Item 8

2nd March 2022

Glasgow City Council

Strathclyde Pension Fund Committee

Report by Head of Audit and Inspection

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INTERNAL AUDIT PLAN 2022/23

Purpose of Report:

To inform the Committee of the outputs which Members and senior officers can expect from Internal Audit in 2022/23 and to seek the agreement of the Committee to implement the Audit Plan for 2022/23.

Recommendations:

Members are asked to agree to the implementation of the Strathclyde Pension Fund Audit Plan for 2022/23.

Ward No(s): Citywide: ✓

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

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Annual Audit Plan 2022/23

1. Introduction

1.1 The Public Sector Internal Audit Standards require the Chief Internal Auditor to submit a risk based internal audit plan to an appropriate Committee. This report outlines the proposed annual audit plan for the Strathclyde Pension Fund for 2022/23.

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 2022/23. 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 2022/23

4.1 The main output from Internal Audit in 2022/23 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 2022/23, 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 2022/23

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 2022/23, 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

Council Strategic Plan:	A Well Governed City 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 2021-25? Please specify	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.
Climate Impacts:	
Does the proposal support any Climate Plan actions? Please specify:	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:	None

8. Recommendations

8.1 Members are asked to agree to the implementation of the Strathclyde Pension Fund Audit Plan for 2022/23.

Strathclyde Pension Fund – Audit Plan 2022/23 **APPENDIX 1**

Assurance Area	Planned Internal Audit Activity	Link to Risks (where applicable)
Governance	**Information Security/Information Management** To provide assurance that there are adequate arrangements in place to manage and secure the information that SPF holds. This is of increased importance due to the hybrid working arrangements.	FIN0403 Data Breach – Risk of theft or loss/misuse's of personal data.
Compliance	**Customer Engagement** To gain assurance that there are arrangements in place to engage effectively with all SPF 'customers' – Employers, Pensioners, Members. This includes training/information sessions for Employers and Members and Communications with all customers.	FIN0393 Scheme Regulation Change - Changes to scheme regulations and other pensions legislation
	Scheme of Delegation To gain assurance that there is compliance with the scheme of delegation and that the scheme of delegation is fit for purpose. This review will be undertaken in conjunction with the review of the Council's Scheme of Delegation.	n/a
	Flexible Capacity Reflecting the rapidly changing wider environment, a bank of time will be set aside to enable an agile approach to emerging risks and issues. Specific areas to be reviewed to be determined throughout the year and the Committee will be updated accordingly.	n/a

Assurance Area	Planned Internal Audit Activity	Link to Risks (where applicable)
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