

Pensions Audit Sub-Committee of the Pensions Committee

2.30 pm, Monday 22 September 2014

Present

Councillors Rose (Convener) and Bill Cook.

Consultative Panel Members Present:

Eric Adair and Eric MacLennan.

1. Minute

Decision

To approve the minute of the Pensions Audit Sub-Committee of the Pensions Committee of 16 June 2014 as a correct record.

2. Agenda Planning

An overview of potential reports for future Pensions Committee and Pensions Audit Sub-Committee meetings for December 2014 and March 2015 was outlined.

Decision

To note the agenda planning document.

(Reference – report by the Director of Corporate Governance, submitted.)

3. Audited Annual Report 2014 of the Lothian Pension Fund, Lothian Buses Pension Fund and Scottish Homes Pension Fund

Details were provided of the Annual Report for the Lothian Pension Fund, the Lothian Buses Pension Fund and the Scottish Homes Pension Fund which had now been considered by Audit Scotland. The International Standard on Auditing (ISA) 260 requires the External Auditor to communicate their findings to those charged with governance of the funds.

Decision

- 1) To note the External Auditor's report on the audit of the Annual Report for the year ended 31 March 2014 for the Lothian Pension Fund, the Lothian Buses Pension Fund and the Scottish Homes Pension Fund.
- 2) To note the Audited Annual Report 2014 for the Lothian Pension Fund, Lothian Buses Pension Fund and Scottish Homes Pension Fund.

(Reference – report by the Director of Corporate Governance, submitted.)

4. Review of Investment Operations

A summary was provided on the key matters in relation to the investment controls and development of the in-house investment operations.

Decision

To note the progress made in relation to implementing the recommendations of the external consultant and in seeking Financial Conduct Authority (FCA) authorisation.

(Reference – report by the Director of Corporate Governance, submitted.)

5. Pension Fund Investment Staffing

The risk from the lack of remuneration benchmarking and short notice periods for investment staff was highlighted and potential options to manage the risk were outlined. The Pensions Committee of 23 September 2014 would be asked to make a decision on this issue.

Decision

To note the report.

(Reference – report by the Director of Corporate Governance, submitted.)

6. Audit of Foreign Exchange Transaction Costs

Details were provided on the audit of foreign exchange (FX) transaction costs for the period 1 April 2013 to 31 March 2014. Recommendations were outlined on possible future actions to further improve the control of costs.

Decision

To note the report.

(Reference – report by the Director of Corporate Governance, submitted.)

7. Pensions Administration Data Quality

An update was given on a range of initiatives which were being utilised to improve the flow of data from employers with the aim of enhancing the quality of pension administration membership record data.

Decision

To note the report.

(Reference – report by the Director of Corporate Governance, submitted.)

8. Prevention of Fraudulent Pension Payments

Details were provided on the ongoing work in fraud prevention initiatives as an integral part of the control environment and the overall management of risk.

Decision

To note the work undertaken by Lothian Pension Fund to prevent pension payment fraud.

(Reference – report by the Director of Corporate Governance, submitted.)

9. Irrecoverable Overpayment of Pensions

An update was provided on pension overpayments, during the period 1 September 2013 to 31 August 2014, which had been deemed irrecoverable by the Director of Corporate Governance, in accordance with the Council's "Scheme of Delegation to Officers".

Decision

To note that the total value of pension overpayments written off between 1 September 2013 and 31 August 2014 was £2,287.64.

(Reference – report by the Director of Corporate Governance, submitted.)

10. Risk Management

A summary was provided on the Lothian Pensions Fund's risk management procedures, including details on the operational risk register and quarterly risk overview.

Decision

To note the Quarterly Risk Overview.

(Reference – report by the Director of Corporate Governance, submitted.)