

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
10th October 2024

KEY FINANCIAL CONTROLS REPORT

Purpose of the Report

1. The purpose of this report is to highlight the significant issues in relation to the Fund's key financial controls.

Background

2. The purpose of this report is so that the Committee and Local Pension Board can easily review key areas of financial controls and monitor progress against planned improvements.

Key Considerations for the Committee / Risk Assessment / Financial Implications

Accounts and Annual Report

3. Final sign off for the full Wiltshire Council Accounts for 2019/20 has progressed, subsequent to finalising the council accounts Deloitte raised new issues on the pension fund accounts for this period. Officers are responding to these new questions and are working to finalise these statements. Any agreed changes will be brought to committee.
4. Sign off for the accounts on periods ending 2020/21 and 2021/22, 2022/23 continues to be delayed, the Pension fund accounts form a part of the full Council accounts and the delay, which is due to an issue within the Wiltshire Council figures, has meant the pension fund accounts have not received their final audit opinion for inclusion in the annual report. The council are making progress on these outstanding statements, the pension fund has not received any further queries yet from Deloitte on these periods.
5. To ensure we comply with The Pensions Regulator (TPR) requirement to publish the report, they are available on the website for all years with a note in the audit report section explaining the unaudited status.
6. A draft set of accounts for 2023/24 has been prepared, these were provided after the 31st May deadline due to issues caused by the Oracle system implementation. Interim audit work has been undertaken by Grant Thornton and fieldwork on final audit started in July. Auditors assessed audit risk as high this year, due to various factors (implementation of new financial system during year, GT auditing council for the first time and council not having previous financial year reports signed off). High audit risk is affecting materiality in the way that creates more testing and sampling. This is impacting workload of the team significantly. Work is progressing well with a final push being made to clear all sampling. The in depth review has identified some amendments which will be required to the statements of accounts.

Quarterly Financial Performance Dashboard

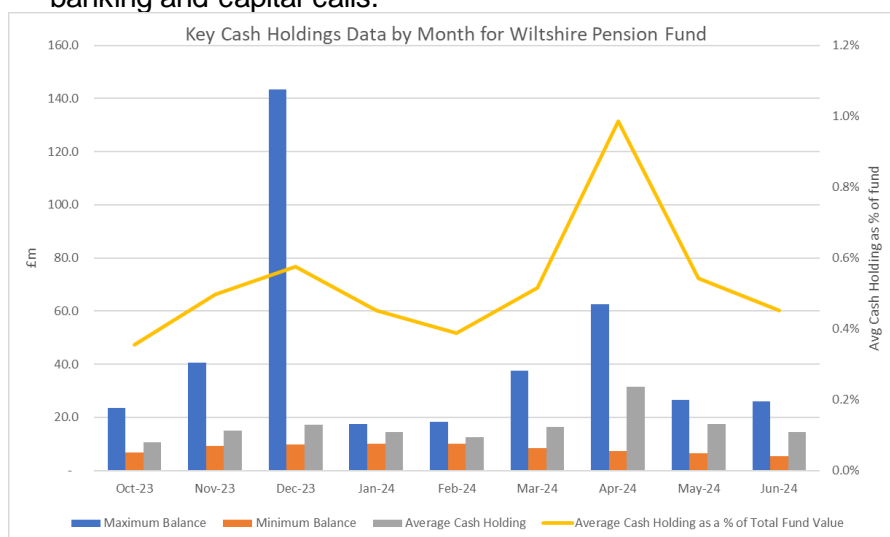
Wiltshire Pension Fund - Key Financial Controls Dashboard				
Control Area	RAG	Items reviewed under this control area	Comments on Performance	Ongoing Actions
	Aug-24			
1. Employer Contributions		Timely and accurate payment of employer contributions each month.	See summary performance table for full details. Almost all employers paying on time and with the correct rate. New reconciliation process established between I connect and banking	None
2. Cashflow, banking and capital calls		Maximum and minimum cash balances, private markets capital calls and distributions and treasury performance.	See summary performance table for full details.	None
3. Balance Sheet Reconciliations		All balance sheet control codes are reviewed for accuracy and outstanding issues.	All control codes have been reviewed and checked, no unexplained balances prior to Evolve implementation. Year end balance sheet balances have been reviewed and are all acceptable. New bank reconciliation set up with move to Oracle and moved from corporate finance team to pension accountancy	Refreshing working documents for future work with Oracle system and rolling forward previous year working papers.
4. Altair Checks		Check between the ledger and pension admin system (altair) that any transactions, such as payments or receipts match the admin system.	New integrated payments process removes the need for these checks. New control measures will be designed.	Development of new reporting checks.
5. Financial Budget Reporting		Review of year to date and forecast operating budget performance, or any unusual monthly movements on the overall fund account.	Issues with the new system have prevented reporting against the budget expenditure. New starters in the finance team will bring capacity to address this issue.	Get the processes up and running again following the evolve implementation.
No material concerns				
Minor issues				
Major issues				

7. The following table provides further details for performance dashboard item 1. Employer contributions.

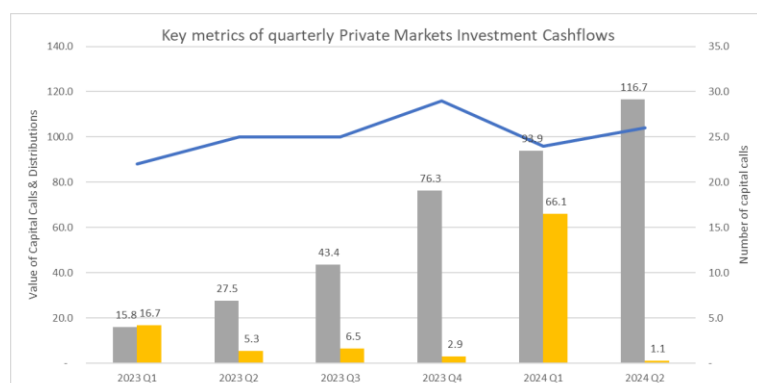
Quarter	Payroll Month	Paid contributions £000's				Average late and overdue contributions total days		Number of employers payments status		
		Total Payment	On Time Payment	Late Payment	Late Payment %	Days Late Recd	Days Overdue	On time	Late	Not Received
Q1	Apr-24	8,982	6,528	2,455	37.6%	3.0	-	156	9	-
Q1	May-24	8,958	8,127	831	10.2%	6.3	-	159	6	-
Q1	Jun-24	9,106	8,214	892	10.9%	5.6	-	160	5	-
Q2	Jul-24	9,142	9,118	24	0.3%	4.2	-	159	6	-

8. The majority of the late payments are received within a day or two of the deadline and all employers who have not paid are contacted immediately after the deadline day to remind them to pay. A small number of employers increase the days late received, persistently late payments or employers where we have problems are discussed in the employer data and contributions working group are appropriate actions are agreed relevant to each employer.

9. The following graph provides further details for performance dashboard item 2. Cashflow, banking and capital calls.



10. Cashflow activity for private markets capital calls have continued to be met as commitments are called. The large investments in Q2 2024 are payments to a new investment commitment in Clops and to fund our existing commitment to an affordable housing fund.



11. Following the implementation of the evolve system the ability to report against the operational fund budget has been disrupted. Invoices to suppliers are being paid and staff are being paid, the issue has been getting the reporting up and running. Now the accounting team is fully resourced and our understanding of the new evolve system has improved, budget reporting will be re-established.
12. Officers are approving spend in line with how the budget was set and within the staffing establishment that was agreed. However, given the inability to report and accurately forecast there is a risk of an unexpected overspend. There are potential expenditure risks this year, with a new actuary, investment advisor and the payroll implementation project being just a few.
13. We expect to have budget reporting and forecasting available by the end of December 24 for reporting to the committee.

Environmental Impacts of the Proposals

14. There is no known environmental impact of this report.

Safeguarding Considerations/Public Health Implications/Equalities Impact

15. There are no known implications at this time.

Proposals

16. The Committee is asked to use this report to monitor progress against resolving the issues which have been identified.

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Unpublished documents relied upon in the production of this report: NONE