

## **Pensions Audit Sub-Committee Minutes**

**2pm, Monday 27 September 2021**

### **Present:**

Councillors Rose (Convener) and Child; John Anzani.

### **Pension Board Members present:**

Jim Anderson and Alan Williamson.

### **Other Attendees:**

Andy McKinnell, Independent Professional Observer and Nick Bennett, Azets Audit Services (External Auditor).

## **1. Quorum**

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The Clerk confirmed that notice of the meeting had been given and that a quorum was present and the Convener declared the meeting open.

## **2. Order of Business**

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The Clerk confirmed that there was no change to the order of business.

## **3. Declaration of Interests**

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### **Decision**

To note there were no declarations of interest.

## **4. Minutes**

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### **Decision**

To approve the minute of the Pensions Audit Sub-Committee of 22 June 2021 as a correct record.

## **5. Pension Board oversight**

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The Pension Board representatives confirmed that the Pension Board would provide comment any relevant matters during the meeting.

## **6. Agenda Planning**

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An overview of proposed reports for Pensions Committee and Pensions Audit Sub-Committee meetings for December 2021 and March 2022 was presented.

### **Decision**

- 1) To note the agenda planning document.
- 2) To note that the Pension Board Members were invited to comment on agenda items during Committee meetings.
- 3) To request that a cyber security update be presented to the Audit Sub-Committee in December 2021.
- 4) To recommend that the Pensions Committee receive an update on Project Forth at its next meeting in December 2021.

(Reference – report by the Chief Risk Officer, Lothian Pension Fund, submitted.)

## **7. Audited LPF Annual Report (and Financial Statements) 2021**

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An overview and details of the Audited Annual Report (and Financial Statements) for the year ended 31 March 2021 for Lothian Pension Fund and Scottish Homes Pension Fund was presented to members by the Chief Financial Officer, LPF and the Fund's external auditor, Nick Bennett from Azets Audit Services.

Nick Bennett presented the audit findings to members including the audit opinion, key findings on audit risks, audit adjustments and accounting systems and internal controls.

Azets Audit Services had provided an unqualified opinion on the financial statements and other prescribed matters for Lothian Pension Fund and Scottish Homes Pension Fund and had also confirmed that there were no matters on which it was required to report by exception.

Key points within the Audit Report included confirmation that work had been performed in accordance with the Audit Scotland Code of Audit Practice, International Standards on Auditing (UK and Ireland) and Ethical Standards.

### **Decision**

- 1) To note the report by Azets Audit Services “Lothian Pension Funds 2020/21 Annual Audit Report to Members of the Pensions Committee and the Controller of Audit” (at Appendix 1).
- 2) To note the audited Annual Report (and Financial Statements) for the year ended 31 March 2021 for Lothian Pension Fund and Scottish Homes Pension Fund (at Appendix 2).
- 3) To note that the audited financial statements for the year ended 31 March 2021 of both the wholly owned companies, LPFE Limited and LPFI Limited, had been approved by the respective Boards of Directors in July 2021 (at Appendices 3 and 4).
- 4) To note Lothian Pension Funds – Statement on the system of internal financial control and ‘Letter of Representation (ISA 580) (at Appendices 5 and 6).
- 5) To request that LPF consider a review of the investment benchmarking and update committee later in the year.

(Reference - report by the Chief Finance Officer, Lothian Pension Fund, submitted.)

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

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The annual update to members in relation to irrecoverable overpayment of pensions provided a summary for the period of 1 September 2020 to 31 August 2021. The report highlighted three overpayments totalling £3748.84 and set out the efforts to recover the overpayments and the reasons LPF concluded payments were irrecoverable.

### **Decision**

To note that the total value of pension overpayments written between 1 September 2020 and 31 August 2021 was £3748.84.

(Reference – report by the Chief Finance Officer, Lothian Pension Fund, submitted.)

## **9. Fraud Prevention**

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Members were presented with an overview of the work undertaken by LPF to prevent fraud including controls such as LPF’s delegations, one off payments processes and bank validation checks. The report also updated members on LPF’s participation in initiatives such as the national fraud initiative and the Local Government Association (LGA) National Insurance database.

### **Decision**

To note the report.

(Reference - report by the Chief Finance Officer, Lothian Pension Fund, submitted.)

## 10. Risk Management Summary

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In line with the Lothian Pension Fund's (LPF) ongoing risk management procedures, an overview was provided of LPF's risk analysis.

The Risk Management Group continued to meet regularly to assess all elements of the LPF Group's risk framework including the risk appetite, register, overall assurance position and any more granular risks escalation from other sub-groups.

### Decision

To note the Quarterly Risk Overview as at 18 August 2021.

(Reference - report by the Chief Risk Officer, Lothian Pension Fund, submitted.)