

# Minutes

## Pensions Audit Sub-Committee of the Pensions Committee

**14.00, Tuesday 27 September 2016**

### Present

Councillors Rose (Convener), Bill Cook and Orr.

### Pensions Board Members Present:

Jim Anderson and Darren May

## 1. Minute

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### Decision

To approve the minute of the Pensions Audit Sub-Committee of the Pensions Committee of 22 June 2016 as a correct record.

## 2. Agenda Planning

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An overview of potential reports for future Pensions Committee and Pensions Audit Sub-Committee meetings for December 2016 and March 2017 were outlined.

### Decision

To note the agenda planning document.

(Reference – report by the Acting Executive Director of Resources, submitted.)

## 3. Audited Annual Report 2016 of the Lothian Pension Fund, Lothian Buses Pension Fund and Scottish Homes Pension Fund Annual Report, including Annual Report by Audit Scotland

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Audit Scotland had undertaken its statutory audit of the Annual Report 2016 of the three pension funds administered by the City of Edinburgh Council.

The Accounts showed that the Lothian Pension Fund valuation had increased over the year by 6.4% to £5,434 million and Lothian Buses Pension Fund had increased by 2.2% to £394.4 million. The Scottish Homes Pension Fund had decreased by 2.9% to £150.3 million.

A representative from Audit Scotland was present for this item.

### **Decision**

- 1) To note the “Audit Scotland 2015/16 annual audit report to Members and the Controller of Audit” attached at Appendix 1 to the report by the Acting Executive Director of Resources.
- 2) To recommend to the Pensions Committee to communicate to the Chartered Institute of Public Finance and Accountancy (CIPFA), Audit Scotland and the Scheme Advisory Board (of the Local Government Pension Scheme in Scotland), the Committee’s concerns with the relaxation of the principle of full cost transparency of investment management fees, as explicit in CIPFA’s revised guidance “Accounting for Local Government Pension Scheme Management Costs”, dated March 2016.

(Reference – report by the Acting Executive Director of Resources, submitted.)

## **4. Lothian Pension Fund – Internal Audit Update 2016/17**

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A summary was provided of Internal Audit Activity during the period 1 April 2016 to 31 August 2016.

### **Decision**

- 1) To note the Internal Audit activity undertaken during the period 1 April to 31 August 2016.
- 2) To note the matters arising from the Internal Audit review undertaken during the period 1 April to 31 August 2016.
- 3) To note the status of management actions from audits undertaken in 2015/16.

(Reference – report by the Chief Internal Auditor, submitted.)

## **5. Annual Report on LPFE Limited and LPFI Limited**

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In support of the administration of the pension funds that it administered, an update on the business and operation of LPFE Limited and LPFI Limited was provided.

### **Decision**

- 1) To note that the remit of the Pensions Audit Sub-Committee had been amended by Council to include scrutiny of the Council companies associated with the Pension Fund.
- 2) To note the LPFE Limited annual accounts and the updates on LPFE and LPFI provided in the report by the Acting Executive Director of Resources.

- 3) To ask that the following be included within the next annual update:
  - Salaries associated with LPFE.
  - The performance of the LPFE Board.
- 4) To note that details of the LPFI Non-Executive director would be circulated to the Committee and Pension Board once the appointment was confirmed.

(Reference – report by the Acting Executive Director of Resources, submitted.)

## **6. Pensions Administration Data Quality**

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An update was provided on the ongoing work to enhance and improve the quality of pension administration membership record data and the flow of data from employers through regular reporting and liaison.

### **Decision**

To note the report by the Acting Executive Director of Resources.

(Reference – report by the Acting Executive Director of Resources, submitted.)

## **7. Fraud Prevention**

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Details were provided of the Lothian Pension Fund's participation in fraud prevention initiatives which were an integral part of the control environment and the overall management of risk.

### **Decision**

To note the report by the Acting Executive Director of Resource.

(Reference – report by the Acting Executive Director of Resources, submitted.)

## **8. Irrecoverable Overpayment of Pensions – Decisions Made Under Delegated Authority**

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An update was provided on pension overpayments during the period 1 September 2015 to 31 August 2016 which had been deemed irrecoverable by the Acting Executive Director of Resources, 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 2015 and 31 August 2016 was £9,671.73.

(Reference – report by the Acting Executive Director of Resources, submitted.)

## 9. Risk Management Summary

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A summary was provided of the Lothian Pension 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 Acting Executive Director of Resources, submitted.)