

Falkirk Council Pension Fund

- Transactional Testing
- Business Continuity Planning

2019/20 Internal Audit Review

Substantial Assurance

IAA

Report Recipients:

Director of Corporate and Housing Services
Chief Finance Officer
Pensions Manager

1. INTRODUCTION AND SCOPE

- 1.1 This review of the Falkirk Council Pension Fund forms part of our 2019/20 coverage, agreed by the Pensions Committee and Pensions Board in June 2019.
- 1.2 Internal Audit, in conjunction with the Pensions Manager, identified the key risks relating to pensions transactions, and business continuity planning, and a Terms of Reference for the review was agreed (see **Annex 1**).
- 1.3 Falkirk Council is the Administering Authority for the Falkirk Council Pension Fund (the Fund). The Council is responsible for administering and maintaining the Fund, and is designated as a Scheme Manager under the Public Service Pensions Act 2013. The Council has delegated Fund business to a Pensions Committee consisting of Falkirk Council elected Members and Trade Union, Pensioner, and Employer representatives. Fund activities are also overseen by a Pension Board comprising four Employer and four Trade Union representatives.
- 1.4 Fund membership (see **Table 1**) comprises active, deferred, and pensioner members. To be eligible for Fund membership, individuals must be an employee of a participating employer and not eligible to join one of the other public sector pension schemes.

Table 1

Pension Fund Membership at 02 April 2020¹

Active	Deferred	Pensioners	Total
14,967	6,502	12,203	33,672

- 1.5 Administration of the Pension Fund is undertaken by the Council's Pensions Section, which utilises Altair Pensions Administration System (Altair). There are also ongoing agreements with the Lothian Pension

Fund to enable investment and legal expertise to be accessed as and when required.

- 1.6 Business Continuity Management is a 'holistic management process that identifies potential threats to an organisation and the impacts to operations those threats, if realised, might cause, and which provides a framework for building organisational resilience to safeguard the interest of its key stakeholders².
- 1.7 As set out in **Table 1**, over 33,000 scheme members (and around 30 employers) rely on the services that the Fund provides. It is therefore essential that suitable contingency arrangements are in place to reduce the effects of any incidents or events that could disrupt the critical activities of the Pensions Section and enable a smooth return to business as usual.
- 1.8 It is important to highlight that Internal Audit work has taken place during the current Covid-19 outbreak. This has resulted in the Pensions Manager activating the Pensions Fund's business continuity arrangements. To meet the challenge of keeping staff safe while continuing to deliver critical activities to fund employers and members, the Pensions Section are using a combination of home working and periodic access to the Municipal Buildings, with safe distancing and lone working guidelines appropriately enforced.

¹ Source: Pensions Section

²Source: International Standard for Business Continuity Management (ISO 22301)

2. AUDIT ASSURANCE AND EXECUTIVE SUMMARY

- 2.1 This review has focused on two areas: transactional testing; and business continuity planning.
- 2.2 We can provide **SUBSTANTIAL ASSURANCE** in both of these areas (see **Annex 2** attached for assurance category definitions).
- 2.3 In relation to transactional testing, we found the operational controls associated with the calculation of new member contributions; for paying or receiving transfer values; for refunding contributions; for calculating deferred pensions; and for making payments to retiring members or in respect of deceased Fund members were working effectively.
- 2.4 We were content, in particular, on the basis of the ongoing Pensions Section response to the Covid-19 outbreak and the continued delivery of critical activities, that business continuity arrangements enable the critical activities of the Pensions Section³ to continue. These arrangements are documented in the Pension Fund Business Continuity document. The business continuity arrangements depend on the availability of ICT facilities and swift activation has been possible because disaster recovery arrangements for key processes have been documented.
- 2.5 The Pensions Section has, however, encountered some challenges in activating the business continuity arrangements (for example, a reliance on paper records and being able to equip all members of the team with home working capacity). We have recommended that, once normal working arrangements have resumed, the Fund's Business Continuity Document is updated to reflect, where possible, how to address these challenges.

³ The payment of monthly pensions; retirement and death lump sums; and capital calls.

- 2.6 A summary of our recommendations is set out at **Section 4** of the report, with more detail provided at **Section 3**.

3. AUDIT FINDINGS

Remit Item 1: Transactional Testing

- 3.1 We reviewed a sample of 60 pension transactions covering the period since April 2019. These included new members, pension payments, paying or receiving transfer values, refunds to members, deceased members, and deferred pensions.
- 3.2 The main purpose of the transactional testing was to:
- confirm that there is supporting documentation that has been appropriately completed and authorised;
 - ensure that calculations of pension payments, transfers in, transfers out, refunds of contributions, and payments in respect of deceased members were accurate, and had been checked and authorised; and
 - ensure that Altair has been accurately updated.
- 3.3 From our review of these transactions, we were content that the information from the forms was being accurately input to Altair.
- 3.4 A summary of our findings from the transactional testing is at **Table 2**.

Table 2
Transactional Testing – Summary of Findings

Category	Sample Size	Appropriate Supporting Documentation Completed	Accurate Payments or Transfers	Altair Accurately Updated
New Members	25	✓	n/a	✓
Pension Payments	10	✓	✓	✓
Transfers Out	6	✓	✓	✓
Transfers In	5	✓	✓	✓
Refunds	4	✓	✓	✓
Deceased Members	5	✓	✓	✓
Deferred Pensions	5	✓	n/a	✓

3.5 For pension payments, we noted that interest was added to two of the lump sum payments as they were not paid within one month (as per the Local Government Pension Scheme (LGPS) Regulations). We were, however, satisfied that the delays in making the payments were not caused by the Pensions Section.

3.6 As part of transactional testing, we also reviewed the controls around i-Connect⁴ and the receipt of monthly employer contributions. i-Connect is currently used by 17 of the smaller employers from the Pension Fund⁵. Our testing confirmed that:

- the Pensions Officer reconciles the employee and employer contributions per Altair with i-Connect on a monthly basis to ensure that the data has been correctly transferred;
- the accuracy of the amounts paid in to the Pension Fund bank account each month were checked by the Accounting Assistant and employers were asked to provide an explanation for any differences between the actual and expected contributions; and

⁴ i-Connect is a web based application that allows the electronic exchange of encrypted data between the employers and the Pensions Administration System.

⁵ Falkirk Council, Stirling Council, Clackmannanshire Council, and SEPA are all due to commence using i-Connect in 2020/21.

- reconciliations between the ledger and the Pension Fund bank account were being conducted for each month, and these are reviewed by the Pension Fund's Senior Accountant.

3.7 The intention is that i-Connect will eventually be used by all Pension Fund employers.

Remit Item 2: Business Continuity Planning

3.8 The Pension Fund Business Continuity Document was approved by the Pensions Committee and Board on 06 December 2018. This sets out:

- the critical activities of the Pensions Section that would be prioritised in the event of service failure;
- the contingency arrangements of third party service providers;
- a framework for the maintenance of critical activities;
- alternative working arrangements to allow continuity of service; and
- the key roles and responsibilities in the recovery process.

3.9 The Council's Corporate Business Continuity Policy and Framework document (the Policy) was prepared in March 2018⁶. The Policy requires Chief Officers and Service Managers to undertake a business impact analysis for their area of responsibility and to prepare a Service business continuity plan. The business impact analysis for Corporate and Housing Services (which includes the Pensions Section) was recently updated in March 2020 and forms part of the Service's Business Continuity Plan.

⁶ The Policy was prepared by the Council's Emergency Planning Unit and the Corporate Risk Management Group was consulted before it was issued to Chief Officers.

3.10 The Council's Emergency Planning Unit (part of Development Services) is responsible for supporting services on Business Continuity Planning issues. This includes supporting services in undertaking risk and business impact analysis.

3.11 The Corporate and Housing Services Business Continuity Plan was prepared in October 2019 with the list of supported ICT applications and business impact analysis sections being updated in March 2020 as a result of the Covid-19 outbreak (the Business Continuity Plan contents are summarised at **Annex 3**). The Plan identifies the Pensions Section's key activities and ICT systems, and outlines the implications for the Council of a non-delivery of service. The Fund's Business Continuity Document should, therefore, be read in conjunction with the Corporate and Housing Plan⁷.

3.12 It is clear from the Fund's Business Continuity Document that the Pensions Section relies on the availability of various corporate systems, including Integra and the Council's IT infrastructure and internet facilities. The Pensions Section, however, predominantly use the Altair Pensions Administration System.

3.13 The contingency arrangements of third party service providers, including Aquila Heywood (the provider of Altair) are included in the Fund's Business Continuity Document. We reviewed the disaster recovery arrangements for Altair as part of our previous work (in 2017/18) on Data Security and Management and confirmed that the disaster recovery arrangements were documented and tested annually.

3.14 The Fund's Business Continuity Document sets out the roles and responsibilities for activating the plan, co-ordinating any subsequent actions, and for

notifying the Pensions Section team members. New employees in the Pensions Section are given a copy of the Fund's Business Continuity Document and the updated version (see paragraph 3.17) was issued to the existing staff of the Pensions Section.

3.15 The Fund's Business Continuity Document sets out the critical activities to be prioritised in the event of the document contents being activated. These are:

- the payment of monthly pensions and retirement and death lump sums; and
- paying capital calls and have access to key management information relating to the Fund's non-cash and cash holdings.

3.16 In addition, the Fund's Business Continuity Document outlines the contingency arrangements that are in place in different circumstances. These are:

- reduced employee numbers as a result of a pandemic or extreme adverse weather;
- loss of ICT facilities; and
- loss of premises.

3.17 We found these arrangements to be consistent with the Corporate and Housing Services Business Continuity Plan. The Fund's Business Continuity Document was recently updated (on 10 March 2020 – see **Annex 4**) to include the contact details of new members of staff and to expand the "reduced employee numbers" section to include the actions taken in the event of a pandemic. This is consistent with the current actions that are being taken across the Council during the Covid-19 coronavirus crisis.

3.18 We are, in general, satisfied that the Fund's Business Continuity Document is clear, concise, and comprehensive.

3.19 The Fund's Business Continuity Document includes details of testing that has been conducted by the

⁷ Testing of the Corporate and Housing plans that are in place for ICT systems, key personnel, working from home facilities, and team procedures was scheduled for April 2020, but this has been postponed as a result of the Covid-19 coronavirus crisis. The Corporate and Housing Services Business Continuity Plan will be finalised once this testing has been undertaken.

Pensions Section. The laptops that have been allocated to the senior members of the Pensions Section⁸ were tested in November 2018 to ensure that both Altair and Bottomline (for BACS payments) software were accessible. The file transferring software was also tested. The Pensions Manager advised that the card reader software has also had to be recently re-installed due to BACS software upgrades.

3.20 In addition, testing is conducted by the third party service providers to the Pensions Section. For example, for Altair, Aquila Heywood has shared their Disaster Recovery Plan and sends reports on their annual disaster recovery tests to their customers. As per paragraph 3.13, we also reviewed the disaster recovery arrangements for Altair as part of our previous work (in 2017/18) on Data Security and Management.

3.21 As per paragraph 1.8, the Covid-19 coronavirus crisis has resulted in the Fund's business continuity arrangements being activated during the course of our audit. Of the 20 employees in the Pensions Section, 18 have laptops⁹ and are either working fully from home or are working partly from home and partly by occasionally accessing the Municipal Buildings on a rotational basis. Two part time staff members (whose function is administrative support and who therefore would not normally use PCs or laptops) are working only in the Municipal Buildings as part of the agreed rota. The Pensions Manager and other senior members of the Pensions Section are maintaining regular contact with the whole team.

⁸ A "live" test is effectively conducted when team members remotely access systems using their laptops.

⁹ It is noted that two of the employees with laptops were only appointed in January 2020 and, given their lack of experience, it is difficult to allocate case work remotely to them.

3.22 The Pensions Manager is content that these arrangements will ensure that the critical activities¹⁰ can be completed successfully and on time. The Pensions Manager also confirmed that, to date, no interruption to service has been experienced in the Pensions Sections dealings with key providers¹¹ (all of whom have invoked their own contingency arrangements).

3.23 In activating the business continuity arrangements, the Pensions Section has found some challenges, in particular, to more effective home working. These include:

- an initial shortage of laptops;
- a lack of video conferencing facilities to improve command and control capability across the team;
- the Admin team's paper based record system;
- the need for better e-signature arrangements;
- the impact of reduced creditor runs; and
- access to the external post system.

3.24 We **recommend** that, once normal working arrangements have resumed, the Fund's Business Continuity Document is updated to reflect, where possible, how to address these challenges.

3.25 From reviewing the Fund's Business Continuity Document, we identified the following points which we **recommend** are also considered when it is next updated. These are:

- establishing a digital alternative to the need for a physical signature to authorise capital calls;
- reflecting that Altair can now be accessed from the Falkirk Council network;

¹⁰ Payment of April 2020 pensions, implementation of the 2020 Pensions Increase, and issue of P60s.

¹¹ Aquila Heywood (Altair Pensions Administration System); I-Connect (Data Communications Facility); Northern Trust (Custodian and Global Banker); and Critiqom (Pension Advice Slip Production).

- updating the home or remote working arrangements for the Pensions Section;
- updating the number of individuals in the Pensions Section;
- replacing the references to the Finance Business Continuity Recovery Plan with the more recent Corporate and Housing Business Continuity Plan; and
- adding a review date to the document.

4. RECOMMENDATIONS AND ACTION PLAN

Classification of Recommendations		
Grade 1: Key risks and / or significant deficiencies which are critical to the achievement of strategic objectives. Consequently management needs to address and seek resolution urgently.	Grade 2: Risks or potential weaknesses which impact on individual objectives, or impact the operation of a single process, and so require prompt but not immediate action by management.	Grade 3: Less significant issues and / or areas for improvement which we consider merit attention but do not require to be prioritised by management.

Rec. No.	Recommendation	Reason for Recommendation	Agreed Management Action	Responsible Owner	Action Due
1.	<p>The Fund's Business Continuity Document should be updated to reflect the lessons learned from activating the business continuity arrangements.</p> <p>Report Paragraph: 3.24 and 3.25</p> <p>Grade 2</p>	To ensure that business continuity arrangements are up to date, remain workable, proportionate, and effective in minimising service disruption.	Management will review the Fund Business Continuity Document to take account of the demands placed on the service – as referred to in paragraphs 3.24 and 3.25 – in relation to the Coronavirus pandemic. It is noted that certain measures required to improve resilience, such as the digitising of records may take a period of time to complete, whereas others technology based solutions may require a corporate approach.	Pensions Manager	<p>31 March 2021</p> <p>Note Provided that the normal working practices have resumed by 31 October 2020, management would look to complete a review of the Fund's Business Continuity Document by then and report this to the December meeting of the Pensions Committee and Board.</p>



Terms of Reference

Service:	Corporate and Housing	Audit Year:	2019/20
Director:	Stuart Ritchie	Audit Manager:	Gordon O'Connor
Pensions Manager:	Alastair McGirr	Lead Auditor:	David Macleod
Audit Area:	Pension Fund 2019/20		

SCOPE

As agreed by the Pensions Committee and Board on 27 June 2019, Internal Audit work during 2019/20 focused on two areas:

- Pension Fund Transactional Testing; and
- Pension Fund Business Continuity Planning.

Internal Audit reviewed the framework of internal controls in place to manage the risks in each of these areas.

PENSION FUND RISKS

Internal Audit work links to the undernoted risks highlighted in the Pension Fund Risk Register. The purpose of the Internal Audit review was to confirm and assess the adequacy of the internal control framework that prevents these risks from occurring.

Transactional Testing

- inaccurate member data on Altair or incomplete member data due to employer omissions;
- staff error or backlogs in Service delivery; and
- contributions to the Fund are not received, processed, or recorded completely and accurately.

Business Continuity Planning

- failure of IT systems including:
 - Altair; and
 - the wider Falkirk Council IT infrastructure;
- cyber security attack;
- loss of staff (e.g. pandemic, adverse weather);
- damage to premises through fire or water and potential loss of paper records; and
- failure or delay in paying pensioners.

REMIT ITEMS

We developed our work-plan to obtain the necessary evidence to provide assurance that appropriate systems are in place to mitigate the above risks. This was done by reviewing the following:

Transactional Testing

- new member contributions to the Pension Fund have been properly calculated by Fund employers;
- transferred in rights have secured appropriate benefits for members;
- transfers out and refunds have been properly calculated;
- correct payments have been made to retiring, and in respect of deceased, Fund members;
- controls around i-Connect (electronic transfer of data from employers creating starters and leavers) are operating effectively; and
- there are appropriate controls around the receipt of monthly contributions.

Business Continuity Planning

The arrangements for establishing the Pension Fund business continuity plan. To include:

- the clarity of ownership, accountability, and roles and responsibilities;
- the adequacy and robustness of the Fund's Business Continuity arrangements. To include Falkirk Council's Business Continuity Planning for the corporate systems that are relied upon by the Fund; and
- the availability of guidance, training, and support to Pensions Section staff.

DEFINITION OF ASSURANCE CATEGORIES

Level of Assurance	Definition
Substantial assurance	Largely satisfactory risk, control, and governance systems are in place. There may be some scope for improvement as current arrangements may undermine the achievement of objectives or leave them vulnerable to error or abuse.
Limited assurance	Risk, control, and governance systems have some satisfactory aspects. There are, however, some significant weaknesses likely to undermine the achievement of objectives and leave them vulnerable to an unacceptable risk of error or abuse.
No assurance	The systems for risk, control, and governance are ineffectively designed and operated. Objectives are not being achieved and the risk of serious error or abuse is unacceptable. Significant improvements are required.

Corporate and Housing Services

Business Continuity Plan – Summary of Contents

Contents

Section 1 – Guidance and Templates

- Purpose
- Plan Activation
- Incident Management Phase
- Business Continuity Phase
- Recovery and Resumption Phase
- Appendix A – Meeting Agenda
- Appendix B – Incident Log
- Appendix C – Record of Personal Items Lost or Damaged
- Appendix D – Finance Expenditure Record
- Appendix E – Debrief – Incident Report Form

Section 2 – ICT Application and Data Prioritisation List

Section 3 – Business Impact Analysis

Summary of Contents

The guidance and templates provide prompts on actions which may be taken in the initial stages of an incident.

The Director or a Chief Officer will normally activate and stand down the Business Continuity Plan (BCP). Where a meeting is called the agenda at Appendix A provides specific prompts for discussion. The BCP will be activated in response to an emergency causing significant disruption to normal service delivery / business, particularly the delivery of critical functions, e.g. loss of key staff or skills; loss of critical systems; denial of access to, or damage to, facilities; or loss of a key resource.

The Incident Management Phase includes protecting the safety of staff, visitors and the wider community; protecting vital assets e.g. equipment, data, reputation etc.; ensuring necessary communication takes place; supporting the Business Continuity phase; and supporting the Recovery and Resumption phase. The Incident Log at Appendix B should be maintained throughout the incident phase. A record of items lost or damaged by employees, visitors etc. as a result of the incident should also be logged in Appendix C. In addition, the Finance Expenditure Report at Appendix D should be used to log all expenditure that has been incurred as a result of the incident.

The Business Continuity Phase ensures that critical activities are resumed as quickly as possible and / or continue to be delivered during the disruption.

The Recovery and Resumption Phase is the resumption normal working practices for Corporate and Housing Services. The actions that can be taken during this phase include: carry out a 'debrief' of the incident and complete an Incident Report to document opportunities for improvement and any lessons identified (use Appendix E to do this); respond to any long-term support needs of staff; review the BCP in light of lessons identified from an incident and the response to it (implement any recommendations for improvement and update the BCP); and publicise that 'business as usual' has now been resumed.

The ICT Application and Data Prioritisation List includes the IT applications that are used for each business process, the recovery priority status for these applications, the recovery time objective, and the back up locations.

The Business Impact Analysis sets out details of critical activities and the resources required to deliver them both in 'business as usual' and in crisis situations.

Falkirk Council Pension Fund Business Continuity Document

1. Introduction

- 1.1 This document summarises the business continuity arrangements that are relevant to the Falkirk Council Pension Fund ("the Fund")
- 1.2 As a part of the Finance division of Falkirk Council's Corporate and Housing Services, the contingency arrangements set out in the Finance Business Continuity Recovery Plan are relevant to the Fund's operations and therefore form a major part of the Fund's own contingency arrangements. The Finance document includes details of when the Recovery Plan would be activated; the roles and responsibilities of key personnel; and key priorities depending on the reason for activation. Accordingly, this document should be read in conjunction with the Finance Plan.
- 1.3 The Fund uses various third parties to deliver certain key services in which case reliance is placed upon the contingency arrangements developed by these providers.
- 1.4 The Business Continuity Document for the Fund ("the BCD") does not seek to replicate the contingency arrangements documented elsewhere, but strives to bring the key elements together in a single usable document.

2. Aims and Objectives

- 2.1 The primary aim of the BCD is to document the arrangements that are in place to reduce the effects of any incident or event that could disrupt the critical activities of the Pensions Section and enable a smooth return to business as usual.
- 2.2 Critical Activities can be defined as those which have to be performed in order to deliver the key outputs and services which enable the Section to meet its most important and time-sensitive objectives.
- 2.3 The main objectives of the BCD are:
 - To identify critical activities that would be prioritised in the event of service failure
 - To identify the contingency arrangements of third party service providers
 - To provide a framework for the maintenance of critical activities
 - To identify alternative working arrangements to allow continuity of service
 - To identify key roles and responsibilities in the recovery process.

3. Prioritisation

- 3.1 In the event of a circumstance arising where normal service standards cannot be achieved, priority will be given to the **Payment of Monthly Pensions** and the **Payment of Retirement and Death Lump Sums**. A second order priority is to be able to pay capital calls and have access to key management information relating to the Fund's non-cash and cash holdings.

4. Third Party Service Providers

4.1 Aquila Heywood

- 4.1.1 Aquila Heywood are the providers of the computerised Pensions Administration System used by the Fund to undertake day to day pensions administration work including the calculation of lump sum and monthly pension payments.
- 4.1.2 The system is delivered using web enabled third party software and is known as Altair. The system is hosted, with back-ups and disaster recovery arrangements being the responsibility of Aquila Heywood.
- 4.1.3 The contingency arrangements are set out in Aquila's Application Service Provision Hosted Services Disaster Recovery Plan ([W:\Pensions Projects\ALTAIR_AM\Disaster Recovery\ASP Hosted DR Plan.pdf](#)). This explains the actions that will be taken in the event of a disaster recovery situation being declared and covers circumstances such as Internet Failure, Firewall Failure, VPN Failure, Hardware Failure and Site Failure.
- 4.1.4 Heywood operates from two separate data sites. Should one site fail, procedures are in place to transfer production to the alternative site. Where both sites fail, recovery will be performed from offsite tape backup to another Aquila Heywood or 3rd party location.

- 4.1.5 The recovery arrangements are tested on an annual basis and confirmation of the outcome communicated to users.

Key Aquila Heywood personnel are: Steve Garnett – CTO (Primary)
Kiran Paramashiva – Head of Hosting (Secondary)
Steve Haslam – Service Operations Manager
Matt Armitage – Client Relationship Contact

Telephone Nos: Steve Haslam - 0161 613 4329
Switchboard - 01737 859859 / 0161 613 4200

URL for Call Logging is:
<https://servicedesk.heywood.co.uk/Sostenuto/web/SContacts/>

4.2 I-Connect

- 4.2.1 I-connect is the middleware which some Fund employers use to upload contribution and member information to the Pensions Administration System. It is an Aquila Heywood product that can be used in conjunction with Altair.

4.2.2 Data back ups are taken on a daily basis using industry recognised backup and replication software.

- 4.2.3 Data is transferred from the production service to standby disaster recovery (DR) servers at regular intervals. Aquila Heywood will use its best endeavours to provide a resumption of service based on the previous night's data within 48 hours of a disaster affecting the production Data Centre. The disaster recovery facility is housed in a separate data centre, independent from the production data centre. Tests are conducted on a regular basis to confirm that files can be restored successfully from back up.

Key I-Connect contact is: John Dale (John.Dale@aquilaheywood.co.uk)
Telephone No: 0161 613 4205

4.3 Critiqom

- 4.3.1 Critiqom is the Bellshill based company that the Fund uses to print and despatch monthly payslips for pensioners. Assurance has been provided by Critiqom that they have suitable disaster recovery arrangements in place including the ability to switch printing production to other machines and to another site if necessary. The Fund retains a copy of the data file should this be corrupted at any stage in the end to end process.

- 4.3.2 The data file is transmitted to Critiqom using an Secure FTP internet connection located in the Council's ICT Suite. Should the connection fail, ICT has an alternative internet link located in the Hope Street Library, Falkirk along with broadband lines that could be utilised to transmit the data.

Key Critiqom contacts are: Anne Marie Campbell (anne-marie.campbell@critiqom.com)
Telephone No: 01698 847962

Paul McNally (paul.mcinally@critiqom.com)
Telephone No: 01698 847986
Mobile: 07909225619

4.4 Bacs

- 4.4.1 The Bank Automated Clearing System (Bacs) is the mechanism by which monthly pension payments are paid to destination bank accounts. The Fund uses Bottomline software to submit payment files to the Bacs system. A back up bacs server is located in the Hope Street Library, Falkirk, along with additional internet and broadband lines.

BACS Helpline 0370 156 6680

4.5 Royal Bank of Scotland (RBS)

RBS is the Fund's (and the Council's) bank for day to day banking services.

The Fund holds up to £5m at any given time with RBS in order to have available funds to pay scheme benefits including pensions and lump sums as they fall due.

RBS has confirmed that they have the capacity to switch their production to other locations throughout the country should their usual premises / systems be unavailable.

The Fund holds cash on short term deposit with a number of other institutions should the facility with RBS be impaired.

Key RBS contacts are:	David Rennie (david.ennie@rbs.co.uk)
Telephone No:	0131 523 3505
Mobile No:	07917 559 073
Telephone No:	Rosemary Smedley (rosemary.smedley@rbs.co.uk) 0131 523 7184
Telephone No:	Relationship Support Team 0131 523 3027
E-mail:	edinburghcoverageservice@rbs.co.uk
Bankline Helpline	0345 300 2952

4.5 **Integra**

- 4.5.1 Integra is the Council's Financial Information System.
- 4.5.2 As a web based system it can be accessed remotely with the necessary URL, logon and password information to allow users to have access to financial information.
- 4.5.3 A copy of integra data is taken nightly and written to a "warm start" server located in Hope Street Library, Falkirk. Should there be a requirement to switch to the alternative server, this would be facilitated by the Council's ICT service.

4.6 **Northern Trust**

- 4.6.1 Northern Trust is the custodian of the Fund's assets. It also undertakes other fund services for Falkirk such as a banking role in relation to paying capital calls and allocating income from assets to manager accounts.
- 4.6.2 Northern Trust provide a web enabled system known as Passport which can be used to access information about the Fund's assets. As a web based system it can be accessed remotely with URL, logon and password information.
- 4.6.3 Northern Trust produces a Service Organisation Control (SOC1) report on an annual basis which, inter alia, describes the organisation's technology framework including contingency arrangements.
- 4.6.4 They operate two data centres in Illinois which supports global custody processing. These are supplemented by a connected facility in London. Each data centre is designed to accommodate system testing and data backup. Critical data files are stored at both primary and backup locations. A further back up is held on tape and stored off site. Details can be found in Pages 101-105 of the SOC1 document - [W:\Pensions Projects\Investment Stuff\Compliance Statements and Reports\2017\NT Custody and Funds Services SOC 1 Report, September 2017.pdf](#)

Key Northern Trust contact is:	Stuart Hobson (sh104@ntrs.com)
Telephone No:	0207 982 2324

5. **Contingency Arrangements for Specified Local Circumstances**

5.1 **Reduced Staff numbers**

- 5.1.1 This scenario may arise in circumstances of extreme adverse weather or where there is a Flu Pandemic. The Pensions Section is a team of 16 individuals, so it is unlikely that all would be absent simultaneously. However, in an emergency situation, the focus would be on the priority work as outlined in Section 3.1.
- 5.1.2 In the event of a pandemic, the circumstances would be assessed on a daily basis. Home working would be undertaken, most likely on a rotational basis, balancing the need for social distancing; the need to undertake supervisory responsibilities in relation to the wider Pensions Team; and the need to have access to the Municipal Building for records, incoming mail and oversight of key system tasks (e.g. payroll production). At this time, visitors to the Municipal Buildings would be strongly discouraged and external meetings and non-essential travel curtailed. Staff across the Finance area could be co-opted to assist with this although there would be constraints

arising from knowledge/skills mismatches. There may also be a requirement for additional hours working after the return to normality.

5.1.2 In the event of adverse weather, staff should check the Council website for any updates regarding the potential closure of premises. The Pensions Manager and senior colleagues will liaise with the rest of the team to provide necessary information. Staff should follow the processes set out in the Council's [Adverse Weather Policy](#).

5.1.3 As the Pensions Administration System (including the Payroll module) is web-enabled, it is possible to run a limited service remotely. A number of the Pensions team have been equipped with laptops for this eventuality.

5.2 Loss of ICT Facilities

5.2.1 Corporate and Housing Services has in place an ICT Disaster Recovery Plan designed to restore the Council's corporate computing facilities as soon as possible in the event of a serious incident. This is outlined in Appendix 1 – ICT Business Impact Analysis – of the Finance Business Continuity Recovery Plan.

5.2.2 Systems which are supported through desktop servers are not included in the ICT Recovery Plan, however back up of relevant data is implemented on a daily basis and stored in a fire proof safe within Municipal Buildings.

5.2.3 A generator is located at Municipal Buildings and this provides continuous power for ICT systems for up to 8 hours in the event of a power failure.

5.2.4 Six members of the Pensions Team are equipped with laptops which, depending on the ICT facilities not functioning, may allow some services to be accessed by team members (e.g. Altair). For staff without lap tops, work in the Section that does not involve computers will be allocated by the Pensions Manager or senior team members.

5.3 Loss of Premises

5.3.1 The Finance Business Continuity Recovery Plan indicates that, if necessary, staff will be re-located to alternative locations on a Service Priority basis, based on the resource requirements outlined set out in the Plan.

5.3.2 As outlined in 5.2.4, six members of the Pensions Team are equipped with laptops for remote workings from home or from an alternative location.

6. Critical Activities

6.1 This Section looks at the resources needed by the Pensions team in order to undertake high level key tasks in adverse circumstances.

6.2 Monthly Pensioner Payroll Run

6.2.1 The Senior staff would use a combination of remote access capacity (i.e. laptop and internet access) and access to ICT's alternative Bacs server to process any payment runs.

6.2.2 The table below highlights the key stages of the process and the necessary resources that are required:

No.	Element	Resource Needed
1	Payroll Calculate	Internet Access to Altair
2	BACS File	Internet Access to Falkirk Network for Bottomline software and Card Reader hardware and card reader software
3	Pay Advices	Internet Access to Altair and Internet Access to Falkirk Network for FTP software
4	HMRC FPS Transmission	Internet Access to Altair
5	Third Party Reporting	Internet Access to Altair Internet Access to Falkirk Network for Mailing Reports
6	Costing	Internet Access to Altair, Internet Access to Falkirk Network for Excel and FTP

Supplementary Notes

- Checklist of instructions is held in the Fund's fire proof safe.
- Laptops have been tested (Nov. 2018) to ensure that Altair is accessible
- Laptops have been tested (Nov. 2018) to ensure Bottomline software accessible
- Card Reader software on laptop – Full test scheduled Dec-Jan 2018/19
- FTP software tested on laptop
- Costing and Pay Advice Request Forms held in Fund's fire proof safe
- Staff will require access to relevant logons and passwords off site

6.3 Payment of Retirement and Death Lump Sums

- 6.3.1 Retirement and death lump sums are generated by the Pensions Team on instruction to the Council's creditors team. Payments are processed in batches (i.e. creditor runs) using Integra – the Council's Financial Information System.
- 6.3.2 Should there be a server failure, a payments file could be generated from a backup server is located off-site location in Falkirk. ICT would facilitate the switch in production servers.
- 6.3.3 In the event of a failure in the Integra software, the Council's Treasury team have the facility to make faster payments or CHAPS payments using the Bankline system of the Council's bankers, Royal Bank of Scotland. There is also a facility to make lump sum payments by running supplementary pay runs in Altair.

6.4 Payment of Capital Calls

- 6.4.1 This scenario exists where the Fund has made commitments to an investment vehicle where cash is drawn down from the Fund in stages. Failure to meet payment deadlines can result in penalties and reputational damage.
- 6.4.2 Payment instructions are emailed to the Pensions team. This information requires access to the email server and any log in / password information relating to the manager in question. Access to the email server can be undertaken remotely. If, exceptionally, access is unavailable, Pensions would ask the Lothian Fund (and Northern Trust) to alert us to any pending capital calls.
- 6.4.3 The payment instruction to Northern Trust can be initiated remotely. The process currently requires the physical signature of one of the Fund's authorised signatories. Discussions are underway with Northern Trust regarding a digital alternative to this single method of authorisation.
- 6.4.4 Authorised signatories for the Fund are Bryan Smail, Danny Cairney and Margaret Smith (each of their contact details are listed on the following page).

7. Roles and Responsibilities

- 7.1 A copy of the Business Continuity Document is retained off site by each of the senior members of the Pensions Team.
- 7.2 In the event that any element of the Business Continuity Document requires to be activated, the Pensions Manager will liaise with the Chief Finance Officer (and if appropriate) the Chief Executive and Director of Housing and Corporate Services.
- 7.3 The Pensions Manager will also liaise with the Fund Accountant and other Pensions Officers with a view to information being cascaded to other team members.

Pensions Manager
Pensions Section
10 March 2020