

**Teachers' Pension Scheme Pension Board (TPSPB)
Managing Risk & Internal Controls Sub-Committee**

14 December 2022 – By Teams Teleconference

Present:		
Susan Anyan	Independent Pension Specialist - Chair	SA
Susan Fielden	Employer Representative	SF
Kate Atkinson	Member Representative	KA
Lisa Sproats	Employer Representative	LS
Maria Chondrogianni	Member Representative	MC
Anna-Marie Alderson	DfE Senior Contract Manager	AA
Sue Crane	DfE Portfolio Manager	SC
Richard Lees	DfE Finance Manager	RL
Keith Barker	TP Head of Scheme Finance & Payroll	KB
Amy Gibbs	TP Head of Governance and Risk	AG
Melanie Phillip	DfE Policy Team Leader Casework, Correspondence and TPSPB	MP
Helen Cowan	DfE Secretariat Manager	HC
Ruby Kennedy	DfE Secretariat	RK
Anna Leonard	DfE Head of Supplier Management (observer)	AL
John Brown	DfE Head of Policy Projects (observer)	JB

	Item	Action
Agenda Item 1	<p>Welcome and Apologies:</p> <ul style="list-style-type: none"> SA welcomed those in attendance and two observers, AL and JB. No apologies were received. The minutes from 21 September 2022 were ratified. 	
Agenda Item 2	<p>Actions from the previous meeting:</p> <ul style="list-style-type: none"> SA noted that some action updates would be covered under this item and the remaining ones would be covered under agenda item 3. She invited AA and RL to provide updates. AA referred to MR1/210922 and AP7/191022 noting that the HR People Management internal audit paper had been shared with members by exception and these actions were now closed. SA invited members to consider whether they would like to continue to see full GIA reports, or if they were happy to continue having high level executive summaries of them, but noted the action for this purpose, as referred from the TPSPB, is closed. AA acknowledged that the Dashboard had been re-issued following AP11/191022. RL added that the Dashboard format had been amended to reflect the year-to-date position whereas the quarterly report included the movements within the current quarterly reporting period. This had caused the discrepancy as the dashboard had been incorrectly titled. Going forward the dashboard table will be corrected to accurately reflect the data presented. SF queried if the line 'net cash required' on paper 4 Dashboard should be the difference between income and expenditure. KB agreed to take away an action to obtain clarification. RL suggested it may be helpful to expand the narrative around that entry in the dashboard to clarify what it relates to. 	MR1/141222

Agenda Item 3	<p>Finance Update</p> <ul style="list-style-type: none"> • In respect of action MR2/210922, RL provided an overview of the five low level audit findings. SA requested an additional column be added to indicate what the resolution / next steps were for each finding and for the paper to be circulated to Board members. This will be included in the next sub-committee update. • RL addressed MR3/210922, explaining that the process was set by Deloitte and it is routine for only the finance contact to be contacted. • SF suggested clarity was needed regarding the legal and administrative entities as the Trust was legally the employer but, for pension purposes, it was the organisation who was responsible for the PAYE scheme. • SA suggested it was wise to ensure senior management were aware of the importance of requests before frontline staff receive them. RL confirmed there was an escalation process should there be no response in the first phase. KA queried whether communications could be sent to the wider employer to prevent further work for TPS. RL confirmed that the Department would raise with Deloitte. AG confirmed that forewarning was provided through the Employer bulletin. • SA requested that an update on the audit responses should form part of the general audit update in 2023. • AA confirmed MR4/210922 could be closed as the Change Authorisation Note (CAN) would be signed before 23 December. • MR5/210922 was an action to share the project plan for the delivery of the Monthly Contribution Reconciliation (MCR) project in the New Year, but the re-plan has pushed this back to May/June 2023. • AA confirmed that MR6/210922 had been built into the re-plan and that engagement would be focused where most needed. This was because the ERMs would work with payroll and software providers to ensure their MCR solutions are stable and employers can onboard successfully. SA welcomed seeing that in the project plan in March. <p>Monthly Contributions Reconciliation (MCR)</p> <ul style="list-style-type: none"> • KB confirmed that MCR activities had transferred into the new employer operations function on 1 November. The expectation was that the CAN will be signed shortly which will increase resource and thus engagement with employers. • He confirmed that the team is tracking the suspense balance with the intention to reduce it by the year end based on expectations from last year and targeting high value items first. • KB provided an overview of the work that sits under each team and confirmed that references to suspense and unallocated contributions were the same thing. • SA requested that the Quarterly Report better identify the breakdown of unallocated contribution so that it was possible to see the MCR and non-MCR elements more clearly. KB confirmed this could be actioned. • LS queried whether the balance could be presented as a percentage of the total with a threshold indicating what was an acceptable level. RL confirmed from an audit perspective there was no 'safe' limit but the internal target had always been less than 1% of annual contributions. AG clarified that from an assurance perspective, an increase in the suspense account was expected whilst onboarding new employers to MCR had been the priority. The challenge now was to ensure a control framework was embedded as the focus turned to quality of data. Both these 	
		MR2/141222
		MR3/141222
		MR4/141222

Agenda Item 4	<p>Forward Work Plan</p> <p>Update from Commercial review</p> <ul style="list-style-type: none"> • AA explained that the quarterly commercial review was held with Capita colleagues in December where the main topics were Transitional Protection (TrP) and MCR. She referenced the earlier update on MCR. • The team were in the final stages of agreeing the commercial arrangements for TrP. The business case was being finalised and would be presented to the Joint Assurance Committee (JAC) on 22 December. • The draft CAN should be completed by 31 December. 	
Agenda Item 5	<p>Forward Work Plan</p> <p>2023 Forward Work Plan topics</p> <ul style="list-style-type: none"> • SA provided an overview of the proposed standing items and the suggested quarterly topics for 2023. • The sub-committee confirmed that it was content with the proposals and noted that there were some additional items to add which had been discussed during the meeting. • SF expressed concern that conversations would be repeated if MCR was included in all sub-committees. She wanted to ensure each meeting had a clear focus on its own responsibilities in seeking assurance on project delivery. AA provided assurance that each sub-committee will focus on different aspects of MCR, with the board members in this sub-committee specifically looking at finance and risk management. 	
Agenda Item 6	<p>Review of Papers 4, 5 & 6</p> <p>Quarterly Report:</p> <ul style="list-style-type: none"> • RL confirmed action point MR9/210922 related to the income and expenditure variance because currently the Department are reporting against the original forecast from earlier in the year. Now the OBR figures have been published, reporting would be based on the revised figures moving forward. • He advised that for this reporting quarter, using the old data, we were 0.7% variance on income and 5.4% on expenditure but using the revised forecasting data the variance on income would be 0.36% and the expenditure would be 1.37%. • SA sought assurance on action point MR10/210922 in relation to the ill-health contract. AA confirmed that the team is progressing implementation of the long-term solution. Health Management are managing the backlog and there are 142 cases that remain. A further update will be given next quarter. <p>Dashboard:</p> <ul style="list-style-type: none"> • SA asked members to focus on the two key risks and invited an update on the school budgets and resources risk. • AA confirmed that her team and TP would be working with ESFA colleagues to ensure that any financial concerns arising from late/non-payment of contributions would be appropriately flagged to the ESFA through their process. 	

Agenda Item 7	<p>Review of Operational and Strategic Risk Registers</p> <ul style="list-style-type: none"> AA confirmed that the top risks had been discussed and no additional risks had been added to the register since the previous meeting. 	
TP colleagues left the meeting		
Agenda Item 8	<p>Portfolio Executive Summary Overview with Risk Update</p> <p>TP colleagues left the conference call.</p> <p>The remainder of this section has been removed to ensure commercial sensitivities are maintained. A full set of minutes (and actions) will be produced from the sub-committee meeting, which took place on the morning of 14 December 2022 and will be shared with the Board Members, and at the next TPSPB meeting.</p>	
Agenda Item 9 & 10	<p>Three issues to report to the Board:</p> <ul style="list-style-type: none"> HR internal audit Monthly Contribution Reconciliation (MCR) Group Internal Audit (GIA) plan <p>Agree whether any individual papers or presentations should be shared with the rest of the Board for information:</p> <ul style="list-style-type: none"> It was agreed that the GIA HR Audit paper would be shared with the rest of the Board. The Portfolio Executive Summary would also be shared as a standing item. KA noted that the sub-committee may wish to raise the topic of inflation to the Board. SA further added that inflation is currently a key topic and the impact of it could be considered on various aspects of the TPS. She asked members to consider this and will think about whether this should be a discussion promoted at the Board. 	
Agenda Item 11	<p>AOB</p> <ul style="list-style-type: none"> SA suggested that future meetings should include a minimum 15-minute comfort break between each sub-committee, recognising that some members and Department and Capita representatives attended consecutive meetings. MP noted this for future planning. SA thanked everyone for their attendance. 	
Next meeting	22 March 2023	

Minutes agreed by Chair: *Susan Anyan*

Date: 3 January 2023

Confirmed by circulation to sub-committee members on: 3 January 2023

To be ratified at sub-committee meeting on 22 March 2023