Risk Ref	Cross Ref	Risk & Implications	Audit's Risk Rating	Recommendation/ Action Proposed by Management	Responsible Officer and Target Date	Follow Up – September 2012
1	1.2	The possibility that Workflow processes could be both initiated and checked by the same person increases the risk that errors will not be identified and corrected.	Low	Where possible, Workflow procedures should force the check function to be undertaken by someone other than the individual who initiated the process. Workflow is a system for monitoring the processing of work and not designed to be a replacement for checking or a validation tool. The current manual procedures still in place ensure that work is checked and not initiated and signed off by the same person. However, reports can be run and a regular check on a sample basis could be implemented to ensure all stages of the Workflow has not been completed by the same person.	Martin Summers - September 2012	Management consider this to be a very low risk. This action is still to be implemented as the Pension Team are reviewing the possible reports that could be used to provide a regular check that all stages of a workflow are not be completed by the same person.
2	1.3	The absence of regular reports of tasks to be completed within Workflows risks processes not being concluded within appropriate timescales.	Low	Where possible, regular Workflow monitoring reports should be produced to provide details of outstanding tasks enabling timely review to ensure that all tasks are completed appropriately. Agreed as one of the main objectives of Workflow is to undertake regular reporting on progress and to identify problem areas. Team Leaders will report weekly on the team's performance once the system has gone live and data will also be used for the monitoring of employers performance against the targets outlined in the Administration Strategy.	Martin Summers – July 2012	The new Benefits Manager now has the facility to see "at a glance" all the cases and tasks in the system and is able to filter these by team member and ones overdue. This is being monitored on a day to day basis to manage workloads. Monitoring of employers and the Pension Fund performance has now been set up for some areas of the administration strategy service targets (starters, retirements, changes, & leavers) although this still needs to be developed to capture work steams that are being uploaded electronically and not processed directly by the team.

Risk Ref	Cross Ref	Risk & Implications	Audit's Risk Rating	Recommendation/ Action Proposed by Management	Responsible Officer and Target Date	Follow Up – September 2012
3	2.2	By failing to identify, review and approve criteria which are relevant for exception reporting (such as SAP Errors and Warnings and High Value Net Pay) there is a risk that payments which do not conform to predictable criteria will not be identified and corrected.	**Low**	Pensions and payroll management should review and approve appropriate exceptions criteria to ensure that maximum benefit is gained from the identification of relevant exceptions within each monthly payroll. Agreed, the setting of these levels need reviewing periodically to ensure the reporting is meeting the Fund's requirements.	Martin Summers & Payroll Management – July 2012.	These levels are currently being discussed with payroll
4	3.1	Failure to set up promptly new starter records risks errors and unnecessary work to implement corrections and deal with queries and complaints.	**Low**	Management should implement a periodic check of the time elapsed between the receipt of new starter instructions, the date of authorisation and the date of set up in the payroll system with a view to minimising the causes of delay. With the implementation of Workflow this will enable the monitoring of time delays in receiving the information from employers and the processing time which will be reported against the Administration Strategy targets. This will be reviewed on a quarterly basis.	Andrew Cunningham – September 2012	As outlined in Risk 2, performance information on new retirements set up times is being implemented to ensure processing times are kept within service targets. Once sufficient data has been collected it's envisaged to monitor this on a quarterly basis.

Risk Ref	Cross Ref	Risk & Implications	Audit's Risk Rating	Recommendation/ Action Proposed by Management	Responsible Officer and Target Date	Follow Up – September 2012
5	3.2	Late notification of dates of death risks making overpayments and unnecessary work to effect recovery.	Medium	Information about deaths should be obtained regularly from an appropriate provider. Management doesn't agree with this recommendation as the impact of late notification is not significant and difficult to manage as it depends on being notified by the member's family. Life certificate and mortality screening exercises are being carried out but even when a 3rd party provider is being used it would be extremely costly do undertake on a monthly exercise on 9000 records to ensure the pension is stopped within 30 days of death. However, more regular use of mortality screening services is being implemented to ensure death payments are not on-going for a longer period.	Tim O'Connor – September 2012	The procurement for a mortality screening service is currently in process which should be concluded in early November.
6	4.1	The lack of a complete and regular comparison of the pensions payroll and the Altair database risks payments being made to individuals who should not be on the payroll, and possibly payments not being made which should be.	Low	A regular procedure should be developed whereby a basic match is made between individuals on the pensions payroll and in the Altair database. The records of individuals who are unmatched should then be promptly reviewed and resolved with an appropriate record being maintained of the actions taken. Agreed, and this is currently being implemented albeit it due to the number of records this is being phased in based on a rolling programme of reconciliations.	David Anthony – June 2012	Contributions being paid into the scheme are reconciled annually between the employers' payroll systems and the pension database. Monthly returns are now received from employers and a basic match of individuals against the database can now be implemented on a quarterly basis for all active members of the scheme. For pensioners, a basic match of individuals being paid on payroll against the pension database has

						confirmed no payments were being made to those not entitled to benefits.

The more time consuming and detailed review of the records which compare actual payments between the two systems has been implemented with an officer assigned to undertaking this work. Due to the number of records that will need reviewing, this will be a phased rolling programme |

Risk Ref	Cross Ref	Risk & Implications	Audit's Risk Rating	Recommendation/ Action Proposed by Management	Responsible Officer and Target Date	Follow Up – September 2012
7	5.1	Without a full and regular reconciliation of the pensions system to the general ledger there is a risk that erroneous payments will not be identified which could, over time, mean the Council forfeiting the opportunity to recover overpayments with a consequential loss to the Pension Fund.	Medium	The Pensions Team should initiate a regular review of the reconciliation and clearance of the pensions payroll control account carried out by Central Finance.

Central Finance has been aware of this issue and will have the balance cleared down by the financial year end. The issue stems from the accounting entries going to different codes which Finance aim to have sent to the same code in the future to clear down the balance. This reconciliation is being incorporated into their monthly reconciliations. | Mathew Tiller – July 2012 | Monthly reconciliations are now in place. |
| 8 | 6.1 | Delay in investigating and | Medium | The Pensions Team should review the reconciliations completed by Central | Catherine Dix – July 2012 | The Pension Fund team is undertaking a review the bank |

		clearing ageing balances within bank reconciliations risks misstatement in the accounts and a backlog of work at year end.		Finance and take steps to ensure that long-standing reconciling items are investigated and cleared by appropriate teams at the earliest opportunity. Central Finance provides reports to the Pension Fund that outline the progress of outstanding items which can be used to monitor progress of outstanding items. Due to materiality of the items this has previously been reviewed at year end. It is recommended that items more than 6 months old are investigated.		reconciliations position every 6 months with the next one due at end of September. However, as at the end of July, there were 14 unpresented cheques amounting to £1.5k, with a further £42k of non-cheque items unreconciled.

Explanation of Audit Opinion and Risk Rating

Audit Opinion

Full Assurance   There is a sound system of control designed to achieve the service objectives, with key controls being consistently applied.

Substantial Assurance   Whilst there is a basically sound system of control, there are weaknesses which may put some of the service objectives at risk.

Limited Assurance   Weaknesses in the system of control are such as to put service objectives at risk.

No Assurance   Control is generally weak leaving the system open to significant error or abuse.

Risk Profile Matrix Rating

Red   **= High Risk**

High level risks are significant risks to the effective delivery of the service. Risk management strategies should be put in place to appropriately manage the identified risks within a short timescale. Frequent monitoring of the management of identified risks is essential.

Amber   **= Medium Risk**

Medium level risks are risks which must be managed to ensure the effective delivery of the service. Monitoring of the risk should be regularly undertaken.

Green   **= Low Risk**

Low level risks are risks which are not considered significant to the effective delivery of the service, but which should nevertheless be managed and monitored using existing management processes.

March 2012