

Audit of Accounts Report – Clwyd Pension Fund

Audit year: 2023-24

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About Audit Wales

Our aims and ambitions

Assure



the people of
Wales that public
money is well
managed

Explain



how public
money is being
used to meet
people's needs

Inspire



and empower
the Welsh
public sector to
improve



Fully exploit
our unique
perspective,
expertise and
depth of insight



Strengthen our
position as an
authoritative,
trusted and
independent
voice



Increase our
visibility,
influence and
relevance



Be a model
organisation for
the public sector
in Wales and
beyond

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Introduction

I have now largely completed my audit in line with my Detailed Audit Plan 2024 dated May 2024.

This Audit of Accounts Report summarises the main findings from my audit of your 2023-24 annual report and accounts. My team have already discussed these issues with the Pension Fund Accountant.

I am very grateful to your officers for their support in undertaking this audit.



Adrian Crompton

Auditor General for
Wales

Your audit at a glance



Audit opinions

We are proposing to give an unqualified opinion on the accounts.

We have nothing to report under the other sections of my report, i.e. those relating to going concern; other information; other matters; or matters I report by exception.



Significant issues

There are no misstatements in the accounts.

We have identified a need to improve the quality of draft accounts and working papers.



Materiality

Materiality £24,846,000

Reporting threshold ('trivial') £1,242,000

Areas of specific interest:

- Related party reimbursement of expenses to Flintshire County Council £100,000
- Related party and Key Management Personnel disclosures £1,000

Financial statements' materiality



Materiality £24.846 million

My aim is to identify and correct material misstatements, ie those that might otherwise cause the user of the accounts to be misled.

Materiality is calculated using:

- 2023-24 gross assets of £2,484.649 million
- Materiality percentage of 1%

I apply the materiality percentage to gross expenditure to calculate materiality.

I will report to you any misstatements above £1,242,000 calculated as 5% of materiality (called the 'trivial level').



Areas of specific interest

There are some areas of the accounts that may be of more importance to the user of the accounts. We set lower materiality levels for these as follows:

- Related party reimbursement of expenses to Flintshire County Council: £100,000
- Related party and Key Management Personnel disclosures: £1,000

Ethical compliance



Compliance with ethical standards

We believe that:

- we have complied with the ethical standards we are required to follow in carrying out our work;
- we have remained independent of yourselves; and
- our objectivity has not been comprised.

In our Detailed Plan, we explained that the audit lead and an audit trainee are both deferred members of the pension fund.

Safeguards were put in place to mitigate any independence risks arising with all work undertaken by them reviewed by more senior staff who were aware of the potential risks to independence.

Proposed audit opinion



Audit opinion

We intend to issue an unqualified audit opinion on this year's accounts once you have provided us with a Letter of Representation (see below).

Our proposed audit report is set out in **Appendix 1**.



Letter of representation

A Letter of Representation is a formal letter in which you confirm to us the accuracy and completeness of information provided to us during the audit. Some of this information is specified as being necessary by auditing standards; other information may relate specifically to your audit.

The letter we are requesting you to sign is included in **Appendix 2**.

Issues arising during the audit



Misstatements

A misstatement arises where information in the accounts is not in accordance with accounting standards.

Uncorrected misstatements

There are no misstatements identified in the accounts, which remain uncorrected.

Corrected misstatements

During our audit, we identified misstatements that have been corrected by management, but which we consider should be drawn to your attention.

These are set out in **Appendix 3**.



Other significant issues

In the addition to misstatements identified during the audit we also report other significant issues to you.

The following significant issue was identified during the audit.

Quality of the draft accounts

We reported a risk within the Detailed Plan around changes in the key staff involved with the preparation of the financial statements. We noted that this could give rise to potential risks arising from insufficient capacity and skills within the finance team that could impact on the timely preparation and quality of the financial statements.

The quality of the draft accounts and working papers we received for audit were not of the quality received in prior years which was in part due to changes in key staff during the year as well as the agreed earlier draft accounts audit submission deadline. Our initial review of the draft accounts identified that there were arithmetic errors due to rounding's within the notes.

Our work identified issues and errors in the following areas:

- Disclosures within the 'Net Asset Statement';
- Note 1 'Description of the Fund';
- Note 2 'Basis of Preparation';
- Note 5 'Assumptions Made About the Future and Other Major Sources of Uncertainty';
- Note 11 'Management Expenses' and Note 11a 'Investment Management Expenses';
- Note 12 'Investment Income';
- Note 13 'Investments', Note 13a 'Reconciliation of Movements in Investments and Derivatives', Note 13b 'Analysis by Fund Manager';
- Note 15 'Fair Value of Investments', Note 15a 'Fair Value of Hierarchy', Note 15b 'Reconciliation of Fair Value Measurements Within Level 3';
- Note 16 'Classification of Financial Instruments';
- Note 17 'Nature and Extent of Risks Arising from Financial Instruments';
- Note 18 'Actuarial Present Value of Promised Retirement Benefits';
- Note 19 'Current Assets';
- Note 23 'Related Party Transactions';

- Note 24 'Contingent Liabilities and Contractual Commitments'; and
- Note 25 'Statement by the Consulting Actuary'.

The amendments arising from our audit are reported within Appendix 3.

Although the amendments identified did not lead to changes in the overall final position of the Pension Fund, considerable additional time was spent by the audit team to understand the differences in the disclosures and the supporting working papers to enable us to verify and audit the figures.

The additional time spent on the audit has impacted on our indicative fee reported in our Detailed Audit Plan in May 2024. We are currently discussing with management the impact that this considerable additional time had on our planned audit fee.

We intend to hold a post project learning meeting with the finance team following the completion of the audit, to identify opportunities for improving the quality of the draft 2024-25 accounts and the supporting working papers.

Appendix 1

Proposed audit report

The report of the Auditor General for Wales to the members of Flintshire County Council as administering Authority of the Clwyd Pension Fund

Opinion on financial statements

I have audited the financial statements of Clwyd Pension Fund for the year ended 31 March 2024 under the Public Audit (Wales) Act 2004.

The Clwyd Pension Fund's financial statements comprise the fund account, the net assets statement and the related notes, including the material accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2024.

In my opinion, in all material respects, the financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2024 and of the amount and disposition at that date of its assets and liabilities, and
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2024.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report.

My staff and I are independent of the pension fund in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the pension fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the Annual Report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit the information contained in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the Local Government Pension Scheme Regulations 2013.

Matters on which I report by exception

In the light of the knowledge and understanding of the pension fund and its environment obtained in the course of the audit, I have not identified material misstatements in the Annual Report.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- I have not received all the information and explanations I require for my audit;
- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team; or
- the financial statements are not in agreement with the accounting records and returns.

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the financial statements, the responsible financial officer is responsible for:

- the preparation of the financial statements, which give a true and fair view;
- maintaining proper accounting records;
- internal controls as the responsible financial officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- assessing the Clwyd Pension Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible financial officer anticipates that the services provided by the Clwyd Pension Fund will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit the financial statements in accordance with the Public Audit (Wales) Act 2004.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, the pension fund's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Clwyd Pension Fund's policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: posting of unusual journals and management override;
- Obtaining an understanding of Clwyd Pension Fund's framework of authority as well as other legal and regulatory frameworks that Clwyd Pension Fund operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Clwyd Pension Fund; and
- Obtaining an understanding of related party relationships.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Pension Fund Committee and legal advisors about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the administering authority; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Clwyd Pension Fund's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Other auditor's responsibilities

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of the Clwyd Pension Fund's in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

Adrian Crompton

Auditor General for Wales

[Date]

1 Capital Quarter

Tyndall Street

Cardiff, CF10 4BZ

Appendix 2

Letter of representation

Auditor General for Wales
Wales Audit Office
1 Capital Quarter
Tyndall St
Cardiff
CF10 4BZ

27 November 2024

Representations regarding the 2023-24 financial statements

This letter is provided in connection with your audit of the financial statements of the Clwyd Pension Fund for the year ended 31 March 2024, for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and the Code of Practise on Local Authority Accounting in the United Kingdom 2023-24; in particular the financial statements give a true and fair view in accordance therewith; and
- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
 - additional information that you have requested from us for the purpose of the audit; and

- unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- our knowledge of fraud or suspected fraud that we are aware of and that affects Clwyd Pension Fund and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements;
- our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others;
- our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements; and
- the identity of all related parties and all the related party relationships and transactions of which we are aware.

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Representations by the Pension Fund Committee

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Pension Fund Committee on 27 November 2024.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

Signed by:

Gary Ferguson
Corporate Finance Manager
Date: 27 November 2024

Dan Rose
Chair of Clwyd Pension Fund Committee
Date: 27 November 2024

Appendix 3

Summary of corrections made

During our audit, we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention.

Value of correction	Accounts areas	Explanation
Various	<p>Annual Report</p> <p>Testing identified that disclosures within the annual report were not consistent with the financial statements resulting in the following amendments:</p> <ul style="list-style-type: none"> Total net assets excluding cash: Reduced from £2,356,000,000, to £2,350,000,000. Operating expenses other (supplies & Services): Increased from £101,000 to £102,000. 	To ensure consistency between the Annual Report and the financial statements.
Various	<p>Net Assets Statement – Investment Assets</p> <p>Testing identified that the value of the Pension Fund’s cash held by Fund Managers was incorrectly included within ‘Cash at Bank’ instead of being shown within Investment Assets. Cash at Bank was also omitted from Note 19 ‘Current Assets’.</p> <p>The following amendments made:</p> <ul style="list-style-type: none"> ‘Net Assets Statement’: ‘Investment Assets’ increased from £2,350,219,000 to £2,438,187,000. Net Assets Statement: Cash at Bank decreased from £125,060,000 to £37,092,000. Note 19 ‘Current Assets’: Increased by £37,092,000 at 31st March 2024 from £9,370,000 to £46,462,000. Note 19 – ‘Current Assets’ at 31st March 2023. Increased prior year comparator from £7,002,000 to £105,283,000. 	To correct the misclassification of cash held by the Pension Fund’s fund managers and cash at bank.
Various	<p>Fund Accounts</p> <p>Testing identified that Note 11 ‘Management Expenses - investment management expenses’ of £26,962,000 did not reconcile to Note 11a ‘Investment Management expenses’ of £26,729,000 resulting in a discrepancy of £233,000.</p> <p>This discrepancy was due to an error when calculating the amount of management expenses that had been netted off</p>	To ensure management expenses were accurately disclosed and were consistent with supporting disclosure notes.

income by investment managers before paying over to the pension fund.

The following amendments made:

- Fund Accounts:
 - 'Management Expenses': Decreased from £33,045,000 to £32,813,000.
 - 'Investment Income': Increased from (£34,972,000) to (£35,158,000).
 - 'Change in market value of investments': Decreased from (£192,514,000) to (£192,096,000).
- Note 11 'Management Expenses':
 - 'Investment management expenses': Decreased from £26,962,000 to £26,729,000.
 - Oversight and governance costs: Increased from £3,475,000 to £3,476,000.
- Note 11a 'Investment Management Expenses':
 - 'Pooled Funds' total: Decreased from £4,318,000 to £4,317,000.
 - 'Private equity' and 'joint venture performance related fees': Increased from £1,748,000 to £1,749,000.
 - 'Custody Fees' increased from £146,000 to £147,000.
- Note 12 Investment Income:
 - 'Income from sustainable equity': Decreased from £411,000 to £396,000.
 - 'Income from pooled property investments': Decreased from £3,074,000 to £2,972,000.
 - 'Income from infrastructure funds': Increased from £4,368,000 to £4,477,000.
 - 'Income from impact/local funds': Increased from £1,289,000 to £1,465,000.

The amendments also impacted on Note 13a 'Reconciliation of Movements in Investments' and Derivatives disclosure of sales during the year and the change in market value which are noted below.

<p>Various</p>	<p>Note 13 – 'Investments'</p> <p>Testing identified the following issues:</p> <ul style="list-style-type: none"> • The disclosure of investments into sub-classifications of those within the Wales Pension Partnership and investments outside of the partnership were not compliant with the CIPFA Code of Practice. 	<p>To ensure disclosures were compliant with the CIPFA Code of Practice and were consistent with other supporting notes.</p>
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	<ul style="list-style-type: none"> Note 13 'Investments' did not reconcile to note 13a 'Reconciliation of Movements in Investments and Derivatives'. <p>The following amendments were made:</p> <ul style="list-style-type: none"> 'Global equity' – Decreased from £344,501,000 to £0. 'Sustainable equity' – Increased from £0 to £344,501,000. Sub-categories of investments amended from within and outside of the Wales Pension Partnership and Pooled Funds and other investments. Investments values included within these sub-categories were amended as follows: <ul style="list-style-type: none"> Wales Pension Partnership total investments of £634,874,000. Disclosure increased for Pooled Funds to £1,653,341,000. 	
Various	<p>Note 13A – 'Reconciliation of Movements in Investments and Derivatives'</p> <p>Testing identified the following issues:</p> <ul style="list-style-type: none"> Note 13 Investments did not reconcile to note 13A. The change in market value reduced by £418,000 due to an error in calculating management expenses (within Note 11). The arithmetic within the note was incorrect. <p>Following amendments made:</p> <ul style="list-style-type: none"> 'Multi asset credit – Purchases': Decreased from £7,153,000 to £7,152,000. 'Diversified growth fund – Purchases': Increased from £15,000,000 to £15,001,000. 'Diversified growth fund – Sales': Decreased from (£17,029,000) to (£16,829,000). 'Diversified growth fund – Change in market value': Decreased from £22,758,000 to £22,558,000. 'Liability Driven investment – Sales': Decreased from (£128,847,000) to (£128,831,000). 'Liability Driven investment – Change in market value': Decreased from £117,868,000 to £117,851,000. 'Hedge Fund of Funds – Sales': Increased from (£48,150,000) to (£48,152,000). 'Global equity – Sales': Decreased from (£132,812,000) to (£132,811,000). 'Global equity – Change in market value': Decreased from £2,197,000 to £2,196,000. 'Emerging Market equity – Change in market value': Increased from £1,321,000 to £1,322,000. 	<p>To ensure management expenses were accurately disclosed within the accounts.</p> <p>To ensure the disclosure was consistent with other supporting notes.</p> <p>To correct the arithmetic within the disclosure.</p>

	<ul style="list-style-type: none"> • ‘Pooled property investments – Sales’: Increased from (£9,798,000) to (£9,899,000). • ‘Pooled property investments – Change in market value’: Decreased from (£19,433,000) to (£19,332,000). • ‘Private equity and joint venture funds – Purchases’: Decreased from £32,872,000 to £32,871,000. • ‘Infrastructure funds -Sales’: Decreased from (£15,459,000) to (£15,350,000). • ‘Infrastructure funds – Change in market value’: Decreased from £3,158,000 to £3,049,000. • ‘Timber and Agriculture – Sales’: Decreased from (£2,921,000) to (£2,902,000). • ‘Timber and Agriculture – Change in market value’: Decreased from £348,000 to £330,000. • ‘Private debt – Change in market value’: Increased from (£2,756,000) to (£2,757,000). • ‘Impact/Local – Sales’: Decreased from (£11,624,000) to (£11,448,000). • ‘Impact/Local – Change in market value’: Decreased from £3,683,000 to £3,507,000. • ‘Currency profit’ increased from £16,000 to £17,000. 	
£45,000	<p>Note 13b – Analysis By Fund Manager</p> <p>Testing identified that the value of investments held with Insight Fund Manager was incorrectly stated as it did not include the investment held in Timber/Agriculture.</p> <p>The value increased from £652,916,000 to £652,961,000.</p>	To correct the accuracy of the disclosure.
£12,322,000	<p>Note 15 – Fair Value of Investments. Sensitivity of assets valued at level 3</p> <p>Testing identified an investment within Pooled Property that was incorrectly classified as fair value Level 3. Pooled property investments value within level 3 value at 31st March 2024 decreased by £12,322,000.</p> <p>The amendment resulted in the following disclosures within note 15 sensitivity of assets valued at level 3 being amended:</p> <ul style="list-style-type: none"> • ‘Pooled property investments – Potential value on increase’: Decreased from £129,528,000 to £115,382,000. • ‘Pooled property investments – Potential value on decrease’: Decreased from £96,131,000 to £86,632,000. 	To correct the fair value misclassification of one investment.

<p>Various</p>	<p>Note 15A – Fair Value of Hierarchy</p> <p>Testing identified the following four issues which impacted on the disclosure note:</p> <ul style="list-style-type: none"> • The value was incorrectly disclosed as £344,501,000 within Global equity as the correct classification of this value of investment was Sustainable equity. • An investment within Pooled Property was incorrectly classified as fair value level 3 based on significant unobservable inputs but should have been classified as fair value level 2 using observable inputs. • Note 15a 'Fair Value of Hierarchy' did not reconcile to Note 13 'Investments'. • The arithmetic within the note was incorrect. <p>These issues resulted in the following amendments to the note:</p> <ul style="list-style-type: none"> • Global equity disclosure of £344,501,000 - The title was amended to 'Sustainable equity'. • 'Pooled property investments – Using observable inputs': Increased from £0 to £12,323,000. • 'Pooled property investments – Significant unobservable inputs': Decreased from £112,829,000 to £100,507,000. • 'Pooled property investments – Total': Increased from £112,829,000 to £112,830,000. 	<p>To correct the fair value misclassification of one investment.</p> <p>To ensure that the disclosure was consistent with other supporting notes.</p> <p>To correct the arithmetic within the disclosure.</p>
<p>Various</p>	<p>Note 15b 2022-23 comparatives - Reconciliation of fair value measurements within Level 3</p> <p>Testing identified that the prior year comparator for Note 15B did not agree to the 2022-23 audited accounts. The following amendments were made to ensure agreement to the prior year audited accounts:</p> <ul style="list-style-type: none"> • Pooled property investments – Sales: Increase from (£4,388,000) to (£5,798,000). • Pooled property investments – Unrealised gains and losses: Increase from (£7,230,000) to (£18,009,000). • Private equity and joint ventures – Sales: Increase from (£47,568,000) to (£50,454,000). • Private equity and joint ventures – Unrealised gains and losses: Increase from £3,376,000 to £6,262,000. • Infrastructure funds – Sales: Increased from (£22,168,000) to (£23,320,000). • Infrastructure funds – Unrealised gains and losses: Increase from £13,787,000 to £14,939,000. 	<p>To correct the prior year comparator to ensure agreement with the 2022-23 audited accounts.</p>

	<ul style="list-style-type: none"> • Timber and Agriculture – Sales: Increase from (£3,796,000) to (£3,939,000). • Timber and Agriculture – Unrealised gains and losses: Increase from £118,000 to £261,000. • Private Debt – Sales: Increase from (£6,267,000) to (£6,854,000). • Private Debt – Unrealised gains and losses: Increase from £2,872,000 to £3,459,000. • Impact/Local – Sales: Increase from (£7,437,000) to (£9,515,000). • Impact/Local – Unrealised gains and losses: Increase from £127,000 to £2,205,000. 	
Various	<p>Note 15B – Reconciliation of fair value measurements within Level 3</p> <p>Testing identified four issues which impacted on this disclosure note as follows:</p> <ul style="list-style-type: none"> • Note 15b movements in fair value did not reconcile to Note 13a investments. Total sales disclosure increased from (£63,532,000) to (£75,357,000). Total unrealised gains and losses reduced from (£33,438,000) to (£21,747,000). • An investment within Pooled Property was incorrectly classified as fair value Level 3. Pooled property investments within level 3 value at 31st March 2023 reduced by £12,189,000 and at 31st March 2024 reduced by £12,322,000. • The arithmetic within the note was incorrect. <p>These issues resulted in the following amendments to the note:</p> <ul style="list-style-type: none"> • ‘Pooled Property investments – Value’ at 31st March 2023: Decrease from £133,422,000 to £121,233,000. • ‘Pooled Property investments – Sales’: Increased from (£8,676,000) to (£9,884,000). • ‘Pooled Property investments – Unrealised gains and losses’: Decreased from (£21,486,000) to (£20,412,000). • ‘Pooled Property investments – Value’ at 31st March 2024: Decrease from £112,829,000 to £100,507,000. • ‘Private equity and joint venture funds – Purchases’: Decreased from £32,872,000 to £32,871,000. • ‘Private equity and joint venture funds – Unrealised gains and losses’: Decreased from (£4,604,000) to £471,000. • ‘Infrastructure funds – Sales’: Increased from (£14,172,000) to (£15,350,000). 	<p>To correct the movements in fair value in note 15B to reconcile to Note 13A Investments.</p> <p>To correct the fair value misclassification of one investment.</p> <p>To correct the arithmetic within the disclosure.</p>

	<ul style="list-style-type: none"> • 'Infrastructure funds – Unrealised gains and losses': Increased from £1,696,000 to £1,934,000. • 'Timber and Agriculture – Sales': Increased from (£2,470,000) to (£2,902,000). • 'Timber and Agriculture – Unrealised gains and losses': Decrease from (£914,000) to (£482,000). • 'Private Debt – Purchases': Decreased from £8,874,000 to £8,873,000. • 'Private Debt – Sales': Increased from (£5,954,000) to (£6,580,000). • 'Private Debt – Unrealised gains and losses': Decrease from (£3,383,000) to (£2,757,000). • 'Impact/Local – Sales': Increased from (£8,143,000) to (£11,448,000). • 'Impact/Local – Unrealised gains and losses': Decreased from (£4,746,000) to (£1,441,000). 	
Various	<p>Note 16 – Classification of Financial Instruments</p> <p>Testing identified numerous issues as follows:</p> <ul style="list-style-type: none"> • Note 16 was inconsistent with note 13A for the market values of types of investments: <ul style="list-style-type: none"> ○ Value incorrectly disclosed of £38,845,000 within Emerging Market Equity. The value should have been nil. ○ Value incorrectly disclosed of £344,501,000 within Global Equity. The value should have been nil and is should have been classified as Sustainable Equity. • Financial Instrument classification category of Loans and Receivables was not compliant with the CIPFA Code of Practice. This disclosure was amended to Financial Asset at Amortised Cost • Classification of debtors of £506,000 as loans and receivables was not compliant with the relevant accounting standard IFRS9 and should have been classified as Fair Value through Profit and Loss. • Debtors disclosure was understated by £475,000 as testing identified part of the debtor balance that was not included within the disclosure actually fell within the scope of IFRS9 disclosure requirements. • Creditors disclosure understated by (£443,000) as testing identified part of the creditor balance that was not included within the disclosure actually fell within the scope of IFRS9 disclosure requirements. <p>Following amendments made:</p> <ul style="list-style-type: none"> • Global equity – Decreased from £344,501,000 to £0. 	To ensure the disclosures complied with the requirements of the CIPFA Code of Practice and they were consistent with other supporting notes.

	<ul style="list-style-type: none"> • Sustainable equity – Increased from £0 to £344,501,000. • Emerging Market equity – Decreased from £38,845,000 to £0. • Private equity and joint venture funds - Increased from £204,294,000 to £222,848,000. • Infrastructure funds – Increased from £133,891,000 to £149,533,000. • Private debt – Increased from £56,657,000 to £61,305,000. • Debtors at fair value through profit and loss – Increased from £397,000 to £1,378,000. • Debtors classified as loans and receivables – Decreased from £506,000 to £0. • Creditors – Increased from (£794,000) to (£1,237,000). 	
Various	<p>Note 17 – Nature and Extent of Risks arising from Financial Instruments</p> <p>Testing identified that the disclosure within the sub-heading of Other Price Risk: Sensitivity Analysis for the movement in market price incorrectly included cash at bank within the current and prior year disclosures:</p> <ul style="list-style-type: none"> • Assets exposed to price risk at 31st March 2023 reduced from £2,298,181,000 to £2,199,900,000. • Assets exposed to price risk at 31st March 2024 reduced from £2,475,279,000 to £2,438,187,000. <p>Testing identified that the disclosure within the sub-heading of Liquidity Risk contained two errors:</p> <ul style="list-style-type: none"> • Investment in Head Fund of Funds was omitted of £121,129,000. • A Pooled Property Investment of £12,323,000 was incorrectly classified as a fair value level 3 and consequently was omitted from the disclosure of liquid asset values which is based upon the fair value level 1 and 2 assets. <p>The amendments for the errors increased the disclosure of liquid assets from £1,665,000,000 (67% of total fund assets) to £1,798,000,000 (73% of total fund assets).</p>	To ensure the accuracy of the disclosures.
Narrative amendment	<p>Note 23 – Related Party Transactions</p> <p>Testing identified that the accounts disclosure did not reflect the number of Clwyd Pension Fund elected members who had joined the Clwyd Pension Scheme. The</p>	To ensure that the correct number of members who are part of the Pension

	number of members was therefore amended from four to five.	Fund was correctly stated.
£19,000,000	<p>Note 24 Contractual Commitments</p> <p>Testing identified the following issues:</p> <ul style="list-style-type: none"> • Four errors were identified from our sample testing resulting in the disclosure being understated by £17,000,000. • The working paper calculation used for the disclosure was based upon an old methodology. Resulting in an understatement of £2,000,000. 	To correct the disclosure of future contractual commitments.
Narrative amendment	<p>Note 25 – Statement by the Consulting Actuary</p> <p>Testing identified that the statement by the consulting actuary excluded the appendix detailing additional considerations of the actuary. An amendment was made to the statement to include the appendix.</p>	To ensure the disclosure was complete.
Various	<p>There were several other minor amendments and disclosure updates because of our work including the following:</p> <ul style="list-style-type: none"> • Note 1: the number of employers with active members increased from 50 to 52. • Note 2: narrative updated regarding accounting standards issued but not yet adopted. • Note 5: disclosure on the effect on the actuarial present value of promised retirement benefits if results differ from assumptions was updated from 31st March 2022 to be based on assumptions at 31st March 2024. • Note 11: Management Expenses narrative updated to reflect that external audit fees increased from £46,000 to £50,000. • Note 18: Actuarial Present Value of Promised Retirement Benefits - present value and fair value of scheme assets were incorrectly disclosed in thousands. They were corrected to reflect millions. • Arithmetic errors within the notes of the accounts. 	To ensure accuracy of disclosures within the accounts.

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- Selection of right team
- Use of specialists
- Supervisions and review

Arrangements for achieving audit quality



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- Ethics
- Guidance
- Culture
- Learning and development
- Leadership
- Technical support

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- Root cause analysis
- Peer review
- Audit Quality Committee
- External monitoring

* QAD is the quality monitoring arm of ICAEW.

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