

# INTERNAL AUDIT PROGRESS REPORT

Date: 18 April 2024





## BACKGROUND

- 1 The internal audit programme of work was approved by the Pensions Board on 11 January 2024. The purpose of this report is to update members on the internal audit activity since that meeting, and to the end of March 2024.



## INTERNAL AUDIT PROGRESS UPDATE

- 2 In discussion with the Pensions Investment Manager and Senior Accountant, we have agreed to complete the majority of internal audit work from July 2024 onwards. These timings are to allow key council officers who would be required to support completion of the work, to be more involved in closing down North Yorkshire Councils' 23/24 financial statements.
- 3 An overview by audit of the proposed timings of work is summarised below.

Area	Timing of work
Expenditure	Work to start in April 2024.
Income	From July 2024 onwards.
Investments	From July 2024 onwards.
Procedures and resilience	From July 2024 onwards.



## FOLLOW-UP OF AGREED ACTIONS

- 4 All actions agreed with officers as part of our internal audit work are followed up to ensure that underlying control weaknesses are addressed.
- 5 There are actions from two previous audits which remain outstanding as at the end of March 2024. These relate to work on Pension Fund IT security and Income. An update on the progress made in respect of each of these areas is included below.

### **Pension Fund IT security work**

- 6 The final report was issued in September 2022 and had deadlines for completion of actions for 31 March 2023. The significant (priority 2) agreed action was in respect of business continuity and disaster recovery plans which needed to be reviewed and updated to meet current Pensions Regulator standards. The business continuity plan was also to be updated to include arrangements for plan testing, post-incident reviews, and for contacting external stakeholders.

- 7 In discussion with the responsible officer for the action (Head of Pensions Administration) work to complete the action is progressing. Meetings in March 2024 have taken place with the councils Resilience and Emergencies' team. A Business Impact Analysis and an Incident Management Plan are to start to be prepared in April, with an aim for these documents to be completed by the end of May. Following this, the Head of Pensions Administration aims to have completed disaster recovery and business continuity plans as a result of this work.

### **Income**

- 8 The final report was issued in September 2023 and has one remaining action outstanding, which was due for completion on 29 March 2024. The action related to the use of audit software once all employees had been onboarded to the new i-Connect (online returns) system. This action could help to mitigate the risk of employers submitting inaccurate or fraudulent pensions contributions data. The Head of Pensions Administration is the responsible officer for the action.
- 9 As employees are still being on-boarded to the i-Connect system, at this time, officers are not currently in a position to investigate the use of the audit software. The onboarding of all employees is now expected to have been completed by the end of 2024, which is when the action is now planned to be completed by.