



Glasgow City Council

Strathclyde Pension Fund Committee

Report by Head of Audit and Inspection

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Item 6(b)

19th March 2025

INTERNAL AUDIT PLAN 2025/26

Purpose of Report:

To inform the Committee of the outputs which Members and senior officers can expect from Internal Audit in 2025/26 and to seek the approval of the Committee to implement the Audit Plan for 2025/26.

Recommendations:

Members are asked to approve the implementation of the Strathclyde Pension Fund Audit Plan for 2025/26.

Ward No(s):

Citywide: ✓

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

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Annual Audit Plan 2025/26

1. Introduction

- 1.1 The current Public Sector Internal Audit Standards (PSIAS) and the new Global Internal Audit Standards (GIAS) in the UK Public Sector require the Chief Internal Auditor to submit a risk-based audit plan to an appropriate Audit Committee for approval. This report presents the proposed internal annual audit plan for the Strathclyde Pension Fund for 2025/26.

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 to identify other internal and external factors.

- 2.3 Internal Audit work going forward will be undertaken in accordance with the Global Internal Audit Standards (GIAS) for the UK Public Sector. These new standards come into effect from 1 April 2025 and 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 2025/26. 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 GIAS in the UK Public Sector 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 Strathclyde Pension Fund Committee will be asked to approve any material adjustments to the audit plan.

4. Internal Audit Outputs in 2025/26

- 4.1 The main output from Internal Audit in 2025/26 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 2025/26, 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.
- 4.5 Details of the audit coverage in the key areas in the last few years, is included at Appendix 2.

5. Indirect Audit Outputs in 2025/26

- 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 2025/26, 40 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.

7. Policy and Resource Implications

Resource Implications:

Financial: Internal Audit services are included within the Central Support Services cost.

Legal: None

Personnel: None

Procurement: None

Equality and Socio-Economic Impacts:

Does the proposal support the Council's Equality Outcomes 2021-25? Not applicable

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.

Climate Impacts:

Does the proposal support any Climate Plan actions? Not Applicable

What are the potential climate impacts as a result of this proposal? Not Applicable

Will the proposal contribute to Glasgow's net zero carbon target? Not Applicable

Privacy and Data

Protection Impacts:

Are there any potential data protection impacts No

as a result of this report

Y/N

*If Yes, please confirm
that a Data Protection
Impact Assessment
(DPIA) has been carried
out*

Not applicable

8. Recommendations

- 8.1 Members are asked to approve the implementation of the Strathclyde Pension Fund Audit Plan for 2025/26.

| Assurance Area | Planned Internal Audit Activity | Link to Risks (where applicable) | Link to SPF Business Plan Priority (where applicable) |
|---------------------------------------|---|----------------------------------|---|
| Information Technology | <p>Altair Application</p> <p>To provide assurance that the main Pensions system, Altair, is operating as expected.</p> | FIN0391 – System failure | ICT arrangements |
| Finance | <p>Direct Impact Portfolio</p> <p>To review the Direct Impact Portfolio governance arrangements, to provide assurance that these are operating as intended.</p> | n/a | Direct Investment Portfolio – strategy and structure |
| 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 | n/a |
| Head of Audit's Annual Opinion | | n/a | n/a |

Strathclyde Pension Fund – Internal Audit Coverage 2020/21 – 2025/26

APPENDIX 2

| Assurance Area | Audit Activity | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|-------------------------------|---|---------|---------|---------|---------|---------|---------|
| Governance | Information Technology | ✓ | | | | | |
| | Governance of Projects within the business plan | ✓ | | | | | |
| | Board Governance | | ✓ | | | | |
| | Information security/Information management | | | ✓ | | | |
| | Cyber Security | | | | ✓ | | |
| | Scheme Administration | | | | ✓ | | |
| Compliance | Ad hoc Payments | | ✓ | | | | |
| | Customer Engagement | | | ✓ | | | |
| | Scheme of Delegation | | | ✓ | | | |
| | Payroll | | | | | ✓ | |
| | Compliance with Code of Practice (Pensions Regulator) | | | | | ✓ | |
| Information Technology | Altair Application | | | | | | ✓ |
| Finance | Direct Impact Portfolio | | | | | | ✓ |