

DEPARTMENT	AUDIT REVIEW	FINAL REPORT ISSUED
Corporate Services	Pensions Payroll	15 September 2022

BACKGROUND

The Pension’s Section within the Corporate Services Department is responsible for the payment of pensions to members of the Dyfed Pension Fund. The Dyfed Pension Fund is one of a number of funds making up the Local Government Pension Scheme (LGPS). Carmarthenshire County Council is the statutorily appointed Administering Authority for the Dyfed Pension Fund. It administers the benefits and invests the assets of the Fund. Carmarthenshire County Council also acts as the administrator for the Police and Fire Pension Schemes for Dyfed Powys Police Authority, Mid & West Wales Fire and Rescue Service, and North Wales Fire and Rescue Service.

SCOPE

A review of the Pensions Payroll system was undertaken to ascertain the extent to which:

- There are adequate, documented, procedures in place which are complied with;
- Effective controls exist over payments made to Pensioners;
- Exception reports are generated and reviewed with queries dealt with appropriately;
- Access to standing data processing and programmes is restricted to appropriate personnel and amendments are properly authorised;
- The payroll system is regularly reconciled to the main accounting system.

SUMMARY OF RECOMMENDATIONS

The audit findings and recommendations are detailed in the attached Action Plan. A summary of these recommendations by priority is outlined below:

Priority	3*	2*	1*	Total
Number of Recommendations	0	0	2	2

ASSURANCE RATING

The post review assurance level for systems relating to Pensions Payroll is categorised as: **HIGH.**

Internal Audit review of the Pensions Payroll 2022/23

Action Plan

Ref	Summary of Issue Identified	Recommendation	Priority Level	Planned Action Responsible Officer / Target Date	Updated Position
1	Internal Audit manually recalculated Pensions Increase values for a sample of ten pensioners in receipt of a pension payment, which included pensioners entitled to a Guaranteed Minimum Pension. Whilst nine of the sample were found to be accurate, an error was identified in relation to one pensioner, resulting in a monthly underpayment of £45.92. Internal Audit was advised that, during Pensions Payroll sample checks of the calculations, the error had been identified, however, had failed to be adjusted due to human error.	All adjustments, following the identification of an error, should be countersigned as a check that the adjustments have been actioned appropriately and promptly. The error identified should be adjusted as soon as possible.	*	All adjustments will be countersigned in future. Identified case has been adjusted. Deputy Pensions Manager September 2022	Complete. All future adjustments to be countersigned and the identified case has been adjusted.
2	A review of exception reports identified that a number of exceptions recur each month. Internal Audit was advised that these are 'reducing balance' exceptions which occur due to the parameters set for the exception report being unable to accommodate such transaction types. Currently, once these exceptions appear on the exception report they will continue to appear until the relevant pensioners cease to be paid. It is noted that all exceptions identified are manually reviewed each month and recorded as 'known exceptions'.	The parameters of the exception report should be reviewed and updated to ensure that only true exceptions are highlighted each month which require review.	*	This is a standard report from the software system which we have utilised. A report has been created in our Insights program which only identifies exceptions in a specific month. We are currently testing the report. Deputy Pensions Manager September 2022	Testing is being undertaken again this month as an additional parameter needs to be incorporated into the report. Both reports will continue to be run concurrently until we are satisfied that we have captured all information correctly.