

D2. CS04-2023 – Pension Scheme Admin

Audit Opinion	Adequate
Prospects for Improvement	Good

Key Strengths

- The Fund's policies are being reviewed and where gaps are identified, new policies are drafted and presented to the Pension Fund Committee.
- Work has been undertaken to implement the recommendations made following a review by a consulting firm of the fund's governance. 139 recommendations were made and as at March 2023, 116 recommendations have been implemented or are in progress.
- The workload of the team and level of resource has been reviewed with additional roles being created to increase the capacity of the team.
- Ways of working are continuously reviewed in order to improve efficiency. Since 1 November 2022, the way work is allocated to the team was changed so that all administration teams spend a minimum of one month on a given subject area. Previously, teams only spent one week on a given subject area before moving on. This new arrangement allows team members to become more experienced in each area as they spend more time processing each case type. Furthermore, postage tasks are to be outsourced to increase capacity for casework, and bulk processing of certain tasks is to be introduced to reduce processing times.
- Pension administration information provided to Committees has been improved with Key Performance Indicators (KPIs) being reported to the Pension Board and Pension Fund Committee since November 2022 and December 2022 respectively. KPIs were previously not reported to either forum

Areas for Development

- There are processes in place for the production and despatch of Annual Benefit statements and Annual Allowances. However, work needs to be undertaken to ensure regulations are not breached and where breaches occur, the Pension Fund Committee and Pension Board should be informed. **Issue 1 (High)**.
- Data for the McCloud data remedy project is yet to be collected and gaps in member data identified through a data quality review carried out by a consulting firm in October 2022 have not yet been addressed. **Issue 2 (High)**.

- The Pension Board only met once in the 12 months to 31 January 2023. The LGPS requires pension funds to operate a Local Pension Board. **Issue 3 (Medium)**.
- The KPIs reported do not have any comparators and are not benchmarked against other local authorities to assess how well the KCC pension administration team is doing. In addition, there is a backlog of cases, with the time taken to process leavers and transfers out running into years in some instances. **Issue 4 (Medium)**.
- There is no set timeframe for scheme employers to provide leaver information and in some cases, scheme employers take over a year to notify the pension administration team of members leaving. **Issue 5 (Medium)**.
- Improvements to housekeeping are required to ensure staff have access to up to date information and supporting documentation can be located easily. **Issue 6 (Low)**.
- The pension administration team does not proactively contact members who are owed deferred refunds. They wait to hear from the member and interest is added to the amount due when it is paid later. **Issue 7 (Low)**.

Prospects for Improvement

Our overall opinion of **Good** for Prospects for Improvement is based on the following factors:

- As described above, in addition to established practices and processes there a number of initiatives that are underway and imminent.
- Management have engaged positively with the audit and developed appropriate actions to address the issues identified.

Summary of Management Responses

	No. of Issues Raised	Mgt Action Plan Developed	Risk Accepted & No Action Proposed
High Risk	2	2	NA
Medium Risk	3	3	NA
Low Risk	2	2	NA