

Appendix 2 Pension Fund Reconciliations and Controls

On a monthly basis a number of reconciliations are performed in connection with the Pension Fund.

Reconciliations and Controls

1. Pension Fund - Bank account balances

Daily, as part of the Council's treasury process the Pension Fund bank account balances are monitored to ensure that the accounts are never overdrawn.

2. **Pension Fund - Bank Accounts** – Monthly the bank accounts are reconciled to SAP by the Finance Officer and reviewed and signed off by the Senior Finance Officer. There are currently no aged items outstanding. (There are fully documented procedure notes)

3. Funds owed between Council and Pension Fund

Monthly the Senior Finance Officer will download the current month's balances from SAP for the Pension Fund. These are analysed and reviewed to calculate the balance owed to the Pension Fund by the Council.

A detailed reconciliation is also performed to ensure all transaction can be identified and supported. (There are fully documented procedure notes)

A request is then made by the SFO to the Director of Finance to approve the actual cash transfer. A high level analysis and access to the working papers is provided for review. Funds will only be transferred once approval has been given. (The Director of Finance as per Council Financial Regulations has to authorise as transfer is over £1m)

The vast majority of the funds relating to the above are:-

- Employee Contributions – deducted from the Council's payroll from Pension Scheme Members
- Employer Contributions – calculated as part of the Council's payroll process
- HMRC and Augmentation payments made via Pensions Payroll.
- Fund Management expenses

4. Other Balance Sheet Accounts

All other balance sheet accounts relating to the Pension Fund (i.e. Suspense account, Debtors, Creditors etc.) are reconciled each month by the SFO and any issue highlighted to the Treasury and Pension Fund Manager.

Following on from the 2015-16 Audit recommendations the following have been reviewed/implemented:

- Employee and Employers Contributions are paid to the Pension Fund bank account within 19 days as required by current regulations. At the same time any other amounts owed by the Council to the Pension Fund and from the Pension Fund to the Council are netted against the amount paid.
- Historically the balance was broadly settled by the end of the following calendar month. However, since November 2016 the exact amount is transferred from the General Fund account to the Pension Fund account and within 19 days.
- Private Equity income – The bank have now resolved this issue and all foreign income is credited directly to the PF Bank account.