

Pensions Committee

2.00 p.m., Monday, 20 March 2017

Internal Audit plan for 2017/18

Item number	5.3
Report number	
Executive/routine	
Wards	All

Executive summary

This document outlines the planned Internal Audit activities for the financial year 2017/18.

The Internal Audit plan has been developed using a risk based methodology to ensure that assurance activity is focussed on the key areas of risk faced by the Fund.

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Internal Audit plan for 2017/18

Recommendations

- 1.1 Committee is requested to note the planned audit activity for the year 2017/18.

Background

- 2.1 The internal audit plan for the Fund is risk based and focuses on the governance, risk and controls within the Fund. In line with the requirements of the Public Sector Internal Audit Standards (PSIAS) which have been adopted by Internal Audit, the audit plan has been developed using a risk based methodology to ensure that assurance activity is focussed on the key areas of risk.
- 2.2 The methodology used to create the internal audit plan for the Fund is the same as was used for the City of Edinburgh Council's 2017/18 Internal Audit Plan, which was approved by the Governance, Risk and Best Value Committee on 9 March 2017.

Main report

Internal Audit Plan for the Lothian Pension Fund

- 3.1 The areas proposed for inclusion in the Pensions section of the Internal Audit plan were identified subsequent to consideration of the Fund's risk register, discussions with the Fund management team and discussions with the convenor of the Pensions Audit Sub-Committee to identify current areas of risk and to prioritise where obtaining assurance is appropriate.
- 3.2 The planned reviews for the year to 31 March 2018 are set out below:

	Audit remit	Planned days
1	<u>Business Continuity</u> Review the Fund's Business Continuity Plan. This will include IT disaster recovery for systems hosted by the Council and third party system providers.	20
2	<u>Information governance</u> Assess the processes and controls in place to ensure member data held by the Pension Fund is accurate, and is managed in compliance with Data Protection legislation.	20

3	<p><u>Lifetime and annual allowances</u></p> <p>Review the arrangements in place to ensure that pensions tax legislation is applied accurately, and that members are informed of its impact on their future pension provision.</p>	20
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- 3.3 It is proposed to conduct the Information Governance review in Q1 of the financial year with the other two reviews expected to be undertaken simultaneously in Q2, with the expectation that all reviews will be complete in advance of the December 2017 Pensions Committee meeting.
- 3.4 Planned days are indicative at this stage as the nature, timing and extent of the audit work is not confirmed until the detailed Terms of Reference have been finalised following the completion of the planning process with Fund management, for each review.
- 3.5 The Council's Internal Audit Plan also includes a review of the processes and controls in place around treasury management in Q1. Given that the Council's Treasury division provides a cash investment management service to the Fund, the Fund management team and elected members may be interested in the findings of this review.

Measures of success

- 4.1 Alignment of the Internal Audit Plan to the key risks faced by the Fund to ensure governance is improved, responsibility is taken for corrective action and confidence in the management of risk is increased.

Financial impact

- 5.1 A central support charge will be made to the Fund for the provision of Internal Audit services provided.

Risk, policy, compliance and governance impact

- 6.1 The Internal Audit plan sets out the areas of focus for Internal Audit activities for 2017/18. Internal Audit provides assurance over the governance and control environment operating in the Fund.

Equalities impact

- 7.1 There are no adverse equalities impacts arising from this report.

Sustainability impact

8.1 There are no adverse sustainability impacts arising from this report.

Consultation and engagement

9.1 The internal audit team consulted with Lothian Pension Fund management and the convenor of the Pensions Audit Sub- Committee in preparing the Internal Audit plan.

Background reading / external references

None.

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Links

Coalition pledges

Council outcomes CO26 – The Council engages with stakeholders and works in partnerships to improve services and deliver agreed objectives.

Single Outcome Agreement Appendices