

Pensions Audit Sub-Committee of the Pensions Committee

14.00, Monday 5 December 2016

Present

Councillors Rose (Convener), and Orr.

Pensions Board Members Present:

Catriona Warren and Alan Williamson

1. Minute

Decision

To approve the minute of the Pensions Audit Sub-Committee of the Pensions Committee of 27 September 2016 as a correct record.

2. Agenda Planning

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

Decision

To note the agenda planning document.

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

3. EU Tax Claims & Income Recovery

A summary was provided of the activity on EU tax and other tax claims made on behalf of Lothian Pension Fund. During the period since the last report, no additional claims had been received and the amount recovered to date remains at £1,370.1k.

Decision

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

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

4. Global Custody Services Performance

The Fund's custodian, Northern Trust, had provided their key performance report for the 12 months ended 30 September 2016. Northern Trust was currently meeting the needs of the three Pension Funds.

Decision

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

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

5. Investment Income Review Cross Border Withholding Tax

Information was provided on a benchmarking study prepared by E&Y into the effectiveness of the procedures in place to manage the tax exposure on the investment income of Lothian Pension Fund and Lothian Buses Pension Fund.

Decision

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

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

6. Lothian Pension Fund – Internal Audit Update 2016/17

A summary was provided of Internal Audit activity during the period 1 September 2016 to 30 November 2016.

Decision

- 1) To note the Internal Audit activity during the period 1 September 2016 to 30 November 2016.
- 2) To note the matters arising from the Internal Audit review undertaken in this period.
- 3) To note the status of management actions from audits undertaken in 2015/16, and in 2016/17.

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

7. Resolution to consider in private

The Committee, under Section 50(A)(4) of the Local Government (Scotland) Act 1973, excluded the public from the meeting for the following items of business on the grounds that they involved the disclosure of exempt information as defined in Paragraph 6 of Schedule 7(A) of the Act.

8. Lothian Pension Fund – Third Party ICT Supplier Risk

A summary of the findings of the external vulnerability assessment for online modules accessible to employers and members of the Lothian Pension Funds was provided.

Decision

- 1) To note the matters arising from the external vulnerability assessment undertaken in this period.
- 2) To agree that an update concerning Third Party ICT Supplier Risk would be submitted to the Pensions Audit Sub Committee during the summer of 2017 and that should issues arise during the interim that these be referred to the Convener of the Pensions Committee for consideration.

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

9. Risk Management in depth Review

A summary was provided of the Lothian Pension Fund's risk management procedures, including details on the operational risk register and the Fund's action to mitigate these risks.

Decision

To note the Operational Risk Register and Quarterly Risk Overview as at 25 October 2016.

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