

## Warwickshire Pension Fund

### 2021/22 Audit Findings Report Recommendations - Management Response and Action Plan

Recommendation	Management Response	Action Plan
<p><b>Journals Review and Approval</b></p> <p>Review the journal entry process to determine whether further segregation of duties can be introduced.</p>	<p>The arrangements for the entry and sign off of journals will be reviewed internally and additional recommendations regarding controls will be considered.</p> <p>Journal postings to the Warwickshire Pension Fund ledger do not require second user approval or authorisation. The recommendation does not highlight a change to the WCC approach and we remain satisfied that there are sufficient mitigating controls, including restrictions of journal posting access to mitigate the risk of the financial statements being materially misstated. However, a process of review will be undertaken considering the controls in place and whether there are areas that could be further strengthened. Limited capacity within the team has meant this review has not been formally progressed to date.</p> <p>In Autumn 2023, the financial system is being transferred from its current on-premises setup to a cloud-based solution. This may require amendments to the methods through which journals are posted to the ledger. Internal audit and corporate finance are actively engaged in the project. Through this involvement we will be able to monitor and assess any impact on the journal types, controls and specifics.</p>	<p><u>Future action:</u></p> <ul style="list-style-type: none"> <li>• Complete a review of journal controls</li> <li>• Actively engage with the move to a cloud-based financial system to ensure no weakening of the management of risk around the positing of journals.</li> </ul>
<p><b>IT General Controls</b></p> <p>The Council should define segregation of duty policies and processes around general</p>	<p>Grant Thornton undertake a separate systems control audit/refresh each year to inform their assurance around the integrity of the data in the Council's core systems.</p>	<p><u>Completed action:</u></p> <p>The full 'update' HR/Payroll system admin role was:</p>

<p>IT controls and ensure there is an understanding of roles, privileges assigned to these roles and where incompatible duties exist, including implementing alternative mitigating control where fully segregated access rights is not possible.</p>	<p>ICT have been actively liaising with Grant Thornton over the last year, including as part of during this year's (2023) audit. As part of this work a detailed review of system admin access has been undertaken and fed back to Grant Thornton as part of the management response with actions noted in the completed action statement.</p> <p>The area of outstanding concern following the 2022 refresh was in relation to the HR/Payroll system. Specific action has been undertaken in this area. The roles with administrative access have been reviewed and access either revoked or alternative arrangements with more limited access put in place.</p> <p>Across all core IT systems regular reviews of access and associated privileges are carried out.</p>	<ul style="list-style-type: none"> <li>• revoked from users who no longer required it to undertake their job roles; or</li> <li>• access was switched to a lower 'System admin lite' role; or</li> <li>• a new 'Recruitment system admin' role was created and assigned to users</li> </ul> <p><u>Future action:</u></p> <ul style="list-style-type: none"> <li>• Regular reviews of access and associated privileges carried out, including for all major systems changes</li> </ul>
<p><b>Contributions</b></p> <p>Whilst amounts are insignificant, as a good practice control point we would recommend that the Fund investigate discrepancies in payments with employers where these arise</p>	<p>Processes will be reviewed to ensure communication of discrepancies with employers, and the Fund will look into and consider processes to require employers to highlight any known discrepancies at the point of the submission of data.</p>	<p><u>Future Action</u></p> <p>Review the process for communicating discrepancies and for seeking action/clarification from employers.</p>