

# Clwyd Pension Fund – Detailed Audit Plan 2024

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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

This Detailed Audit Plan specifies my statutory responsibilities as your external auditor and to fulfil my obligations under the Code of Audit Practice.

It sets out the work my team intends undertaking to address the audit risks identified and other key areas of focus during 2024.

It also sets out my estimated audit fee, details of my audit team and key dates for delivering my audit team's activities and planned outputs.



**Adrian Crompton**

Auditor General for  
Wales

## Audit of financial statements

I am required to issue a report on your financial statements which includes an opinion on their 'truth and fairness' and whether the statements have been 'properly prepared'. I will also report by exception on a number of matters which are set out in more detail in our Statement of Responsibilities.

I also have responsibility to receive questions and objections to the financial statements from local electors (additional fees will be charged for this work, if necessary).

I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material is set out later in this plan.

There have been no limitations imposed on me in planning the scope of this audit.

# Your audit at a glance



## My financial statements audit will concentrate on your risks and other areas of focus

My audit planning has identified the following risks:

Significant financial statement risk

- Management override of controls

Other areas of audit focus

- Valuation of Investment Assets
- Key staff changes within the Clwyd Pension Fund finance team



## Materiality

Materiality	£23.052m
Reporting threshold	£1.153m

# Financial statements' materiality



**Materiality £23.052 million**

My aim is to identify and correct material misstatements, that is, those that might otherwise mislead the user of the accounts.

Materiality is calculated using:

- 2022-23 gross assets of £2,305.183 million
- Materiality percentage of 1%

I report to those charged with governance any misstatements above a trivial level (set at 5% of materiality).



**Areas of specific interest**

There are some areas of the accounts that may be of more importance to the user of the accounts, and we have set a lower materiality level for these:

- Related party and Key Management Personnel disclosure £1,000



# Significant financial statements' risks

Significant risks are identified risks of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum of inherent risk or those which are to be treated as a significant risk in accordance with the requirements of other ISAs. The ISAs require us to focus more attention on these significant risks.

## Exhibit 1: significant financial statement risks

Significant risk	Our planned response
The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.32-33].	The audit team will: <ul style="list-style-type: none"><li>• test the appropriateness of journal entries and other adjustments made in preparing the financial statements;</li><li>• review accounting estimates for bias; and</li><li>• evaluate the rationale for any significant transactions outside the normal course of business.</li></ul>

The audit team is yet to conclude all areas of the risk assessment. Should any further significant financial risks arise on completion of this work we will update the S151 officer and the Pension Fund Committee via its chair and re-issue my Detailed Audit Plan if required.

# Other areas of focus

I set out other identified risks of material misstatement which, whilst not determined to be significant risks as above, I would like to bring to your attention.

## Exhibit 2: other areas of focus

Audit risk	Our planned response
<p><b>Investment Valuations</b></p> <p>The investments balance contains £2,199.900 million of investments (Pooled funds £1,562.141 million, pooled property investments £133.422 million, private equity £205.945 million and other investments £298.083 million) which are complex to value and there is subjectivity in their valuation.</p> <p>There is therefore a risk that the investment balances are materially misstated.</p>	<p>The audit team will:</p> <ul style="list-style-type: none"> <li>• agree the valuations to appropriate supporting documentation;</li> <li>• review 'control assurance' reports from the relevant fund managers; and</li> <li>• evaluate the risk of residual material misstatement and the need for additional audit procedures.</li> </ul>
<p><b>Key staff changes with the Clwyd Pension Fund finance team</b></p> <p>Clwyd Pension Fund are experiencing changes to the key officers involved with the preparation of the financial statements.</p> <p>This could result in a potential risk of insufficient capacity and skills within the finance department that could impact on the timely preparation and quality of the financial statements.</p>	<p>My audit team will continue to liaise with officers to fully assess the impact of these changes and consider any resultant risks arising and tailor our approach as required.</p> <p>My team will also review closedown plans to assess that arrangements are in place to produce robust financial statement within the prescribed timetable.</p>

# Financial statements' audit timetable

I set out below key dates for delivery of my accounts audit work and planned outputs.

## Exhibit 3: key dates for delivery of planned outputs

Planned output	Work undertaken	Report finalised
2024 Detailed Audit Plan	April - May 2024	May 2024
Audit of financial statements work: <ul style="list-style-type: none"><li>• Audit of Financial Statements Report</li><li>• Opinion on the Financial Statements</li></ul>	July – August 2024	November 2024

# Statutory audit functions

## Statutory audit functions

In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. These responsibilities are set out in the Public Audit (Wales) Act 2004:

- Section 30 Inspection of documents and questions at audit; and
- Section 31 Right to make objections at audit.

As this work is reactive, I have made no allowance in the estimated audit fee. If I do receive questions or objections, I will discuss potential audit fees at the time.

# Fee and audit team

In January 2024, we published our [Fee Scheme](#) for the 2024-25 year as approved by the Senedd Finance Committee. My fee rates for 2024-25 have increased by an average of 6.4%, as a result of unavoidable inflationary pressures and the ongoing need to invest in audit quality.

I estimate your total audit fee will be £49,693 (2023 £46,704)

Planning will be ongoing, and changes to my programme of audit work, and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Clwyd Pension Fund.

## Our financial audit fee is based on the following assumptions:

- the agreed audit deliverable sets out the expected working paper requirements to support the financial statements and include timescales and responsibilities; and
- no matters of significance, other than as summarised in this plan, are identified during the audit.

The main members of my team, together with their contact details, are summarised in **Exhibit 4**.

## Exhibit 4: my local audit team

Name	Role	Contact details
Matthew Edwards	Engagement Director	<a href="mailto:Matthew.edwards@audit.wales">Matthew.edwards@audit.wales</a>
Michelle Phoenix	Audit Manager	<a href="mailto:Michelle.phoenix@audit.wales">Michelle.phoenix@audit.wales</a>
Jodie Williams	Audit Lead	<a href="mailto:Jodie.williams@audit.wales">Jodie.williams@audit.wales</a>

There are two potential conflicts of interest that I need to bring to your attention. The audit lead and an audit trainee are both deferred members of the pension fund. Safeguards have been put in place to mitigate any independence risks arising.

Page 13 of 16 - I set out below key dates for delivery of my accounts audit work and planned outputs.

# Audit quality

Our commitment to audit quality in Audit Wales is absolute. We believe that audit quality is about getting things right first time.

We use a three lines of assurance model to demonstrate how we achieve this. We have established an Audit Quality Committee to co-ordinate and oversee those arrangements. We subject our work to independent scrutiny by QAD\* and our Chair, acts as a link to our Board on audit quality. For more information see our [Audit Quality Report 2023](#).

## Our People



The first line of assurance is formed by our staff and management who are individually and collectively responsible for achieving the standards of audit quality to which we aspire.

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

## Arrangements for achieving audit quality



The second line of assurance is formed by the policies, tools, learning & development, guidance, and leadership we provide to our staff to support them in achieving those standards of audit quality.

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

## Independent assurance



The third line of assurance is formed by those activities that provide independent assurance over the effectiveness of the first two lines of assurance.






- EQCRs
- Themed reviews
- Cold reviews
- Root cause analysis
- Peer review
- Audit Quality Committee
- External monitoring

\* QAD is the quality monitoring arm of ICAEW.

# Supporting you

Audit Wales has developed a range of resources to support the scrutiny of Welsh public bodies and to support those bodies in continuing to improve the services they provide to the people of Wales.

## Visit our website to find:

	our <a href="#">Good Practice</a> work where we share emerging practice and insights from our audit work in support of our objectives to assure, to explain and to inspire.
	our <a href="#">newsletter</a> which provides you with regular updates on our public service audit work, good practice, and events.
	our <a href="#">publications</a> which cover our audit work completed at public bodies.
	information on our <a href="#">forward performance audit work programme 2023-2026</a> which is shaped by stakeholder engagement activity and our picture of public services analysis.
	various <a href="#">data tools</a> and <a href="#">infographics</a> to help you better understand public spending trends including a range of other insights into the scrutiny of public service delivery.

You can find out more about Audit Wales in our [Annual Plan 2024-25](#) and [Our Strategy 2022-27](#).



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We welcome correspondence and telephone calls in Welsh and English.  
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.