

Richard McIndoe
Director of Strathclyde Pension Fund
Strathclyde Pension Fund Office
P.O. Box 27001
Glasgow
G2 9EW

13 August 2020

By email

Dear Richard

Strathclyde Pension Fund - Review of internal controls 2019/20

1. Audit Scotland's Code of Audit Practice requires us to assess the systems of internal control put in place by management. In carrying out this work, we seek to gain assurance that Glasgow City Council, as administering authority for Strathclyde Pension Fund:
 - has systems for recording and processing transactions which provide a sound basis for the preparation of financial statements and the effective management of its assets and interests
 - has systems of internal control which provide an adequate means of preventing or detecting material misstatement, error, fraud or corruption
 - complies with established policies, procedures, laws and regulation.
2. All our outputs and any matters of public interest will be published on our website: www.audit-scotland.gov.uk.

System coverage

3. We have considered and tested the following key pension fund systems as part of our interim work for the financial year 2019/20:

Key System	Audit coverage
Pensions Administration	√
Investments	√

4. During our work we identified 2 areas with scope to improve current arrangements, which have been discussed with officers. However, we did not identify any significant control weaknesses from our review of the pension fund systems that would require us to amend our audit approach.
5. The Fund also uses the financial systems of the administering authority, Glasgow City Council. The main council systems used by the Fund are the general ledger system and the payroll system. Our review of the controls in operation within these systems has been conducted as part of our audit of Glasgow City Council. Due to the impact of Covid-19 on working arrangements at both the Council and Audit Scotland, the results of this work have yet to be reported. However, at

present we have not identified any significant control weaknesses in wider Glasgow City Council systems that would impact directly on the Fund.

Conclusion

6. We have not identified any control weaknesses during our interim audit work at the Fund that would require us to amend our planned audit approach for the financial statements audit. Where necessary, we will amend our financial statements audit approach if any issues arise from the conclusion of related internal controls work on Glasgow City Council systems.

Risk identification

7. The issues identified in preparing this management letter are only those which have come to our attention during our normal work and are not necessarily, therefore, all the risk areas that may exist. It remains the responsibility of management to determine the extent of the internal control system. We would stress, however, that an effective system of internal control is an essential part of the efficient management of any organisation.

Acknowledgement

8. The contents of this letter have been discussed with relevant officers to confirm factual accuracy. The co-operation and assistance we received during the course of our audit from the Fund is gratefully acknowledged.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Stephen O'Hagan', with a long horizontal flourish extending to the right.

Stephen O'Hagan

Senior Audit Manager

Cc (email): Martin Booth (Executive Director of Finance)
 Duncan Black (Head of Audit and Inspection)