

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

24 March 2021 - (by Teams teleconference)

Present:		
Susan Anyan	Independent Pension Specialist - Chair	SA
Kate Atkinson	Member Representative	KA
David Butcher	Employer Representative	DB
Chris Jones	Member Representative	CJ
Simon Lowe	Employer Representative	SL
Peter Strike	Member Representative	PS
Keith Barker	TP Head of Scheme Finance & Payroll	KB
Amy Gibbs	TP Analytics & Risk Management	AG
Matthew McNaughton	TP Employer Portfolio Manager	MM
Sue Crane	DfE Senior Contract Manager	SC
Richard Lees	DfE Finance Manager	RL
Zaheer Patel	DfE Contract Manager (observer)	ZP
Matthew Barrow	DfE Exit Transition Manager for the TPS	MB
Ann Ratcliffe	DfE TPSPB Secretariat	AR
Kathryn Symms	DfE Casework & Correspondence & TPSPB (Secretariat)	KS
Apologies - None		

	Item	Action
Agenda Item 1	<p>Welcome and Apologies:</p> <ul style="list-style-type: none"> SA welcomed those in attendance, including Peter Strike and new DfE colleagues, Matthew Barrow and Zaheer Patel. The minutes from 9 December 2020 were ratified. 	
Agenda Item 2	<p>Actions from the previous meeting:</p> <ul style="list-style-type: none"> Review of dashboard and supporting papers: DB had questioned if a risk noted as green (Strategic Risk CO06 - Core service and events activity controls) should be a top risk. SC confirmed it continues to be discussed at every risk committee but no longer shows on the TPSPB dashboard as a top risk. <p>Brexit Update</p> <ul style="list-style-type: none"> SC advised there had been a concern that a high volume of members living abroad may need to change banking arrangements because of Brexit (operational delivery risk GO007). As this has not materialised, it was agreed that the sub-committee need no longer focus on this. 	
Agenda Item 3	<p>Risk Approach – Transitional Protection/Immediate Detriment Re-planning:</p> <ul style="list-style-type: none"> MM gave an update on the re-planning of the immediate detriment work following 26 January direction from HMT, pending the tax and interest issues being clarified in 	

	<p>legislation next year.</p> <ul style="list-style-type: none"> • A comprehensive review of casework is to take place to ascertain which cases can be taken forward to which point in the process. For example, some can be processed through to calculation of the options, but not issued to members until 2022. An automated IT solution is be looked into to mitigate double handling. • It was anticipated that, as a consequence of a delay in implementing, there was a risk that the new staff resource would not be used, but that is not the case, as there are plenty of calculations that can still be done. • Risks have been identified and will be monitored through the Service Delivery Board. • CJ questioned the position of final salary scheme members born before 1 April 1962. KS confirmed that those members will move into the new scheme from 1 April 2022 and agreed to respond to his specific enquiry about phased retirement by email. • SA questioned whether anything else could change that would mean the work being undertaken was wasted. MM agreed it was a risk that is being closely monitored through various project boards and policy meetings, so that MM is sighted as soon as possible. • MM assured the sub-committee that the risks associated with planning are reviewed regularly with the log being updated, including the Immediate Detriment replanning, in order to support full RAID reviews, most recently on 17 March. • KA questioned whether there was any risk associated with a larger number of people being contacted and paid in what would now be a shorter implementation timeframe. • MM explained this has been considered and TP will ensure options calculations are issued at a pace that puts no undue pressure on the call centre and operational teams. • KB confirmed that forecasting for 2021/22 had taken place, but that the £10m expected spend this year – which will not now all be spent - was not material enough to cause concerns. 	MR1/240321
Agenda Item 4	<p>Programme Management & Project Saturation</p> <ul style="list-style-type: none"> • SA invited MM to present paper 10 (TPS Programme Plan), there are 2 versions – the high-level Glance Plan and the Level 0 Plan which shows specific elements of the programme in more detail. • MM confirmed that he will be revising the plans in the next few weeks due to the re-planning activities and the commercials being re-worked. • CJ questioned if the remedy work is likely to be carried out under a different contract (post 2025). SC assured the sub-committee that the work is expected to be completed within the lifetime of the current contract. • MM provided highlights of the Level 0 plan. Goodwin is 	

	<p>progressing well, with a project manager in place. Continuous Improvement programme and Commercial projects are similarly progressing well.</p> <ul style="list-style-type: none"> • Monthly Contribution Reconciliation is on track, with some legacy issues identified as risks through the pilot exercise (for example, opt in/out recording) being considered. The sub-group will focus on these ‘old’ errors and decide how to address them. • The sub-committee discussed the RAG status and MM confirmed that they align with the dashboard. • The sub-committee agreed this paper provided the right level of details required and was happy with the assurance. This will be standing agenda item going forward. SA thanked MM for his work on the paper. 	MR2/240321
Agenda Item 5	<p>Forward Work Plan: PASA Cybercrime Guidance</p> <ul style="list-style-type: none"> • AG presented Paper 8 (PASA Cybercrime Guidance). • AG advised the report provides a summary of the PASA guidance and how TP meets the standards. The report has been reviewed by the TP Security and Data Privacy Working Group, which is attended by Capita, Head of Information Security and the DfE Information Security Officer. • Cybercrime is an acknowledged risk to the TPS. Capita and TP are aware they are a target and work hard to stay ahead. They understand the issues, how to detect and prevent attacks. • Capita has a Digital Risk and Operations Risk forum – both of which TP must report into regularly. • AG described the specific areas of guidance standards and the implications of cybercrime based on the high-profile nature of the TPS holding a lot of detailed personal and financial data and the increased level of threat. • AG advised of a cybercrime case concerning a member’s account being affected. Even though only one payment was paid into the fraudster’s account, and the attack prevented in future, TP is aware that the fraudster continues to attack that record. • Mitigation of cybercrime involves a series of accredited penetration tests of the environment, ensuring that a customer’s data remains private to them. • AG noted that the pandemic had offered a new potential threat due to remote working. TP staff are well-educated, policies are clear, and staff have to sign up to confirm they understand the expectations on them. Regular bulletins are issued with additional training for contact centre staff. • KA asked about the risks associated with transfers out of benefits. AG confirmed that relatively few transfers take place and only to certain trusted schemes. • KA suggested that Trade Unions might be able to help raise 	

<p>Agenda Item 5a</p>	<p>awareness to members; likewise CJ suggested employers may cascade messages. SA suggested that this aspect be referred onto the IM&C sub-committee.</p> <ul style="list-style-type: none"> • SA raised the issue of “denial of service” - effectively gumming up systems; and if an employer is attacked, can the TPS be attacked through that route. AG assured the sub-committee that robust controls are in place and backup systems are available to access data and to carry on paying members if the primary servers are impacted. <p>Discussion to add topics for the rest of the year</p> <ul style="list-style-type: none"> • Sub-committee members agreed with the proposed plan for the year ahead. 	<p>MR3/240321</p>
<p>Agenda Item 6</p>	<p>Review of Papers 4, 5, 6:</p> <p>Dashboard</p> <ul style="list-style-type: none"> • SC provided a risk management update. Two risks have dropped off the top five: CO06 Core Service and OP09 Business Continuity. • The new risks are operational delivery risks: OP016 - Transitional Protection because TP is unable to issue immediate detriment rectification options to the cohort of affected members until after primary legislation has been enacted early next year; and OP015 - Staff Absence and the effects of school closures on workforce. • Operational delivery risk OP014 - Goodwin has been changed to red because of all the commercial work that is happening at the same time as the Goodwin commercials. • AG commented on the Significant Volume Increase risk, operational delivery OP005. Although this has been red for around 12 months, it has been red because of a series of different things over that period. As it had become a persistent risk, SC confirmed that it would be further considered to determine whether improved mitigations and assurances could be put in place • DB questioned whether staff absence had always been a risk. SC advised that it had, but the current lockdown had raised concerns about whether staff could clear the normal volume of work under those circumstances and had therefore raised the visibility of it. <p>Quarterly Report</p> <ul style="list-style-type: none"> • The sub-committee then turned their attention to Quarterly Report Risk Annex and agreed that this continued to provide good background information and assurance to support the top risks. <p>Issues Log</p>	

	<ul style="list-style-type: none"> • The new Transitional Protection replanning issue and the COVID-19 issue were noted. <p>Timing of Papers</p> <ul style="list-style-type: none"> • A discussion took place about sharing of sub-committee minutes, it was agreed to share them again as part of the papers at each TPSPB Board meeting along with any papers on specific topics. 	
Agenda Item 7	<p>Review of Operational and Strategic Risk Registers</p> <ul style="list-style-type: none"> • SA enquired about fraud and cyber risk; noting that fraud is referred to in the risk register but cyber does not specifically get mentioned. • AG referenced operational delivery risk SP003 - Azure environment - and assured the subcommittee that cyber is covered in those controls. 	
Agenda Item 8	<p>Production of end of year accounts/NAO audit process</p> <ul style="list-style-type: none"> • KB updated the sub-committee on the NAO (Deloitte) interim audit which was held on 22 February to 9 March 2021. • Daily calls were held with the audit team to monitor progress, with TP Governance and senior stakeholders meeting weekly to discuss matters arising. • Deloitte confirmed they were satisfied with the progress they made over the period and gave positive feedback on the support provided. No areas of concern were raised by the initial testing work. • Membership reconciliations – the process has been enhanced during the year to enable reconciliation at an individual level of active and deferred populations with no balancing items. Tested by Deloitte at interim with no issues identified. • End of Year Certificates (EOYC) – Deloitte will revisit the position for financial year 2019/20 as part of the final audit. TP is currently reporting 85% return rate for this exercise compared to a 95% return rate at this stage of the year. TP has focused on LA returns recently given their materiality and continues to actively engage with the outstanding population. Inevitably, some employers are facing challenges in this area due to remote working. • Unallocated contributions (suspense) – good progress had been made in the reporting period and the balance is currently at £82m with a target of sub £80m (within 1% of income) by the end of March. • The Annual Report and Accounts (ARA) working & steering 	

	<p>groups met monthly to oversee effective delivery of the accounts project, which continues on schedule. The MRIC sub-committee and board chair will have the opportunity to contribute to the Governance Statement for inclusion in the final accounts document in April/May.</p> <ul style="list-style-type: none"> • The final audit is scheduled for four weeks commencing Tuesday 4 May. Audit and Risk Committee sign-off is targeted for 8 July prior to laying before parliament recess on 22 July. • RL commented on the benefits of an interim audit which provides early insight into what the auditors are likely to focus on as part of the final audit, and also opportunity to address any initial findings prior to financial year end. It also gives Deloitte opportunity to undertake significant testing which eases the burden at final audit. • The Winter forecast for the Office for Budget Responsibility was submitted on 28 January and subsequently published in early March without significant challenge. • RL noted that whilst a lot of TP effort has gone into the EOYC exercise, work will continue to improve this to further recover the position. • The income/expenditure position is being monitored. The sub-committee was reminded that, even an overspend of 1p will mean the Accounts will be qualified – daily calls between TP and DfE Finance colleagues are taking place and the current position suggests that the scheme will not breach its net expenditure limit. 	
Agenda Item 9	<p>Agree key issues from the meeting/report highlights at next TPSPB meeting:</p> <ul style="list-style-type: none"> • Programme Management Paper • Cybercrime Guidance 	
Agenda Item 10	<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"> • Programme Management Plan • PASA Cybercrime Guidance 	MR4/240321
Agenda Item 11	<p>AOB</p> <ul style="list-style-type: none"> • CJ mentioned live text captions would be helpful for future virtual meetings. 	MR5/240321
Next meeting	16 June 2021 (by Teams)	

Minutes agreed by Chair: *Susan Anyan* Date: 6 April 2021

Confirmed by circulation to sub-committee members on: 8 April 2021

Ratified at sub-committee meeting on: 16 June 2021