

WILTSHIRE COUNCIL

LOCAL PENSION BOARD

20 May 2021

PENSION FUND – TPR CODE OF PRACTICE 14 REVIEW

Purpose of the Report

1. This report updates the Board on the findings of an internal review of the Wiltshire Pension Fund's compliance with the Pension Regulator's Code of Practice 14 for the Fund year 2020-21;

Background

2. The 2020-21 review was undertaken in two stages. Firstly, a self-assessment by officers covering the Fund's compliance with the Pension Regulator's Code of Practice 14, in relation to the areas of internal controls, governance, administration & resolving issues based on an independent questionnaire originally provided by Aon Consulting. Secondly, by the completion of random sample testing of 10% of the officer responses based on a recommendation made by the South West Audit Partnership (SWAP) in 2019 that a separate evidence-based review of officer responses should take place.
3. The results of the 2020-21 self-assessment highlighted an overall improvement in the Fund's compliance with the Code of Practice, identifying a reduction in the number of risks requiring improvement since the 2019-20 Scheme Year review, from eight to one.
4. In consideration of the two-stage process outlined in paragraph 2 the "Consideration for the Board" section below has also been split into two parts. Firstly, a summary of the self-assessment for 2020-21 & secondly a summary detailing the sample testing undertaken.

Considerations for the Board

Self-assessment analysis

5. The questionnaire posed 83 questions covering all areas of the Fund's internal controls & the answers to almost all the areas reviewed were that the Fund was found to be adequately controlled and well managed.
6. Of the 8 areas identified as requiring improvement in 2019-20, 7 had shown improvement moving to a well-managed green risk status, most notably reflected by the Fund's improvements in its internal controls arising from the impact of its new digital & automated platforms, particularly i-Connect. This represents the fourth year of improvement in a row. This left 1 risk where no significant progress had been made and this centred on the Fund's communication and timely disclosure of information (Question H9). Officers will continue to implement the existing action plan to address this risk, which concentrates on the Fund's casework backlogs so that it can reach an adequate standard. The key elements of this action plan include;
 - a) Improved data on which to process member casework provided by the automated platforms such as i-Connect;

- b) Increased staffing to process the backlogs, including the availability of overtime for staff;
- c) The introduction of a digital programme, notably “My Wiltshire Pension” which would enable Fund members to enjoy a self-service facility; &
- d) The introduction of process automation which will assist staff by enabling the Fund to bulk process straightforward casework.

Independent Sample Testing

7. The arrangements by which the sample testing processes were completed remained largely the same as last year, but with two exceptions. Firstly, no question tested last year was included in this year’s review and secondly, in view of the Fund continuing to fall short of the required standard under question H9, H9 was tested. To complete the testing the Governance & Performance Manager sought to independently evidence the responses made & then detail the supporting evidence in the table below.

Sample Risks reviewed			
Risk No.	Description of risk	Response	Evidence
B12	Have all Board members completed tPR toolkit training?	As at March all Board members have completed tPR toolkit training	Certificates filed on member training records
E7	Does the Administering Authority have adequately documented internal controls to manage the Fund?	Approved Documents folder created on SharePoint and policies and procedures logged, version controlled and added to the folder.	With the end to end process review and ongoing oversight from management, comprehensive internal controls of documentation are visible.
F1	Do member records accurately record data as defined in the Record Keeping Regulations?	The automated data function provided by i-Connect enables specified accurate record collection. This can be measured via the database provider’s reporting tools as well as checks to monitor data quality.	Whilst the transition of all employers to i-Connect will not be completed until 2022, the process by which data quality takes place is established. Furthermore, a SWAP audit will be conducted in 2021.
G6	Does the Fund maintain records of its investigations and communications with employers?	Documents are saved in the Scheme Employer correspondence file in SharePoint.	The Accounting and Investment team provide an audit trail of documents. In 2021 a schedule was also created to record correspondence where an escalation incident had occurred.
G8	Is a process in place to assess payment failures and where material issues exist, are they reported to tPR?	A breach policy & log operate in conjunction with the contribution monitoring arrangements and each month failures are assessed.	At the end of each year a Low Volume Performance Report is submitted to the Board which summaries any tPR reporting.
H9	Is all information provided within the legal timescales?	Whilst the majority of information is reported within legal timescales, disclosure requirements associated with	Paragraph 6 above outlines the approach to address the failure to meet disclosure requirements in accordance

		casework continue to be a work in progress.	with Public Service Pensions Act 2013.
H11	Where information is provided electronically does it comply with the legal requirements?	Electronic information is verified in three ways: 1) That the software is subject to a DPIA, 2) Changes to the information processed is communicated as legally required & 3) The information communicated conforms to legal requirements	The information provided to members conforms to legal requirements, however the last SWAP audit did identify weaknesses in the DPIA process. However, being an ICO issue and not a tPR one this control can be marked as "Green".
J3	Are breaches being recorded in accordance with the procedures?	Yes.	The Low Volume Performance Report will complete the existing procedure, although it is noted that the procedure itself does require review.

Conclusions

Self-assessment analysis

8. With the improvements in internal controls arising from the impact of the Fund's new digital & automated platforms, particularly i-Connect a number of core issues of non-compliance were addressed in 2019/20, namely F1, F2 & F10. This should now pave the way to addressing the remaining area of non-compliance H9. In short, with the assurance of receiving good quality data from its employers being received on a timely basis the Fund will be able to disclose information to its members more effectively i.e. process its casework backlogs. Note: F1, F2 & F10 stand for;
- a) F1 – Do member records accurately record data as defined in the Record Keeping Regulations?
 - b) F2 – Does the Fund have the appropriate processes in place so employers can provide timely and accurate information?
 - c) F10 – Are processes and policies in place to reconcile scheme data with employer data?

Independent Sample Testing

9. The evidence gathered by the sample testing identified no variances between the responses provided by the Fund's management team & the independent evidence reviewed. Officers are satisfied that the responses reported by the management therefore represent a true & fair view of the Fund's compliance with the Pension Regulator's Code of Practice 14.

Environmental Impact

10. There is no environmental impact from this report.

Financial Considerations

11. There are no immediate financial considerations resulting from the reporting of the Fund's compliance with tPR Code of Practice 14.

Risk Assessment

12. Any risks reflected in this report shall be reflected in the Risk Register.

Legal Implications

13. There are no immediate legal implications arising from this report.

Safeguarding Considerations/Public Health Implications/Equalities Impact

14. There are no implications at this time.

Proposals

15. The Board is asked to note the internal, self-assessment undertaken.

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