

Item	5
Report No	PC/3/25

HIGHLAND COUNCIL

Committee: Pensions Committee and Pensions Board

Date: 12 February 2025

Report Title: Highland Council Pension Fund Internal Audit Annual Plan 2025/26

Report By: Strategic Lead (Corporate Audit)

1. Purpose/Executive Summary

- 1.1 Details are provided of the audits contained within the Pension Fund's 2025/26 Internal Audit Plan.

2. Recommendations

- 2.1 The Committee/ Board is asked to **approve** the 2025/26 Internal Audit Plan as set out in section 5.3 of this report.

3. Implications

- 3.1 **Resource** – there are sufficient resources allocated by the Internal Audit Team to enable completion of the annual audit plan.
- 3.2 **Risk** – as set out in section 5.2, there is a new approach to the planning of individual audit reviews which requires that the relevant risks must be assessed.
- 3.3 There are no direct **Legal, Health and Safety (risks arising from changes to plant, equipment, process, or people)** or **Gaelic** implications arising from this report. Where a planned audit covers any of these implications, this will be addressed within the audit review and reported accordingly.

4. Impacts

- 4.1 In Highland, all policies, strategies or service changes are subject to an integrated screening for impact for Equalities, Poverty and Human Rights, Children's Rights and Wellbeing, Climate Change, Islands and Mainland Rural Communities, and Data Protection. Where identified as required, a full impact assessment will be undertaken.
- 4.2 Considering impacts is a core part of the decision-making process and needs to inform the decision-making process. When taking any decision, Members must give due regard to the findings of any assessment.
- 4.3 This report relates to an audit plan and therefore an impact assessment is not required.

5. Annual Plan 2024/25

5.1 Introduction

A three-year rolling plan is in place for the Pension Fund which ensures that the main activities, comprising of Pension Fund Investments, Contributions, and Payments, are reviewed once every three years. The Committee will be aware that an audit of Pension Fund payments was originally included in the 2024/25 audit plan. A revision to the plan was later agreed on 08/12/24 where this audit was substituted for a review of the Fund's governance arrangements. This work is presently in progress and expected to be completed by the end of March 2025. The audit plan was revised due to the planned implementation of a new pensions software system which will result in different arrangements for the payment of pensions. The report to the Committee/ Board also stated that the new system, including payments would be examined later in 2025/26.

There is also a need to provide the Internal Audit annual opinion on the adequacy and effectiveness of the framework of governance, risk management and control. This information is then used to inform the Fund's Annual Governance Statement.

It is expected that all of the above planned audit activities will be reported to the Pension Fund's September Board/ Committee meeting.

5.2 Audit Planning Methodology

Details of the audit planning methodology and process followed in preparing audit plans was set out in a report to the Audit Committee on 28/11/24. The report can be accessed through this link:

https://www.highland.gov.uk/download/meetings/id/84252/item_12_internal_audit_plan_2024_-_2025-26. The report also provides details of the changes to the standards relating to Internal Audit whereby the Public Sector Internal Audit Standards are being replaced by new Global Internal Audit Standards (GIAS). One major change arising from the GIAS is that these require a detailed planning assessment to be carried out and evidenced for each audit review. Therefore, as part of the audit planning phase the appropriate Assistant Chief Executive and relevant Chief Officer(s) will be consulted to assist the Internal Audit team to develop an understanding of the scope of activity to be reviewed, determine the organisational objectives and assess the relevant risks. Acknowledgement of this and other requirements of the new standards is reflected in the allocation of larger audit day budgets, and this may result in some flexing of these.

5.3 Pension Fund Internal Audit Plan 2025/26

Service Cluster	Audit Area	Audit Risk Score	Priority	Audit Days
Corporate	Pension Fund – review of new software system and payment arrangements	28	Medium	30
Corporate	Pension Fund Annual Governance Statement and Internal Audit Annual Report 2024/25	28	Medium	5
	Total			35

Designation: Strategic Lead (Corporate Audit)

Date: 28th January 2025

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Background Papers: