

<b>Bath &amp; North East Somerset Council</b>			
MEETING:	Pension Board – Avon Pension Fund		
MEETING DATE:	8 <sup>th</sup> December 2022	<b>AGENDA ITEM NUMBER</b>	
TITLE:	<b>Internal Audit Update</b>		
WARD:	ALL		
<b>AN OPEN PUBLIC ITEM</b>			
<b>List of attachments to this report:</b>			
Appendix 1 – Pensions Payroll			
Appendix 2 – COP14, Maintaining Contributions & Member Information			

## **1 THE ISSUE**

- 1.1 The purpose of this report is to provide an update on Internal Audit activity since the last report to the Pension Board on 21<sup>st</sup> September 2021.
- 1.2 The report and its appendices are important for the Board to consider in the context of their understanding of the performance and management of the fund.

## **2 RECOMMENDATIONS**

- 2.1 The Pension Board is asked to note the report and outcomes of the Internal Audit work carried out on the Avon Pension Fund.

## **3 THE REPORT**

### **2021-22 & 2022-23 Internal Audit Work**

- 3.1 Internal Audit provides independent assurance that the Avon Pension Fund's (APF) risk management, governance and internal control processes are operating effectively. To do this, we schedule an annual programme of internal audits of APF governance and operations. The areas we review are identified from our annual internal audit planning process used to assess risks to the Pension Fund.

- 3.2 Since the last Internal Audit update report presented to the Pension Board on 21<sup>st</sup> September 2021, we have issued three reports (two of the reports are attached as appendices to this report).

<b>Audit</b>	<b>Assurance Opinion</b>	<b>Appendix</b>
1. Pensions Payroll	Substantial	1
2. COP14, Maintaining Contributions & Member Information	Substantial	2
3. APF Cyber Essentials	N/A – Briefing Paper	

- 3.3 In terms of the two ‘Assurance Reports’ (Pensions Payroll & COP14) there weren’t any significant weaknesses reported and a ‘Substantial Assurance’ rating was assigned. Internal Audit have also issued a ‘Briefing Paper’ on Cyber Essentials which is scheme providing a baseline level of cyber security controls and measures.
- 3.4 Based on the Pension Fund reliance on IT systems and data, cyber security is a significant risk and it is important that the Pension Board are provided with assurance that the risks are being managed and a robust control framework is in place. The APF Cyber Essentials briefing paper will be a separate item on this Pension Board’s meeting agenda.

#### **4 STATUTORY CONSIDERATIONS**

- 4.1 There are no specific statutory considerations related to this report. Accounts & Audit Regulations set out the expectations of provision of an Internal Audit service. This is supported by S151 of the Local Government Act and CIFPA Codes of Practice and the IIA professional standards for delivery of an adequate Internal Audit Service.

#### **5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)**

- 5.1 There are no direct resource implications relevant to this report.

#### **6 RISK MANAGEMENT**

- 6.1 A proportionate risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision-making risk management guidance. Significant risks to the Pension Fund arising from an ineffective Internal Audit Service include lack of internal control, failures of governance and weak risk management. Specific risks include supplementary External Audit Fees and undetected fraud. Internal Audit provides assurance and assists the Pension Fund in identifying risks, improvement areas and recommending good practice.
- 6.2 The Pension Fund has specific responsibility for ensuring the Pension Fund’s Risk Management and Financial Governance framework is robust and effective.

## **7 EQUALITIES**

7.1 A proportionate equalities impact assessment has been carried out using corporate guidelines and no significant issues have been identified.

## **8 CLIMATE CHANGE**

8.1 There are no direct climate change implications related to this report.

## **9 OTHER OPTIONS CONSIDERED**

9.1 No other options to consider related to this report.

## **10 CONSULTATIONS**

10.1 The Council's Section 151 Officer has had the opportunity to input to this report and has cleared it for publication.

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<b>Background papers</b>	
<b>Please contact the report author if you need to access this report in an alternative format</b>	