

## WILTSHIRE COUNCIL

Local Pension Board  
11<sup>th</sup> February 2025

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### **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**

Fin. Year	2019-20	2020-21	2021-22	2022-23	2023-24
Final Opinion issued	Disclaimer of opinion	Disclaimer of opinion	Disclaimer of opinion		
Signed	22/11/2024	12/12/2024	12/12/2024		
Draft/expected opinion				Disclaimer of opinion	Disclaimer of opinion
Final version upload to WC/PF web	yes	yes	yes		

3. Final sign off for the full Wiltshire Council Accounts for 2019/20, 2020/21 and 2021/22 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 and financial figures. The signed annual report and accounts have been published on the fund's website.
4. Sign off for the accounts on periods ending 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 2022/23. Audit sampling and review had been undertaken and all questions on the pension fund accounts had been responded to at the time. Deloitte raised new issues on the pension fund accounts for 2022/23, that officers responded to and have provided amended financial statements and annual report.
5. Unaudited accounts and annual report for 2023/24 have been published, audit testing by Grant Thornton is completed. 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 minor amendments to a limited number of disclosure notes. The

draft Audit report has been received with anticipated disclaimer opinion due to delay of previous accounts. The new auditors were unable to place reliance on the opening balances, hence not able to form an opinion on the financial statements. This opinion 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. Apart from the disclaimer opinion the auditors only had low and x1 medium recommendation to make.

## Quarterly Financial Performance Dashboard

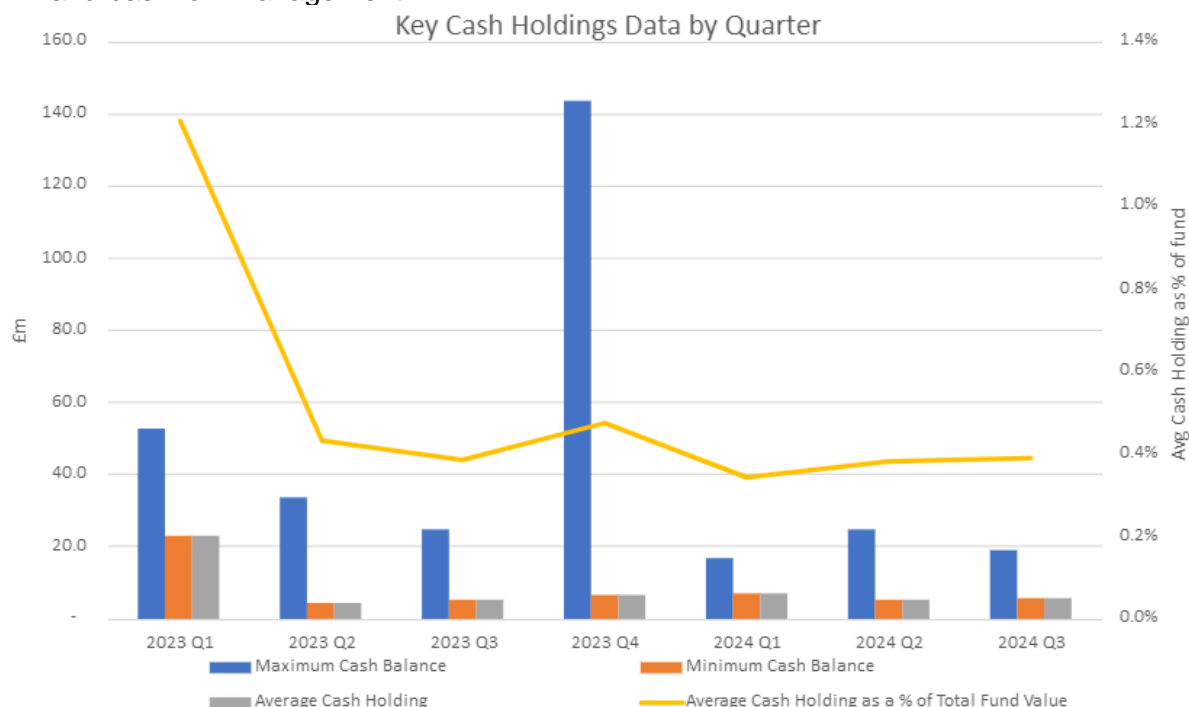
Wiltshire Pension Fund - Key Financial Controls Dashboard				
Control Area	RAG	Items reviewed under this control area	Comments on Performance	Ongoing Actions
	DEC			
1. Employer Contributions and AR receipts- cash inflows	Green	<ol style="list-style-type: none"> <li>Employer contributions</li> <li>Aged Debtors report</li> <li>Added years</li> </ol>	<ol style="list-style-type: none"> <li>Almost all employers paying on time and with the correct rate-see summary performance table for full details.</li> <li>Increased Aged Debtors balances</li> <li>Added years recharges upcoming changes</li> </ol>	ER Contribution monitoring updated daily Iconnect Rec completed monthly Employer contribution monitoring meeting Added years project ongoing
2. Payroll & AP payments- cash outflow	Yellow	<ol style="list-style-type: none"> <li>Payroll payments to pensioners</li> <li>Immediate payments to pensioners</li> <li>Suppliers payments</li> </ol>	<ol style="list-style-type: none"> <li>Timely posted</li> <li>Improvement of reporting requested from Heywoods</li> <li>Accurate and timely payments of liabilities</li> </ol>	Reconciliation of payroll control accounts monthly Monthly payroll monitoring meeting Up to date Invoice tracker Monthly outstandings suppliers reconciliation
3. Treasury & cashflow management	Green	<ol style="list-style-type: none"> <li>Sufficient cash available to pay pensions, private market capital calls or other liabilities as they fall due.</li> <li>Reconciliations against bank statements</li> </ol>	See summary performance table for full details.	Weekly cashflow reconciliation and estimate report Bank reconciliation monthly Operational cash monitoring per category weekly Operational cash reconciliation against bank statement monthly
4. Data Controls and integrity of financial information	Yellow	<ol style="list-style-type: none"> <li>Periods closed timely</li> <li>Balance sheet control codes are reviewed for accuracy and outstanding issues.</li> </ol>	<ol style="list-style-type: none"> <li>Periods closed by August 2024 by Corporate finance team</li> <li>Balance sheet reconciliations are in process of reviewing in preparation for closedown</li> </ol>	Monthly accountancy meetings reviews established Clearing old balances rolled forward from SAP Keeping reconciliations up to date monthly Pushing for prompt period close
5. Budget-internal reporting	Yellow	<ol style="list-style-type: none"> <li>Budget monitoring monthly</li> <li>Budget forecast set up next year</li> </ol>	<ol style="list-style-type: none"> <li>Budget monitoring working papers are rolled forwards and reviewed up to December</li> <li>Budget setting initial planning started for 2025-26</li> </ol>	Monthly budget reporting Intercompany recharges done monthly SLA to be confirmed with the council Development of coding structure to improve 2025-26 budget monitoring and invoices coding accuracy
6. Financial Returns and Publications-external reporting	Green	<ol style="list-style-type: none"> <li>Monthly actuary report</li> <li>Quarterly reporting (ONS and AFT)</li> <li>Annual Report and SoA (with audit)</li> <li>SF3 and Events reporting</li> </ol>	<ol style="list-style-type: none"> <li>Timely monthly reporting with up to date daily posting</li> <li>Timely and accurate quarterly reports</li> <li>Annual accounts and audit-see above details</li> <li>Other annual reporting done in line with statutory deadlines</li> </ol>	Keeping daily postings up to date and close periods promptly Developing further improvement in reporting Preparation for accounts closedown Closing audit enquiries and old year signing
No material concerns	Green			
Minor issues	Yellow			
Major issues	Red			

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

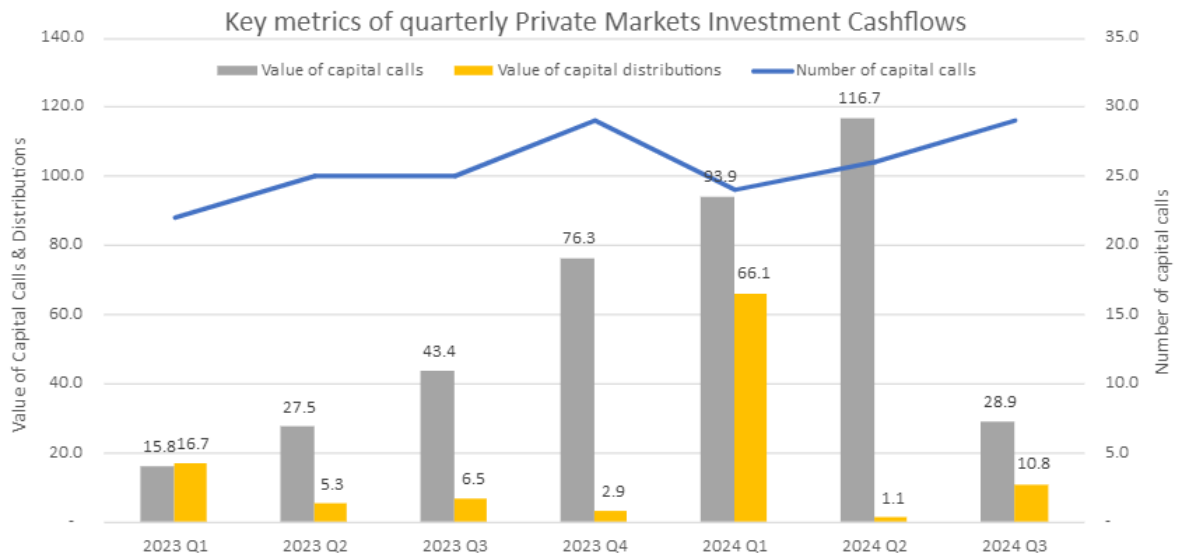
Quarter	Payroll Month	Paid contributions £000's				Average late and overdue contributions total days		Number of employers payments status		
		Total Payment	On Time Payment	Late Payment	Late Payment %	Days Late Recd	Days Overdue	On time	Late	Not Received
Q1	Apr-24	8,983	6,528	2,455	37.6%	3.0	246.0	169	9	1
Q1	May-24	8,958	8,126	832	10.2%	5.6	215.0	173	7	1
Q1	Jun-24	9,108	8,214	893	10.9%	19.8	555.0	174	6	1
Q2	Jul-24	9,140	9,119	21	0.2%	25.9	77.0	171	8	2
Q2	Aug-24	9,135	6,266	2,851	45.5%	11.1	123.0	169	9	3
Q2	Sep-24	9,146	8,159	987	12.1%	14.4	124.0	162	16	3
Q3	Oct-24	9,295	9,287	8	0.1%	10.9	93.0	169	10	2
Q3	Nov-24	11,250	11,239	12	0.1%	13.5	48.0	173	6	2
<b>Total</b>	<b>Q1</b>	<b>27,049</b>	<b>22,868</b>	<b>4,180</b>	<b>18.3%</b>	<b>9.5</b>	<b>338.7</b>	<b>516</b>	<b>22</b>	<b>3</b>
<b>Total</b>	<b>Q2</b>	<b>27,421</b>	<b>23,545</b>	<b>3,859</b>	<b>16.4%</b>	<b>17.1</b>	<b>108.0</b>	<b>502</b>	<b>33</b>	<b>8</b>

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 and appropriate actions are agreed relevant to each employer. The payment dates were re-confirmed at the Annual Employer Forum on 27<sup>th</sup> November 2024 which should encourage employers to pay on the correct date.

8. The following graph provides further details for performance dashboard item 3. Treasury and cashflow management.

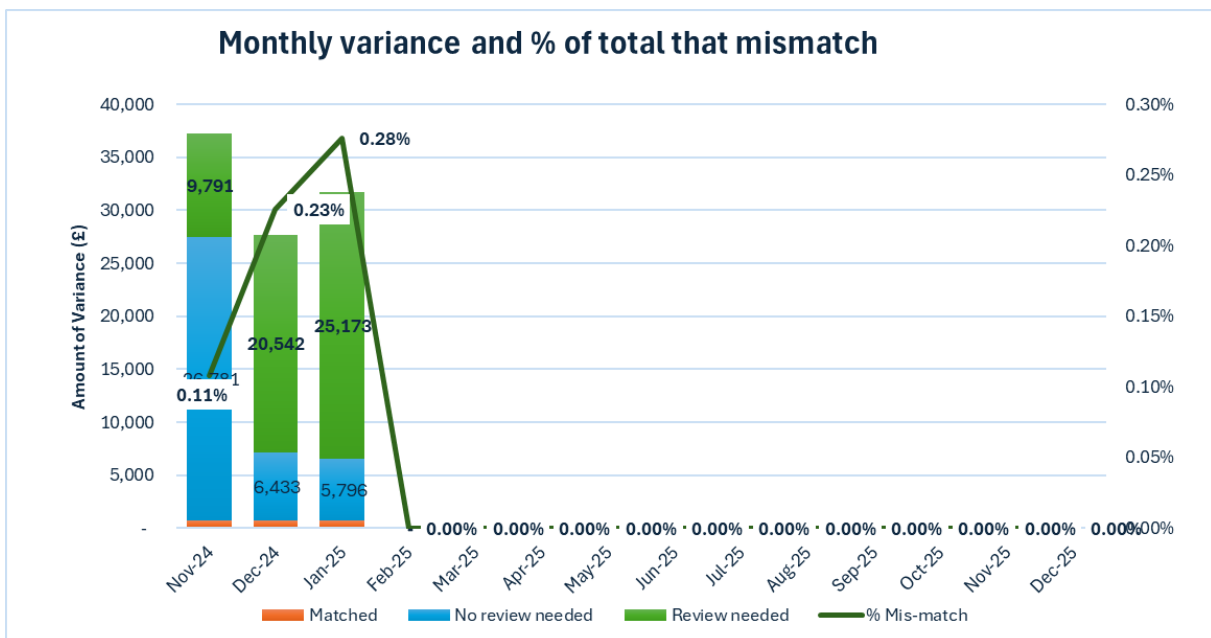
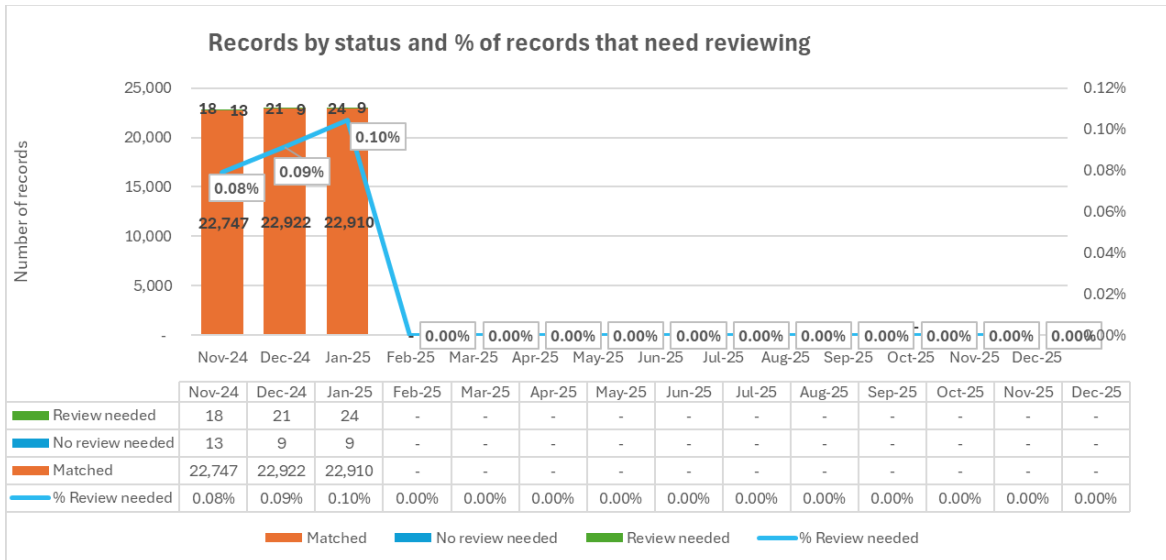


9. Cashflow activity for private markets capital calls have continued to be met as commitments are called. T



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. The number of cases where there is a difference is very small, however we would expect total alignment of the two systems. The Payroll and Member services team will need to resolve these differences.



## 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 is 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 have established budget reporting monthly from November 2024 ready for reporting to the next committee meeting.

### **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, Accounts receivable not chasing for outstanding debts 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