

## WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND LOCAL PENSION BOARD  
22 August 2019

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### **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 (WPF) compliance with the Pension Regulator's Code of Practice 14 for the Fund year 2018-19. The review was conducted in two stages;
  - a) A self-assessment by officers; and
  - b) An internal audit conducted by the South West Audit Partnership (SWAP)

#### **Background**

2. The scope of the self-assessment covered the adequacy of the Fund's compliance in relation to the areas of internal controls, governance, administration & resolving issues based on an independent questionnaire originally provided by Aon Consulting.
3. The scope of SWAP's internal audit was to provide assurance that the self-assessment completed by officers is sufficiently robust and reliable to ensure compliance with the Pensions Regulator's code of practice 14. To establish this the auditor reviewed the end-to-end process of the self-assessment including the;
  - a) Planning & process undertaken
  - b) Analysis of the responses
  - c) Verification and testing
  - d) Reporting on areas of non-compliance
  - e) Plans in place to rectify areas of non-compliance

#### **Considerations for the Board**

##### Self-assessment analysis

4. The questionnaire posed 83 questions covering all areas of the Fund's internal controls & the answers to most of the areas reviewed were that the Fund was found to be adequately controlled and being well managed. Overall an improvement was observed from 16 areas identified as requiring improvement in 2017-18 to 10 areas in 2018-19.
5. Of the 16 areas identified as requiring improvement in 2017-18, 9 had shown improvement moving to a well managed risk status, most notably reflected in the internal controls of the Fund's contract management arrangements. This left 7 risks where no significant progress had been made, plus 3 new risk where the risk rating had worsened. The key risks identified where progress had worsened, or no improvement had been made are set out below. Officers will implement an action plan to address the risks failing to reach the adequate standard.

New Risks identified		
Risk No.	Description of the risk	Remedy date

B12	Board members completion of the Pension Regulator's toolkit for training	November '19
C10	Employer and member representatives on the Board being in line with the legal requirements	November '19
J1	The Administering Authority being satisfied that those responsible for reporting Breaches understand their requirements	August '19

Ongoing Risks identified		
Risk No.	Description of the risk	Remedy date
E7	A review of internal controls is required to ensure all Fund procedures are up to date	December '20
F1	Do member records record the information required as defined in the Regulations and are they accurate	Rolling programme
F2	Ensuring that Employers provide timely & accurate information	July '20
F10	Setting in place procedures to reconcile Fund & Employer records	December '20
H3	Has a benefit statement been provided to all active, deferred and pension credit members who have requested one within the required timescales	December '19
H7	Are Employers issuing new Scheme members will all the essential basic Scheme information	December '19
H9	Is all information to members provided within the required legal timescales	December '19

#### Internal Auditor analysis

- The Auditor provided a "Reasonable" assurance & recommended that the Fund complete random sample testing of the responses received in the self-assessment to confirm that the responses were correct. In addition, the Auditor commented that full compliance should be based on the completion of any action plan.

#### **Conclusions**

- Whilst the member effectiveness review has been recognised as a useful exercise member engagement in all areas of their governance responsibilities remains an ongoing process. All members are respectfully requested to support officers by ensuring their own compliance on an individual level.
- Fulfilling the Fund's standard business & change management commitments in accordance with its business plan has placed a strain on officer resource to update & maintain the Fund's procedures. Both this audit & the internal audit on Key Controls has highlighted a presence of risk where procedures & plans may not be being followed in practice.
- It is envisaged that the implementation of new software, notably i-Connect, should address the Fund's core issues of non-compliance in relation to F1, F2 & F10, which in turn will also have a direct impact on H3 & H9. In short, this means that if the Fund can ensure the receipt of good quality data from its employers on a timely basis the Fund's disclosure of information to its members will be significantly enhanced.
- The Fund Governance & Performance Manager will ensure that as part of the next self-assessment exercise a strategy of sample testing of the responses will be undertaken.

### **Environmental Impact**

11. There is no environmental impact from this report.

### **Financial Considerations**

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

### **Risk Assessment**

13. The risks reflected in this Internal Audit shall be reflected in the Risk Register which is updated quarterly and presented to this Board.

### **Legal Implications**

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

### **Safeguarding Considerations/Public Health Implications/Equalities Impact**

15. There are no implications at this time.

### **Proposals**

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

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