

## **CAMBRIDGESHIRE PENSION FUND**

### **Pension Fund Committee**

**Agenda Item: 4(b)**

#### **Action log from previous meeting**

This log captures the actions from the Pension Fund Committee of the 27 July 2017 together with any carried forward items from previous meetings and updates members on the progress on compliance in delivering the necessary actions. This is the updated action log as at 10 October 2017

#### **Outstanding actions from 27 July 2017 meeting of the Pensions Committee**

<b>Item No.</b>	<b>Item</b>	<b>Action to be taken by</b>	<b>Issue</b>	<b>Action/Status</b>
21.	Pension Fund Annual Report and Statement of Accounts	Mark Whitby	There was a lengthy discussion about Administrative Management Performance, with some Members indicating they were unhappy that some targets were not being met, on an ongoing basis. Mark explained that this was reported to Committee through the Business Plan updates each quarter. Most shortfalls were due to resource issues, which were being addressed but had not been resolved. The specific problems with attracting and recruiting suitably qualified and experienced candidates were noted, and that this was a national issue. Officers explained how complex and technical the work involved was, and how candidates required in-depth knowledge of the regulations. It was confirmed that when good temporary staff were employed, they were offered permanent contracts. The Chairman asked officers to report back to the next Committee meeting.	Completed – Is being delivered as part of the Business Plan Update at this meeting. Also formed part of the Administration Strategy consultation.
23.	Annual review of the Fund's Investment Managers	Mark Whitby	Schroders UK Equity had had a phenomenal year, and had consistently beat the benchmark over a five year period, outperforming by a good degree, which was particularly impressive over a period when Value managers had not done well. It was agreed that performance for Value Managers would be better compared to benchmarks/metrics for similar value funds and these would be included in future reports.	Noted for future reports

## Outstanding actions from 29 June 2017 meeting of the Pensions Committee

Item No.	Item	Action to be taken by	Issue	Action/Status
8.	<b>Internal Audit Report</b>	Mark Whitby	There was a lengthy debate around the two members of staff who had left not had their access removed. Despite reassurances, and noting the Substantial Assurance given in the Internal Audit report, Members commented that this type of system failure was unacceptable, and asked officers what they felt could be done in addition, and specifically whether they felt the six monthly checks with managers was adequate. Officers confirmed that both they and Internal Auditors felt six months was sufficient. Members suggested three months would be a more suitable interval, with evidence of positive action on any changes e.g. identifying how many staff had left and confirming their access had been withdrawn. Members supported this proposed course of action as a way forward	Completed – Please see appendix to this action log
8.	<b>Internal Audit Report</b>	Joanne Walton	The Committee would like an update on the progress against actions on the Internal Audit Report.	Completed – Please see appendix to this action log.
14.	<b>Ill Health Insurance</b>	Mark Whitby	The Committee agreed to have a further investigation as to the viability of alternative approaches, with officers reporting back to the next meeting	Completed – report being presented at this meeting.

## Appendix 1 – Internal Audit - progress against actions

Area Risk Level	Key Findings	Audit Recommendations	Management Agreed Actions	Timescale/ Owner
<b>M</b>	<b>New Pensioners</b> - Sample testing of new pensioners identified one case in relation to dependent pensioners; TY10xxxxB where the death occurred in May 2016 and payments had still not been made by early January. When the case was investigated, there was no obvious reason for the significant delay in payments being made. Internal Audit have been advised that the dependent pension had now been actioned and paid.	A review of the task Management reports available should be completed to identify if the process from confirmation of death to payment can be tracked and monitored.	Priority casework from workflow will have appropriate management oversight to ensure payments are made in a timely manner.	Akhtar Pepper 31/3/17
<b>Current Status – Complete</b>  Monthly workflow monitoring is in place to ensure payments are made in a timely manner.				
<b>M</b>	<b>Transfers In</b> - Sample testing of transfers into the pension schemes identified two cases; NA98xxxxD where a transfer has been actioned, but the membership record on Altair had not been updated to record the receipt of monies and the service credit awarded to the member.	A review should take place to identify if there is a task management report which will identify when a transfer in is actioned and whether the receipt and service credit had been recorded.	This is a lower priority area of casework relevant to others workflow can be used to identify the outstanding cases and in the normal run of events there would be enough resource to deal with these in a timely manner. There have been increased pressures on the team in 2016/2017 due to the implementation of payroll and staff changes. The outstanding cases will be reviewed and an appropriate plan will be drawn up.	Akhtar Pepper 31/3/17
<b>Current Status - Complete</b>  Team Leader check in place to ensure service credit has been recorded.				
<b>M</b>	<b>Transfers Out</b> - Sample testing of transfers out of the pension schemes highlighted one case (JK35xxxxC) where although there was evidence that the member had made enquiries about transferring their pension and a transfer payment had been made, a completed election form signed by the member was not on file.	Transfers out of the pension fund should not be processed unless the member has completed and signed an election form to confirm that this is his/her wish. A copy of the form should be retained on file for evidence.	Team Leaders will be advised at next team meeting to ensure appropriate checks are completed and evidence is on file before transfers out are actioned.	Akhtar Pepper 1/4/17
<b>Current Status – Complete</b>				

<b>L</b>	<b>Uploading of Employer Contributions Data -</b> The Pensions Service is reliant on employers submitting data correctly based on an agreed pro forma (Pen18 return). Testing of fifteen returns for June 2016 identified three returns (Peterborough Culture and Leisure, Cambourne PC Greenwich Leisure) where errors were identified. The impact of this is that the information had been uploaded to incorrect codes on the general ledger, e.g. amount for normal employers contributions had been posted to the 50:50 or APC codes. These errors were identified by Internal Audit because they were substantial values being posted to codes which normally would be low in value.	The impact of these errors should be reviewed and assurance gained that the errors are not more widespread across returns processed in 2016/17. Checks should be built into the data upload process in order to gain assurance that obvious errors have not been made in employers returns.	The process will be reviewed to include automated check son the values to ensure they are correct.	Ben Barlow 1/8/17
<b>Current Status – Complete</b>  A number of procedures now in place to monitor these issues –  1. Automatic journal update from the PEN18 return - this ensures that the correct amounts are picked up. A journal to the holding account and the correct employer is created. 2. Reconciliation Apps - this reconciliation is done daily and makes sure that the payment balances with the amount on the holding account. This is monitored closely, and data provided to management at the end of each week. 3. PEN/GL reconciliation - this reconciliation is run monthly and checks the GL against the PENs received. Any discrepancies are investigated and corrected. Any outstanding issues are reported. This completes the three way check between Return-Payment-GL				
<b>M</b>	<b>Payroll and Altair Reconciliation -</b> The 2015/2016 audit report contained details of the work to date on the reconciliation of historic payroll and Altair records, the variances identified and investigations that had taken place. There has been almost no progress in this work during the intervening period. The Pension Service has appointed an external third party to complete a new reconciliation exercise so that an up to date position could be obtained on the issues that require consideration. A report has now been received on the findings of this exercise and this is currently being reviewed by the Governance Regulations Manager.	An action plan should be developed to ensure that the findings of the recent reconciliation exercise of historical payroll and Altair records are identified and investigated on a timely basis.	The result of the third party analysis was 2,355 cases (CPF=1,614 cases, NPF=667 cases) with an apparent variance of +/- £100 pa when comparing payroll and Altair records. By 24 March 2017, after two weeks of investigation by officers, 286 cases (12%) had been cleared.	Jo Walton 31/12/17  Ongoing – please refer to Business Plan Update for further information.

<b>L</b>	<b>User Access</b> - A review of users with access to the Altair System identified two employees (P & S) who were no longer employed in the Pension Service. Assurance however was provided that neither had accessed the system since their leaving date.	User access should be periodically reviewed with evidence retained to demonstrate the outcome of such reviews.	All line managers will be required to inform the systems team when staff members leave. The systems team will also be required to send a list of users to the managers for checking every six months.	All line managers 1/4/17 Mansha 1/4/17
<p><b>Current Status – Ongoing</b></p> <p>An e-mail was sent to Payroll, Customer Service and Pensions Administration to confirm new users and leavers for July, August and September. As a result of this, it was found that two ex-employees still had user accounts, one user access was never issued and was no risk to the Fund and one user who had access disabled within 11 days of leaving employment. No activity had been undertaken but the LGSS Pensions Service will monitor on a monthly basis for the next three months to ensure access is disabled immediately after an employee leaves. Increasing this up to 3 months once satisfied after the period and to 6 months when the criteria is successfully being met consistently.</p> <p>Heywood's added an additional comment –</p> <p>“It would not be possible for anybody to access Altair account once their citrix account is removed then they could not log in to their citrix desktop to be able to launch Altair in the first place. This is somewhat akin to a person having their account removed from a windows desktop computer, they cannot open any of the applications on that computer unless they first log onto said machine. Equally the url for the application itself (Altair) cannot be used unless opened from a web browser from the citrix desktop - the address will not resolve from an open internet connection”.</p> <p>As a result of this, a template has been designed, which will allow team leaders to review access for all their users every time they request a new licence.</p> <p>User licences have also been cross checked between Heywoods and our internal control sheet.</p>				
<b>M</b>	<b>Overseas Pensioners</b> - The 2015/16 audit report included a recommendation that the Pensions Service should establish a system to verify if elderly pensioners and those living abroad are still alive. Whilst work has been undertaken in order to verify if elderly pensioners are still alive, work is currently ongoing with a third party supplier to put in place a mechanism to gain assurance in respect of overseas pensioners.	The process for confirming if overseas pensioners are still alive should be agreed and implemented.	Western Union have now been appointed to undertake proof of life checks of overseas pensioners. The first check will be undertaken in 2017/18 and every two years thereafter.	Jo Walton 30/4/17  An update on the current status of the proof of life exercise can be found in the Business Plan Update.