

<b>Date of Meeting</b>	Wednesday 27 November 2024
<b>Report Subject</b>	Clwyd Pension Fund Annual Report 2023/24
<b>Report Author</b>	Pension Fund Accountant, Clwyd Pension Fund

## **EXECUTIVE SUMMARY**

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

The Annual Report for 2023/24 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, which have previously been approved by the Committee. In previous years these have been appended to the report, however in line with the latest national guidance, these are now signposted with hyperlinks to the documents which are publicly available on the Fund's website.

## **RECOMMENDATIONS**

1	That members approve the Fund's Annual Report for 2023/24 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

<b>1.00</b>	<b>Annual Report and Accounts</b>
1.01	<p><i>Background</i></p> <p>The Flintshire County Council Constitution states that the Clwyd Pension Fund Committee is responsible for approving the Fund’s Annual Report including the Fund’s financial statements. In addition, new national guidance requires the annual report to be formally reviewed by those charged with the Fund’s governance and authorised by the Chair of the Clwyd Pension Fund Committee and Head of Clwyd Pension Fund.</p> <p>The Fund’s Statement of Accounts is included as part of the Annual Report. The approval of the draft and audited Statement of Accounts, is a statutory responsibility of the Section 151 Officer. 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 September 11 2024, where the draft Annual Report was presented for consideration.</p> <p>This report presents the updated version of the Annual Report for approval.</p> <p>The Annual Report has been drafted with regard to updated national guidance provided to Local Government Pension Scheme administering authorities, which was published in March 2024 jointly by The Scheme Advisory Board, the Chartered Institute of Public Finance and Accountancy, and the Ministry of Housing, Communities &amp; Local Government.</p>
1.02	<p>As in previous years, the main structure of the Annual 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 overall fund management including risk management</li><li>- A report on the governance of the fund and training of Committee and Board members</li><li>- A report from the Fund’s Independent Advisor</li><li>- A report from the Pension Board</li><li>- A report on the Fund’s financial activity</li><li>- A report from the Fund’s investment consultants</li><li>- A report from the Fund’s actuary</li><li>- A report on the administration of the Fund</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 the March 2024 guidance on ‘Preparing the Pension Fund Annual Report’ now permits these to be accessed using hyperlinks, rather than appending full text versions. Links to these documents on the Fund’s website are included in at Appendix 7 of the Annual Report, along with signposting to non-statutory information which is considered relevant.</p>
1.03	<p>The guidance also states that for reports covering 2023/24, funds should use their best endeavours to comply fully with this guidance, but exercise judgement where, because of changes to the previous content, to do so</p>

	<p>would require disproportionate effort or cost. The guidance has been followed wherever possible in the preparation of this report. Where this has not been possible, the 2019 CIFPA guidance has been followed and the Fund continues to aim for full compliance with the new guidance in 2025.</p> <p>The Committee received the original draft Annual Report at the 11 September 2024 meeting and any changes have been detailed in the attached audit report. Following comments at the September meeting, changes were also made in order to clarify points relating to investment performance against the benchmark (page 104) and website performance (page 125), as well as some minor typographical corrections.</p>
1.04	<p><i>Audit findings</i> The Audit Wales Audit of Accounts Report states:</p> <p>“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.”</p>
1.05	<p>The audit of the 2023/24 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 December 2024 deadline for publishing the Annual Report. Amendments to the Annual Report and Accounts may still be actioned before the final approval in which instance, a verbal update will be provided at the Committee meeting.</p>
1.06	<p>A copy of the Statement of Accounts for 2023/24 is included in the Annual Report at Section 4. It incorporates all changes agreed with Audit Wales during the course of the audit.</p>
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 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, in all material respects, 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 2024, 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 2024.”</li> </ul>
1.08	<p>The audit report includes details of any issues arising from the audit, and a summary of the corrections made to the Statement of Accounts after the audit.</p> <p>The accounts received an unqualified opinion this year and also recorded no uncorrected misstatements. This is particularly pleasing given the work was</p>

	<p>carried out by a new team, following the retirement of the Deputy Head of Clwyd Pension Fund.</p> <p>There is only one significant issue to report this year. This is in relation to the rounding's within several of the working papers of the draft accounts. These related to various notes and the net assets statement, none of which have affected the final Fund valuation. All have been corrected and are shown at Appendix 3 of the Audit Wales Audit of Accounts Report 2023/24. The preparation time of the accounts was carried out over a much shorter timescale due to the audit commencing earlier this year. This meant there was less time for checks to be carried out.</p> <p>There will be a post project audit meeting between Audit Wales and the Fund's officers, to consider how the process can be improved in future years.</p>
1.09	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 the Committee approve the Letter of Representation for signature by the Chair, which is required for Audit Wales to provide their audit opinion, which we understand will be unqualified.

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	Working with Audit Wales in completing the audit of the Statement of Accounts and Annual Report has taken significant time of the Fund officers since July. Audit Wales are considering whether there might be an increase in the fee. Any increase in fee would be absorbed within the existing budget.

<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.

<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.
4.02	The external audit of the accounts will specifically consider financial risks and how well the Fund is managing those risks.

<b>5.00</b>	<b>APPENDICES</b>
5.01	Appendix 1 – Draft Annual Report 2023/24 Appendix 2 – Audit Wales Audit of Accounts Report 2023/24 Appendix 3 – Final Letter of Representation

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	<p>The statutory documents 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></p> <p><b>Contact Officer:</b> David Bateman, Fund Accountant, Clwyd Pension Fund</p> <p><b>Telephone:</b> 01352 704078</p> <p><b>E-mail:</b> David.Bateman@flintshire.gov.uk</p>

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
7.01	<p>(a) <b>LGPS – Local Government Pension Scheme</b> – the national scheme, of which Clwyd Pension Fund is part.</p> <p>(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.</p> <p>(c) <b>International Standard on Auditing</b> - deals with the independent auditor's overall responsibilities when conducting an audit of financial statements</p> <p>(d) <b>Chartered Institute of Public Finance and Accountancy (CIPFA)</b> – the professional body for people in public finance.</p> <p>(e) <b>Unqualified opinion</b> – an auditor's judgement that a company's financial statements are fair and accurate</p>