

SOUTH YORKSHIRE PENSIONS AUTHORITY AUDIT AND GOVERNANCE COMMITTEE

2 OCTOBER 2025

PRESENT: Councillor Roy Bowser (Chair)

Councillors: Simon Clement-Jones and Martin O'Donoghue

Emma Dawson – Independent Member

Co-opted Members: Trade Unions: Phil Boyes (UNITE) and Nicola Doolan-Hamer (UNISON)

Officers: George Graham (Director), Gillian Taberner (Director Designate), Debbie Sharp (Assistant Director - Pensions), William Goddard (Acting Assistant Director - Resources) Melanie Priestley (Acting Head of Finance and Performance) Jo Stone (Head of Governance and Corporate Services), Sharon Bradley (Corporate Assurance), Caroline Hollins (Corporate Assurance) Annie Palmer (Team Leader - Governance)

Richard Lee (Director, KPMG) and Elizabeth Wharton (Senior Audit Manager, KPMG)

1 APOLOGIES

Apologies for absence were received from Councillor David Fisher, Councillor John Reed, Councillor Ken Guest and Garry Warwick (GMB)

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 17 JULY 2025

Members were advised that the list of those present at the meeting included in the minutes had been subject to a technical glitch and would be amended.

RESOLVED: The minutes of the meeting held on 17 July 2025 were agreed as a true record.

7 2025/26 QUARTER 2 INTERNAL AUDIT PROGRESS REPORT

The Corporate Assurance Manager presented the report which provided a summary of the Corporate Assurance Team's internal audit activity, and the key issues arising from it, for the period 30 June 2025 to 14 September 2025.

It was noted that, as in previous years, the audit plan is profiled more heavily towards the end of the financial year with appropriate resources provisioned to manage this. The Corporate Assurance Manager also commented on the low number of current agreed management actions and the positive liaison and management of their progress.

Members noted and welcomed the anticipated Reasonable (positive) overall assurance opinion and questioned what could be preventing a Substantial opinion. The Head of Corporate Assurance explained that only two reports have been issued so far this year and although one has resulted in a substantial opinion the overall internal audit opinion is based on the full coverage of the audit plan.

Members also asked for clarification around previous years' recommendations and the Corporate Assurance Manager confirmed that any outstanding actions are carried forward and progress monitored as part of the Agreed Management Actions reviews.

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

8 EXTERNAL AUDITORS FINAL REPORT ON THE 2024/25 AUDIT - AUTHORITY

Richard Lee, Director at KPMG, presented the results of the external audit of the financial statements of the Authority, for the year ended 31 March 2025. He commented that both the Authority and Fund audits had progressed well, building on the strong working relationships between KPMG and South Yorkshire Pensions Authority.

Members were asked to note that there were no new matters to raise with members since the last update. It was highlighted that the significant risk in relation to management override of controls is a common risk that appears on the majority of audit plans and that no issues have been identified in the case of SYPA. Attention was drawn to the summary of corrected audit differences and the actual benefits paid misstatement.

Members asked for clarity around the misstatement and assurance that new processes are now in place to mitigate this risk moving forward. The Acting Assistant Director – Resources explained that the misstatement was due to a single retirement event that resulted in a material discrepancy from the actuary's IAS 19 report produced in May 2025 based on a roll-forward estimate methodology.

He confirmed that this necessitated a revised report to be produced based on the actual cashflows for which the accounts were amended and explained that the actuary

will be asked to produce our future IAS 19 reports using actual cashflows which should prevent any recurrence.

RESOLVED: Members received and noted the External Auditor's Year End Report for the Pensions Authority.

9 EXTERNAL AUDITORS FINAL REPORT ON THE 2024/25 AUDIT - FUND

Elizabeth Wharton, Senior Manager at KPMG, presented the external auditor's year-end report on the key findings from the audit work carried out in relation to the financial statements of the Pension Fund for 2024/25. It was noted that the majority of the audit was complete and that the outstanding matters listed on page 5 of the report had reduced significantly since the report was produced. It was highlighted that the only significant risk is the management override of controls which, as with the Authority report, is a standard risk on the majority of audit plans.

Members were asked to note that there were no matters arising from the review of property investments with the majority of commercial property transferring to Border to Coast during the year. Attention was drawn to the review of level 3 pooled investment vehicles and issues arising from investment managers not responding to audit requests.

Members raised concern around the three Sustainable Growth Funds where investment managers had not provided the requested up to date valuations or audited accounts and asked how this would be managed moving forward. The Acting Assistant Director – Resources explained that work is ongoing with the Investment Strategy Team to implement a new internal control which will ensure early identification and escalation where issues are being experienced in obtaining audited accounts. It was further agreed that the Assistant Director – Investment Strategy will be asked to prepare and circulate a short briefing note for Committee members outlining the issues in relation to this particular case, the Sustainable Growth Fund.

Members also queried the error in the BCPP valuation and questioned what measures could be put in place to ensure an accurate first valuation avoiding the need for a revised management valuation. The Acting Assistant Director – Resources explained that the valuation error was as a result of one item being undervalued and that as a result BCPP have introduced a new control measure that ensures that any material changes in valuation between quarters are highlighted to BCPP so that they can liaise with investment managers to ensure accurate figures are used.

RESOLVED: Members received and noted the External Auditor's Year End Report for the Pension Fund.

10 EXTERNAL AUDITORS ANNUAL REPORT 2024/25

Richard Lee, Director at KPMG, presented the Auditors Annual Report for 2024/25 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. It was confirmed that there were no significant issues to report or draw to the attention of the Audit & Governance Committee.

RESOLVED: Members received and noted the External Auditor's Annual Report 2024/25

11 LETTER OF REPRESENTATION 2024/25

The Acting Assistant Director – Resources presented the report to seek Members approval of the Chief Finance Officer's formal letter to the Auditor giving representations regarding the information in the Statement of Accounts for 2024/25, as set out in the Accounts and Audit Regulations 2015.

It was confirmed that there were no specific representations contained in the Authority letter and members were asked to note the two uncorrected audit differences in the Fund letter.

RESOLVED: Members authorised the approval of the Authority and Fund Letters of Representation on behalf of the Authority.

12 APPROVAL OF THE STATEMENT OF ACCOUNTS 2024/25

The Acting Assistant Director – Resources presented the report to approve the audited Statement of Accounts 2024/25. He commented on the positive outcomes and thanked KPMG for the work carried out throughout the year. Members were asked to note the small number of amendments to the accounts arising from the audit with only two material issues; in relation to Authority Accounts – Pensions, and in relation to Fund Accounts – Contractual Commitments.

Members received the report and welcomed the positive outcomes.

RESOLVED: Members

- a. **Approved the Statement of Accounts 2024/25;**
- b. **Authorised the Chair of the Audit & Governance Committee to sign the final, audited Statement of Accounts on behalf of the Authority, including in the event of any material substantive changes required following the audit completion**

13 2024/25 SOUTH YORKSHIRE PENSIONS AUTHORITY ANNUAL REPORT

The Director presented the report to seek approval for the Authority's Annual Report for 2024/25 for publication. It was explained that the Annual Report is required to be produced in line with the standard format set out by statutory guidance and will also be supported by our SYPA: In Focus video that will be published alongside the report.

Members were asked to note that the 2024/25 report is fully compliant with statutory guidance and that the external auditor will review the annual report in order to provide their consistency opinion that the report reflects the audited accounts.

Members asked for clarification on the timescales for publishing and it was confirmed that the report would be published following receipt of the auditor's signed opinion, which is targeted for around 17 October 2025.

RESOLVED: Members

- a. Approved the Annual Report of the Authority for 2024/25 at Appendix A.
- b. Authorised the Director to incorporate the audited accounts into the Annual Report and make any minor cosmetic and/or textual amendments required prior to publication.
- c. Authorised the Director to publish the Annual Report on receipt of the Auditor's consistency opinion.

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. It was noted that two new agreed management actions have been added since the last report.

RESOLVED: Members

- a. Note the progress being made on implementing agreed management actions; and
- b. Considered if any further information or explanation is required from officers.

CHAIR