



Glasgow City Council

Strathclyde Pension Fund Committee

Report by Head of Audit and Inspection

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Item 7(c)

24th November 2021

## AUDIT RECOMMENDATIONS

### Purpose of Report

This report provides an update on the status of audit recommendations agreed previously with the Strathclyde Pension Fund Office (SPFO).

### Recommendation

It is recommended that Committee notes the progress made in terms of the recommendations implemented and **AGREE** that the Head of Audit and Inspection submits further reports on the status of outstanding recommendations.

Ward No(s):

Citywide:

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

### PLEASE NOTE THE FOLLOWING:

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**1. Introduction**

- 1.1 This report provides a summary of the status of Internal Audit recommendations previously reported to Committee. This report includes:
  - A summary of the outstanding recommendations;
  - A summary of the progress made since the previous report; and
  - A register of outstanding recommendations.

**2. Outstanding Recommendations**

- 2.1 Since the last report that was presented to the Committee on 2 June 2021, management have been responsible for following up recommendations which are due to have been implemented. As at 1 November 2021 three recommendations remain outstanding.
- 2.2 Table one outlines the outstanding recommendations per priority and audit:

**Table One: Priority of Outstanding Recommendation**

	Priority of Recommendation			
	High	Medium	Low	Total
Information Management	0	1	0	1
Review of Governance Arrangements	0	0	1	1
Investment Income	0	1	0	1
<b>Total</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>3</b>

- 2.3 During the period from 10 May 2021 to 1 November 2021, SPFO management satisfactorily implemented two recommendations. Appendix One shows the progress made during the period.
- 2.4 A register of recommendations which have not yet been fully implemented is included at Appendix Two. This register highlights the full text of the recommendation and the original due date, and SPFO management have included an update on the progress and a revised implementation date where appropriate.

**3. Policy and Resource Implications**

**Resource Implications:**

- Financial:* Internal Audit services are included within the Central Support Services cost.
- Legal:* None

*Personnel:* None

*Procurement:* None

**Council Strategic Plan:** A well governed city.  
To provide assurance on the implementation of previously agreed recommendations.

**Equality and Socio-Economic Impacts:**

*Does the proposal support the Council's Equality Outcomes 2021-25? Please specify.* Not applicable

*What are the potential equality impacts as a result of this report?* No significant impact

*Please highlight if the policy/proposal will help address socio-economic disadvantage.* None

**Climate Impacts:**

*Does the proposal support any Climate Plan actions? Please specify:* Not applicable

*What are the potential climate impacts as a result of this proposal?* Not applicable

*Will the proposal contribute to Glasgow's net zero carbon target?* Not applicable

**Privacy and Data Protection Impacts:** None

## **4 Recommendation**

- 4.1 It is recommended that Committee notes the progress made in terms of the recommendations implemented and **AGREE** that the Head of Audit and Inspection submits further reports on the status of outstanding recommendations.

## Appendix One – Progress since previous report

	Information Management	Review of Governance Arrangements	Investment Income	Review of Governance of Projects within the Business Plan	Total
Outstanding or not yet due as at 10 May 2021	1	1	1	2	5
Added to the Register during Period	0	0	0	0	0
Outstanding as at 1 November 2021	1	1	1	0	3
Not yet due as at 1 November 2021	0	0	0	0	0
<b>Implemented in Period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>2</b>

## Appendix Two – Outstanding Recommendations

Title	Recommendation	Priority Rating	Planned Implementation Date	Management Comments	Revised Implementation Date	Revised Implementation Date changes
SPF1718G / Information Management / Recommendation 4 (FSMS002/14/15(05))	A programme for drafting an Information Sharing Protocol for all 3rd party organisations with whom SPFO share information should commence. All parties should be required to sign these agreements.	Medium	30-Jun-18	<p>Recommendation is partially implemented.</p> <p>Data sharing agreements have been issued to all employers. Work is ongoing with Legal Services to monitor and ensure completion of these agreements, however work has been delayed as a result of the COVID-19 pandemic.</p> <p>A revised implementation date has been provided.</p>	<p>(i) <del>31-Mar-20</del></p> <p>(ii) <del>31-Mar-24</del></p> <p>(iii) <del>30-Sep-24</del></p> <p>(iv) 31-Dec-21</p>	4
SPF1920C / SPFO Governance / Recommendation 1	SPFO management should ensure that the newly established Crisis Management Team (CMT) meeting schedule is adhered to and that the meetings are minuted with any actions required included and followed up as necessary.	Low	31-Mar-20	<p>Implementation has been delayed as a result of the COVID-19 pandemic.</p> <p>A revised implementation date has been provided.</p>	<p>(i) <del>31-Mar-24</del></p> <p>(ii) <del>30-Sep-24</del></p> <p>(iii) 31-Dec-21</p>	3

Title	Recommendation	Priority Rating	Planned Implementation Date	Management Comments	Revised Implementation Date	Revised Implementation Date changes
SPF1920D / SPFO Investment Income / Recommendation 1	As part of the custodian tender renewal process, SPF Management should review and update the Securities Lending Agreement to ensure that this reflects the current arrangements in place. Thereafter, the document should be signed by all relevant parties.	Medium	31-Mar-21	<p>Recommendation is partially implemented.</p> <p>The Committee approved appointment of Northern Trust in November 2020. Work is ongoing on legal arrangements, including the Securities Lending Agreement.</p> <p>A revised implementation date has been provided.</p>	(i) <del>30-Sep-21</del> (ii) 31-Dec-21	2