

Buckinghamshire & Milton Keynes Fire Authority



MEETING	Overview and Audit Committee
DATE OF MEETING	27 July 2016
OFFICER	David Sutherland, Director of Finance and Assets Maggie Gibb, Internal Audit Manager
LEAD MEMBER	Councillor David Watson
SUBJECT OF THE REPORT	Internal Audit Report: Final Audit Reports
EXECUTIVE SUMMARY	<p>The purpose of this paper is to update Members on the findings of the finalised Internal Audit reports issued since the last Overview and Audit Committee meeting.</p> <p>The management letter following the review of the Pensions Administration Transfer, has been issued since the last meeting and has been agreed with management.</p> <p>The recommendations have all been agreed with management and suitable deadline dates for implementation have been identified. Internal Audit will monitor implementation of the recommendations as they fall due.</p>
ACTION	Information.
RECOMMENDATIONS	That members note the recommendations raised in the finalised Internal Audit reports.
RISK MANAGEMENT	There are no risk implications arising from this report.
FINANCIAL IMPLICATIONS	The audit work is contained within the 2016-17 budget.
LEGAL IMPLICATIONS	There are no legal implications arising from this report.
CONSISTENCY WITH THE PRINCIPLES OF COLLABORATION	Not applicable.
HEALTH AND SAFETY	There are no health and safety implications arising from this report.

EQUALITY AND DIVERSITY	There are no equality and diversity implications arising from this report.
USE OF RESOURCES	Communication and progress monitoring All audits, follow up reports and further updates will be submitted to SMB and Overview and Audit Committee.
PROVENANCE SECTION & BACKGROUND PAPERS	Internal Audit Plan 2015/16 Internal Audit Plan 2016/17 Internal Audit reports taken to Overview and Audit Committee
APPENDICES	Annex A: Pensions Administration Transfer Management Letter
TIME REQUIRED	10 minutes
REPORT ORIGINATOR AND CONTACT	Maggie Gibb – Internal Audit Manager mgibb@buckscc.gov.uk 01296 387327

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Date: 24 June 2016

Ref: 16-32

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Dear All,

Draft Management Letter on Audit Review of Pensions Administration Transfer

Following a tender process the administration of the Firefighters' Pension Scheme was transferred from the Buckinghamshire County Council (BCC) Pensions Team to West Yorkshire Pension Fund (WYPF), effective from 1 April 2016.

The objectives for this Internal Audit review were to provide a high level evaluation of the adequacy and effectiveness of the transfer arrangements and governance surrounding the transfer of the administration of the Firefighters' Pension Schemes.

As part of the audit work the adequacy of controls for mitigating the following risks were reviewed:

1: Governance

If the governance arrangements surrounding the transfer of the fund are inadequate there is a risk that responsibilities are not defined or monitored leading to all necessary actions not being undertaken.

2: Transfer of pension data

If incomplete or inaccurate data is transferred there may be financial implications for the Fire Authority and Pension Scheme members.

The Audit Review found that governance arrangements for the transfer of the pension administration were robust. The transfer is being run as a project with all expected documentation such as risk registers and highlight reports being in place, regularly reviewed and updated. A contract has been signed between BMKFA and WYPF which details roles and responsibilities and key performance indicators. There is a separate data sharing agreement in place which has been signed by BMKFA, WYPF and BCC. Regular meetings have been held between BMKFA staff, BCC Pensions Team and WYPF staff to discuss and agree actions.



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A sample of the transferred data was tested. It was found that at the time of the testing all members in the sample were recorded on the WYPF system. However, not all supporting documents had been scanned onto the system.

WYPF has requested that further information is provided by BCC with regard to reporting exception items to HMRC and data to enable Annual Benefit Statements to be produced.

These issues have been raised in the action plan at Appendix A below.

I would be grateful if you could respond to this draft management letter with any comments by 24 June in order to facilitate finalising it. The contents of the final management letter will feed into Internal Audit reporting to Overview and Audit Committee.

Yours sincerely,

Maggie Gibb
Internal Audit Manager

Cc: David Sutherland, Director of Finance and Assets
Jason Thelwell, Chief Fire Officer

Appendix A. Issues Raised and Action Plan

Management actions have been agreed to address control weakness identified during the exit meeting and agreement of the draft Internal Audit report. All high and medium management actions will be entered on the Council's Performance Management Software and progress in implementing these actions will be tracked and reported to the Regulatory & Audit Committee. We categorise our management actions according to their level of priority:

Priority High (H)	Major issue or exposure to a significant risk that requires immediate action or the attention of Senior Management.
Priority Medium (M)	Significant issue that requires prompt action and improvement by the local manager.
Priority Low (L)	Minor issues requiring action to improve performance or overall system of control.

1.	Audit Finding, risk exposure and potential impact	Priority	Management Action
1	<p><u>Transfer of data</u></p> <p>A sample of 10 BMFKA pensioners/active members was tested to confirm that the data transferred from the BCC system is correct on the WYPF system. It was found that:</p> <p>For one member although supporting documentation had been scanned into the WYPF system for the 2006 Scheme in which he has a deferred benefit, documentation had not yet been scanned in for the 2015 Scheme which he is an active member of. The contribution rate for the 2015 Scheme was also not recorded on the system for this member. It was confirmed by the Human Resources Development Manager that due to the volume of data WYPF had not yet scanned in all documents.</p> <p>There is a risk that pension payments and calculations are incorrect and key decisions may be made based on out of date or inaccurate information.</p>	L	<p>A further spot check of members' details will be carried out once WYPF have confirmed that all the data has been scanned into the WYPF system to give assurance that the data is correct and complete.</p> <p>Officer responsible: HR Development Manager</p> <p>Date to be implemented by: 1 September 2016</p>

2	<p><u>Written agreement with BCC</u></p> <p>An issue was raised in the 2015/16 Pensions Audit regarding the lack of a signed agreement with BCC that they would continue to administer the Fire Pension Schemes if there were issues with the transfer and it could not be completed in the required timescale. Although written confirmation has now been received WYPF have since stated that they may need the following further information from BCC:</p> <ul style="list-style-type: none">• Reporting on exception items to HMRC around tax free cash, annual allowances, lifetime allowances etc. against which HMRC have already raised a query.• Data from last year for the Annual Benefit Statements which need to be produced by the end of August. <p>BCC stated in their agreement that there may be a charge for any substantial extra work.</p> <p>There is a risk that the information may not be received in a timely manner and there may be a cost to BMKFA.</p>	M	<p>Confirmation will be sought from BCC that this additional information will be provided as necessary to meet statutory deadlines. This will be captured in a meeting with relevant BCC staff.</p> <p>Officer responsible: HR Development Manager</p> <p>Date to be implemented by: 30 July 2016</p>
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