

ANNUAL INTERNAL AUDIT REPORT 2020/21 AND PROPOSED INTERNAL AUDIT PLAN 2021/22

Report of the County Treasurer

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

Recommendation: (1) that the Committee formally accepts the Annual Internal Audit Report for 2020/21.
(2) that the Committee formally approves the Internal Audit Plan for 2021/22.
(3) that the Committee authorise the Assistant County Treasurer Investments to execute the Service Level Agreement relating to the Internal Audit Plan.

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### **1. Annual Internal Audit Report – 2020/21**

- 1.1 The Head of Devon Audit Partnership is required to provide the Authority with an assurance opinion on the system of internal control of the Fund. This is set out in the Annual Report at Appendix 1.
- 1.2 Overall, and based on work performed during 2020/21, Internal Audit can provide reasonable assurance\* on the adequacy and effectiveness of the Fund's internal control environment. Further explanation of this is provided at 3.3 below and in the Annual Report.

*\* Internal Audit is governed by the Public Sector Internal Audit Standards (PSIAS), and in April 2020 the CIPFA Special Interest Group (SIG) for Internal Audit considered and proposed a common practice of using four standard internal audit assurance opinions, which DAP has adopted (Substantial, Reasonable, Limited and No assurance). This replaces the previous High Standard, Good Standard, Improvements Required and Fundamental Weaknesses ratings that we have used when reporting on each audit assignment in previous years. Corresponding updated organisational assurance ratings related to the overall organisational and directorate opinions have also been adopted. Consequently, the assurance opinion for 2020/21 of "reasonable assurance" is comparable to the previous year's assurance rating of "significant assurance". (Please refer to Appendix B of the Appendix 1 report for further explanation of the assurance opinions used).*

## **2. Internal Audit Plan 2021/22 and the Service Level Agreement**

- 2.1 Under the Local Government Act 1972 the Authority, and specifically the Chief Financial Officer (the County Treasurer), has a statutory duty to “make arrangements for the proper administration of their financial affairs”. Assurance that this is the case is given through the reporting of Internal Audit. The audits are carried out in accordance with the Accounts and Audit Regulations 2015 and in accordance with the Public Sector Internal Audit Standards (PSIAS).
- 2.2. Public Sector Internal Audit Standards (PSIAS) require the purpose, authority and responsibility of Internal Audit activity to be formally defined in an Internal Audit Charter, consistent with the Definition of Internal Auditing, the Code of Ethics and the Standards. The Internal Audit Charter is referred to at paragraphs 3.2 and 3.3 below.
- 2.3. The Internal Auditors for the Pension Fund are responsible for providing assurance that financial and other systems are operating effectively and in line with legislation and the Authority’s financial regulations. This is achieved through two audit plans: one for the Devon Pension Fund and one for Peninsula Pensions.
- 2.4. The Internal Audit Service for the Pension Fund is delivered by the Devon Audit Partnership. This is a shared service arrangement between Devon, Plymouth, Torbay, Mid Devon, North Devon South Hams and West Devon and Torridge councils constituted under section 20 of the Local Government Act 2000.
- 2.5. The audit plans for the financial year 2021/22 allow for up to 40 days of internal audit support for the Pension Fund and 45 days of internal audit support for Peninsula Pensions, providing 85 days of internal audit provision overall. Further detail is set out in Appendix 1.
- 2.6. We note the ongoing situation with Covid-19 and its potential impact to resources within the Devon Pension Fund, Peninsula Pensions and the Devon Audit Partnership. We will liaise directly with management regarding audit prioritisation and any impacts on the audit timetable as the situation unfolds.

## **3. Other relevant information**

- 3.1 The Devon Pension Board considered the internal audit report 2020/21, and internal audit plan 2021/22, at the 26th April 2021 Devon Pension Board meeting.
- 3.2. The Devon Pension Board’s comments, as recorded in the meeting minutes, and are reported here to the Investment and Pension Fund Committee (extract follows):

*The Board’s discussion points with the Head of the Audit Partnership included:*

- *methodology (both quantitatively and qualitative) for the assessment of the performance of the Investment and Pension Fund’s Independent Adviser*

*on which further information would be sought by the Head for a written response to Members;*

- *definition of 'reasonable assurance' and 'substantial assurance', with the Board noting that whilst the overall finding was 'reasonable assurance' the majority of individual areas covered had rated 'substantial assurance';*
- *the implications of the impending McCloud/Sargent judgement had been excluded from the audit plans as the judgement was still subject to management consideration and actions if appropriate and could in future be included in audit plans as these were flexible and subject to change;*
- *confirmation that the management action plan relating to Employer Self-Service had now been completed and which was now not being supported by the current provider and Peninsula Pensions had opened negotiations with a software provider; and*
- *confirmation that Peninsula Pension was now developing its own Communications Policy as well as being part of the overall communications strategy for the Pension Fund.*

3.3. As set out in paragraph 1.2 above the annual audit opinion of 'Reasonable Assurance' is in line with the audit opinion definitions as devised by CIPFA (further details provided at Appendix B of the Appendix 1 report). Individual assignment reports are all provided with an assurance rating; the overall annual assurance opinion considers the assignment ratings provided in this and in previous years. In addition, for this year, as described in Section 1 paragraph 5.4 of Appendix 1 (Annual Report 2020/21), the limited scope of the audit examinations for Peninsula Pensions has also been considered in determining the overall audit opinion.

3.4. The Internal Audit Charter and Strategy 2021/22 for Devon County Council was approved at the 25th February 2021 Audit Committee meeting. The document can be viewed at:  
<https://democracy.devon.gov.uk/ieListDocuments.aspx?CId=161&MId=3974&Ver=4>.

3.5. The Internal Audit Charter and Strategy is applied in relation to Devon Pension Fund and Peninsula Pensions Internal Audit activity, with associated reporting provided to the Devon Pension Board and Investment & Pension Fund Committee.

Mary Davis  
County Treasurer

Electoral Divisions: All

Local Government Act 1972:  
Accounts and Audit Regulations 2015

List of Background Papers: Nil  
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**DEVON PENSION FUND**  
**ANNUAL INTERNAL AUDIT REPORT 2020/21**  
**and**  
**PROPOSED INTERNAL AUDIT PLAN 2021/22**

**Section 1 - ANNUAL INTERNAL AUDIT REPORT 2020/21**

**1 INTRODUCTION**

- 1.1 The following report sets out the background to the internal audit service provision, reviews work undertaken in 2020/21, and provides an opinion on the overall adequacy and effectiveness of the Authority's internal control environment.
- 1.2 This report will support the organisation in complying with the Accounts and Audit Regulations 2015 which requires all authorities to carry out a review, at least once in a year, of the effectiveness of its system of internal control, and to incorporate the results of that review into their Annual Governance Statement (AGS). The AGS must then be published with the Annual Statement of Accounts.

**2 BACKGROUND**

**2.1 Service Provision**

- 2.1.1 The Internal Audit Service for the Devon Pension Fund (the Fund) is delivered by the Devon Audit Partnership.

**2.2 Regulatory Role**

- 2.2.1 There are two principal pieces of legislation that impact upon internal audit in local authorities:
- **Section 6 of the Accounts and Audit Regulations (England) Regulations 2015** which states that ".....a relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control ....."
  - ".....a larger relevant body must, at least once in each year, conduct a review of the effectiveness of its internal audit ....."
  - **Section 151 of the Local Government Act 1972**, which requires every local authority to make arrangements for the proper administration of its financial affairs.

2.2.2 There are also professional guidelines which govern the scope, standards and conduct of Internal Audit, including the Public Sector Internal Audit Standards (PSIAS).

2.2.3 In addition, Internal Audit is governed by policies, procedures, rules and regulations established by the Authority. These include standing orders, schemes of delegation, financial regulations, conditions of service, anti-fraud and corruption strategies, fraud prevention procedures and codes of conduct, amongst others.

### **3 OBJECTIVES AND SCOPE**

3.1 This report presents a summary of the audit work undertaken and provides an opinion on the adequacy and effectiveness of the Fund's internal control environment. The report outlines the level of assurance that we can provide, based on the internal audit work completed during this year.

3.2. The Head of Devon Audit Partnership is required to provide the Authority with an assurance on the system of internal control of the Fund, based on risk-based reviews and sample testing, that there are no major weaknesses in the system of control. In assessing the level of assurance to be given the following have been taken into account:

- all audits undertaken during 2020/21, and prior years
- any significant recommendations not accepted by management and the consequent risks
- internal audit's performance
- any limitations that may have been placed on the scope of internal audit.

3.3 Definitions of annual assurance opinions are shown in **Appendix B**.

### **4 INTERNAL AUDIT COVERAGE 2020/21**

4.1 Financial management arrangements within the Authority are well established and staff have many years of experience giving them a good understanding and knowledge of the financial controls and requirements of regulations and policies.

4.2 Our work in 2020/21 has included completion of 9 for Devon Pension Fund and Peninsula Pensions). The individual assurance opinions issued in respect of our assignment work and, where applicable, the status of the audits is set out in the following table.

Key – DPF = Devon Pension Fund PP = Peninsula Pensions

| Areas Covered |                                                                           | Stage | DPF or PP | Level of Assurance    |
|---------------|---------------------------------------------------------------------------|-------|-----------|-----------------------|
| 1             | Investment Strategy Statement                                             | Final | DPF       | Substantial Assurance |
| 2             | Performance Management                                                    | Final | DPF       | Reasonable Assurance  |
| 3             | Risk Management and Reporting                                             | Final | DPF       | Substantial Assurance |
| 4             | Employer Self-Service – including follow-up of Interfacing and use of ESS | Final | PP        | Reasonable Assurance  |
| 5             | New Website                                                               | Final | PP        | Reasonable Assurance  |
| 6             | Covid Response and Changed Practices – Member Services                    | Final | PP        | Substantial Assurance |
| 7             | Covid Response and Changed Practices – Employer Communications            | Final | PP        | Substantial Assurance |
| 8             | Covid Response and Changed Practices – Technical & Compliance             | Final | PP        | Substantial Assurance |
| 9             | Covid Response and Changed Practices – Overall Adaption                   | Final | PP        | Substantial Assurance |

- 4.3 Our reviews this year and in prior years provide sufficient evidence that the Devon Pension Fund and Peninsula Pensions have suitable governance arrangements in place to mitigate exposure to identified risks. Good working practices are in place to meet statutory requirements. The Investment and Pension Fund Committee are kept well informed, concerning the Fund's value and the allocation of assets, and are updated regarding the LGPS Governance scheme.
- 4.4 We identified some areas where controls could be improved and actions were agreed with management. Executive summaries from our work are shown in **Appendix A**.
- 4.5 We note that Devon Pension Fund management take regular reports to the Devon Pension Board with an Audit Action Log created to track progress and completion of audit actions including a log of actions requested by the Board.
- 4.6 Devon Audit Partnership also maintain records of progress against agreed actions.
- 4.7 Definitions of assignment assurance opinions are shown in **Appendix B**.

## 5 INTERNAL AUDIT OPINION

- 5.1 In carrying out systems and other reviews, Internal Audit assesses whether key, and other, controls are operating satisfactorily within the area under review, and an opinion on the adequacy of controls is provided to management as part of the audit report.
- 5.2 Our final audit reports include an action plan which identifies responsible officers, and target dates, to address control issues identified during a review. Implementation of action plans are reviewed during subsequent audits or as part of a specific follow-up process
- 5.3 Management are provided with details of Internal Audit's opinion on each audit review carried out in 2020/21 to assist them with compilation of their individual annual governance assurance statements. No significant weaknesses were identified in these reviews.
- 5.4 Overall, and based on work performed during 2020/21, Internal Audit can provide **'reasonable assurance'** on the adequacy and effectiveness of the Fund's internal control framework. Our work in 2020/21, focused largely on new (Covid-19 related) risks for Peninsula Pensions and as such we provide an overall opinion of reasonable assurance.

### Wider Assurance Received

- 5.5 The Devon Audit Partnership 2019/20 Internal Audit Report to Devon County Council, provided an overall assurance opinion of 'Substantial Assurance' (now 'Reasonable Assurance') on the adequacy and effectiveness of the Authority's internal control framework based on work performed during 2019/20 at that time and audit experience from previous years. This included review of Corporate key financial systems and controls, including areas of Finance, HR, Digital Transformation and Business Support. The Devon Audit Partnership 2020/21 Internal Audit Report to Devon County Council will not be presented to Audit Committee until 27<sup>th</sup> July 2021.
- 5.6 External Audit (Grant Thornton UK LLP) annual audit letter to Devon County Council for the year ending 31 March 2020, stated that Grant Thornton gave an unqualified opinion on the pension fund accounts of Devon Pension Fund on 3 March 2021. Grant Thornton reported the key issues from audit of the Pension Fund accounts to the Audit Committee in February 2021.
- 5.7 Brunel Pension Partnership Limited (BPP), Annual Report and Financial Statements for the year ended 30 September 2020, includes the independent Auditor's (Grant Thornton UK LLP) report to member of the BPP, for which no areas of concern are identified. The Report from the Chair of the Audit, Risk & Compliance Committee, which makes reference to internal audit reviews of Compliance, Governance and Oversight; IT Governance; Investment Management; and Client and Relationship Management where useful areas for improvement were highlighted but the overall standard of control was found to be good; and review of Brunel's response to Covid-19, which provided assurance that virtual working arrangements had been implemented without jeopardising the risk management framework.

## Section 2 - INTERNAL AUDIT PLANS 2021/22

### 1 INTRODUCTION

- 1.1 Under the Local Government Act 1972, the Chief Financial Officer has a statutory duty to make arrangements for the proper administration of the Authority's financial affairs. Assurance that this is the case is given through the reporting of Internal Audit. Audits will be carried out under the terms of Accountancy and Audit Regulations 2015.
- 1.2 As the Internal Auditors for the Pension Fund it is our responsibility to ensure that key systems, both financial and non-financial, are operating effectively and in line with the Authority's financial regulations and for Peninsula Pensions it is our responsibility to ensure that we provide an independent, objective assurance service, designed to add value and improve the organisations operations. We help the Pension Fund accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. We achieve this through the two audit plans: one for the Devon Pension Fund and one for Peninsula Pensions.

### 2 THE AIM OF THE PLANS

- 2.1 The audit plans are reviewed and agreed on an annual basis, incorporating the key risks identified through the Fund's risk register and areas identified by Internal Audit in consultation with management. However recent good practice also recognises that it is advisable for plans to remain flexible, to enable them to be amended according to prevailing risks and changes to the control environment in the organisation, so whilst the annual plan should be approved at an appropriate level, it should also be capable of being flexed as necessary. Our plan will be shared with external audit colleagues to prevent duplication of work, and to minimise audit coverage across systems, including financial systems.
- 2.2 The main objectives of the plan are to provide assurance to the Chief Financial Officer and the external auditors that key systems are: -
- Secure
  - Effective
  - Efficient
  - Accurate
  - Complete
  - Compliant
- 2.3 In order to confirm this risk-based reviews; system reviews and compliance testing are completed at the Fund's administrative office and at Peninsula Pensions offices.



### **3 THE PLANS**

- 3.1 The audit plans for the financial year 2021/22 allows for up to 40 days of internal audit support for the Pension Fund and 45 days of internal audit support for Peninsula Pensions, providing 85 days internal audit provision overall.
- 3.2 We note the on-going situation with Covid-19 and its potential impact to resources within the Devon Pension Fund, Peninsula Pensions and the Devon Audit Partnership. We will continue to liaise directly with management regarding audit prioritisation and any impacts on the audit timetable.
- 3.3 We have worked with senior management to determine the key risks to the Fund and from this have developed a plan for the coming year. The plan considers both financial and non-finance based systems, and our work will provide assurance to the County Treasurer and Members on the effectiveness of arrangements. Our working papers are available to external audit colleagues for their consideration in planning their work.
- 3.4 Any significant findings from the previous year's audit work will be reviewed to ensure that agreed recommendations have been implemented and are effective.
- 3.5 As part of the audit plan we will also provide assistance and advice, and be a central contact point for senior management.

### **4 TIMETABLE**

- 4.1 The audits will be completed at specified times of the year through consultation and prior agreement with senior management.
- 4.2 All findings will be reviewed with senior management at the end of each audit programme and prior to the issue of any draft reports.
- 4.3 A copy of all final reports will be made available to the External Auditor for their information.

### **5 2021/22 PLANS**

- 5.1 The following table sets out the planned internal audit work for 2021/22. Other issues and systems are sometimes identified during the course of the audits and, if found, will be discussed with senior management. These issues may be incorporated into future audit plans dependent upon priority and risk assessment.
- 5.2 The plans for both the Devon Pension Fund and Peninsula Pensions include following up of recommendations made previously at the next audit of that function or as part of other audits where there are links between functions / recommendations. This activity is shown within 'Audit Planning, Advice and Reporting' in the audit plan tables below, and briefly described at 4.6 in Section 1 of this report.
- 5.3 As detailed at 4.5 in Section 1 of this report, management track progress and completion of audit actions and report to the Devon Pension Board

## Devon Pension Fund Plan 2020/21

| <b>Audit risk areas</b>                                                                                                                       | <b>Days</b> |
|-----------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 1. Investment Team changed working practices resulting from Covid-19                                                                          | 6           |
| 2. Communications Policy review                                                                                                               | 7           |
| 3. Funding Strategy Statement review                                                                                                          | 7           |
| 4. Member Training and Induction (including review of changed practices resulting from Covid-19, member on-line handbook and SharePoint site) | 10          |
| 5. The Pensions Regulator Code of Practice 14 / consolidated Codes of Practice compliance (joint audit)                                       | 5           |
| 6. Audit Planning, Advice and Reporting                                                                                                       | 5           |
| <b>Total days</b>                                                                                                                             | <b>40</b>   |

- 5.4 The cost of these days will be £12,040. Additional support will be provided as and when required. Our standard daily rate for this work will be £301, although specialist support may be at a different rate.

## Peninsula Pensions Plan 2020/21

| <b>Audit risk areas</b>                                                                                 | <b>Days</b> |
|---------------------------------------------------------------------------------------------------------|-------------|
| 1. Member Self-Service                                                                                  | 10          |
| 2. First Response Team                                                                                  | 10          |
| 3. Payroll and Immediate Payroll System                                                                 | 10          |
| 4. The Pensions Regulator Code of Practice 14 / consolidated Codes of Practice compliance (joint audit) | 5           |
| 5. Training and Internal Quality Check processes, post-implementation review                            | 5           |
| 6. Audit Planning, Advice and Reporting                                                                 | 5           |
| <b>Total days</b>                                                                                       | <b>45</b>   |

- 5.5 The cost of these days will be £13,545. Additional support will be provided as and when required. Our standard daily rate for this work will be £301, although specialist support may be at a different rate.

Robert Hutchins  
 Head of Devon Audit Partnership  
 June 2021

## **Executive Summaries for audits undertaken in 2021/21**

### **DPF: Investment Strategy Statement (Substantial Assurance)**

We found that the revised Devon Pension Fund Investment Strategy Statement (ISS) was prepared in accordance with regulations and guidance. The development of the ISS also had regard to the advice of the Fund's independent advisor and referenced the review completed by Mercer LLC of the Fund's Investment Strategy and asset allocation.

The revised ISS was subject to appropriate consultation with stakeholders including with the Devon Pension Board and following its approval at the Investment & Pension Fund Committee in February 2020, it was published on the Devon Pension Fund Website.

Future iterations of the ISS should include reference to and consideration of the Financial Reporting Council UK Stewardship Code 2020 that took effect on 1<sup>st</sup> January 2020.

Subsequent to the approval of Devon Pension Fund – Funding Strategy Statement, also in February 2020, the Government issued a partial consultation response on changes to the local valuation cycle and management of employer risk relating to exit payment proposals. Accordingly, we understand that an Exit Credits Policy will be developed for consideration and approval.

### **DPF: Performance Management (Reasonable Assurance)**

Overall, there are robust procedures in place in relation to performance management and monitoring of the Brunel Pension Partnership including their appointed Fund Managers and the Fund Custodian.

Performance information is regularly reported to the Devon Pension Board and Investment and Pension Fund Committee. Related risks are captured in the Devon Pension Fund Risk Register which is also regularly reviewed, updated and reported.

Currently there is no performance monitoring relating to the Fund's Independent Financial Advisor, although we understand this will be established during the forthcoming re-tendering process.

The Office for National Statistics quarterly Financial Survey of Pension Schemes returns are completed, but we have made recommendations regarding creating a procedure document, retaining supporting documents and approval prior to submission.

**DPF: Risk Management and Reporting** (Substantial Assurance)

There is a comprehensive Risk Register in place which is clearly set out and 'RAG' rated. It provides clear descriptions of risks and potential impacts, with appropriate mitigating controls. Risk owners are identified, and risk management and monitoring are in place.

The Risk Register is regularly reported to the Investment and Pension Fund Committee and to the Devon Pension Board, allowing members to assess the risks and to have awareness of current risks to inform decision making.

The Devon County Council risk management framework and risk recording system is utilised, which provides for a consistent approach to risk management and reporting. This includes the use of system generated reminders for any risks overdue for review.

An in-house tool has been developed for the purpose of undertaking self-assessment against The Pensions Regulator Code of Practice 14 'Governance and administration of public service pension schemes.' The self-assessment tool was last reviewed in January 2020, and we found the area 'Managing Risks' to be complete with links to supporting evidence in line with self-assessment outcomes. There were no areas of non-compliance, and for all partially compliant areas there is reference to actions planned or undertaken.

**PP: Employer Self-Service – including follow-up of Interfacing and use of ESS**  
(Reasonable Assurance)

The use of Employer Self-Service has increased in the period since the last audit review. However, completion of the management action plan relating to the previous audit recommendations in 2019/20 remains ongoing.

The provider is no longer supporting or developing Employer Self-Service, but the risks related to this position are yet to be recorded in the Peninsula Pensions Risk Register. We have made recommendations regarding contingency arrangements and alternative solutions, which may offer further developments in the use of Employer Self-Service by employers and an improved control framework.

Although the leaver process through Employer Self-Service has been recently changed, it may not be achieving the intended benefits and we note that incomplete leaver information from employers continues to cause delays in processing.

**PP: New Website** (Reasonable Assurance)

The Peninsula Pensions website was significantly updated in December 2020 to meet accessibility requirements and respond to feedback from stakeholders. The site is now 93% compliant with the AA standard (Web Content Accessibility Guidelines version 2.1 AA), which is a marked improvement on the previous compliance level. We have recommended that an action plan be developed to address non-compliance and achieve 100% compliance with the standard.

Our review of the website found it to be effective and appropriately controlled, although we have recommended access to an employer form that sits outside of Employer Self-Service be reviewed. We have also recommended that Peninsula Pensions develop a Communications Strategy in respect of communication to its various stakeholders.

**PP: Covid-19 Response and Changed Practices – Service Areas**

Following an in-year change to the audit plan due to the pandemic, we examined the Covid-19 Response by service areas.

We found that Service wide pre-lockdown planning, the timely identification of required working practice changes, the preparation of 'preparedness for pandemic assessment' analysis alongside consideration of the Service's Business Continuity Plan ensured that the Service was well prepared. The Senior Management Team has worked collectively to maintain Peninsula Pensions services during the pandemic.

Remote access to IT systems has worked as planned, including the Pension Administration System (Altair), and Member Self-Service invaluable in these circumstances. Contingency arrangements were found to be sufficient but are yet to be reviewed in light of Covid-19, including documenting 'lessons learnt'.

Contingency arrangements are yet to be reviewed in light of Covid-19 including documenting 'lessons learnt', similarly the changed practices have not yet been subject to review, or reconsideration of risks and mitigating controls post implementation. Nor have related process documents been amended for all the changed practices or the Service Risk register updated although we acknowledge the latter is planned for during 2021.

We understand that formal review of changed practices and lessons learnt will take place at March 2021 (or post March lockdown).

Individual service area executive summaries are as follows

**PP: Covid-19 Response and Changed Practices – Member Services (Substantial Assurance)**

Within the Member Services team, a requirement to use Member Self Service (MSS) or email where possible and to accept electronic evidence was implemented and for safe office working where MSS / email was not possible. Changes were effectively disseminated internally, and we note that Peninsula Pensions followed DCC corporate guidance in dealing with Covid-19 and took steps to ensure the safety of its staff. Appropriate and timely communications were made to Members.

We understand that internal and external deadlines are being met, and this is reflected in the reported performance data. In addition, we noted that there has been a reported increase in compliments received since lockdown and changed work practices.

**PP: Covid-19 Response and Changed Practices – Employer Communications**  
(Substantial Assurance)

Within the Employer & Communications team, training was provided remotely, and a decision made to accept electronic signatures in line with LGPS and The Pensions Regulator guidance. Appropriate and timely communications were made to Employers throughout the pandemic to date. Changes were also effectively disseminated internally.

We understand that internal and external deadlines are being met, except for employer query tasks, and this is reflected in the reported performance data. We note that the Devon Pension Board has commended the Service on its performance during this period.

**PP: Covid-19 Response and Changed Practices – Technical & Compliance** (Substantial Assurance)

Within the Technical & Compliance teams, the provision of remote in-house support and training, training of team members to provide additional support and cover to other Peninsula Services areas, review and amendment of the death process and ensuring continued compliance with guidance from the LGPS and the Pensions Regulator were all found to be effectively implemented. Changes were also effectively disseminated internally.

We understand that internal and external deadlines are being met and we note that the Devon Pension Board has commended the excellent performance of Peninsula Pensions staff during the difficult circumstances of the pandemic.

**PP: Covid-19 Response and Changed Practices – Overall Adaption** (Substantial Assurance)

Effective governance and strategic decision-making processes are in place in relation to the Peninsula Pensions response to the Covid-19 pandemic.

Risks and mitigating actions were identified at the outset. Business Continuity arrangements were effectively put in place in March 2020 and were found to be sufficient. We note that the Peninsula Pensions Business Continuity Plan and Peninsula Pensions Risk Register are due to be updated in 2021; the risk register review should include consideration of the wider economic and social impact of the pandemic

Requirements to adapt the Service were identified at a senior level, and associated decisions and actions are recorded and subject to ongoing monitoring. Formal review of these changes has not taken place yet, but we understand is planned for March 2021 (or post March lockdown) and should incorporate wider learning from Covid-19 that could in turn inform the review of the Business Continuity Plan.

We note that the Devon Pension Board has commended the excellent performance of Peninsula Pensions during the difficult circumstances of the pandemic.

## **Organisation Assurance Opinion definitions**

| <b>Opinion</b>        | <b>Definitions</b>                                                                                                                                                                                                                                                                                       |
|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Substantial Assurance | A sound system of governance, risk management and control exist across the organisation, with internal controls operating effectively and being consistently applied to support the achievement of strategic and operational objectives.                                                                 |
| Reasonable Assurance  | There are generally sound systems of governance, risk management and control in place across the organisation. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of some of the strategic and operational objectives.                           |
| Limited Assurance     | Significant gaps, weaknesses or non-compliance were identified across the organisation. Improvement is required to the system of governance, risk management and control to effectively manage risks and ensure that strategic and operational objectives can be achieved.                               |
| No Assurance          | Immediate action is required to address fundamental control gaps, weaknesses or issues of non-compliance identified across the organisation. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of strategic and operational objectives. |

## **Individual Assignment Assurance Opinions definitions**

|                       |                                                                                                                                                                                                                                                          |
|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Substantial Assurance | A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.                                              |
| Reasonable Assurance  | There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.                     |
| Limited Assurance     | Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.                       |
| No Assurance          | Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited. |