



CORPORATE GOVERNANCE COMMITTEE – 23 JUNE 2025

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

PENSION FUND EXTERNAL AUDIT PLAN 2024/25

Purpose

1. To present the external Audit Plan for the 2024/25 Leicestershire Pension Fund accounts.

External Audit Plan 2024/25

2. A copy of the Audit Plan for the Pension Fund is attached as Appendix A. The Audit Plan for the County Council was presented to the Committee in March 2025.
3. The Audit Plan provides an overview of the planned scope and timing of the external audit.
4. Representatives from the Council's external auditors, Grant Thornton UK LLP, will attend the meeting in order to present the plan and answer any questions.
5. The significant risks identified by the external auditor for 2024/25 are summarised below: (mainly the same as in 2023/24)
 - Management override of controls – review of management controls over journals, accounting estimates and accounting policies.
 - Risk of fraud – review of business processes, accounting policies, and systems for recognition of income and expenditure.
 - Valuation of level 3 investments – review of the nature and basis of estimates used.
 - Valuation of directly held property – review of the valuation process and estimates used.
6. The headline materiality level for the audit opinion for the Pension Fund is £91.8m (£69m 2023/24), which equates to 1.44% of gross investment assets as at 31 March 2024. A separate limit of £27m (£25m 2023/24) applies to the Fund Account transactions, except for investment transactions, for which the headline materiality is applied.

7. ISA 315 requires the auditor to obtain an understanding of the IT infrastructure used by the Pension Fund including details of the processes that operate within the IT environment. The auditor will undertake a design effectiveness review of the accounting system (Oracle Fusion), the Pensions Administration System (Altair) and the pension data reporting system (Insights). A detailed IT audit of Oracle Fusion was undertaken as part of the 2023/24 audit, no significant issues were reported.
8. The detailed external audit work is planned to be carried out between July 2025 and September 2025 with the final audit opinion to be reported to this Committee by December 2025.
9. The proposed fee for the 2024/25 external audit is £98,470 (£95,123 in 2023/24). The 2024/25 audit is the second year of the five year contract that started in 2023/24. A contract update was provided to the Committee in September 2023 confirming that the Council and its Pension Fund had opted in to the Public Sector Auditor Appointments (PSAA) national scheme to appoint an external auditor.
10. Presentation of the Audit Plan to this Committee contributes towards the effective two-way communication between auditors and the Council's Corporate Governance Committee, as 'those charged with governance'.

Production of Financial Statements 2024/25

11. The draft financial accounts for the Pension Fund are underway and are planned to be completed by the end of June 2025 in line with the Accounts and Audit regulations.

Recommendation

12. The Committee is asked to note the attached reports and to provide any comments.

Equality and Human Rights Implications

13. None.

Circulation Under the Local Issues Alert Procedure

14. None.

Background Papers

15. Report to the Corporate Governance Committee – 31 March 2025: (LCC) External Audit Plan 2024-25
<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=434&MId=7960&Ver=4>
16. Report to the Corporate Governance Committee – 24 January 2025: External Audit of the 2023/24 Statement of Accounts, Annual Governance Statement and Pension Fund Accounts
<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=434&MId=7959&Ver=4>

17. Report to the Corporate Governance Committee – 6 December 2024: External Audit of the 2023/24 Statement of Accounts, Annual Governance Statement and Pension Fund Accounts (Appendix A – Auditors Annual Report 2023/24 [VFM review])
<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=434&MId=7724&Ver=4>
18. Report to the Corporate Governance Committee – 22 September 2023: Update on Audit Delays and PSAA Consultation on 2023/24 Audit Fees
<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=434&MId=7130&Ver=4>

Appendices:

Appendix A – External Audit Plan (Pension Fund)

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