

Internal Audit and Counter Fraud

Surrey Pension Fund Internal Audit

Progress Report for Quarter Three 2024-25

February 2025

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1. Summary of Audit Work

Surrey Pension Fund Business Continuity Arrangements

- 1.1 An audit of the Pension Fund's business continuity arrangements was finalised in November 2024. Until 2023, the Fund did not have its own bespoke Business Continuity Plan (BCP), relying instead on the administering Council's BCP. Following an organisational redesign to bring together the investment and administration functions to form a single Pension team, work commenced on developing a specific BCP for SPT.
- 1.2 This audit was part of the agreed audit plan for 2024/25 and set out to ensure the Fund's business continuity arrangements are adequate and effective. The audit reviewed: the business impact analysis and risk assessment, development and maintenance of the BCP, testing and exercising of the BCP, crisis communication and stakeholder engagement, recovery strategies for key systems and processes, and training and awareness programs for staff.
- 1.3 We found the Fund are aware of the need to have bespoke Business Continuity arrangements and work has been ongoing to develop this since October 2023. Alongside this, management are fully aware that whilst the Business Impact Assessment (BIA) and Business Continuity Plan (BCP) documents have been produced, they do not yet fully constitute mature and comprehensive business continuity arrangements for the Fund although the direction of travel and progress made is positive. We also found the BCP has been based on appropriate guidance and template documentation, and that an appropriate risk register is maintained.
- 1.4 Overall, we concluded that the opinion in this area was of **Reasonable Assurance**, and we agreed three actions with management (all medium priority) to secure improvements in the following areas:
- Timetable for completion and review of the BIA and BCP;
 - Staff engagement with BIA and BCP; and
 - Staff BC training.

Overseas Pensioner Life Certification

- 1.5 Overseas Pensioners Life Certification (OPLC) is a verification process used by pension schemes to confirm that a pensioner living abroad is still alive and eligible to receive their pension. Surrey Pension Fund (SPF) outsourced, as part of a pilot exercise, part of its OPLC responsibilities to an external supplier (Crown Agents Bank).
- 1.6 This audit was an addition to the audit plan for 2024/25 and set out to ensure that the arrangements surrounding OPLC have appropriate controls in place. The audit considered: processes in place to identify fraud, compliance with relevant regulations and policies, data

protection measures, efficiency and effectiveness of processes, supplier process effectiveness and security, and that there is appropriate SPF and supplier documentation in place.

- 1.7 We found that the services of the supplier were procured in compliance with the Council's Procurement and Contract Standing Orders and the selected supplier uses appropriate techniques to verify pensioners' identities, helping to ensure both security over the use of personal data and efficiency during the certification process. Alongside this, the Fund also has appropriate oversight of the verifications being completed.
- 1.8 Overall, we concluded that the opinion in this area was of **Reasonable Assurance**, and we agreed three actions with management (all medium priority) to secure improvements in the following areas:
 - Lack of oversight of supplier certifications;
 - Formal agreement between SPF and the supplier; and
 - SPF OPLC process documentation.

2. Action Tracking

- 2.1 We seek written confirmation from the Pensions team that all high priority actions due for implementation are complete. Where follow-up audits are undertaken, we reassess the progress of all agreed actions (low, medium, and high priority). Periodically we may also carry out random sample checks of all priority of actions.
- 2.2 All high-priority actions due to be implemented by management by the end of January 2025 have been implemented.

3. Pension Fund Audit Plan Update

- 3.1 In accordance with proper professional practice, the Internal Audit annual plan for Surrey Pension Fund is kept under regular review to ensure that we continue to focus our resources in the highest priority areas based on an assessment of risk.
- 3.2 Below is an overview including relevant updates of the Fund's Internal Audit Plan for 2024/25:

Audit Name	Audit Status	Audit Opinion (If Applicable)
Pension Fund Business Continuity Arrangements	Completed	Reasonable Assurance
Pension Fund Governance Arrangements	Will now be a support and advice piece of work	N/A

Administration Review (Deaths Admin)	Fieldwork in progress	
Pension Fund Investments	Due to start in Q4	
Admission Arrangements	Carried forward into 2025/26 plan.	
Follow up of the Banking Controls Review	Initial Review Completed as part of 22/23 audit plan - Interim Final Report issued in Q1 23/24. Further review work not possible at this stage due to ongoing stabilisation work with MySurrey. Further review will now be carried out in March 2025.	
Overseas Pensioners Life Certification	Completed	Reasonable Assurance

Audit Opinions and Definitions

Opinion	Definition
Substantial Assurance	Controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
Reasonable Assurance	Most controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
Partial Assurance	There are weaknesses in the system of control and/or the level of non-compliance is such as to put the achievement of the system or service objectives at risk.
Minimal Assurance	Controls are generally weak or non-existent, leaving the system open to the risk of significant error or fraud. There is a high risk to the ability of the system/service to meet its objectives.

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