

Audit Findings & Management Action Plan – June 2024

| Finding 1.  | Action  |                       |         |                       |         |                            |                          |  |  |                  |                                |  |  |
|---|---|-----------------------|---------|-----------------------|---------|----------------------------|--------------------------|--|--|------------------|--------------------------------|--|--|
| <p><b><u>Risk Register</u></b></p> <p>The Pension Fund has some elements of a risk management framework in place including service risk registers, a strategic risk register, regular review of controls and discussions of emerging risks, and reporting of headline risks to Committee.</p> <p>Managers are engaged with the process and the embeddedness of risk management has improved significantly over approximately the past two years. However, there are elements that are already in place that require improvement and some gaps identified as part of our audit review, such as:</p> <ul style="list-style-type: none"> <li>• No documented risk management policy in place;</li> <li>• No guidance for officers on risk wording;</li> <li>• No set risk appetite;</li> <li>• Dates missing from the risk register to identify when a risk was added, reviewed or updated; and</li> <li>• No recording of inherent risk on the register.</li> </ul> <p>It has not been previously defined, or clear, how the Pension Fund’s risk management processes should align with the Council’s framework. The Council has recently launched a new risk management framework, and the expectation of the current S151 Officer and Treasurer to the Fund is that the Pension Fund should now be working towards compliance with the Council’s own established risk management framework.</p> | <p>Following on from the recent launch of the Council’s new risk management framework, the Pension Fund’s arrangements will be further developed in order to align with the Council’s framework. Plans are in place to perform a gap analysis and identify the necessary actions with the Pension Fund Committee.</p> <p>In the shorter term, we will work with the S151/Treasurer of the fund to ascertain what the risks to the Council are and where these sit as they do not form part of the operational risk register that we manage within the Pension Fund by the end of July.</p> <table border="1" data-bbox="1137 986 2119 1181"> <tr> <td data-bbox="1137 986 1384 1040"><b>Priority</b></td> <td data-bbox="1384 986 1630 1040">2</td> <td data-bbox="1630 986 1863 1040"><b>SWAP Reference</b></td> <td data-bbox="1863 986 2119 1040">AP#4343</td> </tr> <tr> <td data-bbox="1137 1040 1630 1133"><b>Responsible Officer</b></td> <td colspan="3" data-bbox="1630 1040 2119 1133">Head of the Pension Fund</td> </tr> <tr> <td data-bbox="1137 1133 1630 1181"><b>Timescale</b></td> <td colspan="3" data-bbox="1630 1133 2119 1181">31<sup>st</sup> December 2024</td> </tr> </table> | <b>Priority</b>       | 2       | <b>SWAP Reference</b> | AP#4343 | <b>Responsible Officer</b> | Head of the Pension Fund |  |  | <b>Timescale</b> | 31 <sup>st</sup> December 2024 |  |  |
| <b>Priority</b>   | 2   | <b>SWAP Reference</b> | AP#4343 |                       |         |                            |                          |  |  |                  |                                |  |  |
| <b>Responsible Officer</b>  | Head of the Pension Fund  |                       |         |                       |         |                            |                          |  |  |                  |                                |  |  |
| <b>Timescale</b>  | 31 <sup>st</sup> December 2024  |                       |         |                       |         |                            |                          |  |  |                  |                                |  |  |

| Finding 2.  | Action   |                       |         |                       |         |                            |                     |  |  |                  |                    |  |  |
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| <p><b><u>Quality Assurance</u></b></p> <p>The Fund has implemented a new Quality Assurance (QA) process, with a Quality Assurance and Sample Checking Guide having been approved in April 2024 by the Administration Lead. The new process addresses some weaknesses previously identified in the January 2023 Key Controls review, namely:</p> <ul style="list-style-type: none"> <li>• The new policy defines the number of cases to be quality checked (25 per week); and</li> <li>• There is now a clear separation between the quality assurance and authorisation process.</li> </ul> <p>However, we identified the following issues with the process at the time of our review:</p> <ul style="list-style-type: none"> <li>• There is no separate record of the quality checks that are being carried out. A log should be maintained of how many quality checks were completed, who completed them, which task they related to, which officer completed the task initially, and what errors or discrepancies were identified. This would help provide assurances that samples selected are representative and include a range of officers and tasks. Importantly, this would also provide the data to allow the Fund to carry out trend analysis and identify common errors/discrepancies and further training needs for officers;</li> <li>• There is currently no monitoring of how many Quality Assurance checks are carried out against the agreed weekly target; and</li> <li>• At the time of our review the current QA Lead also had the role of authoriser. Whilst it is expected that QA is done by the Administration Lead where the QA Lead has completed an authorisation, this was not written into the guide. We have since been informed that the guide has now been updated to address this.</li> </ul> | <p>We have begun to pull together a log of the quality assurance work that is taking place and will continue to develop this log and monitor the number of QA checks that are taking place each week.</p> <p>The policy has been updated to address the issue of quality checkers also carrying out authorisations.</p> <table border="1" data-bbox="1131 837 2116 1093"> <tr> <td data-bbox="1131 837 1377 885"><b>Priority</b></td> <td data-bbox="1377 837 1624 885">2</td> <td data-bbox="1624 837 1870 885"><b>SWAP Reference</b></td> <td data-bbox="1870 837 2116 885">AP#4477</td> </tr> <tr> <td data-bbox="1131 885 1624 933"><b>Responsible Officer</b></td> <td colspan="3" data-bbox="1624 885 2116 933">Administration Lead</td> </tr> <tr> <td data-bbox="1131 933 1624 1093"><b>Timescale</b></td> <td colspan="3" data-bbox="1624 933 2116 1093">31st December 2024</td> </tr> </table> | <b>Priority</b>       | 2       | <b>SWAP Reference</b> | AP#4477 | <b>Responsible Officer</b> | Administration Lead |  |  | <b>Timescale</b> | 31st December 2024 |  |  |
| <b>Priority</b>   | 2  | <b>SWAP Reference</b> | AP#4477 |                       |         |                            |                     |  |  |                  |                    |  |  |
| <b>Responsible Officer</b>  | Administration Lead  |                       |         |                       |         |                            |                     |  |  |                  |                    |  |  |
| <b>Timescale</b>  | 31st December 2024   |                       |         |                       |         |                            |                     |  |  |                  |                    |  |  |

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| <b>Finding 3.</b>  | <b>Action</b>   |  |                               |
| <b><u>Introduction of i Connect, the Employer Scorecard and Administrative Charges</u></b>   | We will continue to encourage employers to join i-Connect. We have carried out research into how other Fund’s administer interest for late payments and our own policy on this will be agreed as part of the overarching Administration Strategy. |  |                               |
| Our previous audit of this area included an action for the full introduction of i-Connect, the data portal between employers and the Pension Fund, along with the Employers Scorecard and the introduction of Administrative Charges for participating employers who are not using i-Connect correctly. Although further progress has been made in moving the participating employers to i-Connect, we understand that this project has only recently restarted after a lengthy suspension. The Wiltshire Pension Fund Business Plan 2024-27 (approved by the Wiltshire Pension Fund Committee on 28th March 2024) includes an objective to have all Employers using i-Connect by 2027, but we feel that a more ambitious target would be appropriate. |   |  |                               |
| We can see from the Contributions Monitoring Report that there are some employers who do not make their contribution payments by the due date and we would suggest that in conjunction with the introduction of i-Connect, the Employer Report Card and Administration Charges, the fund should consider charging interest for late payments.  | <b>Priority</b>   | <b>3</b>   | <b>SWAP Reference</b> AP#4417 |
| <b>Responsible Officer</b>   |   | Employers Services Manager and Administration Lead |                               |
| <b>Timescale</b>   |   | 31 <sup>st</sup> December 2024                     |                               |

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| <b>Finding 4.</b>  | <b>Action</b>  |   |                               |
| <b><u>Complaints Monitoring &amp; Reporting</u></b>  | Altair workflows for complaint reporting to be updated to include clear column headings, mandatory field completions (e.g. casework opening dates without times), updated commentary boxes to encourage timeline construction, and closure determination statuses. |   |                               |
| Testing of complaints received throughout the year were found to be adequately recorded, monitored and resolved by the Governance Manager. All complaints are detailed in the Performance Report to the Board, which also included an outline summary.   |  |   |                               |
| We were provided with a report from Altair that contained 20 complaints, however it was identified from the Performance report that there had been 58 informal complaints and 28 formal complaints listed for 23/24. This means that only 23% of complaints were recorded on Altair, indicating that the process relies heavily on manual intervention to obtain accurate complaints data from Altair. |  |   |                               |
| Reporting could be improved by upgrading Altair's existing workflows, specifically downloading reports with clear column headings, requesting extra mandatory field completions such as casework opening dates with times, providing better commentary boxes to encourage casework timeline construction, and adding extra fields such as determination statuses on closure.                           | <b>Priority</b>  | <b>3</b>                                | <b>SWAP Reference</b> AP#4342 |
| <b>Responsible Officer</b>   |  | Operations Manager & Governance Manager |                               |
| <b>Timescale</b>   |  | 30 <sup>th</sup> September 2024         |                               |

| Outstanding Actions from January 2023 Pensions Key Controls Review  |  |                |        |                |        |                     |  |  |  |           |                             |  |  |                   |                               |  |  |
|---|--|----------------|--------|----------------|--------|---------------------|--|--|--|-----------|-----------------------------|--|--|-------------------|-------------------------------|--|--|
| Finding   | Action   |                |        |                |        |                     |  |  |  |           |                             |  |  |                   |                               |  |  |
| <p><b>J: KPIs, Reports and Monitoring of Staff Productivity</b></p> <p>A weekly KPI report is produced and monitored by the Management team to help determine if tasks are being completed in line with the agreed SLAs. We reviewed the KPIs report and identified the following issues:</p> <p><b>Inaccuracy of KPIs</b></p> <ul style="list-style-type: none"> <li>The aggregations KPIs were not accurate as it did not include aggregations where a workflow had not been set up.</li> <li>The Status 2 KPIs fall under the leavers data but this was not accurate as it did not include Status 2 members where a workflow had not been set up and did not include ‘Status 2 Chase’ workflows.</li> <li>The backlog of transfers in allocations was not flagged as an issue.</li> <li>The weekly KPI reports were not consistent with themselves as each week the closing position for the previous week did not agree to the new opening position. We were advised that this has been raised with the systems external support team; Heywoods.</li> </ul> <p><b>KPIs not captured</b></p> <ul style="list-style-type: none"> <li>There are no KPIs to monitor the progress of overpayment aged debt chasing.</li> <li>There are no KPIs to monitor new joiners processing.</li> <li>There are no KPIs to monitor amendments processing.</li> </ul> <p>We also reviewed how the Fund monitors the data recorded for active members to ensure the data quality requirements set by The Pensions Regulator are met. We were advised that a data quality report can be run but this is only done on an ad hoc basis and the results are not reported to management to monitor.</p> <p>Finally, we reviewed how the Fund monitors staff productivity and found a weekly report has been introduced for the Member Services Team. For each type of task, the management team have determined an average time it should take to complete. A report is then produced weekly to look at the tasks which have been completed against the team members availability. In return a productivity percentage is produced. This is not yet live for the Employer Services Team but is in the testing phase.</p> | <p>We will review the KPIs and address the inaccuracy issues identified.</p> <p>We will introduce KPI monitoring for overpayments, new joiners, amendments.</p> <p>We will regularly monitor the data quality for active members and ensure the requirements set by The Pensions Regulator are met.</p> <p>We will implement the staff productively monitoring report in the Employer Services Team.</p> <table border="1"> <tr> <td>Priority</td> <td>2</td> <td>SWAP Reference</td> <td>AP#434</td> </tr> <tr> <td>Responsible Officer</td> <td colspan="3">Head of Wiltshire Pension Fund and Employer Services Manager (once in post), and Member Services Manager</td> </tr> <tr> <td>Timescale</td> <td colspan="3">30<sup>th</sup> April 2023</td> </tr> <tr> <td>Revised Timescale</td> <td colspan="3">31<sup>st</sup> October 2024</td> </tr> </table> | Priority       | 2      | SWAP Reference | AP#434 | Responsible Officer | Head of Wiltshire Pension Fund and Employer Services Manager (once in post), and Member Services Manager |  |  | Timescale | 30 <sup>th</sup> April 2023 |  |  | Revised Timescale | 31 <sup>st</sup> October 2024 |  |  |
| Priority  | 2  | SWAP Reference | AP#434 |                |        |                     |  |  |  |           |                             |  |  |                   |                               |  |  |
| Responsible Officer   | Head of Wiltshire Pension Fund and Employer Services Manager (once in post), and Member Services Manager   |                |        |                |        |                     |  |  |  |           |                             |  |  |                   |                               |  |  |
| Timescale   | 30 <sup>th</sup> April 2023  |                |        |                |        |                     |  |  |  |           |                             |  |  |                   |                               |  |  |
| Revised Timescale   | 31 <sup>st</sup> October 2024  |                |        |                |        |                     |  |  |  |           |                             |  |  |                   |                               |  |  |
| <p><b>January 2024 Update</b></p> <p>We agree with the Fund’s assessment of 70% progress made against this action. Terminated cases and additional KPIs were covered as part of SWAP’s KPI review. Overpayment aged debt chasing is being reported on and the procedure for chasing up is under review.</p>   |  |                |        |                |        |                     |  |  |  |           |                             |  |  |                   |                               |  |  |
| <p><b>June 2024 update</b></p> <p>The Fund has completed the majority of the work required to address the issues identified. Work was initiated on addressing the finding relating to overpayments however, since the Council moved to Oracle it has been unable to get the required data from the Oracle system. We understand that aged debt reports should be available but are currently not working. The Fund is moving to Altair Payroll later this year and the integrated system will rectify this issue going forward. We have revised the timescale to take into account the dates for migration to Altair Payroll and subsequent work required to address overpayment aged debts.</p>  |  |                |        |                |        |                     |  |  |  |           |                             |  |  |                   |                               |  |  |