

Pension Fund Committee

14 March 2019

**Internal Audit Progress Report to 31
December 2018**



Report of Paul Bradley, Chief Internal Auditor and Corporate Fraud Manager

Electoral division(s) affected:

Countywide.

Purpose of the Report

- 1 To inform Members of the work that has been carried out by Internal Audit during the period 1 April 2018 to 31 December 2018 as part of the 2018/2019 Internal Audit Plan

Executive Summary

- 2 The report provides Members with the progress that has been made in achieving the Pension Fund Internal Audit Plan for 2018/2019 up to 31 December 2018 and aims to:
 - (a) Provide a high level of assurance, or otherwise, on internal control systems operated in the areas that have been subject to audit;
 - (b) Advise on any significant issues where controls need to improve in order to effectively manage risks;
 - (c) Advising of any other types of audit work carried out, such as consultancy reviews where an assurance opinion on the control environment may not be applicable;
 - (d) Advise of any unplanned work carried out or due to be carried out and any changes to the audit process.

Recommendation

- 3 Members are asked to note the work undertaken by Internal Audit during the period ending 31 December 2018.

Background

- 4 As an independent consultancy service, the Internal Audit Team strives to continue to add value and improve the organisation's operations as well as providing objective assurance to service managers and the Pension Fund Committee.
- 5 The Annual Internal Audit Plan, covering the period 01 April 2018 to 31 March 2019, was approved by the Pension Fund Committee on 15 March 2018.

Progress against 2018/19 planned work:

- 6 A summary of the approved audit plan, with the status of each audit, is shown below:

Audit Title	Audit Type	Status	Opinion
Audits brought forward from 2017/18			
Payroll	Assurance	Final Report	Substantial
Bank Reconciliation	Assurance	Final Report	Substantial
2018/19 audits			
Pension System ICT Controls, Data Quality and Performance	Assurance	In Progress	
Transfers in/out	Assurance	Final Report	Substantial
Additional Voluntary Contributions	Follow Up	Final Report	N/A
Governance Arrangements (of the Pool)	Assurance	Preparation	
Bank Reconciliation	Assurance	Final Report	Substantial
Debt Recovery	Assurance	Final Report	Substantial
National Fraud Initiative – Data matching to identify potential error/fraud	Counter Fraud	In Progress	N/A
Ad hoc advice & guidance	Advice/Consultancy	In Progress	N/A

- 7 The status shows that, of the eight reports planned to be completed in 2018/19, six final reports have been issued, three of which were issued in the third quarter.
- 8 A summary of the scope of the three final reports, issued in the quarter, is given over the page.

Audit Area	Brief Scope	Assurance Opinion
Transfers in/out	Assurance review of the arrangements in place to mitigate against the risks of; <ul style="list-style-type: none"> - Transfer values out calculations are inaccurate and not carried out promptly; - Transfer values in are not received or not accurately accounted for in a timely manner. 	Substantial
Debt Recovery	Assurance review of the arrangements in place to mitigate against the risks of; <ul style="list-style-type: none"> - Failure to collect or recover income; - Invoices are raised incorrectly. 	Substantial
Bank Reconciliation	Assurance review of the arrangements in place to mitigate against the risks of; <ul style="list-style-type: none"> - Material errors or fraudulent activities within the bank account or the General Ledger are not identified and corrected in a timely manner; - Theft or misuse of Pension Fund monies or bank accounts; - Transaction errors made by the bank go unnoticed; - Inaccurate or misleading financial information; - Performance not being properly managed or monitored. 	Substantial

Conclusion

9 Delivery of the 2018/19 Internal Audit Plan is progressing, and, from the work carried out during the period, there are no significant control issues to bring to Members' attention.

Background papers

- Specific Internal Audit reports issued and working papers.

Other useful documents

- None

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