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## **PENSION FUND ANNUAL GOVERNANCE STATEMENT 2015/16**

**Report by Chief Financial Officer**

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### **AUDIT AND RISK COMMITTEE**

**9 May 2016**

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#### **1 PURPOSE AND SUMMARY**

**1.1 This report proposes that the Audit and Risk Committee considers and approves the Pension Fund Annual Governance Statement that will be published in the Statement of Accounts 2015/16 of Scottish Borders Council Pension Fund.**

1.2 The Local Government Pension Scheme (Scotland) Regulations 2014 require Administering Authorities to measure their governance arrangements set out against standards set by Scottish Ministers. These standards are established via a number of best practice principles.

1.3 Part of the Audit and Risk Committee's remit is to assess the effectiveness of internal controls, risk management, and governance arrangements in place for the Scottish Borders Council Pension Fund and this includes being satisfied that the Pension Fund Annual Governance Statement demonstrates compliance with its governance policy and best practice principles and identifies any actions required to improve governance arrangements.

1.4 The Pension Fund Annual Governance Statement 2015/16 details the Governance Framework including the key elements of the Pension Fund's governance arrangements and the Review Framework, as shown in Appendix 1.

1.5 In terms of overall corporate governance it is the Chief Financial Officer's opinion that the overall governance arrangements of the Pension Fund are considered sound. The Annual Governance Statement is informed by the self-assessment of the Fund's compliance with the best practice principles, the work of professional accountancy staff, and the work of internal audit, external audit and inspection agencies. Improvement actions are identified. This statement will be published in the Pension Fund Annual Report and Accounts for the year to 31 March 2016.

#### **2 RECOMMENDATIONS**

**2.1 It is recommended that the Audit & Risk Committee considers the details of the Pension Fund Annual Governance Statement at Appendix 1, and approves the actions identified by Management to further improve internal controls and governance arrangements.**

### **3 BACKGROUND**

- 3.1 The Local Government Pension Scheme (Scotland) Regulations 2014 require Administering Authorities to measure their governance arrangements set out against standards set by Scottish Ministers. These standards are established via a number of best practice principles.
- 3.2 Part of the Audit and Risk Committee's remit is to assess the effectiveness of internal controls, risk management, and governance arrangements in place for the Scottish Borders Council Pension Fund and this includes being satisfied that the Pension Fund Annual Governance Statement demonstrates compliance with its governance policy and best practice principles and identifies any actions required to improve governance arrangements.

### **4 PENSION FUND ANNUAL GOVERNANCE STATEMENT**

- 4.1 The Pension Fund Annual Governance Statement 2015/16 details the Governance Framework including the key elements of the Pension Fund's governance arrangements, which is shown in Appendix 1. It also sets out the Review Framework, outlining the annual review process to assess the Fund's compliance with its Governance Policy and the best practice principles and overall opinion, and Improvement Areas of Governance.
- 4.2 It is the Chief Financial Officer's opinion that the overall governance arrangements of the Pension Fund are considered sound. The Annual Governance Statement is informed by the self-assessment of the Fund's compliance with the best practice principles, the work of professional accountancy staff, and the work of internal audit, external audit and inspection agencies. During the year the new governance arrangements in response to reforms have been implemented including committee structure, review of pensions' administration strategy, and training policy. The annual review demonstrates sufficient evidence that the Pension Fund's Governance Policy is operating effectively and that the Pension Fund fully complies with the best practice principles. Improvement actions have been identified that are designed to enhance the existing governance arrangements. This statement will be published in the Pension Fund Annual Report and Accounts for the year to 31 March 2016.

### **5 IMPLICATIONS**

#### **5.1 Financial**

There are no direct financial implications arising from this report.

#### **5.2 Risk and Mitigations**

The Pension Fund Annual Governance Statement details areas where additional work would further enhance the internal control environment, risk management, and corporate governance arrangements. Implementing this work will ensure that internal controls, risk management, and other governance arrangements remain sound.

#### **5.3 Equalities**

It is anticipated there will be no adverse impact due to race, disability, gender, age, sexual orientation or religious/belief arising from the work contained in this report.

#### **5.4 Acting Sustainably**

There are no direct economic, social or environmental issues with this report.

## 5.5 Carbon Management

There are no direct carbon emissions impacts as a result of this report.

## 5.6 Rural Proofing

This report does not relate to new or amended policy or strategy and as a result rural proofing is not an applicable consideration.

## 5.7 Changes to Scheme of Administration or Scheme of Delegation

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

## 6 CONSULTATION

- 6.1 The Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit & Risk, the Chief Officer HR, and the Clerk to the Council are being consulted on the report and any comments received will be reported at the meeting.

### Approved by

**David Robertson**  
Chief Financial Officer

Signature .....

### Author(s)

Name	Designation and Contact Number
Jill Stacey	Chief Officer Audit & Risk Tel: 01835 825036

**Background Papers:** Local Government Pension Scheme (Scotland) Regulations 2014

**Previous Minute Reference:**

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

Contact us at James Collin [jcollin@scotborders.gov.uk](mailto:jcollin@scotborders.gov.uk) or tel. 01835 825232