

## Managing Risk and Internal Controls Sub-Com Board Meeting:

### 20 September 2017 - MINUTES

| <b>Present:</b>         |                                     |    |
|-------------------------|-------------------------------------|----|
| Jerry Glazier (Chair)   | Member Representative               | JG |
| Geoff Ashton (Observer) | Independent Pension Specialist      | GA |
| David Butcher           | Employer Representative             | DB |
| Chris Jones             | Member Representative               | CJ |
| Lee Probert (phone)     | Employer Representative             | DW |
| David Heslop            | TP Client Director                  | DH |
| Peter Springhall        | DfE Senior Finance and Risk Manager | PS |
| Sue Crane (Observer)    | DfE Senior Contract Manager         | SC |
| Fiona Laundry           | DfE TPSPB Secretariat               | FL |
| <b>Apologies :</b>      |                                     |    |
| Dave Wilkinson          | Member Representative               | DW |
| Bob Bell                | DfE Finance Manager                 | BB |

|               | <b>Item</b>  | <b>Action</b> |
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| Agenda item 1 | <p><b>Attendance / apologies</b></p> <ul style="list-style-type: none"> <li>The Chair welcomed Sub-Committee members and advised that Geoff Ashton and Sue Crane were sitting in as observers and that Lee Probert has been dialled into the meeting</li> <li>Apologies were accepted for Bob Bell.</li> <li>Thanks were given to TP and DfE colleagues for arranging the meeting.</li> </ul>  |               |
| Agenda Item 2 | <p><b>Actions from the previous meeting</b></p> <ul style="list-style-type: none"> <li>The Sub-committee agreed that no actions are outstanding from the previous meeting.</li> </ul>  |               |
| Agenda Item 3 | <p><b>Emerging Risks</b></p> <ul style="list-style-type: none"> <li>DH circulated the emerging risk paper to the sub-committee and gave assurance that TP have mechanisms in place to determine high priority and emerging risks. Risks and issues are monitored and assessed internally to ensure effective resources are in place to manage and mitigate each risk.</li> <li>DH advised that internal meetings are set up to focus on and determine whether an issue or potential risk should be included on the risk register.</li> <li>DH assured the sub-committee that risks 'parked' are monitored and considered for the risk register on an ongoing basis.</li> <li>JG considered that the biggest emerging risk for Capita is staff assurance regarding the procurement process.</li> <li>DH reassured the sub-committee that regular updates on staff handling, throughout the re-contract process, will be provided.</li> <li>JG welcomed feedback and reporting on TP's processes.</li> <li>It was noted that support for the procurement project will be managed through the contract management team to minimise any detrimental impact on TP business as usual,</li> </ul> | AP01/200917   |

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|               | <p>however TP may need to leverage alternative resources to support their bid.</p> <ul style="list-style-type: none"> <li>GA highlighted that there could be potential staffing issues within TP due to the uncertainty of the re-contracting/ procurement outcome.</li> <li>DH noted that strategies and processes will be in place during the procurement exercise and staff will be kept informed throughout its process.</li> <li>JG invited the sub-committee to feedback and ask questions.</li> </ul>  |                                       |
| Agenda Item 4 | <p><b>Review of Dashboard and Finance, Risk and Audit Report</b></p> <ul style="list-style-type: none"> <li>DH highlighted that the Business Continuity and Disaster Recovery Measures has been rated green to amber due to the uncertainty around this risk.</li> <li>PS confirmed that there is an ongoing risk as a result of the Deloitte proposed change in audit methodology for 2017-18. This is being managed through the TP risk committee as well as ongoing engagement with Deloitte/NAO via the 2018 TPS Audit Project. The Chair requested an update at the next sub-committee meeting.</li> <li>DB queried whether Deloitte have used other auditing techniques before. PS advised that Deloitte were piloting this approach with the TPS.</li> <li>JG commented that it is the responsibility of Deloitte to comply with DfE security requirement before the audit takes place.</li> <li>DH advised that the net risk of the Guaranteed Minimum Pension project (GMP) remains high and that the decision around policy is yet to be determined by Her Majesty's Treasury (HMT). DH also confirmed that HMT has been made aware of TP's concerns.</li> <li>DH advised that HMT will write to all contracted out Scheme member's in December 2018. TP's challenge is to review member records to establish which members are owed money or in debt, and whether there are any backlogs, etc.</li> <li>GA commented that HMRC's deadline for Dec 2018 may be moved back due to pressures that all pension schemes will be contacted and not just TP.</li> <li>JG invited PS to feedback further on the Dashboard. PS advised the four proposed risks which should be brought to the TPSPB for further discussion. The sub-committee are in agreement with no further comments.</li> </ul> | <p>AP02/200917</p> <p>AP03/200917</p> |
| Agenda Item 5 | <p><b>Feedback / questions on strategic risk register</b></p> <ul style="list-style-type: none"> <li>PS focused on the circulated Risk Register inviting the sub-committee to feedback and ask questions.</li> <li>DB commented that risk 0412017(protected and tapered benefits ruling), has been won by the judges and lost by the firefighters. DB noted that the People's Tribunal have appealed this decision but that no date has been set for the hearing.</li> <li>The Sub-committee agreed that their Terms of Reference</li> </ul>  | <p>AP04/200917</p>                    |

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|               | need to be reviewed periodically.  |             |
| Agenda Item 6 | <p><b>Academisation Update</b></p> <ul style="list-style-type: none"> <li>• DH highlighted that recent focus has been on Monthly Data Collections (MDC) and that TP are now focusing on understanding the academisation model. Observations include this being less complicated as academies are the employer, however some schools may be separate or centralised, which could be challenging for TP.</li> <li>• DH assured the sub-committee that TP are aware that they need to be clear on what checks are in place when extracting data from schools to ensure data is correct.</li> <li>• DH advised that Multi-Academy Trusts (MAT) will need to be approached differently; TP are developing methods to determine which contacts are best to obtain data.</li> <li>• DH assured the sub-committee that TP have good working relationships with payroll providers and are determining whether TP can encourage them to change the way they extract and share data with TP.</li> <li>• DH advised that TP's priority is to get MDC up and running by the end of this financial year.</li> <li>• JG queried the potential risks. DH advised that there are changes to Local Authority MAT's especially primary schools which could be a risk; however, the Conservative Committee ensures that money is collected efficiently and on time.</li> <li>• DH assured the sub-committee that conversations have taken place with organisations who already have MDC and as a result TP has a clearer view on MDC processes for 2018.</li> <li>• DH to update the sub-committee on MDC at future meetings.</li> </ul> | AP05/200917 |
| Agenda Item 7 | <p><b>OBR financial forecast and NAO response.</b></p> <ul style="list-style-type: none"> <li>• PS confirmed that TPS OBR return had been submitted on time.</li> <li>• The challenge call will take place on 2 October and TPS have already been informed that this will be via telephone rather than face to face in London.</li> <li>• An update from the challenge meeting will be provided at the next sub-committee meeting.</li> </ul>  | AP06/200917 |
| Agenda Item 8 | <p><b>AOB : – System outage update</b></p> <ul style="list-style-type: none"> <li>• DH confirmed that a second system outage took place at TP on 18 August due to a disk corruption and that IT are investigating and will report back once the issue is identified.</li> <li>• DH assured the sub-committee that benefits had been processed on time to all members.</li> <li>• TP are looking into what can be done, such as replace hardware and firmware, to mitigate this risk in future.</li> <li>• JG highlighted that importance on gaining assurance from TP that everything has been done to reduce this risk from happening again.</li> <li>• JG raised the issue of correspondence backlogs and</li> </ul>   |             |

how TP is handling this.

- DH assured the sub-committee that during the system outage TP lost one day processing however, this has now been dealt with.
- A further update will be provided to the TPSPB in October.

MR7/200917

**Audit for 2017-2018**

Deloitte had confirmed the 2017/18 audit dates are:

Planning: w/c 18 September,

Interim: w/c 12 and 19 March,

Final: w/c 14 May, 21 May, 28 May, 4 June, 11 June

- PS confirmed that planning for the 2017-18 audit has been brought forward two weeks and the final audit by one week at the request of TPS.
- PS also advised that the same management strategy will be used for this year's audit.
- Updates on this year's audit will be given through the year to the sub-committee and the TPSPB.

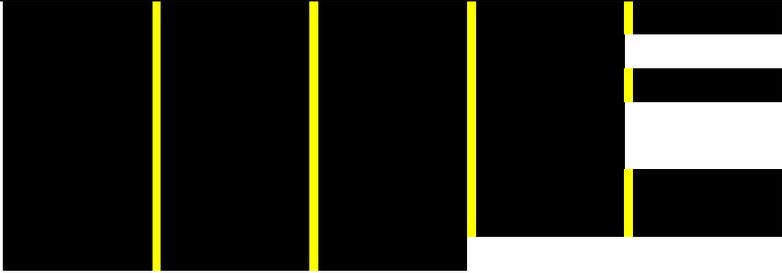
DH left the meeting.

MR8/200917

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| Next meeting | 13 December 2017, TP, Lingfield Point, Darlington                                  |  |

Minutes agreed (Chair): *Jan Glasgow* Date: 27 September 2017

Confirmed by circulation to sub-committee members on: 28 September 2017