



Glasgow City Council

Strathclyde Pension Fund Committee

Report by Head of Audit and Inspection

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Item 10

6th March 2019

INTERNAL AUDIT PLAN 2019/20

Purpose of Report:

To inform the Committee of the outputs which Members and senior officers can expect from Internal Audit in 2019/20 and to seek the agreement of the Committee to implement the Audit Plan for 2019/20.

Recommendations:

Members are asked to agree to the implementation of the Strathclyde Pension Fund Audit Plan for 2019/20.

Ward No(s):

Citywide: ✓

Local member(s) advised: Yes No consulted: Yes No

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Annual Audit Plan 2019/20

1. Introduction

- 1.1 The Public Sector Internal Audit Standards require the Chief Internal Auditor to submit the annual audit plan to an appropriate Committee. This report outlines the proposed annual audit plan for the Strathclyde Pension Fund for 2019/20.

2. Background

- 2.1 Internal Audit is an assurance function that primarily provides an independent and objective opinion on the control environment within the Strathclyde Pension Fund. The annual audit plan is designed to assist the Head of Audit & Inspection in formulating that opinion.

- 2.2 In developing the annual audit plan, we:

- Consolidated our understanding of the Strathclyde Pension Fund through discussions with senior management and a review of key strategic documentation;
- Consulted risk registers to understand the nature of inherent risks facing the Strathclyde Pension Fund; and
- Considered previous audit recommendations and reviewed the assurance map to identify other internal and external factors.

- 2.3 Internal Audit work will be undertaken in accordance with the Public Sector Internal Audit Standards which have been adopted by the Relevant Internal Audit Standard Setters (RIASS). The RIASS includes, among others, HM Treasury, the Scottish Government and the Chartered Institute of Public Finance and Accountancy (CIPFA).

3. Approach

- 3.1 The audit plan shows the outputs which members of the Committee and management can expect from Internal Audit during 2019/20. For each audit assignment, we will agree a terms of reference with management prior to commencing fieldwork. A summary of our findings will be agreed in draft with management, prior to reporting to this Committee.

- 3.2 Our reports will include a summary of main audit findings, highlighting any control weaknesses and recommendations for improvement. Any significant area of control weakness will be reported in the Annual Assurance Statement.

- 3.3 The Public Sector Internal Audit Standards require that the audit plan should be kept under review to reflect any changing priorities and emerging risks. We will therefore ensure the plan remains relevant and reflects any changes to the inherent risks at the Strathclyde Pension Fund. The Committee will be asked to approve any material adjustments to the audit plan.

4. Internal Audit Outputs in 2019/20

- 4.1 The main output from Internal Audit in 2019/20 will be the Head of Audit & Inspection's annual report. This provides assurance to the Committee, and senior management on matters of governance and internal control within the Strathclyde Pension Fund.
- 4.2 The annual report will be based principally on the work undertaken by Internal Audit during the year to complete the audit plan.
- 4.3 The key areas we will cover in 2019/20, and on which we will provide assurance, are shown in Appendix 1, together with the main control risks associated with these areas.
- 4.4 Glasgow City Council participates in the National Fraud Initiative (NFI) which is a nationwide data matching function undertaken by NFI on behalf of Audit Scotland. Strathclyde Pension Fund Office staff are responsible for investigating data matches notified to it by NFI.

5. Indirect Audit Outputs in 2019/20

- 5.1 There are a number of other audits undertaken by Internal Audit, which although not directly undertaken for the Pension Fund, will cover processes or procedures which affect the administration of the Fund, and which the Head of Audit and Inspection will consider as part of the Annual Assurance Statement.

6. Resources

- 6.1 In 2019/20, 50 days are available to carry out the planned assurance audit work.
- 6.2 We have identified a dedicated team to deliver the internal audit plan to the Strathclyde Pension Fund however we are able to draw upon additional audit and specialist resources as required.

Strathclyde Pension Fund – Audit Plan 2019/20

Assurance Area	Planned Internal Audit Activity	Link to Risks (where applicable)
Governance	Governance To gain assurance that there are effective governance arrangements in place within the SPFO.	
	Committee effectiveness To gain assurance that the Committee is operating as intended and that it is following good practice.	
	Travel, Expenses and Purchase Cards To gain assurance that there are adequate arrangements in place for the administration of travel and expenses and that these are in accordance with Council policies. The review will also include the booking of travel and accommodation. In addition the review will seek to gain assurance that there are adequate arrangements in place for the administration of the purchase cards in use within the SPFO.	

Assurance Area	Planned Internal Audit Activity	Link to Risks (where applicable)
Investments	Investment Income To review the arrangements for managing income from investments including the lending of stocks.	SPFO01 Fund's investments fail to deliver returns in line with the anticipated returns underpinning valuation of liabilities over the long term. SPFO56 Responsible investment – failure to exercise proper stewardship of the Fund's assets.
Follow up	Audit the progress against Internal Audit recommendations, undertaking additional testing as required. Summary progress updates will be reported to the Board and Committee	n/a
Head of Audit's Annual Opinion		n/a

7. Policy and Resource Implications

Resource Implications:

<i>Financial:</i>	Internal Audit services are included within the Central Support Services cost.
<i>Legal:</i>	None
<i>Personnel:</i>	None
<i>Procurement:</i>	None

Council Strategic Plan: To provide assurance on the Strategic Plan in relation to the SPFO.

Equality and Socio-Economic Impacts:

Does the proposal support the Council's Equality Outcomes 2017-22 No specific proposals are included within this report.

What are the potential equality impacts as a result of this report? No significant impact.

Please highlight if the policy/proposal will help address socio economic disadvantage. There are no equality impacts as a result of this report as this details the audit plan for the next financial year.

Sustainability Impacts:

<i>Environmental:</i>	None
<i>Social, including Article 19 opportunities:</i>	None
<i>Economic:</i>	None

Privacy and Data Protection impacts: None

8. Recommendations

- 8.1 Members are asked to agree to the implementation of the Strathclyde Pension Fund Audit Plan for 2019/20.