



**Glasgow City Council**

**Strathclyde Pension Fund Committee**

**Report by Head of Audit and Inspection**

**Contact: Duncan Black Ext: 74053**

**Item 9**

**25th November 2020**

**INTERNAL AUDIT – GOVERNANCE OF PROJECTS WITHIN THE BUSINESS PLAN**

**Purpose of Report:**

To present the results of the Internal Audit review of Governance of Projects within the Strathclyde Pension Fund Business Plan.

**Note:**

In most cases one of four opinions is expressed:

1. The control environment is satisfactory i.e. audit testing found no concerns with the control environment.
2. A reasonable level of assurance can be placed upon the control environment i.e. audit testing found no major weaknesses in the control environment but some improvements could be made.
3. A limited level of assurance can be placed upon the control environment i.e. improvements are necessary to ensure the control environment is fit for purpose.
4. The control environment is unsatisfactory i.e. significant improvements are required before any reliance can be placed upon the control environment.

**Recommendations:**

The Committee is asked to note the contents of this report and **AGREE** the audit recommendation that the Head of Audit and Inspection submits a further report to Committee on the implementation of the actions contained in the Action Plan.

Ward No(s):

Citywide: ✓

Local member(s) advised: Yes  No

consulted: Yes  No

# GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION COMMITTEE SUMMARY

Title of the Audit: **Strathclyde Pension Fund – Review of Governance of Projects within the Business Plan**

## 1. Introduction

1.1 As part of the agreed Internal Audit plan we have carried out a review of the governance arrangements in place to monitor and deliver projects within the Business Plan at the Strathclyde Pension Fund Office (SPFO).

1.2 To ensure that ongoing management and development of the Fund is in line with the longer term policy, objectives and strategy, a Business Plan is agreed annually by the Strathclyde Pension Fund (SPF) Committee that details the SPFO's business development priorities for the year. Each priority is grouped under a subject heading e.g. Investments, and allocated a timescale for completion. Each subject heading is managed by a member of the leadership team who has overall responsibility for implementing the priorities within these. An update on the progress of the priorities is reported to the Strathclyde Pension Fund Committee bi-annually.

1.3 The purpose of the audit was to gain assurance that there are effective governance arrangements in place to monitor and deliver projects within the Business Plan and that progress is accurately reported to both the Committee and the Board.

1.4 The scope of the audit included:

- Reviewing the arrangements in place for drafting the Business Plan, in particular identifying the priorities that should be included;
- Confirming that the appropriate sections of Glasgow City Council's Project Management Toolkit are being adhered to where applicable;
- Reviewing the arrangements in place for monitoring the implementation of the Business Plan priorities;
- Ensuring that sufficient information in relation to the implementation of the Business Plan priorities, including any slippage, was reported to senior management and the Strathclyde Pension Fund Committee/Board;
- Reviewing a sample of priorities to confirm that the relevant action to implement the priority had been undertaken; and  
Assessing any impact that the COVID 19 pandemic had on the arrangements in place in relation to the Business Plan priorities and delivery timescales.

## 2. Audit Opinion

2.1 Based on the audit work carried out a reasonable level of assurance can be placed upon the control environment. The audit has identified some scope for improvement in the existing arrangements with two recommendations which management should address.

# GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION

## COMMITTEE SUMMARY

---

Title of the Audit: **Strathclyde Pension Fund – Review of Governance of Projects within the Business Plan**

### 3. Main Findings

- 3.1 We are pleased to report that the key controls are in place and generally operating effectively. A Business Plan detailing the SPFO's priorities is produced each year by the Director of SPF and leadership team using relevant information. The Plan is then approved by the SPF Committee.
- 3.2 We found that there are arrangements in place to ensure that any slippage in the implementation of the Business Plan priorities is reported to senior management and the SPF Committee/Board.
- 3.3 The leadership team has identified and discussed the impact COVID 19 has had on the implementation of the Business Plan priorities and we were advised that most of the priorities delivery timescales will remain unchanged.
- 3.4 However, we also identified some areas of non-compliance and opportunities for improvement. A number of the Business Plan priorities are complex and of a size that we would expect project management tools to be utilised, however we found that neither the Council's Project Management Toolkit nor any other standardised project documentation is used to manage these type of priorities.
- 3.5 Although the progress on the implementation of the Business Plan priorities is monitored by the SPF leadership team on a six weekly basis and reported to the SPF Committee/ Board bi-annually, it was found that the actual implementation dates for each priority are not reported.
- 3.6 At the time of undertaking the audit, we were advised that there had been little progress on the 2020/21 Business Plan priorities due to the COVID 19 Pandemic. Therefore a sample of five priorities were selected from the 2019/20 Business Plan for review. For all five of the priorities, we were able to confirm that the actions reported to the Committee/Board had been undertaken, however it is noted that there is minimal detail provided to the Committee/Board in relation to the expected outcomes/actions to be undertaken for each of the priorities.
- 3.7 An action plan is provided at section four outlining our observations, risks and recommendations. We have made two recommendations. The priority of the recommendations are:

## GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION COMMITTEE SUMMARY

Title of the Audit: **Strathclyde Pension Fund – Review of Governance of Projects within the Business Plan**

<b>Priority</b>	<b>Definition</b>	<b>Total</b>
<b>High</b>	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	0
<b>Medium</b>	Less critically important controls absent, not being operated as designed or could be improved.	2
<b>Low</b>	Lower level controls absent, not being operated as designed or could be improved.	0
<b>Service Improvement</b>	Opportunities for business improvement and/or efficiencies have been identified.	0

- 3.8 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards.
- 3.9 We would like to thank officers involved in this audit for their cooperation and assistance.
- 3.10 It is recommended that the Head of Audit and Inspection submits a further report to Committee on the implementation of the actions contained in the attached Action Plan.

# GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION COMMITTEE SUMMARY

Title of the Audit: **Strathclyde Pension Fund – Review of Governance of Projects within the Business Plan**

## 4. Action Plan

No.	Observation and Risk	Recommendation	Priority	Management Response
<b>Key Control:</b> The appropriate sections of the Council's Project Management Toolkit are being adhered to.				
1	<p>A number of the Business Plan priorities such as the Investment Strategy are complex and of a size that we would expect project management tools to be utilised, however we found that neither the Council's Project Management Toolkit nor any other standardised project documentation is used to manage these type of priorities.</p> <p>There is a risk that for larger and/or more complex projects, a lack of standardised documentation could result in important controls being omitted from the project management process.</p>	<p>SPFO management should consider using the Council's Project Management Toolkit for the larger and/or complex Business Plan priorities. If this is deemed to not be appropriate, standardised project documentation should be developed and used for relevant future priorities to ensure consistency.</p>	<p><b>Medium</b></p>	<p><b>Response:</b></p> <p>Accept</p> <p><b>Officer Responsible for Implementation:</b></p> <p>Director SPF</p> <p><b>Timescale for Implementation:</b></p> <p>31 March 2021</p> <p>Will be incorporated into the development and completion of the 2021/22 business plan.</p>

# GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION COMMITTEE SUMMARY

Title of the Audit: **Strathclyde Pension Fund – Review of Governance of Projects within the Business Plan**

No.	Observation and Risk	Recommendation	Priority	Management Response
<b>Key Control:</b> Relevant action to implement priorities has been undertaken and reported to senior management and the SPF Committee/Board.				
2	<p>Although the progress on the implementation of the Business Plan priorities is monitored by the SPF leadership team on a six weekly basis and reported to the SPF Committee/Board biannually, it was found that the actual implementation dates for each priority are not reported.</p> <p>Although we were able to confirm that the actions reported to the Committee/Board had been undertaken for the sample of five 2019/20 Business Plan priorities reviewed, it is noted that there is minimal detail provided to the Committee/Board in relation to the expected outcomes/actions to be undertaken for each of the priorities therefore it is difficult to confirm that the expected results have been fully achieved.</p> <p>This creates the risk that the SPF Committee/Board are unable to fully</p>	<p>SPFO management should ensure that the Progress Review Report presented to the Committee/Board is updated to include the actual dates priorities have been implemented to allow for comparison with target dates.</p> <p>SPFO management should also include additional information on the expected outcomes/actions to be undertaken for each of the Business Plan priorities at the start of each year so that the Committee/Board has a better understanding of the objectives, which they can consider when reviewing the progress and implementation of the priorities.</p>	Medium	<p><b>Response:</b></p> <p>Accept</p> <p><b>Officer Responsible for Implementation:</b></p> <p>Director SPF</p> <p><b>Timescale for Implementation:</b></p> <p>31 March 2021</p> <p>Will be incorporated into the development and completion of the 2021/22 business plan.</p>

# GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION COMMITTEE SUMMARY

Title of the Audit: **Strathclyde Pension Fund – Review of Governance of Projects within the Business Plan**

<b>No.</b>	<b>Observation and Risk</b>	<b>Recommendation</b>	<b>Priority</b>	<b>Management Response</b>
	scrutinise the implementation of the Business Plan priorities.			

## 5 Policy and Resource Implications

### Resource Implications:

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

*Legal:* None

*Personnel:* None

*Procurement:* None

**Council Strategic Plan:** To provide assurance that appropriate controls are in place in relation to the governance of the projects within the Business Plan.

### Equality and Socio-Economic Impacts:

*Does the proposal support the Council's Equality Outcomes 2017-22* 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.* None

### Sustainability Impacts:

*Environmental:* None

*Social, including Article 20 opportunities:* None

*Economic:* None

**Privacy and Data Protection impacts:** None

## 6 Recommendation

6.1 The Committee is asked to note the contents of this report and **AGREE** the audit recommendation that the Head of Audit and Inspection submits a further

# **GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION COMMITTEE SUMMARY**

---

Title of the Audit: **Strathclyde Pension Fund – Review of Governance of Projects within the Business Plan**

report to Committee on the implementation of the actions contained in the Action Plan.