

WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD
22nd May 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.

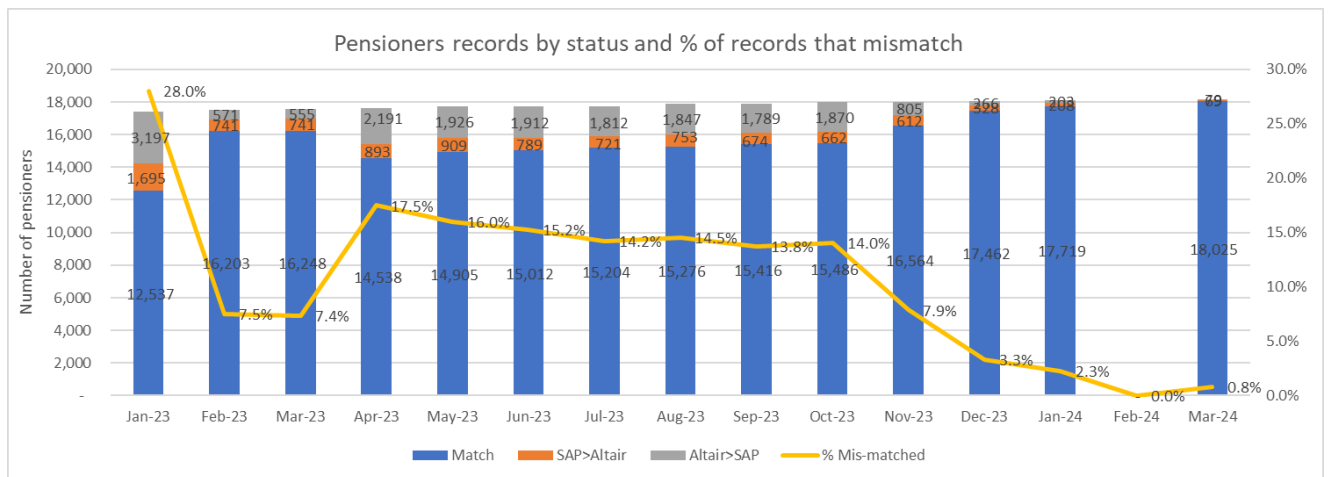
Key Considerations for the Committee / Risk Assessment / Financial Implications

Accounts and Annual Report

3. Final sign off for the full Wiltshire Council Accounts for 2019/20, 2020/21 and 2021/22 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. Officers have responded to all requests by the external auditors for information for all years of accounts. 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.
4. Work is completed on the accounts and annual report for 2022/23, the external auditors commenced their work in October, however work has recently paused, we are chasing the auditors up for a progress update.
5. Work is progressing to prepare a draft set of accounts for 2023/24, many of the oracle system issues have now been overcome and the team are now working to finalise the ledger. All investment disclosures have been received from the investment managers to allow the accounts preparation. Interim audit work has been undertaken by Grant Thornton and a date will be set for them to come on site in the summer to complete the audit.

Payroll reconciliations

6. Work to reconcile and correct discrepancies between the Altair pension admin system and SAP payroll records is almost complete. The reconciliation compares the annual pension payable on each system and quantifies the number of cases and value of discrepancies. The following graph shows the extent of the variances between the two systems. The reconciliation classifies anything >£1 per annum as a variance. There can be multiple reasons for the discrepancies which can range from a fundamental incorrect payment to data mismatch problems.



7. The chart above shows the progress made to resolve differences between the SAP payroll and Altair since January 2023. The final payroll on SAP shows a small discrepancy, this difference is fully resolved in the April 24 payroll where members payments were all based on values calculated from the Altair system. Monitoring of variances between Altair and the oracle payroll will continue until the payroll is transferred onto Altair.

Finance System

8. The new Evolve system went live in November 2023, the finance team were actively involved in training and testing for the system. Unfortunately, despite this the team are encountering significant problems with the accounting system post going live, something which has not been isolated to the pension fund team. There have been problems posting journals, the accurate accounting for payments and running the reports needed on the new system, this has been compounded by the duplicate payments issues which have added further work.
9. The accounting team have been working hard to re-establish their accounting processes and to get things up and running with support from the evolve team. Temporary resource brought into the team has enabled backlogs to be reduced and transition issues to be resolved. The team now has a draft trial balance which will allow the draft accounts figures to be produced.

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
	May-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	Payment issue with SBC
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	Refreshing working documents for future work with Oracle system
4. Altair Checks		Check between the ledger and pension admin system (altair) that any transactions, such as payments or receipts match the admin system.	All reconciliations have been undertaken discrepancies have reduced following active engagement with the Admin team to review old cases. Evolve implementation has delayed this work, latest reconciliations are being caught up to October 23.	To catch up on outstanding months following the evolve implementation. New integrated payments process has removed the need for these 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.	Latest forecast in line with budget however now out of date. Issues with new system have prevented effective review of the latest spend. Now data is available review will be undertaken	Get the processes up and running again following the evolve implementation.
No material concerns				
Minor issues				
Major issues				

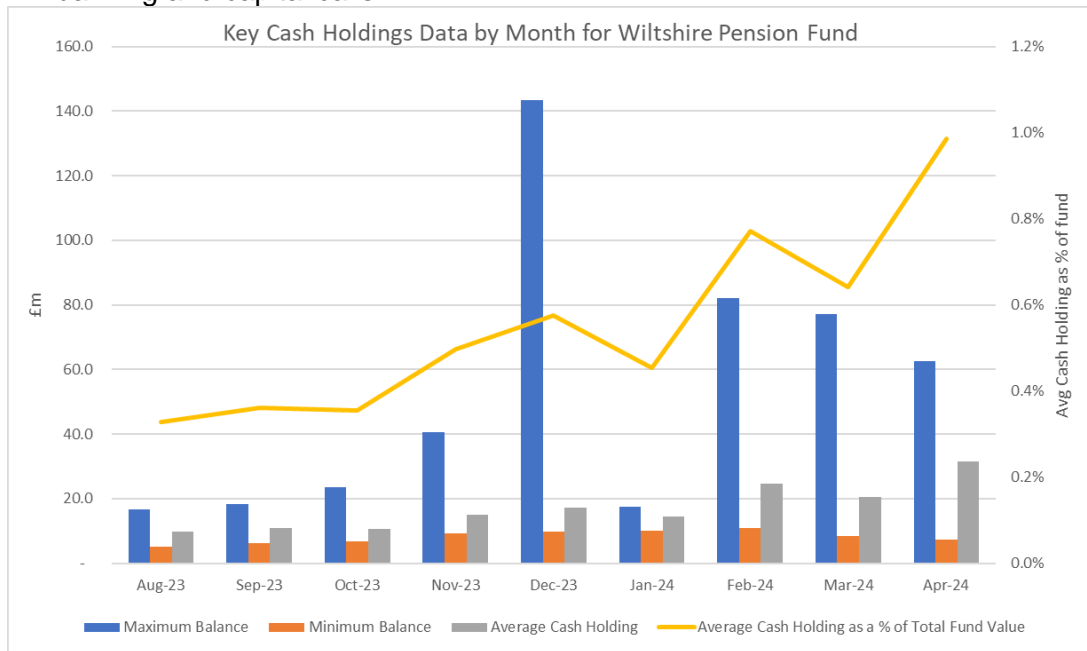
10. The following table provides further details for performance dashboard item 1. Employer contributions.

Quarter	Payroll Month	Paid contributions £000's				Average late and overdue contributions total		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-23	35,505	34,625	881	2.5%	22.0	-	171	8	-
Q1	May-23	8,290	6,267	2,023	32.3%	37.4	-	167	12	-
Q1	Jun-23	8,298	8,286	10	0.1%	163.5	-	177	2	-
Q2	Jul-23	8,290	6,011	2,279	37.9%	27.6	-	165	12	-
Q2	Aug-23	8,234	8,218	16	0.2%	30.9	-	170	7	-
Q2	Sep-23	8,074	7,204	869	12.1%	22.1	-	170	9	-
Q3	Oct-23	8,255	7,146	1,109	15.5%	15.8	-	167	11	-
Q3	Nov-23	10,376	10,372	4	0.0%	29.5	243.3	172	4	3
Q3	Dec-23	9,969	9,964	4	0.0%	32.8	153.3	171	5	3
Q4	Jan-24	9,050	8,190	860	10.5%	18.4	84.0	168	8	3
Q4	Feb-24	9,029	8,938	91	1.0%	48.8	55.0	171	5	3
Q4	Mar-24	9,079	8,206	872	10.6%	5.5	24.0	171	4	3
Total	Q1	52,093	49,178	2,914	5.9%	74.3	-	515	22	-
Total	Q2	24,598	21,434	3,164	14.8%	26.9	-	505	28	-
Total	Q3	28,599	27,482	1,117	4.1%	26.0	132.2	510	20	6
Total	Q4	27,158	25,335	1,823	7.2%	24.2	54.3	510	17	9

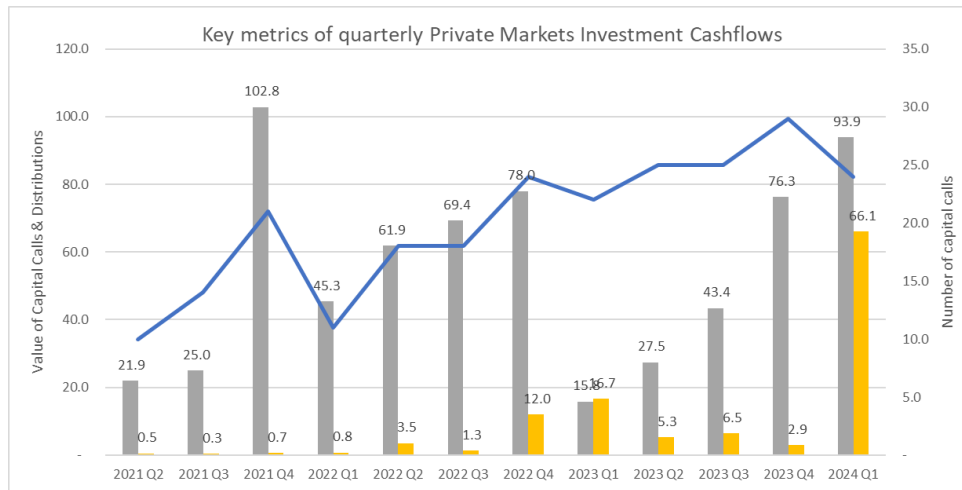
11. The majority of the late payments are received within a day or two of the deadline and all employers who have not paid are contacted immediately after the deadline day to remind them to pay. A small number of employers increase the days late received, persistently late payments or employers where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

12. The 15 payments not received are all from contracts held by Imperial Cleaning. The company has gone into Administration and the employer relationship manager is working with this employer on the outstanding payments.

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



14. Cashflow activity for private markets capital calls have continued to be met as commitments are called. The large distribution in Q1 2024 came from a large divestment from a property fund as part of the funds rebalancing in this asset class.



Environmental Impacts of the Proposals

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

16. There are no known implications at this time.

Proposals

17. 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