

## IT Deficiencies

### Inappropriate developer access to the production environment

#### Allocation of SAP\_ALL and SAP\_NEW profiles to service and dialog accounts

- SAP\_ALL profile has been allocated to 13 service accounts and 2 dialog accounts
  - *Response: These are Service users that have access to all Company codes as these user ids are used to run background jobs. Only two dialog users have this access which is granted for the completion of batch jobs only.*
- SAP\_NEW profile has been allocated to 9 service accounts and one dialog account
  - *Response: These are Service users that have access to all Company codes as these user ids are used to run background jobs. Only one dialog user has this access which is granted for the completion of batch jobs only.*

#### The standard SAP account DDIC has not been locked

- The SAP DDIC account by default has the highest system privilege and is often associated with background processes, our review identified that this account whilst set as a system account, is also being used for 'firefighting purposes' and is not locked.
  - *Response: This user is used for upgrade purposes only and not for firefighting. The account has been locked.*

#### Inappropriate user access rights allocated to users and generic accounts

- Transaction codes (T-codes) are used to execute particular tasks in SAP. The PFCG T-code is used for monitoring and managing roles and authorisation data; and the SU01 T-code is used for user maintenance.
- 21 users had been assigned the SU01 transaction code.
  - *Response: This is to allow Admin Service Desk users to perform user maintenance and user creation.*
- 22 users had been assigned the PFCG transaction code.
  - *Response: This is to allow admin colleagues to assign roles. Roles are assigned to a user's post and not directly to a user.*
- The generic user account SAPSUPPORT has also been assigned the SU01 and PFCG transaction codes with an end date of 01/12/2021.
  - *Response: This is a firefighter role which is used for SAP Support and is only unlocked for a short period of time as and when required.*
- The generic user account SAPSUPP has also been assigned the SU01 and PFCG transaction codes with an end date of 25/04/2021.
  - *Response: This is a firefighter role which is used for SAP Support and is only unlocked for a short period of time as and when required.*

### **Management expenses**

Issue and risk: From our testing of management expenses, we identified that expenses which are in other currencies such as EURO and USD were not translated to GBP, hence creating foreign exchange differences which were trivial. The supporting documents which were provided by management did not tie up and resulted in a difference of £452k between the amount in the accounts and the evidence which management provided. A fund manager expense of £76k was not included as part of management expenses.

Although the errors resulting from the above issues are immaterial to the 21/22 accounts, if management do not address the issues identified, this could lead to higher errors in the future.

We recommend that management put in place controls to ensure that all expenses are properly recorded, translated to the correct currency and agree to the supporting documents.

*Response: The template for calculating investment management expenses will be improved to include formulae to translate Euros and US dollars to GBP. Also, a formula to double check the totals will be added.*

### **List of Scheduled and Admitted bodies**

Issue and risk: We identified from our testing of employer body changes, that for Action for Children, the Barnett Waddingham report showed it as a newly admitted body in 19/20, however the pension fund did not show it as an admitted body until 21/22 due to delays in receiving a signed admission agreement and the pension fund updating their systems.

Chartwells Ltd (Oakgrove School) cessation report shows cessation on 31/07/2020 from the Barnett Waddingham report when the last member left, however the Pension fund did not remove it as an admitted body until 21/22 due to delays in receiving a cessation report and the pension fund updating their systems.

Management should have controls in place to ensure that Note 21 (List of admitted and scheduled bodies correctly reflects employer bodies which have joined or left pension fund during the year.

*Response: The cessation reports and admission agreements will be collated as part of the process of drafting the accounts and the start / cessation dates checked. Since the actual cessation payment / receipt could be later than the cessation date in the report a body could still be part of the Fund even though they don't have any active members.*

### **Errors identified from member data controls testing**

Issue and Risk: We identified 2 starters which were created in error via iConnect as the team was learning how to use the iConnect system when the system initially went live. The starters should not have been included on the Starters list.

We identified 15 starters where system records and statutory notices were created or sent out at a later date than the employment date. This was due to late setup in Altair.

We also identified 5 samples where statutory notices were not sent out due to system error with the starters not being flagged as needing statutory notice.

We were able to confirm that for the samples tested, the issues above did not affect the contributions amount and the correct contribution was still paid by the employers and the employees. It is best practice for management to ensure system records are updated on time as this can lead to an error in the future.

The Pension fund also incorrectly classified an undecided leaver as leaver.

Recommendation: We recommend that management put in place controls to ensure that starters and leavers information are correct and there is no double counting. Statutory notices should be sent from the Fund to the new members informing them of their membership to the Fund. Leaver notification form should be received for the employee confirming a leave date and signed by a member of staff at the employer body before leaver entitlement is determined.

*Response: Starters - we have a procedure where these are identified in two ways. Firstly, where no data is submitted for an active record via i-Connect (IC), an automatic reconciliation workflow is created named 'Actives not updated'. This will identify whether this is a leaver or identify that a duplicate record was created. Where it is duplication, the Employer Liaison Team (ELT) merge the records and delete the duplicate. For all new records created, an iSTART workflow is also created which the Pensions Assistants review in order to add any service history data or create aggregation workflow where appropriate. They also check that it is a genuine new starter. If it isn't, the above IC reconciliation workflow may already exist for ELT to address. If not, the Pensions Assistants create a MERGE workflow so it can be dealt with.*

*Leavers – there is no requirement in the LGPS Regulations for a Scheme Employer to provide an Administering Authority with a hard copy Leaver Notification Form. Employers inform BPF of all leavers via IC and this meets the requirement set out in Section 1 of the LGPS Payroll Guide. Each authorised user at the Scheme Employer has an individual log on for IC. When they access IC and submit their monthly data, including leavers, there is an audit trail showing the full submission, date & time of submission and the details of the authorised employee at the Scheme Employer who made the submission.*

*Statutory Notifications - there is an ongoing issue with Statutory Notifications. The Statutory Notice itself hasn't been revised for some time and there are cases where members are not being identified by the Statutory Notice report. The Senior Systems Officer has looked into it, but so far, hasn't been able to resolve the issue. Where we do identify these cases a Statutory Notice is issued immediately. The Senior Systems Officer has a specific objective for this quarter to fully review the Statutory Notice procedure/report, and work with our software provider to resolve the issue.*