

The background of the slide features a large, light blue watermark of the Coat of Arms of the Government of Nunavut. The crest is shield-shaped and divided into four quadrants. The top-left quadrant shows a stylized sun with rays. The top-right quadrant shows a caribou head with antlers. The bottom-left quadrant shows a sailing ship on wavy lines representing water. The bottom-right quadrant shows a bearded man's face. Above the shield is a crown with four points, each topped with a flower. A banner at the bottom of the shield contains the text "ANĖ FOR Ā".

AGENDA ITEM

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INTERNAL AUDIT PLAN 2016/17

FALKIRK COUNCIL

Subject: INTERNAL AUDIT PLAN 2016/17
Meeting: JOINT MEETING OF PENSIONS COMMITTEE AND PENSIONS BOARD
Date: 23 JUNE 2016
Author: INTERNAL AUDIT MANAGER

1. INTRODUCTION

- 1.1 This paper provides details of the development of the 2016/17 Internal Audit Plan for the Falkirk Council Pension Fund, summarises planned work, and sets out the mechanism for reporting on findings arising from that work.

2. DEVELOPMENT OF THE INTERNAL AUDIT PLAN

- 2.1 Annual Internal Audit coverage is based on discussion with the Pensions Manager, review of relevant documentation (eg the Pension Fund Risk Register, Governance Policy), and Internal Audit's own assessment of risk. We also take account of the planned work by the Pension Fund's external auditors.
- 2.2 In addition, Internal Audit review, on an ongoing basis, emerging and developing risks, and these are built into our Audit Needs Assessment for consideration in current and future years' Internal Audit Plans.

3. PLANNED INTERNAL AUDIT COVERAGE, AND REPORTING ARRANGEMENTS

- 3.1 The focus of Internal Audit's work during 2016/17 will be on Pension Fund Transactional Testing. The purpose of the work will be to ensure that:
- new member contributions to the Pension Fund were properly calculated;
 - the correct values of pension rights either transferred into, or out of, the Pension Fund have been received or paid; and
 - the correct pension payments (including lump sum payments) were paid to retiring Fund members.
- 3.2 Our work will also include a review of Pensions Investments, including the robustness and proportionality of outsourced reconciliation work.
- 3.3 In addition, we will provide assurance on the migration of Pensions Payroll data to the Altair System.

3.4 Internal Audit work will be reported to the Pensions Manager in the form of draft audit reports. Draft reports will provide a statement on the level of assurance that can be provided on the systems of risk management, governance, and control, as well as an action plan setting out any specific audit recommendations. The overall assurance will be provided in line with the definitions set out at **Appendix 1**, and the Pensions Manager will be expected to provide responses to each recommendation in line with timeframes agreed prior to the commencement of the review. The report and completed action plan will form the final record of the audit.

3.5 Internal Audit will produce an Annual Assurance Report to the Pensions Committee and Board providing an opinion on the overall adequacy and effectiveness of the Pension Fund's control environment. This report will include a summary of work undertaken.

4. RECOMMENDATIONS

4.1 The Pensions Committee and Board are asked to agree the planned Internal Audit coverage for 2016/17.

4.2 The Committee is asked to note that an Annual Assurance Report will be provided.

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Internal Audit Manager

Date: 13 June 2016

DEFINITION OF INTERNAL AUDIT ASSURANCE CATEGORIES

Level of Assurance	Definition
Substantial Assurance	Largely satisfactory risk, control, and governance systems are in place. There may be some scope for improvement as current arrangements may undermine the achievement of objectives or leave them vulnerable to error or abuse.
Limited Assurance	Risk, control, and governance systems have some satisfactory aspects. There are, however, some significant weaknesses likely to undermine the achievement of objectives and leave them vulnerable to an unacceptable risk of error or abuse.
No Assurance	The systems for risk, control, and governance are ineffectively designed and operated. Objectives are not being achieved and the risk of serious error or abuse is unacceptable. Significant improvements are required.