

GOVERNANCE AND AUDIT COMMITTEE

Minutes of the extraordinary virtual meeting held on 20 October 2021

- PRESENT:** Councillor Peter Rogers (Chair)
Mr Dilwyn Evans (Lay Member) (Vice-Chair)
- Councillors Jeff Evans, John Griffith, Richard Griffiths, Dylan Rees, Alun Roberts, Margaret Roberts
- IN ATTENDANCE:** Chief Executive
Director of Function (Resources) and Section 151 Officer
Head of Internal Audit & Risk (MP)
Principal Auditor (NW)
Head of Profession (HR) and Transformation
Committee Officer (ATH)
- APOLOGIES:** Councillor Gwilym O. Jones
- ALSO PRESENT:** Councillors Robin Williams (Portfolio Member for Finance), Yvonne Thomas (Audit Wales), Mr Gareth Williams (Local Democracy Reporter)
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1 **DECLARATION OF INTEREST**

Not applicable.

2 **STATEMENT OF THE ACCOUNTS 2020/21 AND ISA 260 REPORT**

The Chair welcomed all those present to the meeting and he invited the Director of Function (Resources) and Section 151 Officer to make a statement regarding the business that was to have been conducted at this meeting.

The Director of Function (Resources) and Section 151 Officer stated that this meeting had been convened to consider the final Statement of the Accounts for 2020/21 together with External Audit's report and opinion on the financial statements, known as the ISA 260 report. Although it was known that the preparation and finalisation of the accounts would be challenging within the intended timescale given the ongoing impact of the pandemic, the change of external auditor for the 2020/21 financial year and the different expectations which the new auditors brought to the process in terms of the information they required to conduct the audit and for their assurance needs meant that the Finance Service had to make some changes to its working arrangements and practice which have in turn led to more work than anticipated. Notwithstanding, efforts were still being made even at the beginning of the week to try to ensure the final accounts were presented to this meeting but regrettably, those efforts were further frustrated by the absence of a key member of staff. Regardless, thanks have to be paid to Bethan Owen, Accountancy Service Manager and Jemma Robinson, Senior Accountant as well as Yvonne Thomas and Gareth Evans from Audit Wales for all their endeavours over the past weeks and especially over the last few days to bring the work together and to try to get the final accounts to committee as planned. Whilst the changes to the draft accounts presented to this committee in July, 2021

are not significant, some do entail making adjustments to the income and expenditure account and consequently to the balance sheet which in turn mean that corresponding changes then have to be made to the notes to the financial statements and the accompanying narrative report; these are then checked and reconciled in the English and Welsh versions meaning that there is some considerable work involved in the presentation of the document for publication.

It is the intention that the Governance and Audit Committee be reconvened to consider the finalised Statement of the Accounts for 2020/21 and ISA 260 report on Monday, 15 November with Full Council thereafter meeting on 22 November to approve the final accounts meaning that the 30 November, 2021 statutory deadline for signing off the final accounts will still be met.

The Committee and the Portfolio Member for Finance, in recognising the challenges faced in getting the final Statement of the Accounts document ready for this meeting and accepting the Section 151 Officer's explanation for why ultimately, this had not been possible, acknowledged the very hard work that had been involved in the attempt and thanked the Finance Service's staff for their efforts particularly over the past week.

The Vice-Chair in querying whether there had been any specific elements in the accounts which had posed a challenge for the auditors referred to issues with the Teachers' Pension scheme which had been recently publicised in the media, specifically the transfer of contributions to the scheme.

The Director of Function (Resources) and Section 151 Officer responding said that the piece on the Teachers' Pension Scheme by BBC Wales on its website and a following news item on Welsh news were at best misleading and at worst factually incorrect on several points and they had caused needless concern for teachers. Contrary to the news story which stated that not all contributions had been made to the Teachers' Pension Scheme he could confirm otherwise that all contributions deducted from teachers' pay have been paid into the pension scheme meaning that there are no implications for the accounts which reflect the contributions deducted and transferred. An annual return of information and declaration of pension contributions is prepared and submitted which is subject to audit verification; no annual return had been qualified in the time the Section 151 Officer had been in post.

The Director of Function (Resources) and Sections 151 Officer advised that the Teachers' Pension Scheme is distinct from the Local Government Pension Scheme which covers local government non-teaching staff; it is an unfunded scheme administered by the Teachers' Pension Service (TPS) with pension payment being based on final salary and length of service which is the key factor. While the BBC's web piece implied that the issue it raised was unique to Anglesey this is not the case and to corroborate the fact the Officer referred to an article from October 2020 in "Schools Week" about gaps in teachers' pensions which it highlighted as a nationwide issue. The article states that whilst it was possible for teachers to withdraw their pension with missing service, these problems could be rectified after the pension was drawn with the Teachers' Pension Service recalculating what was owed.

Information regarding the contributions made and the service undertaken by each teacher (permanent, temporary and supply) is prepared and submitted to the TPS in separate files on a monthly basis. Historically this was a manual process, but is now done electronically and having had access to their service records via an on-line portal, teachers have found gaps in their records. While there have been issues with the way the Authority has collected the information over time, processes have been improved to ensure the accuracy of the files prepared and Internal Audit has also been asked to review the changes made

to confirm that the system is robust. However, errors also appear randomly which are difficult to account for since not enough feedback is provided by the TPS to confirm that the data received has been validated and records updated accordingly. Whilst the TPS is amending its system to allow for the submission of one composite data file from next year which should reduce the anomalies, historic gaps remain and can only be rectified by checking individual payslips for the month to which the gap relates. As it is not feasible for the Authority to undertake this task, teachers have been asked to check their records for any gaps in employment and to inform the Authority which will verify the information and correct any errors. A restructure of the Payroll team has allowed for a dedicated officer to be assigned to this work.

The Director of Function (Resources) and Section 151 Officer further clarified that in instances where a teacher finds that their record of employment is incomplete but is not able to indicate where and why there are gaps, the Authority will do the checks but it does not have the resources to undertake the verification work for each and every teacher.

The Committee thanked the Director of Function (Resources) and Section 151 Officer for clarifying the situation with regard to teachers' pensions and for explaining how the scheme operates.

The meeting was subsequently adjourned to 15 November, 2021.

**Councillor Peter Rogers
Chair**