

Informing the audit risk assessment for Shropshire County Pension Fund 2023/24

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Purpose

The purpose of this report is to contribute towards the effective two-way communication between Shropshire Council Pension Fund's external auditors and Shropshire Council Pension Fund's Pensions Committee, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where we are required to make inquiries of the Pensions Committee under auditing standards.

Background

Under International Standards on Auditing (UK), (ISA(UK)) auditors have specific responsibilities to communicate with the Pensions Committee. ISA(UK) emphasise the importance of two-way communication between the auditor and the Pensions Committee and also specify matters that should be communicated.

This two-way communication assists both the auditor and the Pensions Committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Pensions Committee and supports the Pensions Committee in fulfilling its responsibilities in relation to the financial reporting process.

Communication

As part of our risk assessment procedures we are required to obtain an understanding of management processes and the Pension Fund's oversight of the following areas:

- General Enquiries of Management
- Fraud,
- Laws and Regulations,
- Related Parties,
- Going Concern, and
- Accounting Estimates.

This report includes a series of questions on each of these areas and the response we have received from Shropshire Council Pension Fund's management. The Pensions Committee should consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

General Enquiries of Management

Question	Management response
1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2023/24?	No events or issues expected to have a significant impact on financial statements.
2. Have you considered the appropriateness of the accounting policies adopted by Shropshire Council Pension Fund? Have there been any events or transactions that may cause you to change or adopt new accounting policies? If so, what are they?	Yes No
3. Is there any use of financial instruments, including derivatives? If so, please explain	Only for efficient portfolio management for risk management purposes equity protection strategies.
4. Are you aware of any significant transaction outside the normal course of business? If so, what are they?	No

General Enquiries of Management

Question	Management response
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets? If so, what are they?	No
6. Are you aware of any guarantee contracts? If so, please provide further details	N/A
7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements? If so, please provide further details	No
8. Other than in house solicitors, can you provide details of those solicitors utilised by Shropshire Council Pension Fund during the year. Please indicate where they are working on open litigation or contingencies from prior years?	Eversheds Sutherland LLP 115 Colmore Row Birmingham

General Enquiries of Management

Question	Management response
9. Have any of the Shropshire Council Pension Fund's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements? If so, please provide further details	No
10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?	Aon, LGPS Central, Mercer & Phillip Hebson – Fund's advisors, on investment strategy & valuation. Use LGPS Central, Aon & Mercer for advice on Climate risk reports, Climate Strategy, Climate Stewardship plan & TCFD (Task Force on Climate-Related Financial Disclosures)
11. Have you considered and identified assets for which expected credit loss provisions may be required under IFRS 9, such as debtors (including loans) and investments? If so, please provide further details	The pension fund have not identified any assets with credit loss provisions required.

Fraud

Matters in relation to fraud

ISA (UK) 240 covers auditors responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both the Pensions Committee and management. Management, with the oversight of the Pensions Committee, needs to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the Pensions Committee should consider the potential for override of controls and inappropriate influence over the financial reporting process.

As Shropshire Council Pension Fund's external auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

As part of our audit risk assessment procedures we are required to consider risks of fraud. This includes considering the arrangements management has put in place with regard to fraud risks including:

- assessment that the financial statements could be materially misstated due to fraud,
- process for identifying and responding to risks of fraud, including any identified specific risks,
- communication with the Pensions Committee regarding its processes for identifying and responding to risks of fraud, and
- communication to employees regarding business practices and ethical behaviour.

We need to understand how the Pensions Committee oversees the above processes. We are also required to make inquiries of both management and the Pensions Committee as to their knowledge of any actual, suspected or alleged fraud. These areas have been set out in the fraud risk assessment questions below together with responses from Shropshire Council Pension Fund's management.

Fraud risk assessment

Question	Management response
1. Has Shropshire Council Pension Fund assessed the risk of material misstatement in the financial statements due to fraud? How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process? How do the Pension Fund's risk management processes link to financial reporting?	The pension fund completes its own accounts and the two main statements of account are also included with the main accounts of Shropshire Council. Fraud risks are identified by Internal Audit in their audit plan covering the council and the pension fund and all fundamental systems which feed the statement including the pension fund accounts are reviewed annually to ensure that controls in place are satisfactory. The statement of pension fund accounts is also subject to an analytical review each year which considers any significant or material changes to figures, to confirm that the accounts are presented without such misstatements.
2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?	No areas with a high risk of material fraud have been identified. If any risks are identified, recommendations for mitigation are made to managers who then implement as necessary.
3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within Shropshire Council Pension Fund as a whole, or within specific departments since 1 April 2023? If so, please provide details	No Regular reports issued to the Pension Committee.

Fraud risk assessment

Question	Management response
4. As a management team, how do you communicate risk issues (including fraud) to those charged with governance?	The risk registers including fraud are reported to Committee periodically, All staff have to complete Fraud Risk training as part of the mandatory annual training, Specific Fraud Risk training will be considered when new members are selected from Board or Committee.
5. Have you identified any specific fraud risks? If so, please provide details Do you have any concerns there are areas that are at risk of fraud? Are there particular locations within Shropshire Council Pension Fund where fraud is more likely to occur?	No areas with a high risk of material fraud have been identified. If any risks are identified, recommendations for mitigation are made to managers who then implement as necessary.
6. What processes do Shropshire Council Pension Fund have in place to identify and respond to risks of fraud?	Specific fraud risks are identified in the internal audit planning process noted above; in identifying key controls to be assessed as part of an audit; in targeted fraud prevention work and by raising awareness of the potential for fraud with staff, members and people working and involved with the Council and Pension Fund. This is done through the Counter Fraud, Bribery and Anti-Corruption Strategy, Speaking up about Wrongdoing policy, online Leap into Learning Fraud Prevention training and anti-money laundering training and supporting manual training packages. In addition, systems and processes are designed by managers and users to minimise the risk of fraud and corruption. In relation to pensioner payroll, the Fund takes part in the National Fraud Initiative scheme. Any queries identified are investigated and resolved. Fund Managers and their Administrators sends internal control reports and these are reviewed by the pension team and any exceptions reported on. Internal Audit also reviews the internal control reports as part of their annual audit cycle. Quarterly Pension Committee meeting is held to monitor the fund's investment managers and business risk including fraud will be communicated to 'those charged with governance'.

Fraud risk assessment

Question	Management response
7. How do you assess the overall control environment for Shropshire Council Pension Fund, including: - the existence of internal controls, including segregation of duties; and - the process for reviewing the effectiveness the system of internal control? If internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken? What other controls are in place to help prevent, deter or detect fraud? Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)? If so, please provide details	Internal controls, including whether segregation of duties exist, are reviewed by Internal Audit as part of their routine and investigative work; exceptions are reported to managers and inform the Internal Audit opinion. N/A No
8. Are there any areas where there is potential for misreporting? If so, please provide details	No

Fraud risk assessment

Question	Management response
9. How does Shropshire Council Pension Fund communicate and encourage ethical behaviours and business processes of it's staff and contractors? How do you encourage staff to report their concerns about fraud? What concerns are staff expected to report about fraud? Have any significant issues been reported? If so, please provide details	The Pension Fund follows Shropshire Council's Whistle Blowing policy and guidelines. The Pension Fund shares the whistleblowing policy with the public and all contractors. The terms and conditions within Pension Fund contracts also include ethical considerations for contractors and suppliers. The vision and values for the Pension Fund identify the need for staff to act with integrity in all the undertakings we make and this is tested and reviewed via team meetings and engagement surveys undertaken across the whole organisation. No
10. From a fraud and corruption perspective, what are considered to be high-risk posts? How are the risks relating to these posts identified, assessed and managed?	No posts considered high risk. Clear segregation of duties to minimise risk.
11. Are you aware of any related party relationships or transactions that could give rise to instances of fraud? If so, please provide details How do you mitigate the risks associated with fraud related to related party relationships and transactions?	No

Fraud risk assessment

Question	Management response
12. What arrangements are in place to report fraud issues and risks to the Pensions Committee? How does the Pensions Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control? What has been the outcome of these arrangements so far this year?	See responses above.
13. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?	No.
14. Have any reports been made under the Bribery Act? If so, please provide details	No.

Law and regulations

Matters in relation to laws and regulations

ISA (UK) 250 requires us to consider the impact of laws and regulations in an audit of the financial statements.

Management, with the oversight of the Pensions Committee, is responsible for ensuring that Shropshire Council Pension Fund's operations are conducted in accordance with laws and regulations, including those that determine amounts in the financial statements.

As auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. As part of our risk assessment procedures we are required to make inquiries of management and the Pensions Committee as to whether the body is in compliance with laws and regulations. Where we become aware of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Risk assessment questions have been set out below together with responses from management.

Impact of laws and regulations

Question	Management response
1. How does management gain assurance that all relevant laws and regulations have been complied with? What arrangements does Shropshire Council Pension Fund have in place to prevent and detect non-compliance with laws and regulations? Are you aware of any changes to the Pension Fund's regulatory environment that may have a significant impact on the Pension Fund's financial statements?	The Council has a Monitoring Officer and S151 Officer who provide assurance that all relevant laws and regulations have been complied with. Refer to response below.
2. How is the Pensions Committee provided with assurance that all relevant laws and regulations have been complied with?	The Council has a Monitoring Officer and S151 Officer who provide assurance that all relevant laws and regulations have been complied with. The Pensions Fund has adopted the Local Government Pensions Scheme Regulations. The Pension Committee receive regular reports of compliance from officers, who are suitably qualified. Any non compliance would be reported to management via Internal Audit reports and appropriate plans are put in place to remedy such issues. These would cover the pension fund as applicable.
3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2023 with an on-going impact on the 2023/24 financial statements? If so, please provide details	The Section 151 Officer is not aware of any instances of non-compliance with relevant laws and regulations in 2023/24. The Chair of the Pension Fund Committee is not aware of any instances of non-compliance during 2023/24

Impact of laws and regulations

Question	Management response
4. Are there any actual or potential litigation or claims that would affect the financial statements? If so, please provide details	The Section 151 Officer is not aware of any actual or potential litigation or claims that would affect the financial statements.
5. What arrangements does Shropshire Council Pension Fund have in place to identify, evaluate and account for litigation or claims?	Risk management, insurance and legal work together to identify and evaluate any potential litigation or claims against the Council. Any potential liabilities are highlighted each year in the Council's Statement of Accounts, which includes consideration of the Pension Fund, which is consolidated into the Council's financial statements.
6. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance? If so, please provide details	No such reports have been received.

Related Parties

Matters in relation to Related Parties

Shropshire Council Pension Fund are required to disclose transactions with bodies/individuals that would be classed as related parties. These may include:

- bodies that directly, or indirectly through one or more intermediaries, control, or are controlled by Shropshire Council Pension Fund;
- associates;
- joint ventures;
- a body that has an interest in the authority that gives it significant influence over the Pension Fund;
- key management personnel, and close members of the family of key management personnel, and
- post-employment benefit plans (pension fund) for the benefit of employees of the Pension Fund, or of any body that is a related party of the Pension Fund.

A disclosure is required if a transaction (or series of transactions) is material on either side, i.e. if a transaction is immaterial from the Pension Fund's perspective but material from a related party viewpoint then the Pension Fund must disclose it.

ISA (UK) 550 requires us to review your procedures for identifying related party transactions and obtain an understanding of the controls that you have established to identify such transactions. We will also carry out testing to ensure the related party transaction disclosures you make in the financial statements are complete and accurate.

Related Parties

Question	Management response
1. Have there been any changes in the related parties including those disclosed in Shropshire Council Pension Fund's 2023/24 financial statements? If so please summarise: - the nature of the relationship between these related parties and Shropshire Council Pension Fund - whether Shropshire Council Pension Fund has entered into or plans to enter into any transactions with these related parties - the type and purpose of these transactions	No
2. What controls does Shropshire Council Pension Fund have in place to identify, account for and disclose related party transactions and relationships?	A number of arrangements are in place for identifying the nature of a related party and reported value including: - Maintenance of a Register of interests for Members, a register for pecuniary interests in contracts for Officers and Senior Managers requiring disclosure of related party transactions. - Annual return from senior managers/officers requiring confirmation that read and understood the declaration requirements and stating details of any known related party interests.
3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?	Transactions checked by investment officer, and payments approved by Pensions Investment and Responsible Investment Manager, Head of Pensions – LGPS Senior Officer or Section 151 officer
4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?	N/A

Going Concern

Matters in relation to Going Concern

The audit approach for going concern is based on the requirements of ISA (UK) 570, as interpreted by Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020). It also takes into account the National Audit Office's Supplementary Guidance Note (SGN) 01: Going Concern – Auditors' responsibilities for local public bodies.

Practice Note 10 confirms that in many (but not all) public sector bodies, the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the body's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist.

For this reason, a straightforward and standardised approach to compliance with ISA (UK) 570 will often be appropriate for public sector bodies. This will be a proportionate approach to going concern based on the body's circumstances and the applicable financial reporting framework. In line with Practice Note 10, the auditor's assessment of going concern should take account of the statutory nature of the body and the fact that the financial reporting framework for local government bodies presume going concern in the event of anticipated continuation of provision of the services provided by the body. Therefore, the public sector auditor applies a 'continued provision of service approach', unless there is clear evidence to the contrary. This would also apply even where those services are planned to transfer to another body, as in such circumstances, the underlying services will continue.

For many public sector bodies, the financial sustainability of the body and the services it provides are more likely to be of significant public interest than the application of the going concern basis of accounting. Financial sustainability is a key component of value for money work and it is through such work that it will be considered.

Going Concern

Question	Management response
1. What processes and controls does management have in place to identify events and / or conditions which may indicate that the statutory services being provided by Shropshire Council Pension Fund will no longer continue?	The provision of the LGPS pension scheme is set out under statute any changes to ongoing provision would require consultation and legislation. The Fund is members of multiple engagement groups and forums which would provide advance notice of potential changes.
2. Are management aware of any factors which may mean for Shropshire Council Pension Fund that either statutory services will no longer be provided or that funding for statutory services will be discontinued? If so, what are they?	None to the pension funds knowledge
3. With regard to the statutory services currently provided by Shropshire Council Pension Fund, does Shropshire Council Pension Fund expect to continue to deliver them for the foreseeable future, or will they be delivered by related public authorities if there are any plans for Shropshire Council Pension Fund to cease to exist?	Shropshire County Pension Fund expects to continue to deliver its services for the foreseeable future and there are no plans for change.
4. Are management satisfied that the financial reporting framework permits Shropshire Council Pension Fund to prepare its financial statements on a going concern basis? Are management satisfied that preparing financial statements on a going concern basis will provide a faithful representation of the items in the financial statements?	Management are satisfied that the financial reporting framework allows financial statements to be prepared on a going concern basis.

Accounting estimates

Matters in relation to accounting estimates

ISA (UK) 540 (Revised December 2018) requires auditors to understand and assess a body's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the body's risk management process identifies and addresses risks relating to accounting estimates;
- The body's information system as it relates to accounting estimates;
- The body's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Pensions Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?

We would ask the Pensions Committee to satisfy itself that the arrangements for accounting estimates are adequate.

Accounting Estimates - General Enquiries of Management

Question	Management response
1. What are the classes of transactions, events and conditions, that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?	Accounting estimates for level 2 and 3 are detailed in the notes to the accounts. The Head of Pensions – LGPS Senior Officer and the Pensions Investment and Responsible Investment Manager meet Fund Managers quarterly and discuss issues of estimates and valuation methodology. Managers are contacted annually to confirm classification of investments into levels 1,2 & 3. Independent confirmation of valuations is received from Custodian. There is always a delay on private market valuations (Private equity, infrastructure and private credit) so increased uncertainty due to estimation.
2. How does the Pension Fund's risk management process identify and address risks relating to accounting estimates?	Disclosure notes are included in the notes to the accounts relating to risk on accounting estimates
3. How does management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?	Valuation from Fund managers is checked to Custodian valuation and differences are reconciled. Head of Pensions together with the Pensions Investment and Responsible Investment manager meet Fund managers quarterly and discusses issue of estimates and valuation methodology.
4. How do management review the outcomes of previous accounting estimates?	Monthly accounting process would identify significant changes in accounting estimates.
5. Were any changes made to the estimation processes in 2023/24 and, if so, what was the reason for these?	No changes

Accounting Estimates - General Enquiries of Management

Question	Management response
6. How does management identify the need for and apply specialised skills or knowledge related to accounting estimates?	Experience of Pensions investment team, discussions with Fund managers & Advisors
7. How does the Pension Fund determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?	SCPF review internal control reports for each Fund manager. Where a control weakness has been identified in the report , a response is required from the Fund manager on how this has been resolved. Internal Audit also provide independent assurance.
8. How does management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?	SCPF gain assurance from Fund managers regarding the operation of internal controls in place including for any third party service providers. Internal Audit also provide independent assurance.
9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including: - Management's process for making significant accounting estimates - The methods and models used - The resultant accounting estimates included in the financial statements.	Experience of pensions investment team, checking and reconcile management statements to Northern Trust, reconcile any differences

Accounting Estimates - General Enquiries of Management

Question	Management response
10. Are management aware of any transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)? If so, what are they?	No
11. Why are management satisfied that their arrangements for the accounting estimates, as detailed in Appendix A, are reasonable?	Yes
12. How is the Pensions Committee provided with assurance that the arrangements for accounting estimates are adequate ?	See responses above.

Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Level 3 – Private Equity	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines 2018 and the IPEV Board's Special Valuation Guidance (March 2020) or other appropriate guidelines	Knowledge of the Pensions Investment team, valuations checked by Custodian. Quarterly meeting with managers to discuss valuations and methodology	Fund Advisers. Discussions with Fund manager as appropriate.	Degree of uncertainty inherent with Level 3 investment valuations. Fund managers use appropriate guidelines/best practice	No
Level 3 – Hedge Funds	Valuations received directly from the third party hedge funds with which the fund of hedge fund manager invests	Knowledge of the Pensions Investment team, valuations checked by Custodian. Quarterly meeting with managers to discuss valuations and methodology	Fund Advisers. Discussions with Fund manager as appropriate.	Degree of uncertainty inherent with Level 3 investment valuations. Fund managers use appropriate guidelines/best practice	No

Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Level 3 – Property Debts	Valued using amortised cost and considering fair value at initial recognition approach	Knowledge of the Pensions Investment team, valuations checked by Custodian. Quarterly meeting with managers to discuss valuations and methodology	Fund Advisers. Discussions with Fund manager as appropriate.	Degree of uncertainty inherent with Level 3 investment valuations. Fund managers use appropriate guidelines/best practice	No
Level 3 – Insurance Linked Securities	Closing single price. Investments are fair valued using earned net assets value method	Knowledge of the Pensions Investment team, valuations checked by Custodian. Quarterly meeting with managers to discuss valuations and methodology	Fund Advisers. Discussions with Fund manager as appropriate.	Degree of uncertainty inherent with Level 3 investment valuations. Fund managers use appropriate guidelines/best practice	No

Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Level 3 – Shares in LGPS Central asset pool	Valued using cost approach and considering fair value at initial recognition approach	Knowledge of the Pensions Investment team, valuations checked by Custodian. Quarterly meeting with managers to discuss valuations and methodology	Fund Advisers. Discussions with Fund manager as appropriate.	Degree of uncertainty inherent with Level 3 investment valuations. Fund managers use appropriate guidelines/best practice	No
Level 2 – Pooled property funds	Closing bid price where bid and offer prices are published. Closing single price where single price published	Knowledge of the Pensions Investment team, valuations checked by Custodian. Quarterly meeting with managers to discuss valuations and methodology	Fund Advisers. Discussions with Fund manager as appropriate.	Degree of uncertainty inherent with Level 2 investment valuations. Fund managers use appropriate guidelines/best practice	No

Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Level 2 – Pooled equity fund investments	Index tracking funds & valuations are based on the market quoted prices of the respective underlying securities	Knowledge of the Pensions Investment team, valuations checked by Custodian. Quarterly meeting with managers to discuss valuations and methodology	Fund Advisers. Discussions with Fund manager as appropriate.	Degree of uncertainty inherent with Level 2 investment valuations. Fund managers use appropriate guidelines/best practice	No
Level 2 – Pooled fixed income fund investments	Average of broker prices	Knowledge of the Pensions Investment team, valuations checked by Custodian. Quarterly meeting with managers to discuss valuations and methodology	Fund Advisers. Discussions with Fund manager as appropriate.	Degree of uncertainty inherent with Level 2 investment valuations. Fund managers use appropriate guidelines/best practice	No

Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Level 2 - Infrastructure	Includes publicly listed investments. Closing bid price where bid and offer prices are published. Closing single price where single price published	Knowledge of the Pensions Investment team, valuations checked by Custodian. Quarterly meeting with managers to discuss valuations and methodology	Fund Advisers. Discussions with Fund manager as appropriate.	Degree of uncertainty inherent with Level 2 investment valuations. Fund managers use appropriate guidelines/best practice	No



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