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| <b>Date of Meeting</b> | Wednesday 23 <sup>rd</sup> November 2022 |
| <b>Report Subject</b>  | Clwyd Pension Fund Annual Report 2021/22 |
| <b>Report Author</b>   | Deputy Head Clwyd Pension Fund           |

## **EXECUTIVE SUMMARY**

LGPS Regulations require the Clwyd Pension Fund (the Fund) to publish an Annual Report before 1<sup>st</sup> December each year. The regulations and CIPFA best practice guidance advise on the content.

The Annual Report for 2021/22 is attached as Appendix 1 to this report. The Annual Report includes the Fund's Statement of Accounts, which has been audited by Audit Wales. The Audit Wales Audit of Accounts Report is attached as Appendix 2, and the Final Letter of Representation as Appendix 3.

The Annual Report includes statutory and best practice policies and statements. These are not attached to the report as they have previously been approved by the Committee, but are available on the Fund's website. Those which are of a statutory nature will be included in the report when it is published. Other non statutory information relating to the report, which is all available on the Fund's website, will be signposted in the published version of the report.

## **RECOMMENDATIONS**

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| 1 | That members approve the Fund's Annual Report for 2021/22 including the Statement of Accounts. |
| 2 | That members consider the Audit of Accounts Report   |
| 3 | That members approve the final Letter of Representation  |

## REPORT DETAILS

| 1.00 | Annual Report and Accounts  |
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| 1.01 | <p>As in previous years, the main structure of the report consists of a series of reports from senior officers and advisors to the Fund. These are:</p> <ul style="list-style-type: none"><li>- A report on the governance of the Fund, the training of Committee and Board members, and risk management</li><li>- A report from the Fund's Independent Advisor</li><li>- A report from the Pension Board</li><li>- A report on the administration of the Fund</li><li>- A report from the Fund's actuary</li><li>- A report from the Fund's investment consultants</li><li>- A report on the Fund's financial activity</li></ul> <p>In addition, the Fund's Statement of Accounts and Annual Governance Statement are included. The Annual Report is required to include certain statutory strategies and these will be included in the report when it is published, along with signposting to non-statutory information which is felt relevant to the Report.</p> |
| 1.02 | <p>The latest CIPFA guidance, which they provide to Local Government Pension scheme administering authorities to ensure that their annual reports are completed in accordance with best practice, was published in March 2019. The guidance has been followed wherever possible in the preparation of this report. The Committee received the original draft Annual Report as part of the 31<sup>st</sup> August 2022 agenda and no material changes have been required following the audit.</p>  |
| 1.03 | <p>The Audit Wales Audit of Accounts Report states:<br/>"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 the annual report has been prepared in accordance with the Local Government Pension Scheme Regulations 2013."</p>  |
| 1.04 | <p>The Fund's Statement of Accounts is included as part of the Annual Report. Members will recall that a draft Statement of Accounts was signed off by the Corporate Finance Manager as Section 151 Officer prior to the Committee meeting on August 31<sup>st</sup> 2022 where the draft Annual Report was presented for consideration by members.</p>   |
| 1.05 | <p>The audit of the 2021/22 Statement of Accounts is now substantially complete, although the audit continues up until the point at which it is formally signed off by the auditors which will be before the 1<sup>st</sup> December 2022 deadline for publishing the Annual Report.</p>  |
| 1.06 | <p>A copy of the Statement of Accounts for 2021/22 is included in the Annual Report as Appendix 7 to Section 2 on page 89. It incorporates all changes agreed with Audit Wales during the course of the audit.</p>  |

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| 1.07 | <p>Audit Wales are required to provide an opinion and communicate relevant matters arising from the audit to the Clwyd Pension Fund Committee which is charged with governance of the Fund. Attached at Appendix 2 is the Audit of Accounts Report subsequently received from Audit Wales and they will be in attendance at the meeting to present this report. The Audit report states:</p> <p>“In my opinion the financial statements:</p> <ul style="list-style-type: none"> <li>• give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2022, and of the amount and disposition at that date of its assets and liabilities; and</li> <li>• 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 2022.”</li> </ul> |
| 1.08 | <p>The report includes details of any issues arising from the audit, and also a summary of the corrections made to the Statement of Accounts after the audit. It was pleasing to note that there were no significant issues to report this year. There was a misstatement identified which was below materiality but slightly above triviality which officers chose to correct in the accounts. This related to private market valuations which were as at December 31<sup>st</sup> 2021 when the accounts were produced. Updated valuations at March 31<sup>st</sup> 2022 were received during the audit amounting to £1,303,469 resulting in an increase to the closing net assets of the scheme.</p> <p>The Fund also included an updated Post Balance Sheet Event disclosure for the impact on the investments held by the Fund due to the changes in the economic environment since 31<sup>st</sup> March 2022.</p>                               |
| 1.09 | <p>The Letter of Representation shown at Appendix 3 confirms to Audit Wales that all the information contained in the financial statements is true and accurate and that all information has been disclosed. It is recommended that Committee approve the Letter of Representation which is required for Audit Wales to provide the unqualified audit opinion</p>  |

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| <b>2.00</b> | <b>RESOURCE IMPLICATIONS</b>              |
| 2.01        | None directly as a result of this report. |

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| <b>3.00</b> | <b>CONSULTATIONS REQUIRED / CARRIED OUT</b>   |
| 3.01        | This report and its attachments have been subject to consultation with the Section 151 Officer. |

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| <b>4.00</b> | <b>RISK MANAGEMENT</b>   |
| 4.01        | The contents of the Annual Report and the external audit both include information reviewing and identifying how the risk to the Fund is being managed. These include strategic, operational and financial risks. |

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| 4.02 | The external audit of the accounts will specifically consider financial risks and how well the Fund is managing those risks. |
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| <b>5.00</b> | <b>APPENDICES</b>  |
| 5.01        | Appendix 1 – Draft Annual Report 2021/22<br>Appendix 2 – Audit Wales Audit of Accounts Report 2021/22<br>Appendix 3 – Final Letter of Representation |

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| <b>6.00</b> | <b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>  |
| 6.01        | The statutory documents that will be included can be found on the Fund's website here - <a href="https://mss.clwydpensionfund.org.uk/home/investments-and-governance/strategies-and-policies/">https://mss.clwydpensionfund.org.uk/home/investments-and-governance/strategies-and-policies/</a><br><br><b>Contact Officer:</b> Debbie Fielder, Deputy Head, Clwyd Pension Fund<br><b>Telephone:</b> 01352 702259<br><b>E-mail:</b> debbie.a.fielder@flintshire.gov.uk |

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| <b>7.00</b> | <b>GLOSSARY OF TERMS</b>   |
| 7.01        | (a) <b>LGPS – Local Government Pension Scheme</b> – the national scheme, of which Clwyd Pension Fund is part.<br><br>(b) <b>Audit Wales</b> – Welsh public body charged with assuring public money is managed well, explaining how it is used and driving public sector improvement.<br><br>(c) <b>International Standard on Auditing</b> - deals with the independent auditor's overall responsibilities when conducting an audit of financial statements<br><br>(d) <b>Chartered Institute of Public Finance and Accountancy (CIPFA)</b> – the professional body for people in public finance. |