

## **In Confidence**

Minutes of a meeting of the Public Sector Pensions Authority (PSPA) held in the King Orry Room and via MS TEAMS, 3<sup>rd</sup> Floor, Main Government Building, Bucks Road on 22 December 2021 at 2:30pm.

**Present: PSPA**

Mr J B Carter (Chair)

Mr M Kiernan (future Chair, non-participative capacity)

Ms Kate Lord-Brennan MHK

Mr R Mercer MLC

Mr I Wright

**In Attendance:** Mr IT Murray

Ms K Brondon (Board Secretariat)

Mrs M Ludwig-Looney (Assistant Secretary)

**Apologies:** Mrs D Halsall

**Minute No. Minute**

**74/21 Conflicts of Interest (minutes 12/21, 22/21, 42/21 and 64/21 refer)**

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

**75/21 Minutes**

The Board approved the minutes of the meeting held on 10 November 2021. The minutes were signed by the Chair and hand delivered after the meeting.

**Matters Arising**

The following matters arising from the minutes of the meeting held on 10 November 2021 were raised, not having been previously considered on the agenda:

- i. Procurement of legal services to re-write the Teachers Superannuation Order, Police Pension Regulations 1991 and Police Pension Regulations 2010 (minute 66/21 ii. refers)

The Deputy Chief Executive (DCE) has given the Board a verbal update on the current position and future timeline of the tendering exercise. A procurement exercise was undertaken with the Attorney's General Chambers and a firm has been appointed subject to the normal 10 day "cooling-off" period. The work is expected to start in the January and is anticipated to take approximately 15 to 18 months. The DCE anticipated that the 1<sup>st</sup> draft of the amended legislation will come to the Board for approval in the summer 2022.

- ii. Introduction of a Defined Contribution arrangement (minute 72/21 i. refers)

The Deputy Chief Executive (DCE) gave the Board a verbal update on the development work in relation to the Voluntary Defined Contribution Pension Scheme. The new tender exercise is now underway with the last submission date being 13 January 2022. There is also ongoing work with the eligible Employers in relation to how the arrangement will work once the provider is appointed.

- iii. Judicial Cost Sharing: draft regulations circulated to scheme members (minute 72/21 ii.)

The DCE confirmed that the Draft Regulations were circulated amongst the Judicial Scheme members and the further discussions are scheduled for the New Year.

- iv. Teachers Pensions Advisory Board – re-scheduled 18 February 2022 (minute 70/21)

The DCE confirmed that the rescheduled meeting of the Teachers Pensions Advisory Board is to be held on the 18 February 2022.

- v. New Tynwald Member Presentation scheduled for 7 February 2022

The DEC confirmed that the presentation for the new Tynwald Members was to be held on 7 February 2022.

**77/21**

**Audited Report and Accounts for the financial year to 31 March 2020** (minutes 48/21iv., 61/21vi. And 72/21 iii. refer)

The Board noted the contents of the paper (PSPA Paper 31/21) from the DCE (along with copies of the draft Report and Accounts for Schemes) which laid out the statutory requirement for the PSPA to undergo the annual external Audit.

The CE provided to the Board with a brief introduction of this year's Audit process and in particular, ongoing concerns about the data issues the PSPA is experiencing with the PiP system. The PwC Auditor representatives joined the meeting at 2:45pm. [REDACTED]

[REDACTED] were introduced to the Board by the Chief Executive.

IC initiated the PwC presentation to the Board by providing a brief overview of this year's audit process in what were very challenging times for the PwC as a service provider.

SF took over to talk about Significant Matters part of the Completion Report 2019/2020, which had been previously circulated to the Board. He highlighted controls issues as a result of the introduction of Pip which made audit testing significantly more difficult. This has had a major impact on the scope of the

31 March 2020 audits, as the PwC were no longer able to place reliance on several segregation of duty controls within OHR. As a consequence, more substantive audit work was required.

SF also highlighted data issues as being of concern to both the PSPA and OHR which had yet to be resolved and would therefore have a knock-on effect on future audits. The GUS and Teachers reports had therefore been modified to take the relevant data issues into account.

It was noted that both the PSPA and OHR are working closely to address these issues but that ultimately there was a reliance on the new Monthly Financial Information (MFI) programming to fully resolve the matter, and that this was still some way off. It was also noted that this issue was a large amount of management time at both the PSPA and OHR.

The derivation of the Discount rate was highlighted by IC and the Chief Executive confirmed that an exercise would be undertaken by the actuaries and the PSPA/Treasury before the next valuation at 31/3/22 to consider how the Discount rate should be calculated.

SF also confirmed that the audit work for the next set of accounts (2020/2021) will start in June 2022 due to staffing issues at PwC. The Chair has thanked PwC for their work this year.

The PwC representatives have left the meeting at 3:14pm.

The draft Report and Accounts and Letter of Representation were approved by the Board and it was noted that the Chair and Vice Chair had already pre-signed the reports and accounts and Letter of Representation conditional on them being approved at the meeting due to the proximity of the Christmas break.

Upon PwC's departure, the Vice Chair confirmed that she will follow up with the Executive Director of Human Resources on the PwC audit findings with regard to data and controls.

**78/21**

**Date of the next meeting**

The DCE confirmed that the January 2022 meeting was cancelled and that she will arrange the next Board Meeting via round robin email with possible dates.

**79/21**

**Any Other Business**

As this was his final Board meeting before Mr Kiernan took over, the Chair thanked everyone past and present for their service on the PSPA Board and his 10 years of service were acknowledged by the Board who also reciprocated their thanks.

There being no other business, the meeting closed at 3:24pm

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*(Date)*

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*(Signed)*