

# Minutes

## Pensions Audit Sub-Committee of the Pensions Committee

**2.00pm, Tuesday 24 September 2019**

**Present:**

Councillors Rose (Convener) and Child; John Anzani.

**Pensions Board Members:**

Sharon Cowle and Brian Robertson

**Independent Professional Observer**

Andy McKinnell

### 1. Minutes

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**Decision**

To approve the minute of the Pensions Audit Sub-Committee of the Pensions Committee of 25 June 2019 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 2019 and March 2020 was presented.

**Decision**

- 1) To note the agenda planning document.
- 2) To note that the Pension Board were invited to comment on agenda items during Committee meetings.

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

### 3. Audited Annual Report 2019 of the Lothian Pension Fund and Scottish Homes Pension Fund, including Annual Report by External Auditor

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The unaudited Annual Report for the year ended 31 March 2019 for the Lothian Pension Fund (LPF) and Scottish Homes Pension Fund (SHPF) had been considered by the external auditor, Scott-Moncrieff, and their findings presented.

It was concluded that that there were no matters which Scott-Moncrieff were required to report by exception.

### **Decision**

- 1) To note the report by Scott-Moncrieff “Lothian Pension Funds 2018/19 Annual Audit Report to Members and the Controller of Audit” (Appendix 1).
- 2) To note the audited Annual Report for the year ended 31 March 2019 for the LPF and the SHPF (Appendix 2).
- 3) To note that the audited financial statements, for the year ended 31 March 2019, of both the wholly-owned companies, LPFE Limited and LPFI Limited, were approved by the respective Board of Directors in May 2019. These statements were shown in full at Appendices 3 and 4.

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

## **4. Pensions Data Quality**

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The Sub-Committee was informed of the ongoing work to enhance the quality of pension administration membership record data.

In accordance with its Pension Administration Strategy, the Fund continued with its efforts to improve the flow of data from employers through regular reporting and liaison. Focus had been placed on bringing the receipt of monthly contribution (data) returns from employers to an up-to-date position together with the provision of a static pension record identifier.

Members discussed concerns regarding the ingathering of quality information from employers and whether everything was being done to resolve this. It was highlighted that there were reputational consequences for employer and fund that were used to incentivise compliance.

### **Decision**

To note the report.

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

## **5. Irrecoverable Overpayment of Pensions – Decisions Made under Delegated Authority**

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The Sub-Committee was advised of pension overpayments during the period 1 September 2018 to 31 August 2019, which had been deemed irrecoverable by the 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 2018 and 31 August 2019 was £7,888.00.

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

## 6. Fraud Prevention

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The work undertaken by the Lothian Pension Fund to prevent fraud was presented for review and scrutiny. The report provided details of participation in fraud prevention initiatives as an integral part of the control environment and the overall management of risk.

### Decision

To note the report.

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

## 7. Risk Management Summary

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The Lothian Pension Fund's risk management procedures required the fund to maintain a detailed operational risk register which set out all the risks identified and assessed by the officers on an ongoing basis, the degree of risk associated in each case and the action taken to mitigate these risks

In line with the Pension Funds' ongoing risk management procedures, an overview was provided of the Fund's risk analysis for consideration by the Committee.

It was noted that risk was still high and that there were two significant critical around ICT and the office move where work was still to be done.

Members were advised that ICT risk had reduced due to three factors:

- A new strategy had been approved and put in place.
- The appointment of a new ICT and Governance manager.
- FCA-led governance improvements.

### Decision

- 1) To note the Quarterly Risk Overview.
- 2) To amend risk no. 9 from "elected members" to "members".

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

## 8. LPFE Limited and LPFI Limited Annual Report

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The Committee, under Section 50(A)(4) of the Local Government (Scotland) Act 1973, excluded the public from the meeting for the item of business on the grounds that it involved the disclosure of exempt information as defined in Paragraphs 6 and 9 of Schedule 7(A) of the Act.

An update was provided on the business and operation of the LPFE Limited (LPFE) and LPFI Limited (LPFI).

**Decision**

As detailed in the Confidential Schedule, signed by the Convener, with reference to this minute.

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

**9. Lothian Pension Fund ICT Update**

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The Committee, under Section 50(A)(4) of the Local Government (Scotland) Act 1973, excluded the public from the meeting for the item of business on the grounds that it involved the disclosure of exempt information as defined in Paragraphs 6 and 9 of Schedule 7(A) of the Act.

Following approval by the Pensions Committee on 26 June 2019, an update was provided on the implementation of the LPF ICT pathway.

**Decision**

As detailed in the Confidential Schedule, signed by the Convener, with reference to this minute.

(References – Pensions Committee 26 June 2019 (item 12); report by the Executive Director of Resources, submitted.)