



Audit completion report
London Borough of Camden Pension Fund – year ended 31 March 2024

February 2025

Members of the Audit and Corporate Governance Committee
London Borough of Camden Pension Fund
5 Pancras Square
London
N1C 4AG
6 February 2025

Forvis Mazars
30, Old Bailey
London
EC4M 7AU

Dear Committee Members,

Audit Completion Report – Year ended 31 March 2024

We are pleased to present our Audit Completion Report for London Borough of Camden Pension Fund for the year ended 31 March 2024. The purpose of this report is to summarise our audit findings and conclusions. The scope of our work, including identified significant audit risks, and other key judgement areas, was outlined in our Audit Strategy Memorandum, which we presented to you on 21 November 2024.

We have reviewed the significant audit risks and other key judgement areas set out in our Audit Strategy Memorandum. There is one new significant risk. Our audit has identified that the Fund has incorrectly classified some of its investments as level 2 (i.e. those that can be valued using some measurable outputs) when they meet the definition of level 3 investments (i.e. those that have no observable market for measurement). The valuation of level 3 investments is a significant audit risk. We have outlined our procedures to address this risk, and detailed our findings from these procedures, in section 4 of this report.

Following the disclaimed audit opinion on the 2022/23 Pension Fund accounts due to the need to meet the backstop deadline of 13 December 2024, we have carried out a full audit for the 2023/24 Pension Fund accounts. However, the impact of the disclaimed audit opinion is that we do not have sufficient assurance over some of the prior year comparators in the 2023/24 accounts. As a result, we are proposing to issue a qualified audit opinion. This is in line with the backstop guidance issued by the National Audit Office, as endorsed by the Financial Reporting Council.

We would like to express our thanks for the assistance of your team during our audit. If you would like to discuss any matters in more detail then please do not hesitate to contact me on 07977 261 873.

Yours faithfully



Suresh Patel

Forvis Mazars LLP

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Our reports are prepared in the context of the 'Statement of responsibilities of auditors and audited bodies' and the 'Appointing Person Terms of Appointment' issued by Public Sector Audit Appointments Limited.
Reports and letters prepared by appointed auditors and addressed to the Pension Fund are prepared for the sole use of the Pension Fund and we take no responsibility to any member or officer in their individual capacity or to any third party.

01

Executive Summary

Executive summary

Principal conclusions and significant findings

The detailed scope of our work as your appointed auditor for 2023/24 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and, as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards on Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

In section 4 of this report we have set out our conclusions and significant findings from our audit. This section includes our conclusions on the audit risks and areas of management judgement in our Audit Strategy Memorandum, which include:

- Management override of controls; and
- Valuation of investment assets within level 2 and level 3 of the fair value hierarchy.

Misstatements and internal control recommendations

Section 5 sets out internal control recommendations and section 6 sets out audit misstatements. The main misstatement is the misclassification of £214.6 million of investments assets within level 2 which should be level 3.

Status and audit opinion

We have substantially completed our audit in respect of the financial statements for the year ended 31 March 2024.

At the time of preparing this report, a small number of significant matters remain outstanding as outlined in section 2. We will provide an update to you in relation to the significant matters outstanding through issuance of a follow up letter.

Following the introduction of the statutory backstop requirements in 2024, we did not perform any procedures on either the Fund Account or Net Asset Statement balances within the Pension Fund's 2022/23 statement of accounts and issued a disclaimed opinion. We are completing a full audit of the 2023/24 statement of accounts and carrying out audit procedures on the material prior year comparators in the Net Asset Statement. This enables us to issue a qualified audit opinion for 2023/24 rather than a disclaimed opinion. This is in line with the NAO's backstop guidance.

Subject to the satisfactory conclusion of the remaining audit work, we have the following conclusions:



Audit opinion

We anticipate issuing a qualified opinion on the financial statements. We include our proposed report in Appendix B, which is currently subject to internal technical consultation and agreement.



Consistency report

We anticipate concluding that the Pension Fund financial statements within the Pension Fund's Annual Report are consistent with the Pension Fund financial statements within the Statement of Accounts of London Borough of Camden Council. Our draft consistency report is provided in Appendix C.



Wider powers

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Fund and to consider any objection made to the accounts. The Council's public inspection period does not end until 19 February 2025. To date we have received no objections and there is a risk that if we do, we do not have sufficient time to carry out the considerations we are required to do to evaluate whether the objection could be material to the accounts. In this case, we may need to delay issuing the audit opinion by the 28 February statutory backstop date.

02

Status of the audit

Status of our audit

Our audit work is substantially complete, with a small number of outstanding matters set out below.

Opening Balances (2022/23 Net Asset Statement)

To rebuild assurance following the disclaimed opinion for 2022/23, we are performing procedures on the material prior year comparators in the Net Assets Statement:

- Investment assets - we are awaiting responses to two letters sent to fund managers which hold investments within the level 3 fair value hierarchy.
- Long term liabilities - we are awaiting confirmation of the intercompany balance the Pension Fund holds with London Borough of Camden Council.



Investment Assets

We are awaiting responses to two letters sent to fund managers which hold investments within the level 3 fair value hierarchy.



IT General Controls

We are awaiting additional evidence around the implementation of IT controls regarding the pension fund's accounting system.



Audit completion

We need to complete standard closing procedures, including

- Assessing the impact of any post balance sheet events up to the point of signing the audit report; and
- Obtaining from the pension fund the signed letter of management representation



Quality control / review

This includes review by the Engagement Lead and the process will continue up to the point of signing. There are no specific matters to date, but further file review may result in a small number of queries.



Status



Likely to result in a material adjustment or a significant change to disclosures in the financial statements.



Potential to result in a material adjustment or a significant change to disclosures in the financial statements.



Not considered likely to result in a material adjustment or a change to disclosures in the financial statements.

03

Audit Approach

Audit Approach

Changes to our audit approach

There have been some changes to the audit approach we communicated in our Audit Strategy Memorandum, issued in July 2024. We have identified a new significant risk, which is the valuation of investment assets within level 3 of the fair value hierarchy. This has been outlined within our covering letter, and our procedures to address this risk, as well as the findings from these procedures, have been detailed in section 4 of this report.

We have also performed additional procedures on the material prior year comparators within the Net Asset Statement, that were not communicated within our Audit Strategy Memorandum. As outlined within the Executive Summary in section 1, these additional procedures enable us to issue a qualified audit opinion for 2023/24 rather than a disclaimed opinion.

Independence

We confirm that we remain independent of the Council and Pension Fund.

Materiality

Our provisional materiality at the planning stage of the audit was set at £20.939 million using a benchmark of 1% of net assets available to pay benefits. We applied 80% of overall materiality to calculate performance materiality of £16.751 million, and our proposed triviality threshold of £628,000 was based on 3% of overall materiality. We set a provisional specific materiality for the fund account of £7.992 million at the planning stage of the audit using a benchmark of 10% of contributions receivable.

There have been no changes to the materiality levels we communicated in the Audit Strategy Memorandum.

Use of experts

Item of Account	Management's expert	Our expert
Disclosure notes on funding arrangements and actuarial present value of promised retirement benefits	Hymans Robertson, Actuaries	NAO consulting actuary PwC
Valuation of investments within level 2 and level 3 of the fair value hierarchy and related disclosures	Investment managers engaged by the fund that prepare valuations	Not required

Audit Approach

Service organisations

International Auditing Standards (UK) (ISAs) define service organisations as third-party organisations that provide services to the Pension Fund that are part of its information systems relevant to financial reporting. We are required to obtain an understanding of the services provided by service organisations as well as evaluating the design and implementation of controls over those services.

Item of Account	Service organisation	Audit approach
The calculation and payment of pension benefits, assessment of funding levels based on existing pensioner data.	Wandsworth Borough Council	We will seek appropriate confirmation that the Council's controls and procedures have operated as designed throughout the year and that no weaknesses have been identified that would have a material impact on the information they provide to the Camden Pension Fund.
Investment valuations and income and all related disclosures	Investment managers	Obtain direct confirmations from the fund managers and substantively test transactions occurring in the year and the valuations applied to investments at the year end.
Investment valuations and income and all related disclosures	Custodian	Obtain direct confirmations from the custodians and substantively test transactions occurring in the year and the valuations applied to investments at the year end.

Audit Approach

Fees for our work as the appointed auditor

We reported our proposed fees for the delivery of our work under the Code of Audit Practice in our Audit Strategy Memorandum presented to the Audit Committee in November 2024. Having progressed our audit work and to support transparency of our fees, we include our current estimate of our final fees. We will agree these fees with the Executive Director of Corporate Services prior to the completion of the audit. The fees will then be subject to PSAA approval.

Area of work	2023/24 final fees
<i>Recurring fees due to changes in standards and auditor requirements:</i>	
Planned fee in respect of our work under the Code of Audit Practice (scale fee)	£69,672
Additional testing in respect of revised auditing standards (ISA315R) [Note 1]	£7,840
<i>Additional fees due to auditor requirements to address risks:</i>	
Additional work in respect of level 3 investment asset valuations 2023/24 [Note 2]	£5,000
Additional work in respect of work performed on 2022/23 Net Asset Statement to rebuild assurance (50% - 60% scale fee) [Note 3]	£34,836 - £41,803
Total fees	£117,348 - £124,315

Notes

1. A revised auditing standard (ISA 315R) applies to the 2023/24 audit of the Pension Fund. The revised standard increases the work auditors are required to undertake to document, understand and assess the key processes that the Fund uses to prepare the financial information that supports the financial statements. The additional fee we have proposed is in line with the guidance issued by PSAA.
2. As reported, the Fund misclassified some of its investments as level 2 rather than level 3. As a result, we were required to carry out additional audit procedures.
3. As part of rebuilding assurance, we have carried out audit testing on the material prior year comparators in the Net Asset Statements. This is largely related to the valuation of the fund's investments as at 31 March 2023, some of which have been reclassified as level 3, requiring the appropriate audit procedures.

Significant findings

Significant findings

Significant findings, including key areas of management judgement

The significant findings from our audit include:

- our audit conclusions regarding significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 16 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- any further significant matters discussed with management; and
- any significant difficulties we experienced during the audit.

Significant risk – management override of controls

Description of risk

This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur.

Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. The unpredictable way in which such override could occur means there is a risk of material misstatement due to fraud.

Our audit response

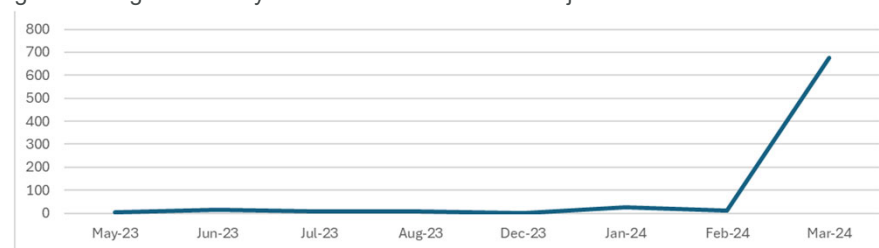
We addressed this risk by carrying out audit work in the following areas:

- accounting estimates impacting amounts included in the financial statements;
- consideration of identified significant transactions outside the normal course of business; and
- journals recorded in the general ledger and other adjustments made in preparation of the financial statements.

Our work on journals included identifying and analysing the total population of journals posted by the Pension Fund during the year and as part of the account's preparation process. We identified a range of fraud risk factors that we then applied to the population and tested the validity of any journals that we identified for testing. We outline a summary of the risk factors, the number we identified and the outcome of our testing.

Analysis of our work performed

The analysis below details the Pension Fund's posting pattern for the number of lines posted to the general ledger month by month in the form of manual journals.



In total, 755 lines were manually posted to the ledger. The analysis above demonstrates a peak in the final month as a journals being posted as part of the year end accounts closedown process.

We analysed these all 755 in line with our 'high risk criteria'. This identified a sample of 14 lines that displayed characteristics indicating that they could be subject to management override of control. These lines were subject to detailed testing, which involved agreement of the selected items back to sufficient appropriate evidence. This work did not identify any instances of management override of control.

Following the completion of our audit work, we performed a full stand back assessment of the material estimates tested as part of our wider audit. We identified no characteristics of management bias. We have not identified any significant transactions outside the normal course of business.

Audit conclusion

We have completed our planned procedures and have no matters to report in respect of the risk of this risk.

Significant findings

Significant risk – valuation of investments within level 3 of the fair value hierarchy

Description of risk

The Fund has reclassified £214.6 million of level 2 investments to the level 3 fair value hierarchy. Inherently these assets are harder to value, as they do not have publicly available quoted prices from a traded market, and as such they require professional judgement or assumptions to be made when valuing them at year end.

As the pricing of these investment assets is subject to judgements, they may be susceptible to pricing variances due to the assumptions underlying the valuation. We therefore consider that there is an increased risk of material misstatement.

Our audit response

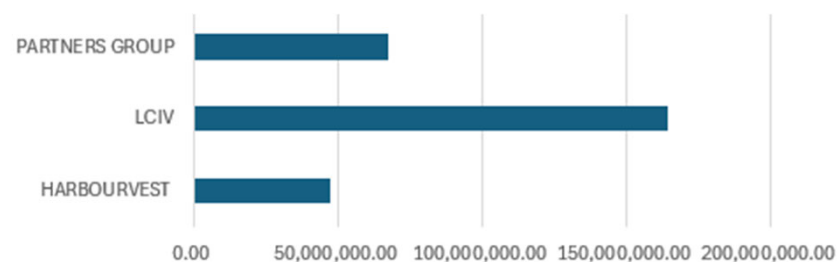
We addressed this risk by completing the following additional procedures:

- confirmed that the investment valuations disclosed in the accounts are consistent with quoted prices taken from active markets;
- obtained confirmations of valuations directly from investment fund managers and agreed their valuations to the figures disclosed in the accounts;
- obtained fund manager ISAE 3402 Control Reports, confirming that the assets have been independently valued and reviewing for any exceptions which may impact the Pension Fund's investment asset valuations to inform further procedures if necessary (we are not relying on these reports); and
- agreed the Pension Fund's share of the fund to the fund's net assets held within their audited financial statements.

We have performed this work for both 2023/24 (current year) and 2022/23 (prior year) as part of our process for rebuilding assurance discussed in section 3.

Analysis of our work performed

The Pension Fund's investment asset portfolio comprises of 3 main types of asset (Property, Private equity and Infrastructure) These are held by 3 separate fund managers; being Partner Group, Harbourvest and LCIV. The balance of holdings per fund manager are summarised below:



We have tested a sample of 8 investment assets from the level 3 population for 2023/24 and a sample of 5 investment assets from the population for 2022/23, completing all our procedures as planned.

Audit findings and conclusion

Following the Fund reclassifying £214.6 million of its level 2 investments to level 3, we have completed our planned procedures. In addition to the disclosure amendments regarding the fair value hierarchy we have also identified misstatements for both 2022/23 and 2023/24 of £5.4 million and £2 million respectively. These relate to differences between the valuation of investments disclosed in the financial statements and external confirmations provided by fund managers. Management has elected not to correct these misstatements. We provide further details in section 6.

Significant findings

Enhanced risk – valuation of investments within level 2 of the fair value hierarchy

Description of risk

As at 31 March 2023 the fair value of investments classified within level 2 of the fair value hierarchy was £1,717 million, which accounted for almost 89% of net investment assets. The Fund has reclassified £214.6 million of assets to the level 3 fair value hierarchy, and £624.2 million of assets to the level 1 fair value hierarchy during 2023/24, leaving a closing balance of level 2 assets at 31 March 2024 of £1,029.3 million. The values included in the accounts are primarily based on recent trades of the investment, which are observable inputs other than quoted prices.

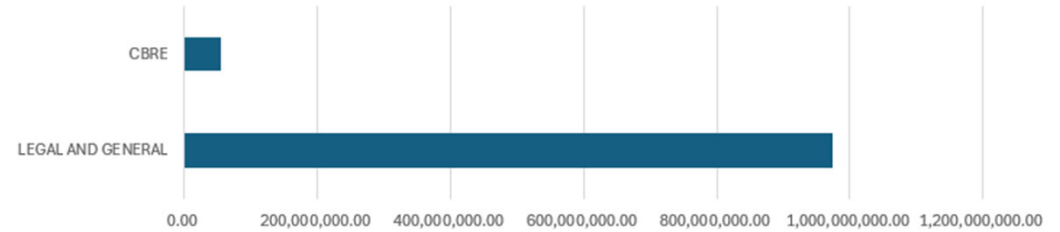
The valuation risk is increased depending on the elapsed time of the most recent trade and the year end and, therefore, these valuations have been assessed as an enhanced risk.

Our audit response

- agreeing the valuation included in the Pension Fund's underlying financial systems to documentation supporting the most recent trade(s) on which the valuation is based; and
- assessing the reasonableness of any adjustments to the trade prices

Analysis of our work performed

The Pension Fund's investment asset portfolio comprises of 2 main types of asset (Property and Equities) held at level 2. These are held by 2 separate fund managers; being Legal and General and CBRE. The balance of holdings per fund manager are summarised in the table to the right:



We have tested a sample of 15 investment assets from the level 3 population for 2023/24 and a sample of 14 investment assets from the population for 2022/23, completing all our procedures as planned.

Audit conclusion

Following the Fund reclassifying £214.6 million of level 2 investments to level 3, we have completed our planned procedures on the revised level 2 balance of £1,029 million. We have identified misstatements for both 2022/23 and 2023/24 relating to differences between the valuation of investments disclosed in the financial statements and external confirmations provided by fund managers. Management has elected not to correct these misstatements. We provide further details in section 6.

Significant findings

Qualitative aspects of the Fund's accounting practices

We have reviewed the Fund's accounting policies and disclosures and concluded they comply with the 2023/24 Code of Practice on Local Authority Accounting, appropriately tailored to the Fund's circumstances.

Draft accounts were received from the Fund on 15th December 2024. These contained both material and immaterial errors, with details of these errors included within section 6 of this report. The most significant issue that arose was the misclassification of investment assets within the fair value hierarchy, which led to the identification of a new significant risk for which we were required to perform additional procedures. We have included this within our significant matters discussed with management below.

Significant matters discussed with management

During our audit we discussed the following significant matters with management:

- **Classification of investment assets within fair value hierarchy:** As part of our review of the classification of the Pension Fund's investment assets within the three levels of the fair value hierarchy, we identified that several assets had been incorrectly classified, which have been amended for as detailed within our summary of misstatements in section 6 of this report. The Pension Fund is currently guided by its Custodian when classifying these assets. We reviewed the rationale used by the Custodian to determine the classification and we have identified a clear difference in the basis of valuation with the CIPFA Code requirements relating to the fair value hierarchy. The Pension Fund have also rolled forward the classification of these assets based on their classification in the prior year.

We have discussed these issues with management, who recognised that they are required to use the basis of valuation that is relevant to the Code under which the financial statements are being prepared is applied when determining the fair value hierarchy of each investment asset. They have agreed to perform annual reviews to determine whether any assets should be moved within the fair value hierarchy. These points will be actioned in future periods.

- **Testing of material prior year comparators in the Net Asset Statement:** As outlined in the Executive Summary in section 1, we are performing procedures on material prior year balances within the Net Asset Statement to enable us to issue a qualified audit opinion for 2023/24 rather than a disclaimed opinion. We identified the total value of investment assets, and current liabilities as the material prior year comparative balances and discussed the procedures we would be required to complete, and supporting evidence that we required to complete these, with management. Management have supported us with this additional testing and have provided us with the requested evidence, other than that outstanding as detailed within our status update within section 2 of the report.

Other accounting matters discussed with management

- **Financial instruments:** As part of our procedures performed on the financial instruments disclosed within the financial statements, we identified that the data used to form the currency risk disclosure was not extracted at the year end date, and the Pension Fund could not find a source of information that could reperform the sensitivity analysis at the year end date. The source of the data is unverifiable, and historic data is not retained, therefore we were unable to audit the information that was provided by the Pension Fund. We have performed procedures using our own source data from 31 March 2024 to confirm that the disclosure is reasonable and not misleading to users of the financial statements.

Management are aware of this issue and have agreed to put in place a mechanism to ensure that their financial instruments disclosures are based on year end data.

Significant findings

Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties and we have had the full co-operation of management.

Wider responsibilities

Our powers and responsibilities under the 2014 Act are broad and include the ability to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. The Council's public inspection period does not end until 19 February 2025. We have not received any objection to the accounts but will need sufficient time to consider any such objection that is received by the 19 February.

05

Internal control conclusions

Internal control conclusions

Overview of engagement

As part of our audit, we obtained an understanding of the Fund's internal control environment and control activities relevant to the preparation of the financial statements, which was sufficient to plan our audit and determine the nature, timing, and extent of our audit procedures. Although our audit was not designed to express an opinion on the effectiveness of the Fund's internal controls, we are required to communicate to the Audit and Corporate Governance Committee any significant deficiencies in internal controls that we identified in during our audit.

Deficiencies in internal control

A deficiency in internal control exists if:

- a control is designed, implemented, or operated in such a way that it is unable to prevent, detect, and/ or correct potential misstatements in the financial statements; or
- a necessary control to prevent, detect, and/ or correct misstatements in the financial statements on a timely basis is missing

The purpose of our audit was to express an opinion on the financial statements. As part of our audit, we have considered the Fund's internal controls relevant to the preparation of the financial statements to design audit procedures to allow us to express an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal controls or to identify any significant deficiencies in their design or operation.

The matters reported in this section of our report are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and which we consider to be of sufficient importance to merit being reported.

If we had performed more extensive procedures on internal control, we might have identified more deficiencies to report or concluded that some of the reported deficiencies need not in fact have been reported.

Our comments in this section should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

The deficiencies in the Fund's internal controls that we have identified as at the date of this report are in set out on the following pages.

Significant deficiencies in internal control

A significant deficiency in internal control is one which, in our professional judgement, has the potential for financial loss, damage to reputation, or a loss of information which may have implications on the achievement of business strategic objectives. Our view is that observations categorised as a significant deficiency is of sufficient importance to merit the attention of the Audit and Corporate Governance Committee.

We have not identified any significant deficiencies in the Fund's internal controls as at the date of this report.

Other observations

We also record our observations on the Fund's internal controls where, in our professional judgement, there is a need to strengthen internal control or enhance business efficiency that do not constitute significant deficiencies in internal control but which we view as being important for consideration by management.

Our other internal control observations, as at the date of this report, are set out in this section. These will be reported to management directly and have been included in this report for your information.

Whether internal control observations merit attention by the Audit and Corporate Governance Committee and/or management is a matter of professional judgment, taking into account the risk of misstatement that may arise in the financial statements as a result of those observations.

Internal control conclusions

Other deficiencies in internal control

In our view, there is a need to address the deficiencies in internal control set out in this section (which are not deemed to be significant deficiencies) to strengthen internal control or enhance business efficiency. Our recommendations should be actioned by management in the near future.

Description of deficiency

There is no reconciliation performed between the data provided by the Pension Fund to Pensions Shared Service, who input this into Altair, and the final report within Altair. This control is required as part of the process of disclosing membership data numbers into the Pension Fund's financial statements.

Potential effects

The membership numbers disclosed within the Pension Fund's financial statements may be incorrectly recorded.

Recommendation

The Pension Fund should implement a process which ensures that the data provided to Pensions Shared Service is reconciled to the data within Altair and notes any discrepancies to be investigated. This will ensure that the data from Altair that is used to populate the membership disclosure in the accounts is accurate.

Management response

Management is aware that the reconciliation between their internal pension system and their payroll should occur and are planning to implement this when the payroll system is modified in 2025/26.

Internal control conclusions

Follow up on previous internal control points

We set out below an update on internal control points raised in the prior year.

Description of deficiency

The Council does not conduct periodic reviews of access rights for all non-standard Oracle users. Although the Council has started undertaking periodic reviews for certain classes of non-standard Oracle users, e.g. users assigned with payroll roles, there is no such review for all non-standard users and no review is done for users assigned with finance roles.

Potential effects

The Oracle system may be accessed inappropriately or fraudulently. Unintentional or fraudulent data alteration or entry may occur.

Recommendations to

The Council should implement a policy and process which allows for periodic reviews of the access rights of all users with non-standard access to Oracle.

2023/24 update - outstanding

In 2021/22, management accepted the recommendation and stated they will implement a formal policy for system access reviews for all non-standard users. They deemed the risk of the Oracle system being accessed inappropriately and fraudulently is low but would look to introduce a formal policy for 2025/26. Therefore as of 2023.24, this is yet to be implemented.

06

Summary of misstatements

Summary of misstatements

We set out below and on the following pages a summary of the misstatements we identified during our audit, above the trivial threshold for adjustment of £628,000.

The first table in this section sets out the misstatements we identified which management has assessed as not being material, individually or in aggregate, to the financial statements and does not plan to adjust. The second table outlines the misstatements we identified that have been adjusted by management.

Our overall materiality of £20.9 million, performance materiality of £16.8 million, and clearly trivial (reporting) threshold were reported in our Audit Summary Memorandum, issued on 21 November 2024. Any subsequent changes to those figures are set out in the section 3 of this report.

Unadjusted misstatements 2023/24

Management has assessed the misstatements in the table below as not being material, individually or in aggregate, to the financial statements and does not plan to adjust. We only report to you unadjusted misstatements that are either material by nature or which exceed our reporting threshold.

Details of adjustment	Fund Account		Net Asset Statement	
	Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
DR Investment assets			2,036	
CR Gains/(losses) in investment assets				2,036
These differences have been identified during our testing of the valuation of investment assets held by the Pension Fund. The Pension Fund is provided with valuations by its Custodian at year end, based on a preliminary valuation provided to the Custodian by fund managers, which it inputs into its financial statements. During our testing, we identified that the final year-end valuation confirmations provided directly to us by fund managers did not match the data input into the Pension Fund's financial statements.				
Aggregate effect of unadjusted misstatements			2,036	2,036

Summary of misstatements

Unadjusted misstatements - prior year comparators

In carrying out procedures on the prior year comparators in the net assets statement, we identified misstatements on the same basis as the misstatements that we identified for 2023/24. Management has assessed the misstatements in the table below as not being material, individually or in aggregate, to the financial statements and does not plan to adjust. We only report to you unadjusted misstatements that are either material by nature or which exceed our reporting threshold.

Details of adjustment	Fund Account		Net Asset Statement	
	Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
DR Investment assets			5,365	
CR Gains/(losses) in investment assets				5,365
These differences have been identified during our testing of the valuation of investment assets held by the Pension Fund. The Pension Fund is provided with valuations by its Custodian at year end, based on a preliminary valuation provided to the Custodian by fund managers, which it inputs into its financial statements. During our testing, we identified that the final year-end valuation confirmations provided directly to us by fund managers did not match the data input into the Pension Fund's financial statements.				
Aggregate effect of unadjusted misstatements			5,365	5,365

Summary of misstatements

Adjusted misstatements 2023/24

The misstatements in the table below have been adjusted by management. We report all individual misstatements above our reporting threshold that we identify during our audit and which management had adjusted and any other misstatements we believe the Audit and Corporate Governance Committee should be made aware of.

Details of adjustment	Fund Account		Net Asset Statement	
	Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
DR Long term liabilities			4,994	
CR Current Liabilities				4,994
This is an intercompany balance held between the Pension Fund and London Borough of Camden Council. Having tested this liability as part of our rebuilding assurance procedures on the 2022/23 Net Asset Statement, we identified that this should be disclosed as a current liability and not a long term liability. This liability was cleared by the Pension Fund in 2023/24 and they have confirmed that there is a commitment to clear the 2023/24 year end balance during 2024/25.				
Aggregate effect of adjusted misstatements			4,994	4,994

Summary of misstatements

Adjusted misstatements - prior year comparators

The misstatements in the table below have been adjusted by management. We report all individual misstatements above our reporting threshold that we identify during our audit and which management had adjusted and any other misstatements we believe the Audit and Corporate Governance Committee should be made aware of.

Details of adjustment	Fund Account		Net Asset Statement	
	Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
DR Long term liabilities			21,436	
CR Current Liabilities				21,436
Having tested this liability as part of our rebuilding assurance procedures on the 2022/23 Net Asset Statement, we identified that this should be disclosed as a current liability and not a long-term liability. This liability was cleared by the Pension Fund in 2023/24 and there is a commitment from them to repay outstanding intercompany balances within one year.				
Aggregate effect of adjusted misstatements			21,436	21,436

Summary of misstatements

Disclosure misstatements

We identified the following disclosure misstatements during our audit that have been corrected by management:

- Note 14a - Fair value basis of valuation: Cash held by the Pension Fund's custodian and Other investments valued at £624,229,000 were incorrectly classified within the level 2 fair value hierarchy. These have been amended and included within the level 1 fair value hierarchy. Both the 23/24 and 22/23 disclosures within the financial statements have been updated for this reclassification.
- Note 14a - Fair value basis of valuation : Investment assets in private equity and private markets valued at £214,619,000 were incorrectly classified within the level 2 fair value hierarchy. These have been amended and included within the level 3 fair value hierarchy. Both the 23/24 and 22/23 disclosures within the financial statements have been updated for this reclassification.
- Note 8 - Management Expenses: Audit fees disclosed within the note have been split out into separate lines to reflect fee variations from prior years, as required under CIPFA code guidance.

We will obtain written representations confirming that, after considering the unadjusted disclosure misstatements, both individually and in aggregate, in the context of the annual report and financial statements taken as a whole, no adjustments are required.

Appendices

A: Draft management representation letter

B: Draft audit report

C: Draft consistency report

D: Other communications

Appendix A: Draft management representation letter

Forvis Mazars
30 Old Bailey
London
EC4M 7AU
[Date]

Dear Suresh Patel,

London Borough of Camden Pension Fund - Audit for Year Ended 31 March 2024

This representation letter is provided in connection with your audit of the financial statements of London Borough of Camden Pension Fund ('the Fund') for the year ended 31 March 2024 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code), and applicable law.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

My responsibility for the financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code, as amended by the Code and applicable law.

My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which I am aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Fund you determined it was necessary to contact in order to obtain audit evidence.

I confirm as s151 officer at I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information. As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Appendix A: Draft management representation letter

Accounting records

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all relevant committee meetings, have been made available to you.

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Fund's financial position, financial performance and cash flows.

Accounting estimates, including those measured at fair value

I confirm that the methods, significant assumptions and the data used by the Fund in making the accounting estimates, including those measured at fair value, are appropriate to achieve recognition, measurement or disclosure that is in accordance with the applicable financial reporting framework.

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Fund have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code, as amended by the Code and applicable law.

Appendix A: Draft management representation letter

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

Fraud and error

I acknowledge my responsibility as s151 officer for the design, implementation and maintenance of internal control to prevent and detect fraud and error and I believe I have appropriately fulfilled those responsibilities.

I have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Fund involving:
 - management and those charged with governance;
 - employees who have significant roles in internal control; and
 - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Fund's financial statements communicated by employees, former employees, analysts, regulators or others.

Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Code, as amended by the Code and applicable law.

I have disclosed to you the identity of the Fund's related parties and all related party relationships and transactions of which I am aware.

Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the Fund's assets below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary.

Appendix A: Draft management representation letter

Charges on assets

All the Fund's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

Future commitments

The Fund has no plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code, as amended by the Code and applicable law, require adjustment or disclosure have been adjusted or disclosed. Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Impacts of Russian Forces entering Ukraine

I confirm that I have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the Fund, including the impact of mitigation measures and uncertainties, and that the disclosure in the Annual Report and the subsequent events note to the financial statements fairly reflects that assessment.

Going concern

To the best of my knowledge there is nothing to indicate that the Fund will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Unadjusted misstatements

We confirm that all arising misstatements were corrected and there were no unadjusted misstatements in the year.

Yours faithfully,

Jon Rowney

Executive Director of Corporate Services / s151 officer

Appendix B: Draft audit report

Independent auditor's report to the Members of London Borough of Camden

Report on the audit of the financial statements

Qualified Opinion

We have audited the financial statements of London Borough of Camden Pension Fund ('the Pension Fund'), which comprise the Fund Account, the Net Assets Statement, and notes to the financial statements, including a summary of material accounting policy information. In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements give a true and fair view of the the financial transactions of the Pension Fund during the year ended 31 March 2024, and the amount and disposition of the Pension Fund's assets and liabilities as at 31 March 2024.

Basis for opinion

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 ('The Amendment Regulations') came into force. The Amendment Regulations required the London Borough of Camden (the Council) to publish its 2022/23 Accountability Statements, which included the Pension Fund's financial statements and auditor's opinion, by 13 December 2024 ('the 2022/23 backstop date'). The Amendment Regulations require the Council to publish its 2023/24 Accountability Statements by 28 February 2025 ('the 2023/24 backstop date').

The audit report on the financial statements for the year ended 31 March 2023 included a disclaimer of opinion as a consequence of having insufficient time to perform all audit procedures necessary to give an opinion on the financial statements prior to the 2022/23 backstop date.

As part of our audit of the 2023/24 financial statements, we have obtained sufficient appropriate evidence over:

- the balances presented in the Net Assets Statement at 31 March 2023, and
- the comparative information for the Net Assets Statement and Profit and losses on disposal of investments and changes in the value of investments included in the Fund Account.

However, the 2023/24 backstop date has impeded our ability to perform all necessary audit procedures to obtain sufficient appropriate evidence over all comparative figures presented and disclosed in the 2023/24 financial statements. Our opinion on the 2023/24 financial statements is qualified because of the possible effect of this matter on the comparability of the current year's figures and the corresponding figures.

Appendix B: Draft audit report

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Executive Director of Corporate Services' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, and taking into account the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, we 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 as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Executive Director of Corporate Services 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 Statement of Accounts, other than the financial statements and our auditor's report thereon. The Executive Director of Corporate Services is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Executive Director of Corporate Services for the financial statements

As explained more fully in the Statement of the Executive Director of Corporate Services' Responsibilities, the Executive Director of Corporate Services is responsible for the preparation of the Statement of Accounts, which includes the Pension Fund's financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, and for being satisfied that they give a true and fair view. The Executive Director of Corporate Services is also responsible for such internal control as the Executive Director of Corporate Services determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Appendix B: Draft audit report

The Executive Director of Corporate Services is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and prepare the financial statements on a going concern basis, unless the Council is informed of the intention for dissolution of the Pension Fund without transfer of services or function to another entity. The Executive Director of Corporate Services is responsible for assessing each year whether or not it is appropriate for the Pension Fund to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the Pension Fund's 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 our 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Pension Fund, we identified that the principal risks of non-compliance with laws and regulations related to the Public Service Pensions Act 2013, the Local Government Pension Scheme Regulations 2013 (as amended) and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, and we considered the extent to which non-compliance might have a material effect on the financial statements.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- inquiring with management and the Audit and Corporate Governance Committee, as to whether the Pension Fund is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Fund which were contrary to applicable laws and regulations, including fraud.

We evaluated the Executive Director of Corporate Services' incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to the posting of manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, and significant one-off or unusual transactions.

Appendix B: Draft audit report

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the Audit and Corporate Governance Committee on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management **and the** Audit and Corporate Governance Committee. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

We are also required to conclude on whether the Executive Director of Corporate Services' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in November 2024.

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

Use of the audit report

This report is made solely to the members of London Borough of Camden Council, as a body and as administering authority for the London Borough of Camden Pension Fund, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Suresh Patel,

Key Audit Partner, For and on behalf of Forvis Mazars LLP
30 Old Bailey, London, EC4M 7AU
[Date]

Appendix C: Draft consistency report

Independent auditor's statement to the members of London Borough of Camden Council on the pension fund financial statements included within the London Borough of Camden Pension Fund annual report

Report on the financial statements

We have examined the Pension Fund financial statements for the year ended 31 March 2024 included within the London Borough of Camden Pension Fund annual report, which comprise the Fund Account, the Net Assets Statement and the notes to the financial statements, including material accounting policy information.

Opinion

In our opinion, the Pension Fund financial statements are consistent with the audited financial statements of London Borough of Camden for the year ended 31 March 2024 and comply with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

Respective responsibilities of the Strategic Director of Finance and the auditor

As explained more fully in the Statement of Responsibilities, the Executive Director of Corporate Services is responsible for the preparation of the Pension Fund's financial statements in accordance with applicable United Kingdom law.

Our responsibility is to report to the Members of London Borough of Camden as a body, whether the Pension Fund financial statements within the Pension Fund annual report are consistent with the financial statements of London Borough of Camden.

We conducted our work in accordance with Auditor Guidance Note 07 – Auditor Reporting, issued by the National Audit Office. Our report on the Pension Fund financial statements contained within the audited financial statements of London Borough of Camden describes the basis of our opinions on the financial statements.

Use of this auditor's statement

This report is made solely to the members of London Borough of Camden, as a body and as administering authority for the London Borough of Camden Pension Fund, in accordance with Part 5 paragraph 20(5) of the Local Audit and Accountability Act 2014. Our work has been undertaken so that we might state to the members of London Borough of Camden those matters we are required to state to them and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than London Borough of Camden and London Borough of Camden's members as a body, for our audit work, for this statement, or for the opinions we have formed.

Suresh Patel, For and on behalf of Forvis Mazars LLP

30 Old Bailey, London, EC4M 7AU

[Date]

Appendix D: Other communications

Other communication	Response
Compliance with Laws and Regulations	<p>We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations.</p> <p>We will obtain written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed.</p>
External confirmations	<p>We did not experience any issues with respect to obtaining external confirmations.</p>
Related parties	<p>We did not identify any significant matters relating to the audit of related parties.</p> <p>We will obtain written representations from management confirming that:</p> <ol style="list-style-type: none"> a. they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and b. they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.
Going Concern	<p>We have not identified any evidence to cause us to disagree with the Executive Director of Corporate Services that the Pension Fund will be a going concern, and therefore we consider that the use of the going concern assumption is appropriate in the preparation of the financial statements. We will obtain written representations from management, confirming that all relevant information covering a period of at least 12 months from the date of approval of the financial statements has been taken into account in assessing the appropriateness of the going concern basis of preparation of the financial statements.</p>
Subsequent events	<p>We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditor's report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework. We will obtain written representations from management that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.</p>
Matters related to fraud	<p>We have designed our audit approach to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. In addition to the work performed by us, we will obtain written representations from management, and where appropriate the Audit and Corporate Governance Committee confirming that</p> <ol style="list-style-type: none"> a) they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud; b) they have disclosed to the auditor the results of management's assessment of the risk that the financial statements may be materially misstated as a result of fraud; c) they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving: <ol style="list-style-type: none"> i. management; employees who have significant roles in internal control; or others where the fraud could have a material effect on the financial statements; and d) they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

Contact

Forvis Mazars

Suresh Patel

Audit Partner

Tel: 07977 261873

suresh.patel@mazars.co.uk

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