

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

Contact Officer: Alastair McGirr, Pensions Manager, Tel: 01324 506304

LIST OF BACKGROUND PAPERS

NIL