

## **ACTIONS AND RECOMMENDATIONS TRACKERS**

Report of the County Treasurer

Please note that the following recommendations are subject to consideration and determination by the Pension Board 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.

- [Appendix 2 – Pension Fund audits](#)
- [Appendix 3 – Peninsula Pensions audits](#)

- 2.2. The Actions and Recommendations tracker (Appendix 1) 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.

<b>Audit Risk Areas – Pension Fund</b>	<b>Progress</b>
Investment Team changed working practises from COVID	Complete, draft report issued
Communications Policy review	Delayed to Q4 due to staff retirement
Funding Strategy Statement	Start date w/c 11.10.2021
Pensions Regulator Code of Practice (joint audit)	New code of practice delayed until 2022

<b>Audit Risk Areas – Peninsula Pensions</b>	<b>Progress</b>
Member self service	Completed, final report issued
First Response Team	Delayed to Q4 due to staff recruitment
Payroll & Immediate payment system	Payroll = Q3 IP System delayed until 2022/23
Pensions Regulator Code of Practice (joint audit)	New code of practice delayed until 2022
Training and Internal Quality control – post implementation review	Q4

#### **4. Final Audit Reports**

4.1 The final audit report for the Member Self Service audit was finalised since the pension board last meet. The audit obtained a 'Reasonable Assurance' audit opinion. The actions arising from this report have been added to the Peninsula Pensions audit log and the final audit report is attached for the board's information.

#### **5. 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**

Contact for Enquiries: Charlotte Thompson  
Tel No: 01392 381933 Room: G99

# Appendix 1

## 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		Sharepoint site in development - sent to members for initial comments and feedback
06/07/2020	168 - To procure a domain name with email address extensions for use by members		Agreed at July board meeting for use of DCC mailbox controlled by officers
13/07/2021	Consideration to report from Audit on progress against plans and report findings twice a year		
13/07/2021	Agenda item required for October board meeting regarding discussion on future format of board meetings		To be discussed as part of the Attendance report

PENSION FUND AUDIT ACTIONS			APPENDIX 2
	Priority	Management response and action plan including responsible officer	Follow up response
	Days	Proposed Quarter	ACTIONED?
<b>Recommendations 2020/21</b>			
Pension Fund 40 days			
Audit	8	Q1 *	
Investment Strategy statement	10	Late Q1/early Q2	
Performance Management	8	Q3	
Risk Management and Reporting (including PP)	5	Q1-4	
Planning, reporting and advice			
<b>Investment Strategy Statement</b>			
Later iterations of the Investment Strategy Statement should refer to the Stewardship code 2020	<b>Medium</b>	Agreed, we intend 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 may be that we are unable to make a submission until after the production of the 20/21 annual report.	estimate target date of 31/12/2021

Peninsula Pensions Audit actions		Priority	Management response and action plan including responsible officer	Follow up response	APPENDIX 3 ACTIONED?
Recommendations 2020/21					
Audit					
October 2020 - Covid 19 Response & Changed Practices - Member Services area					
All changes, both permanent and temporary, should be subject to formal review by 31 March 2021, and this should take into account relevant regulatory requirements and guidance e.g. from The Pensions Regulator and Local Government Association, as applicable; internal requirements e.g. compliance with DCC Financial Regulations; and any associated Health & Safety requirements as applicable to Covid-19 changed working practices.	High	Agreed. A full review of changes to working practices will be considered once the lockdown restrictions have been lifted which is likely to be after 31/03/2021.	Pending	To be completed upon return to office based working	
Following the review above, Internal process notes, and member guidance information, should be updated as necessary to reflect changed practices. This should include changes intended to be temporary, and changes which are permanent. Where a changed practice is temporary, a date for further review should be clearly set.	Medium	Agreed - as above	Pending	Notes are already in place for the majority of working procedures and these have continued to be developed during lockdown. This exercise will be completed upon return to office based working	
In addition, it is recommended that the Service review all temporary changes of practice for longer term continuation. This review should take place by 31 March 2021, including if Covid restrictions are on-going at that point. In particular in relation to our sample, review should include consideration of whether the current practice should continue for members providing documents via MSS and for members providing documents outside of MSS, or whether the practice should continue only for documents uploaded via MSS given the additional security MSS provides e.g. individual log-on and password protected. If the practice is to continue for MSS and possibly outside of MSS, management should consider whether any additional checks should be introduced to the process, or additional guidance issued to colleagues, and considering best practice in this area as available from Pension Administration Services peers.	High	Agreed. A full review of changes to working practices will be considered once the lockdown restrictions have been lifted which is likely to be after 31/03/2021.	Pending	To be completed upon return to office based working	
November 2020 - Employer Self Service					
Management should review the recently amended Employer Self-Service leaver process, implemented in August 2020, to ensure that the reasons for the required process change are being met and that the process is fit for purpose.	Medium	Completed - Jan 2021			

<p>Contingency arrangements for an alternative to Employer Self-Service should be established for both LGPS and non-LGPS employers and include: Considering the provider's alternative solution (i-Connect) / Benchmarking of providers / solutions used by other authorities / Going to the marketplace to review alternatives to Employer Self-Service / Internal development of an in-house solution that would work alongside Altair</p>	<p><b>Medium</b></p>	<p>A MS Word version of ESS already exists as backup but the team are currently reviewing a range of contingency arrangements.</p>	<p>The development of an internal solution is being prioritised to ensure continued service delivery. The E&amp;C team have commenced work on this project and are aiming to have a solution in place by 31/03/22.</p>
<p>In relation to consideration of future alternatives to Employer Self-Service, should the Service look to replace the current application. We note the following for consideration: 1) Consideration of an automated 'leaver' process, given the overall volumes of 'leavers' that are processed by Peninsula Pensions across the client areas, and whereby a leaver notification made by the employer would automatically result in an appropriate task being generated. 2) Consideration of other processes (in addition to the 'leaver' process referred to above) which could be automated, where at present they are completed manually e.g. tasks raised automatically rather than manually. This could improve efficiency and reduce scope for 'human error' relating to manual input. 3) Input and amendment to the system by Employers should require controls to ensure accurate information is entered to the system. The use of controls, checks and reporting should be considered to mitigate the risks of inaccurate information being entered by Employer contacts. 4) Input and amendment to the system by Peninsula Pensions colleagues require controls to ensure accurate information is entered to the system. The use of controls, checks and reporting should be considered to mitigate the risks of inaccurate information being entered by Peninsula Pensions colleagues. 5) It may be useful to consider a 'one-stop-shop' for Employers to provide information relating to new starters, leavers and member amendments, rather than at present the situation where Employer Self-Service is used by some employers, but not all employers and that some employers use a combination of Employer Self-Service and interface upload. Is there a need for different approaches to continue, or could a standard approach be developed that would 'work' for all employers, including those large employers for whom ESS is not currently used for starters, leavers notifications and amendments. 6) Management should also consider any dis-benefits associated with any withdrawing of use of ESS / replacement to ESS e.g. any contractual or financial implications relating to the current contract, and the loss to Employers in being able to view member records on Altair, as used to obtain certain quotes</p>	<p><b>Opportunity</b></p>	<p>A MS Word version of ESS already exists as backup but the team are currently reviewing a range of contingency arrangements.</p>	<p>Ongoing</p>
<p><b>December 2020 - New Website</b></p>			
<p>It is recommended that a Peninsula Pensions internal Communications Strategy and Plan for Peninsula Pensions be developed, for use in respect of communication with Stakeholders, given that Peninsula Pensions manage their own communications as a Service. This log could be incorporated into the Peninsula Pensions internal use Communications Strategy and Plan.</p>	<p><b>Medium</b></p>	<p>Consideration will be given to developing a communications strategy and plan, for Peninsula Pensions internal use.</p>	<p>Will be completed during 2022</p>
<p>Consideration should be given to the suggestions provided for future enhancements to the website.</p>	<p><b>Opportunity</b></p>	<p>this website' feedback option on the Peninsula Pensions website currently. It might, in future, be useful to incorporate opportunity for user comments and further detail on the item feedback relates to</p>	<p>Completed - customer feedback option now available on the website</p>

<p>It is recommended that consideration is given to controls to prevent misuse, this could include - A password requirement being included relating to submission of this form as this is outside of Employer Self-Service - Locating the form with the Employer Self Service area, which requires individual log in, but not linking the form to Altair - Hosting the form on a SharePoint area for which employers contacts only are given access.</p>	<p>Medium</p>	<p>It will not be possible to locate the EAS5 form within the ESS area for reasons relating to ESS not being further developed. It may be possible to host the EAS5 form on a SharePoint area. This would require input, or direction, from Devon Pension Fund colleagues who require access to the content of the forms. Head of Peninsula Pensions and Employer &amp; Communication Manager.</p>	<p>Ongoing</p>	<p>In progress - the team are working with DCC business transformation team to review the EAS5 form and associated processes</p>
<p>Management should develop a log and action plan for all the 'historic' documents and forms, as published on the Peninsula Pensions website, and other identified areas that are not fully accessible, to be reviewed and updated to meet the 2018 accessibility requirements. The action plan should include timescales and action 'owners' and could form part of the internal use Communications Strategy and Plan, recommended at Risk 1.</p>	<p>High</p>	<p>Agreed - Head of Peninsula Pensions</p>	<p>Completed</p>	<p>Completed</p>
<p><b>January 2021 - Covid 19 Response &amp; Changed Practices - Technical &amp; Compliance area</b></p>				
<p>Management should consider the guidance contained within the Pensions Administration Standards Association (PASA) 'Covid-19 guidance - the road ahead' (August 2020) linked to service development and business continuity planning.</p>	<p><b>Opportunity</b></p>	<p>This is already in hand and being considered by the Technical and Compliance Team.</p>	<p>Ongoing</p>	<p>In progress</p>
<p><b>January 2021 - Covid 19 Response &amp; Changed Practices - Employer &amp; Communications area</b></p>				
<p>All changes to Employer &amp; Communications practices, both permanent and temporary, should be subject to formal review by 31 March 2021, and this should take into account relevant regulatory requirements and guidance e.g. from The Pensions Regulator and Local Government Association, as applicable; internal requirements e.g. compliance with DCC Financial Regulations; and any associated Health &amp; Safety requirements as applicable to Covid-19 changed working practices.</p>	<p>High</p>	<p>Agreed. A full review of changes to working practices will be considered once the lockdown restrictions have been lifted. This is likely to be after 31st March 2021.</p>	<p>Pending</p>	<p>To be completed upon return to office based working</p>
<p>Internal process notes, and Employer guidance information, should be updated as necessary to reflect changed practices. This should include changes intended to be temporary, and changes which are permanent. Where a changed practice is temporary, a date for further review should be clearly set.</p>	<p>Medium</p>	<p>Agreed. A full review of changes to working practices will be considered once the lockdown restrictions have been lifted</p>	<p>Pending</p>	<p>Notes are already in place for the majority of working procedures and these have continued to be developed during lockdown. This exercise will be completed upon return to office based working</p>
<p>It is recommended that the Service review all temporary changes of practice for longer term continuation. This review should take place by 31 March 2021, including if Covid-19 restrictions are on-going at that point. In particular in relation to our sample, review should include consideration of whether the current Employer &amp; Communications practice(s) should continue for acceptance of electronic signatures on member forms (opt out and 50/50 forms) submitted to Peninsula Pensions by Employers, and following national guidance in this respect.</p>	<p>High</p>	<p>Agreed. A full review of changes to working practices will be considered once the lockdown restrictions have been lifted. This is likely to be after 31st March 2021.</p>	<p>Pending</p>	<p>To be completed upon return to office based working</p>

<p><b>February 2021 - Covid 19 Response &amp; Changed Practices - Overall Adaption</b></p>				
<p>It is recommended that Management collectively review, at a strategic level, organisational changed practices to determine whether these are temporary changes or are permanent changes to Peninsula Pensions practices. Where it is determined that a changed practice is to be temporary for the period of the Covid-19 pandemic / restrictions a timescale should be set for review, this should be appropriately communicated and interim process notes provided for employee reference in the interim. Where it is determined that a changed practice is to be a permanent change, this should be appropriately communicated, and process notes updated accordingly.</p>		<p><b>High</b></p>	<p>Agreed. A full review of changes to working practices will be considered once the lockdown restrictions have been lifted. Head of Peninsula Pensions.</p>	<p>Pending</p> <p>To be completed upon return to office based working</p>
<p>Management should collectively consider, at a strategic level, the implications on the internal control environment for the changed practices considered above. This should include consideration of required separation of duties between operation and administration tasks, internal checks in place, data protection and data verification considerations and business continuity arrangements. All changes should be compliant with relevant Pensions Regulator (TPR) and Local Government Pension Scheme (LGPS) guidance. Devon Audit Partnership can provide audit review of these areas should management include these areas within the Peninsula Pensions 2021-22 internal audit plan. A related operational recommendation include these areas within the Covid Response and Changed Practices - Technical &amp; Compliance audit report refers.</p>		<p><b>Medium</b></p>	<p>Agreed. A full review of changes to working practices will be considered once the lockdown restrictions have been lifted. Head of Peninsula Pensions.</p>	<p>Pending</p> <p>To be completed upon return to office based working</p>
<p>Management should collectively consider, at a strategic level, application of the Pensions Administration Standards Associate (PASA) 'Covid-19 guidance - The Road Ahead' (August 2020) in relation to consideration of changed and future pensions administration working practices, including in respect of the key questions and considerations posed in respect of accessibility, digital workflow, KPIs and projects, identification verification, and wellbeing and productivity. A related operational recommendation within the Covid Response and Changed Practices - Technical &amp; Compliance audit report refers.</p>		<p><b>Opportunity</b></p>	<p>This is already in hand and being considered by the Technical and Compliance Team.</p>	<p>Ongoing</p> <p>In progress</p>
<p>It is recommended that the Service Risk Register is updated to reflect new risks, and mitigating controls, relating to Covid 19 and changed practices.</p>		<p><b>Medium</b></p>	<p>The risk register will be subject to a full review during 2021/22 and these risks will be considered for inclusion.</p>	<p>Being considered</p> <p>In progress</p>
<p>It is recommended that risks relating to the wider economic and social impact of the Covid-19 pandemic are included or referred to within the Peninsula Pensions risk register, including the impact of economic recession and unemployment on pension administration services, potential for increase in cyber-attack, cyber-crime and data fraud relating to the pandemic and the move towards greater use of electronic submission of documents (moving away from hard copy certificates and signatures), and that risk of future pandemic or large scale infectious disease is also recorded and mitigating controls/actions identified. This should be completed alongside the planned review of operational risk updates to be made to the Peninsula Pensions Risk Register in 2021.</p>		<p><b>Medium</b></p>	<p>Agreed. The PP risk register will be subject to a full review during 2021/22 and the recommendations will be considered. Head of Peninsula Pensions.</p>	<p>Being considered</p> <p>In progress</p>
<p>It is recommended that a BCP review is completed, as planned, by 31 March 2021 including review and recording of 'lessons learnt' by the Service from the experiences of the Covid-19 pandemic.</p>		<p><b>Medium</b></p>	<p>A full review of the BCP will be conducted once the lockdown restrictions have been lifted. This is likely to be after 31/03/21</p>	<p>Pending</p> <p>BCP is reviewed regularly but will be subject to a full review upon a return to office based working</p>

	<p>It is recommended that wider learning (not limited to the application of the Service Business Continuity Plan) from Covid-19 is captured by management, including in relation to on-going application of Covid-19, any such future health related pandemics, and other business continuity events that should be planned for, including extreme weather events. There is a possibility that two or more business continuity events could coincide e.g. Covid-19 alongside an extreme weather event. This exercise should include reference to the long-term application of business continuity arrangements.</p>	<p><b>Medium</b></p>	<p>Agreed - Head of Peninsula Pensions</p>	<p>Being considered</p>	<p>BCP is reviewed regularly but will be subject to a full review upon a return to office based working</p>
	<p>Management should consider whether changed working practices resulting from the Covid-19 pandemic are to become permanent changes e.g. flexible working arrangements / hybrid approach to office working, reduction in travel time and travel costs, environmental benefits, efficiencies realised from the provision of on-line meetings and training, acceptance of electronic documents and signatures. In relation to this, consideration should be given (as referred to at Risk 1) to any impacts on the internal control environment of changed working practices, and where required controls and mitigating actions should be considered.</p>	<p><b>Opportunity</b></p>	<p>Agreed, although some of these recommendations will be governed by HR policies and decisions made at DCC Leadership level. Head of Peninsula Pensions</p>	<p>Pending</p>	<p>In progress</p>
	<p>Management may wish to give thought to the areas outlined in full report in relation to their review of learning from the Covid-19 pandemic and identification of future actions.</p>	<p><b>Opportunity</b></p>	<p>Agreed. Head of Peninsula Pensions.</p>	<p>Ongoing</p>	

Peninsula Pensions Audit actions		Priority	Management response and action plan including responsible officer	Follow up response	APPENDIX 3 ACTIONED?
<b>Recommendations 2019/20</b> <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		<b>Days</b> Q1 Q2 Q3 Q4	<b>Proposed Quarter</b> Q1 Q2 Q3 Q4		
<b>Employer Contributions</b> 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 formulae where applicable, that information uploaded to the database is fully and accurately updated - 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.		<b>Opportunity</b>	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.		
Management to again consider automation of manual input processes.			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 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 employees 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.		
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 DPP employers where applicable		<b>Medium</b>	Assistant County Treasurer Investment and Treasury Management (By 31 May 2020)		
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.		<b>Low</b>	Accepted, Assistant County Treasurer - Investment and Treasury Management (By 31 August 2020)		

<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 program to the Employer Contributions process, and in consideration of the recent Peninsula Pension Finance team process review, 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>Opportunity</b></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>Agreed. Technical &amp; Compliance Manager by 30 September 2021</p>	<p><b>Medium</b></p>	<p>In progress - new HMRC system being introduced 21/22 - notes to reflect this change</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>Consideration will be given to this recommendation. Technical &amp; Compliance Manager 30 September 2021.</p>	<p><b>Opportunity</b></p>	<p>In progress - new HMRC system being introduced 21/22 - notes to reflect this change</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 &amp; Compliance Manager 30 September 2021.</p>	<p><b>Medium</b></p>	<p>In progress - new HMRC system being introduced 21/22 - notes to reflect this change</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>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 30 September 2021).</p>	<p><b>Medium</b></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>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><b>Opportunity</b></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 &amp; Pension Committee.</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><b>Medium</b></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>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</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 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>Interfacing and submission of employer data with the Pensions administration system, and use of Employer Self Service</p>			
<p>It is recommended that a high level quality control process for the use of ESS by LBP's 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><b>High</b></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>
<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><b>Opportunity</b></p>	<p>The in-house developed 'alert' was not rolled out in January as further testing is required. These suggestions will be considered. Technical &amp; Compliance Manager.</p>	<p>In progress</p>
<p><b>Actuarial Valuation</b></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><b>Medium</b></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>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><b>Opportunity</b></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 Office 365 applications), and including the Devon Pension Fund Accountant, as appropriate. Technical &amp; Compliance Manager and Employer &amp; Communications Manager, in conjunction with the Investment Manager and Employer &amp; 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><b>Medium</b></p>	<p>Agreed. This has been communicated to the relevant team. Technical &amp; Compliance Manager (By 31 October 2020).</p>	<p>This will be actioned prior to the next valuation</p>

April 2021

<b>Service Objective</b> To provide access to registered members to their pension record, as held on the Pension Administration system including for the purposes of viewing projected pension benefits.	
<b>Audit Opinion</b> 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.	<b>Direction of travel</b> 

Assurance Opinion on Risks or Areas Covered - key concerns or unmitigated risks	Level of Assurance	Direction of travel
<b>Risk 1 Ineffective controls for the use of Member Self Service</b>	Reasonable Assurance	
<b>Risk 2 Member Self Service not fully utilised</b>	Not Applicable*	

*These areas / risks combine to provide the overall audit assurance opinion. Definitions of the assurance opinion ratings can be found in the Appendices. The observations and findings in relation to each of these areas has been discussed with management, see the "Detailed Audit Observations and Action Plan" appendix A. This appendix records the action plan agreed by management to enhance the internal control framework and mitigate identified risks where agreed*

### Introduction

Peninsula Pensions was formed in September 2013 following the merger of pension administration services between Devon County Council and Somerset County Council. Peninsula Pensions administers all aspects of maintaining member records and calculating and paying benefits.

Peninsula Pensions uses a bespoke Pensions administration software package, Altair, supplied and supported by Aquila Heywood, to record member data and process operational tasks.

Member Self Service is provided by Peninsula Pensions, to Local Government Pension Scheme (LGPS) active, deferred and Pensioner members, Gloucestershire Fire & Rescue Service active and deferred members and Avon & Somerset Police active, deferred and Pensioner members,

Member Self Service links to Altair, via secure web connection, and provides registered members with direct access to update personal details, perform certain benefit calculations, view financial details for pensions planning purposes and access certain documents, such as annual benefit statements.

## **Executive Summary**

There is suitable guidance for Members on how to register for and use a Member Self Service account, including video tutorial. Internally there is also suitable guidance for Peninsula Pensions staff. We reported in 2020-21 regarding the temporary change of practice to accept electronic signatures in line with national guidance and have again recommended here that management formally record whether this practice will continue post Covid-19 restrictions.

Member Self Service provides a secure and efficient means of communicating with Members. We note the increase in sign up to the use of Member Self- Service in the period to April 2021. There are areas of Member Self Service not currently utilised by Peninsula Pensions and we have recommended that these now be taken forward to support reducing the risk of error or delay in processing and providing a customer centric digital approach throughout the life cycle of Member contact with Peninsula Pensions. In this regard, we commend the new developments being considered by Peninsula Pensions and acknowledge that these improvements would require development by the software provider. We have made recommendations to potentially increase the uptake, reduce communications by direct email and support Member Self Service being the primary means of communication with Members.

Whilst system account registration, deactivation and account re-sets are automated processes, we have recommended taking forward the Pensions Administration Standards Association guidance 'Covid-19 guidance: The Road Ahead' (August 2020) and The Pensions Regulator Guidance 'Cyber Security Principles for Pension Schemes' in order to strengthen user verification controls and compliance with Cyber security principles.

The detailed findings and recommendations regarding these issues and less important matters are described in Appendix A. Recommendations have been categorised to aid prioritisation. Definitions of the priority categories and the assurance opinion ratings are also given in the Appendices to this report.

## **Value Added**

Internal Audit aimed to provide added value by identifying areas for possible future improvement or development within the use of Member Self Service.

## **Issues for the Annual Governance Statement**

The evidence obtained in internal audit reviews can identify issues in respect of risk management, systems and controls that may be relevant to the Annual Governance Statement.

Based on the evidence we have found in this audit there are no issues arising from the risk management, systems and controls examined that would warrant inclusion in the Annual Governance Statement.

## **Acknowledgements**

We would like to express our thanks and appreciation to all those who provided support and assistance during the course of this audit.

**Robert Hutchins**  
**Head of Partnership**

Detailed Audit Observations and Action Plan

	Level of Assurance
	Reasonable Assurance
<p><b>1. Risk Area: Ineffective controls for the use of Member Self Service:</b></p> <p><b>Opinion Statement:</b>            There is suitable guidance for Members on the Peninsula Pensions website, advising how to register for and use a Member Self Service account, this includes a video tutorial and link to contact information. There is also a recently updated 'internal use' Member Self Service user guide in place and accessible to all staff with additional supporting guidance available and accessible.</p> <p>Peninsula Pensions is accepting electronic signatures and scanned and photographed documents, submitted via Member Self Service, in line with national guidance. Management should formally record whether this practice will continue post Covid-19 restrictions, and in cases where previously hard copy or original documents may have been required. We note that Member Self Service is the preferred method of communicating with Members due to the related security and auto generated task flow and as we understand the service wishes to move away from email and postal correspondence subject to any necessary related development requirements, we have made a related opportunity recommendation.</p> <p>System account set up (registration), account deactivation and account re-sets are automated processes. Controls are in place in relation to username, password and security question requirements and in respect of numerous incorrect log-in attempts. We have made recommendations in relation to considering related guidance with a view to ensuring compliance with good practice. We note that Members are asked to agree to terms of use including in relation to GDPR (data protection) when setting up a Member Self Service account.</p> <p>Member Self Service is currently used for Members to (1) Change Contact Details (Address, Phone Number, Email), (2) View Service History, Contribution Rate, Pensionable Remuneration, (3) Benefit Calculations - LGPS only (Deferred Benefit/Current value, Death Benefits, Voluntary Retirement (State Retirement Age by default, though dates can be entered by the user)), (4) Update Death Grant nomination details, (5) Access certain documents published by Peninsula Pensions (letters, Annual Benefit Statement, Newsletters etc.), (5) Pensioners )(P60 History, Pay Slip History, Change Bank Details) and (6) Upload documents back to Peninsula Pensions.</p> <p>It is noted that Police and Fire Scheme members have limited access to records and cannot access on-line benefits calculations, and that Member Self Service does not apply to Gloucestershire Fire &amp; Rescue Service Pensioners, as Peninsula Pensions is not the pension payroll provider.</p> <p>There are areas of Member Self Service not currently utilised by Peninsula Pensions including member workflow. We understand that it is not intended that redundancy estimates and ill health estimates would be available via Member Self Service, as these are employer/medically driven.</p> <p>Peninsula Pensions upload individual documents to Member Records on Altair which can be marked to view in Member Self Service. Non-personal information, such as generic letters/newsletters applicable to all Member Self Service users can be bulk uploaded for Member view.</p>	

No.	Observation and Implications	Impact / Priority	Recommendation	Management Response
1.1	<p>Peninsula Pensions has accepted electronic signatures and scanned and photographed documents, submitted via Member Self Service, in line with national guidance, since the start of the pandemic.</p> <p>A decision has not been formally taken and recorded by management in relation to the on-going acceptance of scanned and photographed documents post Covid-19 restrictions.</p> <p>Recommendation 1.1.3 from the Covid-19 response and changed practices - Member services audit report 2020-21 is repeated here. We originally recommended that this review should take place by 31 March 2021, including if Covid-19 restrictions are on-going at that point with the management response being that this likely to be once lockdown restrictions have been lifted.</p> <p>In particular, review should include consideration of whether the current practice should continue for members providing documents via MSS and for members providing documents outside of MSS, or whether the practice should continue only for documents uploaded via MSS given the additional security MSS provides e.g. individual log-on and password protected. If the practice is to continue for MSS and possibly outside of MSS, management should consider whether any additional checks should be introduced to the process, or additional guidance issued to colleagues, and considering best practice in this area as available from Pension Administration Services peers.</p>	High	<p>It is recommended that the Service review all temporary changes of practice for longer term continuation.</p> <p>At the time of audit, the planned review of changed practices relating to acceptance of scanned or photographed documents has not taken place. Covid-19 restrictions are expected to ease in June 2021. It is recommended that this changed practice is reviewed and management's decision in regards long term continuation, or otherwise, is recorded.</p>	<p>Agreed, Management will review processes once return to office working takes place</p>
1.2	<p>We refer to the Pensions Administration Standards Association guidance 'Covid-19 guidance: The Road Ahead' (August 2020) <a href="#">August 2020 Covid-19 Guidance – The Road Ahead – The Pensions Administration Standards Association (pasa-uk.com)</a> and the sections relating to</p> <ol style="list-style-type: none"> <li>1. Visibility &amp; Accessibility</li> <li>2. Digital Workflow</li> <li>3. Identity Verification (IDV)</li> </ol> <p>Peninsula Pensions will also want to give consideration to The Pensions Regulator Guidance 'Cyber Security Principles for Pension Schemes', as applicable to Member Self Service and more widely. <a href="#">Cyber security principles The Pensions Regulator   The Pensions Regulator</a></p>	High	<p>Management should work with the software provider to investigate the possibility of verification and identification technology, in relation to strengthening user verification controls and compliance with Cyber security principles.</p> <p>This should include consideration, and regular review and testing, of Cyber Security controls, processes and response plans.</p>	<p>As highlighted by Management as part of Audit, discussions with Heywood and Management have already taking place around the verification/identification process and a facial recognition element of future Member Self Service app suggested.</p>

	<p>We note the interest (including in the commercial environment) to providing a seamless customer end-to-end experience and where this is provided in the digital format, for appropriate security controls to be in place to protect individuals and personal data.</p> <p>We understand that Peninsula Pensions would also like Heywood to investigate verification and identification technology, for example the use of facial recognition as seen in other government approved applications.</p>		<p>This might include consideration of a Communication Strategy (for Peninsula Pensions, as previously discussed) a Digital Strategy for the Service, inclusion of a Cyber Security audit, and Reviewing processes to ensure members are protected against scams, as applicable to Member Self Service and more widely.</p>	<p>Cyber security audits on both Altair and MSS take place annually with controls already in place and dealt with by Heywood (software suppliers),</p>
1.2	<p>It is noted that Member Self Service is the preferred method for communicating with Members. Member Self Service is a secure portal, linked to a Member's Altair record. We understand that Member Self Service is considered to be a more efficient means of communication than post or email, for example Member Self Service raises autogenerated task flow reducing the need for manual intervention/risk of delay in assigning tasks/error in assigning tasks.</p> <p>We also understand that Peninsula Pensions would like to reduce email /postal correspondence outside of Member Self Service and is looking for Member Self Service to be the primary means of communication with Members.</p>	Opportunity	<p>If Peninsula Pensions continues to accept scanned or photographed documents outside of Member Self Service, for example by direct email, we suggest the service may wish to consider requiring the use of Member Self Service for members with a valid email address.</p>	<p>As highlighted by Management as part of Audit, processes have already been reviewed and amendments made to encourage members to use MSS as first point of contact for uploading / seeking further information.</p>

2. Risk Area: Member Self Service not fully utilised*:	Level of Assurance
<p data-bbox="172 398 229 2190">* This risk area is not governance, risk management or control related but instead is about utilisation of the system, as such we have not provided a level of assurance as the standard definitions in appendix C are not appropriate</p> <p data-bbox="236 1912 261 2190"><b>Opinion Statement:</b></p> <p data-bbox="268 76 363 2190">The internal Pensions Regulator Code of Practice 14 self-assessment (January 2020) assessed the areas relating to communication with Members, where relevant to Member Self Service, to be 'fully compliant', and Member Communications were assessed as 'fully compliant' overall for Devon LGPS. This tool includes reference to Member Self Service, particularly in respect of communication with Members.</p> <p data-bbox="370 138 466 2190">The section 'Communicating with Members' was identified by Peninsula Pensions as 'Fully Compliant' overall, for Devon LGPS, and for each element where Member Self Service is referenced as a communications tool, however we note that Member Self Service forms a part of the Service's response, Member Self Service not being the sole means of Communicating with members.</p> <p data-bbox="472 206 568 2190">We note the plans to respond to the consultation on Codes of Practice which is due later in 2021 <a href="#">Single code of practice consultation   The Pensions Regulator</a>. The Service intends to review and revise the TPR Code of Practice 14 self-assessment tool when the consolidated Code of Practice are published by the Regulator, expected later in 2021.</p> <p data-bbox="606 94 740 2190">Member Self Service has not been adversely impacted by Covid-19. This period has seen an increase in sign-up to the use of Member Self Service. At April 2021 MSS take-up for Devon LGPS members is given as 44%, for Somerset LGPS members 42% (43% overall, i.e. 87,104 MSS users out of 202,010 members). The most recent report of Police Member take-up (at February 2021) is given as 27% (283 MSS users out of 1051 members). The most recent report of Fire Service Member take-up (at March 2021) is given as 41% (4,146 MSS users out of 10,003 members).</p> <p data-bbox="778 116 874 2190">Customer feedback functions are available via the Peninsula Pensions website 'Contact Us' and through Member Self Service 'Contact Us'. We understand that use of the Member Self Service 'Contact Us' facility results in a task being auto generated in Altair and is the preferred means of receiving queries relating to Member Self Service.</p> <p data-bbox="912 94 976 2190">Peninsula Pensions is looking to increase sign up to and use of Member Self Service, and to reduce direct email or postal correspondence from Members outside of Member Self Service.</p> <p data-bbox="1015 94 1142 2190">Member Self Service is used to communicate generic publications e.g. newsletters, and individual communications linked to Altair Member Accounts where a member utilises self-service. Members who chose not to use Member Self Service or who do not have facility to use Member Self Service continue to have communications provided by post and are able to speak to Peninsula Pensions officers by telephone. We noted that Member Self Service is not currently used to publish the Devon Pension Fund Annual Report or for on-line forms.</p> <p data-bbox="1181 116 1244 2190">Members who chose not to use Member Self Service or who do not have facility to use Member Self Service continue to have communications provided by post and are able to speak to Peninsula Pensions officers by telephone.</p> <p data-bbox="1283 107 1417 2190">We understand that Peninsula Pensions would like to develop, subject to the software provider facilitating this, the use of on-line forms, electronic document signature provision (e.g. DocuSign) as a possible interim measure, to utilise an Intelligence/Reporting tool (dashboard), activate Member Workflow, Member Self Service as an app for mobile devices and to investigate verification and identification technology, for example the use of facial recognition. These developments may help support increased take up of Member Self Service. These improvements would require development by the software provider.</p>	Not Applicable

No.	Observation and Implications	Impact / Priority	Recommendation	Management Response
2.1	<p>We understand that the Service is looking to purchase the Altair Intelligence/Reporting (Insight) tool from Heywood. This will provide live data analytics and dashboard reporting for the Peninsula Pensions Senior Management Team, across the Peninsula Pensions business areas including in relation to Member Self Service.</p> <p>Member workflow is a function currently available within Member Self Service that should provide a reduction in errors and delays, but it is not yet used.</p>	Medium	<p>The use of live data analytics should be pursued.</p> <p>Member workflow utilisation should be taken forward.</p>	<p>As highlighted by Management as part of Audit, this was already planned, and has since been purchased and available to use from w/c 21<sup>st</sup> June 2021.</p> <p>It is intended that Member workflow is introduced alongside the introduction/ use of on-line forms. This requires development by the software provider. Management continue to request this from the software provider.</p>
2.2	<p>Customer feedback functions are available via the Peninsula Pensions website 'Contact Us' and through Member Self Service 'Contact Us'.</p> <p>There is no evidence, however, of customer specific feedback having been sought recently. This is something the Service could consider.</p>	Opportunity	<p>Management could seek the view of members on the use of Member Self-Service, for example via a short web-based survey, to capture views of members who currently use or are signed-up to use Member Self-Service (what could be improved for the customer) and members who do not currently use or are not signed-up to use Member Self-Service (what could increase likelihood of use by the customer).</p>	<p>Management will look to discuss with Heywood to consider central survey for Funds to cascade to members</p>
2.3	<p>Our desktop review of other LGPS Fund's Member Self Service functionality, as promoted on their websites, noted provision of on-line forms 'access to all relevant forms as may be required for active and deferred members', provision of Member Self Service as an 'App' and reference to using Member Self Service to publish wider documents including Pension Fund Annual Reports.</p> <p>We understand that Peninsula Pensions management are looking to progress the use of on-line forms (subject to the software provider</p>	Opportunity	<p>Management should work with the software provider to progress availability of on-line forms via Member Self Service and to progress the availability of Member Self Service as an 'app' for mobile devices.</p>	<p>As highlighted by Management as part of Audit, meetings have already been held with Heywood around development of on-line forms and samples been provided for comment.</p> <p>This requires development by the software provider (as applicable to other LGPS pension</p>

	<p>facilitating this), electronic signature facility (e.g. DocuSign) and the development of an 'App'.</p>			<p>administration service Altair users also).</p> <p>Management continue to request this from the software provider and are part of the Altair Essential User development group.</p>
2.5	<p>Member Self Service is used to communicate generic publications e.g. newsletters, and individual communications linked to Altair Member Accounts where a member utilises self-service.</p> <p>Member Self Service is not currently used to publish the Devon Pension Fund Annual Report.</p>	Opportunity	<p>Consider utilising Member Self Service to publish or publicise the publication of the Fund Annual Report (e.g. the Devon Pension Fund Annual Report for Devon LGPS members)</p>	<p>Member Self Service is an administration tool. A link with access to the report on the <a href="#">Devon Fund website</a> will be added to MSS to avoid confusion with contact from members.</p>
2.6	<p>We note the interest (including in the commercial environment) to providing a seamless customer end-to-end experience and where this is provided in the digital format, for appropriate security controls to be in place to protect individuals and personal data.</p> <p>Automated processes, for example relating to allocation of tasks and workflow, reduce the requirement for manual intervention, and can bring efficiencies whilst reducing the risk of 'human error' or delay in allocation.</p>	Opportunity	<p>Management should consider whether Member Self Service could be further utilised to provide for a customer-centric digital approach to Member services throughout the life cycle of the Members' contact with Peninsula Pensions i.e. how can the customer experience be improved making use of Member self-service as the primary communication tool?</p>	<p>Member Self Service is constantly evolving and subject to regular improvements. Future developments are planned in order of priority/ popularity across all Funds.</p> <p>This requires development by the software provider (as applicable to other LGPS pension administration service Altair users also).</p>

## Scope and Objectives

The objective of this audit was to provide the client with an audit opinion on the control framework concerning the application of Peninsula Pensions Member Self Service. Including in relation to review of:

- a) Member Self Service processes and controls
- b) Member Self Service functionality and use

## Inherent Limitations

The opinions and recommendations contained within this report are based on our examination of restricted samples of transactions / records and our discussions with officers responsible for the processes reviewed.

## Confidentiality under the National Protective Marking Scheme

This report is protectively marked in accordance with the National Protective Marking Scheme. It is accepted that issues raised may well need to be discussed with other officers within the Council, the report itself should only be copied/circulated/disclosed to anyone outside of the organisation in line with the organisation's disclosure policies. This report is prepared for the organisation's use. We can take no responsibility to any third party for any reliance they might place upon it.

### Marking

Official

### Definitions

The majority of information that is created or processed by the public sector. This includes routine business operations and services, some of which could have damaging consequences if lost, stolen or published in the media, but are not subject to a heightened threat profile.

Official: Sensitive

A limited subset of OFFICIAL information could have more damaging consequences if it were lost, stolen or published in the media. This subset of information should still be managed within the 'OFFICIAL' classification tier but may attract additional measures to reinforce the 'need to know'. In such cases where there is a clear and justifiable requirement to reinforce the 'need to know', assets should be conspicuously marked: 'OFFICIAL–SENSITIVE'. All documents marked OFFICIAL: SENSITIVE must be handled appropriately and with extra care, to ensure the information is not accessed by unauthorised people.

## Definitions of Audit Assurance Opinion Levels

Assurance	Definition
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.

## Definition of Recommendation Priority

High	A significant finding. A key control is absent or is being compromised; if not acted upon this could result in high exposure to risk. Failure to address could result in internal or external responsibilities and obligations not being met.
Medium	Control arrangements not operating as required resulting in a moderate exposure to risk. This could result in minor disruption of service, undetected errors or inefficiencies in service provision. Important recommendations made to improve internal control arrangements and manage identified risks.
Low	Low risk issues, minor system compliance concerns or process inefficiencies where benefit would be gained from improving arrangements. Management should review, make changes if considered necessary or formally agree to accept the risks. These issues may be dealt with outside of the formal report during the course of the audit.
Opportunity	A recommendation to drive operational improvement which may enable efficiency savings to be realised, capacity to be created, support opportunity for commercialisation / income generation or improve customer experience. These recommendations do not feed into the assurance control environment.

## Devon Audit Partnership

The Devon Audit Partnership has been formed under a joint committee arrangement comprising of Plymouth, Torbay, Devon, Mid Devon, South Hams & West Devon, Torridge and North Devon councils. We aim to be recognised as a high quality internal audit service in the public sector. We work with our partners by providing a professional internal audit service that will assist them in meeting their challenges, managing their risks and achieving their goals. In carrying out our work we are required to comply with the Public Sector Internal Audit Standards along with other best practice and professional standards. The Partnership is committed to providing high quality, professional customer services to all; if you have any comments or suggestions on our service, processes or standards, the Head of Partnership would be pleased to receive them at [robert.hutchins@devonaudit.gov.uk](mailto:robert.hutchins@devonaudit.gov.uk)

## Direction of Travel Indicators

Indicator	Definitions
	No Progress has been made. The action plan is not being progressed at this time, actions remain outstanding.
	Progress has been made but further work is required. The action plan is being progressed though some actions are outside of agreed timescales or have stalled.
	Good Progress has/is being made. Good Progress has continued.