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SOUTH YORKSHIRE PENSIONS AUTHORITY AUDIT COMMITTEE

6 MARCH 2025

PRESENT: Councillor Donna Sutton (Chair)

Councillors: James Church, Simon Clement-Jones, and David Nevett

Trade Unions: Phil Boyes (UNITE) and Garry Warwick (GMB)

Independent Member: Emma Dawson

Officers: George Graham (Director), Gillian Taberner (Assistant Director - Resources), William Goddard (Head of Finance and Performance), Annie Palmer (Team Leader – Governance) and Gina Mulderrig (Governance Officer)

Caroline Hollins (Corporate Assurance BMBC)

Elizabeth Wharton (External Audit KPMG)

Apologies for absence were received from Nicola Doolan-Hamer, Councillor David Fisher, and Councillor Neil Wright.

1 **APOLOGIES**

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 5/12/2024**

RESOLVED: The minutes of the meeting held on 5 December 2024 were agreed as a true record.

7 **2024/25 QUARTER 4 INTERNAL AUDIT PROGRESS REPORT**

The Corporate Assurance Manager presented the report to provide a summary of the Corporate Assurance Team's internal audit activity completed, and the key issues arising from it, for the period 18th November 2024 to 23rd February 2025.

Members noted that there were 6 audit reviews due to be completed before the end of March 2025, including the Investments: Climate Change and Zero Carbon audit review, which was marked as still in the pre-planning phase in the report and queried whether these were on track for completion.

The Corporate Assurance Manager explained that progress had been made since the report had been written and that all reviews were now in progress or at draft / final report stage and were all expected to be completed by the end of March 2025.

Members noted the revised plan days with an increased number of days on Pensions Administration and asked for further details on this.

The Corporate Assurance Manager explained that a review of Customer Services including the Contact Centre was requested that wasn't in the original plan. This was requested as part of assurance required by the Data Protection Officer (DPO) and the additional days required were met by re-allocating unused days from other areas of the plan as shown in the report.

RESOLVED: Members considered the report and as necessary requested further information and/ or explanations from the Corporate Assurance Team.

8 INTERNAL AUDIT PLAN 2025/26

The Corporate Assurance Manager presented the draft Corporate Assurance Plan for 2025-26 to members of the Audit and Governance Committee.

Members noted the increase of allocated days in the indicative plan for 2025/26 to 207 from 200 in 2024/25 and asked for further details on this decision.

The Corporate Assurance Manager explained that the increase was not down to any issues or concerns but in anticipation of expected workload including plans to look at areas not covered in 2024/25.

Members noted the scope of the draft Corporate Assurance Plan included the internal auditors providing 'advice, support and guidance' in certain areas and questioned how this would affect the independence of any future audit reviews in these same areas.

The Corporate Assurance Manager explained that, when any advice, support and guidance was issued by named corporate assurance officers, alternative officers would consequently conduct the audit review of that area to provide the required independent assurance.

Members asked whether the internal auditors were satisfied there were no emerging risks.

The Corporate Assurance Manager assured the Committee that every area had been considered and discussed with senior SYPA officers and there were no emerging risks to note. However, it was also explained that, due to the current levels of economic

uncertainty, there was an increased likelihood of significant risks emerging throughout the audit cycle that were not identified (or in existence) at the time of planning and that, if such items were identified, the audit approach would be amended accordingly and any changes communicated to the Audit and Governance Committee.

RESOLVED: Members agreed that:

- i. the draft Corporate Assurance Plan for 2025-26 was approved in principle whilst acknowledging the need for the Head of Corporate Assurance, in consultation with the Director and the Chief Finance Officer, to exercise her professional judgement during the year to apply the Plan flexibly according to priority, risk and resources available; and
- ii. the Audit and Governance Committee receive quarterly monitoring reports from the Head of Corporate Assurance to demonstrate progress against the Plan including information where the Plan has materially varied from the original Plan.

9 EXTERNAL AUDIT PLAN - AUDIT OF YEAR ENDING 31 MARCH 2025
(AUTHORITY)

Elizabeth Wharton, Senior Manager at the external auditor (KPMG), presented the External Audit Plan and Strategy for South Yorkshire Pension Authority for the year ending 31 March 2025. The external auditor explained that the materiality level for the Authority had been increased from 2% to 2.5% as a result of having a better understanding from the work done in the first year that has enabled the auditors to conclude certain risks are not present. She also highlighted that there were no other changes to the significant audit risks in the plan compared to last year.

RESOLVED: Members received and noted the External Auditor's Audit Plan for the year ending 31 March 2025 for the Pension Authority.

11 ACCOUNTING POLICIES FOR THE YEAR ENDING 31 MARCH 2025

The Head of Finance and Performance presented the report providing members of the Audit & Governance Committee with an opportunity to review and approve the accounting policies in line with best practice.

He highlighted that the main change to the accounting policies for 2024/25 was in regard to accounting for leases as a result of accounting standard *IFRS 16 Leases* being adopted in the CIPFA Code. It was explained that there was only one material lease held by the Authority that would be affected by this change, and that a de-minimis threshold for leases had been set in the accounting policy at £10,000 which is in line with the Authority's capitalisation threshold as per guidance from CIPFA.

RESOLVED: Members noted the accounting policies to be used in the preparation of the Authority's Statement of Accounts in accordance with requirements set out in the CIPFA Accounting Code of Practice.

16 AUDIT & GOVERNANCE COMMITTEE ANNUAL REPORT 2024/25

The Assistant Director - Resources presented the Committee's annual report on its work as part of the process of providing assurance underlying the preparation of the Annual Governance Statement.

RESOLVED: Members

- a. Approved the Annual Report of the Audit and Governance Committee for 2024/25 as attached at Appendix A; and**
- b. Delegated to the Head of Governance and Corporate Services approval to update the Annual Report for publication to reflect the attendance at and outcomes of this meeting and the final outcomes of internal audit reviews completed by the end of the year**

10 **EXTERNAL AUDIT PLAN - AUDIT OF YEAR ENDING 31 MARCH 2025 (FUND)**

Elizabeth Wharton, the external auditor from KPMG, presented the External Audit Plan and Strategy for South Yorkshire Pension Fund for the year ending 31 March 2025. She highlighted the following:

- The approach to setting materiality was the same as last year, set at a level of 1% of total assets.
- The audit plan has taken into account key developments including that the Fund has transferred all but three commercial properties to a pooled vehicle with Border to Coast and that the Fund has appointed a new custodian, which will be implemented from 1 April 2025.
- There are fewer risks set out in the plan – this does not mean there will be less audit work but reflects the impact of the change noted above regarding directly held property and that there is now a better understanding of the risks involved and where audit work will be focussed.
- The audit team includes a refresh with a new in-charge who is very experienced alongside consistency from the continued involvement of the Director and Senior Manager for the audit.
- Audit fees are set out on page 15 of the plan report covering both Authority and Fund audits. It was noted that the fee shown here for the 2023/24 IAS19 assurance letters was subject to approval by PSAA (Public Sector Audit Appointments Ltd).

Members welcomed the increase in materiality for the Authority and the lowering of the risk level across Authority and Fund and acknowledged the positive development of the working relationship between SYPA and KPMG over the last year allowing the external auditors to increase understanding and provide more detailed feedback.

Members asked if KPMG were on track to deliver the accounts audit for approval and finalisation by September 2025 as stated in the plans for the Authority and for the Fund.

The Senior Manager explained that there was a robust plan in place to deliver the audit by September 2025 as stated in the report and that KPMG would continue to work closely with SYPA to communicate progress made by using a tracker and holding regular meetings.

Members asked for clarification on the rotation of SYPA's assigned audit team at KPMG. The Senior Manager explained that Richard Lee was the engagement lead for SYPA and that 2025/26 would be his second year in this position. It was explained

that engagement leaders are required to rotate after 5 years (or 5 sets of accounts) meaning Richard Lee had a remaining 4 years (or 4 complete sets of accounts) as external audit lead to SYPA and that there were no other members of the team who needed to consider this requirement.

RESOLVED: Members received and noted the External Auditor's Audit Plan for the year ending 31 March 2025 for the Pension Fund.

13 PROGRESS ON ANNUAL GOVERNANCE STATEMENT ACTION PLAN 2024/25

The Assistant Director – Resources presented the Committee with an update on current progress against the Annual Governance Statement action plan as part of the assurance process in preparation of the 2024/25 Annual Governance Statement.

Members welcomed the progress detailed in the report, in particular the progress on the Pensions Administration Improvement and Backlog Clearance Plan. The Director added that, at the time of the meeting, 63% of the backlog had been cleared and that progress was continuing and on track.

Members asked how they would be informed of the progress of the action plan to the end of 2024/25.

The Assistant Director – Resources explained that the Annual Governance Statement 2024/25 showing all progression on the agreed actions would be brought to the first meeting of the Authority in 2025/26 (5 June 2025) for member consideration and approval.

RESOLVED: Members

a. Noted and welcomed the progress being made; and

b. Considered if any further information or explanation was required from officers

14 PROGRESS ON AGREED MANAGEMENT ACTIONS

The Team Leader – Governance presented the report to update Members on the actions being taken in response to audit review findings during the current financial year and in previous financial years.

RESOLVED: Members:

a. Noted the progress being made on implementing agreed management actions; and

b. Considered if any further information or explanation was required from officers.

15 AUDIT & GOVERNANCE COMMITTEE EFFECTIVENESS REVIEW REPORT 2024/25

The Assistant Director - Resources presented the results of the Committee's review of its effectiveness in 2024/25.

RESOLVED: Members agreed the Effectiveness Review report at Appendix A and the recommended actions therein.

17 WORK PROGRAMME, GOVERNANCE AND TRAINING DATES 2025/26

The Team Leader – Governance presented the proposed 2025-26 work programme for the Committee for approval. The Team Leader – Governance asked for requests from members for training topics related to the upcoming work programme to be covered in bitesize briefing sessions of approximately 30-minutes provided immediately following each formal meeting. Suggested topics included Corporate Assurance, Risk Management, Accounting Practices, Gifts and Hospitality and Conflicts of Interest and the Team Leader – Governance welcomed further suggestions following the meeting with a schedule to be shared once confirmed.

RESOLVED: Members approved the 2025/26 work programme attached at Appendix A.

12 ANNUAL REVIEW OF GOVERNANCE COMPLIANCE STATEMENT 2024/25

The Director presented the report and sought the Audit & Governance Committee's approval of the annual update of the Governance Compliance Statement for 2025

RESOLVED: Members approved the Governance Compliance Statement at Appendix A.

CHAIR