

Observation	Deloitte recommendation	Management comment
<p>We identified that the Pension Manager could not supply a membership number reconciliation between 2017-18 and 2018-19. The reconciliation should show movements of members in the financial year and retrospective changes that revised any prior-year figures. This reconciliation this would enhance the robustness of admin procedures and allow for more accurate financial reporting of the fund account reflecting membership movements and would allow us to audit the movement of member numbers, which we have not been able to do.</p>	<p>It is recommended that the Pension Manager develops an Altair report that can count the total (and identify individual) retrospective changes to membership data.</p> <p>It is also recommended that the Pension Fund Manager performs a reconciliation between prior-year reported membership numbers and revised membership numbers.</p>	<p>In order to facilitate these recommendations would require third party software developments even if it is possible for it to be delivered in due course.</p> <p>We would need to consider the cost vs benefit of implementing this as it would have a limited impact on the day to day running of the Fund.</p>
<p>The admin team perform a review of all of the inputs for benefit calculations however checks over the outputs of the calculations are only performed for calculation routines with known errors within the system or for particularly complex calculations. The team are heavily reliant on the initial design and calibration of Altair to calculate pensions and lump sum benefits.</p>	<p>Some schemes of the size and nature of the Fund have at least one of the below controls:</p> <ol style="list-style-type: none"> <li>1. A formal compliance team whose role it is to check whether the correct decisions have been made through the benefits system. Best practice is to independently test a risk based sample of up to 10% of benefit calculations.</li> <li>2. A formal pensions internal audit team either through a co-sourced or outsourced arrangement who will focus on a number of activities and include routine benefit calculations periodically in their reviews.</li> <li>3. A 100% manual check on the different calculation routines impacted by system or actuarial factor updates.</li> <li>4. A periodic 'deep-dive' which is undertaken by the pensions team on instruction by the audit committee.</li> </ol> <p>Given the size and nature of the Fund and the tailoring of Altair specific for Fund purposes we recommend that the AC considers points 1 and 2 above.</p>	<p>We test and check all systems updates to Altair which have any impact on calculations (including all factor table changes) which would give comfort that at the implementation of a calculation routine or any known change, that the system is functioning correctly.</p> <p>We also manually check all complex calculations. We agree that it will not capture any changes to the underlying system after that date however we would need to consider the cost vs benefit of doing any additional checks.</p>