

FALKIRK COUNCIL

Subject: PENSION FUND ACCOUNTS 2012/13 - AUDIT REPORT
Meeting: PENSIONS COMMITTEE
Date: 12 DECEMBER 2013
Author: CHIEF FINANCE OFFICER

1. INTRODUCTION

1.1 This report invites the Committee to note Audit Scotland's Annual Report on the 2012/13 pension fund audit.

2. BACKGROUND

2.1 The audit opinion for the 2012/13 annual report and accounts was unqualified.

2.2 The annual report and accounts were approved at the joint meeting of the Pensions Panel and Pensions Committee on 5 September 2013.

2.3 The audited annual report and accounts have been posted on the Pension Fund website and brought to the attention of all fund employers.

3. AUDIT SCOTLAND REPORT

3.1 The Audit Scotland report provides a summary of the Fund's current standing and detailed comment on matters such as the Fund's financial position, governance and performance.

3.2 The most significant observations are as follows:

- the funding level of 78% at 31 March 2013 is less than at the 2011 valuation;
- the Fund has sound governance arrangements;
- the Fund has adequate arrangements for the prevention and detection of fraud and corruption;
- Investment returns have outperformed benchmark targets over the short, medium and longer term; and
- the Government's pensions reform initiatives present substantial challenges.

3.3 The report highlights several areas where management action should be considered. These are essentially as reported to the meeting on 5 September 2013:

- Reporting of Private Equity Investment Management Expenses;
- Budgetary Control; and
- Pensions Reform.

3.4 An action plan in relation to these comments has been formulated and will be taken forward in preparing the 2013/14 accounts.

3.5 The full Audit Scotland report is attached as an appendix to this report.

4. CONCLUSION

4.1 A report on the pension fund audit for 2012/13 has been completed by the Fund's external auditors, Audit Scotland.

4.2 Completion of Audit Scotland's report successfully concludes the audit process in respect of the 2012/13 accounts.

5. RECOMMENDATION

5.1 **The Committee is asked to note Audit Scotland's Annual Report on the 2012/13 pension fund audit.**

Chief Finance Officer

Date: 10 November 2013

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LIST OF BACKGROUND PAPERS

NIL