
**SCOTTISH BORDERS COUNCIL PENSION FUND INTERNAL
AUDIT ANNUAL ASSURANCE REPORT 2018/19**

Report by Chief Officer Audit & Risk

**JOINT PENSION FUND COMMITTEE AND PENSION FUND
BOARD**

13 June 2019

1 PURPOSE AND SUMMARY

- 1.1 The purpose of this report is to present to the Pension Fund Committee and the Pension Fund Board the Internal Audit Annual Assurance Report for the year to 31 March 2019 which includes the Chief Officer Audit & Risk's independent assurance opinion on the adequacy of the Scottish Borders Council Pension Fund's overall control environment.**
- 1.2 The Public Sector Internal Audit Standards (PSIAS) require that the Chief Officer Audit & Risk provides an annual internal audit opinion and report on the adequacy and effectiveness of the Pension Fund's governance, risk management and internal controls to support the preparation of the Pension Fund's Annual Governance Statement.
- 1.3 To meet the requirements of the PSIAS the Scottish Borders Council Pension Fund Internal Audit Annual Assurance Report 2018/19 includes the Internal Audit annual opinion, provides details of the Internal Audit activity during the year to support the opinion, and states the conformance of the Council's Internal Audit service with the PSIAS.
- 1.4 The Chief Officer Audit & Risk's opinion is that, based on Internal Audit reviews and knowledge, the systems of internal control within the Scottish Borders Council Pension Fund are operating satisfactorily, and governance and risk management arrangements are effective.
- 1.5 The independent assurance opinion has been used to inform the Pension Fund's Annual Governance Statement 2018/19.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Pension Fund Committee and Pension Fund Board consider the Scottish Borders Council Pension Fund Internal Audit Annual Assurance Report 2018/19 and provide any commentary thereon.**

3 BACKGROUND

3.1 The Public Sector Internal Audit Standards (PSIAS) (2017) requires that:
"The chief audit executive [SBC's Chief Officer Audit & Risk] must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.

The annual internal audit 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; and
- a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme."

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4.1 The Chief Officer Audit & Risk's opinion is that, based on Internal Audit reviews and knowledge, the systems of internal control within the Scottish Borders Council Pension Fund are operating satisfactorily, and governance and risk management arrangements are effective.

4.2 Internal Audit work over the systems and controls in place at Scottish Borders Council covers the same systems for the Pension Fund. Specifically the findings of Business World ERP System Key Controls, incorporating Payroll, Sales to Cash, Procure to Pay, and Record to Report (core General Ledger and Management Reporting) system processes, were reported to SBC's Audit and Scrutiny Committee on 13 May 2019, including the levels of assurance. The follow up review of previous recommendations from 2017/18 shows that 15 of the 18 (8 Medium Risk; 10 Low Risk) previous recommendations are now completed and there is evidence of improvements made, or action plans put in place to address issues and concerns. The 3 outstanding recommendations are work in progress. We made no further recommendations.

4.3 Through attendance at the Joint meetings of the Pension Fund Committee and Pension Fund Board to observe planning, approval, monitoring and review activity of Scottish Borders Council Pension Fund, the Internal Audit opinion is that the Fund has effective governance arrangements in place that support scrutiny and transparency of decisions made, and that Risk Management is fully embedded into the culture of the Pension Fund with evidence of risk deliberations in decision making and regular reviews / updates of Pension Fund risk register being carried out, in accordance with the Council's Risk Management Policy and Framework, and reported to the Committee and Board for scrutiny and oversight of risk management.

4.4 The Internal Audit Annual Assurance Report 2018/19 provides assurances in relation to the Pension Fund's corporate governance framework that is a key component in underpinning delivery of its plans and has been used to inform the Pension Fund's Annual Governance Statement 2018/19, and the Governance Policy and Compliance Statement.

4.5 The 2018/19 annual internal self-assessment against the Public Sector Internal Audit Standards (PSIAS) demonstrates sufficient evidence that the Council's Internal Audit section conforms with the Definition of Internal Auditing, Code of Ethics, Attribute Standards and Performance Standards.

5 IMPLICATIONS

5.1 Financial

There are no financial implications relating to this assurance report.

5.2 Risk and Mitigations

This report provides assurance, including assurance on arrangements for managing risks in section 4, as part of the governance framework to manage the operation of the Pension Fund and reflects best practice.

5.3 Equalities

It is anticipated there will be no adverse impact due to race, disability, gender, age, sexual orientation or religious/belief arising from the work contained in this report.

5.4 Acting Sustainably

There are no direct economic, social or environmental issues with this report.

5.5 Carbon Management

There are no direct carbon emissions impacts as a result of this report.

5.6 Rural Proofing

This report does not relate to new or amended policy or strategy and as a result rural proofing is not an applicable consideration.

5.7 Changes to Scheme of Administration or Scheme of Delegation

No changes to the Scheme of Administration or Scheme of Delegation are required as a result of this report.

6 CONSULTATION

6.1 The Chief Officer Audit & Risk's independent opinion on the Pension Fund's systems of internal control, governance, and risk management has been used to inform the Pension Fund's Governance Policy and Compliance Statement 2018/19.

6.2 The Council's Chief Financial Officer, Monitoring Officer, Chief Legal Officer, Service Director HR, Clerk to the Council, and Communications team have been consulted on this report and any comments received have been incorporated into the report.

Approved by

Jill Stacey
Chief Officer Audit & Risk

Signature

Author(s)

Name	Designation and Contact Number
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Background Papers: Appropriate Internal Audit files

Previous Minute Reference:

Note – You can get this document on tape, in Braille, large print and various computer formats by using the contact details below. Information on other language translations can also be given as well as provision of additional copies.

Contact us at Internal Audit intaudit@scotborders.gov.uk