



Local Pension Board

25 June 2020

Title	Internal Audit Report – Pensions Follow up Review
Report of	Director of Finance
Wards	N/A
Status	Public
Urgent	No
Key	No
Enclosures	Appendix A – Internal Audit Report
Officer Contact Details	George Bruce, Head of Pensions 0208 359 7126 george.bruce@barnet.gov.uk

Summary

Barnet's Internal Audit have undertaken a follow up review of controls within the Pension Fund focusing on the financial aspects. Their draft report is attached, with two remaining recommendation not fully resolved.

Officers Recommendations

1. That the Local Pension Board note the Internal Audit report.

1. WHY THIS REPORT IS NEEDED

- 1.1 The Board's role is to assist the administering authority in securing compliance with scheme regulations and other legislation relating to the governance and administration

of the scheme. The Board's terms of reference also include "ensuring the effective and efficient governance and administration of the Pension Fund". Internal Audit work to evaluate controls is an important reference to the Board.

- 1.2 Barnet Internal Audit have undertaken a follow up review looking mainly at the controls concerning the monitoring of contributions. The summary finding is that "We identified that one of the 14 agreed actions reviewed had not been implemented and one of the 14 actions were partially implemented. The remaining actions were either fully implemented or superseded and closed."
- 1.3 The action not implemented relates to six monthly reporting of contributions received and benefits paid to the Pension Fund Committee. It was agreed to expand the reporting of expenses to include contributions and benefits. This information is seen at a high level as part of the annual accounts and it is intended that a more detailed analysis will be presented to the Pension Fund Committee in July and six monthly thereafter.
- 1.4 The partially completed action relates to the outstanding work on admission agreements, cessations and bond renewals. Post the completion of the triennial valuation this work is being given priority and there are currently six admission agreements, three opening positions for academies and 9 cessations outstanding. In addition, we will be reviewing the required bond values for all 20 admitted bodies based on their updated funding position following the triennial valuation. A quarterly report on admissions, cessations and bonds is made to the Pension Fund Committee. The Actuary is targeting producing three sets of calculations each week.
- 1.5 The recommendations either superseded or fully implemented covered:
 - Contribution collection and reporting,
 - The invoicing and collection of strain costs,
 - Information displayed on the pension fund web page, and
 - Interface between payroll and administration systems and the creation of duplicate membership records.
- 1.6 It is intended that the remaining actions will be fully implemented by end July 2020.

2. REASONS FOR RECOMMENDATIONS

- 2.1 It is appropriate for the Board to review the Internal Audit findings and managements planned actions.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 None - statutory function

4. POST DECISION IMPLEMENTATION

4.1 Confirmation on completion of the two outstanding recommendations will be made to the next Board meeting.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

5.1.1 A positive Internal Audit report on the Pension Fund's activities plays a key role in providing assurance that the Pension Fund's financial risks are managed in an environment of sound stewardship and control.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

5.2.1 N/A.

5.3 Social Value

5.3.1 Contributing to the Pension Fund ensures that contributing members have a secured income on retirement.

5.4 Legal and Constitutional References

5.4.1 The Board's Terms of Reference include "ensuring the effective and efficient governance and administration of the LGPS for the LBB Pension Fund".

5.5 Risk Management

5.5.1 The audit report attached highlights areas of good control and areas of weakness which need to be addressed. Failure to do so carries the risk of adverse financial and/or reputational consequences.

5.6 Equalities and Diversity

5.6.1 Pursuant to the Equality Act 2010, the Council is under an obligation to have due regard to eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advancing equality of opportunity between persons who share a relevant 'protected characteristic' and those who do not share it; and fostering good relations between persons who share a relevant 'protected characteristic' and persons who do not share it. The 'protected characteristics' are: age, disability, gender reassignment, pregnancy, and maternity, race, religion or belief, sex and sexual orientation. The Council also has regard to the additional protected characteristic of marriage and civil partnership even though this does not apply to parts 2) and 3) (above) of the public-sector equality duty

5.7 **Corporate Parenting**

5.7.1 Not applicable in the context of this report.

5.8 **Consultation and Engagement**

5.8.1 Not required.

5.8 **Insight**

5.8.1 N/A.

6. **BACKGROUND PAPERS**

6.1 See Internal Audit Report, agenda item 9, Local Pension Board 4 September 2019.

<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=753&MId=9912&Ver=4>