

AGENDA SUPPLEMENT (1)

Meeting: Wiltshire Pension Fund Committee

Place: Kennet Room - County Hall, Bythesea Road, Trowbridge, BA14 8JN

Date: Thursday 14 December 2023

Time: 10.00 am

The Agenda for the above meeting was published on 6 December 2023. Additional documents are now available and are attached to this Agenda Supplement.

Please direct any enquiries on this Agenda to Ben Fielding - Senior Democratic Services Officer of Democratic Services, County Hall, Bythesea Road, Trowbridge, direct line 01225 718656 or email Benjamin.fielding@wiltshire.gov.uk

Press enquiries to Communications on direct lines (01225)713114/713115.

This Agenda and all the documents referred to within it are available on the Council's website at www.wiltshire.gov.uk

9 **SWAP Audit Report 2024 (Pages 3 - 8)**

DATE OF PUBLICATION: 12 December 2023

This page is intentionally left blank

Audit Objective

To ensure that Key Performance Indicators relating to the Pension Fund are accurate, appropriately monitored and reported.

Executive Summary

	<p>Assurance Opinion</p> <p>There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.</p>	<p>Management Actions</p> <table border="1"> <tr> <td>Priority 1</td> <td>0</td> </tr> <tr> <td>Priority 2</td> <td>2</td> </tr> <tr> <td>Priority 3</td> <td>2</td> </tr> <tr> <td>Total</td> <td>4</td> </tr> </table>	Priority 1	0	Priority 2	2	Priority 3	2	Total	4	<p>Organisational Risk Assessment</p> <p style="text-align: right;">Medium</p> <p>Our audit work includes areas that we consider have a medium organisational risk and potential impact.</p> <p>The key audit conclusions and resulting outcomes warrant further discussion and attention at senior management level.</p>
	Priority 1	0									
	Priority 2	2									
	Priority 3	2									
Total	4										

Key Conclusions

Page 3

	<p>Through this review and the Pensions Key Control Follow Up it is clear that management has committed to making improvements in Key Performance Indicator (KPI) data. The Data Reporting and Performance Lead manages the flow of KPI data from the system into an Excel spreadsheet for weekly, monthly and quarterly reporting to make the information available for management to scrutinise. The Administration Lead has created a KPI Improvement Action Plan which is due to be reported to Committee, although this was not reviewed during the audit it is clear, from conversation, that it aspires to ensure that performance is the best it can be.</p>
	<p>Whilst we did not identify any errors in the spreadsheet maintained by the Data Reporting and Performance Lead there is opportunity for this to occur. There is no formal secondary review of the data prior to internal circulation to identify errors that may have occurred in the process of copying data from system to spreadsheet. The introduction of additional controls in this area will ensure that inaccuracies are identified and limit the risks associated with having only one officer responsible for checking the data. In addition, it will ensure that there is a safety net provided for the Data Reporting and Performance Lead should any inaccuracies be identified once reports have been circulated.</p>
	<p>There is still work ongoing within the Pensions team to ensure that KPI data is accurate. This relies partly on the completion of an outsourced project and we have been informed, but not evidenced, that this will be addressed within the KPI Improvement Action Plan.</p>

Audit Scope

An audit was requested by the Pension Fund in relation to the Pensions Key Performance Indicators. We have reviewed the following:

- KPI setting process to include consideration of the requirement and relevance of each KPI;
- The methodology for calculating KPIs;
- Accuracy of the reported KPIs and direction of travel indicators – including pre reporting review process;
- Management oversight and reporting of the KPIs reported to the Board and Committee; and
- Monitoring of results by management where KPIs are not achieving the determined target.

We have excluded the KPI Improvement Action Plan from our review. This was not able to be shared with us during the audit as we were informed it would need to be presented to the Committee prior to audit having sight of it.

Other Relevant Information

This review has resulted in four key conclusions being raised with management for which an action plan has been agreed. This report should be considered alongside the relevant KPI information in the Key Control Follow Up report and the KPI Improvement Action Plan created by the Administration Lead when it is available.

Agenda Item 9

This page is intentionally left blank

Audit Findings & Management Action Plan – December 2023

Finding 1.

KPI spreadsheet

Key Performance Indicator (KPI) data is automatically calculated within the system. However, in order to report on this data, it must be extracted from the system by the Data Reporting and Performance Lead and manually copied into an excel based spreadsheet for weekly, monthly, and quarterly reporting. This reporting process is time consuming and requires a lot of manual intervention by the Data Reporting and Performance Lead.

The report produced by the Data Reporting and Performance Lead is not subject to formal supervisory review by management prior to internal circulation; although we were informed by the Administration Lead that they scrutinise the information regularly. In addition to this, reports are reviewed by management on a weekly basis and any inaccuracies identified would be investigated. However, there is no evidence that this process occurs which would ensure that, should the data be inaccurate, it is rectified prior to Committee/Board reporting. To ensure both the validity of the data and also to negate the risk that the Data Reporting and Performance Lead is wholly responsible for the data it would be wise to ensure that any supervisory checks can be evidenced.

The formulae included within the KPI spreadsheet are not locked and therefore subject to potential errors or loss of information. From our review of the spreadsheet, we found that there were manual errors on a pivot table. When discussed with management we have been informed they do not use this pivot table and it was agreed during the review that the pivot table would either be rectified or deleted to avoid any risk should it be used in the future.

It is important to note that whilst we did not find any errors in the data held in the spreadsheet, due to the way the reports are extracted and processed makes it vulnerable to potential misstatements in the future.

Management may want to consider exploring the possibility of extracting reports directly from the system to minimise manual interventions and mitigating the risks of errors and manipulations.

Action

We will ensure that the pivot table in the KPI excel spreadsheet is either updated or deleted and ensure that the formulae used are locked down to prevent accidental changes.

We will include a point of formal review prior to the reports being circulated internally with appropriate documentation retained in our process guides that are currently being drafted.

As a longer-term ambition, we will begin to explore the capabilities of the system for reporting in order to fully mitigate the risks associated with using the Excel spreadsheet.

Priority	2	SWAP Reference	AP#3489
Responsible Officer	Pensions Administration Lead		
Timescale	31 st March 2024		

Finding 2.	Action		
<u>Data Accuracy</u>			
<p>In the previous Key Controls review it was highlighted that there were inaccuracies in the KPI data for aggregations and Status 2. Work is ongoing to ensure that the data is accurate and is partially reliant on the work that has been outsourced being completed.</p> <p>As part of the follow up process and through this review it is evident that terminated cases are now being reported to reconcile differences between closing and opening balances. The ability to delete cases does still exist however, it would be much more readily identified if the terminated cases did not provide the balancing figure.</p> <p>Weekly internal reports provide information to management which would flag if there were any discrepancies in the data. As per Finding 1, this process is not documented so we were unable to confirm that this happens in practice.</p>	<p>This is partly incorporated in the action agreed for AP#3489 in Finding 1 regarding documenting of process guides. The outsourced work is due for completion at the end of 2023 and we should then have accurate reporting available for the areas identified in the Key Controls review.</p>		
	Priority	2	SWAP Reference
			AP#3493
	Responsible Officer	Pensions Administration Lead	
	Timescale	31 st March 2024	

Finding 3.	Action		
<u>Strategy document</u>			
<p>The Pension Fund Strategy does not define a clear period. The current Strategy is dated for the year 2022 but was not implemented until July of 2022. Consideration should be made to ensuring it states the correct time period for which it is applicable whilst it is being updated e.g. Strategy 2023-25 and a paragraph added documenting the agreed schedule for review e.g. annually, 3 yearly or sooner if legislation or process change requires.</p> <p>Furthermore, we observed that the user guidance which is a document that aids with extracting and reporting data is outdated and does not reflect the current Pensions Team structure.</p>	<p>We are in the process of revising the Pension Fund Strategy document and will include these observations in the review.</p>		
	Priority	3	SWAP Reference
			AP#3483
	Responsible Officer	Pensions Administration Lead	
	Timescale	31 st March 2024	

Finding 4.	Action
-------------------	---------------

Committee reports

Committee reports have been improved over the past 6 months. Previous reports reviewed for March 2023 were unclear and difficult to analyse. The direction of travel indicator has been replaced with a traffic light style dot which indicates if performance is within a 10% tolerable performance. Consideration should be given as to whether this can be improved by the introduction of an amber light. For example, green would indicate at or above target, amber within 5-10% of target and red more than 10% below. This should be considered alongside the KPI Improvement Plan to ensure that reporting parameters remain consistent.

In addition, some of the text surrounding the tables as footnotes is unclear such as the note referring to red indicating anything below 10% of target but in the chart 85% on a 95% target is shown in red. We appreciate this is a relatively minor point to but for clarity a full key of colours used in the tables should be presented each time.

Terminated cases are presented to the Committee/Board in the KPI table. This now ensures that there is transparency regarding any discrepancies relating to closing and opening balances. However, some commentary relating to the reason, or example circumstances, for terminated cases would be beneficial to ensure that new readers of the report are aware of why cases would be terminated.

We continue to revise reporting based on member feedback but agree that further revisions will make reporting more transparent and easier for non-Pension specialists reading these public reports to understand.

Priority	3	SWAP Reference	AP#3490
Responsible Officer	Pensions Administration Lead		
Timescale	31 st March 2024		

This page is intentionally left blank