

## West Northamptonshire Council

### Pension Committee

02/10/2023

### Mark Whitby – Head of Pensions

Report Title	Internal Audit Report 2022-23
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#### Contributors/Checkers/Approvers

West MO	Sarah Hall on behalf of Catherine Whitehead	12/9/2023
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Head of Pensions	Mark Whitby	17/8/2023

#### List of Appendices

#### Appendix A – Internal Audit Report: Administration of the Northamptonshire Pension Fund 2022-23

##### 1. Purpose of Report

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- 1.1. To present the findings of Internal Audit work covering the period 2022-23.

##### 2. Executive Summary

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- 2.1 The audit assessed the adequacy of design and implementation of controls for the administration of the pension fund covering the period 2022-23. Based on the completion of the work undertaken by the WNC Audit and Risk Management Service, a **substantial** opinion assurance was given in respect of the control environment / system in place, and a **substantial** assurance opinion for compliance. The full report is included as Appendix A.

##### 3. Recommendation

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- 3.1 The Pension Committee is asked to note the contents of the report.

#### **4. Reasons for the Recommendation**

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- To ensure adequate oversight of the administrative performance of the Northamptonshire Pension Fund.
- To ensure good governance and compliance with the Local Government Pension Scheme Regulations and other relevant legislation and guidance.

#### **5. Report Background**

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- 5.1 Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. The work of Internal Audit complements and supports the work of external auditors in forming their opinion on the financial accounts.
- 5.2 The administration of the Northamptonshire Pension Fund is audited annually to provide appropriate assurance to senior management, Members and key stakeholders. Each year the scope of work is assessed and on occasion is extended, as it was for the 2021-22 audit, to ensure it addresses the key elements and covers appropriate areas of risk, whilst avoiding any duplication of assurance provided by others.

#### **6. Issues and Choices**

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- 6.1 Not Applicable

#### **7. Implications (including financial implications)**

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##### **7.1 Resources and Financial**

- 7.1.1 There are no resources or financial implications arising from this report.

##### **7.2 Legal**

- 7.2.1 The Constitution section 4.8 para 1.3 (b) (vi) Risk Management Strategy states the Committee is responsible for maintaining policies and procedures and for the regular monitoring of the Fund's key risks and agreeing how they should be managed and/or mitigated of which the Internal Audit forms a part.
- 7.2.2 The requirement for an Internal Audit function derives from section 151 of the Local Government Act 1972 and the requirement to make arrangements for the proper administration of its affairs. All principal local authorities and other relevant bodies subject to the Accounts and Audit Regulations 2015 in England should make provision for Internal Audit in accordance with public sector internal auditing standards or guidance.

### 7.3 Risk

7.3.1 Good governance ensures that the Pension Fund is appropriately managed and has oversight by audit to ensure transparency.

7.3.2 The risks associated with failing to independently assess the Pension Fund has been captured in the Fund's risk register as detailed below.

Risk	Residual risk rating
Contributions to the Fund are not received on the correct date and/or for the correct amount. (Risk 4)	Amber
Risk of fraud and error. (Risk 10)	Green
Failure to understand and monitor risk and compliance. (Risk 11)	Green
Failure to administer the scheme in line with regulations and guidance. (Risk 17)	Green
Incorrect/poor quality data held on the Pension Administration and Payroll platforms or delays with receiving information leading to incorrect information/delayed provision of information to members and stakeholders. (Risk 14)	Amber

The Fund's full risk register can be found on the Fund's website at the following link:  
<https://pensions.northamptonshire.gov.uk/governance/key-documents/northamptonshire/>

### 7.4 Relevant Pension Fund Objectives

7.4.1 The audit work undertaken was designed to support the Pension Service in achieving its objectives through the effective management of risk. The work therefore supports all of the objectives of the Pension Service, in particular.

- To continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.
- To administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration.
- To maintain accurate records and ensure data is protected and used for authorised purposes only.

### 7.5 Consultation

7.5.1 Consultation was not required for this report.

## 8. Background Papers

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8.1 Not Applicable