

Surrey Local Government Pension Scheme

Internal Audit Strategy and Plan

2024/25



1. Introduction

- 1.1. Surrey County Council (the Council) is the designated statutory administering authority for the Surrey Pension Fund (the Fund). The Council has a statutory responsibility to administer and manage the Fund in accordance with the rules of the Local Government Pension Scheme (LGPS).
- 1.2. The Fund currently comprises of the Council and 361 scheme employers including, but not limited to, district and borough councils and academic bodies. There are currently circa 117k members of whom 38k were active, and 47k deferred. The remaining 32k are comprised of pensioners and dependants.
- 1.3. A new service structure for the Pension Team was implemented in 2022/23 following a return to sovereign control of the pension administration functions from the Orbis Business Operations shared service.
- 1.4. The Fund pools with other Funds to create the Border to Coast Pensions Partnership. We (the Orbis Internal Audit & Counter Fraud Team) do not provide internal audit services to the Border to Coast Pensions Partnership.
- 1.5. We (the Orbis Internal Audit & Counter Fraud Team) provide internal audit services to the Fund.

2. Objective

- 2.1. The objective of this Pension Fund Internal Audit Strategy and Plan ('The Strategy'), is to provide the Fund with a consistent, risk-based approach to determining an internal audit programme for the Fund, which takes maximum advantage of the available sources of internal and external assurance.
- 2.2. The Strategy seeks to provide assurance on the following aspects of Fund activities during 2024/25:
 - Pension Fund Investments;
 - Pension Fund Business Continuity Arrangements;
 - Pension Administration ; and
 - Pension Fund Governance Arrangements
- 2.3. We will carry out follow-up audits for any previous reviews where the assurance opinion was partial or minimal assurance to ascertain the degree to which agreed actions in these areas have been implemented. A follow up review of LGPS Banking Controls will be undertaken during 2024/25.

- 2.4. We are also holding a contingency allocation of audit days and we will discuss the most appropriate use of this resource with management as the year progresses.
- 2.5. The outline scope for each of the reviews is detailed at Appendix A.

3. Approach

- 3.1. The Strategy uses risk assessment as its foundation. The risk assessment will consider the materiality and significance of the processes involved, any negative factors such as problems or significant changes and any positive factors, which provide comfort or assurance. It should be borne in mind that the Fund is a material and fundamental financial system in its own right and, as such, should be subject to a proportionate level of coverage.
- 3.2. The outcome of the risk assessment will be an objective view of those areas of the business where assurance is required that risks are being managed effectively.
- 3.3. Throughout the year, there will be routine liaison between Internal Audit and management to identify emerging risks and ensure that this Strategy continues to reflect the needs of, and risks to, the Fund.
- 3.4. Where appropriate, audit coverage will be varied from year to year. In areas where no significant findings were made in the previous year, the scope may be widened to other areas to maximise the breadth of coverage and assurance.
- 3.5. Where possible, direct access to source data will be obtained, including to data held in the administration system (Altair), information passed via the Pension Regulator's on-line portal and HMRC's event reporting portal. Where access cannot be obtained, this will be reported.
- 3.6. We plan to deliver 100 audit days for the year 2024/25. This level of coverage will be kept under review to ensure that it remains appropriate to the needs of the Fund.

4. Professional Standards

- 4.1. Audits of the Fund will be carried out in accordance with the professional standards set out in the Public Sector Internal Audit Standards.

5. Reporting Arrangements

- 5.1. Internal Audit work will be reported in the following manner:
 - A terms of reference will be drafted and agreed with management;
 - An initial draft report will be issued to management for comments on factual accuracy and response to the issues and risks identified;

- A final report that includes agreed actions and implementation dates will be published to management.
- The results of audit work on the Scheme will be reported:
 - to the Surrey Local Pension Board and Surrey Pension Fund Committee; and
 - in summary form, to the Audit and Governance Committee, as part of our quarterly progress reports.

SURREY PENSION FUND INTERNAL AUDIT PLAN 2024/25

Please note that the following provides a high-level scope of the work we are proposing. At the beginning of each review (as with all our work), a detailed term of reference will be developed in consultation with management and therefore the details given below may change to reflect emerging issues and risks.

Review Name	Outline Objective
Pension Fund Business Continuity Arrangements	A review to assess the robustness of arrangements in place to manage business continuity within the management of the Fund.
Pension Fund Governance Arrangements	A review to assess the effectiveness of the overall governance arrangements in place for the LGPS Pension Fund.
Administration Review	An audit to review the key controls and the arrangements in place for an area of administration (TBC).
Pension Fund Investments	A review to assess the adequacy of the SCC Pension Fund management and governance arrangements.
Follow up of the Banking Controls Review	To further assess progress made against agreed actions from the 2021/22 report (Minimal Assurance) and interim follow-up report from 2023/24.
Contingency	We will also hold a contingency allocation and will discuss the most appropriate use of this resource with the Pensions Leadership Team as the year progresses.

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