

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

25 May 2018

Dear Richard

### **Strathclyde Pension Fund - Review of internal controls 2017/18**

1. Glasgow City Council is the administering authority for Strathclyde Pension Fund under the terms of the Local Government (Scotland) Act 1994 and the Superannuation Act 1972. The Executive Director of Finance, as the appointed “proper officer” is required to maintain a sound system of internal control. This assists the organisation in managing risk and helps in the attainment of organisational policies, aims and objectives.
2. 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.
3. Our 2017/18 interim testing covered key controls in the pension administration and pension investment systems. In addition, the Fund uses the financial systems of the administering authority, Glasgow City Council. Our review of the controls in operation within these systems has been conducted as part of our audit of Glasgow City Council, the results of which will be reported separately. The main council systems used by the Fund are the financial ledger system and the payroll system.

### **Overall conclusion**

4. On the basis of audit work undertaken, we concluded that no significant key control weaknesses were identified from our interim work. This enables us to take planned assurance for our audit of the 2017/18 financial statements.

## Risk identification

5. Our conclusion is based on consideration of any weaknesses that have come to our attention during the course of our normal audit work and therefore are not necessarily all the weaknesses that may exist. It remains the responsibility of management to determine the extent of the internal control system appropriate to the Fund. We would stress, however, that an effective system of internal control is an essential part of the efficient management of any organisation.

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 Martin Booth, Executive Director of Finance  
Duncan Black, Head of Audit and Inspection