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## **FINAL ANNUAL REPORT AND ACCOUNTS 2020/21**

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### **Report by Director Finance & Corporate Governance**

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## **AUDIT AND SCRUTINY COMMITTEE**

**21 October 2021**

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### **1 PURPOSE AND SUMMARY**

- 1.1 This report provided the Audit and Scrutiny Committee with an opportunity to scrutinize the final Annual Report and Accounts for the Pension Fund for 2019/20 prior to their submission to Scottish Borders Council for signature.**
- 1.2 The Local Government Pension Scheme Amendment (Scotland) Regulations 2010 specify the elements which must be contained in the Annual Report and Accounts, the list of these are contained in para 4.1. The final Annual Report and Accounts contained in Appendix 1 fully meets these requirements.
- 1.3 Audit Scotland has completed their audit and have provided an unqualified independent audit opinion.
- 1.4 The Scottish Borders Council's Pension Fund Annual Audit Report highlighted two new recommendations and five recommendations from previous audits. Actions plans have been agreed for each of the recommendations.
- 1.5 This report has been presented to members of both the Pension Fund Committee and the Pension Fund Board for them to recommend the final Annual Report and Accounts for 2020/21 (the Annual Report) for approval prior to submission to Scottish Borders Council for signature.

### **2 RECOMMENDATIONS**

- 2.1 It is recommended that the Audit and Scrutiny Committee note the Annual Report and Accounts for 2020/21 for Officer signature and Council approval.**

### **3 BACKGROUND**

3.1 The Local Government Pension Scheme Amendment (Scotland) Regulations 2010 specifies that the Annual report must contain:

- a) report on the management and financial performance during the year,
- b) statement on the investment policy for the Fund,
- c) pensions administration arrangements during the year,
- d) actuarial valuation statement,
- e) governance compliance statement,
- f) fund account and net asset statement,
- g) annual report on pension administration strategy, and
- h) details of where to access current Funding Strategy Statement and Statement of Investment Principles.

### **4 ANNUAL REPORT AND ACCOUNTS 2020/21**

4.1 The final Annual Report and Accounts for 2020/21 (the Annual Report) is attached at Appendix 1. The Annual Report has also been presented to Pension Fund Committee and Pension Fund Board on the 20 October 2021.

4.2 The draft Annual Report was made available for public inspection for a 3-week period commencing 29 June 2021 and has been subject to a full external audit by Audit Scotland.

4.3 Audit Scotland has completed their audit and have provided an unqualified independent audit opinion.

4.4 The Scottish Borders Council's Pension Fund Annual Audit Report highlighted two new recommendations and five recommendations from previous audits. The areas in question are shown in Appendix 1 "Action Plan 2020/21" of the External Auditor's Annual Pension Fund Audit Report. The areas identified are:

#### 2020/21 Recommendations

- Pension recalculation for a lump sum pension calculation.
- Review administrative procedures following move to home working.

#### Previous audit Recommendations

- Management should perform monthly pensioner validation using ATMOS reports and any matches investigated in a timely manner.
- Management should perform regular validation of overseas pensioners to ensure existence of overseas pensioners.
- The pensions paid figure should be reconciled month on month and variances to the ledger investigated. Management should perform monthly reconciliations between the pensions paid figure and the ledger.
- Management should perform monthly reconciliations are being performed across payroll to ensure all balance across payroll are investigated and adjusted when necessary.
- Resource requirement of the Pension Fund should be assessed within both departments and addressed to ensure administration of the Fund is efficient and effective.

These recommendations have been accepted by Management and will be enacted within the agreed timescales.

## **5 IMPLICATIONS**

### **5.1 Financial**

There are no financial implications relating to this proposal.

### **5.2 Risk and Mitigations**

This report is part of the governance framework to manage the operation of the Pension Fund and reflects the compliance with the best practice recommendations. Risk are managed in line with the Corporate Risk Management framework, with risks and controls monitored and reported on a quarterly basis.

### **5.3 Integrated Impact Assessment**

There is no impact or relevance to Equality Duty or the Fairer Scotland Duty for this report. This is routine good governance required under the Local Government Pension Scheme (Governance) (Scotland) Regulations 2014. Nevertheless, a light touch assessment has been conducted and this will be published on SBC's Equality and Diversity Pages of the website demonstrates that equality, diversity and socio-economic factors have duly been considered when preparing this report.

### **5.4 Sustainable Development Goals**

There are no direct economic, social or environmental issues with this reports which would affect the Council's sustainability.

### **5.5 Climate Change**

There are no direct climate change impacts as a result of this report.

### **5.6 Rural Proofing**

It is anticipated there will be no adverse impact on the rural area from the contents of this report.

### **5.7 Data Protection Impact Statement**

There are no personal data implications arising from the proposals contained in this report.

### **5.8 Changes to Scheme of Administration or Scheme of Delegation**

No changes to the Scheme of Administration or Delegation are required as a result of this report.

## **6 CONSULTATION**

- 6.1 The Director (Finance & Corporate Governance), the Monitoring Officer/Chief Legal Officer, the Chief Officer Audit and Risk, the Director (People Performance & Change), the Clerk to the Council and Corporate Communications have been consulted and any comments have been incorporated into the final report.

## Approved by

**Name David Robertson**

**Title Director Finance and Corporate Governance**

### Author(s)

Name	Designation and Contact Number
Kirsty Robb	Pension & Investment Manager, 01835 825249

**Background Papers:** [insert list of background papers used in compiling report]

**Previous Minute Reference:** [insert last Minute reference (if any)]

**Note** – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. Pension & Investments Team can also give information on other language translations as well as providing additional copies.

Contact us at Pension & Investments Team, Council Headquarters, Newtown St Boswells, Melrose, TD6 PSA  
Tel: 01835 825249  
email: t&cteam@scotborders .gov.uk