



PENSIONS

# Wiltshire Pension Fund

KPMG Pension Schemes Financial Controls Peer Group Comparison

16 February 2010

AUDIT

# Introduction

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## Purpose

The purpose of this document is to provide a high level overview of how your scheme's financial control environment compares to its peer group.

We hope that you find the document a useful comparison tool. We would be happy to discuss further any of the details within the document with the Pension Committee and management.

## Source of data

The data has been collected from the results of a survey completed for KPMG's largest pension scheme audit clients, with assets over £1billion.

**The peer group results are not best or recommended practice but are the average scores for the peer group.**

## Results

The survey covers the following key areas:

- Scheme Governance
- Dealing with Members: Defined Benefit
- Investments: Segregated Funds
- Investments: Pooled Investment Vehicles
- Scheme Accounting

This document is provided as a basis of discussion with the Pensions Committee and pensions management – it is not to be quoted or referred to, in whole or in part, without our prior written consent; and we accept no responsibility to any third party in relation to it. This document has been drawn up based on our knowledge of your scheme or after discussions with management and has not been independently verified. The contents of this document should not be taken as reflecting the views of KPMG LLP except where explicitly stated.

# Scheme Governance

The Fund does not have a separate audit committee to monitor the performance of its auditors. The decision to appoint and review the Fund's auditors lies with the Audit Commission.

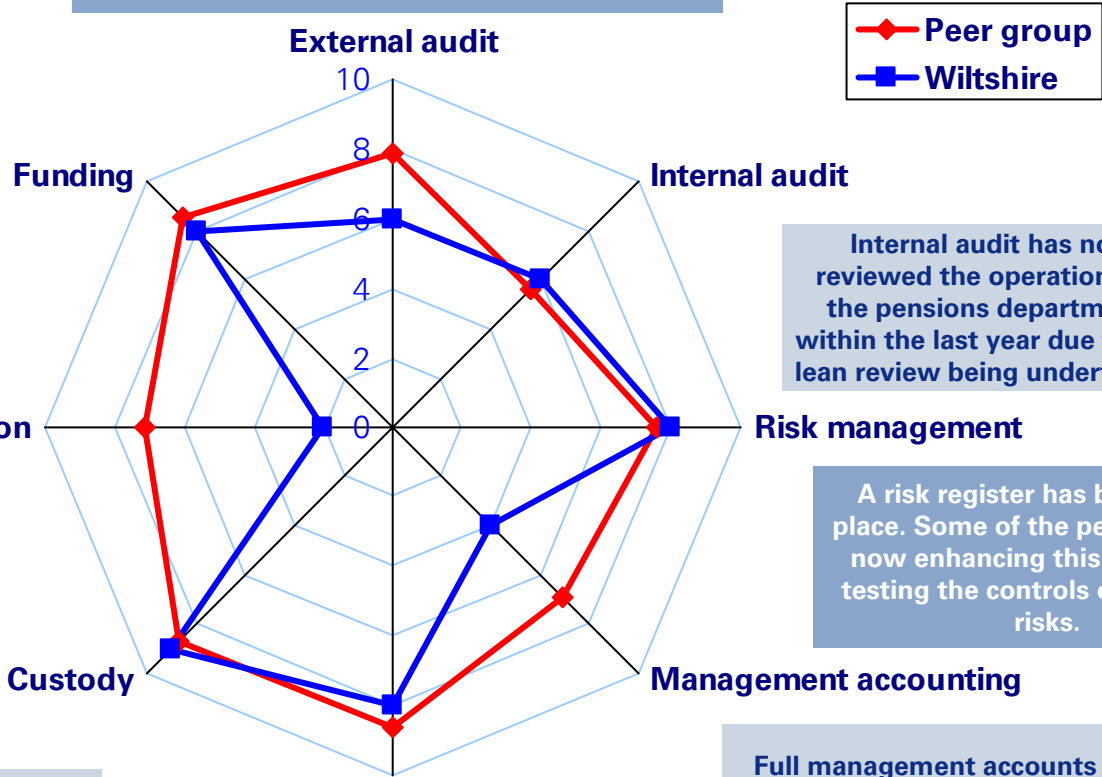
The cost to the tax payer is regularly assessed based on the funding level of the Fund.

Many schemes within the peer group have a separate administration committee which monitors administration however the Fund does not. The membership data of the Fund is only reconciled annually where as the schemes within the peer group complete this more frequently.

The Fund uses a global custodian for its investments. The agreement with the custodian and their performance is monitored by the Pensions Department and Wiltshire Pension Fund Committee.

Some schemes within the peer group have a separate investment sub-committee to monitor investments. Currently the Fund does not have this arrangement however investments are a key focus of the pensions committee.

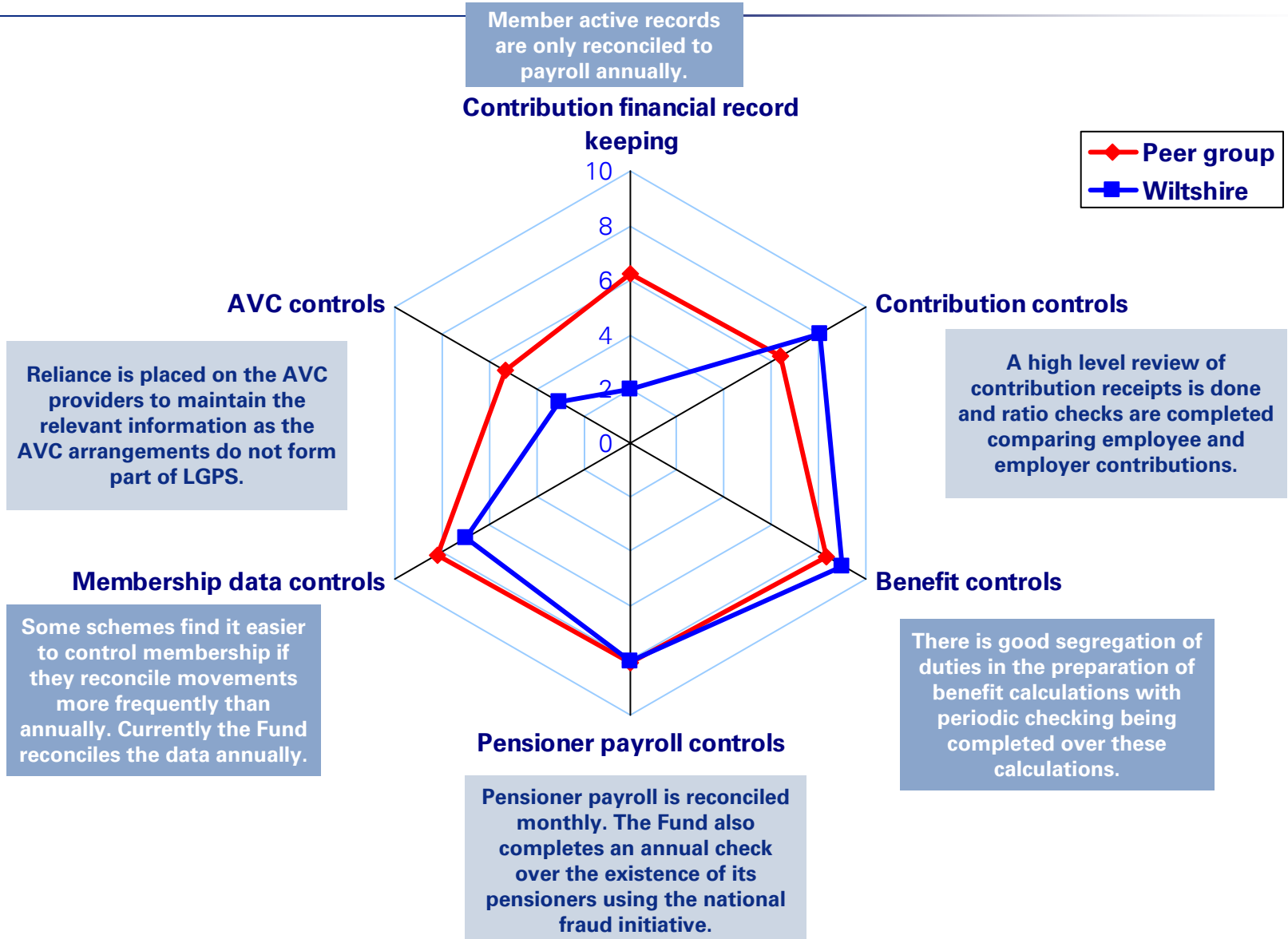
Full management accounts are not produced by the Fund. Many of the peer group are now completing at least bi-annual management accounts.



Internal audit has not reviewed the operations of the pensions department within the last year due to the lean review being undertaken.

A risk register has been put in place. Some of the peer group are now enhancing this process by testing the controls over the key risks.

# Dealings with Members: Defined Benefit



# Investments: Segregated Funds

The Fund uses a global custodian who reconciles the holdings with the investment managers at least monthly. The accounting records are also updated monthly as part of the portfolio rebalancing.

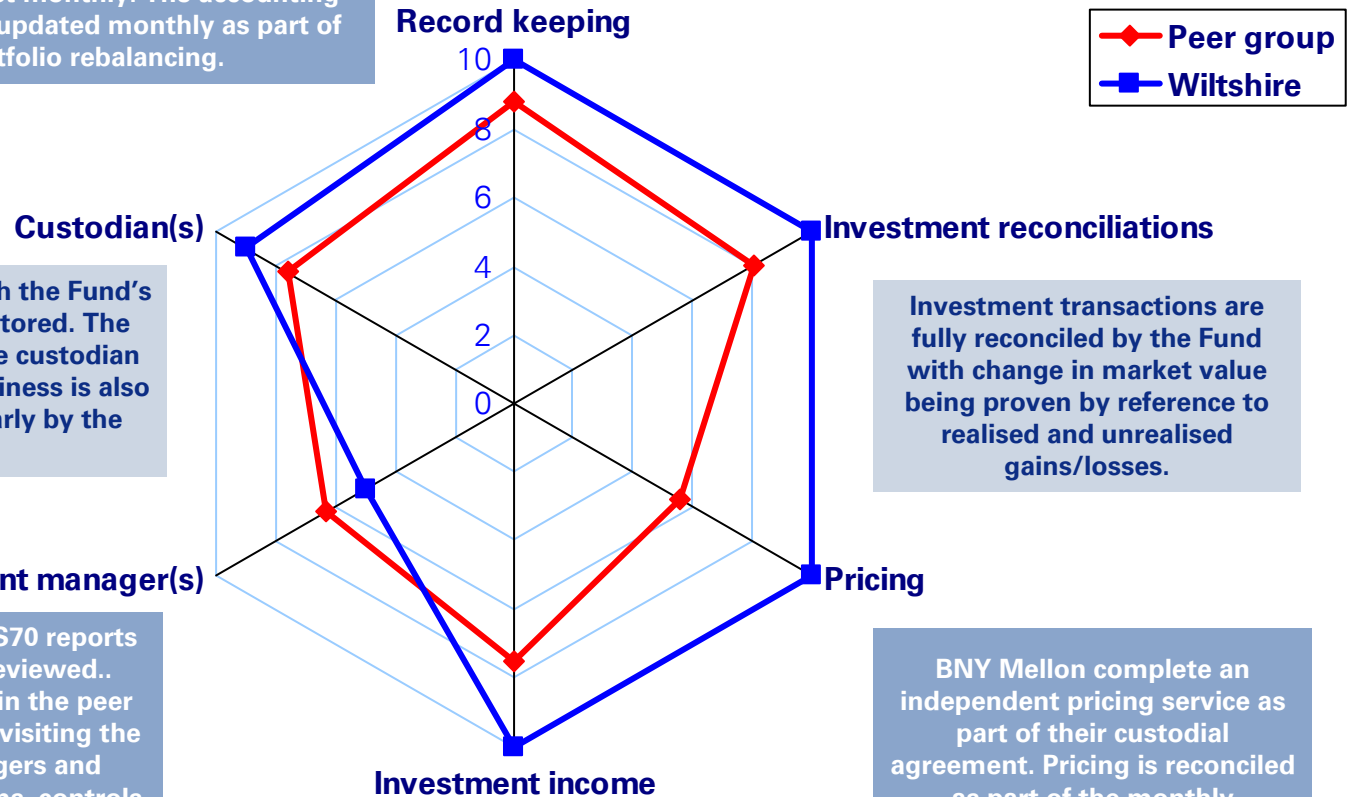
The agreement with the Fund's custodian is monitored. The performance of the custodian and its creditworthiness is also monitored regularly by the Fund.

The AAF01/06 or SAS70 reports are obtained and reviewed. Some schemes within the peer group are moving to visiting the investment managers and discussing the systems, controls and exceptions in relation their scheme.

BNY Mellon is used to collect investment income. BNY's cash records are agreed to the investment manager records as part of the monthly reconciliations completed.

Investment transactions are fully reconciled by the Fund with change in market value being proven by reference to realised and unrealised gains/losses.

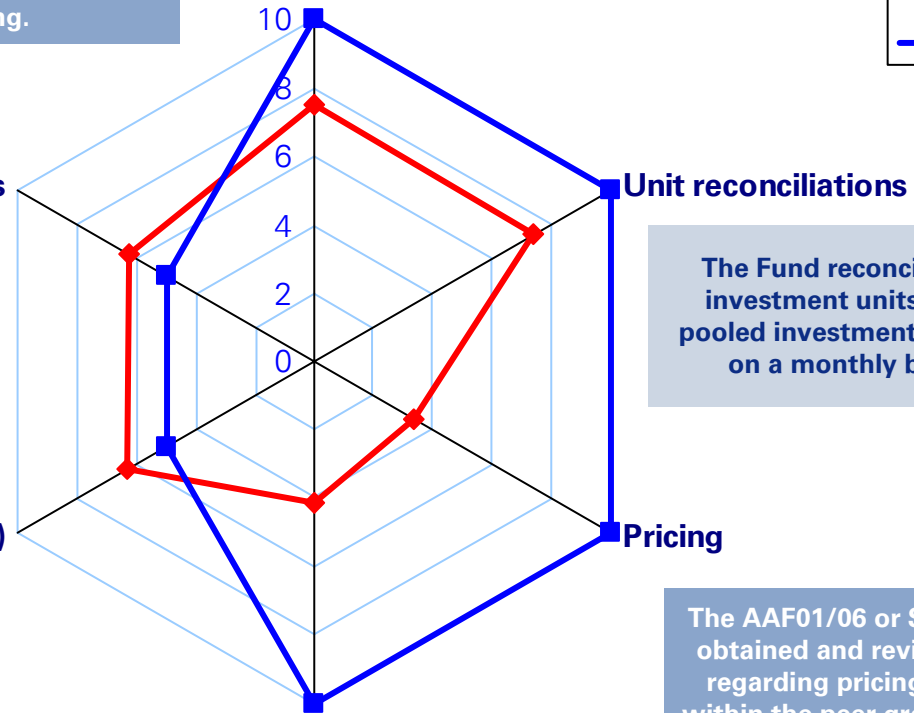
BNY Mellon complete an independent pricing service as part of their custodial agreement. Pricing is reconciled as part of the monthly reconciliation procedure.



# Investments: Pooled Investment Vehicles

The Fund uses a global custodian who reconciles the holdings with the investment managers at least monthly. The accounting records are also updated monthly as part of the portfolio rebalancing.

## Record keeping



## Segregation of duties

The set up of the pooled funds in terms of whether they have an independent manager, administrator and custodian is reviewed informally. Some schemes within the peer group are now reviewing this on a formal basis where a substantial amount of their portfolio within a pooled vehicle.

The Fund reconciles the investment units for all pooled investment vehicles on a monthly basis.

## Investment manager(s)

The AAF01/06 or SAS70 reports are obtained and reviewed. Some schemes within the peer group are moving to visiting the investment managers and discussing the systems, controls and exceptions in relation their scheme.

The AAF01/06 or SAS70 reports are obtained and reviewed. For issues regarding pricing some schemes within the peer group are moving to visiting the investment managers and discussing the systems, controls and exceptions over pricing. They are also obtaining an understanding of the underlying portfolios within the pools.

## Audited accounts

Audited accounts are obtained and reviewed for qualifications and issues for all pooled investment funds that issue them.

# Scheme Accounting

