

## **Pension Fund Committee**

Meeting to be held on 5 June 2015

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| Electoral Division affected: |
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| All |
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## **Internal Audit Service Annual Report 2014/15 and Plan 2015/16**

(Appendix A refers.)

Contact for further information:

Ruth Lowry, (01772) 534898

### **Executive Summary**

For the year 2014/15, 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 2014/15, incorporating an outline of the work planned for 2015/16, is included at Appendix A to this report.

### **Recommendation**

The Committee is asked to consider the Internal Audit Service annual report for 2014/15 and approve the outline annual work plan for 2015/16.

### **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 with effect from 1 April 2013. These are drawn from the Chartered Institute of Internal Auditors' International Professional Practices Framework, comprising a definition of internal auditing, a Code of Ethics, and International Standards.

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**

Not applicable.

### **Implications**

Not applicable.

### **Risk management**

This report supports the Audit and Governance Committee in undertaking its role, which includes providing independent oversight of the adequacy of the council's governance, risk management and internal control framework.

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

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

| Paper           | Date | Contact |
|-----------------|------|---------|
| Not applicable. |      |         |

**Reason for inclusion in Part II, if appropriate:** Not applicable.