

SOUTH YORKSHIRE PENSIONS AUTHORITY

LOCAL PENSION BOARD

21 SEPTEMBER 2023

PRESENT: M Havard (Rotherham MBC) (Chair), Councillors: Cllr S Clement-Jones (Sheffield City Council), Cllr S Cox (Sheffield City Council), Cllr D Nevett (City of Doncaster Council)

Trade Union: N Doolan-Hamer (Unison)

Officers in Attendance: G Graham (Director) G Taberner (Assistant Director – Resources and Chief Finance Officer) W Goddard (Head of Finance)

N Wright (Deloitte)

S Bradley (Barnsley MBC)

C Hollins (Barnsley MBC)

1) APOLOGIES

The Chair welcomed everyone to the meeting.

Apologies were received as follows:

G Warwick (GMB) and Cllr R Bowser (Barnsley MBC)

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 27 JULY 2023

RESOLVED: That the minutes of the meeting held on 27 July 2023 be agreed as a true record.

7) INTERNAL AUDIT PROGRESS REPORT 2023/24 QUARTER 2

C Hollins delivered the report on Internal Audit Progress 2023/24 Quarter 2.

The report is reflective of the work to date and at the time of producing the report there were two planned assignments, both of which have been completed.

Key points to note:

- The follow up for procurement compliance is at draft final report stage. The draft report has been discussed and actions have been agreed, but due to management capacity this has not yet been finalised. An update will be provided at the next meeting.
- All Q2 audits have now commenced, and the team will look to schedule time in for Q3 audits with managers in the next few weeks.
- 19 agreed management actions had been followed up in the period and internal audit have no concerns around this process, there is good communication from management, actions are progressed and regular updates provided.

RESOLVED: Members received and noted the report.

8) INTERNAL AUDIT EFFECTIVENESS REPORT

S Bradley presented the Internal Audit Effectiveness Report.

This report provides an update on the implementation of actions from the last External Quality Assessment (EQA) further to previous report on this presented in October 2022.

In presenting the report, the Internal Audit Manager highlighted the following key points to note:

- Undertaking an assessment against the Public Sector Internal Audit Standards (PSIAS) is an important requirement to ensure we can demonstrate professional standards are being met. A Service Transformation Review is currently being undertaken and once this has been concluded and any changes embedded, a self-assessment against the PSIAS will be undertaken to provide reassurance that we are fully compliant. Global standards are currently out for consultation to be updated, the aim is to complete the self-assessment against the latest standards.
- There are two actions that are not yet fully completed. One relates to the use of data analytics which is part of the Services Transformation Review plan and will be implemented by 31 March 2024. The second relates to using the intranet for disseminating information. A task and finish group has been established to develop an approach and templates to be launched by 31 March 2024.

RESOLVED: Members received and noted the report.

9) EXTERNAL AUDITORS FINAL REPORT ON THE 2022/23 AUDIT

N Wright presented the External Auditors Final Report on the 2022/23 Audit.

This is the closing audit for the year ended 31 March 2023 and this report is the same one which was presented at the last meeting but with updated conclusions following completion of the remaining audit work.

In presenting the report, the External Auditor highlighted the following key points to note:

- The audit is essentially finished subject to clearance of internal quality control and review procedures. It is currently anticipated that an unmodified opinion will be issued.
- There is one open query in relation to the IAS19 Pension accounting and disclosure in the Authority accounts. This is a highly complex issue arising this year due to having a pension asset for the first time. There is limited guidance available. The overall approach to the accounting for the pensions asset was agreed as reasonable but the audit team and management are not just in the process of resolving a technical matter concerning the actuarial calculation of the asset value to be applied – this is expected to be resolved very soon.
- Work is complete on the significant audit risks and there are no matters to bring to the Authorities attention.
- In relation to the Investment testing there was a stale price difference of £46million. This must be reported to those charged with governance but is not material for the Fund Accounts and therefore no amendment to the accounts is required.

RESOLVED: Members received and noted the report.

10) EXTERNAL AUDITORS ANNUAL REPORT 2022/23

N Wright delivered the Auditors Annual Report 2022/23 and explained that the purpose of this report is to bring together the results of their work over the year, including commentary on the Authority's value for money arrangements.

There were no recommendations or weaknesses to report or draw to the attention of the Audit & Governance Committee.

She explained that once the audit of the Authority's accounts was concluded and a consistency opinion on the Authority's Annual Report issues, the external auditor will be able to issue their audit certificate and the audit for March 2023 will be closed.

As this was the final meeting to be attended by Deloitte, the Chair expressed the committees thanks to Nicola and her team for their work over the last five years and supporting the achievement of meeting the statutory deadlines for publication of the Authority's audited accounts each year.

RESOLVED: Members received and noted the report.

11) LETTER OF REPRESENTATION 2022/23

The Head of Finance presented the Letter of Representation 2022/23, explaining that this is a requirement of the Accounts and Audit Regulations. Members were

recommended to authorise the Chair of the Audit and Governance committee to sign the letter on behalf of the Authority.

RESOLVED: That Members authorise the Chair of the Audit & Governance Committee to sign the Letter of Representation on behalf of the Authority.

12) APPROVAL OF THE STATEMENT OF ACCOUNTS 2022/23

The Head of Finance presented the audited Statement of Accounts for 2022/23.

The Head of Finance noted that the report set out details of amendments that had been made during the course of the audit, including:

- In the Authority accounting policies and critical judgements notes, further narrative was added to explain the approach to accounting treatment of the pensions asset.
- An additional column for Compensation for Loss of Office was added to the Authority officer remuneration note.
- In the Fund Accounts a correction was made to the presentation of figures in the Reconciliation of Investment Movements disclosure note.

The Head of Finance explained that should any further changes be required as a result of resolving the remaining issue concerning the pensions asset as noted in the External Auditor's report, these would be agreed and actioned prior to the accounts being signed off by the Chief Finance Officer and the Chair of the Committee.

RESOLVED: That Members

- a. **Approve the Statement of Accounts 2022/23.**
- b. **Authorise the Chair of the Audit & Governance Committee to sign the final audited Statement of Accounts on behalf of the Authority.**

13) AUTHORITY ANNUAL REPORT 2022/23

The Director presented the Authority's Annual Report 2022/23. Members of the committee were asked to approve the report subject to a receipt of a positive consistency opinion from external audit.

RESOLVED: That Members approve the Annual Report of the Authority for 2022/23 and authorise its publication subject to the receipt of a positive consistency opinion from the external auditor.

14) PROGRESS ON AGREED MANAGEMENT ACTIONS REPORT

The Assistant Director – Resources presented the progress on agreed management actions report and highlighted the following.

- There are only 2 outstanding actions that had an update in the period. Both of these actions were following audits that were completed over two years ago, an issue that Members had noted at the previous meeting. Therefore, the report now being presented included further explanation concerning the reasons for the actions being taken over such a long timescale and the cause of delays.

- In relation to the Procurement Compliance audit action still outstanding, the Assistant Director explained that a follow-up audit has been undertaken in this current year, a review that took place over several months and has reached the draft report stage.
- The Assistant Director assured the Committee that whilst the final draft report for this audit concluded with a limited assurance opinion, several of the actions agreed have already been taken or are in progress. Contract Standing Orders were updated in June and are now on the SharePoint site for staff undertaking procurement activity. A gateway approval document has also been developed which should address all the other findings, this has already been through audit review and will be rolled out in the next month or so. Training for staff will also be scheduled to strengthen those procurement arrangements.
- With all these actions in place, the Internal Audit managed concurred that should the audit be re-performed now it would likely receive a positive assurance opinion.

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

CHAIR