

Confidential

Final Internal Audit Report

Pension Services

Governance Arrangements 2015/16

This document has only been distributed to these individuals:

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1 **Audit objectives**

1.1 This review has sought to assess the effectiveness of controls in place focusing on those designed to mitigate risk in achieving the following key objectives:

- the project to establish a Pension Fund Panel and Board is managed effectively from a time and completeness perspective ensuring the legislative requirements are met;
- governance arrangements for the Hampshire Pension Fund are in line with the amended Local Government Pension Scheme (LGPS) Regulations 2015 and specific Department for Communities and Local Government (DCLG) approvals;
- the Pension Fund Panel and Board delivers the benefits that are intended and that were accepted by the DCLG.

2 **Audit opinion**

2.1 The overall opinion of this review based on the audit evidence obtained, is that **substantial assurance** can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives.

3 **Executive summary**

3.1 Audit review found that the project to establish the new arrangements was appropriately managed, with project action plans in place and key milestones identified, monitored and met, ensuring that the project was delivered to time and agreed DCLG requirements.

3.2 Testing found that authority to establish the Joint Panel and Board in line with DCLG approvals was gained from Hampshire County Council at their Full Council meeting on 16 July 2015. An appropriate governance framework was put in place and approved. Processes undertaken to publicise the changes, recruit membership and deliver training were found to be robust, timely and transparent.

3.3 A review of the evidence to support the draft report to the DCLG, which outlines how the benefits required as part of the authorisation have been delivered, found suitable supporting evidence of delivery.

4 **Action plans**

4.1 No action plans have been drawn up for management response following this review.

Annex A**Key**

The following is the key to quantify observations identified in the audit:

Assurance levels

Opinion	Framework of governance, risk management and management control
Substantial assurance	A sound framework of internal control is in place and is operating effectively. No risks to the achievement of system objectives have been identified.
Adequate assurance	Basically a sound framework of internal control with opportunities to improve controls and / or compliance with the control framework. No significant risks to the achievement of system objectives have been identified.
Limited assurance	Significant weakness identified in the framework of internal control and / or compliance with the control framework which could place the achievement of system objectives at risk.
No assurance	Fundamental weakness identified in the framework of internal control or the framework is ineffective or absent with significant risks to the achievement of system objectives.

Annex B**Assignment – Progress Control Sheet**

Assignment stage	Assignment Progress				Comments
Audit Outline	Issued	29/06/2015	Agreed	10/07/2015	
Fieldwork commenced	Target	29/06/2015	Actual	14/07/2015	
Fieldwork completed	Target	31/03/2016	Actual	02/03/2016	
Close of audit meeting	Target	31/03/2016	Actual	05/02/2016	
Draft Report Issued	Target ¹	19/02/2016	Actual	05/02/2016	
Factual accuracy agreed and management response provided	Requested ²	19/02/2016	Provided	08/02/2016	
Draft final report issued	Target ³	15/02/2016	Actual	15/02/2016	
Senior management sign-off	Requested ⁴	22/02/2016	Provided	17/02/2016	
Final report issued	Target ⁵	19/02/2016	Actual	18/02/2016	

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¹ Within 10 working days of close of audit meeting

² Within 10 working days of draft report issued

³ Within 5 working days of receipt of management response

⁴ Within 5 working days of draft final report issued

⁵ Within 2 working days of senior management sign-off