

## **Pension Fund Committee**

Meeting to be held on Friday, 30 June 2017

Electoral Division affected: (All Divisions);
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### **Internal Audit Annual Report 2016/17 and Audit Plan 2017/18**

(Appendix A refers)

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#### **Executive Summary**

For the year 2016/17, the Pension Fund Committee can take substantial assurance that the Lancashire Pension Fund operates a generally sound system of risk management, governance and internal control.

The annual report for 2016/17, incorporating an outline of the work planned for 2017/18, is included at Appendix 'A' to this report.

#### **Recommendation**

The Committee is asked to consider and note the Internal Audit Service annual report for 2016/17 and the outline annual work plan for 2017/18.

#### **Background and Advice**

The Internal Audit Service complies with the professional standards of the Chartered Institute of Public Finance and Accountancy, which established Public Sector Internal Audit Standards, which encompass the *Mission of Internal Audit* and the mandatory elements of the Global Institute of Internal Auditors' International Professional Practices Framework (the *Core Principles for the Professional Practice of Internal Auditing*, the *Code of Ethics*, the *Standards* and the *Definition of Internal Auditing*).

The Public Sector Internal Audit Standards and supporting Local Government Application Note require a chief internal auditor to deliver an annual opinion and report that can be used to inform the Pension Fund's annual governance statement.

The opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. The annual report must incorporate the opinion, a summary of the work that supports the opinion, a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.

### **Internal audit assurance**

Internal audit assurance is stated in the following terms:

**Full assurance:** there is a sound system of internal control which is designed to meet the service objectives and controls are being consistently applied.

**Substantial assurance:** there is a generally sound system of internal control, designed to meet the service objectives, and controls are generally being applied consistently. However some weakness in the design and/or inconsistent application of controls put the achievement of particular objectives at risk.

**Limited assurance:** weaknesses in the design and/or inconsistent application of controls put the achievement of the service objectives at risk.

**No assurance:** weaknesses in control and/or consistent non-compliance with controls could result/ have resulted in failure to achieve the service objectives.

### **Consultations**

N/A

### **Implications:**

N/A

### **Risk management**

This report to the Pension Fund Committee discharges the responsibilities of the Head of Internal Audit (under PSIAS) to provide a written report on the adequacy of the governance, risk management and internal control arrangements operated in relation to the Pension Fund, which in turn supports the Audit and Governance Committee in undertaking its responsibilities in relation to the Pension Fund.

### **Local Government (Access to Information) Act 1985**

#### **List of Background Papers**

Paper	Date	Contact/Tel
N/A		

Reason for inclusion in Part II, if appropriate

N/A