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DRAFT Audit plan and interim audit report 2011/12

Wiltshire Pension Fund

May 2012

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This report is addressed to the Council and has been prepared for the sole use of the Council. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission has issued a document entitled *Statement of Responsibilities of Auditors and Audited Bodies*. This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. We draw your attention to this document which is available on the Audit Commission's website at www.auditcommission.gov.uk.

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Christopher Wilson, the appointed engagement lead to the Council, who will try to resolve your complaint. If you are dissatisfied with your response please contact Trevor Rees on 0161 246 4000, or by email to trevor.rees@kpmg.co.uk, who is the national contact partner for all of KPMG's work with the Audit Commission. After this, if you are still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure. Put your complaint in writing to the Complaints Unit Manager, Audit Commission, Westward House, Lime Kiln Close, Stoke Gifford, Bristol, BS34 8SR or by email to complaints@audit-commission.gov.uk. Their telephone number is 0844 798 3131, textphone (minicom) 020 7630 0421.

This document describes how we will deliver our financial statements audit work for Wiltshire Pension Fund.

Statutory responsibilities

Our statutory responsibilities and powers are set out in the *Audit Commission Act 1998*, the *Local Government Act 1999* and the Audit Commission's *Code of Audit Practice*.

The *Code of Audit Practice* requires us to review and report on your:

- *financial statements (including the Annual Governance Statement and Annual Report)* : providing an opinion on your accounts.

The Audit Commission's *Statement of Responsibilities of Auditors and Audited Bodies* sets out the respective responsibilities of the auditor and the Council.

Scope of this report

This document describes how we will deliver our financial statements audit work for Wiltshire Pension Fund. It supplements our *Audit Fee Letter 2011/12* presented to you in April 2011.

We are required to satisfy ourselves that your accounts comply with statutory requirements and that proper practices have been observed in compiling them. We use a risk based audit approach.

The audit planning process and risk assessment is an on-going process and the assessment and fees in this plan will be kept under review and updated if necessary.

Structure of this report

This report is structured as follows:

- Section 2 includes our headline messages, focusing on the key risks identified this year for the financial statements audit.
- Section 3 describes the approach we take for the audit of the financial statements.
- Section 4 provides further detail on the financial statements audit risks.
- Sections 5-7 provides information on the audit team, our proposed deliverables, the timescales and fees for our work.
- The remainder of the report feeds back the findings from our interim audit.

Acknowledgements

We would like to take this opportunity to thank officers and Members for their continuing help and co-operation throughout our audit work.

We have identified a number of key risks that we will focus on during the audit of the 2011/12 financial statements.

These are described in more detail on pages 9 to 11.

The remainder of this document provides information on our:

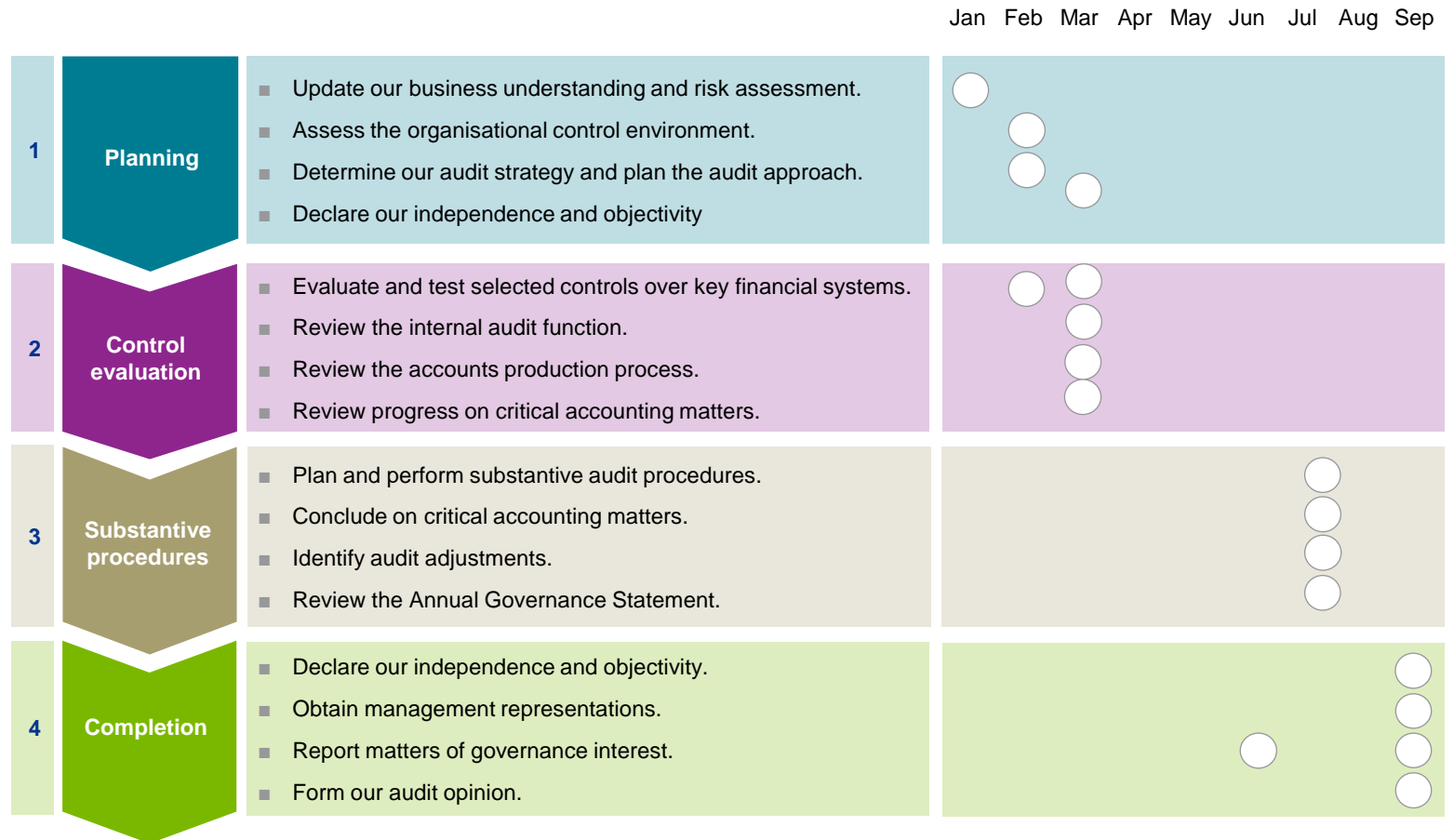
- approach to the audit of the financial statements; and
- audit team, proposed deliverables, timescales and fees for our work.

Area	Risk
CIPFA's Code of Practice on Local Authority Accounting	CIPFA have issued detailed guidance on their Code of Practice on Local Authority Accounting including the format of pension fund annual reports. The detailed code and example accounts include disclosures including IFRS based disclosures which may not have been included in the accounts and Annual Report for 2010/11.
Valuation of investments	During difficult economic times the valuation of investments maybe affected by price deterioration and/or market illiquidity. The pricing of complex investment assets may also be susceptible to pricing variances given the number of assumptions underlying the valuation.
SAP operating effectiveness	In 2009/10 the Council implemented SAP which had impacted on the strength of the overall control environment within the Council. Management worked hard to improve the control environment in 2010/11, but at the end of last year's audit there remained a few development areas which we will follow up early in the audit process this year.

We undertake our work on your financial statements in four key stages during 2012:

- **Planning** (January and February).
- **Control Evaluation** (February and March).
- **Substantive Procedures** (July).
- **Completion** (August and September).

We have summarised the four key stages of our financial statements audit process for you below:



During January and February we completed our planning work.

We assess the key risks affecting the Fund’s financial statements and discuss these with officers.

We assess if there are any weaknesses in respect of central processes, including the Council’s IT systems, that would impact on our audit.

We determine our audit strategy and approach, and agree a protocol for the accounts audit, specifying what evidence we expect from the Fund to support the financial statements.

Our planning took place in January and February 2012. This involves the following aspects:

Planning

- Update our business understanding and risk assessment.
- Assess the organisational control environment.
- Determine our audit strategy and plan the audit approach.

Business understanding and risk assessment

We update our understanding of the Fund’s operations and identify any areas that will require particular attention during our audit of the Fund’s financial statements.

We identify the key risks affecting the Fund’s financial statements. These are based on our knowledge of the Fund, our sector experience and our ongoing dialogue with Fund staff. The risks identified to date are set out in this document. Our audit strategy and plan will, however, remain flexible as the risks and issues change throughout the year. It is the Fund’s responsibility to adequately address these issues. We encourage the Fund to raise any technical issues with us as early as possible so that we can agree the accounting treatment in advance of the audit visit.

We meet with the finance team on a regular basis to consider issues and how they are addressed during the financial year end closedown and accounts preparation.

Organisational control environment

Controls operated at an organisational level often have an impact on controls at an operational level and if there were weaknesses this would impact on our audit. In particular, the areas risk management, internal control and ethics and conduct have implications for our financial statements audit.

The Fund relies on Information Technology (IT) to support both financial reporting and internal control processes. In order to satisfy ourselves that we can rely on the use of IT, we test controls over access to systems and data, system changes, system development and computer operations.

Audit strategy and approach

The Engagement Partner sets the overall direction of the audit and decides the nature and extent of audit activities.

We design audit procedures in response to the risk that the financial statements are materially misstated. The materiality level is a matter of judgement and is set by the Engagement Partner.

During February and March we complete our interim work.

We assess if controls over key financial systems were effective during 2011/12. We work with your internal audit team to avoid duplication.

We work with your finance team to enhance the efficiency of the accounts audit.

We will present our *Interim Report* to the Pension Committee in May.

Our interim visit on site was completed during the w/c 26 March 2012. During this time we completed work in the following areas:

Control Evaluation

- Evaluate and test controls over key financial systems.
- Review the internal audit function.
- Review the accounts production process.
- Review progress on critical accounting matters.

Controls over key financial systems

We updated our understanding of the Fund's key financial processes where these are relevant to our final accounts audit. We confirmed our understanding by completing walkthroughs for these systems. We then tested selected controls that address key risks within these systems. The strength of the control framework informs the substantive testing we will complete during our final accounts visit.

Appendix 1 illustrates how we determine the most effective balance of internal controls and substantive audit testing.

Review of internal audit

Where we intend to rely on internal audit's work in respect of the Fund's key financial systems, auditing standards require us to review aspects of their work. This includes re-performing a sample of tests completed by internal audit. We will provide detailed feedback to the internal audit team at the end of our final visit.

During July we will be on site for our substantive work.

We complete detailed testing of accounts and disclosures and conclude on critical accounting matters, such as specific risk areas. We then agree any audit adjustments required to the financial statements.

We also review the Annual Governance Statement for consistency with our understanding.

We will present our *ISA 260 Report to the Audit Committee in September.*

Our final accounts visit on site has been provisionally scheduled for the period 2 July – 27 July 2012. During this time, we will complete the following work:

Substantive Procedures

- Plan and perform substantive audit procedures.
- Conclude on critical accounting matters.
- Identify audit adjustments.
- Review the Annual Governance Statement.

Substantive audit procedures

We will complete detailed testing on significant balances and disclosures. The extent of our work is determined by the Engagement Partner based on various factors such as our overall assessment of the Fund's control environment, the effectiveness of controls over individual systems and the management of specific risk factors.

Critical accounting matters

We conclude our testing of the key risk areas as identified at the planning stage and any additional issues that may have emerged since.

Audit adjustments

During our on site work, we will meet with the Head of Pensions on a weekly basis to discuss the progress of the audit, any differences found and any other issues emerging.

At the end of our on site work, we will hold a closure meeting, where we will provide a schedule of audit differences and agree a timetable for the completion stage and the accounts sign off.

To comply with auditing standards, we are required to report uncorrected audit differences to the Pensions Committee. We also report any material misstatements which have been corrected and which we believe should be communicated to you to help you meet your governance responsibilities.

Annual Governance Statement

We are also required to satisfy ourselves that your Annual Governance Statement complies with the applicable framework and is consistent with our understanding of your operations. Our review of the work of internal audit and consideration of your risk management and governance arrangements are key to this.

We report the findings of our final accounts work in our *ISA 260 Report.*

We will communicate with you throughout the year, both formally and informally.

Our independence and objectivity responsibilities under the Code are summarised in Appendix 2. We confirm our audit team's independence and objectivity is not impaired.

Reporting and communication

Reporting is a key part of the audit process, not only in communicating the audit findings for the year, but also in ensuring the audit team are accountable to you in addressing the issues identified as part of the audit strategy. Throughout the year we will communicate with you through meetings with the Director of Finance, Chief Accountant and Finance team and the Audit Committee. Our deliverables are included on page 17.

Independence and objectivity confirmation

Professional standards require auditors to communicate to those charged with governance, at least annually, all relationships that may bear on the firm's independence and the objectivity of the audit engagement partner and audit staff. The standards also place requirements on auditors in relation to integrity, objectivity and independence.

The standards define 'those charged with governance' as 'those persons entrusted with the supervision, control and direction of an entity'. In your case this is the Audit Committee.


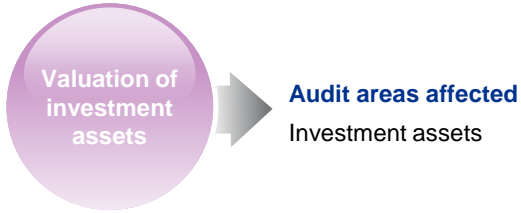
KPMG LLP is committed to being and being seen to be independent. APB Ethical Standard 1 Integrity, Objectivity and Independence requires us to communicate to you in writing all significant facts and matters, including those related to the provision of non-audit services and the safeguards put in place, in our professional judgement, may reasonably be thought to bear on KPMG LLP's independence and the objectivity of the Engagement Lead and the audit team.

Confirmation statement

We confirm that as of the date of this report in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the Engagement Partner and audit team is not impaired.


For each key risk audit area we have outlined the impact on our audit plan.

We provide updates to the Pension Committee on these risk issues throughout our audit.

Key audit risks	Impact on audit plan
	<p>Risk</p> <ul style="list-style-type: none"> ■ CIPFA have issued detailed guidance on their Code of Practice on Local Authority Accounting including the format of pension fund annual reports. The detailed code and example accounts include disclosures including IFRS based disclosures which may not have been included in the accounts and Annual Report for 2010/11. <p>Our audit work</p> <ul style="list-style-type: none"> ■ The annual report and accounts completed in 2011/12 contained many of the required disclosures, but we will keep in regular contact with the finance team during this period, discussing emerging issues and current guidelines. ■ During the final accounts audit we will audit all figures and disclosures in line with CIPFA example accounts and disclosure checklist.
	<p>Risk</p> <ul style="list-style-type: none"> ■ During difficult economic times the valuation of investments maybe affected by price deterioration and/or market illiquidity. ■ The pricing of complex investment assets may also be susceptible to pricing variances given the number of assumptions underlying the valuation. <p>Our audit work</p> <ul style="list-style-type: none"> ■ We will use our iRADAR service (formerly known as FundRADAR) to assist with auditing the valuation of the investment portfolio held. IRADAR is a service which enables us to use market data and modelling to compare our expected pricing to the pricing provided by the custodian.

For each key risk audit area we have outlined the impact on our audit plan.

We provide updates to the Pension Committee on these risk issues throughout our audit.

Key audit risks	Impact on audit plan
 <p>SAP operating effectiveness</p> <p>Audit areas affected Control environment All account balances</p>	<p>Risk</p> <ul style="list-style-type: none"> With the implementation of SAP in 2009/10 there were some initial control issues and as a result we identified several concerns during that year's audit. We acknowledge that a lot of management time and effort was directed at resolving these issues and progress was seen during the 2010/11 audit. However, at the end of the 2010/11 audit we still had some outstanding recommendations on how the control environment within SAP could be further strengthened. <p>Our audit work</p> <ul style="list-style-type: none"> We have timed the IT testing of the interim audit to be earlier this year so that the findings can be circulated and discussed early in the year. We will follow up on progress made on recommendations made during the 2010/11 audit and we will review both the design and operating effectiveness of the key automated controls within SAP. The findings will direct the remaining audit work both at interim and final visits.

Contact details are shown on Page 2.

The audit team will be assisted by other specialist KPMG staff as necessary.



Chris Wilson
Engagement Lead

My role is to lead our team and ensure the delivery of a high quality external audit opinion. I will be the main point of contact for the Audit Committee and the Chief Finance Officer



Gemma Broom
Audit Senior Manager

I will direct and help coordinate the audit and will work closely with Chris Wilson to ensure we add value. I will be the main contact for the Chief Finance Officer and other officers.



Megan Lumsdaine
Audit Assistant Manager

I will be your day to day contact and will work closely with Gemma Broom to deliver a coordinated and efficient audit.

We agreed our fee for the audit with the Authority in 2011. The fee is calculated with reference to a number of factors set by the Audit Commission and our assessment of audit risk and control environment.

	Planned Fee 2011/12	Actual Fee 2010/11
Total audit fee	£47,216	£45,450

Audit fee assumptions

The audit fee is indicative and is based on you meeting our agreed expectations as outlined in Appendix 1. In setting the fee, we have assumed

- the level of risk in relation to the audit of the financial statements is not significantly different from that identified for 2010/11;
- you will inform us of any significant developments impacting on our audit such as any changes to investment managers, administration processes etc;
- internal audit meets the appropriate professional standards;
- internal audit undertakes appropriate work on all systems that provide material figures in the financial statements sufficient that we can place reliance for the purposes of our audit;
- your financial statements will be made available for audit in line with the timetable we agree with you;
- good quality working papers and records will be provided to support the financial statements by the date we agree with you;
- requested information will be provided within agreed timescales;
- prompt responses will be provided to draft reports; and

- additional work will not be required to address questions or objections raised by local government electors, or for special investigations such as those arising from disclosures under the Public Interest Disclosure Act 1998.

Meeting these expectations will help ensure the delivery of our audit within the agreed audit fee.

Changes to the audit plan

Changes to this plan and the audit fee may be necessary if:

- new significant audit risks emerge;
- additional work is required of us by the Audit Commission or other regulators;
- additional work is required as a result of changes in legislation, professional standards or financial reporting requirements.

If changes to this plan and the audit fee are required, we will discuss and agree these initially with the Head of Pensions.

Our key deliverables will be delivered to a high standard and on time.

We will discuss and agreed each report with the Council's officers prior to publication.

Deliverable	Purpose	Timing
Planning		
Audit plan	Outline audit approach. Identify areas of audit focus and planned procedures. Confirm plan with Audit Committee.	May 2012
Interim		
Interim report	Details and resolution of control and process issues.	May 2012
Year end audit		
Report to those charged with governance (ISA 260)	Commentary on Wiltshire Pension Fund financial statements. Details the resolution of key audit issues. Communication of adjusted and unadjusted audit differences. Performance improvement recommendations identified during our audit.	September 2012
Opinion on financial statements	Independent auditor's report of Wiltshire Pension Fund.	September 2012

This table summarises the headline messages. The remainder of this report provides further details on each area.

Organisational and IT control environment	<p>Our IT specialists are due to perform procedures over general IT controls within SAP in the coming months.</p> <p>We consider that your organisational controls are effective overall.</p>
Controls over key financial systems	<p>We have completed controls testing over the majority of the they key financial systems as part of our interim audit/</p> <p>We consider that your key financial system controls are effective overall.</p>
Review of internal audit	<p>Internal audit have issued their findings in draft only at the time of the report. We will communicate our findings in September 2012.</p>
Accounts production and specific risk areas	<p>Implementation of IFRS.</p> <p>Valuation of Investments.</p>

Your organisational control environment is effective overall.

Work completed

Controls operated at an organisational level often have an impact on controls at an operational level and if there were weaknesses this would have implications for our audit.

We obtain an understanding of the Authority's overall control environment and determine if appropriate controls have been implemented. We do not complete detailed testing of these controls.

Key findings

We consider that your organisational controls are effective overall.

Aspect	Assessment
Organisational structure	●
Integrity and ethical values	●
Philosophy and operating style	●
Participation of those charged with governance	●
Human resource policies and practices	●
Risk assessment process	●
Information systems relevant to financial reporting	●
Communication	●
Monitoring	●

- Key:
- Significant gaps in the control environment.
 - Minor deficiencies in respect of individual controls.
 - Generally sound control environment.

Work completed

The Fund relies on Information Technology (IT) to support both financial reporting and internal control processes. In order to satisfy ourselves that we can rely on the use of IT, we test controls over access to systems and data, system changes, system development and computer operations.

Our own testing over SAP and Altair is yet to be completed and we will communicate our findings to you in September 2012.

Your key financial systems control environment is effective overall.

Work completed

We work with your internal auditors to update our understanding of the Authority's key financial processes where these are relevant to our final accounts audit. We confirm our understanding by completing walkthroughs for these systems.

We then test selected controls that address key risks within these systems. The strength of the control framework informs the substantive testing we complete during our final accounts visit.

Our assessment of a key system will not always be in line with the internal auditors' opinion on that system. This is because we are solely interested in whether our audit risks are mitigated through effective controls, i.e. whether the system is likely to produce materially reliable figures for inclusion in the financial statements.

Key findings

We consider that your key financial systems controls for the Fund are effective overall.

System	Assessment
Financial reporting	●
Sundry income	●
Payroll expenditure	●
Non-pay expenditure	●
Cash	●

- Key:
- Significant gaps in the control environment.
 - Minor deficiencies in respect of individual controls.
 - Generally sound control environment.

The Fund's overall process for the preparation of the financial statements is adequate.

The Fund has implemented some of the recommendations in our *ISA 260 Report 2010/11* relating to the financial statements.

Work completed

We continued to meet with David Anthony and his team on a regular basis to support them during the financial year end closedown and accounts preparation.

As part of our interim work we specifically reviewed the Fund's progress in addressing the recommendations in our *ISA 260 Report 2010/11*.

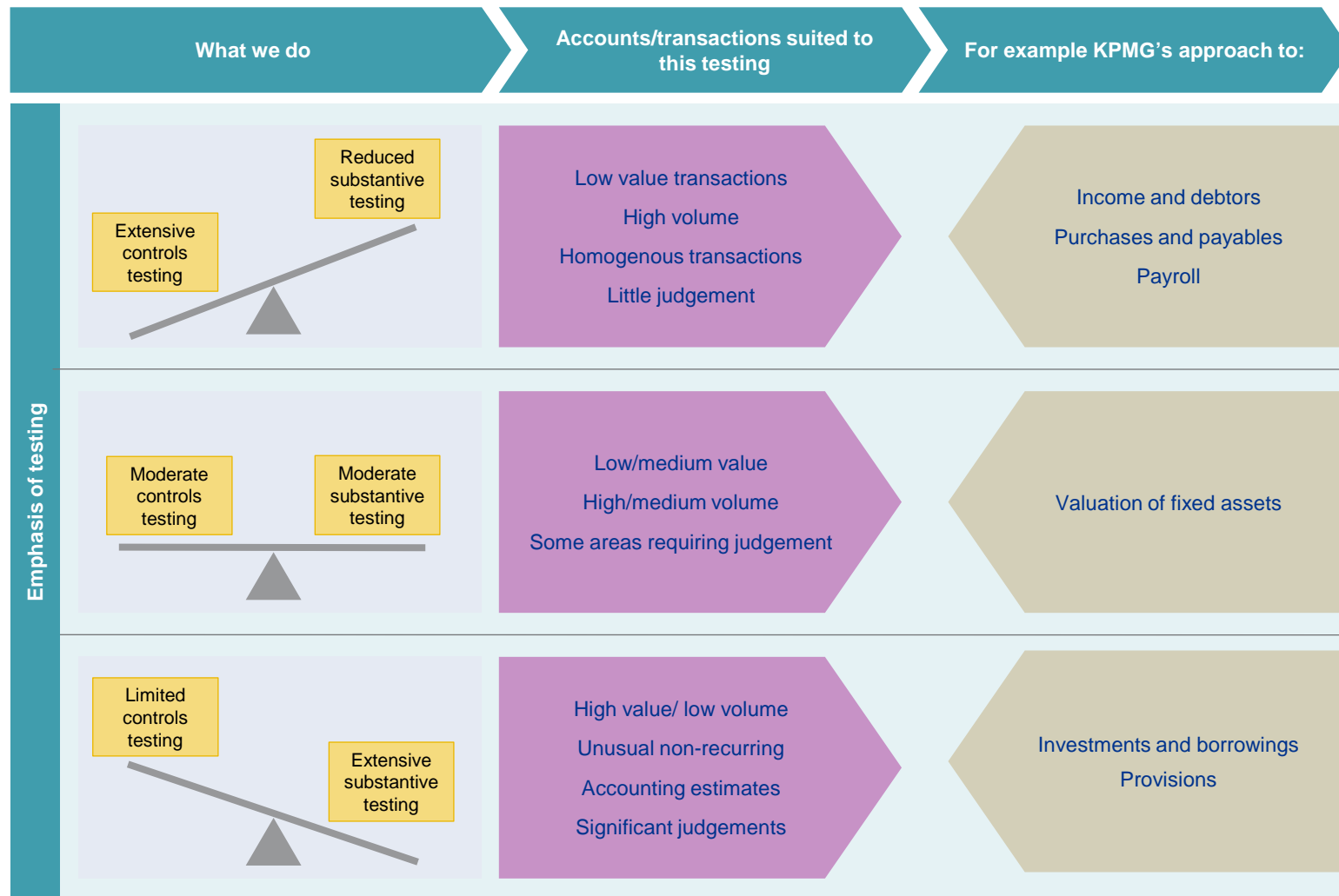
Key findings

We consider that the overall process for the preparation of your financial statements is adequate.

The Fund has implemented some of the recommendations in our *ISA 260 Report 2009/10* relating to the financial statements in line with the timescales of the action plan. further update of these recommendations is detailed in Appendix 6.

Appendix 1: Balance of internal controls and substantive testing

This appendix illustrates how we determine the most effective balance of internal controls and substantive audit testing.



This appendix summarises auditors' responsibilities regarding independence and objectivity.

Independence and objectivity

Auditors are required by the Code to:

- carry out their work with independence and objectivity;
- exercise their professional judgement and act independently of both the Commission and the audited body;
- maintain an objective attitude at all times and not act in any way that might give rise to, or be perceived to give rise to, a conflict of interest; and
- resist any improper attempt to influence their judgement in the conduct of the audit.

In addition, the Code specifies that auditors should not carry out work for an audited body that does not relate directly to the discharge of the auditors' functions under the Code. If the Council invites us to carry out risk-based work in a particular area, which cannot otherwise be justified to support our audit conclusions, it will be clearly differentiated as work carried out under section 35 of the Audit Commission Act 1998.

The Code also states that the Commission issues guidance under its powers to appoint auditors and to determine their terms of appointment. The Standing Guidance for Auditors includes several references to arrangements designed to support and reinforce the requirements relating to independence, which auditors must comply with. These are as follows:

- Any staff involved on Commission work who wish to engage in political activity should obtain prior approval from the Partner.
- Audit staff are expected not to accept appointments as lay school inspectors.
- Firms are expected not to risk damaging working relationships by bidding for work within an audited body's area in direct competition with the body's own staff without having discussed and agreed a local protocol with the body concerned.

- Auditors are expected to comply with the Commission's statements on firms not providing personal financial or tax advice to certain senior individuals at their audited bodies, auditors' conflicts of interest in relation to PFI procurement at audited bodies, and disposal of consultancy practices and auditors' independence.
- Auditors appointed by the Commission should not accept engagements which involve commenting on the performance of other Commission auditors on Commission work without first consulting the Commission.
- Auditors are expected to comply with the Commission's policy for the Engagement Lead to be changed on each audit at least once every five years (subject to agreed transitional arrangements). Audit suppliers are required to obtain the Commission's written approval prior to changing any Engagement Lead in respect of each audited body.
- Audit suppliers are required to obtain the Commission's written approval prior to changing any Engagement Lead in respect of each audited body.
- The Commission must be notified of any change of second in command within one month of making the change. Where a new Engagement Lead or second in command has not previously undertaken audits under the Audit Commission Act 1998 or has not previously worked for the audit supplier, the audit supplier is required to provide brief details of the individual's relevant qualifications, skills and experience.

Appendix 3: Quality assurance and technical capacity

We continually focus on delivering a high quality audit.

This means building robust quality control procedures into the core audit process rather than bolting them on at the end, and embedding the right attitude and approaches into management and staff.

Quality must build on the foundations of well trained staff and a robust methodology.

The diagram summarises our approach and each level is expanded upon.

We recruit the best staff through our rigorous selection and assessment criteria. In addition, we expect that future talent to develop with our application of most effective in-house and external training support.

Our audit methodology determines that we use a standardised audit approach and pro forma work papers. We also have standards of audit evidence and working papers including requirements for working paper retention.

At critical periods of the audit we conduct both manager and engagement leader review of the work completed. Upon final completion, managers and directors complete a checklist to indicate the satisfactory conclusion of the audit under the audit methodology.

Partners who meet certain skills and experience criteria, conduct quality control reviews of individual audits depending on the level of audit risk. Their role is to perform an objective evaluation of the significant accounting, auditing and financial reporting matters with a high degree of detachment from the audit team. This provides an objective internal assessment on the quality of our audit. Peer review is undertaken across the firm, with an annual sample of our work being undertaken from a different national office. This encourages a constant focus on quality and ensures there is continuous improvement and that best practice is shared.

Our quality review results

We are able to evidence the quality of our audits through the results of National Audit Office and Audit Commission reviews. The results of the Audit Commission's annual quality review process is made publicly available each year (www.audit-commission.gov.uk/reports). The latest report dated October 2011 showed that we performed highly against all the Commission's criteria.



Resolving accounting and financial reporting issues

We have a well developed technical infrastructure across the firm that puts us in a strong position to deal with any emerging issues. This includes:

- A national public sector technical director (based in our London office) who has responsibility for co-ordinating our response to emerging accounting issues, influencing accounting bodies (such as CIPFA) as well as acting as a sounding board for our auditors.
- A national technical network of public sector audit professionals that meets on a monthly basis and is chaired by our national technical director.
- All of our staff have a searchable data base, Accounting Research Online, that includes all published accounting standards, the KPMG Audit Manual Guidance as well as other relevant sector specific publications, such as the Audit Commission's *Code of Audit Practice*.
- A dedicated Department of Professional Practice comprised of over 100 staff that provide support to our audit teams and deliver our web-based bi-monthly technical training.




When dealing with the Audit Commission, as you would expect, we both attend and cascade across the firm the papers considered by their various technical groups for auditors. In addition, as the Audit Commission has developed we have established a series of formal and informal relationships. These benefit both the Audit Commission and our local Council clients. As a result of all of these factors, and combined with our overall audit approach, we seek to offer early warnings of issues arising with the independent regulator and provide pragmatic solutions.

Appendix 4: Key issues and recommendations

We have given each recommendation a risk rating and agreed what action management will need to take.

The Fund should closely monitor progress in addressing specific risks and implementing our recommendations.

We will formally follow up these recommendations next year.

Priority rating for recommendations		
 <p>Priority one: issues that are fundamental and material to your system of internal control. We believe that these issues might mean that you do not meet a system objective or reduce (mitigate) a risk.</p>	 <p>Priority two: issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.</p>	 <p>Priority three: issues that would, if corrected, improve the internal control in general but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.</p>

We are pleased to note we have not identified any control observations as part of interim audit.

Appendix 5: Follow-up of prior year recommendations

The Fund has implemented all of the recommendations in our ISA260 report 2010/11.

This appendix summarises the progress made to implement the recommendations identified in our ISA260 report 2010/11 and re-iterates any recommendations still outstanding.

Number of recommendations that were:	
Included in original report	4
Implemented in year or superseded	2
Remain outstanding (detailed below)	2

No.	Risk	Issue and recommendation	Officer responsible and due date	Status as at 27 April 2012
1	2	<p>Review of Bank reconciliation</p> <p>There is a lack of formal evidence of preparation and review of the bank reconciliation which means that this operates as a process rather than a control.</p> <p>There is a risk without review that any unusual reconciling items go unchecked.</p> <p>We recommend that the bank reconciliation is formally reviewed and signed off as reviewed by the Corporate Finance Department and Pensions Department.</p>	Head of Pensions Ongoing	The bank reconciliations are undertaken by Central Finance, reviewed and signed off before being reviewed by the Fund Investment & Accounting Manager monthly. These are either referred back to Central Finance or signed off by the Pension Fund and saved to SharePoint. A bi-annual review of all the open items to ensure they are matched on a timely basis is also undertaken.
2	2	<p>Review of manual journals</p> <p>There is no review process of the manual journals being posted. Into SAP.</p> <p>There is a risk that without a review that any mispostings are not identified and corrected potentially leading to misstatements within the financial statements.</p> <p>We recommend that a monthly report is run from SAP for all manual journals over £50,000, to be then reviewed by the pensions department.</p>	Head of Pensions Ongoing	All manual journals created with the pension team are now reviewed on a regular basis. A report is run by the Fund Investment & Accounting Manager monthly and reviewed with the appropriate evidence saved in the journal file.



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