

Committee

Pensions Committee

Officer Reporting

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Papers with this report

1. Internal Audit Report on the Effectiveness of the Pension Committee

BACKGROUND

The Pensions Committee is responsible for all decisions concerning administration and investments of the pension fund.

The attached report provides review of the effectiveness of the Pensions Committee and identifies risks that may inhibit its performance and proffer possible steps that may assist with the dispensation of the Committee obligations.

RECOMMENDATIONS

1. That the Pensions Committee note the Internal Audit report
2. That the Pensions Committee consider the implementation of suggested recommendations for the risks highlighted in the report

INFORMATION

The main purpose of this review by Internal Audit was to provide assurance to the council's Corporate Management Team (CMT) and Audit committee on potential risks identified.

Risks

Overall, five main risks were identified by the internal audit team conducting this review and these centered around:

1. Skills/Training & Knowledge
2. Preparation time for committee meetings
3. Benchmarking in relation to Investment performance
4. Conflict of Interests governance
5. Attendance and effective engagement at meetings

Outcome and Findings

Internal Audit has provided 'Reasonable' assurance and is one level down from the top level in the assurance hierarchy. Internal Audit define 'Reasonable' as:

- The control environment is in need of some improvement in either design or operation. There is a misalignment of the level of residual risk to the objectives and the designated risk appetite. There remains **some risk** that objectives will not be achieved.

Two medium findings were identified by the internal audit team that they perceived may hinder the effectiveness of the Pensions committee. Details are included in the attached report.

These revolved around adequate training and identified training needs for committee members and their understanding of financial and investment terminologies, through an anonymous self-

assessment form/survey of Committee members. In addition, it is recommended that an independent committee member be added to raise the Committee's collective knowledge and experience.

Furthermore, pension fund management were consulted by Internal Audit on the findings and recommended actions to ameliorate the identified medium risks. Management agreed to propose actions for Pension Committee to consider.

The Committee should be aware that the appointment of an independent member would require an amendment to the Council Constitution and Democratic Services has advised on the process.

FINANCIAL IMPLICATIONS

Employing an independent Pension Committee member may incur remuneration costs associated with this position.

LEGAL IMPLICATIONS

There are no legal implications.