroll and HR System.

One report had been issued during the period which was in relation to DPO – Customer Contact Centre. A substantial assurance opinion had been given and there was no cause for concern.

The report also contained details of other audit work undertaken during the period and the work in progress.

RESOLVED – That the report be noted.

8 FINAL EXTERNAL QUALITY ASSESSMENT (EQA) REPORT JULY 2021

A report was considered which presented the final report following the independent assessment of the Internal Audit function against the Public Sector Internal Audit Standards (PSIAS).

The Committee was reminded that the PSIAS determine that an independent External Quality Assessment (EQA) was undertaken at least once every 5 years.

CIPFA had been commissioned to undertake the EQA which was a full review looking at the self-assessment, Quality Assurance Improvement Programme, IA Charter and an in-depth review of pieces of work. Interviews had been held with key officers and various Audit Committee chairs across the client base.

The report found that Barnsley MBC Internal Audit Service conformed to all 14 of the individual standards assessed during the EQA.

Two recommendations were made alongside four advisory points, these were shown in the Action Plan contained within the EQA Final Report.

RESOLVED – That members note the EQA report and are therefore assured of Internal Audit's compliance with professional standards and would receive an update from the Head of Internal Audit, Anti-Fraud and Assurance on the implementation of the actions arising.

9 EXTERNAL AUDITOR'S ANNUAL REPORT

A report was submitted to allow members of the Audit Committee to consider the External Auditor's Annual report before it was submitted to the Authority.

It was noted that the External Auditor's report was very similar to the one submitted at the last meeting but that the audit was now closed. It was further noted that only 9% of organisations had completed on time.

Members noted the key messages for the Committee, which were included in the report and which indicated that the various aspects of the audit, including the financial statements had received a “clean” report and the auditor had not made any use of their statutory powers. The report also included the full results of the Value for Money work undertaken by Deloitte in support of the new approach to this area set out in the Code of Audit Practice. This made no specific recommendations and generally identified that the Authority had the expected arrangements in place.

RESOVLED – That members:

- i) Note the External Auditor’s Annual Report at Appendix A.
- ii) Refer the report to the Authority.

10 PROCESS FOR FUTURE EXTERNAL AUDIT APPOINTMENTS

The Committee considered a report which sought to secure a recommendation from the Audit Committee to the Authority in relation to the route to be used for procuring an external auditor at the end of the current contract.

Members were reminded that the Authority’s current external auditors, Deloitte LLP, were appointed through national procurement arrangements put in place by Public Sector Audit Appointments Ltd (PSAA), an organisation created and owned by the LGA.

PSAA’s current contracts would come to an end following the completion of the 2022/23 accounts audit and the Authority was being asked to consider whether it wished to sign up for the next PSAA procurement. The alternative was to make a separate appointment either for the Authority alone or in collaboration with other local authorities in South Yorkshire.

Members were informed that an appointment process for the Authority alone would be time consuming and costly as additional external support would be required in the evaluation.

The option of working with other local authorities in South Yorkshire was attractive, however, given the other pressures facing organisations it was not felt that it would be sensible to devote what would be no inconsiderable and senior resources to such a process at this time.

Consequently it was felt that the option of using PSAA arrangements was one that was most convenient and most deliverable.

RESOLVED – That members recommend to the Authority that future external audit services be procured through the Public Sector Audit Appointment arrangements.

11 PROGRESS UPDATE ON AUDIT RECOMMENDATIONS

The Committee considered a report which provided an update 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 the tables in the appendix which showed the actions that had been fully completed since the last report as well as the status and progress being made on the remaining outstanding action plans; this would continue to be actively monitored.

RESOLVED – That members note the progress being made on implementing audit recommendations

12 ANNUAL REVIEW OF THE RISK MANAGEMENT FRAMEWORK

A report was submitted which allowed the Committee to consider the annual review of the Risk Management Framework.

G Graham reminded members that the Committee's Terms of Reference required that it review the Risk Management Framework on an annual basis.

It was noted that the last 12 months had continued to test the Authority as never before and this had included testing the effectiveness of the Authority's risk management arrangements. In general terms it was thought that these had worked well and the risks faced by the Authority had been effectively mitigated.

The Senior Management Team had continued to review the Risk Register on a monthly basis and update scores and mitigations where necessary. Specific Risk Registers had been created for major projects such as the move to Oakwell House.

The Committee discussed risks around inflation, energy costs and potential staff shortages which all could increase when the Risk Register was next reviewed.

It was noted that the Staffing, Appointments and Appeals Committee would be having discussions around staffing challenges in the near future.

G Graham informed members that given that the Risk Management Framework continued to operate effectively, it was not proposed to make any substantive changes to it this year, although some presentational changes and tidying up of the text had been made.

RESOLVED – That members note the content of the report and agree that no substantive changes to the Risk Management Framework (attached at Appendix A) should be made at this time

13 ANNUAL REVIEW OF THE GOVERNANCE COMPLIANCE STATEMENT

A report was submitted which requested that the Committee review the Governance Compliance Statement and recommend its adoption to the Authority.

The Committee was reminded that under s55(1) of the Local Government Pensions Scheme Regulations 2013 the Authority must produce a Governance Compliance Statement. The updated SYPA statement was attached as Appendix A.

It was noted that there had been no fundamental changes to the Statement, but additional text had been added to reflect the changes in the Members' Learning and Development Strategy and to better integrate the role of the Local Pension Board.

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Members noted that the Authority did not fully comply in one area which was 'that representatives of participating LGPS employers, admitted bodies and scheme members are members of either the main or secondary committee(s)'.

As there were over 600 employers in the Fund it was acknowledged that it was not practical that all employers were represented on the Authority's committees. To mitigate this a lot of effort was put into employer engagement.

RESOLVED – That members recommend the adoption of the Governance Compliance Statement to the Authority.

CHAIR