

COMMITTEE	PENSIONS COMMITTEE
DATE	24 JUNE 2021
TITLE	THE PENSIONS COMMITTEE FUNCTION APPROVING THE FUND'S STATEMENT OF ACCOUNTS AND RECEIVE THE RELEVANT REPORT FROM AUDIT WALES
PURPOSE OF REPORT	THE COMMITTEE TO ACCEPT THE RESPONSIBILITY FOR GOVERNANCE AND AGREE THE NEW OPERATIONAL ARRANGEMENTS
AUTHOR	DAFYDD EDWARDS, HEAD OF FINANCE
ACTION	TO COMMENT ON THE CONTENTS AND ADOPT THE NEW ARRANGEMENTS

THE HISTORY AND REVIEWING THE PROCEDURE

1. Up to the 2017/18 accounts, Gwynedd Pension Fund's accounts had been included within Gwynedd Council's statement of accounts.
2. As a result, since the establishment of Gwynedd Council's Audit Committee in 1999, that Committee has dealt with Gwynedd Council's accounts, together with Gwynedd Pension Fund's accounts.
3. Whilst reviewing the governance arrangements of the Gwynedd Pension Fund, consideration has been given to the question of whether Gwynedd Council's Audit and Governance Committee or the Pensions Committee should be receiving and approving statements of accounts for the pension fund, together with the external auditor's relevant report.

THE AUDIT AND GOVERNANCE COMMITTEE

4. Although the 2011 Measure gives the Council the right to impose any suitable functions on the Audit and Governance Committee (and it is for that Committee itself to decide how to exercise its functions), the Measure also sets out functions that the Committee must exercise.
5. For several years, the Audit and Governance Committee has been receiving and approving the accounts of Gwynedd Council and the Gwynedd Pension Fund, as part of its role as "those charged with governance". In accordance with Section 81 of the Local Government (Wales) Measure 2011, one of the statutory roles that the Audit and Governance Committee must undertake is *to review and scrutinise the authority's financial affairs*.

THE PENSIONS COMMITTEE

6. In accordance with the Local Government Pension Scheme Regulations 2013, Gwynedd Council is an "administering authority" on behalf of Gwynedd Pension Fund, and in accordance with the Council's Constitution, the function relating to local government pensions etc. by virtue of Regulations under section 7, 12 or 24 of the Superannuation Act 1972 (which includes the 2013 Regulations), is a matter delegated to the Pensions Committee.

7. Gwynedd Council's responsibility as an "administering authority" in accordance with the Local Government Pension Scheme Regulations 2013 has been delegated to the Pensions Committee; this is the Committee responsible for governing the financial affairs of the Pension Fund.

NATIONAL GUIDELINES – LGPS ADVISORY BOARD

8. This is supported by the Good Governance proposals in the report of the Local Government Pension Scheme Advisory Board, ***Good Governance: Phase 3 Report to SAB***, which states: "Each administering authority must ensure their [Pensions] committee is included in the business planning process" (Recommendation E.4).

https://lgpsboard.org/images/Other/Annex_to_Good_Governance_letter_110221.pdf

https://lgpsboard.org/images/Other/Good_Governance_Final_Report_February_2021.pdf

9. To this end, the Pensions Committee has approved the budgets of the fund for 2020/21 (in January 2020) and 2021/22 (in January 2021), and dealing with the accounts and approving the final accounts would close the 'business' cycle.

ACCOUNTS AND AUDIT REGULATIONS 2018

10. Further, Regulation 8 of the Accounts and Audit (Wales) Regulations 2014, which relates to the statements of accounts of larger relevant bodies (such as Gwynedd Council), was modified by the Accounts and Audit (Wales) (Amendment) Regulations 2018.
11. This amendment removes the requirement for county or county borough councils to include, in their statement of accounts, the accounts for pension funds administered in accordance with the Local Government Pension Scheme Regulations 2013. This is effective from the accounts for 2017/18 onwards.

CONCLUSION

12. Having considered the latest legislation and regulations, and reviewed the governance arrangements as a result, it seems increasingly clear that the Pensions Committee, and not the Audit and Governance Committee, is the appropriate body to accept and approve statements of accounts for the Gwynedd Pension Fund. Not only has the legal requirement for them to be included with the Council's accounts been abolished, but the national board which advises Local Government Pension Schemes also recommends that the Pensions Committee should consider the accounts.
13. There is no inconsistency here with Section 81 of the 2011 Measure as the financial affairs of the Pension Fund are not part of Gwynedd Council's financial affairs – the funds of the two entities are completely separate from each other.

ACTION

14. A corresponding report was submitted to the Audit and Governance Committee on 27 May 2021 where it was decided to approve amendments to its operating arrangements in order to allow the Pensions Committee to receive and approve the pension fund's statements of accounts, together with the external auditor's relevant report.

RECOMMENDATION

- 15 The Pensions Committee is asked to consider the content of the report, comment on its content and agree to receive –
 - the external auditor's work plan on Gwynedd Pension Fund's Accounts.
 - Gwynedd Pension Fund's Statement of Accounts, following certification by the Head of Finance, but subject to audit, and an opportunity to challenge its content.
 - the external auditor's annual report on Gwynedd Pension Fund's Statement of Accounts.
 - the final post-audit version of Gwynedd Pension Fund's Statement of Accounts (before the end of November in 2021), and an opportunity to challenge the content of the external auditor's relevant report, i.e. Audit Wales.