Internal Audit Report - Draft
Peninsula Pensions
First Response Team

November 2021

devon audit partnership
Auditing for Achievement

Service Objective
Peninsula Pensions is the operational name for the shared administrative service of the Local Government Pension Scheme (LGPS) on behalf of Devon and Somerset Administering Authorities.
Peninsula Pensions objective is to provide a high quality, comprehensive, end to end, pension administration and pension payroll service for over 200,000 scheme members, including LGPS, Fire and Police.

Audit Opinion	Direction of travel
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.	⬆ G

Assurance Opinion on Risks or Areas Covered - key concerns or unmitigated risks	Level of Assurance	Direction of travel
1. **GDPR breach due to personal information received being incorrectly allocated in Altair and / or not being held securely, resulting in fines and reputational damage.**	Reasonable Assurance	⬆ G
2. **Records not being processed timely, resulting in pensions payments being delayed and disclosure regulations not being adhered to**	Substantial Assurance	⬆ G

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.

The role of the First Response Team is to handle all incoming mail and ensure that the post is batched, indexed, and allocated in Altair (a bespoke Pensions administration software package which is used to record member data and process operational tasks) in a timely manner; whilst acting as the first postal contact for members.   Dependant on whether the post is for the pensions team, payroll, or the Fire / Police team, the First Response Team will have different levels of authority when indexing and allocating tasks. For aforementioned teams, First Response Team scan the post onto Altair, for the Local Government Pension Scheme they allocate the tasks on Altair.

Executive Summary

Through a variety of tests, The First Response Team have shown their understanding of the General Data Protection Regulation (GDPR), and the importance of adhering to it, alongside the importance of ensuring compliance with the Disclosure Regulation (2013). Measures to ensure compliance to both regulations are embedded within the initial training, throughout ongoing training, and the procedural notes which are distributed throughout the team. Further guidance is in the midst of being created and distributed throughout the team.

Recommendations have been made regarding clarity of the notes, ongoing annual GDPR training, and creating a main log of incoming post, as ways of enhancing the control frameworks currently in place. Issues raised are considered low risk overall, with the majority of recommendations being opportunities for enhancement, hence substantial assurance being given.

The detailed findings and recommendations regarding any issues identified 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.

Management are required to agree an action plan, ideally within three weeks of receiving the draft internal audit report. Written responses should be returned to either Arby Jones (arby.jones@devon.gov.uk) or Alexis Saffin (alexis.saffin@devon.gov.uk). Alternatively, a meeting to discuss the report and agree the action plan should be arranged with the named auditors.

Value Added

Identify any potential opportunities to improve efficiencies in the new post processing procedures.

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

1. Risk Area: GDPR breach due to personal information received being incorrectly allocated in Altair and / or not being held securely, resulting in fines and reputational damage.:	Level of Assurance
	Substantial Assurance

Opinion Statement:

The General Data Protection Regulations (GDPR), and adherence of, is a main focus for The First Response Team. To demonstrate, GDPR is referred to and mitigated within three separate risks on the Peninsula Pensions risk register.

Members of The First Response Team have completed their mandatory Data Protection / GDPR training, including an introduction to sharing personal data and cyber security awareness training. The First Response team have reminders set in place to ensure that every member of the team knows when they need to complete a refresher or new course. In November 2018, The First Response Team received internal GDPR training on top of the mandatory courses provided by Devon County Council. We have noted an opportunity to continue this internal training and make it an annual occurrence.

Guidance is issued to First Response Team staff on Data Protection, GDPR and Cyber Awareness, which includes the secure storage of data. I have made a recommendation about the implementation of the clear desk policy.

There are sufficient procedural notes that have been created for and distributed to The First Response Team to ensure that post is batched, indexed and allocated in a standardised fashion. We were informed that further guidance notes are in the midst of being created, which will be distributed to the team when ready. There is a recommendation attached to the procedural notes regarding clarity, timescales and finishing off any further guidance.

Our sampling of post received showed that 97.5% of samples were batched, indexed, and allocated into Altair accurately. There is an opportunity attached to this sample regarding gathering a report to show the volume of post received versus the volume of email or via Member Self Service.

Our sampling of return certificates showed that 70% of samples had their certificate sent back to them on the same day, 90% of samples had their certificate sent back within one working day, and 100% of samples had their certificate sent back within two working days of The First Response Team receiving them, which is well within the target set of 100% of 10 days.

Overall, the procedures, guidance, and access controls put in place minimise the probability that a GDPR breach due to personal information received being incorrectly allocated in Altair and / or not being held securely, resulting in fines and reputational damage, could happen.

No.	Observation and Implications	Impact / Priority	Recommendation	Management Response
1.1	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.	Low	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.	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.

No.	Observation and Implications	Impact / Priority	Recommendation	Management Response
1.2	Guidance is issued to staff on Data Protection, GDPR and Cyber Awareness, which includes the secure storage of data. The First Response Team informed us that the clear desk policy and locking away of paper post is not a necessity as the office is locked, with only Peninsula Pension staff having access, and contractors have a data protection and security written into their contracts. From the information provided, the storing of access to data is secure by means of logical access control (smart cards to enter buildings) and a form of multi factor authentication / dual log in (log into PING to access Altair, both requiring separate logins) before being able to log into Altair. An opportunity recommendation has been included in relation to the security of physical records.	Opportunity	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.	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.
1.4	Internal GDPR training has been delivered as a one-off in the past, but not annually.	Low	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.	There is already an annual GDPR compulsory course from DCC / meta-compliance. The technical and training team will review the PP internal slide deck.
1.5	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.	Low	We recommend revisiting this register and update it to show how the control will be measured.	Agreed.

No.	Observation and Implications	Impact / Priority	Recommendation	Management Response
1.6	The production of process / procedural notes for the First Response Team members is considered good practice. Review of the notes by the Auditor at the time of the review found the notes helped in gaining an understanding of the indexing process, however, as someone who does not work within the Team, we found elements to be confusing, and have made suggestions as to how they can be enhanced for the reader to provide greater clarity.	Opportunity	There is an opportunity to review current process notes / procedures for the tasks and make them clearer, structuring them as follows • Contents 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.	This is controlled centrally by technical and training team. Will ask them to consider reviewing all procedures in this format in the future.
1.7	There was no management information available to report on the percentage of correspondence received by post, dedicated email and by member self-service.	Opportunity	There is an opportunity to create a report to show the percentage volume of correspondence received, in terms of post vs MSS vs email.	There is no automated way of doing this currently but will keep this under review.

2.	Risk Area: Records not being processed timely, resulting in pensions payments being delayed and disclosure regulations not being adhered to	Level of Assurance
		Reasonable Assurance

Opinion Statement:

Peninsula Pensions have ensured compliance with the disclosure regulation is a priority for them, as they have included its own risk within their risk register. As per our sampling in risk one, 100% of returned certificate samples had their certificate(s) sent back within two working days of The First Response Team receiving them.

The importance of timescales and completing work in a timely manner has been integrated within The First Response Team training and on-going catch ups. A recommendation to further embed this within the team, is to include timescales within the process notes created.

The majority of post sampled was batched, indexed, and allocated in Altair within the timescale expectations within The First Response Team. Where there have been times where post was processed untimely, new guidance and in-house training is being developed to reduce the likelihood of this repeating. A recommendation has been attached for a central log of post received. This would allow the management team to monitor and track post in and further ensure that post is being dealt with in a timely manner.

The First Response Team have demonstrated that there is substantial cover procedures in place to minimise any delay in processing the incoming post.

No.	Observation and Implications	Impact / Priority	Recommendation	Management Response
2.1	Timescales have been given to the First Response Team for processing, scanning and indexing post, and our testing of a sample of transactions confirmed that for the majority of batches, the timescales had been adhered to.	Low	The procedural notes should be updated to include the timescales / deadlines to make is clear to staff of the expectations for each of the tasks.	This is covered separately in 1-1's and objectives with the team however we will consider adding this to the procedure notes.
2.2	The majority of the post sampled was batched, indexed, and allocated in Altair within the timescales. However, there is no central log of past received, and therefore and monitoring of team performance cannot be measured effectively.	Low	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. | Refer to previous responses. |

Scope and Objectives

Peninsula Pensions are currently going through an internal restructuring and have recently set up a new "First Response Team", whose role is to receive incoming correspondence and allocate it to the respective teams within the Service.

Prior to the restructuring there was a post team but was not well structured and procedures were not effective. The First Response Team has introduced new procedures within the team.

The objective of the audit is to provide assurance that the new post in and post out procedures introduced within this team are working effectively.

The audit will focus on the physical post in and post out procedures only and will not include correspondence received via email. The audit will also follow up on any recommendations made relating to this within the Change in Practice in response to the COVID Pandemic audit carried out last financial year.

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	Definitions
Official	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

Priority	Definition
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

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Direction of Travel Indicators

Indicator	Definitions
R	No Progress has been made. The action plan is not being progressed at this time, actions remain outstanding.
A	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.
G	Good Progress has/is being made. Good Progress has continued.