

West Northamptonshire Council

Pension Committee

12/10/2022

Mark Whitby – Head of Pensions

Report Title	Internal Audit Report 2021-22
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Contributors/Checkers/Approvers

West MO	Jennifer Affie on behalf of Catherine Whitehead	22 September 2022
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List of Appendices

Appendix A – Internal Audit Report: Administration of the Northamptonshire Pension Fund 2021-22

1. Purpose of Report

1.1. To present the findings of Internal Audit work during 2021-22.

2. Executive Summary

2.1 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.

2.2 The work of Internal Audit complements and supports the work of external auditors in forming their opinion on the financial accounts. Internal audit work is coordinated with the external auditors, and they place reliance on the work of internal audit to reduce the level of testing they undertake themselves. This reduces overall costs by avoiding unnecessary duplication of effort and supports delivery of an efficient and effective service.

2.3 The report details the outcome of Internal Audit work during 2021-22.

3. Recommendations

3.1 The Pension Committee is asked to consider and note the findings from Internal Audit work during 2021-22.

3.2 Reason for Recommendation: To receive independent assurance relating to the robustness of arrangements supporting the administration of the Northamptonshire Pension Fund.

4. Report Background

4.1 During 2021-22, Internal Audit work focused on the administration of the Northamptonshire Pension Fund.

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

5. Issues and Choices

5.1 Not Applicable

6. Implications (including financial implications)

6.1 Resources and Financial

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

6.2 Legal

6.2.1 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.

6.2.2 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.

6.2.3 There are no legal implications arising from this report.

6.3 Risk

- 6.3.1 Good governance ensures that the Pension Fund is appropriately managed and has oversight by audit to ensure transparency.
- 6.3.2 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.	Amber
Risk of fraud and error.	Green
Failure to understand and monitor risk and compliance.	Green
Failure to administer the scheme in line with regulations and guidance.	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.	Green

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/>

6.4 Relevant Pension Fund Objectives

6.4.1 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.

6.5 Consultation

6.5.1 Consultation was not required for this report.

7. Background Papers

7.1 Not Applicable