

In Confidence

Minutes of a meeting of the Public Sector Pensions Authority (PSPA) on 15 July 2019 in the PSPA Meeting Room, Prospect House, Douglas

Present:

PSPA

Mr J B Carter (Chairman)
Hon C C Thomas, MHK (Vice Chairman)
Mrs J Poole-Wilson MLC
Mrs D Halsall
Mr I Wright

In Attendance:

Mr I T Murray
Mr I W C Burnett, (Secretary)
Ms K C Brondon

Apologies:

Minute No. Minute

38/19 Conflicts of Interest

There were no other conflicts of interest declared in addition to those previously recorded.

39/19 Minutes

The minutes of the meeting of 14 June 2019 were approved and signed by the Chair.

Matters Arising

21/19 Public Sector Pensions Reform

It was noted that the Executive was due to meet with representatives of the Judiciary to discuss Judicial Pension reform following the first reading of the Public Sector Pensions (Amendment) Bill 2019.

35/19 Cost sharing relating to Public Sector Pensions Schemes

The Board noted that Treasury was still considering cost sharing proposals for public sector pension schemes and that the Executive was due to meet Treasury in w/c 22 July 2019.

The Board noted that the Trade Union Technical Advisory Group (TAG) had written to the Chief Minister and Treasury regarding the discussions that had taken place between the PSPA Executive and TAG, and the proposals that had been developed as a consequence of those discussions, and expressing their concerns in relation to the views being expressed by Treasury.

40/19 Risk Register Review

The Board considered and noted the contents of the Risk Register.

41/19 Administration Issues

The Operations Director provided the Board with a verbal update on current administration issues. The Board was advised of the backlogs that had developed owing to the issues that had emerged as a consequence of the development and implementation of the PiP system. The Board noted that any urgent cases contained within the backlog were being dealt with as a matter of priority.

The Board noted that following a recent meeting the Executive were awaiting a plan of how the various issues were to be addressed which the PiP project team had agreed to provide to the PSPA. The Board noted the issues that had been identified by the Executive – i.e. internal transferees or promoted employees being identified in the PiP reports as leavers.

The Board noted that the Executive was committed to working with colleagues in the PiP project team and Payroll to address the various issues, but that in doing so there may be an impact upon the PSPA's resources and performance against its SLAs.

42/19 External Audit Contract from 2020

The Board noted that in relation to the recent External Audit tender exercise two tenders had been submitted and that following a review of the bids and a presentation by each of the organisations, PWC had been awarded the contract for a period of three years (with the possibility of extending to five years) with the first audit being carried out in 2020.

43/19 Governance Workshop

The Board noted that following the Governance Workshop, facilitated by Bucks Consultants, the Executive was preparing a briefing paper for the Board's consideration setting out proposals for improvements that could be made in relation to Scheme Governance.

44/19 Public Sector Pensions Schemes Annual Reports and Accounts 2017/2018

The Board considered the Letter of for submission to KPMG. The Board noted letter confirmed the accuracy of the financial statements supplied by the PSPA to KPMG, and that all information relevant to the financial statements had been disclosed.

After due consideration the Board agreed that the letter could be signed by the Chairman on its behalf and issued to KPMG.

The Board received representatives from KPMG.

The Board considered the draft audited Report and Accounts and KPMG's completion report in respect of the Audit of Public Sector Pension Schemes for 2017/2018.

The Board invited KPMG to present its findings.

KPMG outlined the approach that had been taken in relation to conducting the audit and advised the Board, in line with the completion report, that no significant issues had been identified. KPMG confirmed that on that basis the accounts were 'unqualified' accounts, i.e. no issues or anomalies that were a cause for concern.

The Board noted KPMG's comments regarding the use of manual/excel ledger records, in particular its view that a manual accounting system has various limitations and an increased risk of error. The Board noted the recommendation that an automated accounting system is developed, to reduce the risk of financial inaccuracy and agreed it would consider this recommendation further in due course.

The Board noted KPMG's comments regarding member contributions and in particular KPMG's view that the contributions paid to the Schemes for the year ended 31 March 2018 were at a lower percentage of pensionable pay than the cost of accruing benefits as advised by the Scheme Actuary in the latest actuarial

valuation as at 31 March 2016. After some debate, the Board noted the views expressed but considered that in setting the member contribution rate due regard had been taken of the actuarial advice and also the views of the Treasury who were instrumental in determining Government's overall pension costs.

After due consideration the Board approved the audited Report and Accounts in respect of each of the Audit of Public Sector Pension Schemes for 2017/2018.

The Board agreed that the Chairman and Vice Chairman would sign each set following the meeting on behalf of the PSPA, and once completed they would be delivered to KPMG for their signature.

KPMG representatives left the meeting.

Date of Next Meeting

The next meeting will be held on Monday 2 September 2019 commencing at 2.30pm.

There being no other business the meeting closed at 15.25.

_____ **Date**