

# Internal Audit and Counter Fraud

## Surrey Pension Fund Internal Audit

### Progress Report for Quarter One 2024-25

#### July 2024

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## 1. Summary of Completed Audits

### Pension Fund i-Connect Application

- 1.1 An application control audit of the i-Connect application was finalised in May 2024. This is the application used by the Surrey Pension Fund to help manage the transfer of employee information and changes to admitted bodies payroll data (e.g. new starters and leavers) to the pension administration system (Altair).
- 1.2 This audit was part of our agreed 2023/24 plan, and it set out to ensure appropriate system ownership and responsibilities are known and documented. The audit also reviewed: all major input, processing, and output controls; access controls; and the segregation of data that interface with any other systems.
- 1.3 We found that there are sufficient data safeguarding arrangements in place for the transfer of data between admitted bodies and Altair. Alongside this we found there are appropriate arrangements in place for: separation of access permissions for application users, recording of administrator actions, restrictions on access to the system, data validation, training for users, and technical support.
- 1.4 Overall, we concluded that the opinion in this area was of **Reasonable Assurance**, and we agreed five actions with management (two medium priority and three low priority) to secure improvements in the following areas:
  - Regular changing of application user's passwords (Medium);
  - User account review for employer's leavers (Medium);
  - Documentation of permission review (Low);
  - Review of system administrator activity (Low); and
  - Business continuity documentation (Low)

## 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 June 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 Due to some additional resource availability, we have agreed with management to add an audit to review the arrangements in place for the outsourcing of a contract to periodically review Overseas Pensioners Life Certification to this year's audit plan.
- 3.3 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		
Pension Fund Governance Arrangements	Scheduled for Q2	
Administration Review (Deaths Admin)	Likely to be in Q3	
Pension Fund Investments		
Admission Arrangements	Likely to be in Q3	
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 will now be carried out in quarter 2.	
Overseas Pensioners Life Certification	Terms of Reference has been produced and fieldwork is due to start soon.	

## Audit Opinions and Definitions

Opinion	Definition
<b>Substantial Assurance</b>	Controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
<b>Reasonable Assurance</b>	Most controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
<b>Partial Assurance</b>	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.
<b>Minimal Assurance</b>	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.