

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
12th December 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 has now been completed, after finalising the Council accounts Deloitte raised new issues on the pension fund accounts. Officers responded to these new questions and have provided amended financial statements and annual report. Minor changes were made to explanatory notes, no financial figures have changed. The signed annual report and accounts have been published on the funds website.
4. Sign off for the accounts on periods ending 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. Audit sampling and review had been undertaken and all questions on the pension fund accounts had been responded to at the time. The Government have set a deadline of 13th December for all outstanding local government accounts up to 2022/23 to be published. Given constraints on resource and time it is expected Deloitte will be unable to provide an audit opinion on these outstanding accounts, leading to a disclaimer which would apply to the pension fund accounts. This would bring the matter to a conclusion, with focus being on the 2023/24 accounts. At the point of writing this paper this is still our understanding, I am waiting on a further response from the auditors on this matter.
5. Unaudited accounts and annual report for 2023/24 have been published, audit testing by Grant Thornton is well progressed with final samples and testing being undertaken. This has taken longer this year because the assessed higher audit risk due to implementation of new financial system during year, first time auditing the council and council not having previous financial year reports signed off. This lowered the materiality threshold and created a higher burden of testing and sampling. The in-depth review identified some amendments which will be required to the statements of accounts. The anticipated disclaimer opinion for the previous accounts will impact the opinion that can be given on the 2023/24 accounts. The new auditors will be unable to place reliance on the opening balances, leading to a qualification of the accounts in this area. This qualification would be present for a number of years until the accounts no longer contain figures from 2023/24, such as in the prior year comparatives.

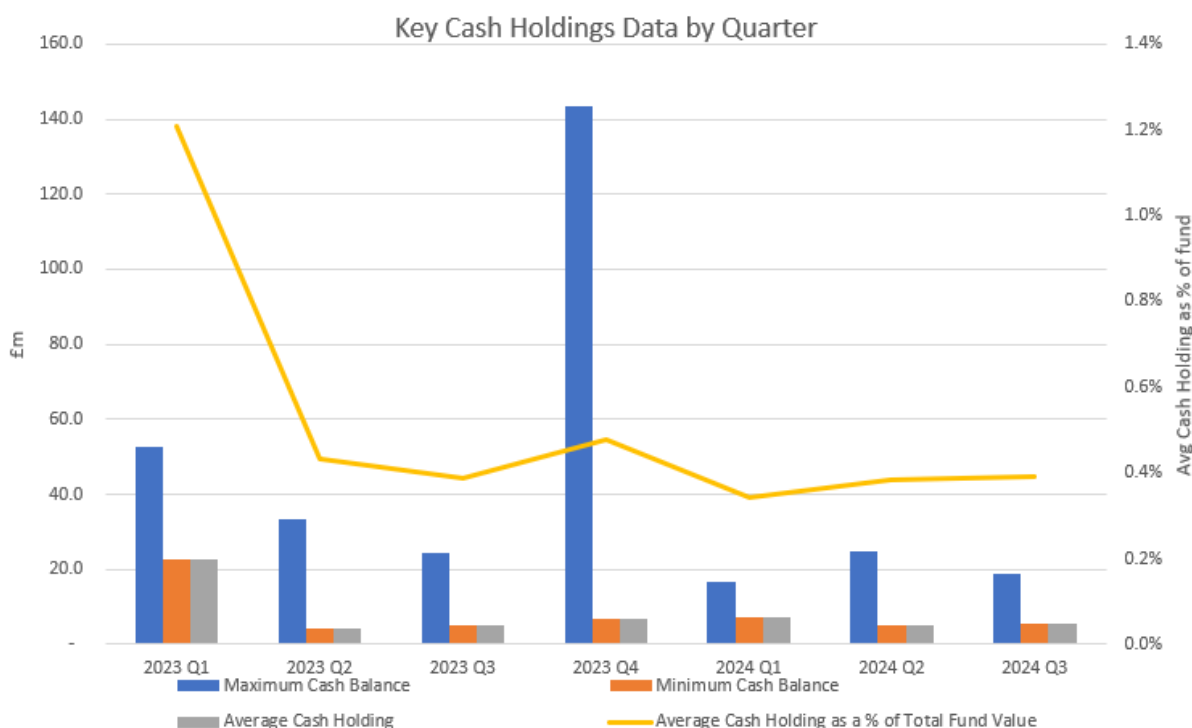
Quarterly Financial Performance Dashboard

Wiltshire Pension Fund - Key Financial Controls Dashboard				
Control Area	RAG	Items reviewed under this control area	Comments on Performance	Ongoing Actions
	Nov			
1. Employer Contributions	Green	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.	Employer contribution monitoring meeting
2. Cashflow, banking and capital calls	Green	Maximum and minimum cash balances, private markets capital calls and distributions and treasury performance.	See summary performance table for full details.	Weekly cashflow reconciliation and further development of weekly monitoring reporting.
3. Balance Sheet Reconciliations	Yellow	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. New bank reconciliation set up with move to Oracle and moved from corporate finance team to pension accountancy	Refreshing working documents for future work with Oracle system and rolling forwards previous year working papers. Clearing old balances rolled forward from SAP.
4. Altair Checks	Yellow	Check between the ledger and pension admin system (Altair) that any transactions, such as payments or receipts match the admin system.	New integrated payments process removes the need for these checks. New control measures will be designed.	Development of new reporting from Altair for immediate payments currently progressing.
5. Financial Budget Reporting	Red	Review of year to date and forecast operating budget performance, or any unusual monthly movements on the overall fund account.	Issues with the new system have prevented reporting against the budget expenditure. New starters in the finance team will bring capacity to address this issue.	Development of new integrated Budget reporting from Oracle in progress. Period closedown to ensure correct reporting. Intercompany recharges.
No material concerns	Green			
Minor issues	Yellow			
Major issues	Red			

6. The following table provides further details for performance dashboard item 1. Employer contributions. Three very small employers that are recently admitted to the fund remain outstanding on payments and that has been addressed by the team.

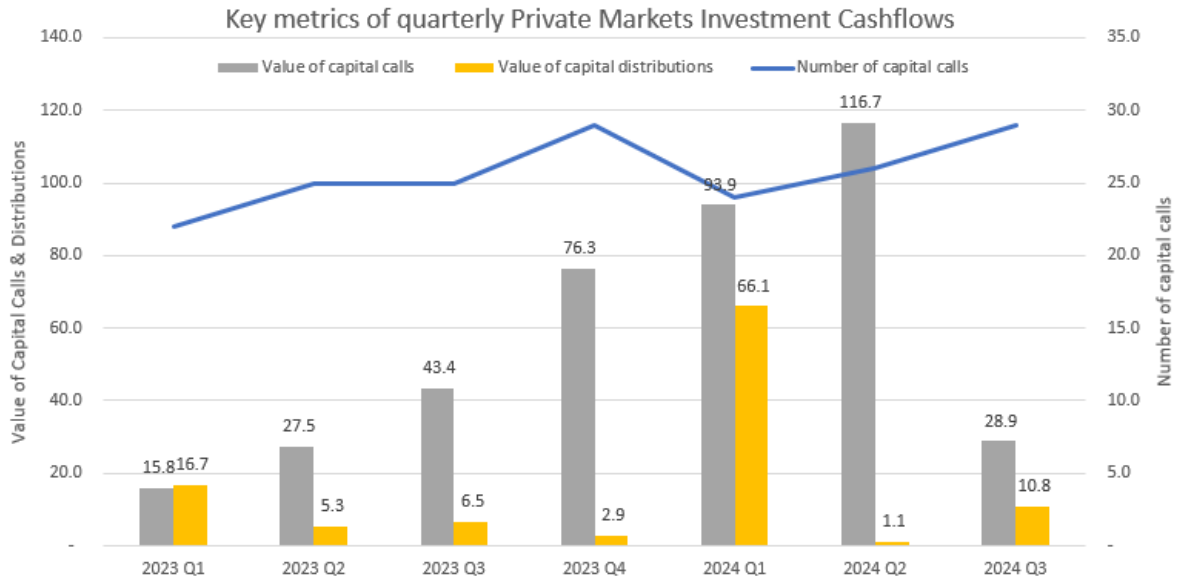
Quarter	Payroll Month	Paid contributions £000's				Average late and overdue contributions total days		Number of employers payments status		
		Total Payment	On Time Payment	Late Payment	Late Payment %	Days Late Recd	Days Overdue	On time	Late	Not Received
Q1	Apr-24	8,983	6,528	2,455	37.6%	3.0	-	167	9	-
Q1	May-24	8,958	8,126	832	10.2%	5.6	-	171	7	-
Q1	Jun-24	9,108	8,214	893	10.9%	19.8	-	172	6	-
Q2	Jul-24	9,145	9,119	26	0.3%	11.1	-	170	8	-
Q2	Aug-24	9,203	6,261	2,856	45.6%	10.6	37.0	166	10	2
Q2	Sep-24	9,141	8,154	987	12.1%	13.1	58.7	158	17	3
Total	Q1	27,049	22,868	4,180	18.3%	9.5	-	510	22	-
Total	Q2	27,489	23,534	3,870	16.4%	11.6	31.9	494	35	5

7. The majority of the late payments are received within a few days 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. The payment dates were re-confirmed at the Annual Employer Forum on 27th November 2024 which should encourage employers to pay on the correct date.
8. The following graph provides further details for performance dashboard item 2. Cashflow, banking and capital calls.



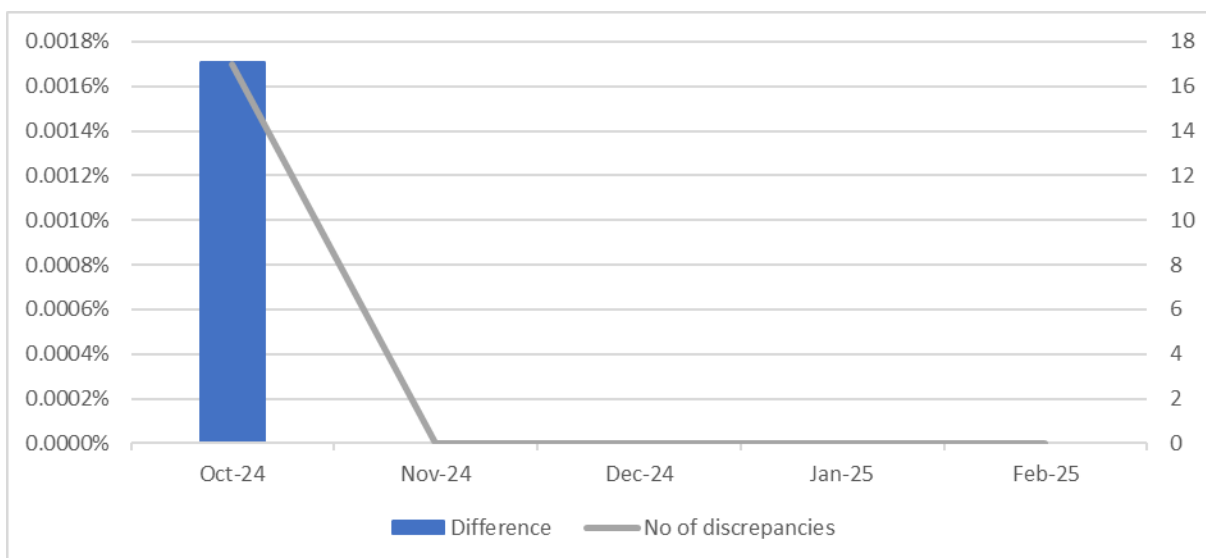
9. Cashflow activity for private markets capital calls have continued to be met as commitments are called. The large investments in Q2 2024 are payments to a new

investment commitment in Clops and to fund our existing commitment to an affordable housing fund.



Payroll reconciliations

10. Following the migration of the payroll from Wiltshire Council to our Integrated Payroll System we perform regular monthly reconciliations to ensure our Altair administration system continues to align following the processing of the pensioner payroll.
11. The reconciliation process to track the variance between the Altair pension admin system and the payroll has been running since the migration in October 2024. The reconciliation compares the annual pension payable on each system and quantifies the number of cases and value of discrepancies. In the first month there were discrepancies identified and these are reviewed by the administration teams.
12. The following graph shows the discrepancies between the two systems as a percentage of the payment being made and the number of records with discrepancies.



Budget reporting issues

13. Following the implementation of the Oracle system the ability to report against the operational fund budget has been disrupted. Invoices to suppliers are being paid and staff are being paid, the issue has been getting the reporting up and running, performing reconciliations etc. Now the accounting team is fully resourced and our understanding of the new evolve system has improved, budget reporting will be re-established.
14. Officers are approving spend in line with how the budget was set and within the staffing establishment that was agreed. However, given the inability to report and accurately forecast there is a risk of an unexpected overspend. There are potential expenditure risks this year, with a new actuary, investment advisor and the payroll implementation project being just a few.
15. We expect to have budget reporting and forecasting available for accounting periods after December 24, Q3, for reporting to the committee. We will also look to expand the reporting included in the KFC report in the new year to cover over areas we report on. This will include reconciliations and controls regarding the now fully operational integrated payroll and immediate payments system, and reporting on other key fund controls around employer contributions and data which are becoming more meaningful with more employers onboarding onto iConnect.

Council Financial Service Issues

16. We have recently been experiencing issues with services provided by the Council finance team. These have covered issues with VAT reclaims, intercompany transfer of costs, Payroll and financial periods closedown. The implementation of Oracle has created problems across all departments and created certain control issues. Officers continue to work with Council finance department to resolve these.
17. The fund has also made limited progress on drafting supporting schedules for the SLA between the council and the pension fund. This will require further work by fund officers and a renewed effort of engagement with the council team.

Environmental Impacts of the Proposals

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

19. There are no known implications at this time.

Proposals

20. 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