

Internal Audit Report

Pension Administration (LGPS) 20/21

Final Report

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Prepared for: Surrey County Council

Date: July 2021

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1. Introduction

- 1.1. Surrey County Council (the council) is the designated statutory administering authority for the Surrey Pension Fund (the fund). The council has statutory responsibility to administer and manage the fund in accordance to the rules of the Local Government Pension Scheme (LGPS). The governance of the fund is the responsibility of the Surrey Local Pension Board and the Pension Fund Committee. As at 31 March 2020, the fund comprised 310 scheme employers with circa 111,314 members of which 35,458 were active, and 48,612 deferred. The remaining 27,244 comprised of pensioners and dependants. During the financial year 2019/20, the scheme collected £186m in contributions from members and their employers and made pension payments of approximately £134m to members who are now pensioners. The council are currently in the process of realigning the pension service following a return to sovereign control having previously been part of the joint Orbis Business Operations shared service.
- 1.2. The previous full systems audit review of Pensions Administration in financial year 2018/19 highlighted twelve actions for improvement with an overall assurance rating of Minimal Assurance. A position statement was issued in June 2020 where marginal progress against three high rated actions was reported. The service introduced an Improvement Plan which recognised the issues identified and detailed the steps required to rectify these. Progress made against the Service Improvement Plan is reported to Members through the Surrey Local Pension Board and the Pension Fund Committee.
- 1.3. The pensions service, like many services across the council, has undergone significant disruption during financial year 2020/21 due to the global coronavirus pandemic and have been required to adopt new working practices in order to maintain service delivery.
- 1.4. This review formed part of the agreed Internal Audit Plan for 2020/21.
- 1.5. This report has been issued on an exception basis whereby only weaknesses in the control environment have been highlighted within the main body of the report.

2. Scope

- 2.1. The purpose of the audit was to provide assurance that controls are in place to meet the following objectives:
 - Appropriate controls are in place to ensure that the pensions service can meet the requirements of the LGPS in the effective administration and management of the pensions service and stewardship of the Surrey Pension Fund. This audit will also review progress made against previously agreed actions from past audits.

3. Audit Opinion

- 3.1. **Partial Assurance is provided in respect of Pension Administration (LGPS) 20/21.** This opinion means that there are weaknesses in the system of control and/or the level of non-compliance is such as to put the achievement of the system or service objectives at risk. *Appendix A provides a summary of the opinions and what they mean and sets out management responsibilities.*

4. Basis of Opinion

- 4.1. We have only been able to provide Partial Assurance over the controls operating within the areas under review because:
- 4.2. We recognise that the Pensions Administration Service (PAS) remains in a period of significant change with the East Sussex Pension Fund returning to sovereign control at the end of 2020/21 and the four London Boroughs and Surrey Fire and Rescue Funds also due to leave during 2021/22. Whilst the council has employed consultants to assist with this transition, a number of key officers are also involved in this process.
- 4.3. In addition to this, the service is currently reporting non-conformance with target performance levels for a number of key administrative procedures such as the processing of transfers in, transfers out and deaths. This theme was also found throughout the sampling of member records within this review.
- 4.4. Through our sampling of the onboarding of new scheme members we identified two (of 25 reviewed) individuals who had, due to an error in the “batch” coding used, not received the statutory notification of membership. This notification also includes information such as how to decrease deductions through the 50/50 scheme, increase benefits through the payment of additional pension contributions and also how to opt-out of the scheme. As a result of this finding we increased our sample size to include a further 25 scheme members recorded against this batch code and found that none of these 25 scheme members had received the official notification.
- 4.5. Whilst a significant amount of data is provided to the Pension Board, this does not currently include trend analysis. This may impact upon the ability to effectively assess and challenge service performance by both members of the Pension Board and also senior management within the council.
- 4.6. We note that whilst the ‘Common’ and ‘Scheme Specific’ data scores reported in October 2020 have improved from the previous year, areas of concern remain where gaps in data held have the potential to impact upon the accuracy of pension payments calculated and paid. Action plans to address these issues have been provided to the PAS by the software provider.
- 4.7. Membership of, and attendance at, the Pension Board has been inconsistent during 2019/20 and 2020/21. The next scheduled meeting of the Pension Board is July 2021, eight months after the previous quorate meeting held in November 2020. The Pension Administration Service may therefore not be subject to the level and depth of scrutiny expected which is of particular importance as the service goes through this ‘turnaround’ period.
- 4.8. We found instances of letters from the additional voluntary contribution provider containing the names and payments of multiple scheme members being saved across those multiple scheme member records. There is the potential that this information could be further shared inappropriately leading to a data breach and resulting in financial penalty and/or reputational loss.

- 4.9. The PAS issued all but two of the annual benefit statements for year ending March 2020 within the deadline. However, we note that 42 of these contained CARE data for the previous year as up to date information was not provided by the employer.
- 4.10. Generic system user accounts have been setup which are not assigned to a specific individual. The use of generic accounts threatens the integrity of data held within the system and also hinders the ability to trace responsible individuals should the need arise. In addition to this a number of system users have been setup with multiple accounts.
- 4.11. The PAS has now implemented iConnect for the Surrey payroll and are in the process of determining the exception reporting and data quality checks that will be undertaken following receipt of the monthly data files. iConnect is due to be rolled out for other employers in due course. A more detailed review of iConnect will be included in a future Pensions Administration review once it has embedded.
- 4.12. We recognise that a series of internal process reviews are underway and that efforts have been made to produce procedural documents for key administrative processes. Policy documents such as the Administration Strategy and Communication Policy have also been reviewed, updated and approved at Committee level since the previous review.
- 4.13. We also note the improvements made to the complaints process in that complaints are now logged through the corporate complaints system and reported annually to the Audit and Governance Committee.

5. Action Summary

- 5.1. The table below summarises the actions that have been agreed together with the risk:

Risk	Definition	No	Ref
High	This is a major control weakness requiring attention.	4	1,2,3,4
Medium	Existing procedures have a negative impact on internal control or the efficient use of resources.	6	5,6,7,8,9,10
Low	This represents good practice, implementation is not fundamental to internal control.	0	0
Total number of agreed actions		10	

- 5.2. Full details of the audit findings and agreed actions are contained in the detailed findings section below.
- 5.3. As part of our quarterly progress reports to Audit Committee we track and report progress made in implementing all high priority actions agreed. Medium and low priority actions will be monitored and re-assessed by Internal Audit at the next audit review or through random sample checks.

6. Acknowledgement

6.1. We would like to thank all staff that provided assistance during the course of this audit.

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Detailed Findings

Ref	Finding	Potential Risk Implication	Risk	Agreed Action
1	<p>Performance Levels</p> <p>Whilst we understand that the PAS is currently undergoing a period of significant change with a number of internal process reviews being undertaken, the responsibility for delivery of an effective pensions administration service remains.</p> <p>Of the 22 performance indicators (where a target has been stated) reported to the Pensions Board at the latest meeting held in November 2020, 11 were reporting as 'red', three as 'amber' and eight as 'green'. We also identified delays in processing throughout the areas included in this review including, transfers in and out (both estimates and actuals), additional pension contributions, complaints and deaths.</p> <p>By nature of the service provided, any delay in the processing of tasks could have the potential of resulting in financial errors. For example, delays in the processing of death notifications received could result in an overpayment of pension benefit. Recovery of these types of overpayments could cause unnecessary distress to bereaved relatives.</p> <p>The PAS has been supported by an external company</p>	<p>Consistent delays in service delivery may cause reputational damage to the service and may impact, financially or otherwise, on both scheme members and the council.</p>	High	<ul style="list-style-type: none"> • The Pension Regulator priority processes (Deaths, Retirements & Refunds) to consistently hit the KPI - December 2021. • Joiners need to be addressed (with suitable controls) and incorporated into KPIs- June 2022. • Other Cash processes (Transfers & Divorces) to consistently hit the KPI - December 2022. • TPR processes (Deaths, Retirements & Refunds) consistently hit 100% - December 2022. • All other processes (including Deferred & Aggregations) consistently hit KPI - December 2023. • Other Cash processes (Transfers & Divorces) consistently hit 100% - December 2023.

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	to clear the 'backlog' of outstanding overdue historic tasks with circa 1,600 cases (from a total of circa 20,000) still under review at the time of this audit. In addition to this another external company has been utilised to complete an address tracing exercise.			<ul style="list-style-type: none"> • All processes consistently hit 100 % - June 2024.
Responsible Officer:		Clare Chambers, Joint Acting Head of Pensions Administration	Target Implementation Date:	As above.

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2	<p>Data Scores</p> <p>In line with the expectations of The Pensions Regulator TPR ("We expect you to review scheme data at least once a year"), the PAS report annually on the completeness of data. TPR have set out their expectations on common data which should be maintained in order to be able to differentiate be scheme members and also scheme specific data which will directly affect the scheme member benefit entitlements.</p> <p>The software provider Aquilla Heywoods offer a 'Data Quality Service' whereby they run analysis on the records held in Altair to determine compliance with both the common and scheme specific data requirements. Reports, including results and action plans, are provided to the PAS management team.</p> <p>The latest reports are dated October 2020 with the overall results reported to the Pension Committee at the November 2020 meeting. The Common Data Quality Statistics report states that "the percentage of member records that did not fail any of the tests deemed to be in the core list of TPR tests is 94.1%. This represents an increase on the 2019 score of 90.1%"</p>	<p>Failure to maintain complete and accurate member records has the potential to negatively impact upon the PASs ability to comply with statutory regulations. In addition to this, information reported to those charged with governance, including within the Annual Report, may be incorrect. Decisions made by the Pensions Investments team may be based upon inaccurate data.</p>	High	<ul style="list-style-type: none"> • The Data Correction Plan to be incorporated into the Surrey Pension Fund Calendar. • The Data Correction Plans to be obtained, actioned and analysed, on a timely basis - 2020 Plan by September 2021 (Subsequent Plans to be actioned in year by December). • The results to be reported to the Local Pension Board, on an annual basis on completion of the Plan.

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	<p>The Data Correction Plan relating to common data fields provided by Aquilla Heywoods includes a number of recommendations where gaps or suspected errors in data have been identified. Of the common data fields tested, 12 areas have been identified for further action. 1 is listed as "very high" (Correct the 12 deferred members, 1 pensioner and 2 dependants missing benefit details), 4 "high", 2 "medium" and the remaining as "low".</p> <p>The Data Correction Plan relating to scheme specific data fields provided by Aquilla Heywoods includes 28 recommendations, 4 of which are assessed as "very high", 13 as "high", 9 "medium", 2 "low". Those marked very high or high have the potential to directly affect the benefits entitlement e.g. where AVC details are incorrect.</p> <p>Whilst the overall data scores have been reported to the Pensions Board there was no mention of the action to be taken to address the issues identified or the timescales for completion. Furthermore, there is also no indication that progress reports will be provided to the Pension Board for scrutiny. We have been informed that "some" of the areas will be</p>			

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	<p>reviewed such as DOB discrepancies (of which 293 scheme members are detailed as having a DOB as earlier than or equal to 01/01/1900) and records listed as addressee "gone-away" (of which 14,235 cases were reported).</p> <p>The PAS have purchased an additional Altair module which will allow them to complete the data quality reviews currently provided by Heywoods.</p>			
Responsible Officer:		Clare Chambers, Joint Acting Head of Pensions Administration	Target Implementation Date:	As above.

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3	<p>New Starters Notification of Membership</p> <p>The LGPS Regulations do not determine a timeframe for the onboarding of new scheme members but do require that an official notification of membership is provided.</p> <p>KPI OW 2.1 is reported to Pension Board Members as "NEW STARTER - New scheme member to be set up on Altair, check payroll details, request any transfers and send a statutory notice sent to the member" with a performance standard of 30 working days. However, the process map states, "member receives new starter information within 2 months of starting".</p> <p>We reviewed a sample of 20 new starters to determine whether a record has been maintained to demonstrate that an official notification of membership was issued and whether performance standards were met.</p> <p>We identified that:</p> <ul style="list-style-type: none"> - 6/20 did not receive the official notification within the timescale of two months included in the local process map. 16/20 did not meet the 30-day KPI reported to Board Members. - of the 20 records included in the initial review, one 	<p>Failure to provide new scheme members with an official notification of membership is in direct contradiction of scheme regulations.</p> <p>Furthermore, affected scheme members may not have been aware of opportunities to reduce or increase contributions and may have opted out or missed out on increasing benefits.</p>	High	<p>A suitable control will be identified and implemented to compare:</p> <ul style="list-style-type: none"> • How many people joined the Fund (i.e. number of new records on Altair) in a certain period (e.g. one month). • How many statutory notifications were issued in the same period. <p>If these do not agree the difference will be investigated, resolved and the process improved.</p> <p>In determining the right control, "best practice" will be explored from the Altair system provider and the relevant User Groups.</p> <p>This control framework will be used to report the "Joiners" in the KPIs (see "1. Performance Levels").</p>

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	<p>scheme member had not received the official notification.</p> <p>As no explanation could be initially given for this omission, we tested a further five records. This additional testing identified a further instance of the official notification not being received and was linked to the initial case by an internal “batch” reference number which is used to highlight records for inclusion in a report run for communications.</p> <p>We reviewed an additional 25 members with this batch ID and found that all of these were missing the official notification not being issued.</p> <p>In total we reviewed 50 of the 67 records shown against the batch ID in question and found that 27 scheme members had not received the official notification.</p>			
Responsible Officer:		Clare Chambers, Joint Acting Head of Pensions Administration	Target Implementation Date:	December 2021

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4	<p>Governance - Pension Board</p> <p>Regulation 106 of the LGPS Regulations (2013) requires the Administering Authority to establish a Pensions Board with Regulation 107 stating "An administering authority must appoint to the local pension board an equal number, which is no less than 4 in total, of employer representatives and member representatives".</p> <p>Whilst we note that the Chair of the Pension Board has been present for all the meetings held during financial years 2019/20 and 2020/21 attendance levels by other Board Members is often poor and has led to one meeting being held informally due to being inquorate and one meeting going ahead with only three of seven possible Board Members present. Furthermore, the May 2021 meeting has been cancelled with the next meeting not scheduled until July 2021, eight months after the previous quorate meeting held in November 2020.</p>	Inconsistencies in the membership of, and attendance at, Pension Board meetings may impair the effectiveness of scrutiny and oversight of the Pension Administration Service.	High	<ul style="list-style-type: none"> • Bring the quorum of the Local Board in line with the other Council Committees (4 to 3) to limit a constraint to achieving quorum (complete - approved by the Pension Fund Committee at its meeting of 12 March 2021). • Appoint an additional member as an independent Chair of the Board to provide specialist focus to the Board and adding an additional member to limit a constraint to achieving quorum (complete – supported by the Leader of the Council).
Responsible Officer:		Neil Mason, Strategic Finance Manager (Pensions)	Target Implementation Date:	Implemented

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5	<p>KPI - Trend Analysis</p> <p>A review of the latest administration performance report (July-Sept 2020) presented to the November 2020 meeting of the Pension Board established that:</p> <ul style="list-style-type: none"> - a significant amount of data is provided to Board members - six of the lines are listed under "overview" and are therefore not performance indicators. - 21 of the lines are listed under "caseload detail (Members) and contain a performance standard (timescale) and a tolerable performance level. - a further two of the data lines are listed under "caseload detail (employers), one of which contains a timescale with both having tolerable performance levels. - a further five are listed under "complaints/breaches", two of which contain a timescale of "normally two months" and none of which include tolerable performance levels. <p>In addition to this there is a further "administration - general performance standards" report listing a further 16 data lines. All of these contain targets with nine containing a tolerable level of performance.</p>	<p>The use of performance statistics is undermined if the data being provided is unclear. Furthermore, without the reporting of trend analysis senior management and Board Members may be unable to provide effective and timely challenge of poor performance.</p>	Medium	<ul style="list-style-type: none"> • The Service Delivery KPIs (in line with CIPFA requirements and future needs) agreed with all relevant Fund Stakeholders- September 2021 • Ensure the importance of this information, to demonstrate service delivery, is clearly understood by everyone who works for the Fund - September 2021 • Use these KPIs for all operational and management reporting, on a daily / weekly / monthly basis - September 2021 • Use these KPIs for all governance and statutory reporting, on a monthly / quarterly / annual basis- April 2022 • Use these KPIs for all short / medium / long term trend analysis- April 2022.

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	<p>Whilst the administration performance report includes data such as the number of cases open at the end of the previous month and current month, little information is provided to allow for an efficient and effective comparison of month on month performance (trend analysis).</p> <p>We also note that the tolerable performance targets have been in place for a number of years and, as systems and processes change, it may now be of benefit to review whether these are still in line with expectations.</p>			
Responsible Officer:		Clare Chambers, Joint Acting Head of Pensions Administration	Target Implementation Date:	As above.

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Ref	Finding	Potential Risk Implication	Risk	Agreed Action
6	<p>User Management</p> <p>The systems team with the Surrey CC PAS team are responsible for user management including the setting up on new accounts and the assignment of access permissions.</p> <p>A review of the user management spreadsheet identified that there are a number of generic user IDs setup e.g. 'AUDIT1', which have no record of being assigned to a specific individual.</p> <p>In addition to seven users have multiple accounts which we have been informed are for system administration type exercises.</p> <p>Finally, a review of the system user report identified that there are a number of users setup (across all Funds) with personal email addresses such as those ending @hotmail, @gmail, @tiscali. Whilst the users' email address is not utilised to login to the system, these email accounts may represent a security risk should communications including password resets be via them.</p>	<p>The use of generic user accounts may threaten the integrity of data held within the system and also hinder the ability to trace responsible individuals should the need arise.</p> <p>Communicating with system users via insecure email may pose a security threat to the pensions database.</p>	Medium	<p>Best practice will be determined by:</p> <ul style="list-style-type: none"> • Seeking advice from the Surrey IT Security team. • Obtaining guidance from the Altair system provider and the relevant User Groups. <p>It will then be implemented, well in advance of the next financial year-end.</p>
Responsible Officer:		Tom Lewis, Joint Acting Head of Pension Administration	Target Implementation Date:	December 2021

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7	<p>Privacy Notices</p> <p>Under the General Data Protection Regulations (GDPR) any organisation that processes personal data is required to inform the data subject of what information is held, how this is collected, retained and utilised. This is commonly achieved through the issuing of Privacy Notices.</p> <p>The Local Government Association (LGA) commissioned a legal firm to create template summary and full Privacy Notices which would be made available to LGPS funds to adapt and adopt. These templates are available via the Local Government Pension Scheme (LGPS) website and are dated May 2018. The summary version is intended to be a simpler guide with the full version containing more detail. The LGA expects both versions to be available to data subjects. The full template Privacy Notice states that "This template will need to be tailored to the specific circumstances of each fund."</p> <p>We understand that a summary Privacy Notice has not been made available to scheme members. Whilst the full Privacy Notice is available via the Pension Fund website, we note that it is incomplete. For example, the table contained</p>	<p>The current full Privacy Notice is not compliant with the requirements under the General Data Protection Regulations to act in a transparent manner and provide the "identity" of data controllers.</p> <p>Whilst this information may be available upon request this, in addition to the lack of a summary Privacy Notice, is not in line with the expectations under GDPRs relating to ease of access.</p>	Medium	<ul style="list-style-type: none"> • Review relevant Regulations. • Look at what other Best Practice Organisations / Funds do. • Implement our Notice (s) to the best practice standard. • Ensure this standard is maintained, going forward. (Add to Scheme Calendar; regularly review, with sign-off by Local Pension Board).

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	<p>within the "organisations that we may share your personal data with" does not identify the "identity" of the data controllers as required under Article 13 of the GDPRs and detailed in the template document.</p> <p>The full Privacy Notice includes a statement on <i>"how long we keep your data"</i> and states that data will be held for as long as needed to fulfil the duties of the pension fund. This expands to state <i>"In practice these records will be kept for up to ten years after the closure of the Fund."</i> As stated within the guidance provided on behalf of the LGA, this is unlikely to comply with GDPR.</p>			
Responsible Officer:		Clare Chambers, Joint Acting Head of Pensions Administration	Target Implementation Date:	November 2021

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8	<p>ABS Missing CARE Data</p> <p>Regulation 89 of the LGPS Regulations (2013) states that administering authorities must issue a(n) (annual) benefits statement (ABS) to all active, deferred and pension credit members within five months of the scheme year end. The deadline for the Surrey Fund (SF) is 31 August each year.</p> <p>Overall, the Pension Administration Service produced 33,293 statements for active members of the Surrey Fund by the 31 August deadline. This represented 99.99% of the total members eligible for an ABS. Two statements were unable to be run as the end of year return was not received from the scheme employer.</p> <p>However, 42 ABSs were reported in Annex 3 of the Admin Update presented to the Pension Board in November 2020 as being issued with 2018/19 CARE pay as the 2019/20 records were 'missing' from the end of year return provided by the employer. This issue involved 18 employers of which the majority were schools but did also include two SCC employees.</p>	The use of prior year data may have resulted in incorrect calculations and information being provided to scheme members.	Medium	<p>There is a statutory requirement to issue an ABS to active members and this is not possible unless CARE pay is included for the latest year.</p> <p>If the Employer fails in its statutory duty to provide this information:</p> <ul style="list-style-type: none"> • Details of the Employer need to be reported to the Local Pension Board and Pension Committee, who need to escalate the matter. • The member needs to be notified their Employer has failed in its duty and a prior figure used. • The member record needs to be "marked" for subsequent correction when the pay data becomes available.
Responsible Officer:		Tom Lewis, Joint Acting Head of Pension Administration	Target Implementation Date:	September 2021

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9	<p>AVC Member Records</p> <p>Scheme members are able to purchase additional pension benefits by entering into an Additional Voluntary Contribution (AVC) scheme whereby an amount determined by the scheme member is deducted from the monthly salary and transferred to the AVC provider (Prudential) for investment. The Pension Administration Service are not involved in the administering of AVCs other than to update the member record within Altair.</p> <p>A report of all scheme members that opted to join the AVC scheme during the dates of April 2020 to January 2021 was provided by the Joint Acting Head of Pensions Admin. This report contained a total of 23 individuals. 5 were selected for review representing 22% of the total population available for testing.</p> <p>Through the review of member records, we identified that:</p> <ul style="list-style-type: none"> - 4/5 member records included reference to the AVC including the contribution rate. - 1/5 member records states that an AVC is in place but does not include the value. - the letter from the AVC provider Prudential, 	<p>Incomplete AVC records may lead to the inaccurate calculations of member benefits and payments. Furthermore, the uploading of files to member records which contain the personal information of other scheme members could lead to a personal data breach resulting in financial penalty and reputational damage.</p>	Medium	<p>For the specific issues identified:</p> <ul style="list-style-type: none"> • The one member identified as missing the contribution value has been updated. • An instruction to staff has been issued to stress that information about multiple members must not be copied across all members. <p>Instructions are being prepared to issue to the team to ensure that member AVC contracts are correctly recorded on records. A report from Altair has been requested with all members with an AVC data view on Altair and arrangements will be made to update any missing information from these records.</p> <p>Employers provide the actual AVC contributions deducted from pay via EOY returns and a check will be undertaken to ensure that all members with active additional contribution contracts (AVCs, added years, ARCs or APCs) agree to the</p>

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	<p>detailing the status and the value of the AVC, has been saved to all five member records reviewed.</p> <p>- However, of these letters, three contained the data of other scheme members.</p>			<p>respective member details held on Altair. The annual data correction plans issued in line with the Pensions Regulator requirements identifies those records that are missing information and those cases will be reviewed.</p> <p>Timely reminders will go out to the whole team (including the Helpdesk) and specifically to the responsible TLs to ensure that their staff are following the correct process. TLs will be asked to use regular team meetings as a way to reinforce instructions.</p>
Responsible Officer:		Clare Chambers, Joint Acting Head of Pensions Administration	Target Implementation Date:	December 2021

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10	iConnect Exception Reporting The PAS are currently in the process of embedding the iConnect module which will be an automatic process run monthly whereby active member data is received from the employer payroll system into the pensions admin database. At the time of the audit iConnect was in place for the SCC payroll only and the systems team were in the process of determining the level of checks/exception reporting to be undertaken in regards to data received via iConnect. iConnect is due to be more widely rolled out during 2021.	Errors in interface files may go unnoticed and scheme members records may be updated inappropriately leading to a loss of data integrity and potential errors in pension benefit calculations.	Medium	As part of completing the first iConnect implementation the systems team will: <ul style="list-style-type: none"> • Determine best practice from the Altair system provider and the relevant User Groups. • Ensure it has been applied in the Surrey Fund instance. • Determine suitable “control totals” to verify the completeness of the data.
Responsible Officer:		Tom Lewis, Joint Acting Head of Pension Administration	Target Implementation Date:	December 2021

Appendix A

Audit Opinions and Definitions

Opinion	Definition
Substantial Assurance	Controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
Reasonable Assurance	Most controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
Partial Assurance	There are weaknesses in the system of control and/or the level of non-compliance is such as to put the achievement of the system or service objectives at risk.
Minimal Assurance	Controls are generally weak or non-existent, leaving the system open to the risk of significant error or fraud. There is a high risk to the ability of the system/service to meet its objectives.

Management Responsibilities

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

This report, and our work, should not be taken as a substitute for management's responsibilities for the application of sound business practices. We emphasise that it is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal Audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.