

AUDIT & RISK COMMITTEE

MINUTES

Date: Thursday 20 June 2024

Time: 10.30-13.30

Location: MS Teams

Present:

Conrad Hall	Committee Member and Chair
Mandy Kaur-Sadler	Committee Member
Debbie Rees	Committee Member

In Attendance:

Audrey Allen-Chitwa	LPFA Deputy S151 Officer
Mark Anderson	LPFA Head of Compliance Risk and Pensions
Aaron Bendasiuk	PwC
Robert Branagh	LPFA CEO
Ashley Durkan	LPFA Governance Manager
Stephanie Edenborough	PwC
Mark Hodgson	Ernst & Young
Alistair Peck	LPFA Head of Communications and Engagement
Clare Scott	LPFA S/H NED & Board Member
Christina Thompson	LPFA S151 Officer
Martin Visagie	Ernst & Young

Apologies:

Richard Olszewski	Committee Member
Lana Watson	LPFA Funding and Investment Director

1. ARC790 – Introductory Matters

Chair's welcome, apologies, and declarations

1.1 The Chair was warmly welcomed to his first meeting as the new Chair of the Audit & Risk Committee (ARC). He thanked the members for their support, and the Committee expressed enthusiasm for working under his leadership. The Chair confirmed that the meeting was quorate. No new declarations of interest had been made ahead of the meeting, and apologies were received from Richard Olszewski and Lana Watson.

1.2 The Committee also welcomed the newly appointed external auditors to their first meeting, noting their presence as an important step in fostering a strong collaborative relationship going forward.

Minutes of the Meeting held on 22 February 2024

1.3 The Board **REVIEWED** and **APPROVED** the minutes of the last meeting held on 22 February 2024 subject to minor amendments.

Action Points

1.4 The Board **NOTED** all other actions from previous meetings, the updates on how those actions were being addressed and those marked for closure.

2. ARC791 – Internal Audit

2.1 Aaron Bendasiuk presented the PwC Internal Audit Report and Audit Annual Report 2023-24, and the reports were taken as read. The 2024 Annual Report confirmed that the internal audit opinion for the year remained "Reasonable Assurance," unchanged from the prior year of 2022-23, reflecting a satisfactory governance, risk management, and control environment. Four audits were completed during the year, which resulted in one high-risk and nine medium-risk findings. However, several areas of good practice were also noted, and significant progress had been made on follow-up actions from previous audits. Aaron Bendasiuk also presented the Internal Audit Update Paper, which provided a status update on both the current and prior year's audits. He confirmed that all audits for the 2023-24 plan had been completed, with one audit carried over from the previous year. This carried-over audit was now finalised, and actions had been implemented as needed.

Discussion on High-Risk Findings

2.2 The Committee turned its attention to a high-risk finding identified in the audit on liquidity management. The Deputy S151 Officer explained that the audit had raised concerns regarding the tolerances and scenario analysis in cash flow forecasting. While regular cash flow forecasts were being conducted, they did not account for unexpected or stress scenarios, such as large employer cessations, which could significantly impact liquidity. Clare Scott questioned whether this issue should be categorised as high-risk, given the organisation's strong liquidity position. The Deputy S151 Officer clarified that the high-risk rating was due to the potential for unforeseen scenarios, even though liquidity was robust. The CEO supported the Deputy S151 Officer's explanation, adding that the recommendation from PwC to build stress tests and scenario analysis into cash flow models had been fully implemented, ensuring that the organisation was prepared for a range of future possibilities.

Investment Strategy & Oversight

2.3 A committee member raised the findings from the audit on the Investment Strategy and Objectives Review, which had been rated "Satisfactory with Exceptions." The audit suggested areas for potential improvement, including considering a broader approach to external review when setting the investment strategy and further clarifying the role of Local Pensions Partnership Investments (LPPI). It was also noted that defining clearer metrics for monitoring LPPI's performance could enhance oversight. The committee member suggested that the Investment Committee explore ways to take a more active role in reviewing and managing the strategy to ensure wider risk considerations were addressed.

2.4 The CEO acknowledged these points and explained that steps were being taken to engage an external consultant to support the Investment Committee as needed, particularly when reviewing the investment strategy and other key strategic matters. The Investment Committee would decide whether or not to engage external support as appropriate, based on the specific needs of future reviews

Cyber Security and Deferred Audits

2.5 The Committee reviewed the deferral of the planned Cyber Security and IT Disaster Recovery (ITDR) audits. Aaron Bendasiuk explained that these audits had been rescheduled to the third quarter of 2024 due to ongoing IT infrastructure developments and resource constraints. Debbie Rees noted the importance of these audits, particularly given the high-

risk nature of cyber threats. The Deputy S151 Officer provided reassurance that the cyber security audit would still be conducted later in the year, once the IT developments were complete. The Committee raised no objections to the adjusted timeline, and the audits were confirmed to proceed in the next quarter as planned.

Follow-up on Outstanding Audit Actions

2.6 The Chair inquired about the progress of the two outstanding actions related to the Benefits Calculation Audit, which had been delayed several times. The Deputy S151 Officer explained that while the actions were not business-critical, they related to system improvements and had been delayed due to difficulties in obtaining necessary data from third-party providers. However, she assured the Committee that these actions were on track for completion by the revised deadline of July 2024. She also reported that of the 27 actions being monitored, 17 had already been completed, with the remaining actions being closely monitored to ensure their timely completion. Management remained confident that all remaining actions would be resolved by their respective deadlines.

2.7 The Committee **RESLOVED** to:

- a) **NOTE** that the liquidity management recommendations made by PwC, particularly the inclusion of scenario analysis and stress testing in cash flow models, had been fully implemented and would continue to be integrated into the organisation's processes;
- b) **AGREE** that an external consultant would be appointed to support the Investment Committee in reviewing and refining the investment strategy to address the oversight gaps identified in the audit, subject to IC agreement;
- c) **CONFIRM** that the cyber security audit would proceed in the third quarter of 2024 as planned, with no objections raised; and
- d) **AGREE** that all remaining follow-up actions, including those related to the Benefits Calculation Audit, would be completed by July 2024, with updates to be provided at the next meeting.

3. ARC792 - External Audit Plan 2023-24

3.1 The Deputy S151 Officer introduced the External Audit Plan as provided by Ernst and Young (“EY”). She highlighted key issues, particularly regarding materiality levels and their impact on the audit process, which were set at 50% for the first year. This reduction in materiality was due to this being the initial year EY is auditing LPFA. The main concern raised was around how EY will gain assurance for the Local Pensions Partnership (LPP) accounts given the higher materiality level set for LPP.

3.2 The Deputy S151 Officer referred to the cover report in the meeting pack and deferred to EY representatives, Mark Hodgson and Martin Visagie, to elaborate on the audit approach and risk areas.

3.3 Mark Hodgson expressed pleasure in attending their first meeting as external auditors and appreciated the support provided by the LPFA team during the onboarding process. He confirmed that EY had already made significant progress on audit planning and had begun their work on the draft financial statements. He highlighted that the audit was on track for completion with the expected sign-off in September 2024.

- 3.4 Mark Hodgson provided a high-level overview of the key audit points, including the setting of materiality levels and the associated risks. He confirmed that the overall approach was consistent with prior years' audits, with materiality for the pension fund set at £76.6 million, and 2% for both the operational and residual liability accounts. He reassured the Committee that while this was the first year for EY, the methodology was aligned with industry standards and comparable to the previous external auditors.
- 3.5 Regarding audit risks, he identified standard fraud risks, particularly the potential for management override of controls, which was a focus in relation to investment income journal entries. EY would also focus on the valuation of hard-to-value assets, specifically level 3 investments, which posed significant audit risk due to their unobservable inputs and complexity. Another key area of focus would be the asbestos provision in the residual liability accounts, as it involved complex and long-term estimates for future claims. Mark Hodgson also addressed inherent risks related to the actuarial present value of pension liabilities under IAS 26 and the disclosure of pension liabilities under IAS 19.
- 3.6 The Committee engaged in a discussion regarding materiality levels and the methodology EY employed, noting the additional work required. The S151 Officer commented that, although the reduced materiality placed some pressure on resources, management was confident that the work would be completed within the timelines. The Committee acknowledged the explanation, understanding that this was part of the first-year transition process.
- 3.7 In terms of timelines, Mark Hodgson confirmed that EY was on track to report by 30 September 2024, with a detailed audit results report to follow. The Chair and Committee members expressed appreciation for the detailed explanation and noted the importance of adhering to the timeline given the challenges in local authority audits.
- 3.8 The Committee **RESOLVED** to:
- a) **NOTE** the External Audit Plan as presented by EY;
 - b) **AGREE** to clarify the implications of the reduced materiality level for the audit of the Operational Accounts with EY; and
 - c) **NOTE** the timeline for audit completion, with the expectation of sign-off by 30 September 2024.

4. ARC793 – Pension Fund Annual Report and Account (Front Half)

The Annual Report Overview

- 4.1 The Head of Communications and Engagement introduced the draft Annual Report for 2023-2024, noting that the document was still in its early stages. He explained that the Annual Report had been prepared in line with new guidance from CIPFA, which outlines must, should, and may categories for compliance. The LPFA was ensuring full compliance with all mandatory elements and most discretionary elements, except for some training requirements.
- 4.2 He highlighted the structural changes in this year's report, notably the movement of financial

sections to the centre of the report. While last year's report had been restructured to enhance readability, time constraints due to staffing shortages had prevented similar enhancements this year. These structural improvements were planned for future reports. The Committee was asked to review the draft, provide feedback, and note the compliance checklist included in the supplementary pack.

- 4.3 In terms of timing, the final draft of the Annual Report and the checklist would be reviewed by the Investment Committee Chair and CEO around 2nd of September 2024. The Chair opened the floor for questions and feedback.

Committee Feedback and Discussion

- 4.4 A committee member acknowledged the progress in complying with CIPFA's guidance and highlighted the importance of transparency regarding the Fund's training plan. It was noted that the Local Pension Board (LPB) had previously commented on the absence of a formal training plan. The committee member suggested placing greater emphasis on knowledge and skill assessments for the Board, particularly in relation to regulatory training requirements. The Governance Manager confirmed that a new training plan was being developed and would be presented to the Board in July 2024.
- 4.5 A committee member raised points regarding the format of the Annual Report and suggested aligning its structure with that of other pension funds to enhance consistency for external reviewers. It was also noted that the investment section could benefit from a more detailed review by the Investment Committee Chair to ensure key performance metrics and value for money were clearly reported, particularly concerning LPPI's investment products. The Head of Communications and Engagement agreed to provide an updated draft to the Investment Committee Chair for further review..
- 4.6 A committee member suggested maintaining a training log as a standing item to capture training undertaken by Board members, including relevant external training. This was seen as a way to enhance transparency and provide reassurance to stakeholders that training was being actively pursued. The Chair agreed with the suggestion.
- 4.7 In response to feedback, The Head of Communications and Engagement reassured the Committee that further refinements to the report would be made and that the feedback received would be integrated into the final draft and present back to the Committee in September.

Annual Governance Statement

- 4.8 The Committee also reviewed the Annual Governance Statement (AGS) as part of the Annual Report. The Governance Manager noted that the AGS had been updated to provide more detailed information about how the Fund adheres to the Seven Principles of Good Governance. This version also included additional detail on the LPFA's Internal Audit Action Plan for 2023-24.
- 4.9 The Committee discussed whether the AGS contained too much operational detail, particularly around internal audit findings. Mark Hodgson, from EY, suggested that while the additional detail provided transparency, it might be worth simplifying the language to avoid excessive focus on operational matters. He recommended concluding the AGS with a

positive statement about the LPFA's governance and reflecting on future improvements.

4.10 The Committee was broadly content with the level of detail but agreed that some sections could be refined to ensure clarity. It was also suggested that the report highlight key achievements and improvements made over the past year.

4.11 The Committee **RESOLVED** to:

- a) **NOTE** the draft Annual Report;
- b) **NOTE** the Annual Governance Statement and suggest minor drafting changes for clarity;
- c) **AGREE** that the final report and AGS would return for review in September, with the aim of recommending for Board approval by email.

5. AC794 – Finance Update, LPFA Pension Fund Accounts, Operational Accounts and Residual Accounts

5.1 The Deputy S151 Officer introduced the discussion on the Annual Accounts. She clarified that the accounts were presented at this meeting primarily for review and feedback, rather than for formal approval at this stage. She explained that the external audit would begin in early July, and that a clean version of the accounts, with any necessary corrections, would be provided to the auditors. She had identified some aesthetic and formatting issues in the draft, which would be corrected before the final submission.

5.2 The primary purpose of this review was to provide Committee members with an opportunity to comment on the accounts ahead of the audit. Audrey also noted that the accounts had been published on 31 May 2024, meeting the deadline for publishing unaudited draft accounts, and that she had already received some queries and suggestions via email from Committee members, which would be addressed in the final version.

Levy Income Reduction and Budget Alignment

5.3 The Chair raised a question regarding the section on net outflows from the Greater London Authority (GLA) and the agreed reduction in levy income to £8m per annum for the next three years. He pointed out that although the reduction had been agreed upon, it seemed that the budget had not accounted for it, which created a discrepancy. He expressed concern that the budget might appear incorrect as a result.

5.4 The Deputy S151 Officer responded by explaining that the budget was prepared earlier in the year, before the formal agreement on the levy reduction. While there was an opportunity to adjust the budget before final submission, the timing of the agreement and the budget's approval by the Mayor's office made it challenging to update the figures. She assured the Committee that this was purely a timing issue and did not reflect a lack of foresight.

Surplus Refunds to Employers

5.5 Mandy Kaur-Sadler queried the classification of refunds of surplus to employers, asking where these were reflected in the accounts. She presumed they were included under the "Transfers" category but sought clarification. The Deputy S151 Officer confirmed that refunds to employers were indeed included in the "Transfers Out" figure, alongside bulk transfers, making the figure appear higher than expected. Mandy Kaur-Sadler suggested that the title

be adjusted to reflect both "Transfers and Refunds" to make it clearer to readers. The Deputy S151 Officer agreed that this clarification would be helpful and noted it for revision in the final version of the accounts. **ACTION** A Allen-Chitwa

Presentation and Narrative Improvements

- 5.6 The Chair suggested that the narrative portion of the accounts could benefit from more reflective commentary on the performance of the LPFA over the past year, rather than sticking solely to factual information. He noted that the current narrative felt somewhat "factual" and proposed that the narrative could also highlight how well the organisation had performed, providing a broader view for stakeholders.
- 5.7 The CEO agreed, adding that while the Annual Accounts were primarily a statutory document, there was merit in using the narrative section to communicate the organisation's achievements, challenges, and overall performance more clearly. He also mentioned that LPFA communicates many of these reflections at the Annual Member Forum, which serves a similar purpose. However, adding more commentary to the accounts could enhance transparency and better align with the increased expectations around organisational accountability.

Related Party Transactions

- 5.8 The S151 Officer raised a point regarding related party transactions, particularly in reference to her role as a Non-Executive Director for the London Borough of Lambeth. She wanted to ensure that disclosures related to board members with affiliations to external organisations were clear and properly presented in the accounts. The Deputy S151 Officer confirmed that this issue had been addressed and that disclosures for related party transactions had been thoroughly reviewed to ensure compliance with reporting standards.

Timing and Next Steps

- 5.9 The Deputy S151 Officer informed the Committee that the clean version of the accounts would be sent to the auditors in early July, and that any aesthetic changes and corrections would be included in this version. She invited the Committee to provide any further comments on the draft by the end of the month to ensure that their feedback was incorporated into the final version.
- 5.10 The Chair praised The Deputy S151 Officer and her team for meeting the 31st May publication deadline, which placed LPFA among the top quarter of local authority bodies in terms of timeliness. He noted that not only had the accounts been published on time, but they were also of high quality, which was commendable.
- 5.11 The Committee **RESOLVED** to:
- a) **NOTE** the draft Annual Accounts for the year ending 31 March 2024 and acknowledge the feedback provided during the meeting.
 - b) **AGREE** that the narrative portion of the accounts could benefit from more reflective commentary on organisational performance, and this would be considered for future versions.
 - c) **APPROVE** the inclusion of refunds to employers in the "Transfers and Refunds" category for clarity.
 - d) **AGREE** that any further feedback or corrections on the draft accounts should be sent to

Audrey Allen-Chitwa by the end of the month, for incorporation into the final version sent to the auditors.

- e) **NOTE** that the accounts would be reviewed again following the audit, with a clean version presented for final approval at the next meeting.

6. AC795 - LPFA Risk Management

- 6.1 The Director of Risk and Compliance presented the Risk Management Report, which included an update on the transition from the current risk management platform, CAMMS, to a new Governance, Risk, and Compliance (GRC) platform, Protecht. He explained that this transition had begun following the signing of contracts in April 2024, with the onboarding and development processes now underway. The new platform is expected to be fully operational by the end of Q4 2024-25, with the first phase in place by the end of Q2 of the 2024 period.
- 6.2 He noted that the current report contained the risk dashboard, risk register, and action log, and he invited Committee members to review these documents. He also asked the Committee to review and approve the updated Risk Appetite Statement and Risk Management Principles, which had undergone a hygiene review with no substantive changes.
- 6.3 The Director of Risk and Compliance explained the decision to replace CAMMS with the Protecht platform, which would provide a more dynamic and complete system for managing risks. The Protecht platform will allow for better integration of data, real-time reporting, and the generation of dashboards and heatmaps, which will improve risk visibility and oversight across the organisation.
- 6.4 Claire Scott noted that there were still some PDF issues with the CAMMS-generated reports and welcomed the switch to a more reliable platform. The Director of Risk and Compliance confirmed that the transition to the new system would resolve these issues.
- 6.5 Debbie Rees queried the timeline for the platform's full implementation, and The Director of Risk and Compliance confirmed that Phase 1 was expected to be tested and live by the end of Q2, with complete onboarding by Q4 of 2024-25.
- 6.6 The Committee reviewed the latest updates to the risk register. The Director of Risk and Compliance highlighted key changes in ownership and controls for specific risks, including:
- Asset Security (O2): Ownership was transferred to Christina Thompson, and new controls such as monthly custody reports were introduced.
 - Business Continuity (O4): Ownership was updated to Tracy Weller, with an action to automate business continuity processes.
 - Liquidity (F6): New controls were added to ensure sufficient liquidity for member payments.
 - Statement of Accounts (O7): A new risk related to the possibility of a qualified audit opinion was added due to potential discrepancies in the financial statements.
- 6.7 The Committee discussed the rationale for these changes and how they aligned with the LPFA's risk appetite.
- 6.8 The Director of Risk and Compliance presented the Risk Appetite Statement and Risk

Management Principles, which had undergone a hygiene review to ensure consistency in titles and roles. There were no substantive changes to the content. The Committee was asked to approve these documents.

- 6.9 Debbie Rees raised a question about the removal of certain controls in the communications area. The Director of Risk and Compliance clarified that these were outdated controls related to individuals who had left LPFA and had been replaced by a new client relationship management process. He acknowledged the need for better communication about such changes and agreed to include more detailed explanations in future reports.
- 6.10 Clare Scott asked how the compliance with the Pensions Regulator's (TPR) single code of practice was reflected in the risk register. The Director of Risk and Compliance responded that a gap analysis had been completed and integrated into the risk register, with five areas identified for further work, including business continuity and cyber security. He assured the Committee that these areas were being addressed, with more updates expected at the next ARC meeting.
- 6.11 Mandy Kaur-Sadler suggested that future reviews could benefit from a deeper dive into specific areas of the risk register, focusing on particular risk categories at each meeting to allow for more critical analysis. The Chair supported this suggestion, noting that the current structure of reviewing all risks in a single meeting could be overwhelming, especially given the large number of risks on the register (27 in total).
- 6.12 The Committee agreed that prioritising certain risks for more in-depth review at each meeting, particularly those rated as higher risk, would provide more value and ensure better oversight.
- 6.13 The Committee **RESOLVED** to:
- a) **APPROVE** the Risk Appetite Statement and Risk Management Principles, as presented following their review;
 - b) **AGREE** to implement a more structured approach to risk review, focusing on specific categories or higher-rated risks at future meetings for more detailed analysis;
 - c) **NOTE** the ongoing transition from CAMMS to the Protecht GRC platform, with Phase 1 expected to be completed by the end of Q2 2024-25 and full implementation by the end of Q4; and
 - d) **REQUEST** that future risk reports provide clearer explanations for any changes to controls, particularly when they involve the removal or update of existing controls.

7. AC796 Employer Management Services

- 7.1 The Director of Risk and Compliance provided an update on behalf of Lana Watson, Funding and Investment Director, who provided apologies. The Employer Management Services (EMS) report covered recent employer activity, cessations, admissions, and employer covenant monitoring.
- 7.2 The Director of Risk and Compliance highlighted the success in ensuring all employers had submitted their monthly returns, which would allow Annual Benefit Statements (ABS) to be completed by the 31st of August 2024. He praised the efforts of the team, especially Lana

and Ushma, for their work in securing data submissions. At the time of the meeting, 93.9% of the data for active members and 97.5% for actives and deferred members had been processed, reflecting a strong position ahead of deadlines.

7.3 The Director of Risk and Compliance noted the key cessations and admissions that had been processed since the previous valuation:

- **Completed Cessations:**
 - Broadacres Housing Association, Parkwood Hall Co-op Academy, Pioneer Group, and Newable had ceased participation in the fund, with surplus payments processed accordingly.
- **Cessations in Progress:**
 - Guinness Partnership, Alleyn's School, Learning and Work Institute were in the process of cessation with surplus or deficit payments being processed.
 - Other employers, such as St Francesca Cabrini Catholic Primary School, CBRE, and Miquill (South) Ltd, were in transition, with their assets and liabilities being transferred to other entities in the fund.
- **Completed Admissions:**
 - New employers, including GLL (Lee Valley Regional Authority), CBRE, and contractors providing services to Orchard Hill College Academy Trust (OHCAT), had been successfully admitted to the fund.
- **Transfers:**
 - **Orchard Hill College Academy Trust (OHCAT):** A significant consolidation of LGPS funds into LPFA was completed on 1 April 2024. The transfer involved members and assets from three LGPS funds, and the transfer was successfully finalised.
 - **New City College (NCC) and BSix Sixth Form College:** BSix Sixth Form College was set to merge with NCC, and a Direction Order had been submitted for the transfer to LPFA, with a transfer date of 1 August 2024.

7.4 The Director of Risk and Compliance provided a detailed update on employer covenant monitoring:

- The EMS team conducted covenant assessments on 57 employers at the 2022 valuation, with 17 employers no longer requiring assessments due to terminations, cessations, or securing guarantees for pension liabilities.
- Roehampton University had an improvement in its financial position, leading to an upgrade of its covenant grade from C1 to B2. A revised Rates and Adjustment certificate was issued, effective from 1 April 2024.
- Open Colleges Network (OCN) was downgraded from B1 to C1 due to sector-specific changes, but there was no immediate risk of a cessation liability, as OCN was in a surplus position.

7.5 Debbie Rees asked for clarification regarding New City College (NCC) and its merger with BSix Sixth Form College, specifically whether the assets would transfer to LPFA. The Director of Risk and Compliance confirmed that BSix would transfer to LPFA as part of NCC.

7.6 Claire Scott acknowledged the good progress made on the Orchard Hill College transfer and requested further updates on the potential transfer of Oasis Multi-Academy Trust into

LPFA, which was currently pending approval from the Department for Levelling Up, Housing and Communities (DLUHC). The Director of Risk and Compliance responded that discussions were ongoing, but no final decision had been made due to the election period.

7.7 The Committee also noted the completion of the Orchard Hill transfer and acknowledged the complex nature of these multi-academy trust consolidations.

7.8 The Committee **RESOLVED** to:

- a) **NOTE** the Employer Management Services Report and the updates on employer cessations, admissions, and covenant monitoring;
- b) **ACKNOWLEDGE** the progress made on securing monthly returns from employers and the positive position ahead of the ABS deadline;
- c) **APPROVE** the recommendation to monitor key employer transfers, particularly the NCC and Oasis Multi-Academy Trust mergers, and receive further updates as they progress;
- d) **REQUEST** further clarification on any outstanding transfers or admissions for November's meeting.

8. AC797 Compliance and Governance Matters

8.1 The Governance Manager presented the Compliance and Governance Matters report, which included several key updates and policy reviews. The ARC was asked to review and approve various governance and compliance-related policies, as well as note updates in the governance framework.

8.2 He confirmed that the quarterly update to the Gifts and Hospitality (GHE) register had been submitted, and no causes for concern were noted. The next review of the GHE policy is due in 2025, although it may be brought forward for revision to review the appropriateness of the existing limits. The register itself will be uploaded to the LPFA website for transparency.

8.3 The Director of Risk and Compliance reported on the LPPA SLA compliance for Q4 2023/24.

8.4 While most service levels were met, three specific case types fell slightly below the 95% target:

- Estimates (90.7%), Deferred
- benefits (94.5%), and Active retirements (94.6%). Despite these, the overall SLA across all case
- types was at 97.6%, with annual performance also standing strong at 97.1%.

8.5 The Director of Risk and Compliance assured the Committee that there is ongoing dialogue with LPPA regarding areas for improvement, particularly around bereavement cases, which have been flagged for enhanced monitoring and process improvements.

8.6 He provided an update on data quality, confirming that the TPR common data score remained stable at 96.38%, while the conditional data score showed improvement at 91.42%. LPFA has initiated a data-cleansing project to align with the Pension Dashboard requirements and ensure that data held is accurate and comprehensive. The Committee noted the positive data quality position and ongoing efforts to improve it.

8.7 The Director of Risk and Compliance introduced the draft Anti-Money Laundering (AML)

policy, a new document ensuring compliance with relevant legislation such as the Proceeds of Crime Act 2002 and Terrorism Act 2000. The policy aims to safeguard the LPFA against potential fraud by ensuring robust data management and verification processes. The risk for LPFA remains low due to the nature of its operations, but the policy is a necessary compliance requirement.

- 8.8 The Committee raised queries about the practical risks of money laundering in the LPFA's context, and The Director of Risk and Compliance clarified that the primary focus of the policy is on ensuring the accuracy and integrity of data to prevent fraudulent activities.
- 8.9 The Committee agreed that the policy, while low-risk, is necessary, and recommended it for approval by the Board.
- 8.10 The Governance Manager presented the updated Whistleblowing Policy, which had undergone minor factual and procedural revisions since its last review in August 2022. The policy remains fit for purpose, with the most significant update being the proposal to replace the previous Whistleblower Champion with Clare Scott.
- 8.11 Clare Scott raised a question about the appropriateness of her appointment and suggested that the Chair of ARC could also be considered for this role. The Committee agreed to discuss the most suitable person for the role ahead of the next Board meeting. The policy, with updated contact information for the Whistleblower Champion, will be recommended to the Board.
- 8.12 The Director of Risk and Compliance confirmed that the Fraud Control Framework had been updated, with no major changes other than aligning roles and ensuring it fits within the broader governance structure. There have been no significant fraud cases reported since the last review, and the framework continues to support the LPFA's operational controls against fraud. The Committee was satisfied with the updates and recommended the framework for Board approval.
- 8.13 The updated list of LPFA signatories for operational and investment-related contracts was presented. The list reflects the current principal officers and senior leadership team and will be reviewed annually. The Committee approved the updated signatory list and recommended it for Board approval.
- 8.14 The Committee **RESOLVED** to:
- a) **NOTE** the GHE Register update and the SLA compliance certificate;
 - b) **APPROVE** the Anti-Money Laundering Policy for Board recommendation;
 - c) **APPROVE** the Whistleblowing Policy for Board recommendation, subject to confirming the Whistleblower Champion appointment;
 - d) **APPROVE** the Fraud Control Framework for Board recommendation; and
 - e) **APPROVE** the updated LPFA Signatory List for Board recommendation.

9. AC798 Forward Agenda

- 9.1 Clare Scott raised a query regarding the forward planner, specifically asking about the scheduled internal audit meeting without management. She highlighted that it had been discussed in previous meetings and wanted to ensure that new members were aware of this

practice.

- 9.2 The Director of Risk and Compliance confirmed that there would be a session in September where internal and external auditors would meet with the ARC without management. The meeting would take place in person, coinciding with the Board away day on the 19th and 20th of September. The Director of Risk and Compliance assured the Committee that this would be the opportunity for the auditors to meet independently, and management would join afterwards.
- 9.3 Clare Scott emphasised that this practice was important and noted that while it had not occurred recently, it was essential to maintain and follow through with the audit meeting without management, as outlined in the LPFA constitution.
- 9.4 The Chair agreed, expressing his support for the practice and underscoring its importance for the Audit Committee's role in governance and oversight. He thanked Clare for raising the issue and acknowledged that ensuring these sessions take place regularly would be beneficial going forward.
- 9.5 The Committee **REVIEWED** and **NOTED** the forward plan of business, and the updates provided.
- 9.6 The Board **NOTED** that its next meeting was scheduled to take place on 20 September 2024
- 9.7 There being no further business, the Chair declared the meeting closed.

Conrad Hall, Chair

Date 20/09/2024
