

SOUTH YORKSHIRE PENSIONS AUTHORITY AUDIT COMMITTEE

20 OCTOBER 2022

PRESENT:

Councillors: R Bowser, S Clement-Jones, M Havard and D Nevett

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

Officers: W Goddard (Financial Services Manager), G Graham (Director), J Stone (Corporate Manager - Governance), G Taberner (Head of Finance and Corporate Services), S Bradley (Audit Manager), R Winter (Head of Internal Audit), C. Hollins (Principal Auditor) and R Green (Business Support Officer)

N Wright (External Audit Partner Deloitte)

Apologies for absence were received from Councillor G Weatherall, Councillor S Cox, D Patterson and G Richards

1 **APOLOGIES**

In the absence of Cllr Weatherall members agreed that Cllr Nevett should take the Chair.

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**

None.

6 **MINUTES OF THE MEETING HELD ON 28/07/2022**

RESOLVED – That the minutes of the meeting held on 28 July 2022 be agreed as a true record.

7 INTERNAL AUDIT PROGRESS REPORT

S. Bradley delivered the update report for 27th June to 30th September 2022.

The committee were informed that the plan was on track, with a completion rate of 32% as at the end of September.

After discussions with management, a plan amendment had been made to defer the audit of Business Continuity Arrangements, to 2023-24 and an unplanned End to End Interfund Process audit had been substituted.

A breakdown of completed and work in progress items are available on pages 16 – 18 of the Agenda Pack.

Quarter one KPI's reviewed with no concerns at this time.

Question from Cllr. Clement-Jones: How close is the Authority to moving from Reasonable to Substantial in terms of Assurance?

S. Bradley replied it is very, very rare to see a Substantial opinion given based on the work of Internal Audit.

R. Winter added that Management's approach is to ask Internal Audit to look specifically at areas of weakness, where it is known improvements are needed. This means that by default, they are unlikely to give a full assurance opinion.

Question from Cllr. Nevett: Regarding the Business Continuity Arrangements; when is the work going to be done and when will the report be available?

S. Bradley replied this is the item noted as being deferred into 2023-24 and discussions would take place with management on an appropriate time.

G. Graham clarified SYPA position describing the two dimensions of the Business Continuity arrangements. The Authority's I.T. continuity plan is sound, whereas work is required to develop and strengthen the rest of the arrangements and resources have only recently been identified in relation to this and are not yet in place.

RESOLVED – To note progress on delivering the Internal Audit plan

8 INTERNAL AUDIT EFFECTIVENESS

S. Bradley delivered an update report on External Quality Assessment (EQA) undertaken by CIPFA in July 2021 as required by the Public Sector Internal Audit Standards 2017.

A summary of the actions taken are available in Appendix 2 of the report.

No questions from the committee.

RESOLVED – To note the progress made in addressing the recommendations of the External Quality Assessment of Internal Audit.

9 EXTERNAL AUDIT ANNUAL REPORT

N. Wright delivered the External Auditors Annual Report for review by the committee prior to it being presented to the Full Authority.

There were no concerns or significant weakness to be raised with the Committee. The certificate of closure of audit will be issued to the Authority, once the consistency check on the figures included in the Authority's Annual Report is completed.

Question from Cllr. Nevett seeking an approximate date of the final sign off and issuance of the certificate.

N. Wright confirmed it should be done in the next couple of weeks.

Question from Cllr. Nevett regarding Identified Risks (Page 66) Completeness and Accuracy of Contributions. Could this issue result in fraud?

No material impact on the accounts but is an area to monitor. There have been no issues detected during the Audit.

G. Graham confirmed if fraud was possible in this scenario it would be taking place inside the confines of the employer's payroll.

G. Taberner added internal checks on contributions made by employers for their employees are made by the Finance Team. However, it is reliant on the data submitted to the Authority by the employers in the scheme.

The Support and Engagement teamwork with scheme employers to provide training on calculating and documenting the pensionable pay and contributions of employees to help with this complex process.

RESOLVED – That members:

- i) Note the report.
- ii) Refer the report to the Authority.

10 EXTERNAL AUDIT ISA 260 REPORT

N. Wright reported that this was an updated version of the report originally submitted to the July meeting, at which point a couple of items were outstanding. This work had now been completed and therefore the report was ensuring that members had a complete record of the work undertaken which had not identified any new issues, meaning that a clean audit certificate had been issued.

RESOLVED – That the report be noted

11 EXTERNAL AUDIT APPOINTMENT UPDATE

G. Taberner provided a verbal update on the procurement of External Auditors for the five-year period commencing 2023-24. The Authority opted into the national procurement process run by Public Sector Audit Appointments Limited on behalf of 99% of public authorities.

From the contracts awarded, the Authority has been allocated KPMG.

Bids for this procurement showed a significant increase on the previous contract. This will result in an approximate increase in cost to the Authority of 150%.

N. Wright advised this is reflective of the market value of the work undertaken and requirements imposed on auditors by the regulators. It is widely acknowledged that it has been undervalued for several years.

G. Graham concurred with that assessment.

G. Graham thanked Deloitte for their work during their tenure. The Chair concurred and thanked G. Taberner and her team for their work with the audit and her report.

12 PROGRESS UPDATE ON AGREED MANAGEMENT ACTIONS FROM AUDIT REVIEW FINDINGS

J. Stone delivered a report outlining the progress made. A summary of which is available in Appendix A.

Question from Cllr. Nevett about the updated Purchasing Card Guide. What is the card holder guide?

W. Goddard replied. The Authority has purchasing cards for use by designated staff to make ad-hoc purchases as required e.g. Train Tickets for Officers to attend conferences etc. The guides are so everyone knows their role and responsibilities regarding usage.

The guides were updated to reflect changes in which staff are involved.

Cllr Nevett asked how many staff are still to complete the GDPR training.

The actual figure was not available at the time of the meeting but will be provided to the Committee at later date. G. Graham confirmed it would be staff who have been on sick leave or annual leave. All new staff now undertake the training as part of the induction process.

All staff have an annual refresher and these will be completed by the end of October.

RESOLVED – Members noted:

- I. The progress being made on agreed actions.
- II. Considered and sought further information from Officers.

13 ANNUAL REVIEW OF RISK MANAGEMENT FRAMEWORK

J. Stone presented the report and updated the committee on progress. There have been no substantive changes to the plan.

RESOLVED – The updated Risk Management Framework be approved.

14 ANNUAL REVIEW OF GOVERNANCE COMPLIANCE STATEMENT

G. Graham delivered the report. There have been no significant changes to the statement from the previous year. Some minor changes have been made to reflect the Authority's constitution.

RESOLVED – That the report be approved.

The Chair thanked all attendees and closed the meeting.

CHAIR