

# Cambridgeshire Pension Fund

Pension Fund Committee

Date: 4th October 2023

Report by: Internal Audit

Subject:	Internal Audit Report 2022-23
Purpose of the Report	To present the findings of Internal Audit covering the period 2022-23.
Recommendation	The Committee are asked to note the Internal Audit work covering the period 2022-23.
Enquiries to:	Scott Peasland – Audit Manager <a href="mailto:Scott.Peasland@westnorthants.gov.uk">Scott.Peasland@westnorthants.gov.uk</a>

## 1. Background

- 1.1 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.
- 1.2 The administration of the Cambridgeshire 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.

## 2. Report Content

- 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. Relevant Fund Objectives

- 3.1 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.

Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers.  
*Objective 2*

Continually monitor and measure clearly articulated objectives through business planning. *Objective 4*

Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. *Objective 5*

### 4. Risk Management

- 4.1 Good governance ensures that the Pension Fund is appropriately managed and has oversight by audit to ensure transparency.
- 4.2 The risks associated with failing to independently assess the Pension Fund has been captured in the Fund's risk register as detailed below.

Risk Mitigated	Residual Risk
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

- 4.3 Please see full details of the [Cambridgeshire Pension Fund Risk Register](#)

### 5. Finance & Resources Implications

- 5.1 There are no finance or resource implications associated with this report.

### 6. Communication Implications

Direct Communications: The work of auditors is transparent and reported to the Pension Committee and Pension Board.

Website: The report will also be published on internet.

## 7. Legal Implications

- 7.1 The requirement for an Internal Audit function derives from section 151 of the Local Government Act 1972. 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 the Code.

## 8. Consultation with Key Advisers

- 8.1 Consultation with the Fund's advisers was not required for this report.

## 9. Alternative Options Considered

- 9.1 Not applicable

## 10. Background Papers

- 10.1 Not applicable

## 11. Appendices

- 11.1 Appendix 1 – Internal Audit Report: Administration of the Cambridgeshire Pension Fund 2022-23.

## Checklist of Key Approvals

Is this decision included in the Business Plan? No

Will further decisions be required? If so, please outline the timetable here. No

Is this report proposing an amendment to the budget and/or policy framework? No

Has this report been cleared by Section 151 Officer? Sarah Heywood – 11/9/2023

Has this report been cleared by Head of Pensions? Mark Whitby – 18/08/2023

Has the Chair of the Pension Fund Committee been consulted? Councillor Whelan – 15/9/2023

Has this report been cleared by Legal Services? Emma Duncan – 31/08/2023