

**REPORT TO: PENSION SUB-COMMITTEE OF THE POLICY & RESOURCES COMMITTEE & PENSION BOARD – 26 JUNE 2023**

**REPORT ON: TAYSIDE PENSION FUND INTERNAL AUDIT REPORTS –BUSINESS RESILIENCE & PENSIONS DASHBOARD**

**REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

**REPORT NO: 197-2023**

**1 PURPOSE OF REPORT**

To submit to the Audit Reports prepared by the Fund’s Internal Auditor, PricewaterhouseCoopers (PwC).

**2 RECOMMENDATIONS**

Members are asked to note the content of the report on the audit exercises undertaken, and to approve the management response.

**3 FINANCIAL IMPLICATIONS**

None.

**4 MAIN TEXT**

**4.1 Internal Audit Report – Business Resilience: Key person risk and succession planning (Appendix A)**

The report details the assessment undertaken of Tayside Pension Fund’s Workforce Strategy and related processes for managing key person risks. This audit has reviewed the succession planning strategy, processes and key risks and opportunities for Tayside Pension Fund.

**4.2 PwC have provided an overall rating of satisfactory with exceptions, and medium risk. Further details are included in Appendix A of their report. PwC classify medium risk as that a finding could have moderate impact on operational performance, reputation, financial impact, or regulatory breach.**

**4.3 The findings and recommendations of the audit have been discussed with management and responses are contained within the report. The implementation of the agreed management actions will be monitored, with progress being reported to the Sub-Committee in due course.**

**4.4 Internal Audit Memo – Pensions Dashboard readiness workshop (Appendix B)**

**4.5 Tayside Pension Fund (TPF) Management is preparing for the introduction of the pensions dashboard. In order to achieve compliance and good practice throughout planning and implementation of the changes required, PwC undertook a readiness assessment and then subsequently facilitated a workshop on 23 April 2023 with key members of the pension team who are involved in the planning for and implementation of this project. The memo details findings and recommendations for the Fund.**

**5 POLICY IMPLICATIONS**

This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management. There are no major issues.

**6 CONSULTATIONS**

The Chief Executive and Head of Democratic and Legal Services has been consulted on the content of this report and agree with the contents.

**7 BACKGROUND PAPERS**

None

**ROBERT EMMOTT  
EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

**27 JUNE 2023**

# Internal audit report 2022/2023

## Business Resilience: Key person risk and succession planning

Tayside Pension Fund (“TPF”)  
Final

June 2023



# Contents

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<b>1. Executive Summary</b>	<b>1</b>
<b>2. Current year findings</b>	<b>2</b>
<b>Appendices</b>	<b>5</b>
Appendix A: Basis of our classifications	6
Appendix B: Terms of reference	8
Appendix C: Limitations and responsibilities	9

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## Distribution list

For action:  
Tracey Russell (Service Manager, Financial Services) and Stuart Norrie (Senior Banking & Investment Officer)

For information:  
Chair and Members of the Audit and Risk Committee

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# Executive summary

## Report classification



Satisfactory with exceptions

## Total number of findings

	Critical	High	Medium	Low	Advisory
Control design	-	-	2	1	-
Operating effectiveness	-	-	-	-	-
<b>Total</b>	-	-	2	1	-

## Summary of findings

Over the past few years organisations across all sectors have been experiencing increased workforce retention and skills development challenges. As a result, and in recognition of this Tayside Pension Fund Senior Management and the Pension Sub-Committee requested a review to assess Tayside Pension Fund's Workforce Strategy and related processes for managing key person risks. This audit has reviewed the succession planning strategy, processes and key risks and opportunities for Tayside Pension Fund.

The overall rating of this report is Satisfactory with exceptions driven by two Medium-rated and one Low-rated finding. In summary:

- An annual performance review process is in place which is supported by controls that promote timely completion of this;
- The annual performance review for TPF is used to support colleague development.
- Key roles within TPF have been identified and form the basis of the Fund's Management team's succession plan.

We have summarised our observations below:

**Finding 1 - No formal mechanism to assess employee satisfaction, attrition, and retention strategies - Medium Risk:** TPF does not frequently obtain and assess employee satisfaction, its linkage to staff attrition and the strength of its current retention strategy. This inhibits Management's ability to identify, evaluate and establish measures to reduce possible future attrition and therefore retain individuals who are key to TPF's succession plans.

**Finding 2 - Lack of documented Role Replacement Plans - Medium Risk:** Role replacement plans are not in place. It is clear that senior staff members know who would replace them in the event that they leave or are no longer able to work, however, required actions, guidance and protocol is not in place to aid this. In the event of needing to exercise the succession plan, an absence of formalised role replacement plans could prevent / slow down an effective transition into role.

**Finding 3 - No formal review of job descriptions and person specifications - Low Risk:** Job descriptions and person specifications are not periodically reviewed and may not reflect the current roles and responsibilities at TPF. If job descriptions and person specifications are out of date, TPF is at risk of recruiting an individual who does not have the appropriate qualifications or skill levels to fulfil the actual role expected of them.

# Current year findings

## 1 No formal mechanism to assess employee satisfaction, attrition, and retention strategies

### Control Design

#### Finding rating

Rating

Medium

#### Finding and root cause

TPF's succession plan identifies current employed individuals as the successor/replacement for key roles in the organisation. This, to some extent, means that the succession plan is reliant on retaining these individuals (who have the skills, knowledge, and experience to be able to step up should this be required). Focus on retaining these individuals is therefore important in ensuring appropriate succession is in place.

TPF does not have a mechanism in place that frequently obtains and assesses employee satisfaction and its linkage to staff attrition and its retention strategy. This inhibits Management's ability to identify, evaluate and establish measures to reduce possible future attrition and therefore retain individuals who are key to TPF's succession plans. TPF has experienced relatively higher attrition in 2022/23 than in previous years. For example, the pensions administration team has needed to recruit for five positions. During our interviews, Management expressed their views on root cause, which included:

- Limited retention incentives; and employees leaving for higher pay in similar roles. Management described current retention incentives (including membership of the defined benefit scheme and training opportunities) as not being strong enough to retain staff or attract new talent; and
- A lack of flexibility for hybrid and remote working.

It is difficult to verify such comments in the absence of a formal mechanism that looks to assess employee satisfaction, attrition, and the strength of the current retention strategy.

#### Potential implications

A lack of frequent assessment of employee satisfaction can result in higher staff turnover, an inability to identify what is required to attract and retain talent in the future and, as a result, an ineffective succession plan.

#### Management action plan

- |  |   |
|--|---|
| 1. Implement an employee experience survey to measure employee satisfaction. Utilise the results to assess the possible impact of these on future attrition.                                   | Responsible person/title:<br>.....        |
| 2. Using the results of (1), evaluate the strength of the current retention strategy and determine if changes are required.  | Lynne McKenzie, Pension Admin<br>Manager  |
| 3. Any proposed changes (which are supported by robust analysis) that fall outside of TPF's delegated authority should be communicated to and managed via the appropriate governance channels. | Target date:<br>.....<br>31 December 2023 |

# Current year findings

## 2

### Lack of documented Role Replacement Plans

Control Design

#### Finding rating

Rating

Medium

#### Finding and root cause

Through review of the Contingency Plan for Dundee City Council, we noted that key persons, alternates and key roles have been identified. However, this document has not been reviewed or updated since 17th March 2020.

In addition, formalised role replacement plans are not in place specifically for TPF. Role replacement plans detail what actions an organisation should take in the event of an employee leaving. Through discussions with management it is clear that senior staff members know who would replace them in the event that they leave or are no longer able to work, however, required actions, guidance and protocol is not in place that would support the successor. We would expect such plans to include:

- Essential tasks / activities and signposting to documented procedures;
- System access requirements and essential task allocation/delegation amongst available staff;
- Consideration if some tasks can be reallocated to other teams; and
- Consideration if some tasks can be outsourced to a 3rd party.

#### Potential implications

In the event of needing to exercise the succession plan, an absence of formalised role replacement plans could lead to the concerned individual(s) not having structured guidance or protocol to follow which enables them to effectively step into the required role. This risk is more prevalent where a succession plan needs to be quickly rolled out due to an unforeseen/unplanned circumstance.

If the Contingency Plan document is not maintained and kept up to date, then the key roles and alternates identified may no longer be relevant or available during a serious incident. This could lead to inadequate response from management and cause operational issues for TPF.

#### Management action plan

- |  |   |
|--|---|
| 1. For each key role, create formalised role replacement plans which include any training or upskilling required for the role.                       | Responsible person/title:                           |
| 2. Review and update role replacement plans on an on-going basis to ensure appropriateness and relevance.  | Tracey Russell, Service Manager, Financial Services |
| 3. Implement a period of handover where possible for the transfer of roles.  | Target date:  |
| 4. Update and maintain a Contingency Plan on an annual basis so that key persons identified are accurate and relevant in case of a serious incident. | 31 December 2023                                    |

# Current year findings

## 3 No formal review of job descriptions and person specifications

Control Design

### Finding rating

Rating

Low

### Finding and root cause

Job descriptions and person specifications are utilised to clearly specify roles and responsibilities in the organisation and the professional/educational qualifications, work experience, skills/abilities, personal qualities and any additional job related requirements that are required for the role.

We observed the following:

- Job descriptions for the roles of Pension Administration Manager, Senior Banking & Investment Officer and Senior Manager - Financial Services: These documents set out the role purpose, principal working contacts and main and other duties. However, version control is not in place for these documents and the job description for Pension Administration Manager was a draft copy. As such we were unable to verify the ages of job descriptions for key members of staff during the course of the review. Through discussions with management we are aware that the job descriptions of long standing senior members of staff have not been recently updated to reflect their current roles.
- Person specifications: We were unable to identify when these were last updated, reviewed and approved by Management.

### Potential implications

If job descriptions and person specifications are out of date, TPF is at risk of recruiting an individual who does not have the appropriate qualifications or skill levels to fulfil the actual role expected of them.

### Management action plan

1. Review and update job descriptions and person specifications where necessary during annual appraisals for all members of staff or on an annual basis.
2. Update job descriptions and person specifications if there are significant changes to an individual's role either through upskilling or the merger of two roles as and when they occur.
3. Add version control to job descriptions and person specifications.

Responsible person/title:

Tracey Russell, Service Manager,  
Financial Services

Target date:

31 December 2023



# Appendices



# Appendix A: Basis of our classifications

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## Individual finding ratings

### Critical

A finding that could have a:

- **Critical** impact on operational performance; or
- **Critical** monetary or financial statement impact; or
- **Critical** breach in laws and regulations that could result in material fines or consequences; or
- **Critical** impact on the reputation or brand of the organisation which could threaten its future viability.

### High

A finding that could have a:

- **Significant** impact on operational performance; or
- **Significant** monetary or financial statement impact; or
- **Significant** breach in laws and regulations resulting in significant fines and consequences; or
- **Significant** impact on the reputation or brand of the organisation.

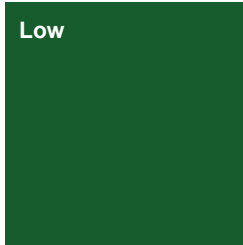
### Medium

A finding that could have a:

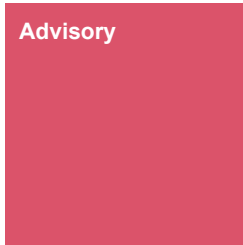
- **Moderate** impact on operational performance; or
- **Moderate** monetary or financial statement impact; or
- **Moderate** breach in laws and regulations resulting in fines and consequences; or
- **Moderate** impact on the reputation or brand of the organisation.

# Appendix A: Basis of our classifications

## Individual finding ratings



- A finding that could have a:
- **Minor** impact on the organisation’s operational performance; or
  - **Minor** monetary or financial statement impact; or
  - **Minor** breach in laws and regulations with limited consequences; or
  - **Minor** impact on the reputation of the organisation.



A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.

## Report classifications

The report classification is determined by allocating points to each of the findings included in the report.

Findings rating	Points	Report classification	Risk rating	Points
Critical	40 points per finding		Satisfactory	6 points or less
High	10 points per finding		Satisfactory with exceptions	7 – 15 points
Medium	3 points per finding		Needs improvement	16 – 39 points
Low	1 point per finding		Unsatisfactory	40 points and over

# Appendix B: Terms of reference

**Background:** Tayside Pension Fund has been administered by Dundee City Council since 1st April 1996. It is part of the Local Government Pension Scheme (LGPS), which is a statutory scheme established under the primary legislations of the Superannuation act 1972 and Public Service Pensions Act 2013. As at 31st March 2022, Tayside Pension Fund had investment assets of £5.1 billion, and a membership of over 53,000 across 43 participating employers. These participating employers include 3 local authorities, as well as their subsidiary companies and contractors; a number of universities and colleges; and a range of organisations with funding or service links to local government. The rules by which the LGPS scheme operates by are set out in the Local Government Pension Scheme (Scotland) Regulations which are Scottish Statutory Instruments (SSIs). Separate regulations set out scheme benefits, investment and governance requirements.

Over the past few years organisations across all sectors have been experiencing significant workforce retention and skills development challenges. As a result, and in recognition of this Tayside Pension Fund Senior Management and the Pension Sub-Committee have requested a review to assess Tayside Pension Fund's Workforce Strategy and related processes for managing key person risks.

**Audit objectives:** This audit will review the succession planning strategy, processes and key risks and opportunities for Tayside Pension Fund. On the next page we outline in detail the specific objectives for each of the processes. These objectives have been set based on the key areas of focus which we have outlined above.

**Scope:** We will review the design of processes relating to business resilience to:

- Understand the process by which critical roles are defined and identified.
- Understand the exercise performed to date with regards to the succession of critical roles within Tayside Pension Fund.
- Provide insight based on good practice and comparisons to similar organisations.

The sub-processes and related control objectives included in this review are:

Sub-process	Objectives	Risks
<b>Annual Performance Review</b>	<ul style="list-style-type: none"><li>• Ensure that the annual performance review is performed in line with the annual performance calendar</li><li>• Determine effectiveness of the annual performance review for Tayside Pension Fund and understand how/if it is used for Succession Planning</li></ul>	<ul style="list-style-type: none"><li>• If the annual performance review is not performed in line with the agreed timetable, there is a risk that the outputs from the review will be outdated.</li><li>• If the outputs of the annual performance review are not used to support development, there is a risk that employees continue to operate in an inefficient manner. This also presents the risk that employee motivation may decline.</li><li>• If outputs from annual performance reviews are not used to drive Succession Planning, there is a risk that key roles are not filled on a timely basis or with individuals without appropriate qualification for the role</li></ul>
<b>Key Person Identification</b>	<ul style="list-style-type: none"><li>• Determine whether key people to Tayside Pension Fund have been identified and whether plans have been made in the event of their leaving Tayside Pension Fund.</li></ul>	<ul style="list-style-type: none"><li>• If key people are not identified or succession plans have not been made, there is a risk that key roles remain unfilled on an ongoing basis.</li></ul>

# Appendix C: Limitations and responsibilities

## Limitations inherent to the internal auditor's work

We have undertaken this review subject to the limitations outlined below:

### Internal control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

### Future periods

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in operating environment, law, regulation or other changes; or
- The degree of compliance with policies and procedures may deteriorate.

## Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.

# Thank you

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This document has been prepared only for Tayside Pension Fund and solely for the purpose and on the terms agreed with Tayside Pension Fund in our agreement dated 28 January 2021. We accept no liability (including for negligence) to anyone else in connection with this document, and it may not be provided to anyone else.

Internal audit work was performed in accordance with PwC's Internal Audit methodology which is aligned to Public Sector Internal Audit Standards. As a result, our work and deliverables are not designed or intended to comply with the International Auditing and Assurance Standards Board (IAASB), International Framework for Assurance Engagements (IFAE) and International Standard on Assurance Engagements (ISAE) 3000.

In the event that, pursuant to a request which Tayside Pension Fund has received under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004 (as the same may be amended or re-enacted from time to time) or any subordinate legislation made thereunder (collectively, the "Legislation"), Tayside Pension Fund is required to disclose any information contained in this document, it will notify PwC promptly and will consult with PwC prior to disclosing such document. Tayside Pension Fund agrees to pay due regard to any representations which PwC may make in connection with such disclosure and to apply any relevant exemptions which may exist under the Legislation to such report. If, following consultation with PwC, Tayside Pension Fund discloses any this document or any part thereof, it shall ensure that any disclaimer which PwC has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

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190219-133533-JS-OS

# Internal audit memo 2023

## Pensions Dashboard readiness workshop

Tayside Pension Fund

May 2023



# Contents

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<b>Background and summary</b>	<b>1</b>
.....	
<b>Key observations and considerations</b>	<b>2</b>
.....	
<b>Appendices</b>	<b>4</b>
.....	
Appendix A: Scope and approach	5
.....	
Appendix B: Limitations and responsibilities	7

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## Distribution list

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Paul Thomson, Head of Corporate Finance  
Tracey Russell, Senior Manager – Financial Services  
Stuart Norrie, Senior Banking and Investment Officer  
Lynne McKenzie, Pensions Administration Manager  
Jack Horne, IT Systems / Process Analyst

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# Background and summary

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## Background

Pensions dashboards are digital services – apps, websites or other tools – which savers will be able to use to see their pension information in one place. The Pensions Dashboards Programme (PDP) is responsible for designing and implementing the central digital architecture that will make pensions dashboards work. The project is a significant undertaking, requiring the development of new technology that will permit individuals to find their pensions by searching thousands of pension schemes which collectively hold millions of pensions records. The first connection deadline is currently 31 August 2023. However, on 02 March 2023, the Department for Work and Pensions (DWP) issued a written ministerial statement to announce that the PDP will be unable to meet the connection deadlines set out in legislation, and the timeline will need to be revised.

Tayside Pension Fund (TPF) Management is preparing for the introduction of the pensions dashboard. Management is working with the Pension Sub-Committee and Fund officers to achieve compliance and good practice throughout planning and implementation of the changes required.

## Summary

To support the objective stated above, Internal Audit facilitated a workshop on 23 April 2023 with key members of the pension team who are involved in the planning for and implementation of this project. In advance of the workshop, the internal audit team issued a short questionnaire to the pension team to understand the background and progress made towards becoming Pensions Dashboards compliant. The questionnaire covered the following:

- Planning and project management;
- Overall Pensions Dashboards solution;
- Data Correction and non-digitised records;
- 'Find'\* data quality and the approach to matching records;
- The provision of 'View'\* data; and
- The potential operational impact as a result of Pensions Dashboards.

\* Find data is the data provided by the Pensions Dashboards ecosystem to pension providers to enable them to search and match records. View data is the data returned to the individual's pension dashboard following a successful match.

Through open discussions with the workshop attendees, we explored these areas further to understand TPF's approach to Pensions Dashboards and level of alignment with good practice and expectations; as well as opportunities for enhancement. The discussions and insights from the workshop helped to inform the considerations presented in this memo. In conclusion, Management has been able to clearly articulate:

- A clear understanding of the requirements;
- How the requirements impact them and the Scheme; and
- How it envisages meeting the requirements and what needs to be done / plans in place to achieve compliance.

TPF has continued to progress towards pensions dashboards compliance by commissioning a Dashboard Data Readiness review. The dashboard project can be fully mobilised on receipt of this report and when further details of the revised timetable are available. There are areas to progress with the Scottish Liaison group and the appointment of a provider to deliver the pension dashboard solution, however we did not observe any significant concerns during the workshop.

# Key observations and considerations

Our key observations from the workshop and additional considerations for management to consider as TPF looks to progress towards becoming Pensions Dashboards compliant are summarised below:

Ref	Scope area	Summary of Observations	Considerations / Opportunities for enhancement
1.	Planning and Project Management	<p>A formal documented Pensions Dashboard project plan has not yet been established. Management has commissioned a Dashboard Data Readiness review (being delivered by a third party, Heywood Pension Technologies (“Heywood”). This review should identify data quality issues / concerns which will need to be resolved before connecting to the pensions dashboard ecosystem. It is Management’s intention to formalise a project plan for delivery once the data readiness review is complete. This is in line with what we are typically seeing in the industry.</p> <p>At a more macro level, the Scottish Pension Liaison group (which meets quarterly) is where the approach for meeting Pensions Dashboards requirements is discussed with other Scottish Local Government Pension Schemes (LGPS) including the Scottish Public Pensions Agency (SPPA). This provides insight, a forum to share good practice and enables alignment to the industry.</p> <p>Pensions Dashboards activities/progress are reported through regular stewardship reporting to the Pensions Committee on a quarterly basis. A detailed Pension Dashboards budget has not yet been agreed/approved as yet however some allowance has been provided in the overall TPF budget. This will be refined when a formal plan is established.</p>	<ol style="list-style-type: none"> <li>1. An update from PDP is expected in summer 2023 with a revised timetable and this along with the data analysis should provide the basis for formally mobilising the project for Pensions Dashboards compliance. This should consider budget, resources and timeframe and interaction with wider stakeholders.</li> <li>2. Management and the Pensions Committee may wish to consider obtaining assurance over its plans when these are established and progress being made, for example in 6 to 9 months when the project is fully established and timelines are confirmed.</li> </ol>
2.	Overall Pensions Dashboards Solution	<p>No formal decision has been taken in respect of the way in which the Scheme will deliver its solution – either via its existing technology provider or through an alternative Integrated Service Provider (ISP). Heywood provides TPF’s current pensions administration software and there is a connection already established for the employer portal iConnect. Any Heywood Pensions Dashboards solution would use this existing data connection to provide data for connecting to the Pensions Dashboards ecosystem. Therefore there may be some efficiencies and potential cost savings for adopting Heywood’s dashboard solution but at this stage no further details are available and no decision has been taken as to whether to appoint Heywood.</p>	<ol style="list-style-type: none"> <li>1. Seek advice and confirmation as to whether a procurement process is necessary to identify and appoint a Pensions Dashboard ISP.</li> <li>2. Following the revised timetable from PDP seek further technical information regarding Heywood’s Pensions Dashboards ISP solution and confirm their approach for staggering the on-boarding dates for their other LGPS clients.</li> </ol>

## Key Observations and Considerations (continued)

Ref	Scope area	Summary of observations	Considerations / Opportunities for enhancement
3	Data Correction and Non Digitised Data	<p>Management described TPF’s data quality as “generally good” with no non-digitised data.</p> <p>Some exceptions include some temporary National Insurance numbers in use for pensioners and a limited number of Gone Aways (e.g. no current address) for deferred members. These exceptions are typical of those we see in the industry with schemes working to address such quality issues. Management confirmed that Heywood has established a solution for tracing members and this will form part of the data readiness assessment.</p> <p>We note that TPF also has other ongoing projects (for example, GMP) which include the assessment of data quality. These should indirectly support readiness in respect of data quality.</p>	<ol style="list-style-type: none"> <li>1. Identify potential synergies with pensions dashboard data cleanse work and other ongoing projects (e.g. McCloud data work, GMP activity etc.) and ensure any opportunities for efficiencies are considered.</li> </ol>
4	Find Data and Matching	<p>Management are assessing its approach to matching and will define this as part of the project plan. Management confirmed that Heywood are proposing a matching solution. Management will evaluate this and propose its recommendations supported by its analysis.</p>	<ol style="list-style-type: none"> <li>1. The approach to matching should be raised at the next Scottish Pension Liaison group as there is merit in adopting a consistent and common approach across all Scottish LGPS.</li> <li>2. Any matching approach should refer to industry good practice and guidance (e.g. PASA approach to matching).</li> </ol>
5	View Data	<p>For deferred members, pensions data is updated and provided annually (April). As such Management is confident that it can meet its pension dashboard requirements. Management is also confident in its abilities to meet requirements as a result of:</p> <ul style="list-style-type: none"> <li>• For active members, values could be provided from the annual benefit statement (or calculated for new joiners following monthly employer data).</li> <li>• There are no manual exceptions and all calculations are automated.</li> <li>• McCloud values would not be separated and a single value (which picks the highest) would be provided to the pensions dashboard – assuming members can be informed of this approach.</li> </ul> <p>Standard Life and Prudential are the AVC providers which is common across Scottish LGPS. No decision has been taken about how AVC information will be provided to Pensions Dashboards.</p>	<ol style="list-style-type: none"> <li>1. The approach to AVCs should be raised at the next Scottish Pension Liaison group as there is merit in adopting a consistent and common approach across all Scottish LGPS.</li> </ol>
6	Operational Impact & go-live	<p>Management does not foresee any changes to TPF’s operating model as a result of Pensions Dashboards.</p>	<ol style="list-style-type: none"> <li>1. Although no changes to operating model are planned, Management should perform a model impact assessment as part of its project plan. This would allow management to be confident in its assertion and would help identify any possible changes/tweaks to current processes that should be tested prior to go live.</li> </ol>

# Appendices



# Appendix A: Scope and approach

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## Scope and approach

A workshop will be held with management on 23 April 2023. Our support and approach during this session will be as follows:

- Provide an overview of the relevant PDP requirements;
- Understand actions already taken by Management in relation to the PDP;
- Understand Management's plans to address the PDP requirements; and
- Provide feedback on management's articulation of plans.

The output of the workshop will be a memo detailing the expectations set by the PDP and how management's plans align to these expectations. The memo will also provide management with a high level action plan to address any gaps that were identified.

During our workshop we will explore the sub-process areas below with the management team at TPF to understand progress (regarding the pensions dashboard) made to date and areas for further action. The main risk for TPF is non compliance with the PDP resulting in possible fines from the The Pensions Regulator.

## Sub-process

## Questions to be covered

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### Planning and project management

- Please confirm your staging date for Pensions Dashboards.
- Has a pension dashboard project been mobilised?
- Are you able to share any project scoping documents or plan?
- Can you outline the key milestones between now and your staging date?

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### Overall Pensions Dashboards Solution

- How do you intend to connect to the Pensions Dashboards ecosystem?
- Have you decided on whether to build in house or outsource to an ISP provider?
- If a decision has been taken to outsource which preferred supplier has been selected (e.g. ITM/Altus, Procentia, Origo, Other)?
- How many systems hold data which needs to be submitted into the PDP ecosystem?
- Do you intend to consolidate all data sources into a centralised data warehouse/lake and use that to submit data into the PDP ecosystem?
- If you do intend to consolidate data sources, then how frequently would the data in the data warehouse/lake be refreshed, and how would this be achieved e.g. via a standard data extract, APIs, etc.

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### Data Correction & Non-digitised data

- Please describe the data that needs to be "fixed" before you can connect to pensions dashboards? Please provide some indicative numbers of the members affected.
  - Do you have any non-digitised data which will require digitisation (e.g. to make data available to pensions dashboards)? If so, please provide rough volumes and type (e.g. spreadsheets, paper files, microfiche etc.)?
  - If you do have non-digitised data what is your strategy for exposing these members to the PDP ecosystem e.g. is/has the information been digitised?
-

# Appendix A: Scope and approach

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## Sub-process

## Questions to be covered

**Find data** - The PDP Data Standards (DS) (Nov-2022) sets out a number of data items that will be sent to schemes/providers to enable them to match (or find) an individual's pension entitlement(s). The DS makes it clear that each scheme/provider will determine the way it will use some/all of the 'find' data items to match with their own records.

- Have you completed any analysis of the Find data for your fund? If not, can you share the latest tPR data quality reports.
- Have you considered an approach for matching your records with the Find data? If so, please confirm what elements of the Find data you will be using (e.g. NINO, Surname, Postcode, DOB etc.).

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**View data** - The DS sets out a wide array of data that should be made available through the Pensions Dashboards ecosystem. Some of these data elements will require careful consideration in terms of what is shown and at what date it relates to.

- Have you completed any analysis of the View data?
- How do you intend to display view data (e.g. estimated Retirement income, accrued pension etc.)?
- Has the basis for calculating the Estimated retirement income (ERI) amount been determined? Is it a consistent approach for all members (e.g. active, deferreds)?
- Have any automation 'gaps' been identified in order to provide the required data e.g. in respect of the ERI or Accrued Pension Data?
- How are you proposing to deal with options as a result of the age discrimination rulings and what data will be displayed on pensions dashboards?
- How are you intending on dealing with AVC data?

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## Operational Impact & go-live

- Are there any anticipated changes to your operating model because of pension dashboards?
- How do you intend to manage pensions dashboards enquiries on your operation?
- Are you intending on modifying your existing service levels because of pensions dashboards?
- Please explain what preparations you have undertaken / are planning to take in relation to go-live e.g. demand forecasting for contact centre / administration, dealing with 2 and 10 days SLAs, contact centre training, etc.

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## Limitations of scope

Our support will be limited to the areas noted above and will not include the following:

- A detailed review of the adequacy of the PDP and/or provide assurance that the project will meet the regulatory requirements or deadlines.

# Appendix B: Limitations and responsibilities

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## Limitations inherent to the internal auditor's work

We have undertaken this review subject to the limitations outlined below:

### Internal control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

### Future periods

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in operating environment, law, regulation or other changes; or
- The degree of compliance with policies and procedures may deteriorate.

## Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.

# Thank you

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This document has been prepared only for the Tayside Pension Fund ("TPF") and solely for the purpose and on the terms agreed with the TPF in our agreement dated 28th January 2021 . We accept no liability (including for negligence) to anyone else in connection with this document, and it may not be provided to anyone else.

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