

Proposed Internal Audit Plan for 2023/24

Report of the Director of Finance and Public Value

Please note that the following recommendations are subject to consideration and determination by the Committee before taking effect.

1) Recommendation

That the Board be asked to:

- (a) consider the proposed Internal Audit plan for 2023/24
- (b) consider whether it wishes to make any comments to the Investment and Pension Fund Committee.

2) Introduction

- 2.1 Under the Local Government Act 1972 the Authority, and specifically the Chief Financial Officer (the Director of Finance and Public Value), has a statutory duty to “make arrangements for the proper administration of their financial affairs”. Assurance that this is the case is given through the reporting of Internal Audit. The audits are carried out in accordance with the Accounts and Audit Regulations 2015 and in accordance with the Public Sector Internal Audit Standards (PSIAS).
- 2.2 Public Sector Internal Audit Standards (PSIAS) require the purpose, authority, and responsibility of Internal Audit activity to be formally defined in an Internal Audit Charter, consistent with the Definition of Internal Auditing, the Code of Ethics and the Standards.
- 2.3 The latest Internal Audit Charter and Strategy 2021/22 for Devon County Council was approved at the 25th February 2021 Audit Committee meeting. The document can be viewed at [Democracy Devon Audit Committee](#). The Internal Audit Charter and Strategy is in the process of being reviewed and is on the agenda for the next Audit Committee meeting on 28th February 2023 for approval.
- 2.4 The Internal Audit Charter and Strategy is applied in relation to Devon Pension Fund and Peninsula Pensions Internal Audit activity, with associated reporting provided to the Devon Pension Board and Investment & Pension Fund Committee.

3) Internal Audit Plan 2023/24 and the Service Level Agreement

- 3.1 The Internal Auditors for the Pension Fund are responsible for providing assurance that financial and other systems are operating effectively and in line with legislation and the Authority's financial regulations. This is achieved through two audit plans: one for the Devon Pension Fund and one for Peninsula Pensions
- 3.2 The Internal Audit Service for the Pension Fund is delivered by the Devon Audit Partnership. This is a shared service arrangement between Devon, Plymouth, Torbay, Mid Devon, North Devon, South Hams and West Devon and Torridge councils constituted under section 20 of the Local Government Act 2000.
- 3.3 The audit plans for the financial year 2023/24 allow for up to 40 days of internal audit support for the Pension Fund and 45 days of internal audit support for Peninsula Pensions, providing 85 days of internal audit provision overall. Further detail is set out in Appendix 1.

4) Conclusion

- 4.1 The Board is asked to consider the proposed Internal Audit Plan for 2023/24 and consider whether it wishes to make any comments to the Investment and Pension Fund Committee.

Angie Sinclair

Director of Finance and Public Value

Electoral Divisions: All

Local Government Act 1972: List of background papers

Nil

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APPENDIX 1

DEVON PENSION FUND

PROPOSED INTERNAL AUDIT PLAN 2023/24

1 INTRODUCTION

- 1.1 Under the Local Government Act 1972, the Chief Financial Officer has a statutory duty to make arrangements for the proper administration of the Authority's financial affairs. Assurance that this is the case is given through the reporting of Internal Audit. Audits will be carried out under the terms of Accountancy and Audit Regulations 2015.
- 1.2 As the Internal Auditors for the Pension Fund it is our responsibility to ensure that key systems, both financial and non-financial, are operating effectively and in line with the Authority's financial regulations and for Peninsula Pensions it is our responsibility to ensure that we provide an independent, objective assurance service, designed to add value, and improve the organisations operations. We help the Pension Fund accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. We achieve this through the two audit plans: one for the Devon Pension Fund and one for Peninsula Pensions.

2 THE AIM OF THE PLANS

- 2.1 The audit plans are reviewed and agreed on an annual basis, incorporating the key risks identified through the Fund's risk register and areas identified by Internal Audit in consultation with management. However recent good practice also recognises that it is advisable for plans to remain flexible, to enable them to be amended according to prevailing risks and changes to the control environment in the organisation, so whilst the annual plan should be approved at an appropriate level, it should also be capable of being flexed as necessary. Our plan will be shared with external audit colleagues to prevent duplication of work, and to minimise audit coverage across systems, including financial systems.
- 2.2 The main objectives of the plan are to provide assurance to the Chief Financial Officer and the external auditors that key systems are: -
- Secure
 - Effective
 - Efficient
 - Accurate
 - Complete
 - Compliant
- 2.3 In order to confirm this risk-based reviews; system reviews and compliance testing are completed at the Fund's administrative office and at Peninsula Pensions offices.

3 THE PLANS

- 3.1 The audit plans for the financial year 2023/24 allows for up to 40 days of internal audit support for the Pension Fund and 45 days of internal audit support for Peninsula Pensions, providing 85 days internal audit provision overall.
- 3.2 We have worked with senior management to determine the key risks to the Fund and from this have developed a plan for the coming year. The plan considers both financial and non-finance-based systems, and our work will provide assurance to the Director of Finance and Members on the effectiveness of arrangements. Our working papers are available to external audit colleagues for their consideration in planning their work.
- 3.4 Any significant findings from the previous year's audit work will be reviewed to ensure that agreed recommendations have been implemented and are effective.
- 3.5 As part of the audit plan we will also provide assistance and advice and be a central contact point for senior management.

4 TIMETABLE

- 4.1 The audits will be completed at specified times of the year through consultation and prior agreement with senior management.
- 4.2 All findings will be reviewed with senior management at the end of each audit programme and prior to the issue of any draft reports.
- 4.3 A copy of all final reports will be made available to the External Auditor for their information.

5 2023/24 PLANS

- 5.1 The following table sets out the planned internal audit work for 2023/24. Other issues and systems are sometimes identified during the course of the audits and, if found, will be discussed with senior management. These issues may be incorporated into future audit plans dependent upon priority and risk assessment.
- 5.2 The plans for both the Devon Pension Fund and Peninsula Pensions include following up of recommendations made previously at the next audit of that function or as part of other audits where there are links between functions / recommendations. This activity is shown within 'Audit Planning, Advice and Reporting' in the audit plan tables below.
- 5.3 Management track progress and completion of audit actions and report to the Devon Pension Board.

Devon Pension Fund Plan 2023/24

Audit risk areas	Days
1. Climate Risk and Environmental Social Governance Reporting	8
2. Cyber Security follow Up	1
3. Inflation Risk on Funding and investment of Devon Pension Fund	8
4. FINEST Replacement	5
5. Governance – Readiness for Change following the outcomes of the Good Governance Review	8
6. Succession Planning	8
7. Audit Planning, Advice and Reporting	2
Total days	40

5.4 The cost of these days will be £13,000. Additional support will be provided as and when required. Our standard daily rate for this work will be £325*, although specialist support may be at a different rate.

* subject to Partnership Board Approval

Peninsula Pensions Plan 2023/24

Audit risk areas	Days
1. Employer Interface - Data Quality Review	14
2. Cyber Security follow up	1
3. Payroll and Immediate Payment System	10
4. Implementation of McCloud	5
5. FINEST Replacement	5
6. Quality Control and Assurance	7
7. Audit Planning, Advice and Reporting	3
Total days	45

5.5 The cost of these days will be £14,625. Additional support will be provided as and when required. Our standard daily rate for this work will be £325*, although specialist support may be at a different rate.

* subject to Partnership Board Approval

Tony Rose
 Head of Devon Audit Partnership
 February 2023