**Teachers’ Pension Scheme Pension Board (TPSPB)**

**Managing Risk & Internal Controls Sub-Committee**

**21 September 2022 – Face to Face at Lingfield Point**

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| **Present:** |  |  |
| Susan Anyan  | Independent Pension Specialist - Chair | SA |
| Susan Fielden | Employer Representative | SF |
| Kate Atkinson | Member Representative | KA |
| Lisa Sproats | Employer Representative (observer) | LS |
| Maria Chondrogianni | Member Representative (observer) | 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 |  |
| 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 |

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|  | **Item** | **Action** |
| Agenda Item 1 | **Welcome and Apologies:*** SA welcomed those in attendance and three observers, LS, MC and AL. No apologies were received.
* The minutes from 22 June 2022 were ratified.
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| Agenda Item 2 | **Actions from the previous meeting:*** SA asked RL to provide an update on **MR5/220622**. RL explained that the HR audit had been completed and the final report was anticipated to be received by the month end. Initial feedback on the audit outcome is that there a couple of low-level findings, but these are not significant or material. He expected there to be no major findings.
* SA noted that the final report will be reviewed at the next meeting.
 | MR1/210922 |
| Agenda Item 3 | **Finance Update****Annual Reports and Accounts*** RL highlighted to the sub-committee that the Annual Report and Accounts were completed in July. The accounts were unqualified and have been laid in parliament.
* He noted that there were five audit recommendations and the controls were being reviewed for all. A formal response will be prepared and circulated.
* RL explained that a ‘lessons learned’ meeting had been held with NAO and TP colleagues and formal planning for the next round will start in October. The summary to date is that the exercise has improved upon previous years, however, there continues to be some concerns around building some contingency into the audit timetable, given the auditor’s revised approach to contribution testing.
* SA asked if direct communication with employers will be completed earlier in the process as part of the interim rather than final audit. RL confirmed this was correct.
* SF queried if the term employers would include academies at a trust level or an individual level. RL explained that this was dependent on where finance sat within their structure but there was an expectation that the auditors would look at a cross-section of the employer base when selecting their sample for testing. SA observed that testing would likely be based on payroll submissions therefore this depended on how the trust was organised.
* SF queried whether each trust would be notified in addition to individual academies. SA suggested this could be beneficial at the start instead of being used as an escalation. RL confirmed that he will look into this.

**Monthly Contributions Reconciliation (MCR)*** AA provided the sub-committee with an overview of the current progress on MCR. She particularly noted that the deadline to onboard employers is April 2024.
* She highlighted that work is undergoing with TP to look at increasing resource. A draft is currently being prepared which will go through the formal sign-off process and an update will be provided at the next meeting.
* SA expressed concerns around the timeframes. She noted that 10% of employers have onboarded, was it achievable that the remaining 90% would be actioned by the deadline of April 2024. AA acknowledged this and explained that targeted activity is taking place and, once the project plan is finalised, this will be shared with the sub-committee to provide assurances. Progress will also be reported in the Quarterly Report.
* SF asked if there was any progress on the two payroll providers mentioned in the previous meeting that had not onboarded. AA advised that IT resource problems were contributing to the delay in being able to onboard but that TP are working with them to successfully onboard.
* SF further queried if the payroll providers should be pursued instead, if many of the remaining employers waiting to onboard are with the same providers. SA was eager to hear how phasing the employers under these providers would be tackled. KB confirmed that although barriers are still present, regular contact with the employer relationship team and a split of staff into an onboarding and MCR team has shown improvement. SA responded to suggest that narrative is included to advise how different stakeholders are being managed to provide assurance at a high level but recognised this would not be immediately.
* SF expressed concern that some employers may be eager to cooperate, but the payroll provider may not. SA noted that previously it was asked if these providers could be contacted earlier so that it does not cause difficulties at the end of the process. AA added that she intends to enhance the narrative in the Quarterly Report to provide that information.

**End of Year Certificates (EOYC)*** SA asked if KB could provide an update on EOYC numbers but acknowledged that although they need to be resolved, the risk to members from this is low. KB advised that those employers with EOYCs outstanding from multiple years have been identified to determine what engagement activity is needed for each cohort. He further noted that 27 Local Authorities have outstanding returns and action is being taken to write to Section 151 officers.
* SA observed that some EOYCs will remain outstanding due to closure of employers so 100% will not be achievable. KB agreed but assured the sub-committee that internal checks will be undertaken on this to check if e.g. an academy has joined a MAT which may provide a follow up route.
* SF queried whether it is also possible that some EOYCs outstanding are due to employers that have now centralised payroll arrangements. RL confirmed that it is possible.
* SA thanked all for the assurances provided.

**Quarterly Report*** SA asked members to look at page 31 of the Quarterly Report which outlined progress against the 2022 Audit Plan. She acknowledged that the first listed (Goodwin casework) had been completed with a Control Conclusion of Effective and the third surrounding HR/ People Management had already been discussed. She asked for a report of the remaining two, MCR and Change Management that were scheduled for Q3 and Q4, at a future meeting.
* SA queried if the Debtors Control Account Remediation on page 30 would be completed by the intended deadline of 30 September. RL noted that although things had progressed the deadline may need to be extended to the end of the calendar year. Assurance will be sought before extending the deadline to ensure it is achievable and to outline any potential risks.
* KB further added that RL was referencing the tax account and noted that the handling times had increased due to a smaller cohort of staff with expertise. He advised that nothing untoward had been found but that additional time was required to work through investigations.
* SA requested that an update is provided on the ongoing Goodwin items as they proceed.
 | MR2/210922MR3/210922MR4/210922MR5/210922MR6/210922MR7/210922MR8/210922 |
| Agenda Item 4 | **Forward Work Plan****Office for Budgetary Responsibility (OBR)*** RL provided an overview of the purpose of the OBR exercise for the benefit of new members.
* He highlighted that the Autumn exercise was completed by the deadline of 19 August and noted that OBR had provided limited challenge on the return.
* RL also noted that the TPS data was usually published as part of OBR’s ‘Fiscal report’ alongside the Autumn Statement but HMT had indicated that this would not be the case this year. However, he explained the information will still be used to inform the in-year forecasts for the current financial year.
* SF queried whether the revised forecasts would feed into the next Quarterly Report. RL explained that it would and KB further added that this would take place for November reporting onwards.
* SA highlighted that the next Quarterly Report will include information for the reporting period up to the end of October so the revised forecasts would not be included until the following report. She asked if a short narrative could be provided in the next Quarterly Report. AA confirmed this and advised a verbal update would also be given.
 | MR9/210922 |
| Agenda Item 5 | **Review of Papers 4 & 5**The Quarterly Report:* AA provided the sub-committee with an overview of the report. She highlighted the summer retirement exercise which had, for the third year, been delivered ahead of schedule, despite the increase in volume of applications.
* She referenced the ill-health contract which, in April 2022, had transitioned from Optima Health to Health Management. AA noted that the transition resulted in a backlog of 160 cases received between April and July. The backlog is almost complete and a deadline has been set for mid-September ahead of Transitional Protection cases starting in October.
* KA expressed concerns over whether the backlog was a consequence of the change in provider or not. AA confirmed it was due to the transition and noted that unanticipated IT access issues had arose.
* KA further added that the information regarding the delays to cases were not made clear to members. She suggested that in future the communications to members were looked at. AA assured KA that conversations had taken place with the Chair of the Information to Members and Communications (IMC) sub-committee regarding this.
* A robust debate took place regarding the lessons that could be learned from the procurement of the ill-health contract, in terms of the provider’s apparent failure to deliver to the agreed scope. The sub-committee was also interested to understand how the resulting short-term impact will be dealt with in practice, recognising that (by necessity) Capita was currently undertaking additional work to facilitate live cases. It was acknowledged that a number of options were available and the sub-committee members asked to be updated at the next meeting.
* AA referred the sub-committee to pages 24 and 25 regarding the TPS Cash Position. SF queried the variance on the table and noted inconsistencies between the data in the Dashboard and the Quarterly Report. RL confirmed an arithmetic error had arisen and that the Quarterly Report would be reissued with this corrected. He further added that the data in the Dashboard differs to the Quarterly Report and explained he would update the figures to provide consistency.
* AA provided an update on Transitional Protection (TrP) work. She highlighted to the sub-committee that information on the resource required to deliver for October 2023 is being collated.
* SA noted that TrP now features more heavily in the Quarterly Report and in particular mentioned that many TrP topics were mentioned in Annex A on page 33.
* AA provided an update on the existing risks but in particular noted that PG001 and PG003 were rated Medium. OP011 is rated High due to awaiting primary legislation being set but the correct mitigation controls are in place.
* SA queried the mention of some risks being removed and wanted to confirm the sub-committee would still have sight of these. AA confirmed the sub-committee would still have sight but through a newly formed risk. SC further added that the forum the risks are managed in will be changed.
* SA reminded the sub-committee that the Quarterly Report provides an updated position when compared to the Dashboard, which members may have noted in regard to OP016.
* KA queried whether there was any escalation route Board Members could take to help accelerate the request being looked at for extra resource in relation to TrP work. AA explained she was confident the required number of staff would be recruited within the timescales. SC added that it could be reported that the sub-committee members are taking an interest in the progress of this work.
 | MR10/210922 |
| Agenda Item 6 | **Review of Operational and Strategic Risk Registers*** SA asked AA to confirm that the top risks had already been covered and no additional risks had been added to the register since the previous meeting. AA confirmed that was the case.
* AA noted that the emerging risks were being monitored and are discussed during Risk Committee meetings. She advised there had been no changes in regard to these risks.
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| Agenda Item 7 | **Portfolio Executive Summary Overview with Risk Update****TP colleagues left the conference call.**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 21 September 2022 and will be shared with the Board Members, and at the next TPSPB meeting. |  |
| Agenda Item 8 & 9 | **Three issues to report to the Board:*** Portfolio Executive Summary
* Monthly Contributions Reconciliation (MCR)
* Group Internal Audit (GIA)

**Agree whether any individual papers or presentations should be shared with the rest of the Board for information:*** It was agreed that the Portfolio Executive Summary would be circulated to the rest of the Board as a standing agenda item and paper, starting from the next meeting.
* The Dashboard and Quarterly Report will be recirculated to Board Members following amendments, ahead of the next meeting.
 | MR14/210922 |
| Agenda Item 10 | **AOB** * SA thanked everyone for their attendance.
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| Next meeting |  14 December 2022  |  |

Minutes agreed by Chair: Susan Anyan Date: 5 October 2022

Confirmed by circulation to sub-committee members on: 6 October 2022

To be ratified at sub-committee meeting on 14 December 2022