

## ACTIONS AND RECOMMENDATION TRACKERS

### Report of the County Treasurer

Please note that the following recommendation is subject to consideration and determination by the Board before taking effect.

**Recommendation: that the Board notes funds progress on completing actions arising from internal audits and Pension Board member recommendations or requests.**

#### 1. Introduction

1.1. As part of an agreed actions from previous board meetings an Audit action log has been created to track progress and completion of audit actions and recommendations. In addition, officers have also produced a log of actions and requests raised by the Pension Board.

#### 2. Trackers

2.1. The Audit Actions tracker allows Board Members to monitor responses, actions and progress against audit findings from internal audit reports. The programme of internal audits is agreed with fund officers on an annual basis and undertaken throughout the year. Trackers relating to previous years are attached where actions remain outstanding.

2.2. The Actions and Recommendations tracker compiles a list of actions, recommendations and requests raised by the Devon Pension Board. Previously completed actions have been removed.

#### 3. Audit programme 20/21

3.1. Progress against this year's audit plan is noted below for audits due on the Pension Fund. Due to the nature of the audits required for Peninsula Pensions and the team currently working at home, it was agreed to delay these audits until later in the year. Focus has therefore been on completing the Pension Fund audits.

<b>Audit Risk Areas</b>	<b>Progress</b>
Investment Strategy Statement	Draft report due shortly
Performance Management	In work
Risk Management and Reporting (including review of Peninsula Pensions risks applicable to Devon Pension Fund)	Due to commence w/c 6 <sup>th</sup> July 2020

#### **4. Conclusion**

4.1. The Board is asked to note the attached action trackers.

Mary Davis

Electoral Divisions: All

Local Government Act 1972

List of Background Papers - Nil

Contact for Enquiries: Charlotte Thompson

Tel No: (01392) 381933 Room G99

Recommendations 2019/20	Priority	Management response and action plan including responsible officer	Follow up response	ACTIONED?
<p>Peninsula Pensions (total days 45)  <b>Audit</b>            Admission and Departure of Employers to the Fund            Annual Reporting Compliance            Pensions Regulator Code of Practice 14 compliance            Interfacing and submission of employer data with the Pensions administration system, and use of Employer Self-Service            Actuarial Valuation</p>	<p>Days</p>	<p>Proposed Quarter            Q1            Q2            Q3            Q4</p>		
<p><b>Employer Contributions</b></p>				
<p>Management to consider implementing an annual review and testing of the Pensions Contributions Database. It is suggested that this should include a review of the standing data input for each financial year i.e. employer contribution rates and deficit values, to ensure that all Devon Pension employers and rates/values are accurately recorded on the database. A review of the use of Finest reporting, to ensure that all codes are included within the reports used. A review of the spreadsheets used for upload to the database are comprehensive, including the accurate use of formulas where applicable, that information uploaded to the database is fully and accurately uploaded and that database settings are accurately used in relation to reconciliation of contribution and deficit values received and values outstanding. Whilst the agreed audit days for the 2019-20 Employer Contributions audit review have now been fully utilised, Database integrity testing could be requested for inclusion in the 2020-21 internal audit plan, and/or in future years, if required.</p>	<p><b>Opportunity</b></p>	<p>Management may consider use of internal audit days to incorporate annual review and testing of the Pensions Contributions Database, whilst the database remains in its current form. However, this requirement would be considered by the Service alongside other risk areas and may not be a priority. Assistant County Treasurer – Investment and Treasury Management. DAP management Database would require in the region of 5 internal audit days (being the suggested minimum number of days for individual internal audit reviews, given QA and reporting requirements). We will make a note of the above to discuss with management as part of the Devon Pension Fund annual internal audit planning process. If internal audit days are not utilised for this purpose, it is suggested that annual testing could be undertaken 'in-house' by an independent officer, for example another member of the Investments Team.</p>		
<p>Management to again consider automation of manual input processes.</p>		<p>Automation of processes has previously been considered and will be re-visited by management. There is work on-going within the authority in relation to 'change' programmes and implementation of new technologies and applications, for example including in relation to the use of Power BI reporting. This may have implications for the Employer Contributions work stream and management would not wish to duplicate effort by considering alternatives to current processes where this is already being considered, for example by DCC programme teams. Any changes to current processes are likely to be longer-term in nature. And there would still be the need for internal checks and balances, for example to identify incorrect data input by employers contained within EASS return forms. It may be useful for a project approach to be taken in relation to consideration to any changes to Employer Contributions work streams, and for this to involve consultation with relevant colleagues, including the Devon Pension Fund Accountant, Assistant County Treasurer – Investment and Treasury Management. DAP management post meeting note. Further to the question raised by the Head of Peninsula Pensions. DAP ICT auditors could provide advisory suggestions in relation to automation of current processes. This could be considered within the 2020-21 internal audit planning process, should management require internal audit days to be utilised for this purpose. However, it is noted that this suggestion may be superseded in the event of DCC 'change' programme reconsideration of Employer Contributions processes. DAP will make a note of this accordingly.</p>		

<p>It is recommended that management review the approach taken to the monitoring and reporting of employer deficit funding contributions, to ensure that a consistent approach is being taken and that any reporting requirements (such as to the Pensions Regulator) are being appropriately met; and for this to include liaison with the Devon Pension Fund Accountant, as required. This review could include a standard approach for all deficit payments where being paid outside of the monthly standing order e.g. via debtor invoice and regular review of the Outstanding Shortfall invoices log to provide accurate overview of amounts outstanding for payment for pension reporting purposes with resulting changes to current processes communicated to DPF employers where applicable</p>	<p><b>Medium</b></p>	<p>processes. A flexible approach has been taken by Devon Pension Fund, and it understood by other Pension Funds likewise in relation to this and in respect of arrangements for employers who have an outsourced payroll provider (whereby the outsourced payroll provider will have no involvement in employer deficit payments). As to whether a separate EAS5 form should be completed by employers who use an outsourced payroll provider, in relation to employer deficit payments, this could be considered. Alternatively, management could review whether monitoring by Investments Team colleagues provides sufficient information for Peninsula Pensions finance team colleagues to preclude the need for additional EAS5 forms to be completed. The management response at recommendation 1.1.2 also refers and applies here, in relation to the possibility of a project approach being taken, in relation to consideration to any changes to Employer Contributions processes, and for this to involve consultation with relevant colleagues, including the Devon Pension Fund Accountant. Assistant County Treasurer Investment and Treasury Management (By 31 May 2020)</p>	
<p>Whilst the processes relating to the monitoring and collection of employer contributions (refer to Risk 1) and deficit funding contributions are well known and carried out by experienced Devon Pension Fund Investment Team officers, it is recommended for continuity purposes that these be documented within maintained internal process note documents.</p>	<p><b>Low</b></p>	<p>Accepted. Assistant County Treasurer – Investment and Treasury Management. (By 31 August 2020)</p>	
<p>It is recommended that management consider the potential streamlining of processes, as indicated above, where this may be of benefit to the services involved (Devon Pension Fund Investment Team and Peninsula Pensions Finance team).</p>	<p><b>Opportunity</b></p>	<p>Communications have improved within and between the teams, including in relation to the use of SharePoint and team channels. Thought may be given to further streamlining of processes, however this will be done in conjunction with any DCC change programme review of Employer Contributions processes, and in consideration of the recent Peninsula Pension Finance team processes review, so as not to duplicate effort within the organisation and to ensure a joined-up approach is taken. In the interim, the Investment Manager will investigate whether the Pensions Contributions Database could be made available to Peninsula Pensions Finance colleagues to view on SharePoint. Assistant County Treasurer – Investment and Treasury Management; and Head of Peninsula Pensions.</p>	
<p><b>Annual Reporting Compliance</b></p>			
<p>It is recommended that management ensure that comprehensive procedure notes are put in place covering all these processes.</p> <p>These should include adequate reference to internal sign-off requirements and confirmation of the timescales for the completion and submission of returns, and make reference to related processes and information that is required for completion of the task, including where the responsibility for interdependent processes or provision of information sits within other teams.</p>	<p><b>Medium</b></p>	<p>Agreed. Technical &amp; Compliance Manager by 31 March 2020</p>	<p>In progress</p>

<p>It is recommended that management consider implementing a requirement for checklists, which could be held electronically possibly using the service internal SharePoint site, to be completed by officers for annual reporting tasks; given that these tasks fall outside of Altair (Pensions Administration system) taskflows. The completion and retention of checklists, to include internal sign-off where applicable, would provide an audit trail for management that the required tasks have been completed as required.</p>	<p><b>Opportunity</b></p>	<p>Consideration will be given to this recommendation. Technical &amp; Compliance Manager 31 March 2020.</p>	<p>In progress</p>	
<p>As detailed above, consideration should be given to the use of exception and other system reporting where now or in the future accuracy of data submitted is not subject to verification at the time of processing. Thought should also be given to how corrections will be made in the event of inaccuracies being identified retrospectively, including where this has an implication for annual reporting returns.</p>	<p><b>Medium</b></p>	<p>Consideration will be given to this recommendation. Technical &amp; Compliance Manager 31 March 2020.</p>	<p>In progress</p>	
<p><b>Pensions Regulator Code of Practice 14 compliance</b></p>				
<p>Management should consider further populating the Data Improvement Plan and the Employers' Development Plan to include how progress can be regularly recorded and monitored. Monitoring results should be subsequently reported to management and the Devon Pension Board/Investment &amp; Pension Committee, to ensure progress against the Plan remains on track.</p>	<p><b>Medium</b></p>	<p>Thought will be given to whether this will be possible and in conjunction with the new data scores reports when received. Technical &amp; Compliance Manager; and Head of Peninsula Pensions. (By 31 May 2020).</p>	<p>In progress</p>	
<p>The Service should consider promoting wider use of the in-house tool, including in relation to possible income generation opportunities, should this be a tool that could be 'marketed' for other client (e.g. Police Constabulary and Fire &amp; Rescue Service) use.</p>	<p><b>Opportunity</b></p>	<p>This will be considered, however, Fire and Police authorities retain responsibility for compliance as scheme managers. The self-assessment tool may be more applicable for other LGPS fund use. Technical &amp; Compliance Manager; and Head of Peninsula Pensions.</p>	<p>Management have considered this option but will not be taking any action at this stage in view of pending</p>	
<p>Management should consider incorporating a narrative describing the Service's approach to compliance with the Code to be read in conjunction with the self-assessment document, explaining how the Service meets the required elements in addition to listing related evidence. This could be useful for continuity purposes, and should another member of the team take forward the self-assessment process, and also in support of reporting compliance with the Code to management and the Devon Pension Board/Investment &amp; Pension Committee.</p>	<p><b>Medium</b></p>	<p>Agreed. Production of a supporting narrative will be explored. Technical &amp; Compliance Manager; and Head of Peninsula Pensions. (By 31 May 2020).</p>	<p>In progress; but has been put on hold pending changes to the Code of Practice.</p>	
<p>An update should be taken to the Devon Pension Board / Investment &amp; Pension Fund Committee in relation to overall TPR compliance, and high-level self-assessment outcomes and action plan.</p>	<p><b>Medium</b></p>	<p>Accepted. This is already planned and noted in the Devon Pension Board future work programme for January 2020. Head of Peninsula Pensions; and Investment Manager.</p>	<p>to members of the Board and Committee at the March 2020 training event.</p>	

<p>It is noted that the Devon Pension Fund member training plan includes reference to members having, or being in the process of completing, the Pension Regulator Trustee Toolkit (on-line training). The above recommended update to the Board could potentially include reference to link to further information for members on the requirements of the Code, this may be of particular benefit to any new Board members.</p>	<p><b>Opportunity</b></p>	<p>Confirmation of the TPR Code of Practice 14 requirements is already in-hand. A member handbook and training manual is currently being drafted, which includes reference to the Code of Practice 14, and the knowledge and understanding requirements of Pension Board members. Investment Manager.</p>	
<p><b>Interfacing and submission of employer data with the Pensions administration system, and use of Employer Self-Service</b></p>			
<p>It is recommended that the Service progress arrangements for the roll out of ESS and for the automated / direct upload to Alfair relating to DCC and SCC payroll data (such as individual pensionable pay calculations for 'leavers').</p>	<p>Medium</p>	<p>We have informed all LGPS employers, including via Pensions Line, that ESS should be used to notify the Service of leavers, with the exception of the larger LGPS employers. Arrangements for direct upload of data for the larger LGPS employers will be progressed, subject to resource being made available for this and this forms part of a longer term plan. We have started engagement with LGPS employers in relation to the further roll out / use of ESS and this is being progressed. Employer &amp; Communications Manager – commenced and part of a longer term project plan to be further progressed in 2020/21.</p>	<p>Completed</p>
<p>To consider developing the contact ESS key contacts record to make it more 'user friendly', possibly using office 365 tools, as detailed above. It is recommended that the Service maintains a record of employers using ESS.</p>	<p><b>Opportunity</b></p>	<p>We intend to make improvements to the key contacts document, when time allows, and this may involve incorporating ESS contacts into a wider Employer &amp; Communications team employer contact document. Employer &amp; Communications Manager.</p>	<p>Completed</p>
<p>It is recommended that a central log is made within the Interface Progress Chart of the queries raised with LGPS employers, resulting from the interface upload process. This should also be used to record the outcome of queries. Consideration should be given to inclusion of another field in the Progress Chart to record that the reconciliation report was produced, outcome of reconciliation e.g. reconciled, or errors notified (and where errors are notified, for these to be recorded in a central error log).</p>	<p>Medium</p>	<p>This will be progressed with Systems team colleagues and may involve consideration of the inclusion of a R.A.G. rating column. Technical &amp; Compliance Manager – by 30 September 2020.</p>	<p>Completed</p>
<p>It is recommended that a high level quality control process for the use of ESS by LGPS employers is implemented by the Service to confirm that the amendment / entry is adequately evidenced and that correct information has been recorded on the system. This should only be a small annual retrospective sample to provide assurance to Peninsula Pensions regarding the quality of data submitted.</p>	<p>High</p>	<p>We are looking to introduce an on-line ESS training module, for which it will be possible to maintain a record of which employers have completed the training. We do not accept the recommendation regarding the introduction of a QC process to ensure that employers retain, and can provide evidence for any entries made. With over 400 employers in the fund this would be a resource heavy task and defeats the object of ESS. In addition to this, the potential backlash from employers if we ask them to evidence any entries could be significant. The revised administration strategy makes employers aware of their roles and responsibilities regarding the provision of timely and accurate data, and the implications of not doing so. Before the introduction of ESS, we have not conducted QC checks on data submissions and have instead queried potential data errors with employers when entries are either missing or appear to be incorrect. We will continue with this approach. However, we will consider the recommendation made below in 1.1.5 which will help to alleviate some of the risks and concerns that have been identified. Employer &amp; Communications Manager – to be progressed in 2020/21.</p>	<p>No action required</p>

Consideration could be given to using annual Employer Data Quality declaration forms as a way of promoting and enforcing data quality expectations by Employers.	<b>Opportunity</b>	The historic data quality review is underway with employers. There is a field, for signature, on the employer monthly data return in respect of data quality. We will add a similar field to the annual data return form. Technical & Compliance Manager and Employer & Communications Manager.	Completed
It is recommended that the ongoing need for generic user accounts be considered, and accounts disabled accordingly.	<b>Medium</b>	Agreed. This will be reviewed. Technical & Compliance Manager –by 30 September 2020.	Partially completed - in progress
Prior to roll out of the formula driven 'alert' to CARE pensionable pay figures provided for interface upload, the Service may wish to 'trial' the proposed 'alert' with an employer to provide assurance that it operates as expected. Furthermore, the Service may wish to consider whether it would be beneficial to include other such formula/parameter driven alerts within other interface templates for data quality improvement purposes.	<b>Opportunity</b>	The in-house developed 'alert' was not rolled out in January as further testing is required. These suggestions will be considered. Technical & Compliance Manager.	In progress
<b>Actuarial Valuation</b>			
The current Actuarial Valuation Communications (Project) Plan should be updated, in advance of the next valuation process, with one further column to provide details of the status of the task as at a recorded date, and this be updated regularly.	<b>Medium</b>	This will be considered, and it may be that a shared document for use by Investments Team and Peninsula Pensions colleagues will be appropriate. (Recommendation 1.2.3 also refers) - Assistant County Treasurer – Investments (By 31 October 2020)	
Similarly, we recommend that Peninsula Pensions Project Brief be enhanced, in advance of the next valuation process, with a further document to monitor progress against the Project Brief, and that this should also cover their detailed input into the process. The status from this could be regularly fed into the DCC Pensions Management Group.	<b>Medium</b>	This will be taken forward and in conjunction with the management response at recommendation 1.2.3. Technical & Compliance Manager (By 31 October 2020)	Completed
It is recommended that an internal post-project review is completed by Peninsula Pensions to capture lessons learnt from the 2019 valuation process. This could include investments Team colleagues, and might involve consideration of shared project documentation, where applicable (and possibly utilising Office 365 applications), and information sharing could also involve, as appropriate, DCC Finance (Fund Accountant).	<b>Opportunity</b>	A post project review will be arranged and involving Investments Team colleagues. As part of this thought will be given to shared documentation and information sharing (possibly making use of O365 SharePoint), and including the Devon Pension Fund Accountant, as appropriate. Technical & Compliance Manager and Employer & Communications Manager, in conjunction with the Investment Manager and Employer & Communications Project Officer. (By 31 October 2020)	
As previously recommended in the 2016 audit, changes to project management requirements / documentation implemented by Peninsula Pensions should be included in procedure documents. These should be updated, as required, in advance of the next valuation process.	<b>Medium</b>	Agreed. This has been communicated to the relevant team. Technical & Compliance Manager (By 31 October 2020).	This will be actioned prior to the next valuation

<b>PENSION FUND AUDIT LOG</b>		<b>Priority</b>	<b>Management response and action plan including responsible officer</b>	<b>Follow up response</b>	<b>ACTIONED?</b>
<b>Recommendations 2019/20</b>					
<b>Pension Fund 40 days</b>					
<b>Audit</b>					
Admission and Departure of Employers to the Fund (joint audit, 10 days in total)	5	Proposed Quarter			
Employer Contributions	8	Q1			
Effectiveness of the Devon Pension Board (2018/19 audit follow-up) and Effectiveness of the Investment & Pension Fund Committee	10	Q2			
Pensions Regulator Code of Practice 14 Compliance, including valid	6	Q3			
Actuarial Valuation (joint audit, 10 days in total)	5	Q4			
Audit Planning, Advice and Reporting, to include internal audit recor	6	Q4			
<b>Admission and Departure of Employers</b>					
It is recommended , for completeness, that all new employers joining the Devon Pension Fund should be reported to the Devon Pension Board and Investment and Pension Fund Committee. It is noted that at present that details of new Academies are not reported.	Low		Exiting employers are now reported to the Investment & Pension Fund Committee and Pension Board with effect from Autumn 2019. Due to expedited regulation changes regarding exit payments we will not be providing the actuary reports - review once regulations are provided.	Completed - now included on the agenda at Committee meetings	
It is recommended that all employers exiting the Devon Pension Fund are reported to the Devon Pension Board and Investment and Pension Fund Committee and given that there may be payments due to be paid from the Fund	Low			Completed - now included on the agenda at Committee meetings	
<b>Employer Contributions</b>					
Management to consider implementing an annual review and testing of the Pension Contribution database	Opportunity		Management may consider using internal audit days to incorporate annual review of database whilst it is in its current form. Audit estimate 5 days required. To be taken into consideration against other risks when compiling audit plan		
Management to again consider automation of manual input processing	Opportunity		Automation of processes has previously been considered and will be revisited by management. There is work ongoing in the authority in relation to the change programme and implementation of new technologies/applications such as Power BI	Project launched December 2019 looking at alternatives to the database	
Management review the approach taken to the monitoring and reporting of deficit contributions, to ensure that there is consistency of approach and that any reporting requirements are subsequently met.	Medium		There are reasons why deficit payments are collected outside of the EAS5 process so a flexible process needs to be taken. Management response above also applies here with the possibility of a project approach being taken with a view to any changes in the Employer contribution process	Project launched December 2019 looking at alternatives to the database	
It is recommended that the processes of monitoring and collecting pension contributions is documented	Low		Accepted	Project launched December 2019 looking at alternatives to the database	
<b>Code of practice 14</b>					
Update should be taken to the Pension board/Investment committee in relation to the overall TPR compliance	Medium		In the Pension Board work program for the January 2020 meeting		Completed, reports taken and dedicated slot at a training day held March 2020
The above recommendation could include further information on the requirements of the code	Opportunity		Detailed information will be included in the member training manual		
<b>Effectiveness of Devon Pension Board and effectiveness of the Investment and Pension Fund Committee</b>					
Management continue to monitor and support board and committee members completion to the Pensions Regulator training tool kit.	Medium		Agreed, this can be actioned and possibly alongside the scheduled annual training needs analysis to be undertaken	Committee request to list those who have completed TPR toolkit on training log. Officers to hold specific training day to cover the topic covered.	
Once the member training and handbook is complete, it is recommended that member feedback is requested	Opportunity		agreed		

<p>Fund Management should raise with democratic services whether investment and pension fund committee membership should be listed, for non DCC Councillors, on Councillor register of interest forms held on other Councils website or whether declaration of interest forms for non DCC Councillors should be published on the investment and Pension Fund Committee Democracy in Devon webpage. All register of interest forms should be completed or confirmed annually</p>		<p>Democratic services view is that register of interest forms for other local authority resps on the Committee should not be published by DCC, as they should be covered by the register of interest forms published on their host authorities website. However forms for the non DCC non local authority members should be published by DCC. Democratic services will pursue this issue.</p>		
<p>The responses to the survey as shown in appendix C should be reviewed and taken forward as appropriate by management</p>	<p>Medium</p>	<p>Agreed. It is noted that action is being taken by DCC and also by Brunel Pension Partnership in relation to actions being taken to tackle climate change. Furthermore the constitution of the Committee with regard to voting rights has been discussed in the past with the committee</p>		
<p><b>Actuarial Valuation (joint audit)</b> The current Actuarial Valuation Communications (Project) Plan should be updated in advance of the next valuation process, with one further column to provide details of the status of the task as at a recorded date, and this be updated regularly.</p>	<p>Medium</p>	<p>This will be considered and it may be that a shared document for use by Investments Team and Peninsula Pensions colleagues will be appropriate (recommendation in PP audit refers)</p>		

**DEVON PENSION BOARD  
ACTIONS AND RECOMMENATIONS TRACKER**

The actions tracker allows Board members to monitor responses, actions and outcomes against their recommendations or requests. The tracker will be updated following each board. Once an action has been completed, it will be shaded out to indicate that it will be removed from the tracker at the next meeting.

Date	Recommendations / Actions	Response	Progress
03/04/2019	114 - Board members requested online/paper manual containing key documents and glossary of terms	In work - to be delivered as part of the autumn training event	In work though keeping an eye on developments with Good Governance Project as this now includes a focus on member development and knowledge. Online in development to comply with new accessibility regulations.
15/07/2019	125 - Investment Strategy statement - future revisions to expand on ESG and climate change issues	Document updated and approved at the February 2020 committee meeting	Completed
15/07/2019	125 - Improved communication to members on ESG and climate change issues on website		In work - target for completion end of 2020
21/10/2019	139- Fund Risk Register. Members discussed: Need for officers to reference climate change and associated risks, need for further mitigating info on three red risks identified and inclusion of mitigating controls re McCloud case		Completed
21/10/2019	142- Peninsula Pensions admin report = if possible report the breakdown of priority tasks		Currently looking to review performance reports and will take this into consideration during this review.
21/10/2019	143- Members questioned allocation of travel and members expenses should be reviewed at end of month 6.		Completed
21/10/2019	144- Members discussed the need for Members' (non-councillor members) contact details (email addresses only) on the County Council's website. Officers to investigate alternative email address/secure email		Officers working with IT on a range of solutions. Awaiting details of costs involved. Options presented to Board July 2020
16/01/2020	154 - more information about external managers managed by Brunel to be included within annex 2 of the Investment Strategy Statement	Document updated and approved at the February 2020 committee meeting	Completed
16/01/2020	155 - development of the online risk register to consider use of colour, indicators to signal direction of travel and access to the wider public		
16/01/2020	158 - PP Performance reporting, consideration of including a reason why targets not met		Currently looking to review performance reports and will take this into consideration during this review.