

Action Plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
Annual Governance Report 2008/09 - Recommendations						
7	R1 The Authority should try to obtain all direct confirmations from Fund Managers before preparing the financial statements.	3	Kevin McDonald	No	We already make every effort to obtain all direct confirmations from Fund Manager before preparing the financial statements. However this is not possible in respect of the Fund's investment in Private Equity. As an asset class, Private Equity (i.e. non quoted equity) reports are always produced on a delayed basis, compared to quoted mainstream equity and bond portfolios. In other words, when the accounts have to be closed in May and June, the latest information available is often for December. The March 2009 information generally becomes available during July. Recommending that the Fund tries to obtain earlier reports will not alter the practices of the Private Equity industry.	

8	R2 The Authority should undertake the M99 reconciliation process early enough to allow the correct figures to be entered into the financial statements.	3	Jody Evans Kevin McDonald	No	<p>We do not think that it is practical to carry out all of the necessary reconciliations and subsequent investigations within the extremely short time available for the closure of accounts. Especially so given the large number of employers (over 350) and the small team that carries out these duties. The outcome of an M99 reconciliation is the start of a dialogue between the Fund and each employing body. We write to each body, enclosing the reconciliation, highlighting any variance and ask for comments. In many cases the dialogue that follows highlights that the variances in the reconciliation relate to inaccuracies in the year end return. It is our opinion that the amounts highlighted in Appendix 3 are highly likely to fall into this category. Citing them as “misstatements” or “errors” is misleading. We will however be working with employers to educate them and improve the quality of returns with a view to reducing the volume of inaccuracies. We would welcome any practical suggestions from external audit as to how the risk of such issues arising in future years can be minimised.</p>	
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8	R3 Review SAS 70 reports when they are received and ensure issues are followed up as appropriate. A log should be maintained to ensure that all required reports are received on an annual basis. By spreading the task across the year this should also reduce the burden during the year end closedown process.	3	Kevin McDonald	Yes	This recommendation was made in an internal audit report during 2008/9 and has already been accepted and implemented.	
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8	R4 Reconsider the membership of the Pension Fund Board with reference to the representation of non administering authority members.	3	Martin Quinn / Margaret Lee	No	The issue of employer representation was considered by the Council in May 2008 when establishing the Essex Pension Board. It made, what it considered to be, suitable arrangements for non-administering authority employers to be represented on the Board. This included granting representation to the Essex Police Authority and the Essex Fire Authority. Both bodies subsequently chose to nominate county councillors to represent them on the Board. However it is not for the County Council to dictate who these separate bodies should nominate. In any event county councillors often wear more than one hat and are able to successfully serve more than one master. The Chairman of the Essex Pension Board has already expressed his intention to review representation arrangements before 2011.	
8	R5 Create a separate bank account for the Pension Fund so that it can account for its cash separately.	3	Martin Quinn / Margaret Lee	Yes	Arrangements for establishing a separate bank account for the Pension Fund are already underway.	1/4/2010