

Fife Council Pension Fund

Annual report on the 2011/12 audit



Prepared for Fife Council as administering body for Fife Council Pension Fund and the
Controller of Audit

October 2012

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Government and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.

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Key messages

2011/12 audit findings

This report covers the 2011/12 audit of Fife Council Pension Fund (the fund). This is the second year in which Scottish Government regulations require local government pension funds to prepare an annual report separate from the administering authority's own statutory accounts. The annual report includes separate pension fund financial statements which require a separate audit certificate.

During 2011/12 we looked at the key strategic and financial risks faced by the fund. We audited the financial statements and examined aspects of governance, use of resources and performance. This report sets out our main findings, summarising key outcomes from the 2011/12 audit and the outlook for the period ahead.

We have given an unqualified opinion that the financial statements give a true and fair view of the financial transactions of the fund during the year ended 31 March 2012 and of the amount and disposition at that date of its assets and liabilities.

As the administering authority, Fife Council has statutory responsibility for the administration of the fund with responsibility for the overall strategic direction of the fund delegated to the Superannuation Fund and Pension Sub-committee (the sub-committee).

A triennial funding valuation was carried out by the scheme actuaries as at March 2011. The valuation established the extent to which, based on future assumptions, scheme assets met its liabilities and concluded that the scheme was 87% funded (March 2008: 81% funded). The results of the triennial valuation determines employer contribution rates required over the next three year period to attain the objective of a fully funded scheme at a set future date. As a consequence of the funding level, the actuary has calculated a common employer contribution rate for the period 2012-2015 of 21.3% (2008-2011: 24.1%).

Investment performance is reported to the sub-committee on a quarterly basis. At the year end, an annual report on overall performance is produced and reported to the sub-committee. During 2011/12 the Fund underperformed against its benchmark over one year by 3.09%. The fund also underperformed against its 3 and 5 year benchmarks by 2.32% and 1.32% respectively. All fund managers underperformed against benchmarks over 2011/12, although overall the underperformance is mainly due to the underperformance of Alliance Bernstein due to their concentration on the financial sector market. Steps have been taken by the fund to limit the exposure with Alliance Bernstein.

The administering authority has developed four administration performance measures against which the fund is assessed, with performance being reported to the committee on a quarterly basis and to other employers within the scheme annually. Administration performance in these areas has improved in 2011/12, partly as a result of increased staffing of the administration section. Performance targets have fluctuated in recent years however (two have increased and two have reduced since 2010/11) and there is scope for setting consistent

targets against which progress can be effectively monitored. There is also scope for developing further measures for assessing the administering authority's administration performance.

Outlook

Looking ahead, it is clear that the outlook for public spending for the period to 2014/15 remains very challenging, while volatility on the financial markets continue to affect the value of fund assets. With investment performance key to the funding position of local government pension schemes (LGPS), this may impact on employer contributions in the medium term.

It is against this backdrop, and at a time of continued austerity in the public sector, that the new Public Service Pensions Bill has been published. The bill signals more changes ahead for the LGPS, with some changes aimed at reducing costs, and others at setting a common legislative framework and improving governance arrangements.

Proposed changes to the LGPS will impact on administrative workloads going forward as will any further severance activity by employers. Additionally, auto-enrolment is being introduced nationally from October 2012, with Fife Council's Pension Fund set to introduce the scheme from 1 March 2013.

Introduction

1. This report is the summary of our findings arising from the 2011/12 audit of the Fife Council Pension Fund (the fund). The purpose of the annual audit report is to set out concisely the scope, nature and extent of the audit, and to summarise the auditor's opinions (i.e. on the financial statements) and conclusions and any significant issues arising. The report is divided into sections which reflect our public sector audit model.
2. Appendix A provides details of the reports we issued during 2011/12. We do not repeat all of the findings in this report, but instead we focus on the financial statements and any significant findings from our wider review of the administering authority's arrangements for the management of the fund.
3. Appendix B is an action plan setting out the high level risks we have identified from the audit. Officers have considered the issues and agreed to take the specific steps in the column headed "planned management action". We do not expect all risks to be eliminated or even minimised. What we expect is that those charged with governance understand the risks and have arrangements in place to manage these risks. The administering authority should ensure that those charged with governance are satisfied with the proposed management action and have a mechanism in place to assess progress.
4. This report is addressed to Fife Council, as administering body for the fund, and the Controller of Audit. It should be made available to the public and other stakeholders. Audit is an essential element of accountability and the process of public reporting. This report will be published on our website after consideration by those charged with governance.
5. The management of the audited body is responsible for preparing financial statements that show a true and fair view and for implementing appropriate internal control systems. Weaknesses or risks identified by auditors are only those which have come to their attention during their normal audit work, and may not be all that exist. Communication by auditors of matters arising from the audit of the financial statements or of risks or weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.
6. The co-operation and assistance given to us by officers and staff within Financial Services with responsibility for the Pension Fund, is gratefully acknowledged

Financial statements

7. Audited bodies' financial statements are an essential part of accounting for their stewardship of the resources made available to them and their performance in the use of those resources.
8. Auditors are required to audit financial statements in accordance with the timescales set by Audit Scotland, which may be shorter than statutory requirements, and give an opinion on:
 - whether they give a true and fair view of the financial transactions of the fund during the year ended 31 March 2012 and of the amount and disposition at that date of its assets and liabilities
 - whether they have been properly prepared in accordance with relevant legislation, the applicable accounting framework and other reporting requirements.
9. Auditors review and report on, as appropriate, other information published with the financial statements, including the introduction by the Executive Director Finance and Resources and the governance compliance statement. This section summarises the results of our audit on the financial statements.

Audit opinion

10. We have given an unqualified opinion that the financial statements give a true and fair view of the financial transactions of the fund during the year ended 31 March 2012 and of the amount and disposition at that date of its assets and liabilities.

Legality

11. Through our planned audit work we consider the legality of the fund's financial transactions. In addition the Executive Director Finance and Resources has confirmed that, to the best of his knowledge and belief, the financial transactions of the fund were in accordance with relevant legislation and regulations. There are no legality issues arising from our audit which require to be brought to the attention of those charged with governance.

Governance compliance statement

12. We are satisfied that this statement covers the areas and levels of compliance required by Scottish Government guidance.

Annual report

13. Scottish Government guidance requires the annual report for the pension fund to incorporate the following:
 - the financial statements
 - a report about the management and financial performance of the fund during the year, a report explaining the authority's investment policy and reviewing the performance during

the year of the investments of the fund, and a report of the arrangements made during the year for the administration of the fund

- a statement by the actuary of the level of funding disclosed by their valuation
 - the governance compliance statement, the funding strategy statement, and the statement of investment principles (or details of where these statements may be obtained)
 - the extent to which levels of performance set out in the pension administration strategy have been achieved
 - any other material which the authority considers appropriate.
14. We are satisfied that the report complies with Scottish Government guidance and that the other sections are consistent with the audited accounts.

Accounting issues

15. Local authority bodies in Scotland are required to follow the 2011/12 Code of Practice in Local Authority Accounting in the United Kingdom (the 2011/12 Code). Further guidance was issued for 2011/12 requiring more detailed disclosure in the annual accounts. We are satisfied that the financial statements have been prepared in accordance with the 2011/12 Code.

Accounts submission

16. The fund's unaudited annual report and financial statements were submitted to the Controller of Audit by the deadline of 30 June 2012. However, the working papers supporting the accounts were not fully available until the middle of July and it was not clear from the outset who the key contact was for co-ordinating the council's response to the audit. Despite this, council officers were able to assist us with issues arising from the audit which enabled us to conclude the audit and certify the financial statements by the target date of 30 September 2012. The annual report, incorporating the financial statements, is now available for presentation to members and for publication.

Presentational and monetary adjustments to the unaudited accounts

17. In line with International Standard on Auditing 260 '*communication of audit matters to those charged with governance*', we reported the conclusions of our audit to the Standards and Audit Committee on 27 September 2012. There were no matters reported which resulted in adjustment to the financial statements.

Financial position

18. Audited bodies are responsible for conducting their affairs and for putting in place proper arrangements to ensure that their financial position is soundly based.
19. Auditors consider whether audited bodies have established adequate arrangements and examine:
 - financial performance in the period under audit
 - compliance with any statutory financial requirements and financial targets
 - ability to meet known or contingent, statutory and other financial obligations
 - responses to developments which may have an impact on the financial position
 - financial plans for future periods.
20. These are key areas in the current economic circumstances. This section summarises the financial position and outlook for the fund.

Financial results

Budgetary control

21. Due to the nature of most of the fund's activities it is not considered appropriate to prepare a comprehensive annual budget for expenditure. However, there are a number of transactions (e.g. administration costs, investment manager expenses and other overheads) where the fund has control over the sums expended and it would be helpful to set a budget for such areas of expenditure.

Refer Action Plan no. 1

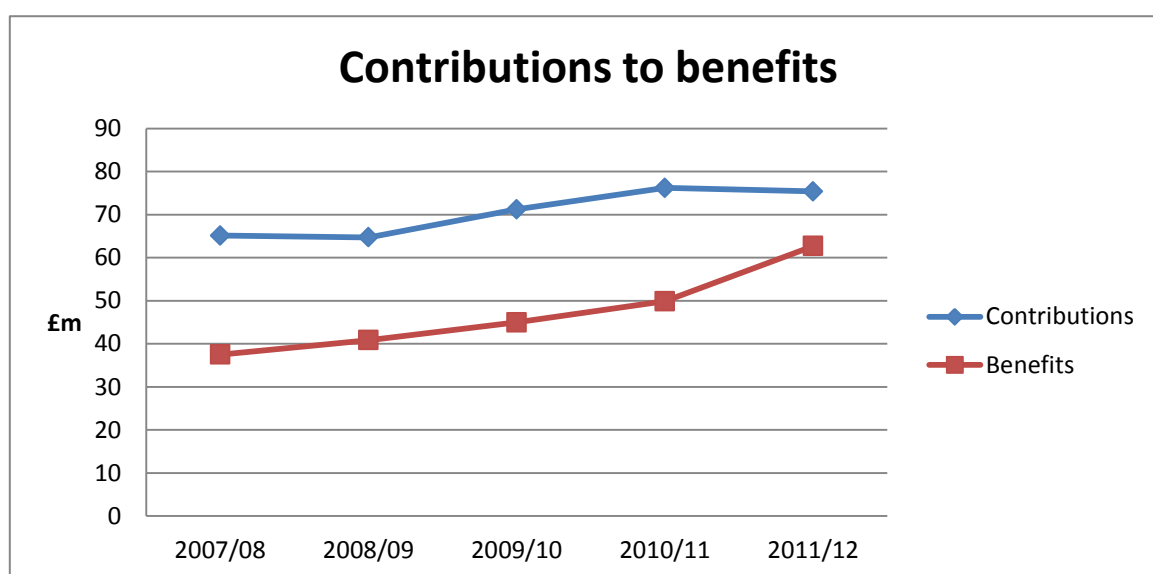
Financial Position

22. The overall position at 31 March 2012 set out in the net asset statement is that the fund has net assets of £1,317 million (31 March 2011: £1,283 million).
23. The financial statements do not take account of the obligations to pay pensions and other benefits which fall due after the end of the year. The actuarial position of the scheme, which does take account of such obligations, is disclosed in the Notes to the Accounts. The actuarial value of promised retirement benefits at the accounting date has been estimated by the Fund Actuary as £1,810 million (31 March 2011: £1,701 million). This gives an estimated net liability of £493 million as at 31 March 2012 (31 March 2011: £418 million). The liability is an estimate of the present value of the future liabilities of the fund, based on the fund actuary's assumptions regarding the future discount rate, the longevity of members and the rate of inflation. This figure is used by the pension fund for statutory accounting purposes and is not relevant for calculations undertaken for funding purposes and setting contributions payable to the fund.

Funding Position

24. As demonstrated in exhibit 1, the fund is receiving more income in contributions than it is paying out in benefits. However, the gap is narrowing and recent events such as the pay freeze in local government and reducing numbers of staff contributing to the scheme, coupled with increases in benefits payable arising from the implementation of the council's workforce change scheme, will result in a decrease in the resources available to invest in long term investment vehicles and a growing dependence on investment returns to pay pensions. The council believe that auto-enrolment of all council employees into the pension fund could see an increase in income from contributions to the pension fund, which may delay the narrowing of the funding gap.

Exhibit 1: Contributions received to Benefits payable



Source: Annual audited accounts.

Actuarial Review

25. At the last full actuarial valuation of the pension fund as at 31 March 2011 the actuary reported that the pension fund's funding level had increased to 87% (from the 81% level identified in the previous valuation in 2008). This represents a funding shortfall of £192 million (£254 million as at 31 March 2008) and has resulted in the actuary calculating a theoretical employer 'common' (average across all employers as a whole) contribution rate of 21.3% (24.1% per 2008 valuation) of pay in order to extinguish this shortfall over a 20 year period. The actuary has reported that this assumes a better performance of the fund's equity-type investments against gilts/bonds over the long term (the latter being, in theory, a closer match to the fund's liabilities) and without this assumption the estimated funding level at 31 March 2011 would be 64% (a deficit of £706m) and an employers' contribution rate of 40%.
26. Each employer has its own underlying funding position and financial circumstances and therefore adjustments are made to the common rate for each employer. One employer, Fife Council, had its contribution rates stabilised following a separate modelling exercise carried

out on their behalf. This has resulted in lower initial contribution rates for the council of 20.0% in 2012/13, 20.9% in 2013/14, followed by a rise to 21.8% (above the common rate of 21.3%) in 2014/15. The equivalent rate for Fife Council in 2011/12 was 19.1%.

27. This stabilisation assists budgetary pressures in the initial years but may result in larger contributions in future, however this is kept under review every three years through the triennial valuation.

Outlook

Employers' Covenants

28. In 2012/13 the fund will be working with all employers in the scheme to complete an Employer Covenant Schedule. The purpose of this exercise is to review the financial stability of each employer and to identify early warning signs of potential problems as well as displaying good governance. Work is at an early stage in this exercise and we will review the outcomes of the exercise with the fund in 2012/13.

Financial forecasts beyond 2011/12

29. Looking ahead, it is clear that the outlook for public spending for the period 2012/13 to 2014/15 remains very challenging and significant budget reductions will be required in these years. This will impact on contributions received and benefits payable where scheduled and admitted bodies reduce staffing levels.

Pensions reform agenda

30. The UK government introduced the Public Sector Pensions Bill at Westminster in September 2012. The Bill provides that all existing public sector pension schemes are closed and new schemes introduced from April 2015 (2014 for England and Wales).
31. Among the reforms proposed is: the move from a defined benefit pension, based on final salary, to one tied to career average earnings; the proposed accrual rate is 1/49th, instead of the current rate of 1/60th; and members' pension age will be linked to the state pension age.
32. It is clearly important for discussions on any successor LGPS scheme in Scotland to now progress.

Governance and accountability

33. The three fundamental principles of corporate governance – openness, integrity and accountability – apply to all audited bodies, whether their members are elected or appointed, or whether they comprise groups of people or an individual accountable officer.
34. Through its chief executive or accountable officer, each body is responsible for establishing arrangements for ensuring the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. Audited bodies usually involve those charged with governance (including audit committees or similar groups) in monitoring these arrangements.
35. Consistent with the wider scope of public audit, auditors have a responsibility to review and report on audited bodies' corporate governance arrangements as they relate to:
 - corporate governance and systems of internal control
 - the prevention and detection of fraud and irregularity
 - standards of conduct and arrangements for the prevention and detection of corruption.
36. In this part of the report we comment on key areas of governance.

Corporate governance

Processes and committees

37. The Superannuation Fund and Pensions sub-committee meets on a quarterly basis and oversees all pension fund activity. The membership and composition of the sub-committee changed following the local government elections in May 2012. Furthermore the sub-committee now includes representatives from scheduled and admitted bodies thus ensuring representation of their interests.

Governance Compliance Statement

38. Pension funds are required to produce a governance compliance statement which sets out the areas where it does and does not comply with guidance issued by the Scottish Government on committee governance arrangements. The guidance covers membership of the pension committee, frequency of meetings, training of members and several other areas. The governance compliance statement contained within the Annual Report and Accounts reflects a largely 'compliant' status for the Pension Fund's governance arrangements.
39. One area has been identified in the governance compliance statement as '*partial compliance*' and this concerns the adoption of annual training plans for committee members. We note that a training needs analysis is to be undertaken for the members of the sub-committee and this

will be followed by the introduction of a formal training programme devised to meet the needs of members. We plan to monitor these arrangements as part of our 2012/13 audit work.

Internal control

40. While auditors concentrate on significant systems and key controls in support of the opinion on the financial statements, their wider responsibilities require them to consider the financial systems and controls of audited bodies as a whole. The fund's financial systems run alongside those of the administering authority and its financial ledger and payroll systems are used to process transactions. There are specific systems and lines of responsibility for pension administration and investment transactions.
41. As part of our work, we took assurances from key controls within the internal control systems. We issued our *'Review of the systems of internal control'* report for the fund in July 2012. In our report we concluded that the fund has a satisfactory level of internal control in place.
42. The extent of auditors' work in this area should also be informed by their assessment of risk and the activities of internal audit. We note that the council's Audit and Risk Management Services currently has no programme of internal audit work specifically targeted at the Pension Fund and there has been no internal audit activity in this area for 2011/12. We have therefore been unable to place any reliance on internal audit work on the fund during 2011/12.

Refer Action Plan no. 2

Prevention and detection of fraud and irregularities

43. The pension fund utilises the relevant policies of Fife Council and these have been reviewed as part of the council wide audit and found to be satisfactory. We are not aware of any specific issues that we need to identify in this report.

National Fraud Initiative in Scotland

44. Audit Scotland has coordinated another major counter-fraud exercise working together with a range of Scottish public bodies, external auditors and the Audit Commission to identify fraud and error. These exercises, known as the National Fraud Initiative in Scotland (NFI), are undertaken every two years as part of the statutory audits of the participating bodies. The latest exercise started in October 2010 and was reported upon in May 2012. The next round of NFI began in June 2012, and expands the range of data sets and bodies.
45. The NFI works by using data matching to compare a range of information held on bodies' systems to identify potential inconsistencies or circumstances that could indicate fraud or error which are called 'matches'. Where matches are identified these are made available to bodies to investigate via a secure web application. Bodies investigate these and record appropriate outcomes based on their investigations.
46. As part of our local audit work we monitor the council's approach to participation in NFI both in terms of the submission of the required datasets and strategies for investigating the subsequent data matches. With regard to pensions there were 12 matching reports totalling

£16,520 that identified people who were in receipt of pension but also appeared on the Department for Works and Pensions' or registrar's records as being deceased.

Standards of conduct and arrangements for the prevention/detection of bribery and corruption

47. Audited bodies are responsible for ensuring that their affairs are managed in accordance with proper standards of conduct and have proper arrangements in place for implementing and monitoring compliance with standards and codes of conduct, standing orders and financial instructions. Auditors consider whether bodies have adequate arrangements in place. We are not aware of any specific issues that we need to identify in this report.

Outlook

48. The future shape of the LGPS in Scotland remains uncertain. The changes that have been proposed and accepted for the LGPS in England and Wales are likely to impact on the funds in Scotland but as yet, no firm proposals have been published for consideration in Scotland.
49. Auto-enrolment, where all new starts within Fife Council and scheduled and admitted bodies will be automatically enrolled into the pension fund, will impact on the work of the administration section. This change is being introduced nationally from October 2012, with Fife Council's Pension Fund set to introduce the scheme from 1 March 2013.
50. As part of our future audit work, we will consider the fund's preparedness for introduction of these changes, and how it is developing and taking forward its strategies and plans to address the risks arising from these changes.

Best Value, use of resources and performance

51. Audited bodies have a specific responsibility to ensure that arrangements have been made to secure Best Value.
52. Auditors of local government bodies also have a responsibility to review and report on the arrangements that specified audited bodies have made to prepare and publish performance information in accordance with directions issued by the Accounts Commission.
53. As part of their statutory responsibilities, the Auditor General and the Accounts Commission may procure, through Audit Scotland, examinations of the use of resources by audited bodies and publish reports or guidance. Auditors may be requested from time to time to participate in:
 - a performance audit which may result in the publication of a national report
 - an examination of the implications of a particular topic or performance audit for an audited body at local level
 - a review of a body's response to national recommendations.
54. Auditors may also consider the use of resources in services or functions, where the need for this is identified through local audit risk assessments.
55. During the course of their audit appointment auditors should also consider and report on progress made by audited bodies in implementing the recommendations arising from reviews in earlier years.
56. This section includes a commentary on the Best Value/performance management arrangements within the fund. We also note any headline performance measures used by the fund and any comment on any relevant national reports.

Management arrangements

Best Value

57. The pension fund has not been subject to a Best Value review. However, it is covered by the overall Best Value arrangements of the administering authority which were last subject to review in 2009. The timing of Fife Council's next Best Value audit is determined by a risk assessment performed by the Local Area Network (LAN). A focussed, proportionate Best Value audit is currently planned for 2014/15, however the 2012/13 shared risk assessment will assess the continued need for a best value audit and in the event will provide further information to inform the scope of the audit.

Investment Performance

58. Investment advice and support is provided to the fund by the Executive Director Finance and Resources and Hymans Robertson as the fund's independent investment consultant. The main way the fund measures investment performance is through an analysis of the returns achieved by each of the fund's external fund managers. The managers' performance, in terms of achieving benchmarks, is subject to independent verification by the fund's custodian, Northern Trust, and is regularly reported to the Superannuation Fund and Pensions Sub-Committee.
59. During the year, fund managers are also required to present to the sub-committee on their performance. At the year end an annual report on overall performance is produced and reported to the sub-committee.

Administration Performance

60. Fife Council Pension Fund supplies administration performance information to CIPFA and the Scottish Government annually. Key performance information is reported in the Annual Report and Accounts, including retirement benefits issued within 5 days, retirement quotations provided within 10 days, transfer quotations issued within 10 days and refund of contributions issued within 5 days. The performance of the administration section of the fund is regularly reported to members of the sub-committee and is shared with other employers within the scheme on an annual basis.
61. Although targets have been set for administration performance, these targets have varied between 2010/11 and 2011/12. There is scope for setting consistent targets against which progress can be effectively monitored. There is also scope for developing further measures in the suite of performance information for assessing the administering authority's administration performance e.g. unit administration costs and pension payments made within timescales.

Refer Action Plan no. 3

Overview of performance in 2011/12

Fife Council Pension Fund performance measurement outcomes

Investment Performance

62. Investment performance is measured against benchmarks recommended by the investment advisers Hymans Robertson. In 2011/12 the pension fund investments performed 3.09% below the benchmark, at 1.76%, with all fund managers underperforming against benchmarks. In addition, the three year and five year returns showed an underperformance against the benchmarks by 2.32% and 1.32%. The main reason for the under-performance of the fund over the past five years has been the consistent underperformance of Alliance Bernstein, a fund manager who has found it difficult to recover from their investment commitment in the financial sector of the market. The sub-committee has reduced the amount of money under management with Alliance Bernstein and continues to monitor their activities.

63. In February 2012 the sub-committee agreed to invite tenders for a framework agreement with global equity managers from which the Fund could draw from and appoint over the next 4 years. This framework will reduce the time between a decision to seek new fund managers to the final appointment. This process is expected to be completed in late 2012 and we will review the outcome of the process in 2012/13.

Administration performance

64. As outlined above, performance data for the administration of the scheme is reported in the Annual Report and Accounts. This information demonstrates a general improvement in pension administration and this has been achieved in part by additional staffing of the administration section. Improvements have been made in the percentage of retirement benefits issued within 5 days (92%; prior year 80%; 2011/12 target 80%), the percentage of retirement quotations provided within 10 days (96%; prior year 90%; target 90%) and the percentage of transfer quotations provided within 10 days (90%; prior year 80%; target 80%). The percentage of contribution refunds issued within 5 days remained much the same at 98%, however this was slightly below the revised target of 99%.

National performance reports

65. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. Reports in the last year of direct interest are detailed in Exhibit 2:

Exhibit 2: National performance reports 2011/12

- | | |
|---|---|
| <ul style="list-style-type: none"> • An overview of local government in Scotland - challenges and change in 2012 | <ul style="list-style-type: none"> • The National Fraud Initiative in Scotland |
|---|---|

Source: www.audit-scotland.gov.uk

66. Members may wish to consider national performance reports which are of relevance, as they become available, to assist them in discharging their governance duties in respect of the Pension Fund.

Outlook

67. There continues to be a degree of volatility in global stock markets and uncertainty around the sustainability of the Eurozone. Administering authorities will have to remain vigilant and keep assessing funds' exposure to risk. Continuing to work, and communicating effectively, with employers and the actuary will be even more critical going forward.

Appendix A: audit reports

External audit reports and audit opinions issued for 2011/12

Title of report or opinion	Date of issue	Date presented to Standards & Audit Committee
Annual Audit Plan	13 February 2012	21 February 2012
Internal controls management letter	27 July 2012	8 November 2012
Report on financial statements to those charged with governance	20 September 2012	27 September 2012
Audit opinion on the 2011/12 financial statements	28 September 2012	27 September 2012 (draft)
Report to Members on the 2011/12 audit	31 October 2012	8 November 2012

Appendix B: action plan

Key Risk Areas and Planned Management Action

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
1	21	<p>No budgetary control processes are in place for items for which the Pension Fund has the ability to control e.g. administration costs, investment manager expenses and other overheads.</p> <p>Risk</p> <p>Costs may not be contained where they are not regularly monitored and assessed against predetermined budgets.</p>	<p>The recharge arrangements and costs will reviewed with a view to setting budgets and monitoring costs charged to the Pension Fund.</p>	<p>Accounting Team Leader Accounting Control</p>	<p>March 2013</p>
2	41	<p>There is currently no internal audit programme presented to Members for Fife Council Pension Fund. No internal audit work was carried out in this area in 2011/12.</p> <p>Risk</p> <p>Members do not receive independent assurance over the internal control and governance arrangements within the fund.</p>	<p>The annual internal audit plan, which is presented to the Council's Standard and Audit Committee, uses a risk based assessment of the Council's audit universe to ensure that Internal Audit's resources are directed towards the areas of greatest risk, both financial and non-financial.</p> <p>The Pension Fund is included in this assessment and work planned on the assessment of risk.</p>	<p>Audit and Risk Services Manager</p>	<p>April 2013</p>

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
			The audit plan for next year is currently being prepared and the need for a pension fund audit will be reviewed as part of this process,		
3	61	<p>Targets have been set for administration performance, however these have not been set at consistent levels in recent years. There is scope for setting consistent targets against which progress can be effectively monitored. There is also scope for developing further measures for assessing the administering authority's administration performance.</p> <p>Risk</p> <p>Realistic and consistent targets may not be in place, which may reduce the effectiveness of monitoring performance. Performance information may also be insufficient to provide a rounded view of the performance of the administration service.</p>	<p>Targets are set on an annual basis based on achievements in previous year; targets not met remain the same; targets met are increased for improvement.</p> <p>Targets are measured against various standards, including those set by the Scottish Pensions Liaison Group (SPLG) for comparison against other Scottish Funds.</p> <p>Agree there is scope to develop further areas of performance measures - these are currently being set up to comply with those used by the SPLG</p>	Margaret Thomson (Pensions Team Leader)	March 2013