

Teachers' Pension Scheme Pension Board (TPSPB)
Managing Risk and Internal Controls: Sub-Committee Meeting
11 December 2019

| Present: | | |
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| Jerry Glazier | Member Representative - Chair | JG |
| Susan Anyan | Independent Pension Specialist – Vice Chair | SA |
| Chris Jones (dialled in) | Member Representative | CJ |
| Dave Wilkinson | Member Representative | DW |
| David Butcher | Employer Representative | DB |
| Simon Lowe | Employer Representative | SL |
| Ian Payne (dialled in) | Employer Representative | IP |
| Neil Crombie | TP Client Director | NC |
| Keith Barker | TP Head of Scheme Finance & Payroll | KB |
| Amy Gibbs | TP Analytics & Risk Manager | AG |
| Sue Crane | DfE TPS Senior Contract Manager | SC |
| Kathryn Symms | DfE Policy Team Leader Casework & Correspondence & TPSPB | KS |
| Anna-Marie Alderson | DfE TPS Contract Manager | AMA |
| Richard Lees | DfE TPS Contract (Finance) Manager | RL |
| Helen Dady | DfE TPSPB Secretariat | HD |
| Apologies: | | |
| Lee Probert | Employer Representative | |


| | Item | Action |
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| Agenda item 1 | <p>Welcome and Apologies:</p> <ul style="list-style-type: none"> JG welcomed those in attendance, and accepted apologies from Lee Probert. <p>Review of previous minutes</p> <ul style="list-style-type: none"> The minutes from the sub-committee meeting of 25 September 2019 were agreed as an accurate record. | |
| Agenda Item 2 | <p>Actions from the previous meeting:</p> <p><u>MR1/250919 – Volume of accepted schools leaving the scheme</u></p> <ul style="list-style-type: none"> JG opened the discussion, querying the impact of schools continuing to leave the scheme. NC confirmed latest figures suggest the volume of schools (102) leaving is approaching 10% of the Independent schools contributing to TPS. This will affect around 3,200 scheme members. Generally, it is the smaller schools who are withdrawing from the scheme, but the issue will continue to be reviewed and reported to the sub-committee on a quarterly basis. The sub-committee agreed the issue was of importance to the scheme but felt assured by TP and the Department's continual monitoring. | |
| Agenda Item 3 | <p>GIA Audit Plan</p> <ul style="list-style-type: none"> AMA drew attention to page 4 of the GIA Audit 2020 Plan | |

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| | <p>paper and invited questions from members of the sub-committee.</p> <ul style="list-style-type: none"> No queries were raised and assurance was provided by AMA that the process has served well and remains the same as previous years. The sub-committee confirmed there was no issue of concern with regards to the GIA Audit Plan. | |
| Agenda Item 4 | <p>Review of Papers 4,5,6,7:</p> <ul style="list-style-type: none"> SC informed the sub-committee that operational risk OP011 relating to McCloud Rectification remains High but continues to be monitored. JG highlighted operational risk OP005 relating to the recruitment and retention of staff in TP, requesting more background information into the size of the operation and querying why some vacancies were fixed term. SC confirmed that the issue of resource is reflected in issues 39 and 41 detailed in the issues log, specifically with regards to the two backlogs that has necessitated the need for TP to draw on additional resources. SC explained that staff attrition within TP is a key concern . PS is in contact with Nigel Purveur and a meeting is due to take place between the two of them and Ian Gray, to be assured that TP is on track to achieve clearance of the aged cases backlog by the 31 March 2020 deadline. JG queried why vacancies are advertised as fixed term contracts (FTC). NC explained that a number of staff were brought in on FTCs to clear the initial backlog which didn't require the appointment of permanent staff. Many of these FTCs are due to expire at the end of March 2020 and these employees are likely to seek permanent posts and leave the business before that date. TP is trying to understand causes of staff attrition and what further action can be undertaken to react to them and will continue to monitor the position into the New Year. SA queried if TP has given thought to providing incentives for fixed term staff to remain to the end of their contract, to prevent further risk to the March 2020 deadline not being met. NC stated it is an option TP is exploring. DW commented that it was appropriate for DfE to have expressed concern about the issue, in the way set out in paper 5, the DfE overview. NC explained that the issue is not as simple as FTCs versus permanent contract. There are currently fixed term staff working on short-term projects where this is appropriate and is trying to manage this internally to effectively manage both BAU and the backlogs. SC gave final assurance that the issue is now at QSB level. There is an expectation that the current tension in the partnership working arrangements between DfE and TP will be addressed, and this will be the focus of the meeting between Kate Copley of DfE and Chantal Free of Capita on 16 December 2019 and the 'Relationship day' on 8 January 2020. | MR1/111219 |

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| Agenda Item 5 | <p>MR2/250919 – Results of the annual risk register review</p> <ul style="list-style-type: none"> • SC stated the process of the annual review exists to thoroughly scrutinise all risks. This had been completed for both the Operational and Strategic risk registers – the latest versions of which had been shared with the sub-committee. | |
| Agenda Item 6 | <p>Review of Operational & Strategic Risk Registers</p> <ul style="list-style-type: none"> • JG and SC opened to questions from sub-committee members. • SA raised concern about the debt cases, particularly with debtors not being captured correctly and it now being part of the audit review. • KB explained that the issue arose between the way Hartlink (pension case administration) and Acclink (accounting) systems have been interacting. There was a specific issue with credit notes and work has been carried out by TP to analyse the affected records. Initial indications are that an IT update in January 2017 generated most of the account imbalance. A full report on the investigation is due by the end of December 2019, and should be shared with the Board. • DB challenged if there was an IT issue in 2017, why 2 years' worth of audit has not picked this up. KB confirmed that this would form part of the investigation and internal audit to review the controls, but the error had had a cumulative effect over the period. • CJ queried if there had been any developments with the lifetime allowance. NC stated TP was not aware of further developments, but has a watching brief for any issues that may impact this. | <p>MR2/111219</p> <p>MR3/111219</p> |
| Agenda Item 7 | <p>Forward Work Plan – OBR model and forecasting</p> <ul style="list-style-type: none"> • KB's presentation summarised the existing OBR forecasting controls, including the planning; modelling; stakeholder engagement; timetable; governance arrangements. The process, data sources (e.g. CPI; workforce data; pay data) and model are subject to constant review throughout the financial year in the interests of driving continuous improvement. The approach has proved robust and there has been very limited challenge from OBR on the TPS returns in recent years. • JG asked about GAD's role in quality assuring the forecasting model. KB confirmed that GAD had reviewed the model in the last 2 years. RL confirmed that this review was driven by the Department/TP to provide external, independent assurance that the model is robust. • RL flagged that although the forecasting process and controls are currently in a good position, scheme changes resulting from McCloud would potentially present significant challenges to forecasting scheme expenditure going forward. <p>Next FWP topic – March – Interim Accounts Process</p> <ul style="list-style-type: none"> • RL explained the topic had been chosen as the next sub-committee meeting is appropriately timed to provide feedback | |

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| | <p>on the Interim audit – which will have been completed in February – and confirm planning for the Final audit, which will start in April. The sub-committee will also have had opportunity to review the Governance Statement which will form a key part of the annual accounts.</p> | |
| Agenda Item 8 | <p>Update on the Employer Portal Project</p> <ul style="list-style-type: none"> • SC highlighted operational risk OP02 – Data Security/Privacy (Data at rest). There is an obligation to keep member data secure but to also keep it private and concerns had been raised about how the Employer Portal data is being used by employers. • NC acknowledged the concern arose from the data privacy element and that TP need to review the functionality of the Employer Portal to ensure compliance, but also needs to understand what information employers require to effectively support their employees and TP in delivering the scheme administration. • SC advised that the department’s PIRAS team had been consulted regarding the controls in place and they had confirmed that the system was compliant with GDPR although they advised that any additional controls are welcomed. • JG queried if employers can currently access and extract data from the system. Both SA and PS raised concern about how data can be extracted from the system. NC confirmed some data that had previously been provided by the employer could be downloaded in bulk by them to allow data cleansing work etc to take place. In the area of the “member search” facility, action has already been taken by TP to clarify the purpose and limitations on the use of data by creating pop-ups when the employer logs into the portal that request certain data entry in order to carry out a search. • SC acknowledged the sub-committee’s concerns and agreed to provide information to the next meeting regarding the type of functionality available on the portal that allows the employer to access information either as a search or as a bulk download. | MR4/111219 |
| Agenda Item 9 | <p>Agree Key Issues from the Meeting / Report to highlight at the next TPSPB meeting</p> <ul style="list-style-type: none"> • Operational risk OP005 Recruitment and retention of staff in TP to meet both backlogs and BAU. • Operational risk OP02 Data Security/Privacy (Data at rest) – concerns about level of access by employers and information that can be downloaded from the Employer Portal. • Strategic risk ST01 – Contract Management. Concerns surrounding the relationship with the wider Capita group. • Debtor Control Account - Issue between AccLink IT System and Hartlink resulting in an account imbalance. | |
| Agenda Item 10 | <p>Agree whether any individual papers or presentations should be shared with remaining Board members:</p> <ul style="list-style-type: none"> • OBR Forecasting Review presentation | |

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| | <ul style="list-style-type: none"> • GIA audit plan | |
| Agenda Item 11 | <p>AOB <i>The remainder of this section has been removed to ensure commercial sensitivities are maintained. A full set of minutes (and actions), signed by the chair and agreed by the sub-committee at its subsequent meeting, is held by TPSPB secretariat team within DfE and will be shared with Board members.</i></p> | |
| Next meeting | 25 March 2020, DfE, Bishopsgate House, Darlington | |

Minutes agreed by Chair: 

Date: 18 December 2019.

Confirmed by circulation to sub-committee members on 18 December 2019.

Ratified at sub-committee meeting on: 25 March 2020