



# Audit & Governance Committee Annual Report 2023/24

March 2024

## **Foreword**

I am pleased to present the annual report of the Authority's Audit and Governance Committee covering the Committee's activity during the 2023/24 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 Marnie Havard

Chair

Audit and Governance Committee – South Yorkshire Pensions Authority



## **1. Introduction**

This report is produced in order to provide stakeholders with information on the work of the Committee over the 2023/24 Municipal Year and to support the process of assurance gathering required in order 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 2024 was:

Councillor Marnie Havard (Chair)

Councillor Roy Bowser

Councillor Simon Clement-Jones

Councillor Steve Cox

Councillor David Nevett

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)

Richard Bedford (Unite) – [from December 2023]

Garry Warwick (GMB)

## **Committee Meetings and Attendance**

The Committee held four meetings during the municipal year (July 2023, October 2023, December 2023 and March 2024). 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 as Appendix A.

Councillor Marnie Havard 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 2023/24 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 October 2023; significant revisions were implemented to reflect the additional layer of assurance controls and implementation of a new risk management and performance software system.
- Received regular progress reports from the Head of Internal Audit on internal control matters.
- Received regular reports on progress against audit recommendations.
- Considered the results of the review of internal control and internal audit for 2022/23.

## **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 2023/24
- Received and considered the Head of Internal Audit's Annual Report for 2022/23, including the opinion on the Authority's internal control arrangements.
- Received and considered regular reports from the Head of Internal Audit on the Internal Audit Team's progress against the annual plan, including summaries of the reports issued and management's response.

The schedule of Internal Audit Review Results 2023/24 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 former external auditor, Deloitte, on their Audit Plans for the Authority and Fund relating to the audit of year ended 31 March 2023.
- Received regular progress reports and a final report on the audit of year ended 31 March 2023 from Deloitte.
- Received an introductory update and an audit plan relating to the audit of year ended 31 March 2024 from the new external auditor, 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 approved the Authority's Annual Governance Statement 2022/23;
- Reviewed and approved the Authority's Statement of Accounts and Annual Report and letter of representation for 2022/23;
- Received and approved Deloitte's Report on the 2022/23 Audit, and their Annual Report 2022/23 which includes their findings and conclusion on the Authority's Value for Money arrangements. No recommendations were made in either report.

## **Working Arrangements**

Members considered and agreed the Committee's Annual Report for 2022/23 which was then published on the Authority's website.

As part of considering the Annual Report, members considered the extent to which its arrangements remained robust.

## **Appendix A**

### **Member and Officer Attendance at Audit & Governance Committee Meetings 2023/24**

<b>Member/Officer</b>	<b>27 July 2023</b>	<b>21 September 2023</b>	<b>14 December 2023</b>	<b>7 March 2024</b>
Councillor Marnie Havard	✓	✓	✓	
Councillor Roy Bowser	Note 1	Note 1	Note 1	
Councillor Simon Clement-Jones	✓	✓	✓	
Councillor Steve Cox	✓	✓	✓	
Councillor David Nevett	✓	✓	✓	
Nicola Doolan-Hamer	✓	✓	✓	
Richard Bedford	N/a - Note 2	N/a - Note 2	✓	
Garry Warwick	✓	Note 1	✓	
Director – George Graham	✓	✓	✓	
Assistant Director - Resources (Chief Financial Officer) Gillian Taberner	✓	✓	✓	
Head of Governance (Monitoring Officer) – Jo Stone	✓	Note 1	Note 1	
Financial Services Manager – Will Goddard	✓	✓	✓	
External Audit (Deloitte)	✓	✓	N/A – Note 3	
External Audit (KPMG)	N/A – Note 3	N/A – Note 3	✓	
Internal Audit (Barnsley MBC)	✓	✓	✓	

### **Notes**

1. Apologies
2. Appointed to the Committee from December 2023.
3. External Auditors – Deloitte in place for audit of year ended 31/03/2023, attending meetings up to and including September 2023. KPMG appointed for audits of years from 1 April 2023 for next five years and attended meetings from December 2023 onwards.

## **Appendix B**

### ***Committee Activity***

<b>Function/Issue</b>	<b>27 July 2023</b>	<b>21 September 2023</b>	<b>14 December 2023</b>	<b>7 March 2024</b>
<b>Risk Management</b>				
Annual Review of the Risk Management Framework			Approved	
<b>Governance and Internal Control</b>				
Data Protection Officer's Annual Report				
Annual Review of the Governance Compliance Statement				TBC
Progress on Implementation of Audit Recommendations	Noted	Noted	Noted	TBC
Effectiveness Review	Noted			
Local Code of Corporate Governance			Approved	
<b>Internal Audit</b>				
Progress Report	Noted	Noted	Noted	
Annual Report 2022/23	Noted			
Internal Audit Charter	Noted			
Effectiveness Review		Noted		
<b>External Audit</b>				
Auditor Appointment Process		Noted		
Status Report on the 2022/23 Audit	Noted			
Final Report on the 2022/23 Audit		Noted		
Annual Audit Report 2022/23		Recommended to the Authority		
External Audit Plan 2023/24				TBC
<b>Statement of Accounts</b>				
Draft Statement of Accounts 2022/23	Noted			
Audited Statement of Accounts 2022/23		Approved		
Letter of Representation		Approved		
<b>Committee Working Arrangements</b>				
Audit & Governance Committee Annual Report 2023/24				TBC

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



## **Appendix C**

### ***Results of Internal Audit Reviews 2023/24***

<b>Review Topic</b>	<b>Assurance Level</b>	<b>Number and Priority of Findings</b>
Pensions Administration Actuarial Transition	Reasonable	1 Medium Priority 1 Low Priority
Pensions Administration Pensions Admin System – PIR	Reasonable	1 High Priority 2 Medium Priority
Service Wide Procurement Compliance c/fwd from 22/23	Limited	3 Medium Priority 1 Low Priority
Pensions Administration Customer Services including Contact Centre	Reasonable	1 Medium Priority 2 Low Priority
Finance Core Financial System - Main Accounting	Substantial	0
Finance Core Financial System - Accounts Receivable	Reasonable	1 Medium Priority
Finance Core Financial System - UPM Payroll	Substantial	0
Finance Core Financial System - Authority Staff Payroll	Substantial	0
Finance Core Financial System - Investment Income	Substantial	0
Finance Core Financial System - Accounting for Deals	Substantial	0
Finance Core Financial System - Fund Contributions	Substantial	0
Investments Performance Management – Border to Coast	Substantial	0