

Internal Audit and Counter Fraud

Surrey Pension Fund Internal Audit

Progress Report for Quarter Three 2023-24

February 2024

CONTENTS

1. Summary of Completed Audits
2. Action Tracking
3. Pension Fund Audit Plan Update

1. Summary of Completed Audits

Pension Fund Cyber Security Arrangements

- 1.1 An audit of the cyber security arrangements within the Surrey Pension Fund was completed in October 2023.
- 1.2 This audit, part of the agreed 2023/24 plan, set out to assess and provide assurance that the Surrey Pension Fund has sufficient controls in place and complies with the pension regulators cyber security principles for pension schemes. The principles provide guidance over the following areas:
 - Governance
 - Controls
 - Incident response
 - Managing evolving risk
- 1.3 We found that there was a high level of compliance with the principles set out by the Pensions Regulator. Alongside this we identified there is a robust approach to managing the risk to the Pension Fund associated with cyber security and preventing loss of data and unauthorised access to key systems and data.
- 1.4 Overall, we concluded that the opinion in this area should be of **Reasonable Assurance**, and we agreed one action with management (one medium priority) to secure improvements in the training process for staff.

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 December 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 2023/24:

Audit Name	Audit Status	Audit Opinion (If Applicable)
Cyber Security	Completed – Final Report Issued	Reasonable Assurance
i-Connect Application Control	Fieldwork underway	
Administration Review – Transfers In	Draft Report Issued	Reasonable Assurance anticipated at draft report stage
Pension Investments	Not yet started – carry forward to 2024/25	
Admission Arrangements	Not yet started – carry forward to 2024/25	
Follow Up of the LGPS Performance Management Review	Completed – Final Report Issued	Substantial Assurance
Follow up of the Banking Controls Review	Initial Review Completed as part of 22/23 audit plan - Interim Final Report issued in Q1 this year, further review work will be needed later in the year due to delays associated with the MySurrey implementation	No opinion given at this stage - However, further follow up work will be completed later in the year as appropriate.

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.