

ACTIONS AND RECOMMENDATIONS TRACKERS

Report of the Director of Finance

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.
- 3.2. The Communications Policy review will take place during Q4 but will focus on undertaking a gap analysis against Regulations and benchmarking comparable LGPS policies. This will then be used as a basis for updating the Policy during 2022. A post implementation review will be scheduled into the 2022/23 plan.

Audit Risk Areas – Pension Fund	Progress
Investment Team changed working practises from COVID	Complete, final report issued
Communications Policy Review	Due to commence w/c 21 st February
Funding Strategy Statement	Completed, final report issued
Pensions Regulator Code of Practice (joint audit)	Deferred to 2022/23 - New code of practice delayed until 2022
Member Training	Due to commence w/c 28 th February

Audit Risk Areas – Peninsula Pensions	Progress
Member Self Service	Completed, final report issued
First Response Team	Completed, final report issued
Payroll & Immediate Payment system	Deferred to 2022/23 due to delay in implementation of the IP System
Pensions Regulator Code of Practice (joint audit)	Deferred to 2022/23 - New Code of Practice delayed until 2022
Training and Internal Quality Control – post implementation review	Deferred to 2022/23 – implementation delayed due to Covid.

4. Replacement audits

- 4.1. Some of the planned audits for 2021/22 are unfortunately, for reasons outside our control, going to be delayed and re-scheduled to take place in 2022/23. A new table has been added to highlight these and provide brief details of the planned audits that will be replacing them.
- 4.2. The Pensions Regulator New Code of Practice was due to be launched by the Regulator during 2021, however, this has been delayed until 2022. We are not currently aware of a more specific time scale. As agreed at the October board meeting, this is being replaced with a review of the mitigating actions in the risk register. This audit will cover both the Pension Fund and Peninsula Pensions.
- 4.3. There has been a delay in implementing the immediate payments system, so this audit is being replaced with some analysis work on how both the Pension Fund and Peninsula Pensions use the Finest (financial reporting) system.

Original Audit Plan	Replacement Audit
Pension Regulator Code of Practice	Review of Risk Mitigations – due to commence w/c 31 st January 2022
Payroll and Immediate Payments System	Use of Finest Analysis – in progress
Training and Internal Quality control – post implementation review	

5. Final Audit Reports

5.1 The final audit reports are attached to this report for information

- Investment Team Change of Working Practices due to Covid – Reasonable Assurance
- Funding Strategy Statement - Substantial Assurance
- First Response Team – Substantial Assurance

The actions arising from these report have been added to the relevant audit logs.

6. Conclusion

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

Angie Sinclair
Director of Finance

Electoral Divisions: All

Local Government Act 1972:

List of Background Papers - Nil
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APPENDIX 1

DEVON PENSION BOARD

ACTIONS AND RECOMMENDATIONS 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	Recommndations / Actions	Response	Progress
03/04/2019	114 - Board members requested online/paper manual containing key documents and glossary of terms		Completed though will be an active site and updated regularly
06/07/2020	168 - To procure a domain name with email address extensions for use by members		Complete
13/07/2021	Consideration to report from Audit on progress against plans and report findings twice a year		Audit to attend February 2022 meeting
13/07/2021	Agenda item required for October board meeting		Format of meetings agreed October 2021 meeting. Terms of Reference updated.
	13/07/2021 regarding discussion on future format of board meetings		

Funding Strategy Statement	<p>Consideration should be given to revising the Funding Strategy Statement to include link back / cross reference to the Devon Pension Fund overarching risk management framework, strategy, and risk register.</p> <p>The hyperlinks referred to need to be updated to enable PDF copies to be downloaded as needed by the user.</p>	Low	<p>Will be considered as part of the next review of the document</p>	Low	<p>Agreed, to be actioned by 31.12.2021</p>	Completed	
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Recommendations 2020/21	Priority	Management response and action plan including responsible officer	Follow up response	Actioned?
Peninsula Pensions (total days 45) 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	<p>Agreed. Management have been regularly reviewing processes whilst home working on at least a quarterly basis. When return to office working takes place, they will be fully reviewed again.</p>	Ongoing	
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	<p>Agreed - as above</p>	Ongoing as above	
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, to 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 current 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	<p>Agreed. Management have been regularly reviewing processes whilst home working on at least a quarterly basis. When return to office working takes place, they will be fully reviewed again.</p>	Ongoing	
November 2020 - Employer Self Service				
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 Alair	Medium	<p>A MS Word version of ESS already exists as backup but the team are currently reviewing a range of contingency arrangements.</p>	Ongoing	
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 epivolve 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 employees, 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 withdrawal 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 Alair, as used to obtain certain quotes	Opportunity	<p>A MS Word version of ESS already exists as backup but the team are currently reviewing a range of contingency arrangements.</p>	Ongoing	

Management should ensure that the previously agreed actions confirmed within the 'Interfacing and submission of employer data and use of Employer Self-Service' audit report 2019/20 be progressed and completed by the end of the 2020/21 financial year.	Medium	Agreed	In progress - 30 June 2022	Completed - further work is being undertaken regarding the CARE data alerts				
December 2020 - NewWebsite								
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.	Medium	Consideration will be given to developing a communications strategy and plan, for Peninsula Pensions internal use.	In progress - 30 June 2022					
January 2021 - Covid 19 Response & Changed Practices - Employer & Communications area								
All changes to Employer & 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 & Safety requirements as applicable to Covid-19 changed working practices.	High	Agreed. Management have been regularly reviewing processes whilst home working on at least a quarterly basis. When return to office working takes place, they will be fully reviewed again.	Ongoing					
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.	Medium	Agreed. Management have been regularly reviewing processes whilst home working on at least a quarterly basis. When return to office working takes place, they will be fully reviewed again.	Ongoing					
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 ongoing at that point. In particular in relation to our sample, review should include consideration of whether the current Employer & 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.	High	Agreed. Management have been regularly reviewing processes whilst home working on at least a quarterly basis. When return to office working takes place, they will be fully reviewed again.	Ongoing					
February 2021 - Covid 19 Response & Changed Practices - Overall Adoption								
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, 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.	High	Agreed. Management have been regularly reviewing processes whilst home working on at least a quarterly basis. When return to office working takes place, they will be fully reviewed again.	Ongoing					
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 Regulation (TPR) and Local Government Pension Scheme (LGPS) guidance. Devon Audit Partnership can provide audit review of these areas should management include these areas within in the Peninsula Pensions 2021-22 financial audit plan. A related operational recommendation within the Covid Response and Changed Practices - Technical & Compliance audit report refers.	Medium	Agreed. Management have been regularly reviewing processes whilst home working on at least a quarterly basis. When return to office working takes place, they will be fully reviewed again.	Pending					
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 & Compliance audit report refers.	Opportunity	This is already in hand and being considered by the Technical and Compliance Team.	Ongoing					

It is recommended that the Service Risk Register is updated to reflect new risks, and mitigating controls, relating to Covid-19 and changed practices.	Medium	The risk register will be subject to a full review during 2021/22 and these risks will be considered for inclusion.	Risk register review being undertaken as part of 21/22 audit plan	
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 identified. This should be completed alongside the planned review of operational risk updates to be made to the Peninsula Pensions Risk Register in 2021.	Medium	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.	Risk register review being undertaken as part of 21/22 audit plan	
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.	Medium	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	General review undertaken August 21 and Jan 22 - full review pending	
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.	Medium	Agreed - Head of Peninsula Pensions	General review undertaken August 21 and Jan 22 - full review pending	
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.	Opportunity	Agreed, although some of these recommendations will be governed by HR policies and decisions made at DCC Leadership level	Pending	
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.	Opportunity	Agreed. Head of Peninsula Pensions.	Pending	

Recommendations 2021/22		Priority	Management response and action plan including responsible officer	Follow up response	Actioned?
Peninsula Pensions (total days 15)					
Audit	Days	Proposed Quarter			
Member Self Service		Q1			
First Response Team		C3			
Review of Mitigation Actions		C4			
Use of Finest		Q4			
July 2021 - Member Self Service					
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. A decision has not been formally taken and recorded by management in relation to the ongoing acceptance of scanned and photographed documents post Covid-19 restrictions. 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. 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 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	<p>It is recommended that the Service review all temporary changes of practice for longer term continuation. 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 have been regularly reviewing processes whilst home working on at least a quarterly basis. When return to office working takes place, they will be fully reviewed again.</p>	Ongoing	
We refer to the Pensions Administration Standards Association guidance Covid-19 guidance: 'The Road Ahead' (August 2020), August 2020 Covid-19 Guidance - 'The Road Ahead - The Pension Administration Standards Association (base-auk.com), and the sections relating to 'Visibility & Accessibility / Digital Workflow / Identity Verification (IDV)'. Peninsula Pensions will also want to give consideration to The Pensions Regulator Guidance Cyber Security Principles for Pensions Schemes, as applicable to Member Self Service and more widely. Cyber security principles The Pensions Regulator - 'The Pensions Regulator. 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. We understand that Peninsula Pensions is would also like Heywood to investigate verification and identification technology, for example the use of facial recognition as seen in other government approved applications.	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. This should include consideration, and regular review and testing, of Cyber security controls, processes and response plans. 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>As highlighted by Management as part of Audit, discussions with Heywood and Management have already taken place around the verification/identification process and a facial recognition element of future Member Self Service app. Cyber security audits on both Alair and MSS take place annually with controls already in place and dealt with by Heywood (software suppliers).</p>		
We understand that the Service is looking to purchase the Alair Intelligence Reporting (Insight) tool from 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. We understand that Peninsula Pensions management are looking to progress the use of on-line forms (subject to the software provider facilitating this), electronic signature facility (e.g. DocuSign) and the development of an 'App'.	Medium	<p>The use of live data analytics should be pursued. Member workflow utilisation should be taken forward.</p>	<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>	Opportunity	In progress
November 2021 - First Response Team					

As reported in the 'Member Self Service' final audit report 2021-22, we understand that Member Self Service (MSS) is the preferred method for communicating with members, and that less communication is received via post. Consideration should be given to creating a central log of all incoming communication which will help management monitor and understand the reasons for and volumes of communication by post (or direct mail), as opposed via MSS.	Low	Central log not possible – at this stage priority is to focus on getting work done. Would not consider manual recording so would need to see if an automated solution could be found. This is something to consider in the future.	
In the "Incoming Post" procedural notes, it tells the member of staff to place batches into blue trays in the First Response Team room. To add an extra layer of physical security to members information, these trays could be kept in a locked cabinet ensuring that a clear desk policy is implemented. This includes documents waiting to be shredded being stored away in a locked cabinet.	Opportunity	We believe the locked office is sufficient at this stage but will review this when wider corporate space has been reviewed following return to office following lockdown.	
Continuous professional development (CPD) to the First Response Team members in the form of annual in-house GDPR / Data Protection refresher training could be implemented to ensure continued awareness. The slide deck provided that was delivered to the First Response Team in November 2018, could be adapted and turned into an annual piece of CPD.	Low	There is already an annual GDPR compulsory course from DCC / meta-compliance. There is already an annual GDPR compulsory course from DCC / meta-compliance. The technical and training team will review the PP internal slide deck.	
Compliance with GDPR is included in Peninsula Pensions Corporate Risk Register, specifically PP10, 11 and 19. Two controls in PP10, however, are still as "To Be Confirmed" on the risk register. We recommend revisiting this register and update it to show how the control will be measured.	Low	Agreed	
There is an opportunity to review current process notes / procedures for the tasks and make them clearer, structuring them as follows • Content pages which outlines the specific indexing which will be needed within the batch. • Clear separation from headings and the information. • Title of the indexing procedure and relating tasks. • The groups that can be allocated for the task(s). • Clear instruction to update the comments section. • Clear outline of the DOCID for the paperwork associated with this task.	Opportunity	This is controlled centrally by technical and training team. Will ask them to consider reviewing all procedures in this format in the future.	
There is an opportunity to create a report to show the percentage volume of correspondence received, in terms of post vs MSS vs email.	Opportunity	There is no automated way of doing this currently but will keep this under review.	
The procedural notes should be updated to include the timescales / deadlines to make it clear to staff of the expectations for each of the tasks.	Low	This is covered separately in 1-1's and objectives with the team however we will consider adding this to the procedure notes.	
Consider establishing a central log of post to track and monitor the incoming post. There is also the opportunity to date stamp individual pieces of post to ensure that post is being dealt with within the timescales set by the First Response Team. Another option to implement this tracking could be achieved by creating a log which outlines the post received for each batch per day. Similar to how the Recorded Delivery code is stored within the receipt book.	Low	Refer to previous responses.	