



**Glasgow City Council**

**Strathclyde Pension Fund Committee**

**Report by Head of Audit and Inspection**

**Contact: Jillian Campbell Ext: 74247**

**Item 2(a)**

**24th June 2025**

## **INTERNAL AUDIT – Compliance with the General Code of Practice**

### **Purpose of Report:**

To present the results of the Internal Audit review of the Compliance with the General Code of Practice.

### **Note:**

In most cases one of four opinions is expressed:

1. The control environment is satisfactory i.e. audit testing found no concerns with the control environment.
2. A reasonable level of assurance can be placed upon the control environment i.e. audit testing found no major weaknesses in the control environment but some improvements could be made.
3. A limited level of assurance can be placed upon the control environment i.e. improvements are necessary to ensure the control environment is fit for purpose.
4. The control environment is unsatisfactory i.e. significant improvements are required before any reliance can be placed upon the control environment.

### **Recommendations:**

The Committee is asked to note the contents of this report and **AGREE** the audit recommendation that the Head of Audit and Inspection submits a further report to Committee on the implementation of the actions contained in the Action Plan.

Ward No(s):

Citywide: ✓

Local member(s) advised: Yes ☐ No ☐ consulted: Yes ☐ No ☐

# Glasgow City Council Internal Audit Section

## Committee Summary

### Strathclyde Pension Fund Office – Compliance with the General Code of Practice

## 1 Introduction

- 1.1 As part of the agreed Internal Audit plan, we have carried out a review of the arrangements within the Strathclyde Pension Fund Office (SPFO) to ensure compliance with the new Regulator's Code of Practice requirements.
- 1.2 From 1 April 2015 the Pension Regulator (TPR) became responsible for regulatory oversight of public service pension schemes including the Local Government Pension Scheme (LGPS) as a result of the Public Service Pensions Act 2013 and published a Code of Practice for the Governance and Administration of Public Service Pension Schemes. In 2024, TPR published a single General Code of Practice (GCoP) for all pension schemes including the public sector. This became effective on 28 March 2024.
- 1.3 There are 136 GCoP requirements, each fall within one of three categories: (i) Regulatory Requirement (must be met), (ii) TPR Expectation (if not followed, the fund must demonstrate what is undertaken is effective and aligns with expected outcomes) and (iii) Best Practice (areas that can support the fund to achieve best practice). In April 2024, SPFO management undertook an initial assessment of GCoP compliance using the TPR GCoP checker for LGPS funds developed by Hymans Roberston. In the initial assessment, management determined that all regulatory requirements were being fully met. Although work was still required to ensure full compliance with some applicable TPR Expectations (12) and Best Practice requirements (1).
- 1.4 The purpose of the audit was to provide assurance that the SPFO is complying with the requirements of the new Pension Regulator's General Code of Practice. This included a review of the key controls in the following areas:
- Self-Assessment Compliance Tracker.
  - Evidence of compliance and up to date records.
  - Roles and responsibilities.
  - Action plan for any areas of low compliance, including timescales.
  - Management review and second officer checks.
  - Monitoring and reporting.

## 2 Audit Opinion

- 2.1 Based on the audit work carried out a reasonable level of assurance can be placed upon the control environment. The audit has identified some scope for improvement in the existing arrangements and one recommendation which management should address.

## 3 Main Findings

- 3.1 We are pleased to report that the key controls are in place and are generally operating effectively. Responsibility for ensuring compliance with each GCoP requirement has been assigned to a senior officer. We were advised that all responsible officers met to discuss and assess compliance against each of the requirements. This involved the completion of the Self-Assessment Compliance Tracker (the tracker) supplied by Hymans Robertson. The results of this initial review were summarised and reported to the Strathclyde Pension Fund Committee in September 2024.
- 3.2 However, we found some opportunities for improvement. We reviewed a sample of 50 requirements to confirm that the compliance level (e.g. fully or partially met) allocated by SPFO officers was accurate and that corresponding evidence was available to substantiate the assessment. Through review we found that two requirements which had been deemed as fully met by SPFO officers have, in our view, only been partially met. For the remaining 48 requirements, we were satisfied that the compliance level allocated was accurate and that sufficient evidence was available. Although evidence of compliance was promptly provided for all 50 requirements, we found that a complete record of the evidence assessed by the SPFO staff to confirm compliance of each requirement is not recorded in the tracker.
- 3.3 Although the actions required to ensure full compliance for any not yet completed/partially met requirements have been identified, responsible officers and timescales for implementation have not been agreed and documented.
- 3.4 An action plan is provided at section four outlining our observations, risks, and recommendations. We have made one recommendation for improvement. The priority of each recommendation is:
- | Priority | Definition   | Total |
|----------|--|-------|
| High     | Key controls absent, not being operated as designed or could be improved. Urgent attention required. | 0     |
| Medium   | Less critically important controls absent, not being operated as designed or could be improved.      | 1     |

<b>Low</b>	Lower level controls absent, not being operated as designed or could be improved.	0
<b>Service Improvement</b>	Opportunities for business improvement and/or efficiencies have been identified.	0

- 3.5 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards.
- 3.6 We would like to thank officers involved in this audit for their cooperation and assistance.
- 3.7 It is recommended that the Head of Audit and Inspection submits a further report to Committee on the implementation of the actions contained in the attached Action Plan.

## 4 Action Plan

No.	Observation and Risk	Recommendation	Priority	Management Response
<b>Key Control:</b> The tracker is complete and up to date and an action plan to address all not yet completed/partially met requirements has been developed.				
1	<p>We reviewed a sample of 50 requirements and requested the corresponding evidence to confirm that the compliance levels allocated by SPFO officers were accurate. We found that:</p> <ul style="list-style-type: none"> <li>Three requirements initially marked as partially met by SPFO officers are now fully met. This was due to additional action being undertaken.</li> <li>Two requirements which were marked as fully met by SPFO officers are, in our view, only partially met (both are category (ii) TPR Expectation requirements).</li> </ul> <p>Although the actions required to ensure full compliance for any not yet completed/partially met requirements have been identified, responsible officers and timescales for implementation have not been agreed and documented. We were advised that the tracker will be reviewed in order to confirm progress of the not yet completed/partially met requirements in August/September 2025 (one year after the initial review).</p>	<p>SPFO management should ensure that:</p> <ul style="list-style-type: none"> <li>For each requirement the tracker is updated to include full details of the evidence available to demonstrate compliance. Thereafter the compliance levels allocated to each requirement not included in the sample should be reviewed to ensure that it is accurate.</li> <li>A responsible officer and timescale for implementation is agreed and documented for all actions required to ensure full compliance for any not yet completed/partially met requirements. Progress of the implementation of the actions should be regularly reviewed and reported to the SPF Committee.</li> </ul>	Medium	<p><b>Response:</b> Accepted.</p> <p><b>Officer Responsible for Implementation:</b></p> <p>SPFO Director</p> <p><b>Timescales for Implementation:</b></p> <p>30 September 2025</p>

No.	Observation and Risk	Recommendation	Priority	Management Response
	<p>Although evidence verifying compliance was promptly provided for all 50 requirements and for each requirement, the tracker included examples of evidence, through review we found that for some requirements additional evidence was submitted which was not recorded on the tracker.</p> <p>This increases the risk that full evidence of compliance is not readily available, not all requirements are correctly categorised and the required actions to achieve full compliance are not undertaken.</p>			

## Policy and Resource Implications

### Resource Implications:

<i>Financial:</i>	Internal Audit services are included within the Central Support Services cost.
<i>Legal:</i>	None
<i>Personnel:</i>	None
<i>Procurement:</i>	None

### Equality and Socio-Economic Impacts:

<i>Does the proposal support the Council's Equality Outcomes 2021-25? Please specify.</i>	No specific proposals are included within this report.
<i>What are the potential equality impacts as a result of this report?</i>	No significant impact.
<i>Please highlight if the policy/proposal will help address socio-economic disadvantage.</i>	There are no equality impacts as a result of this report.

### Climate Impacts:

<i>Does the proposal support any Climate Plan actions? Please specify:</i>	Not Applicable
<i>What are the potential climate impacts as a result of this proposal?</i>	Not Applicable
<i>Will the proposal contribute to Glasgow's net zero carbon target?</i>	Not Applicable
<i>Privacy and Data Protection Impacts:</i>	None

## **5 Recommendation**

- 5.1 The Committee is asked to note the contents of this report and **AGREE** the audit recommendation that the Head of Audit and Inspection submits a further report to Committee on the implementation of the actions contained in the Action Plan.