

FALKIRK COUNCIL

**Subject: FALKIRK COUNCIL PENSION FUND -
AUDITED ANNUAL REPORT AND ACCOUNTS 2011/12**
Meeting: PENSIONS COMMITTEE
Date: 6 December 2012
Author: CHIEF FINANCE OFFICER

1. INTRODUCTION

- 1.1 Administering authorities of local government pension funds are required to publish a pension fund annual report and pension fund accounts that are separate from the other accounts of the administering authority. This requirement began in financial year 2010/11. At the same time, the Scottish Government introduced the requirement for the pension fund annual report and accounts to be subject to a separate audit.
- 1.2 The purpose of this report is to update the Committee about the production and audit of the Fund Annual Report and Accounts for 2011/12.

2. ACCOUNTS SUBMISSION AND AUDIT PROCESS

- 2.1 The unaudited Annual Report and Accounts were submitted for audit ahead of the deadline of 30 June 2012.
- 2.2 The audit of the Annual Report and Accounts has been undertaken by the Fund's external auditors, Audit Scotland.
- 2.3 Under International Standard on Auditing 260 (ISA 260), auditors are required to communicate matters relating to the audit of the financial statements to those charged with governance. The notification is to be made in sufficient time to enable appropriate action to be taken if necessary. In relation to the 2011/12 audit, the ISA 260 document – "Communication of Audit Matters to those charged with Governance" – was e-mailed to the Pensions Panel and Pensions Committee on 18th September, 2012 with no adverse comments in reply.
- 2.4 The audited Annual Report and Accounts were authorised for issue on 24th September, 2012 ahead of the deadline of 30th September, 2012. A copy of the audited annual report and accounts is attached at Appendix 1.
- 2.5 The Committee should note that auditors are required to produce an annual report on matters of significance arising out of the audit process. The Annual Report on the 2011/12 Audit is attached at Appendix 2 and the findings will be presented by Audit Scotland as part of this agenda item.

3. 2011/12 AUDIT

Matters Arising

Several presentational and monetary changes were made during the audit process, resulting in the net assets being adjusted from £1.255 billion to £1.252 billion. In addition, four action points have been proposed by audit:

- the annual validation of contributions should be accelerated
- the Fund should set budgets for controllable items of expenditure
- the implications of a changing fund membership profile should be kept under review
- the implications of the pensions reform agenda should be kept under review

The action points are accepted in full, although it should be recognised that in relation to the annual validation of contributions the completion of the exercise depends on timeous submission of data from employers.

Audit Opinion

The audit opinion on the financial statements is free from qualification. The auditors are also satisfied that the Annual Report contains the appropriate content and is consistent with the audited accounts.

Internal Audit Activity

In addition to the formal audit of the Annual Report and Accounts, pension fund transactions have been reviewed as part of internal audit's 2012/13 audit plan.

4. CONCLUSION

- 4.1 The Pension Fund Annual Report and Accounts for 2011/12 have been completed within the statutory timescale and an unqualified opinion given by Audit Scotland in relation to the financial statements.
- 4.2 An action plan will be formulated in response to the points raised by the auditors.

5. RECOMMENDATION

5.1 The Committee is invited to note:

- (i) the completion of the 2011/12 Accounts process, and
- (ii) the presentation by Audit Scotland of the Annual Report on the 2011/12 Pension Fund Audit

Chief Finance Officer

Date: 1st November 2012

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LIST OF BACKGROUND PAPERS

NIL