

Summary of Internal Audit Work

Internal Audit Work 2012/13 to 2014/15

Year	Heading (Date of Final Report)	Scope	Assurance Level	No of Recommendations	
				Reported	Implemented at Follow-Up
2012/13	Pensions Administration (Feb 2013)	Review of the framework of internal controls in relation to the Administration processes, including ensuring that: <ul style="list-style-type: none"> • Control arrangements are in place to certify that all benefits calculations are carried out timely and accurately. • Employer contributions are received in full, recorded timely and accurately. • Member information held within Altair is accurate and maintained in a timely manner. 	‘4’ Good	7	6 (*1)
2013/14	Pensions Investments (July 2013)	Limited review concentrated on supporting the Investment Manager in reviewing the adherence of the fund to the Myners Principles, reviewing the structure of independent advice and providing guidance on the use of electronic transaction processes with the Global Custodian Bank.	‘5’ Excellent	3	1 (*2) (*3)
	Pensions Payroll (January 2014)	This reviewed: <ol style="list-style-type: none"> 1) Pension Payments are only made to eligible recipients. 2) Monthly and lump sum pension payments are made accurately and promptly. 3) Pension payments are accurately recorded on the pension system and reconciled monthly with the Financial Management System. 4) Information and payments sent to external organisations, including government departments and agencies in an accurate and timely manner. 5) Management reporting (which is relevant, sufficient, accurate and timely) is produced and issued to the appropriate level (includes exception/error reporting). 	‘4’ Good	3	3

2014/15	Pensions Administration (i-Connect)	This audit review took place during the project period, to give assurance that: 1) the files received from employers are managed and uploaded in a controlled way; 2) corrections are tracked through a proper decision process and audit trail; 3) error log management is properly controlled.	'4' Good	1	1
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- *1 - Implemented final recommendation based on a revised implementation date – Review and update of the Records Retention Schedule.
- *2 - Adoption of guidance notes for use as and when the new electronic money transfer system is introduced.
Management Response at Follow-Up - The new electronic system was not introduced as it does not allow foreign currency transactions. Most of our money transfers through the custodian are in foreign currencies. The custodian platform should permit this soon at which time the guidance notes will be disseminated and training given.
- *3 - The Avon Pension Fund should consider the requirement to continue with 3 sources of independent advice for reasons of value for money and potential conflict of advice.
Management Response at Follow-Up - The Public Service Pensions Act 2013 requires LGPS funds to establish a Pension Board to scrutinise the administering authority. Given this change in the governance arrangements, the review of the Independent Investment Advisor has been postponed in order to consider the implications of the new arrangements.

Internal Audit Work 2015/16

1) **Pensions Administration (Member Records / Contributions)** – {Planned Quarter 3 2015/16}

The Audit Brief was agreed in October 2015 and the scope as per the Audit Brief is:

The audit will review the following key risks/control objectives:

- a) Employer (employer and employee) contributions are accurate and received in full by specified timescales.
- b) Employers provide accurate member and contribution information by specified timescales.
- c) The Pension Fund provides accurate and timely information to assist employers in fulfilling their Pension Fund obligations.
- d) Member information is held in compliance with Data Protection and is provided to relevant parties to fulfil member and regulation requirements.
- e) Governance framework and processes are in place to manage/scrutinise Pension Fund administration.

2) **IT Systems - Altair & i-Connect** {Planned Quarter 4 2015/16}

Scope to be agreed and could include:

- Access to the system is restricted.
- The integrity of the data within the system is safeguarded.
- System availability is maintained by robust Business Continuity and IT Disaster Recovery arrangements.