

Pensions Audit Sub-Committee Minutes

2pm, Tuesday 22 June 2021

Present:

Councillors Rose (Convener) and Child; John Anzani.

Pension Board Members present:

Brian Robertson and Alan Williamson.

Other Attendees:

Andy McKinnell, Independent Professional Observer and Nick Bennett, Scott Moncrieff (External Auditor).

1. Quorum

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

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

3. Declaration of Interests

Decision

To note there were no declarations of interest.

4. Minutes

Decision

To approve the minute of the Pensions Audit Sub-Committee of 8 December 2020 as a correct record.

Matter Arising

Internal Audit Open Findings – Item 10 – Decision (4)

- 1) To note that the briefing update from the Chief Internal Auditor on the progress of the six open internal audit findings remained outstanding and that the Chief Executive Officer and Convener would follow this up with the Chief Internal Auditor.

- 2) To note that the Chief Executive Officer would communicate to Audit Sub-Committee members the response from the Chief Internal Auditor on the single high overdue finding on risk management.

5. Pension Board oversight

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

6. Agenda Planning

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

Members expressed a wish to return to physical meetings as soon as possible as and when Scottish Government guidance and regulations permitted.

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 note that draft internal audits and plan would be developed in consultation with the Convener of the Audit Sub-Committee but to agree that these would be circulated to Audit Sub-Committee members for comment; thereafter, to schedule a meeting of the Sub-Committee in March 2022 if required but only if there were significant other agenda items to be considered.

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

7. LPF Unaudited Annual Report (and Financial Statements) 2021

Details were provided of the unaudited Annual Report (and Financial Statements) for the year ended 31 March 2021 for Lothian Pension Fund and Scottish Homes Pension Fund.

Lothian Pension Fund (Group) net asset valuation as at 31 March 2021 highlighted a significant recovery from the previous year's fall in global and UK equity markets with a total of £8,694m reflecting an increase of £1,215m (16.2%).

Given its mature membership profile, net assets of the Scottish Homes Pension Fund fell from £166.1m to £157.5m at 31 March 2021, a decrease of £8.6m (5.2%).

Members received a presentation from the Fund's Senior Finance Manager on the detail of the Annual Report and Financial Statements.

Decision

- 1) To note the unaudited Annual Report (and Financial Statements) for the year ended 31 March 2021 for Lothian Pension Fund and Scottish Homes Pension Fund.

- 2) To commend the LPF staff team for their work in preparing and presenting the annual report and accounts in the new refreshed format.

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

8. Risk Management Summary

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.

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

9. Lothian Pension Fund Group Controls and Compliance

The Sub-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 1.3 and 6 of Schedule 7(A) of the Act.

A summary was provided of the key developments in relation to the operational systems and controls of the Lothian Pension Fund group.

Key updates included:

- ICT and systems
- People and HR
- Governance
- Systems and controls review
- Assurance Mapping

Decision

To note the update on the LPF Group's systems, controls and assurance mapping in relation to its current business activity and structures.

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