



KPMG Pensions Assurance



I am delighted to introduce to you KPMG's Pensions Assurance Practice - an established team that provides high quality assurance services to a significant number of occupational pension schemes including some of the largest and most complex in the UK.

Trustees' agendas are ever-increasing and you need a professional firm to help you navigate some of the key challenges faced. We have the breadth of experience and extensive specialist knowledge and skills to support and add an extra layer of comfort.

Read on if you would like to find out more about how we can help your pension scheme.

Nadia Dabbagh-Hobrow,

Partner, UK Head of Pensions Assurance

A market leading Pensions Assurance Practice



In a continually evolving pensions landscape, trustees demand reliable, high-quality audits. They expect audits to be delivered to professional standards, and within a strong system of quality control. The cornerstone of a successful audit is the process of understanding the pension scheme.

KPMG provides assurance services to a significant number of pension schemes in the UK including a large portion of the top 100 UK schemes.

Our Pensions Assurance Practice sits within the Pensions Centre of Excellence which also includes our Audit Assist Team who deliver high quality audits of defined benefit pension scheme balances within corporate sponsor financial statements, and our Actuarial Specialists' Team. We use our actuarial specialists who have access to a wide range of market data and benchmarking, which enables our approach to reflect prevailing market conditions at each scheme's

year end. Using a multi-disciplined team of actuaries, investment valuation specialists and our technical accountants, we have developed a deep understanding on how to 'fair value' and account for buy-ins, longevity contracts and asset backed funding arrangements.

The strength of our Pensions Assurance Practice enables us to invest significant resources in our pensions technical and industry experts and we have a technical team dedicated to keeping our audited entities at the forefront of accounting and regulatory developments.

KPMG has a significant Financial Services Practice providing audit and advisory services to some of the largest global financial services organisations. This enables us to deliver an audit that draws on the innovative and efficient audit tools developed by our Financial Services colleagues.

To provide the highest standards of client service our Pensions Assurance Practice is serviced from a number of offices around the country with specialised teams based in Birmingham, Manchester, Reading, Milton Keynes, Glasgow and London.

We are at the forefront of regulatory and accounting change, thanks to our strong presence in and engagement with the wider pensions sector.

Many of our colleagues represent KPMG on various industry bodies summarised below:

- PRAG: various working parties
- ICAEW Pensions Sub-committee
- Pensions Management Institute Trustee Group Forum

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It doesn't just stop at the audit....

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Our differentiators: Why choose KPMG?



01

KPMG has a significant share of the pension scheme audit market:

The strength and depth of resource and expertise gives us the ability to provide trustees with expert service founded on deep industry knowledge and experience.

02

Our in-house valuation specialists, iRADAR provide an independent revaluation of all segregated investments:

Comprehensive independent assurance on the valuation of investments.

03

We understand the pricing risks within investment portfolios and have been sharing our investment pricing and liquidity risk analysis with our audited entities so they fully understand any valuation or liquidity risks within their investments:

A clear insight into the pricing and liquidity risks within the investment portfolios and increased scrutiny of hard-to-value positions.

04

An in-depth review of defined benefit administration processes and calculations using our Administration Audit Assist Team (if material):

Constructive challenge to administration practices.

Assurance that benefits are calculated in accordance with the trust deed and rules and HMRC limits and that member files are constructed in accordance with the best practice and Data Protection Act requirements.

We can provide practical recommendations of any further improvements in controls which may be required.

05

Our dedicated technical and regulatory accounting team which focuses on keeping our pension audit services at the leading edge of accounting and regulatory development:

Early warning of any upcoming regulatory and accounting developments.

Training and updates, tailored for audit committees and trustee boards as well as seminar groups.

06

Actuarial Specialists:

The Actuarial Specialists' Team, part of the Pensions Centre of Excellence, provides valuation testing on around 100 complex assets across our audit portfolio. These include primarily bulk purchase annuities, longevity swaps and asset backed funding vehicles. The Actuarial Specialists' Team comprises of around 30 qualified and part qualified actuaries, and their remit also includes supporting on KPMG's portfolio of corporate sponsor audits, which includes reviewing assumptions and liability calculations under IFRS and UKGAAP.

07

Our Real Estate Valuation Centre of Excellence:

Provides high support to the Audit business helping auditors to challenge robustly real estate estimates (fair value property valuations) in order to meet auditing standards. All members of the Team are Chartered Surveyors and RICS (Royal Institution of Chartered Surveyors) Registered Valuers.

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We also have access to our Indirect Tax specialists:

Advice on VAT and other indirect taxes applicable to occupational pension schemes.

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We see our audit as a year round service. We firmly believe that audit should not be an annual one-off point scoring exercise. Therefore, we know, to make our audit truly successful, it is vital that we work with you throughout the year and are open and honest in our communications.

We set out opposite an overview of our audit process and how we will interact with you at each key milestone.

Underpinning this process is a robust engagement management process. We will be available to answer any ad hoc queries you may have and we will seek to add value where we can. Throughout the audit cycle we will hold regular meetings with the trustees and the audit committee to update them on progress of the audit.

Our team have been involved in a number of transitions of audited entities, both large and smaller pension schemes, so we have relevant knowledge of the risks, the issues and the solutions. We know from our experience that a positive transition requires professional management, a seamless process, delivery of value to you and careful management of independence.

We can therefore ensure a smooth transition process for your pension scheme with minimum disruption to your business as usual.

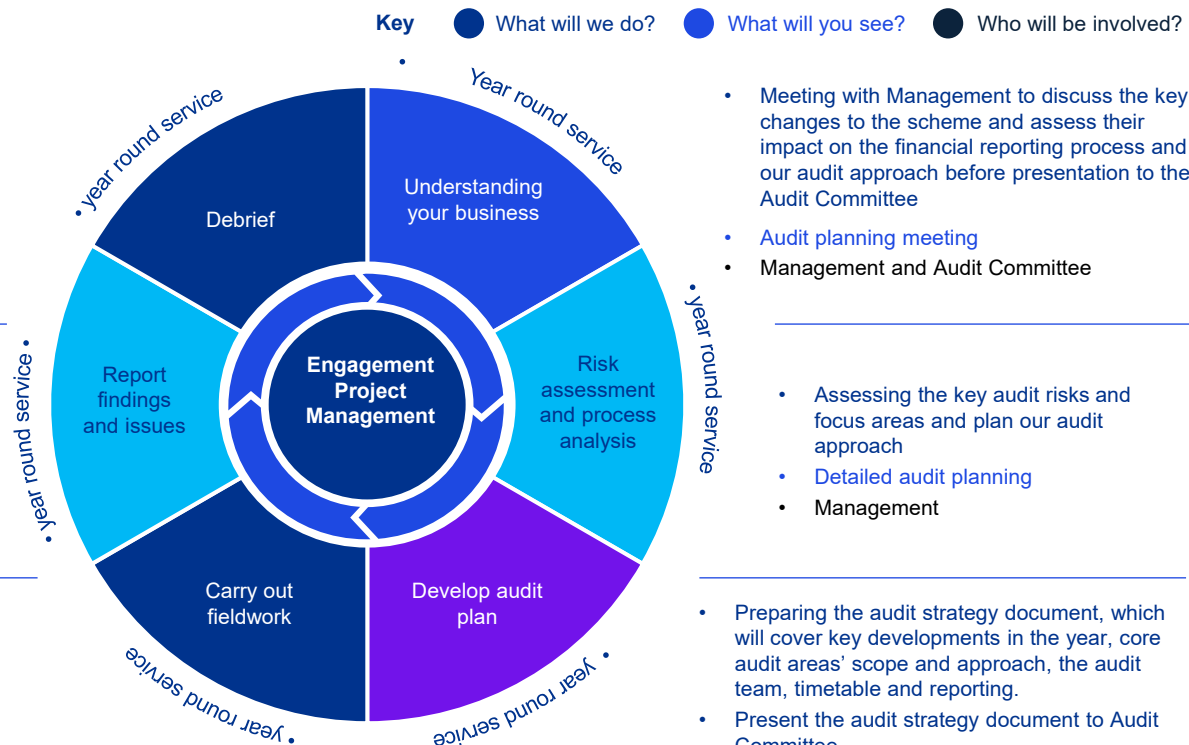
- Arrange a debrief session
- Management

- Preparing audit highlights memorandum
- Signing the financial statements
- Arranging audit closing meetings with Management to discuss audit findings
- Presentation of our audit findings to the Audit Committee
- Audit Committee and Trustee Directors

- Performing audit fieldwork
- Regular catch ups with Management to provide status updates and discuss any issues as and when they arise
- Weekly calls with Management
- Management

Audit Quality

We are committed to providing a high quality, reliable and consistent service, whilst maintaining the highest levels of independence and integrity. It's what our reputation is built on.



Audit Highlights Memorandum

We will provide an Audit Highlights Memorandum, providing confirmation of the status of our statutory audit opinion, summary of any audit or accounting issues that arose during the course of the audit, overall assessment of the financial processes and controls and commentary on any significant regulatory issues that came to our attention. To enable trustees to monitor how key operations and controls compare to other schemes, we can include our financial governance comparative analysis. (see overleaf).

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Pension Regulatory & Accounting seminars

We hold bi-annual seminars aimed at updating trustees on key issues arising from pensions accounting and regulatory developments. The seminars are run by our Audit, Tax and Consulting Practices, which are free and at which our audited entities can explore issues further.

Financial Governance Analysis

We give you insights into how your financial governance controls compare with other similar sized pension schemes audited by KPMG.

This analysis is built up by collecting information on control practices across our 50+ largest pension schemes and illustrates how a scheme's financial governance arrangements address the key financial risks in relation to current and best practice.

Pension Accounting & Regulatory Updates

These comprehensive updates are produced regularly by our technical and regulatory accounting team, and cover all the key aspects of pension accounting and regulatory developments. [Click here to read our latest update](#). We also offer tailored training and updates for audit committees and trustee boards. We provide services such as accounting and regulatory advice; reviews of financial statement disclosures; advice on the revised SORP; regulatory compliance reviews; and AAF 01/20 and AAF 05/20 accreditation (all subject to OEPI^(a) independence rules).

Pension tax alerts

Pension tax e-alerts are sent regularly to audited entities by email in relation to VAT changes for pensions.

Risk Register reviews (non-OEPI^(a))

We will review your risk register, confirm with you the risks, the mitigations in place and key areas of focus for scheme (at an additional cost).

Trustee discussion dinners

We hold regular, informal trustee discussion dinners to provide trustees with a relaxed forum to discuss topical matters and network with other trustees.

Climate Change / TCFD reporting, Chair's Statements and Implementation Statements

As part of our procedures on "Other Information" as required by ISA (UK) 720, we will obtain and read your TCFD/Climate Change Report, Chair Statement and Implementation Statement (all where applicable). We will consider whether there are any material inconsistencies between this information included in the annual report and the financial statements, or with our knowledge obtained in the audit. We will also consider whether the information appears to be materially misstated.

Note: (a) Other entity of public interest – An entity which does not meet the definition of a Public Interest Entity, but nevertheless is of significant public interest to stakeholders. This includes: Private sector pension schemes with more than 10,000 members and more than £1 billion of assets, by reference to the most recent set of audited financial statements¹ (as defined in FRC's Glossary of Terms (Auditing and Ethics)).

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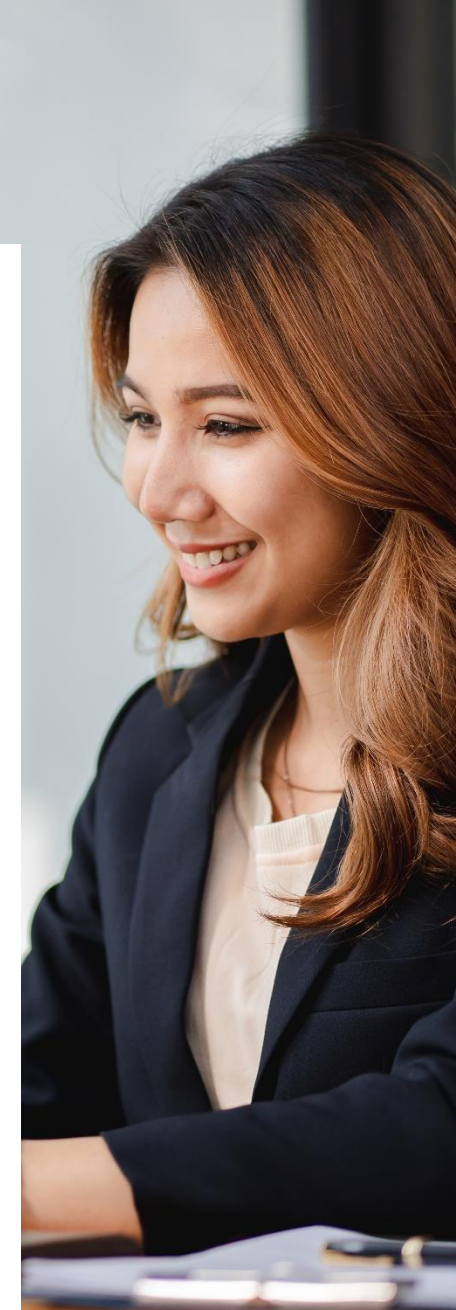
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Stay up to date with our latest insights and invitations to upcoming events by signing up to our Pension Insights subscription, visit www.kpmg.co.uk/signup.

For more details please visit www.kpmg.co.uk/pensions-audit-and-assurance

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