

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE

11th July 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.

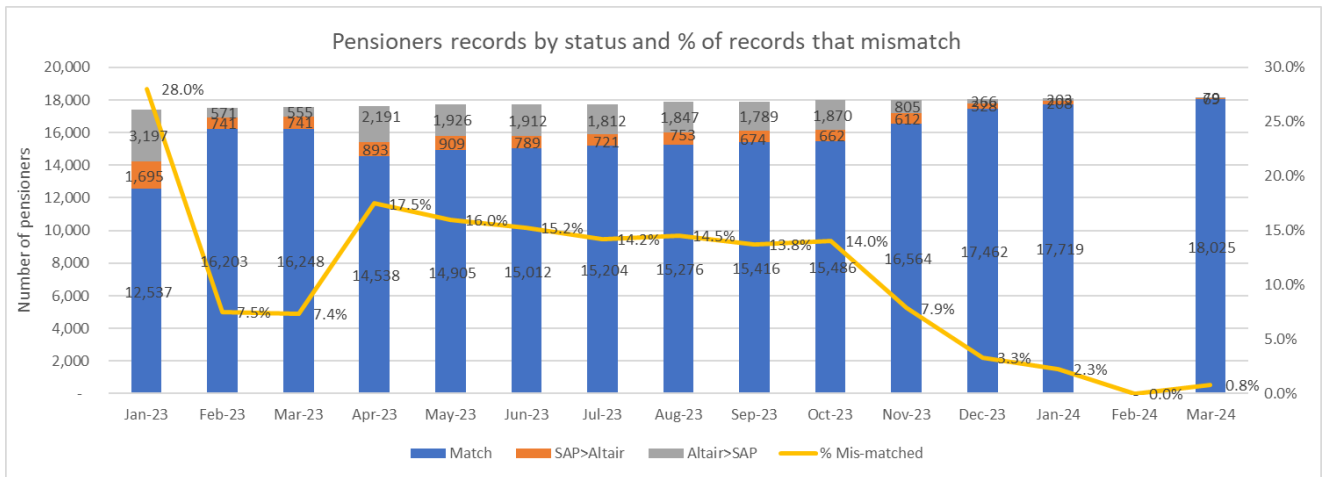
Key Considerations for the Committee / Risk Assessment / Financial Implications

Accounts and Annual Report

3. Final sign off for the full Wiltshire Council Accounts for 2019/20, 2020/21 and 2021/22, 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. 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. 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 issues. Interim audit work has been undertaken by Grant Thornton and they will be commencing on site audit of the accounts during the summer.

Payroll reconciliations

5. 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.



6. 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.

Quarterly Financial Performance Dashboard

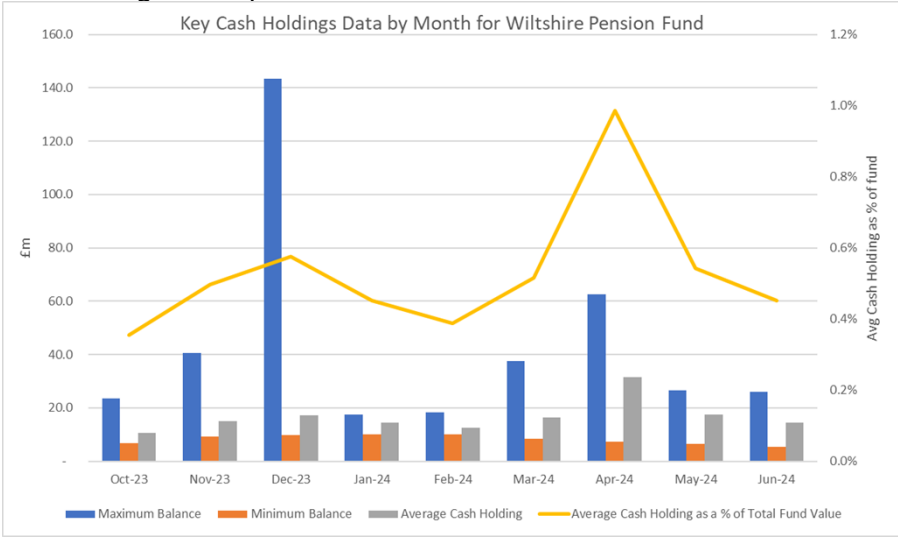
Wiltshire Pension Fund - Key Financial Controls Dashboard				
Control Area	RAG	Items reviewed under this control area	Comments on Performance	Ongoing Actions
	Jun-24			
1. Employer Contributions		Timely and accurate payment of employer contributions each month.	See summary performance table for full 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	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.	Year end budget expenditure below plan.	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.

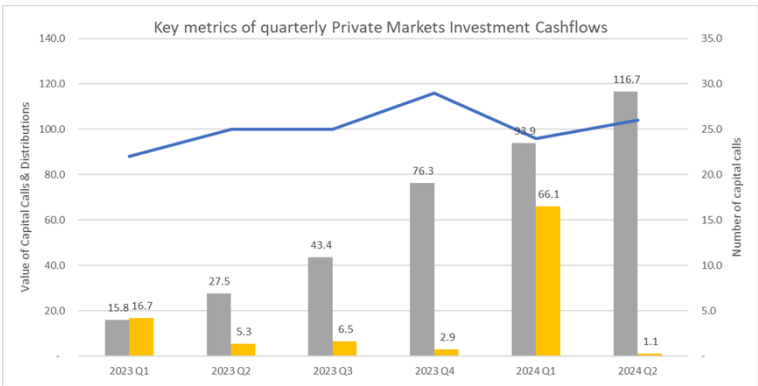
Quarter	Payroll Month	Paid contributions £000's				Average late and overdue contributions total days		Number of employers payments status		
		Total Payment	On Time Payment	Late Payment	Late Payment %	Days Late Recd	Days Overdue	On time	Late	Not Received
Q1	Apr-24	8,982	6,528	2,455	37.6%	3.0	-	153	9	-
Q1	May-24	8,957	8,127	831	10.2%	3.0	12.0	156	4	2
Total	Q1	18,309	15,023	3,285	21.9%	2.0	4.0	348	13	125

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.



Budget Outturn for 2023/24

As at the end of March 24 the fund underspend its operating budget of £4.4m by £345k (7%).

The main cause of the underspend were due to staffing vacancies incurred throughout the year, there was also an underspend against systems implementation costs for the integrated payroll, these costs will now be incurred in 2024/25 causing a cost pressure to this budget.

Additional costs were incurred for legal review of new funds included in the Clops portfolio and for the new office space rental, both of which received prior approval from Committee. Higher actuary costs were incurred due to work ongoing to resolve issues with employers.

In year monitoring of the budget had been made impossible due to the system changeover issues.

Wiltshire Pension Fund Budget 2023/24

£000's	Prior Year				2023/24			
	2019/20	2020/21	2021/22	2022/23	Actual	Budget	Variance	% Variance
Investment administration staffing costs	119	114	206	198	206	245	38	16%
Investment administration travel/conferences/training costs	0	2	4	8	1	8	7	93%
Total investment administration costs	120	116	210	206	207	253	46	18%
Pension scheme administration staffing costs	996	1,036	1,152	1,267	1,442	1,672	230	14%
Staff training	19	22	18	28	29	22	(8)	-36%
Corporate charges	311	311	311	311	565	515	(49)	-10%
Pension administration systems and data cleansing	310	354	328	622	416	618	203	33%
Other administration costs	107	51	28	970	704	777	74	9%
Total scheme administration costs	1,743	1,775	1,838	3,199	3,155	3,604	450	12%
Oversight & governance staffing costs	246	180	225	238	230	266	36	13%
Training and conferences	8	0	24	28	1	30	30	98%
Subscriptions, memberships and levies	34	32	44	36	42	39	(2)	-6%
Actuarial services	214	154	147	319	231	156	(75)	-48%
Audit	10	37	27	83	115	91	(24)	-26%
Legal fees	13	11	48	49	147	39	(109)	-282%
Advisory fees	142	196	276	279	242	233	(9)	-4%
Corporate charges & other costs	149	165	144	146	47	47	(0)	0%
Total oversight & governance costs	815	775	936	1,178	1,055	902	(153)	-17%
Local Pension Board costs	14	14	15	25	21	24	3	12%
Total operational running costs	2,692	2,679	2,998	4,608	4,438	4,783	345	7%
Number of Members	80,824	82,454	84,438	85,458	85,739	85,739		
Total Running Cost per member (Admin & Governance)	£ 31.83	£ 31.09	£ 33.03	£ 51.51	£ 49.35	£ 52.84	£ 3.49	7%
Additional Costs								
New Office Space					49	0	(49)	
Climate solutions investment costs					50	0	(50)	
Exclude Additional Approved Costs					99	0	(99)	
Amended Costs Excluding additional Approved costs					4,339	4,783	444	
Reference item - Managed as part of investment manager fees								
Brunel Running Costs	1078	1,575	1,206	1,192	1,253	1,222	(31)	(0)

Environmental Impacts of the Proposals

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

12. There are no known implications at this time.

Proposals

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

Report Author: Chris Moore, Pension Fund Accounting and Investments Team Lead

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