

# Pension Fund Committee

06 September 2018



## Internal Audit Progress Report to 30 June 2018

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### Report of Paul Bradley, Chief Internal Auditor & Corporate Fraud Manager

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#### Purpose of the report

- 1 To outline progress made in delivering the 2018/19 internal audit plan relevant to the Pension Fund Committee, including:
  - (a) Providing a high level of assurance, or otherwise, on internal control systems operated in the areas that have been subject to audit;
  - (b) Advising 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) Advising of any unplanned work carried out or due to be carried out and any changes to the audit process.

#### Progress against 2018/19 planned work

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

Audit Title	Audit Type	Status	Opinion
<b>Audits brought forward from 2017/18</b>			
Payroll	Assurance	Final Report	Substantial
Bank Reconciliation	Assurance	Final Report	Substantial
<b>2018/19 audits</b>			
Pension System ICT Controls, Data Quality and Performance	Assurance	Preparation	
Transfers in/out	Assurance	Terms of Reference Issued	
Additional Voluntary Contributions (Follow Up)	Assurance	Draft Report	
Governance Arrangements	Assurance	Preparation	
Bank reconciliation	Assurance	Not yet started	
Debt Recovery	Assurance	In Progress	
National Fraud Initiative – Data matching to identify potential error/fraud	Counter Fraud	Preparation	N/A
Ad hoc advice & guidance	Advice/Consultancy	In Progress	N/A

- 3 The status shows that, of the eight assurance reviews planned to be completed in 2018/19, two final reports were issued in the first quarter.
- 4 A summary of the scope of the two final reports is given below. No significant issues were raised in either of these reports.

Audit Area	Brief Scope	Assurance Opinion
Payroll	Assurance review of the arrangements in place to mitigate against the risks of; <ul style="list-style-type: none"> <li>- The Pensions Team not being notified when pensioners become active;</li> <li>- Pension calculations being inaccurate;</li> <li>- Pension payments being inaccurate or not being made promptly.</li> </ul>	Substantial
Bank Reconciliation	Assurance review of the arrangements in place to mitigate against the risks of; <ul style="list-style-type: none"> <li>- Material errors or fraudulent activities within the bank account or the general ledger are not identified and corrected in a timely manner;</li> <li>- Theft or misuse of Pension Fund funds and/or bank accounts</li> <li>- Inaccurate or misleading financial information;</li> <li>- Performance is not properly managed or monitored.</li> </ul>	Substantial

### Recommendation

- 5 Members are asked to note the work undertaken by Internal Audit during the period ending 30 June 2018.

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