

ACTIONS AND RECOMMENDATIONS TRACKERS

Report of the County Treasurer

Please note that the following recommendations are subject to consideration and determination by the Committee before taking effect.

The Board is asked to note the progress made on completing actions arising from internal audits and Pension Board recommendations and requests.

1. Summary

- 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. Internal Audit Programme

- 3.1. Progress against this year's audit plan is noted below. It was agreed that audit work would focus on the pension fund audits initially though work has now commenced on the revised Peninsula Pension audits.

Audit Risk Areas	Progress
Investment Strategy Statement	Completed, final report issued
Performance Management	Completed, final report issued
Risk Management and Reporting (including review of Peninsula Pensions risks applicable to Devon Pension Fund)	Completed, final report issued

Covid-19 response and changed practices – member services	Draft report issued
Covid-19 response and changed practices – Technical & Training	Audit field work ongoing
Covid-19 response and changed practices – Employer & Comms	Audit field work ongoing
Covid-19 Overall adaption	Scheduled for Q4
Employer self service	Draft report issued
New website	Draft report issued

4. Conclusion

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

Mary Davis
County Treasurer

Electoral Divisions: All

Local Government Act 1972:

List of Background Papers - Nil

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PENSION FUND AUDIT ACTIONS			APPENDIX 3
	Priority	Management response and action plan including responsible officer	ACTIONED?
Recommendations 2020/21			
Pension Fund 40 days			
Audit			
Investment Strategy statement	Days 8	Proposed Quarter Q1 *	
Performance Management	10	Late Q1/early Q2	
Risk Management and Reporting (including PR)	8	Q3	
Planning, reporting and advice	5	Q1-4	
Investment Strategy Statement			
Later iterations of the Investment Strategy Statement should refer to the Stewardship code 2020	Medium	Agreed, we intent to actively pursue our renewal of our tier one status under the new version of the code. We will take reports to the Investment and pension fund committee as appropriate. Given the timescales involved in the production of the annual report, it maybe that we are unable to make a submission until after the production of the 20/21 annual report.	
Performance Management			
Performance monitoring and related performance expectations should be incorporated into the new contract for the Financial Advisor	Medium	Agreed.	
Management should ensure that continued performance management takes place in relation to legacy private market assets, until such time that these assets transition to Brunel	Medium	Agreed.	
Risk Management			
Management should consider providing more frequent updates to the published Devon Pension Fund risk register and following Investment and Pension Fund Committee periodic review.	Medium	Agreed. This was planned, pending the Peninsula Pensions website re-launch, and will be actioned.	

Recommendations 2019/20	Priority	Management response and action plan including responsible officer	Follow up response	ACTIONS?
<p>Peninsula Pensions (total days 45)</p> <p>Audit</p> <p>Admission and Departure of Employers to the Fund</p> <p>Annual Reporting Compliance</p> <p>Pensions Regulator Code of Practice 14 compliance</p> <p>Interfacing and submission of employer data with the Pensions administration system, and use of Employer Self-Service</p> <p>Actuarial Valuation</p>	<p>Days</p> <p>Q1</p> <p>Q2</p> <p>Q3</p> <p>Q4</p>	<p>Proposed Quarter</p>		
<p>Employer Contributions</p>	<p>Opportunity</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. -review of the use of Finest reporting, to ensure that all codes are included within the reports used. -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>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 post meeting note. It is anticipated that annual review and testing of the Pensions Contributions 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 ongoing 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 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 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 consideration 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 in voice 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>Medium</p>	<p>There are reasons why deficit payments and 'top-up' deficit payments are collected outside of EASS form 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 EASS 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 produce the need for additional EASS forms to be completed. The management response at recommendation 1.1.2 also relevant 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</p> <p>(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>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>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>Annual Reporting Compliance</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>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>Agreed. Technical & Compliance Manager by 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>Consideration will be given to this recommendation. Technical & Compliance Manager 31 March 2020.</p>		<p>In progress</p>
<p>Pensions Regulator Code of Practice 14 compliance</p>			
<p>Management should consider further populating the Data Improvement Plan and the Devon Pension Board/Investment & Pension Committee, to ensure progress against the Plan remains on track.</p>	<p>Thought will be given to whether this will be possible and in conjunction with the new data scores reports when received. Technical & 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 & Rescue Service) use.</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 & 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 changes to the Code of Practice.</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, 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 & Pension Committee.</p>	<p>Agreed. Production of a supporting narrative will be explored. Technical & 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 & Pension Fund Committee in relation to overall TPR compliance, and high-level self-assessment outcomes and action plan.</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>Update was provided to members of the Board and Committee at the March 2020 training event. Further assessment and update will be given once revised COP is in place.</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>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>Interfacing and submission of employer data with the Pensions administration system, and use of Employer Self-Service</p>		
<p>It is recommended that the Service progress arrangements for the roll out of ESS and for the automated / direct upload to Altair relating to DCC and SCC payroll data (such as individual pensionable pay calculations for 'leavers').</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 & 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>We intend to make improvements to the key contacts document, when time allows, and this may involve incorporating ESS contacts into a wider Employer & Communications team employer contact document. Employer & 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>This will be progressed with Systems team colleagues and may involve consideration of the inclusion of a R.A.G. rating column. Technical & 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 & Communications Manager – to be progressed in 2020/21.</p>	<p>No action required</p>
<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.</p>	<p>Opportunity</p>	<p>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.</p>	<p>Completed</p>
<p>It is recommended that the ongoing need for generic user accounts be considered, and accounts disabled accordingly.</p>	<p>Medium</p>	<p>Agreed. This will be reviewed. Technical & Compliance Manager – by 30 September 2020.</p>	<p>Partially completed - in progress</p>
<p>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.</p>	<p>Opportunity</p>	<p>The in-house developed 'alert' was not rolled out in January as further testing is required. These suggestions will be considered. Technical & Compliance Manager.</p>	<p>In progress</p>
<p>Actuarial Valuation</p>			
<p>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 1.2.3 also refers) – Assistant County Treasurer – Investments (By 31 October 2020)</p>	
<p>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.</p>	<p>Medium</p>	<p>This will be taken forward and in conjunction with the management response at recommendation 1.2.3. Technical & Compliance Manager (By 31 October 2020)</p>	<p>Completed</p>
<p>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).</p>	<p>Opportunity</p>	<p>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)</p>	<p>Delayed due to pandemic - to be progressed by all parties accordingly</p>
<p>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.</p>	<p>Medium</p>	<p>Agreed. This has been communicated to the relevant team. Technical & Compliance Manager (By 31 October 2020).</p>	<p>This will be actioned prior to the next valuation</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 - manual contents linked in with Regulators code of practice which is about to be reviewed. Section on legislation is still being worked on. Would also like to reflect anything coming out of the Good Governance project. TPR code of practice review due spring 2021
15/07/2019	125 - Improved communication to members on ESG and climate change issues on website		In work - target for completion summer 2021 after member handbook project is complete
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.
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.
06/07/2020	168 - To procure a domain name with email address extensions for use by members		In work
19/10/2020	181 - Governance Policy - amend to state board and committee members 'should/ must' attend training	Noted for next review of the document by the investment committee	
19/10/2020	183 - Climate change reporting to board and committee and higher profile on the website	Brunel include a Responsible Investment and Stewardship review in every quarterly report which is included in the Investment Management briefing report at every committee meeting. Dedicated ESG webpages will be developed following the arrival of the new website as per action recorded under reference 125	
19/10/2020	183 - Produce a briefing report to board and committee on the effects of negative interest rates should the need arise. Add to risk register	Interest rates still in positive range so no briefing report drafted. Initial research suggests a positive impact on investments.	
19/10/2020	183 - Update risk register with administration impact of McCloud judgement	Covered by risk PP3	
19/10/2020	183 - review number of 'green' mitigations on risk register, seem to be too many.	Mitigations are colour coded by the officer updating the risk entry. Green reflects that a control is in place and operational to manage that risk.	