

Cambridgeshire Pension Fund

Pension Fund Committee

Date: 22nd July 2021

Report by: Chief Internal Auditor

Subject: Internal Audit Report 2020-2021

Purpose of the report: To present the finding of Internal Audit work during 2020-21.

Recommendations: The Committee is asked to note the Internal Audit work during 2020-21.

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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.
- 1.2 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. Report Content

- 2.1 During 2020-21, Internal Audit work focused on the annual audit of the administration of the Cambridgeshire Pension Fund.
- 2.2 The audit assessed the adequacy of design and implementation of controls for the administration of the pension fund. Based on the completion of our fieldwork and the testing carried out, we gave **substantial** assurance the control environment in place and for **good** assurance 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.

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	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 leading to incorrect information being provided to members and stakeholders.	Green

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

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.

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 2020-21

Checklist of Key Approvals

Is this decision included in the Business Plan? No

Will further decisions be required? 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 – 8/7/2021

Has this report been cleared by Head of Pensions? Mark Whitby – 25/6/2021

Has the Chairman of the Pension Fund Committee been consulted? Councillor Whelan – 8/7/2021

Has this report been cleared by Legal Services? Fiona McMillan – 28/6/2021