Audit West

Internal Audit Report
Confidential

Avon Pension Fund

Year-End Processes 2023-24

June 2024

Executive Summary

Audit Opinion:

Assurance Rating	Opinion
Level 5 - Full Assurance	The systems of internal control are excellent with several strengths, no weaknesses have been identified and full assurance can be provided over all the areas detailed in the Assurance Summary.
Level 4 - Substantial Assurance	The systems of internal control are good with several strengths evident and substantial assurance can be provided as detailed within the Assurance Summary.
Level 3 - Reasonable Assurance	**The systems of internal control are satisfactory and reasonable assurance can be provided. However, there are several areas detailed in the Assurance Summary which require improvement and specific recommendations are detailed in the Action Plan.**
Level 2 - Limited Assurance	The systems of internal control are weak and only limited assurance can be provided over the areas detailed in the Assurance Summary. Prompt action is necessary to improve the current situation and reduce the levels of risk exposure.
Level 1 - No Assurance	The systems of internal control are poor, no assurance can be provided and there are fundamental weaknesses in the areas detailed in the Assurance Summary. Urgent action is necessary to reduce the high levels of risk exposure.

Assurance Summary:

Assessment	Key Control Objectives
Satisfactory	i-Connect CSV Data Submission – Year end: Ensure that employers submit accurate and timely scheme member information, that validation checks are undertaken, and that the data is uploaded to the Pensions system in readiness for the issue of the Annual Benefit Statements.
Satisfactory	i-Connect Online Returns Data Submission – Year end: Ensure that employers submit accurate and timely scheme member information, that validation checks are undertaken, and that the data is uploaded to the Pensions system in readiness for the issue of the Annual Benefit Statements.
Satisfactory	Non i-Connect Data Submission – Year end: Ensure that employers submit accurate and timely scheme member information, that validation checks are undertaken, and that the data is uploaded to the Pensions system in readiness for the issue of the Annual Benefit Statements.
Satisfactory	Member Contributions Reconciliations – Year end: Ensure that pension contribution payments received and posted to Agresso match the member contribution data posted to Altair, to identify and resolve any errors or anomalies.

Detailed Report

Opinion

Internal Audit has undertaken a review of the risks and controls related to the Avon Pension Fund – Year-end Processes. We have assessed the framework of internal control at Level 3 – Reasonable Assurance. A total of 17 audit recommendations, and 1 opportunities, are detailed in the Action Plan.

Scope and Objectives

The detailed scope and objectives of our audit were set out in the Audit Brief and a summary of our opinion against each of the specific areas reviewed has been detailed in the Assurance Summary section above.

Testing has included consideration of the following controls:
- Data is received by all relevant employers and for all scheme members.
- Data is received and processed in a timely manner.
- Data is validated and checked for reasonableness.
- Data issues are promptly referred back to employers for investigation.
- Internal quality assurance and supervisory checks are in place.
- Adequate records of the process from end to end are retained.
- Reconciliations take place between employee data and the Pensions System.
- Reconciliations take place between employee data and the Finance System.

The focus of testing has been the processes followed at the end of the 2022-23 financial year, in readiness for the issue of the Annual Benefits Statements in August 2023.

Context & Audit Comment

General Observations

The year-end processing of member data, including contributions, takes place over several months. There are three separate but similar workstreams and these are i-Connect CSV, i-Connect OLR and Non i-Connect. These workstreams differ in terms of how the employer submits the member data.

The graphs below show the numbers of employers using each workstream, and the number of scheme members covered in each instance.
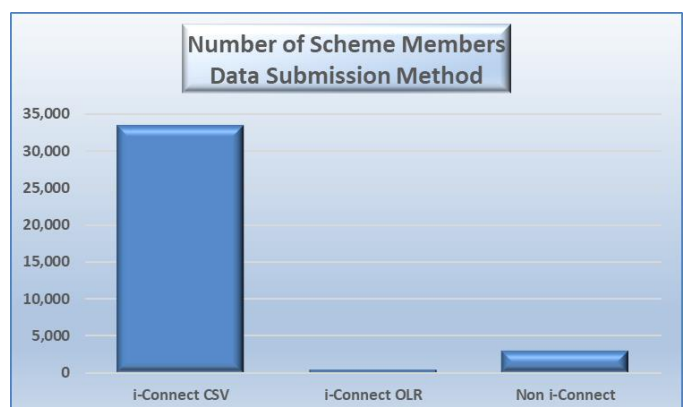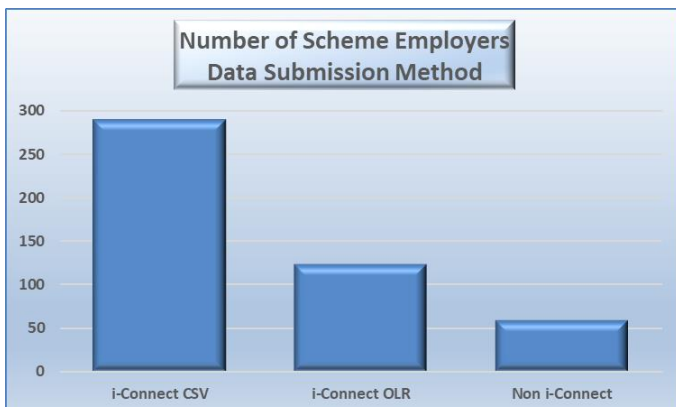
We held meetings with several officers and discussed each workstream in some detail, reviewing supporting evidence including central monitoring records, communications, and a sample of data submissions received from employers.

Since the pandemic in 2019, training sessions for employers in the lead up to year-end was suspended. This remained the case during the 2022-23 year-end as well, but has since been reinstated, with a recent training session for i-Connect employers having taken place on 16th February 2024.

A range of guidance 'factsheets' were in place and available to employers prior to the year-end. Evidence was seen of these factsheets being updated during January 2023, in readiness for the year-end process. Topics included:

- Factsheet 25 - YE process (outlining the required data, format, timescales, penalty fines and FAQs).
- Factsheet 20 – Calculating Final Pay.
- Factsheet 29 – Calculating Career average (CARE) scheme cumulative pensionable pay.
- Factsheets 24/24A - Transmission of data (accessing and using the Globalscape system).

One of the outcomes of the year-end process, and an indicator of the overall success, is the issue of the Annual Benefit Statements (ABS). In cases where member data had outstanding queries, a flag would be entered into the members account and the ABS would not be issued. Information provided by the Communications and Marketing Manager states that there are 31745 active members against 31591 ABS issued (99.5%).

Of the 154 ABS not issued, 98 related to "gone away", i.e. no known current address and 56 related to unresolved data errors. APF have ongoing processes outside of the year-end workstreams which will continue to try to resolve outstanding queries on an ongoing basis. These figures indicate a very low incidence of suppressed ABS by the end of the year-end process.

Whilst the following sections describe a range of automated and manual checks and balances, the team leaders indicated that, due to resourcing and workloads, the level of internal quality assurance checks and separation of duties within the teams was relatively light, indicating a possible area for improvement going forward.

i-Connect Employers – CSV Uploads

This is the most significant method used by which employers to submit member data. It is the preferred method for employers with larger numbers of scheme members and a compatible payroll system. The i-Connect interface was developed by Heywood Analytics, and it allows for data to be efficiently and seamlessly uploaded to the Altair system.

i-Connect is a cloud-based system accessed via a web browser. Multi-factor authentication is not in place for system access, reliance is placed on password complexity instead. Current password settings are not particularly strong, although we note they do include complexity requirements. APF have indicated that password settings are controlled by the software vendor, however we have recommended that APF consider increasing password strength requirements.

Employers were provided with a good degree of information prior to year-end. This was in the form of an email that contained an overview of the process, a summary of required actions and deadlines, and links to relevant factsheet documents located on the APF Employers' website. Two variations on the employer notification email were noted, one for employers with in-house payroll provision, and one for multi payroll providers (MPP).

A central control spreadsheet had been created to allow for recording and monitoring of key steps within the year-end process. Whilst the spreadsheet contained a good amount of useful information, we identified several quality issues and gaps that detracted from its overall presentation and reliability.

Employers were required to submit March payroll data via i-Connect, by 30/04/23. The control spreadsheet showed that most employers met this deadline, however a significant number, 33% submitted data after this deadline, with several datasets not received until early June 2023.

Employers were required to process and return year-end query spreadsheets by 23/06/23. The control spreadsheet showed once again that most employers met this deadline, however a significant number, 26% submitted data after this deadline, with some being received as late as early October 2023.

The control spreadsheet did not have a column for recording the chasing of March payroll data, but did have three columns, used to varying degrees, to record the chasing of the year-end query spreadsheets.

Year-end member data is subjected to several checks and balances. When an employer logs into i-Connect to upload data, the system automatically compares the new data against that from the preceding period. These checks identify:

- Tolerance failures – currently set at 10% (e.g., total number of members, number of new starters).
- Validation errors - e.g., missing data fields/invalid data.
- Omitted members - members missing from the current upload that were present on the prior upload.

The employer can only complete the upload if there are no tolerance or validation errors, although they are able to submit the file with omitted members, as these are dealt with later. In the event the upload is prevented, the employer must contact APF who will then intervene and assist.

Using a copy of the CSV file obtained through the secure Globalscape portal, APF then conduct further data checks, such as:

- Matching omitted members to any leavers forms that may have been received.
- Comparing pensionable pay across the current and prior year, with a tolerance of 10%.
- Comparing the CARE contribution against the expected amount, based on the contribution rate and pensionable pay, with a tolerance of 10%.

Queries arising because of the above checks are then sent back to the employer, with a set return deadline. For the 2022/23 period, this was 23/06/23.

We selected four employers and reviewed supporting records and entries within the control spreadsheet, relating to the above checks and balances, and confirmed that they had been suitably checked, evidenced and recorded.

i-Connect Employers – Online Returns (OLR)

This data submission method is more suited to employers with a smaller number of scheme members. It still makes use of the i-Connect interface and as such allows the member data to be seamlessly uploaded to Altair, however the employer is required to manually update each employee record on screen as part of the submission process.

Employers were provided with a good degree of information prior to year-end. This was in the form of an email containing an overview of the process, a summary of required actions and deadlines, and links to relevant factsheet documents located on the APF Employers' website.

A central control spreadsheet had been created to allow for recording and monitoring of key steps within the year-end process. We noted fewer quality issues and gaps within the spreadsheet, however the number of employers using OLR is far less than that those using CSV uploads.

Employers were required to submit March payroll data via i-Connect, by 30/04/23. The control spreadsheet showed that many employers met this deadline, however a small number, constituting 8% of the total number of employers, submitted data after this deadline, the latest being towards the end of May 2023.

Employers were required to process and return a data confirmation spreadsheet, containing queries, by 23/06/23. The control spreadsheet showed that many employers met this deadline, however 10% of employers missed this deadline, with one response being received in late July 2023.

The control spreadsheet did not have a column for recording the chasing of March payroll data, but it did have columns to record the chasing of the data confirmation spreadsheets.

Year-end member data submitted via OLR is subjected to several checks and balances. When an employer logs into i-Connect, they are presented with member information which is rolled forward from the prior period. The employer is required to check this data and make any necessary manual adjustments so that the data reflects the current period pay information correctly. Adjustments will include, for example, the addition of starters (for which additional mandatory fields are required to be completed) and updating of data relating to pensionable pay and contributions where this differs from the prior period. The system then automatically compares the new data against that from the preceding period, to identify:

- Tolerance failures - currently set at 10% (e.g., total number of members, number of new starters)
- Validation errors - e.g., missing data fields/invalid data

The employer can only complete the upload once they have reviewed and agreed any tolerance checks and corrected any validation errors.

APF then undertake their validation checks which include:

- Comparing pensionable pay across the current and prior year, with a tolerance of 10%.
- Comparing the CARE contribution against the expected amount, based on the contribution rate and pensionable pay, with a tolerance of 10%.

Queries arising because of the above checks were then sent back to the employer, with a return deadline of 23/06/23.

We selected four employers and reviewed supporting records and entries within the control spreadsheet, relating to the above checks and balances, and confirmed that they had been suitably checked, evidenced and recorded in all cases.

Non i-Connect Employers – Manual Returns

This data submission method is only used where an employer is unable to utilise one of the i-Connect options outlined above. This method of submission requires a greater amount of manual processing and the financial data for members is only updated at year-end, unlike the other i-Connect options which require monthly updates.

Employers were provided with a good degree of information prior to year-end. This was in the form of an email containing an overview of the process, a summary of the required actions and deadlines, and links to relevant factsheet documents located on the APF Employers website.

A central control spreadsheet had been created to allow for recording and monitoring of key steps within the year-end process.

The process for obtaining member information from non i-Connect employers is different. APF begin by downloading a full data set of existing scheme members into a 'master' spreadsheet, which is then uploaded to employers during March, via Globalscape. Employers are required to check, update, and return the 'master' spreadsheets by a set date (for 2022/23, this was 30/04/23). The control spreadsheet showed that almost all employers met this deadline, with only two arriving late. The control spreadsheet indicated the circumstances in both cases was considered. In one case a fine was issued for the late submission, in the other, the notes suggest the employer was working closely with APF and taking all steps to expedite the submission, and so no fine was levied.

Year-end member data submitted by non i-Connect employers is also subjected to several checks and balances. Where issues or tolerance failures are identified, these are followed up and resolved. The Master spreadsheet submitted by employers during April, contained the following checks:

- Pension Remuneration - divides new FTE salary with the old. 10% tolerance.
- CARE - calculates whether contributions are as expected, based on contribution rate and current pensionable pay (CPP). 10% tolerance.
- Contribution Rate - if the quoted rate is not a standard rate, this will be highlighted.
  -

Next, data from the Master spreadsheet is moved into a further 'Post Checker Template spreadsheet where, prior to it being uploaded to Altair, it is cross-checked against existing data from Altair to ensure there are no mismatches in national insurance number, surname, pay reference and post number.

Once the matched data has been uploaded into Altair, further post load checks are undertaken that identify any potential mismatches in national insurance number, surname, pay reference, post number, contributions, FTE pensionable pay, and actual pensionable pay.

Queries arising because of the above checks are then sent back to the employer, with a return deadline date (for 2022/23 period, this was 23/06/23).

We selected four employers and reviewed supporting records and entries within the control spreadsheet, relating to the above checks and balances, and confirmed that they had all been suitably checked, evidenced and recorded.

We identified the following strengths:

- Although there are three separate year-end work streams, based on how employers submit member data, there is a good degree of alignment between the checks and balances undertaken.
- Although year-end training sessions for employers had been suspended since the pandemic and were not part of the 2022-23 year end process, they have now been re-introduced for the 2023-24 year-end.
- Employers received advance notification of the year-end process and applicable deadlines for data and query returns.
- Employers have access to a good degree of reference material such as factsheets, to guide them during the year-end process.
- Each work stream has a central monitoring spreadsheet recording the various stages and progress.
- 99.5% ABS issued indicates a very low level of unresolved data issues.
- Multiple stages of data checks and validation exist across all three year-end workstreams.
- A good degree of supporting records were retained for each workstream.

We identified the following weaknesses:

- Gaps and data quality issues within some year-end process monitoring documents reduce their overall reliability and usefulness.
- The proportion of late data submissions was relatively high in respect of i-Connect CSV/MPP employers.
- Password authentication controls for i-Connect are weak, due to them being relatively short.
- The number of fines issued appears low when compared with the number of late data submissions.
- Procedure documents were not always fully up to date and did not always include version control information.
- There are several types of year-end declarations in place, making this part of the process confusing.
- The monitoring of year-end workstreams by team leaders/managers, was not consistent across the three year-end processes (CSV, ORL and manual).

- Reconciliations of member contributions are difficult to understand due to their complexity there is no evidence of independent sign off.
- A process for reconciling contribution amounts recorded on the LGPS50 form, submitted by employers, to the amounts posted onto Altair via i-Connect and manual uploads is not in place.
- There is limited internal quality assurance checks and separation of duties within teams for validating year-end data.

Audit & Risk Personnel

Lead Auditor: Gary Spratley

Acknowledgements:

Sincere thanks to Claire Newbery, Pensions Operations Manager, and all service staff for their help and assistance provided throughout the Audit review.

Action Plan

	MEDIUM RISK EXPOSURE			
	Weakness Found	**Implication or Potential Risk**	**Recommendation(s)**	**Responsible Officer Management Comments Implementation Date**
M1	**Data Quality and Completeness: i-Connect CSV/MPP** Checks on the quality and completeness of the year-end control spreadsheet for the 289 iConnect CSV/MPP employers identified the following: • 14 instances where the date of the March 2023 data upload was not recorded. • 63 instances where date of receipt of the 'Data Confirmation Spreadsheet and Declaration (DCS)' was not recorded or recorded only as 'received'. • Line 123 - Headley Park Primary School - column 'AR-Is the return on time' says 'No', however the dates in columns 'H' and 'AG' suggest the return was received by the due dates. • Column 'AP-additional queries checked by', had not always been completed in instances where column 'AO-date additional queries received',	In the event of a query, APF may not be able to place reliance on the robustness, completeness and reliability of the control spreadsheet. Adverse effect on reputation of the APF.	APF should ensure that: • All relevant data fields are populated. • Data submissions by employers are timely. • N/A is recorded in cells where data is not required. The year-end process should be updated to include regular spot checks to confirm the quality and completeness of the data. A record of these checks should be maintained.	**Agreed.** **Responsible Officer:** Data Control Team Leader, Grant Roberts. **Implementation Date:** Actioned. The importance of regularly and correctly updating the control sheets is understood by Data Control (DC). As well as tracking the progress of each employer the sheets are used for management feedback, as such they will be regularly checked by the DC team leader, as well as indicating which employers require escalating to Employer Relations. A formula has been added to the control spreadsheet column AJ to add the date to be chased when the DCS date issued is entered in column AH.

	had been populated. And vice versa. • Late DCS returns where no evidence of chasing was recorded, such as BCC Fair Furlong Primary. • Late DCS returns where only the final chaser had been recorded, such as Ashton Park School • Late DCS returns where no 'chase by' date had been entered into column AD, such as Luckwell Primary School • Column for recording date on which APFEMPYEN008 report was run, were sometimes blank.			A date chased will not be entered if the DCS is received within the 14 day period. The DC team have been asked via email on 21/03/24 to mark all cells where data is not required as n/a. However, it has been noted that this action does make the control sheet harder to read.
M2	**Timely Submission of Data:** **i-Connect CSV/MPP** APF have processes in place to encourage employers to submit data in a timely way, such as: • Year-end data submission timetable. • Chasing of late data submissions by Employers. • A record of employers who submit data late. Despite these actions, the year-end control spreadsheet for iConnect CSV/MPP employers shows that: • 33% missed the 30/04/23 deadline	APF could make strategic decisions on data that is not correct and/ or complete.	APF should consider strengthening the wording of the reminders sent to employers, for instance by including an option to escalate the matter to a senior officer such as the S151 officer or similar, in the event that data is not promptly received. APF should consider adding columns to the control spreadsheet to record the date on which late submissions of March payroll data were chased and whether fines had been considered/imposed.	**Agreed.** **Responsible Officer:** Data Control Team Leader, Grant Roberts. **Implementation Date:** Actioned. Firstly it should be noted that team resources were very limited during the 2022-23 year end process. A date chased column is available for the iConnect team to record when any chaser is sent. A date chased column has also been added for the Data Control

- 26% missed the 23/06/23 deadline We also noted that the control spreadsheet did not include columns relating to: The date on which late March payroll submissions were chased. Whether a fine had been considered or imposed.		spreadsheet, if required. Both dates can be considered, if necessary, when assessing if an employer should be fined. A column has also been added relating to the consideration of fines. There is an escalation process for employers who do not submit data in a timely way. Internally, the Data Control Team can escalate to the Employer Services Team. Externally, if the nominated contact at the employer organisation is not engaging with us, we may seek to identify and contact other senior management figures such as a Managing Director or Finance Director, although we do not necessarily specify this in the chasing letters. We also have the option to report an employer to The Pension Regulator where we have serious concerns regarding data quality. When considering fines we need to take into account the financial situation of the employer, many of whom may be struggling

				financially. We only consider issuing fines as a last resort, our preferred approach is to provide additional training to affected employers. An increase in fines could lead to additional work in the event that fines were not paid and we were forced to take some form of enforcement action such as reviewing the employers membership of the scheme. We will also be reviewing and updating the Admin Strategy later in the year, and will ensure that processes and measures relating to employer performance are clearly established. This will be completed by March 2025.
M3	**Tolerance Check Failure Not Explained: i-Connect CSV/MPP** One of the data checks carried out by APF involves calculating the expected member contribution based on their contribution rate and care pay to their actual contributions paid. A tolerance limit of 10% is deemed acceptable, with any outside of this range subsequently flagged as a query.	Inability to demonstrate that all tolerance failures have been explained and resolved.	As part of the year end processes, regular checks should be undertaken to ensure all tolerance failures are supported by adequate explanatory notes and/or included in the subsequent DCS queries to the employer. A record of these checks should be retained.	**Agreed.** **Responsible Officer:** Data Control Team Leader, Grant Roberts. **Implementation Date:** Actioned. Agree with the comment, any entry that does not meet the tolerance should be investigated with the evidence on taking further

	For Downend School Academy, this check resulted in four members whose contribution fell outside of the tolerance limit.

The control spreadsheet (used for central monitoring) and the Data Confirmation Spreadsheet (DCS – sent to the employer to check), only mention three results being outside of the tolerance limit. The omitted result, which, with a score of 54% compared with the actual contributions received, has no notes against it to explain the result. | | | (querying with employer) or no action required being fully recorded. In this instance the member switched from main to 50/50 during the year, if both sections are calculated separately for the care/contributions checked the total matches the contributions on Altair.

Sample checking by DC team leader can ensure this is completed for YE 2023/24, as will the cross checking within the team before the data confirmation spreadsheet is issued. |
| **M4** | **Supervision and Monitoring:
i-Connect CSV/MPP**

For CSV/MPP data returns, evidence of formal progress updates being provided to the team leader for the year-end process was not seen.

Regular email progress updates were provided for the manual year-end process.

We also understand that 1 to 1 catch up meetings, did not always take place due to resource pressures. | Timely action cannot be taken by APF if they are not aware of potential issues with the year-end process.

Strategic decisions may be based on incomplete information. | A consistent approach should be applied, with some form of documentary evidence retained to demonstrate supervisory control by the relevant managers during the year-end data processing.

The year-end monitoring process, in particular the process for updating team leaders on progress, should be standardised across all relevant APF teams, and a procedure document written.

The procedure document should be shared with all relevant staff and compliance to this document should be monitored. | **Agreed.**

Responsible Officer: Employer Services Manager, Yolonda Dean.

Implementation Date: Actioned.

Regular updates on progress will be made via the ABS Production Plan 2024_Master spreadsheet. ES manager and DC team leader have regular meetings scheduled throughout the year. |

			1 to 1 meetings should be diarised between the managers and team leaders during the year, including as part of the year-end process.	
M5	**Quality Assurance Checks** The ability for teams to carry out quality assurance checks on manual processes was restricted by resourcing considerations and workloads.	Limited or no quality assurance checks on manual processing within teams may result in an increase in errors or omissions.	Quality assurance spot checks within teams should be considered, as well as greater separation of duties, for example by using different officers for the pre and post load checks carried out as part of the non i-Connect employer data uploads.	**Agreed.** **Responsible Officer:** Data Control Team Leader, Grant Roberts. **Implementation Date:** Actioned. A sample checking process has been put in place for all three year end processes; these checks are done by the DC Team Leader, the results saved in the DC Year End folder and results noted on the control sheets, with any actions required. The OLR and CVSV/MPP data confirmation spreadsheets are created by one person and checked by a second before issuing. This is recorded on the control spreadsheets.
M6	**Independent Sign off of Reconciliations** We were unable to verify that reconciliations between the LGPS50	Potential for financial loss if errors in the reconciliation are not identified and corrected in a timely manner.	Reconciliations between the LGPS50 returns and the bank statement/general ledger should be independently reviewed and signed off.	**Agreed.** **Responsible Officer:** Pensions and Projects Accountant, Marc

	returns and the bank statement/general ledger were independently checked.		A record of these checks should be maintained.	Goodman **Implementation Date:** July 2024 We are in the early phase of implementing a monthly review and sign-off. Recognising that the current spreadsheet is a little unwieldy the intention is that this will incorporate a new summary reconciliation tab comparing the various sum totals back to Agresso.
M7	**Reconciliation Summary** The financial information is complex and not easy to follow for the spreadsheet records related to balancing/reconciling of the contribution entries.	Lack of transparency could increase the potential for financial decisions to be based on misinterpreted data.	A summary sheet for the balancing/reconciliation process should be produced and implemented. These could be added as a new tab within the existing 'Match Contributions' and 'Contributions' spreadsheets, to show: • Total value – LGPS50 (period or YTD). • Total value – Bank statement/Ledger (period or YTD). • Variance – including explanation. • Completed by. • Date. • Reviewed by. • Date.	**Agreed.** **Responsible Officer:** Pensions and Projects Accountant, Marc Goodman. **Implementation Date:** June 2024. As above.

M8	**Reconciliation of Altair to Agresso** Contribution payments received and processed by the Finance Team and reported via the LGPS50 employers' form, are not fully reconciled with contribution data uploaded to Altair via the i-Connect system.	APF decisions could be based on data that is not correct. Financial loss to the Council if contributions received are not correct. Variances cannot be identified and corrected.	The system to allow contribution payments received and posted to the Agresso system to be reconciled to contribution data uploaded to i-Connect, should be fully implemented. Any variances should be promptly investigated and resolved. A clear record of the reconciliation should be maintained.	Agreed. **Responsible Officer:** Finance Manager, Dave Richards. **Implementation Date:** September 2024. The employer services website and LGPS50's will be phased out during 2024. There will be a period of parallel running from April-June 2024 where both LGPS50 and i-Connect data will be cross checked. If there are no errors, the employer will no longer need to submit a LGPS50. There are still some technical difficulties which may affect some employers such as unitary authorities, which will need further work to resolve.
M9	**i-Connect Password Settings** i-Connect is a cloud based system, accessed via a web browser. Authentication controls were found to be relatively weak, consisting solely of a password.	Weak user authentication controls may lead to unauthorised system access and data loss. Short passwords are susceptible to brute force cyber-attacks.	APF should liaise with the vendor and determine whether user authentication controls can be improved.	Agreed. **Responsible Officer:** Digital Services Manager, Claire Moon. **Implementation Date:** March 2025.

	APF have indicated that the password settings are set by the software vendor and are outside of their control			This issue was also picked up as part of the IT audit last year and we looked at possible solutions at that time.

Unfortunately password settings are outside of APF's control as Heywood design the product and control security access.

Multi Factor Authentication is in the process of being tested by Heywood and we can look to implement this when it becomes available, although no date has currently been set.

We will review the situation again with Heywood in March 2025. |
| M10 | **Employer Data Queries: i-Connect CSV/MPP**

A sample of five employers was selected from the year-end control spreadsheet for i-Connect CSV/MPP data. For the West of England Combined Authority, we noted:

• The control spreadsheet noted three pension remuneration (pen rem) | Management decisions could be made on information that is not fully reliable, which could affect the operational activity of the pension fund. | As part of the year end process, the pension fund administrators should reconcile the control spreadsheet against the underlying information to ensure consistency and accuracy of the data held. | **Agreed.**

Responsible Officer: Data Control Team Leader, Grant Roberts.

Implementation Date: Actioned.

It appears the pen rem sheet has been amended which has led to |

	queries, but the actual test spreadsheet only records two queries. • The control spreadsheet noted fifteen queries related to the contribution as a percentage of care test, however the data confirmation spreadsheet sent to the employer is showing sixteen.			the change in query numbers. The control sheet shows three queries, one corrected by APF and two issued, the two confirmed on the data confirmation spreadsheet. The one corrected by APF is implied on the pen rem download, but not clear. The second point made is correct. The accurate recording on the control spreadsheets has been given to the team (DC) and this will be looked for in the team leader sample checking.
M11	**Timely Notifications to non i-Connect Employers** Avon Pension Fund staff do not always issue email notifications to non i-Connect employers timely. Whilst the majority of the 59 non i-Connect employers received their email notification in mid-March, 3 were not issued until mid-April and 1 in early May. This also meant that the member spreadsheets were also sent out later.	Timely notification to employers would have an adverse impact on the employer's ability to submit a timely return.	As part of the year end processes, Avon Pension Fund staff involved with email notifications to employers should be reminded to ensure timeliness of engagement. Year-end process documentation should be updated to reflect the need for timeliness. Where it is not possible to issue notifications to employers in a timely manner, the reason should be recorded within the control spreadsheet.	**Agreed.** **Responsible Officer:** Employer Relations Team Leader, Isabel Martin. **Implementation Date:** March 2025. Staff are aware of the need to issue these notifications promptly. In some instances, there are valid

				reasons, outside of our control, that create delays. Examples, which applied in this case, included where a new employer joins, or where the employer has had a recent change in payroll service.

We will record a note in the control spreadsheet to explain the reason for any late communications going forward.

It should also be noted that the number of employers providing a manual year end has reduced to just six for 2023/24. As we anticipate all employers using i-Connect soon, a further update to the non i-Connect procedure document is not required. |
| **M12** | **Timeliness of Data Submission: i-Connect Online Returns**

For employers submitting data using i-Connect Online Returns, we noted:

- 8% had missed the 30/04/23 deadline, and in two further cases the date field was blank.
- 10% had missed the 23/06/23 | Impact on the operational activity of the pension fund because late submissions generate additional work and delays later in the year end process.

Data quality issues could result in poor management decisions. | The Avon Pension Fund should review their processes to chase submissions and consider escalation to an employer's senior leadership team for those employers that repeatedly miss deadlines.

Pension fund employees should be reminded of the need to ensure all relevant data fields are populated within key supporting records (i-Connect and non-iConnect year-end | **Agreed.**

Responsible Officer: Employer Relations Team Leader, Isabel Martin.

Implementation Date: March 2025. |

	deadline, and in four further cases the date field was blank. Internal Audit acknowledges that the Avon Pension Fund does have processes in place to chase late submissions, as well as a fines process, however it was noted that only one fine was issued during the 2022-23 year end.		processes). Year-end processes should be updated to reflect this requirement. APF should consider introducing fines for i-Connect employers in addition to the existing fines for non i-Connect employers.	The team (DC) have been reminded of the need to accurately update the control spreadsheets. See response to M2 above, regarding escalation processes, fines, and the planned update of the Admin Strategy. There are always likely to be a small number of late submissions and the overall rate of on time submissions of 92% and 90% for this employer type are by no means bad. We will however continue to work towards ensuring that all communications with employers are timely.
M13	**Documentary Procedures:** **Non i-Connect Data Submission** We made the following observations relating to the 'Non-iConnect Year End Process 2023' documentation: • There is no version control information	The overall usefulness of the document is not optimised, which may result in staff work inefficiencies. The lack of version control could result in different versions being in circulation that could cause errors in processes.	The document 'Non-iConnect Year End Process 2023', should be reviewed and updated, including addressing the matters raised.	**Agreed.** **Responsible Officer:** Data Control Team Leader, Grant Roberts. **Implementation Date:** March 2025.

such as version number, author and date. • The procedure discusses locking down part of the master list spreadsheet but does not specify which sections to include. This makes it unclear whether the columns with the tolerance checks are locked down as well as the employee data. • Whilst the document goes into some detail regarding the pre-post load checker, it does not seem to include specific instructions for populating the 'Post Altair' tab. • All employers in our sample had report APFEMPYEN008 in the year end folder, however this is not mentioned in the procedure.			We will be reviewing and updating all Data Control procedures during the current year as necessary. It should be noted that the intention is for all employers to move to i-Connect/OLR, which will negate the need for separate procedures covering non i-Connect data.

	LOW RISK EXPOSURE			
	Weakness Found	**Implication or Potential Risk**	**Recommendation(s)**	**Responsible Officer Management Comments Implementation Date**
L1	**Document Version Control: i-Connect Data Submission Procedures** Year-end procedural guidance notes did not have version control information. Examples included: • APFEMPYE010 • APFEMPYEN009	Staff could be following incorrect procedures that increase inefficiencies and financial loss.	Year-end procedural guidance notes should be updated to include version control information, for example: • Version number. • Date. • Author. • Approver. A small table could be added to include the above information at the beginning of each document.	**Agreed.** **Responsible Officer:** Data Control Team Leader, Grant Roberts. **Implementation Date:** Actioned. The Contributions as a percentage of CARE (APFEMPYE010) and Remuneration Comparison (APFEMPEN009) have been updated and version control, author and date added. A review of all Data Control procedures is in the work plan, not just those applicable to year end, and a number of other procedures have already been updated with these changes.

L2	**Reliability of Documented Procedures: i-Connect Data Submissions YE control Spread sheet** Procedure APFEMPYE010 contains an error. It instructs the reader to enter the number of queries into column U of the i-Connect control spreadsheet, column U however refers to the number of queries solved by APF for a different test (APFEMPYEN009). Procedure APFEMPYEN009 contains errors. It instructs the reader to record the number of errors you have solved in column W of the i-Connect Control Spreadsheet; however, column W is for 'Other Considerations Related to Employer'. It also instructs the reader to '…. enter this number into column X of the i-Connect Control Spreadsheet', however column X is for recording a date on which a report was run.	Procedures are therefore unreliable and may increase the risk or errors occurring.	The procedures should be reviewed and updated.	**Agreed.** **Responsible Officer:** Data Control Team Leader, Grant Roberts. **Implementation Date:** Actioned. Agreed that the procedures should match with the spreadsheet to which they refer. This probably happened with an addition of a column to the spreadsheet, but the procedure was not updated to reflect the change. The procedure document has been updated to correctly reflect the columns to be updated and the control spreadsheet has been correctly updated during YE 2023/24.
L3	**Year-End Declarations** Employer year-end declarations are not consistent, with several variations in circulation, for example:	The process may be inefficient and/or unclear.	APF should consider having a single year-end declaration form which all employers would then complete and return.	**Agreed.** **Responsible Officer:** Employer Services Manager, Yolonda Dean.

	- Year-end membership data confirmation form. - YE-23 Year end declaration form. - Data Confirmation Spreadsheet. - Data Confirmation Declaration Spreadsheet.			**Implementation Date:** March 2025. The declaration/process for each type of return is clearly laid out in the instruction emails issued by DC so the employers are aware of what they have to complete and why. However, this does not mean the declarations should not be reviewed and reduced in number, if possible. We will look at this as part of the planned Admin Strategy review taking place this year.
L4	**Supporting Evidence of Data Checks: i-Connect Data Returns** The current procedure APFEMPYE010 for the Pension Remuneration check, states that any results within the tolerance limits should be deleted, an example from our sample of where this was applied, was the Avon Fire and Rescue Service results. If there are cases that fall outside of the	Inadequate audit trail. In the event of a query, records will not be available for an investigation.	Individual cases that are within tolerance should be hidden rather than deleted in the results table. The procedure document should be updated to reflect this.	**Agreed.** **Responsible Officer:** Data Control Team Leader, Grant Roberts. **Implementation Date:** Actioned. For the 2023/24 year end, Data Control are creating a new tab on the downloaded APFEMPYE010

	tolerance levels that are deleted by mistake, these would not be identified from the records retained.			report, which will be used for copying and pasting details of cases that fall outside of the agreed tolerances. In this way the original test data is also still retained.

OPPORTUNITY				
	Weakness Found	**Implication or Potential Risk**	**Recommendation(s)**	**Responsible Officer Management Comments Implementation Date**
O1	**Automated Calculation for Pay Increase:** **i-Connect Data Submissions** Procedure APFEMPYE010 compares pensionable remuneration against the previous year, to determine the % change. To do this, the old year figure is divided by the new year figure. Whilst this does provide a measure of change, it does not reflect the actual increase in pay for the individual. In a simple test using actual pension remuneration results from 2022-23, and with rounding to the nearest %, we noted	The most consistent method of calculation may not be applied leading to some individuals who might have been included as queries, being excluded.	A more reliable calculation would be to divide the new year figure by the old year figure, as this would correctly show the % uplift against the previous year.	**Agreed.** **Responsible Officer:** Grant Roberts Data Control Team Leader. **Implementation Date:** Actioned. The increase/decrease formula was amended during the creation/updating of the 2023/24 data confirmation spreadsheets.

variations of up to 6% in the calculation results, between the existing method, and the alternative of dividing the new year figure by the old year figure. These variations will affect which employees are automatically flagged for further investigation/queries.			