

Informing the audit risk assessment for City of London Corporation Pension Fund 2024/25

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Purpose

The purpose of this report is to contribute towards the effective two-way communication between City of London Corporation Pension Fund's external auditors and City of London Corporation Pension Fund's Audit 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 Audit Committee under auditing standards.

Background

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

This two-way communication assists both the auditor and the Audit 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 Audit Committee and supports the Audit Committee in fulfilling its responsibilities in relation to the financial reporting process.

Communication

As part of their risk assessment procedures, the auditors are required to obtain an understanding of management processes and the City of London Corporation Pension Fund's oversight of the following areas:

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

Purpose

This report includes a series of questions on each of these areas asked by the auditors which we the City of London Corporation Pension Fund's management have responded to. The Audit and Risk 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 2024/25? | There have been no key events or issues that have a significant impact on these statements. |
| 2. Have you considered the appropriateness of the accounting policies adopted by City of London Corporation 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? | Accounting policies are reviewed as part of the preparation of the accounts. No changes have been made in 2024/25. |
| 3. Is there any use of financial instruments, including derivatives? If so, please explain | The Pension Fund monies are invested with fund managers within different asset classes such as equity, multi asset, corporate bonds, private equity and infrastructure. |
| 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 | No |
| 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 City of London Corporation Pension Fund during the year. Please indicate where they are working on open litigation or contingencies from prior years? | No external solicitors are used by the Pension Fund. |

General Enquiries of Management

| Question | Management response |
|--|---|
| 9. Have any of the City of London Corporation 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? | The Pension Fund has Mercer as its Investment Consultant. Mercer provide general advice around the investments of the fund, state of the market etc. Barnett Waddingham are the Pension Fund Actuary. |
| 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 | Assessment of expected credit losses are made on all non-statutory account debtors as per the requirements. Provision are made based on backward and forward looking factors. |

Fraud

Matters in relation to fraud

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

The primary responsibility to prevent and detect fraud rests with both the Audit and Risk Committee and management. Management, with the oversight of the Audit and Risk 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 Audit and Risk Committee should consider the potential for override of controls and inappropriate influence over the financial reporting process.

The City of London Corporation Pension Fund's external auditor, are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. They are required to maintain professional scepticism throughout the audit, consider the potential for management override of controls.

As part of the auditor's audit risk assessment procedures, they 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 Audit and Risk Committee regarding its processes for identifying and responding to risks of fraud, and
- communication to employees regarding business practices and ethical behaviour.

The auditors need to understand how the Audit and Risk Committee oversees the above processes. They are also required to make inquiries of both management and the Audit and Risk Committee as to their knowledge of any actual, suspected or alleged fraud. These areas have been set out in the fraud risk assessment questions together with the City of London Corporation Pension Fund's management responses.

Fraud risk assessment

| Question | Management response |
|---|--|
| <p>1. Has City of London Corporation Pension Fund assessed the risk of material misstatement in the financial statements due to fraud?</p> <p>How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?</p> <p>How do the City of London Corporation Pension Fund's risk management processes link to financial reporting?</p> | <p>Reliance is placed on the controls in place to prevent fraud e.g. systems/processes/financial monitoring/procurement practice etc and any concerns would be flagged to the Chamberlain and Audit and Risk committee, which would be factored into the financial statements preparation.</p> <p>Any actual or suspected fraud cases are recorded on the INCASE 365 system.</p> |
| 2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud? | See response to Question 5 below. |
| 3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within City of London Corporation Pension Fund as a whole, or within specific departments since 1 April 2023? If so, please provide details | See response to Question 5 below. |

Fraud risk assessment

| Question | Management response |
|--|---|
| 4. As a management team, how do you communicate risk issues (including fraud) to those charged with governance? | <p>Biannual counter fraud and investigation reports delivered to the Audit & Risk Management Committee.</p> <p>Corporate risk report as standard item at each meeting of the Audit & Risk Management Committee.</p> |
| <p>5. Have you identified any specific fraud risks? If so, please provide details</p> <p>Do you have any concerns there are areas that are at risk of fraud?</p> <p>Are there particular locations within City of London Corporation Pension Fund where fraud is more likely to occur?</p> | <p>Yes – those areas where there is an inherent risk of fraud, despite having a sound control framework, the risks of human fraud or error can still exist</p> <ul style="list-style-type: none"> • Continued payment of pensions following death • Over payment of pensions • Scammers targeting scheme members to persuade them to transfer their benefits to other arrangements that may be unusual or high risk or allow the scammers to steal the funds outright. <p>No</p> |
| 6. What processes do City of London Corporation Pension Fund have in place to identify and respond to risks of fraud? | <p>Fraud risks are considered as part of each internal audit assignment, with appropriate testing undertaken to assess the scale of the fraud risks in that service.</p> <p>Internal Audit's counter fraud team consider fraud risks as part of corporate fraud investigation activity and these are reported as appropriate to management, with recommendations made as appropriate to improve the control framework.</p> |

Fraud risk assessment

| Question | Management response |
|--|---|
| <p>7. How do you assess the overall control environment for City of London Corporation Pension Fund, including:</p> <ul style="list-style-type: none"> the existence of internal controls, including segregation of duties; and the process for reviewing the effectiveness the system of internal control? <p>If internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>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</p> | <p>Delivery of a programme of Internal Audit work, this incorporates assurance work reviewing controls within key financial systems as well as a risk based programme of activity (the approach to the latter still focusses on the adequacy of the Internal Control environment). Segregation of duties is built into many of our existing processes, often driven/enforced by the design and implementation of our IT systems.</p> <p>The review of the effectiveness of the system of internal control is based upon review and analysis of completed Internal Audit work and other relevant information that the Head of Internal Audit becomes aware of, this is a judgement/opinion based assessment so does not follow a specific process.</p> <p>Refer to Head of Internal Audit Annual Opinion report to Audit and Risk Management Committee to identify risk areas from absent/weak internal controls. Mitigating actions are usually to implement /improve the controls identified as weak.</p> <p>There is always the potential for override or inappropriate influence, some of the City Corporation's financial arrangements are complicated and not necessarily transparent, that said, Internal Audit work has not identified any specific instances.</p> |
| <p>8. Are there any areas where there is potential for misreporting? If so, please provide details</p> | <p>Not to my knowledge.</p> |

Fraud risk assessment

| Question | Management response |
|---|--|
| <p>9. How does City of London Corporation Pension Fund communicate and encourage ethical behaviours and business processes of it's staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud? Have any significant issues been reported? If so, please provide details</p> | <p>Both the Corporate Anti-Fraud & Corruption Strategy and the Whistleblowing Policy provide confidential routes for staff to report any fraud concerns to the Internal Audit & Counter Fraud division for consideration of further investigation.</p> <p>A mandatory fraud awareness eLearning package is in place to raise staff awareness of fraud risks and acts as a reminder to staff about what risks they need to report. This eLearning is repeated periodically for staff employed in high fraud risk areas, such as housing, benefits, accounts payable etc.</p> <p>Staff are encouraged to report any concerns they may have, these are triaged by the Internal Audit & Counter Fraud division upon receipt with appropriate action taken.</p> |
| <p>10. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p> | <p>Posts where there is an inherent risk of fraud through misappropriation of funds or the Pension Fund's assets. These include, pensions administration, cashiers and investments.</p> <p>Staff in high risk posts are required to submit a declaration of interest return on an annual basis to their Chief Officer, any third party interests are considered on the basis of the risks posed and appropriate safeguards put in place.</p> <p>The mandatory fraud awareness eLearning training is repeated periodically for staff employed in high fraud risk posts.</p> |
| <p>11. Are you aware of any related party relationships or transactions that could give rise to instances of fraud? If so, please provide details</p> <p>How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p> | <p>No</p> <p>Self declaration of conflicts of interests/ third party interests expected to be reported by officers and Members.</p> <p>The City utilises the NFI AppCheck as part of its recruitment checks to see if staff have a third party interest (recorded within NFI data) that may impact their duties at CoL. Scope exists to use AppCheck periodically for high risk posts, but not known if this is being done holistically at present. Testing through the NFI biennial exercise – employees to Companies House data matching, The CoL is signed up to the NFI fraud hub, meaning more regular data matching of staff data to Companies House data.</p> |

Fraud risk assessment

| Question | Management response |
|---|--|
| <p>12. What arrangements are in place to report fraud issues and risks to the Audit Committee?</p> <p>How does the Audit Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control?</p> <p>What has been the outcome of these arrangements so far this year?</p> | <p>The Audit & Risk Management Committee (ARMC) receive an annual counter fraud & investigation report to its July 2025 committee and a half yearly report to its November committee.</p> <p>Regular updates on follow up work and have the power to hold officers to account, through calling management to committee to explain why recs not implemented.</p> <p>Overall arrangement for reporting and responding to recs has been positive and not required further intervention by ARMC.</p> |
| <p>13. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?</p> | <p>No.</p> |
| <p>14. Have any reports been made under the Bribery Act? If so, please provide details</p> | <p>No.</p> |

Law and regulations

Matters in relation to laws and regulations

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

Management, with the oversight of the Audit and Risk Committee, is responsible for ensuring that City of London Corporation Pension Fund's operations are conducted in accordance with laws and regulations, including those that determine amounts in the financial statements.

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

The auditors risk assessment questions have been set out below together with managements responses.

Impact of laws and regulations

| Question | Management response |
|--|---|
| <p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p> <p>What arrangements does City of London Corporation Pension Fund have in place to prevent and detect non-compliance with laws and regulations?</p> <p>Are you aware of any changes to the City of London Corporation Pension Fund's regulatory environment that may have a significant impact on the City of London Corporation Pension Fund's financial statements?</p> | <p>Through Management and Committee reporting arrangements.</p> <p>Keep relevant laws and regulations under review – focus on changes in liaison with Comptroller and City Solicitor's department. The Comptroller and City Solicitor, is responsible for providing all legal services required by the City of London. This includes providing legal advice to the Pension Fund.</p> <p>No, the 'McCloud Remedy' regulations were implemented with effect from 1 October 2023, however these have had no noticeable effect on the 2024/25 accounts.</p> |
| 2. How is the Audit Committee provided with assurance that all relevant laws and regulations have been complied with? | See corporate risk management procedure. |
| 3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2024 with an on-going impact on the 2024/25 financial statements? If so, please provide details | No. |
| 4. Are there any actual or potential litigation or claims that would affect the financial statements? If so, please provide details | No. |

Impact of laws and regulations

| Question | Management response |
|--|--|
| 5. What arrangements does City of London Corporation Pension Fund have in place to identify, evaluate and account for litigation or claims? | Management and insurance arrangements - see annual governance statement. |
| 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, not that we are aware. |

City of London

Related Parties

Matters in relation to Related Parties

City of London Corporation 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 City of London Corporation Pension Fund;
- associates;
- joint ventures;
- a body that has an interest in the authority that gives it significant influence over the Authority;
- 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 Authority, or of any body that is a related party of the Authority.

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 Authority's perspective but material from a related party viewpoint then the Authority must disclose it.

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

Related Parties

| Question | Management response |
|--|--|
| <p>1. Have there been any changes in the related parties including those disclosed in City of London Corporation Pension Fund's 2024/25 financial statements?</p> <p>If so please summarise:</p> <ul style="list-style-type: none"> • the nature of the relationship between these related parties and City of London Corporation Pension Fund • Whether City of London Corporation Pension Fund has entered into or plans to enter into any transactions with these related parties • the type and purpose of these transactions | <p>Members have agreed to disclose all related party transactions of £10k to ensure transparency so our disclosures go above the strict accounting requirement. The disclosure in the accounts makes clear the movements from the previous year.</p> |
| <p>2. What controls does City of London Corporation Pension Fund have in place to identify, account for and disclose related party transactions and relationships?</p> | <p>Members are required to complete these disclosures as part of their role. Related parties linked to roles obtained through the Corporation are included by default.</p> |
| <p>3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?</p> | <p>The Corporation does not operate single member decision making so all decisions are routed through the committee system. All procurement activity follows procurement rules which would usually result in a tender or approved framework being utilised with a transparent selection process.</p> |
| <p>4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?</p> | <p>Whilst delegation limits are in place for Officers to action transactions most if not all significant transactions would be routed through a committee process. An audit trail of approvals will be required in order for payments to be processed.</p> |

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 public sector 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 the City of London Corporation Pension Fund will no longer continue? | The Pension Fund undergoes a triennial valuation to set the employer contribution rates for the following three years. Each year an IAS 19 and IAS26 is produced as are FRS102 (for some of the admitted bodies). |
| 2. Are management aware of any factors which may mean for the City of London Corporation 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? | No. |
| 3. With regard to the statutory services currently provided by City of London Corporation Pension Fund, does City of London Corporation 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 the City of London Corporation Pension Fund to cease to exist? | The City of London Pension Fund is a local government pension scheme and is governed by regulations. There are no plans for it to “cease to exist”. The administration of the Pension Fund will continue to be provided in house. |
| 4. Are management satisfied that the financial reporting framework permits City of London Corporation 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? | Yes. Yes. |

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 Audit and Risk 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, management would ask the Audit and Risk 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? | These are disclosed in the accounts. |
| 2. How does the City of London Corporation Pension Fund risk management process identify and address risks relating to accounting estimates? | This is disclosed in the accounts under Critical Judgements in apply accounting policies and Assumptions about other major sources of estimation uncertainty. |
| 3. How does management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates? | This is mainly driven by technical reporting requirements (IAS19, IAS26 and FRS 102) which are undertaken by the actuary (Barnett Waddingham). |
| 4. How do management review the outcomes of previous accounting estimates? | Many of these areas are constantly evolving and therefore these estimates only reflect a point in time. Previous years values form the starting point against current year estimates will be measured. See also Question 3 above. |
| 5. Were any changes made to the estimation processes in 2024/25 and, if so, what was the reason for these? | No. |

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? | These are largely focused on the key areas of estimation which are material to the accounts requiring specialist training in making assessment (e.g. property and actuarial valuations) or where access to specialist knowledge provides support and advice when linking into the estimations process (e.g. NNDR provisions) Actuarial valuations must be undertaken by an actuary – for the City of London Pension Fund, the actuary is Barnett Waddingham. |
| 7. How does the City of London Corporation Pension Fund determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts? | The pension valuations are largely formulaic, but we do ensure that significant movements between years are understood. At the triennial valuation, the draft valuation is subject to review and challenge by officers and a small group of Members. |
| 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? | See Question 7 above. |
| 9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including: <ul style="list-style-type: none"> - Management's process for making significant accounting estimates - The methods and models used - The resultant accounting estimates included in the financial statements. | See Question 7 above. Actuary Actuary Accounting policies |

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? | These are established processes which are supported by external advice adhering to professional standards. |
| 12. How is the audit and risk committee provided with assurance that the arrangements for accounting estimates are adequate ? | The Audit & Risk Committee are aware of any prior audit issues raised with accounting and are informed of changes made to address these issues. Briefing sessions are held on the accounts prior to sign off which can enable Members (within and outside of the committee) to challenge the approach to any aspect of the accounts. Member appoint senior staff within Chamberlain's with appropriate skills and qualifications to provide the relevant assurance around the statement of accounts. The Audit & Risk committee also maintains 2 independent members with appropriate skills and experience to provide challenge to all element of the Audit & Risk Committee remit including the approval of the statement of accounts. |

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? |
|-------------------------------------|--|---|--|---|---|
| Actuarial PV of Retirement Benefits | Estimation of the net liability to pay pensions depend on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. | Underlying data is provided by CoL, estimates are reviewed and challenged once provided by Actuary. | Yes, Barnett Waddingham | There is a degree of uncertainty involved due to the long-term nature of pension liability. | No |
| Level 2 investments | The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS13. For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016). | Underlying data provided by Fund Manager and Custodian. CoL challenge any variances between Custodian and Fund Managers values. | Fund Manager/Custodian | Degree of uncertainty is low as market values are provided by Fund Manager/Custodian, potential differences arise from different foreign exchange rates used (i.e. rounding of decimal places) and whether values have been taken as at MID pricing or BID pricing. | No |
| Level 3 investments | As above for Infrastructure (IFM) and Property. For Private Equity and Infrastructure (DIF), this is determined by using latest available data and calculated using the latest available market values (31 December, in most cases) and adjusted for cash flow and foreign exchange movements occurring during the period. | Underlying data provided by Fund Manager. The adjustments used for cashflows are reconciled on a quarterly basis. | Fund Manager/Custodian | There is a degree of uncertainty involved due to the adjustment for cash flow and foreign exchange movement. | No |
| Contribution Accruals | Normal contributions, both from members and employers, are accounted for in the payroll month to which they relate at rates as specified in the rates and adjustments certificate. | N/A, no estimates used | No | Contributions are as per sent by employers/members per rates and adjustment certificates | No |