

Agenda Item	6
Report No	PC/04/26

HIGHLAND COUNCIL

Committee: Pensions Committee and Pensions Board

Date: 16 March 2026

Report Title: Highland Council Pension Fund Internal Audit Annual Plan 2026/27

Report By: Strategic Lead (Audit & Risk)

1. Purpose/Executive Summary

1.1 Details are provided of the audits contained within the Pension Fund's 2026/27 Internal Audit Plan.

2. Recommendations

2.1 The Committee/ Board is asked to **approve** the 2026/27 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 5.1 and 5.2, the approach to the planning of individual audit reviews requires that the relevant risks must be assessed. The proposed audit plan for 2026/27 seeks to review the Pension Fund's risk management arrangements.

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 2026/27

5.1 Introduction

In accordance with the requirements of the Global Internal Audit Standards, a risk based approach to planning is used to inform the internal audits of the Pension Fund's activity. This ensures that key areas of risk and the main functional activities are subject to regular review, generally comprising of Pension Fund governance, risk management, investments, contributions, and payments.

[The Highland Council Pension Fund's Risk Management Policy](#) was revised and approved by the Pensions Committee at its meeting on the [12 February 2025](#). This new Policy introduced the use of risk appetite statements to better inform the management of risk. Reflecting on the adoption of the new Risk Management Policy, for the 2026/27 internal audit plan a review of Risk Management is proposed to provide assurance over this key area. This will also help to underpin the annual opinion set out below.

There is also a need to provide the annual audit 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 the above planned audit activities will be reported to the Pension Fund's September 2026 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 in November 2024 (for 2024/25 and 2025/26 plans) and will be reported again for 2026/27 audit plans in May 2026. The November 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 reflects the change to the Global Internal Audit Standards (GIAS) with the requirement for 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 standards is reflected in the allocation audit day budgets, and this may result in some flexing of these.

5.3 Pension Fund Internal Audit Plan 2026/27

Service Cluster	Audit Area	Audit Risk Score	Priority	Audit Days
Corporate	Pension Fund – review of Risk Management	26	Medium	30
Corporate	Pension Fund Annual Governance Statement and Internal Audit Annual Report 2025/26	26	Medium	5
	Total			35

Designation: Strategic Lead (Audit & Risk)

Date: 26 February 2026

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Background Papers: