

**Report to:** Pension Committee

**Date of meeting:** 24 February 2022

**By:** Chief Internal Auditor

**Title:** Internal Audit Reports and the Internal Audit Strategy for Pensions 2022/23

**Purpose:** This report advises the Committee of the outcomes of the attached audits and requests its approval of the Internal Audit Strategy for Pensions and Annual Plan 2022/23.

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## RECOMMENDATIONS

The Committee is recommended to:

- note the following Internal Audit reports:
    - Pension Fund Governance 2021/22 (Appendix 1);
    - Pension Fund Compliance with Regulatory Requirements 2021/22 (Appendix 2); and
    - The Implementation of Altair (Appendix 3);
  - approve the 2022/23 Internal Audit Strategy for Pensions and Annual Plan (Appendix 4).
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### 1. Background

#### Completed Audits

1.1 The reviews of:

- Pension Fund Governance 2021/22 (Appendix 1);
- Pension Fund Compliance with Regulatory Requirements 2021/22 (Appendix 2); and
- The Implementation of Altair (Appendix 3)

were completed as part of the Internal Audit Strategy for Pensions 2021/22 and provide assurance on the overall effectiveness of their respective systems' controls.

1.2 As a result of our work on Pension Fund Governance 2021/22, we were able to provide an opinion of **Reasonable Assurance** over the controls in place, as we did in the previous year. The report contains three medium- and low-risk findings, which reflect the limitations of a single fund to be able to influence the governance arrangements of the ACCESS Pool. The East Sussex Pension Fund (ESPF) is continuing to work with the ACCESS Joint Committee to strengthen the Pool's governance arrangements. Actions have been agreed with management to address these issues.

1.3 Following our work on Pension Fund Compliance with Regulatory Requirements 2021/22, we were able to provide an opinion of **Substantial Assurance** over the controls in place and there are no findings to report. Last year's report also gave Substantial Assurance but with three findings.

1.4 The third report relates to the Implementation of Altair. As no issues were identified in our work that had not also been identified, and reported, in other audits, there were no findings - and corresponding actions - in this report. Similarly, no audit opinion was given because these findings have already influenced the audit opinions of other audits.

### **Internal Audit Strategy and Plan for Pensions**

1.5 The Council's Internal Audit Strategy for Pensions 2022/23 sets out the approach Internal Audit takes when planning its assurance on the effectiveness of controls over the ESPF. It sets out the risks inherent in administering a large and complex scheme so that audit resources may be focussed on areas where these risks are highest. The new Strategy reflects the transfer of the administrative function and, for the first time, contains separate audits of the collection of contributions and the payment of benefits. These areas were both previously covered under the Pension Administration – People, Processes and Systems audit.

1.6 Input has been sought from officers responsible for running the Scheme and from the Chairs of both the Pension Board and the Pension Committee and their contributions have been fed into the draft Strategy.

## **2. Conclusions and Reasons for Recommendation**

2.1 The Pension Committee is:

- recommended to note the Internal Audit reports; and
- requested to approve the Internal Audit Strategy for Pensions and Annual Plan 2022/23.

RUSSELL BANKS  
Orbis Chief Internal Auditor

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### **BACKGROUND DOCUMENTS:**

None