

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE

14 SEPTEMBER 2012

INTERNAL AUDIT REPORT UPDATE

Purpose of the Report

1. This report updates Members of the actions undertaken since the internal auditors report to the Wiltshire Pension Fund from their 2011/12 audit was presented to this Committee on 23 May 2012.

Background

2. The scope of the internal audit of Pensions was to provide assurances that:
 - Key control operate effectively within the Wiltshire Pension Fund;
 - Key risks identified in the previous Internal Audit report have been appropriately addressed.
3. The attached action plan formed part of the report and the Committee requested an update of the progress of these actions at this meeting.

Key Considerations for the Committee

4. The attached shows the updated action plan highlighting the developments that have taken place since May 2012.
5. There were no high level risks identified by Internal Audit, although three medium level risks were identified. Therefore the key developments in respect of these issues have been:
 - Risk 5: "Late notifications of dates of death risks making overpayments and unnecessary work to effect recovery".

It was agreed a more regular use of mortality screening services is implemented to ensure death payments are not on-going for a longer period. The procurement for a mortality screening service is currently in process which should be concluded in early November.

- Risk 7: "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."

Reconciliations are now being undertaken. 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 8:*** “Delay in investigating and clearing ageing balances within bank reconciliations risks misstatement in the accounts and a backlog of work at year end.”

Reconciliations are carried out monthly by Wiltshire Council Central Finance. The Pension Administration team is undertaking a review the bank reconciliations position every 6 months with the next one due at end of September 2012.

However, as at the end of July, there were 14 unrepresented cheques amounting to £1.5k, with a further £42k of non-cheque items unreconciled.

6. Officers will continue to work with SWAP to monitor the implementation of all the recommending actions and further updates will be provided at future meetings of this committee.

Risks Assessment

7. The risks reflected identified in the Internal Audit report are included in the Risk Register which is updated quarterly and presented to this Committee.

Financial Implications

8. The fee for this audit is based on an annual recharge.

Proposals

9. The Committee is asked to note the attached action plan update to address the issues raised during the 2011/12 Internal Audit of the Wiltshire Pension Fund.

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

Appendix: Action Plan