



LOCAL PENSION COMMITTEE – 15th FEBRUARY 2019

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

RISK MANAGEMENT AND INTERNAL CONTROLS

Purpose

1. The purpose of this report is to inform the Committee of any changes relating to the risk management and internal controls of the Pension Fund, as stipulated in the Pension Regulator's Code of Practice.

Background

2. In April 2015 The Pension Regulator (TPR) published its code of practise on governance and administration of public service pension schemes. This introduced a number of areas pension administrators need to record and members be kept aware of.
3. One area within the code is risk, more specifically 'risk management and internal controls', which the code states should be a standing item on each Pension Board and Pension Committee agenda.
4. The Leicestershire Fund already manages risk and has a risk register in place that is regularly reviewed by officers. Internal and external audit also consider risks within Pensions and highlight any risk concerns. However, in order to comply with the code the Director of Finance has agreed to have this as a standard item on both agendas.

Risk Register

5. The updated Risk Register is attached as an appendix to this report. Progress updates have been made to risks 2,6 and 10. The impact on risk 3 has been changed from 4 to 3
6. Risk 5 has been completely removed as the 2018 amendment regulations have been implemented.

Identified Risks of Concern

7. There are currently no identified risks of concern.

Assurance framework for the LGPS Central asset pooling

8. The Governance structure and arrangements for LGPS central have been established and were reported to Committee in November 18. In summary Staffordshire County Council Internal Audit Service is leading a co-ordinated and collaborative response to these new arrangements. This has involved consultation with all Partner Fund's internal audit functions (including Leicestershire County Council), External Audit Partners, the Practitioners Advisory Forum and LGPS Central.
9. Since that time:
- a. Audit work to be completed either by individual Partner Funds' internal audit functions, or collectively has been determined.
 - b. Leicestershire internal auditors have agreed to undertake work jointly with Nottinghamshire County Council. The area selected is around Financial and Operational risks. Work will be undertaken on two key objectives as follows:
 - Budget for LGPS Central is set and approved annually and assurance is provided that financial management systems are robust.
 - Assumptions regarding costs and savings are robust and supported by appropriate modelling which is regularly reviewed.
 - c. The format of assurance documents and audit programmes have been shared with individual Partner Funds' internal audit functions to ensure consistency in approach.
10. The next steps are to: -
- a. Commence work individually, this quarter, on areas determined since the last update.
 - b. Develop an information sharing portal.

Recommendation

11. The Local Pension Committee is asked to: -
- a. approve the revised risk register of the Pension Fund
 - b. note the work being done to develop an assurance framework for the LGPS Central

Appendix

12. Risk Register

Equality and Human Rights Implications

13. None.

Officers to Contact

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