

Interim Audit Findings (ISA 260) Report for Leicestershire County Council Pension Fund

Year ended 31 March 2025

November 2025



Leicestershire County Council Pension Fund
County Hall
Glenfield
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LE3 8RA

13 November 2025

Dear Members of the Corporate Governance Committee

Audit Findings for Leicestershire County Council Pension Fund for the 31 March 2025

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process and confirmation of auditor independence, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management and are being presented to the Corporate Governance Committee.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to manage risk, quality and internal control particularly through our Quality Management Approach. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at [transparency-report-2024-.pdf](#). PSAA also publish quarterly quality monitoring reports which can be found at [Quarterly quality monitoring reports – PSAA](#).

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

Grant Patterson

Grant Patterson

Director

For Grant Thornton UK LLP

Chartered Accountants

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Headlines and status of the audit

Headlines

Financial statements

Introduction

These are the key findings and other matters arising from the statutory audit of Leicestershire County Pension Fund (the 'Pension Fund') and the preparation of the Pension Fund's financial statements for the year ended 31 March 2025 for the attention of the Corporate Governance Committee as those charged with governance.

ISA Requirements

Under the National Audit Office (NAO) Code of Audit Practice (the 'Code'), we are required to report whether, in our opinion:

- the Pension Fund's financial statements give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2025 and of the amount and disposition at that date of the fund's assets and liabilities, other than liabilities to pay promised retirement benefits after the end of the fund year; and,
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

Audit Work

Our audit work was primarily completed during June-August. Our findings are summarised on pages 15 to 27. We will be presenting this Audit Findings Report (AFR) to the Corporate Governance Committee on 24 November 2025.

We have not identified any adjustments to the financial statements that impact upon the Pension Fund's reported financial position.

We have identified:

- a £5.95m unadjusted difference in the valuation of the Fund's investments disclosed in the financial statements at 31 March 2025 and the valuation statements received from the third-party investment managers. We recognise this is primarily driven by timing differences on closing down the financial statements and receipt of these valuation statements, and
- there is one unadjusted difference of £3.99m from the prior year, where accrued investment income was overstated, which when reversed in 2024/25 means investment income in 2024/25 is understated by the same value. There is no impact upon the year end net asset position of the fund.

Cumulatively, we are satisfied that the differences will not impact decisions made by users of the accounts and management are proposing not to amend the financial statements on the basis that the differences are not material both quantitatively and qualitatively. The Corporate Governance Committee will be asked to confirm their agreement to this through the Letter of Representation

We have identified a small number of classification and disclosure changes. The disclosure amendments have no impact on the value of assets available to the Fund. These and the unadjusted differences are detailed on pages 34 to 37.

No significant deficiencies have been identified for which we are required to raise recommendations for management as a result of our audit work this year. Our follow up of recommendations from the prior year's audit are detailed on pages 38 to 40.

Continued overleaf

Headlines

Financial statements

Audit Work - continued

We have concluded that the other information to be published with the financial statements is consistent with our knowledge of your organisation and the financial statements we have audited.

Our anticipated opinion on the financial statements will be unmodified.

Whilst our work on the Pension Fund financial statements is substantially complete, we will be unable to issue our final audit opinion on the Pension Fund financial statements until the audit of the Administering Authority is complete.

We are also required to give a separate statement for the Pension Fund Annual Report on whether the financial statements included therein are consistent with the audited financial statements.

We propose to issue our 'consistency' statement on the Pension Fund's Annual Report at the same time as we issue our final audit opinion on the Pension Fund financial statement as noted above. The statutory deadline for the Pension Fund Annual Report to be published is 1 December 2025. If this is before the Council audit is completed the Fund will need to publish its Annual Report without our consistency report but with an explanation for the delay on its website.

We do note that whilst an opinion on the administering authority's financial statements can be issued by their auditor the formal certificate confirming completion of the audit of the administering authority cannot be given until their work on Whole of Government Accounts, any objections (if received) and our work on the Annual Report has been completed.

Headlines - status of the audit

Our work is substantially complete and there are currently no matters of which we are aware that would require modification of our audit opinion, subject to the outstanding matters detailed below.



L3 investments – we have undertaken audit procedures on a number of investment assets held by LGPS Central. No issues have been identified as part of that work. However, audited accounts as at 31 March 2025 have now been received. This is considered new information in respect of the position as at 31 March 2025 and we are in the process of considering if it impacts upon our current conclusions.



- Completion of our work on directly held (investment) property
- Completion of procedures regarding subsequent events
- Completion of our work regarding litigation and claims
- Receipt of management representation letter
- Review of the final set of financial statements
- Senior engagement team review

Status:

- Significant elements outstanding – high risk of material adjustment or significant change to disclosures within the financial statements
- Some elements outstanding – moderate risk of material adjustment or significant change to disclosures within the financial statements
- Not considered likely to lead to material adjustment or significant change to disclosures within the financial statements

Subject to satisfactory completion of the points opposite, we anticipate issuing an unqualified audit opinion and unqualified consistency opinion.

For Leicestershire County Pension Fund, the Corporate Governance Committee is formerly those charged with governance i.e. it considers the draft financial statements and is part of the overall member oversight process and approves adoption and publication of the financial statements.

Drafts of our anticipated opinion and the management representation letter are separate items on the Agenda for consideration by the Corporate Governance Committee.

Headlines – local and national context

Administration and Governance

The net assets of the Leicestershire County Council Pension Fund as at the end of March 2025 amounted to £6,697.6m (31 March 2024: £6,391.5m).

The total membership of the Leicestershire County Council Pension Fund (the ‘Fund’) was c. 109,000 people as at the end of March 2025. Of this number around one third are active employees who still contribute to the scheme. In total, there were 195 active employers covered by the Fund at the end of March 2025.

The Fund has continued to work through the processes for connecting to the Pensions Dashboard ecosystem. On 1 October Leicestershire’s ISP live connection was successfully submitted and went live on the public sector staging date of 31 October 2025. The service itself will not be released to the general public until a later date. Schemes will be given at least 6 months notice before the public go-live date.

The Fund has continued to implement the McCloud remedy. The implementation period was due to end on 31 August 2025 but the Fund has taken the discretionary option to extend this to 31 August 2026 for members where a rectification calculation needs to be undertaken.

We have received requests from employer body auditors to undertake work on the accuracy and completeness of the information provided to the actuary as part of the 2024/25 IAS 19 valuation process. We have completed sufficient work such that these assurances have now been provided.

Investments and Funding

The 2022 triennial valuation was undertaken by Hymans Robertson, and showed that the Fund had assets sufficient to cover 105% of the accrued liabilities as at 31 March 2022. In a report to the Pensions Committee in September the actuary indicated that early indications from the 2025 valuation was that the Fund the Fund had assets sufficient to cover 140% of the accrued liabilities as at 31 March 2025.

At the end of May 2025 the Government published its response to the ‘Fit for the Future’ consultation. Its key proposals include:

- **reforming asset pooling** - transferring all assets to the management of the pool alongside taking principal investment advice from the pool and delegating implementation of the investment strategy to the pool,
- **boosting investment in local areas and regions** - setting out the approach to local investment in the Investment Strategy Statement and working with relevant Strategic Authorities to identify suitable local investment opportunities, and
- **strengthening the governance of LGPS Administering Authorities and LGPS pools** - undertaking an independent governance review once in every three-year period, have an independent advisor without voting rights, rather than an independent member of a committee and prepare strategies on governance, knowledge and training and administration.

The minimum standards for pooling and the independent governance review are being introduced in the Pension Schemes Bill which has just entered the Report Stage in Parliament. Subsequent regulations and statutory guidance will provide further detail on implementation of all the new requirements.

The Fund is in the LGPS Central pool and is advancing with pooling. At 31 March 2024 40.4% of assets were under direct pool management and this has increased slightly to 42.4% at 31 March 2025. The government is seeking 100% to be under pool management by 31 March 2026. The Fund notes that it has £1.1bn worth of passive equities which are invested in a low cost collectively pooled vehicle. If these are taken together as at 31 March 2025 it considers that 59% of its assets could be defined as pooled. We will track progress against this and the other proposals once regulations and guidance are finalised.

Financial statements

Financial statements

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance and the Local Pensions Committee to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the NAO Code of Audit Practice (the 'Code'). Its contents have been discussed with management and will be presented to the Corporate Governance Committee.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

For Leicestershire County Pension Fund, the Corporate Governance Committee is formerly those charged with governance i.e. it considers the draft financial statements and is part of the overall member oversight process and approves adoption and publication of the financial statements. There is a separate Local Pensions Committee (LPC) which has responsibility for management of the Pension Fund including review of the Pension Fund Annual Report. The Investment Sub-Committee is responsible for appointing and monitoring the performance of Fund Managers. (These responsibilities are also exercised by the LPC).

Audit approach

Our audit approach was based on a thorough understanding of the Pension Fund's business and is risk based, and in particular included:

- an evaluation of the Pension Fund's internal controls environment, including its IT systems and controls; and
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks.

In the Audit Plan presented to the Corporate Governance Committee on 23 June 2025, based on the prior year's financial statements, we identified the valuation of Directly Held Property as a significant risk, primarily due to its expected value and the sensitivity of the estimate to changes in key assumptions.

Upon receipt of the draft 2024/25 financial statements we noted that Directly Held Property was valued at £90.4 million, which is below our headline materiality threshold of £91.8 million. However, audit procedures are guided by a lower threshold known as Performance Materiality. As the value of Directly Held Property exceeds this level, audit testing has been performed on the balance. However, as reported as part of progress report to September 2025 Corporate Governance Committee we revised our risk assessment and are not treating the balance as a significant risk.

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Corporate Governance Committee meeting on 24 November 2025 and the completion of the administering authority's audit.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff.

Materiality

Our approach to materiality

As communicated in our Audit Plan dated June 2025, we determined headline materiality at the planning stage as £91.8m based on 1.44% of Gross Investment Assets as at 31 March 2024 (prior year). Upon receipt of draft financial statements for the year ended 31 March 2025, we have reconsidered the headline materiality level calculated at planning and decided not to change. A recap of our approach to determining materiality is set out below.

Basis for our determination of materiality

- We have determined materiality at £91.8m based on professional judgement in the context of our knowledge of the Fund, including consideration of factors such as stakeholder expectations, industry developments, financial stability and reporting requirements for the financial statements.
- We used 1.44% of gross investment assets as at 31 March 2024 as the benchmark for our materiality. This now represents as a benchmark 1.37% of gross investment assets at 31 March 2025.
- The benchmark percentage applied has increased from 1.20% in the prior period audit, to 1.37%, based on the following factors:
 - The Fund's portfolio being primarily Level 1 and Level 2 assets, for which market data is available for audit purposes.
 - Prior period experience noted limited findings with no adjusted or unadjusted misstatements raised in relation to the net assets statement.
 - It is still below our maximum benchmark of 2%.

Performance materiality

- We have determined performance materiality at £68.8m, this is based on 75% of headline materiality. We have not had to revise performance materiality from the planned level.

Specific materiality for the Fund Account

- We have determined a lower separate materiality for the fund account at £27m, this is based on 10% of gross expenditure (in the fund account) as at March 2024. The lower specific materiality for the fund account will be applied to the audit of all fund account transactions, except for investment transactions, for which headline materiality will be applied.
- Similarly to our headline materiality we have reconsidered this based upon the draft financial statements. Whilst using the same benchmark would lead to an increased materiality of £31m we have noted that a large proportion of increased expenditure is linked to commutation and lump sums which can be considered one-off in nature. We have therefore decided not to change the materiality calculated. This now represents as a benchmark 8.6% of gross expenditure (in the fund account) as at March 2025 which is still within our expected range of 5-10%.

Reporting threshold

- We will report to you all misstatements identified in excess of £4.5m, in addition to any matters considered to be qualitatively material.

Our approach to materiality (continued)

A summary of our approach to determining materiality is set out below.

Description	Amount (£)	Qualitative factors considered
Materiality for the financial statements	91,800,000	Headline Materiality used equates to 1.37% of your gross investment assets as at 31 March 2025. We deemed this to be a level above which errors or omissions would alter the economic decisions of users of the accounts. Given the transparency of reporting and risks at the Fund we could have moved to a higher benchmark of 1.75% but we have capped this at a lower level in order to be able to provide appropriate assurances to employer body auditors to support their work under IAS 19. The Fund’s portfolio is primarily cash and Level 1 and Level 2 assets, for which market data is available for audit purposes. Prior period experience noted limited findings with no significant adjusted or unadjusted misstatements raised in relation to the net assets statement.
Performance materiality	68,800,000	Performance Materiality is based on a percentage (75%) of the overall materiality. . In determining the 75% measurement percentage, we considered the relatively low number of prior-year control recommendations, misstatements and the control environment among other factors.
Specific materiality for the fund account	27,000,000	The contribution and benefit structures of the Fund are laid out within statute and through the actuary’s triennial valuation report. Information is available and the overall audit approach required is not complex. Materiality for the Fund Account for planning equates to 8.6% of gross expenditure (in the fund account) as at 31 March 2025.
Specific performance materiality for the fund account	20,250,000	Performance Materiality for the Fund Account equates to 75% of the Specific Materiality for the Fund Account.
Trivial matters - reporting threshold	4,500,000	Trivial threshold is based on a percentage (5%) of the overall materiality. No issues noted in prior year and no significant change in business processes or control environment.

Overview of audit risks

Overview of audit risks

Significant risks are defined by ISAs (UK) as an identified risk of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum due to the degree to which risk factors affect the combination of the likelihood of a misstatement occurring and the magnitude of the potential misstatement if that misstatement occurs.

- Significant classes of transactions, account balances, and disclosures, are associated with risks of material misstatement but are not always significant risks (SCOT+).
- Material only are material financial statement line items not associated with risks of material misstatement.
- Other audit risks are accounts that are not associated with any SCOT + or with a material only financial statement line item or disclosure.

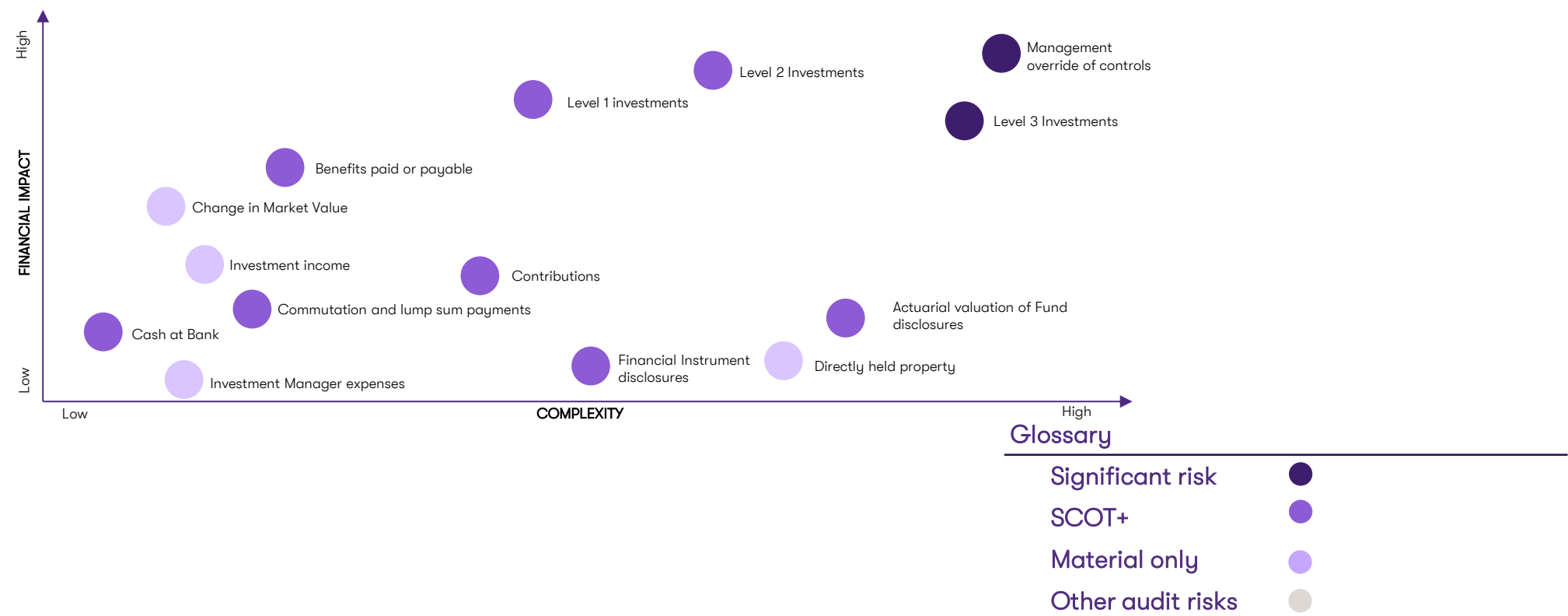
In the graph overleaf, we have presented the, significant risks, SCOT+, and material only and other risks relevant to the audit.



Overview of audit risks

In the graph below, we have presented our judgments in respect of the significant risks, SCOT+, and material only and other risks relevant to the audit.

As noted on Page 11 the one significant change our audit risk assessment communicated in our audit plan is to reassess directly held property as material only rather than a significant risk.



Overview of audit risks

Risk title	Risk level	Change in risk since Audit Plan	Fraud risk	Level of judgement or estimation uncertainty	Status of work
Management override of controls	Significant	↔	✓	Low	● [Green]
Valuation of Level 3 Investments	Significant	↔	✗	High	● [Amber]
Directly held property	Material only	↓	✗	Low	● [Green]
Valuation of Level 1 Investments	SCOT+	↔	✗	Low	● [Green]
Valuation of Level 2 Investments	SCOT+	↔	✗	Low	● [Green]
Actuarial Present Value of Promised Retirement Benefits disclosure – IAS 26	SCOT+	↔	✗	Medium	● [Green]
Cash and cash equivalents	SCOT+	↔	✗	Low	● [Green]
Benefits payable	SCOT+	↔	✗	Low	● [Green]
Contributions receivable	SCOT+	↔	✗	Low	● [Green]
Financial instrument disclosures	SCOT+	↔	✗	Low	● [Green]

Glossary

- ↑

Assessed risk increased since audit plan
- ↔

Assessed risk consistent with audit plan
- ↓

Assessed risk decrease since audit plan
- Not likely to result in material adjustment or change to disclosures within the financial statements
- Potential to result in material adjustment or significant change to disclosures within the financial statements
- Likely to result in material adjustment or significant changes to disclosures within the financial statements

Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement. This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risk identified	Audit procedures performed	Key observations
Management override of controls In accordance with ISA (UK) 240, we have identified a risk of fraud in respect of management override of controls. The Fund faces external scrutiny of its spending and stewardship of assets, and this could potentially place management under undue pressure in terms of how they report performance. We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.	As part of our audit procedures, we have: 1. Evaluated the design and implementation of relevant controls around the financial reporting process. 2. Challenged management’s key accounting estimates, judgements and decisions; considering whether these judgements and estimates are individually or cumulatively indicative of management bias. 3. Made inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity. 4. Used our data analytic software (‘Inflo’) to interrogate journal entries, with particular focus on those journal entries that made material post year end adjustments or exhibited unusual characteristics such as journals with unusual posting combinations, journals that appeared to be ‘instructed’, were back-posted or journals that were posted by unusual or unexpected users. Journal entries identified as high risk were then tested to supporting documentation. 5. As noted on Page 27 we have factored deficiencies identified by our IT team into our planned work. 6. Gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness.	We have noted no material adjustments or findings in relation to management override of controls. We are satisfied that judgements made by management are appropriate and have been determined using consistent methodology. Having assessed management judgements and estimates individually and in aggregate we are satisfied that there is no material misstatement arising from management bias across the financial statements.

Significant

Significant risks (continued)

Risk identified	Audit procedures performed	Key observations
Valuation of level 3 investments The valuations of level 3 investments are based on unobservable inputs and hence there is a risk of material misstatement due to error and/or fraud. Significant Relevant assertion(s) Valuation, Existence Applicable assertion(s) Rights & Obligations, Presentation Planned level of control reliance None	As part of our audit procedures, we have: 1. Evaluated the design and implementation of relevant controls of management’s process for valuing Level 3 investments and performed a walkthrough to confirm that controls are implemented as designed. 2. Challenged management’s valuation (for a sample – where applicable) of the investments through: a) Comparing the valuation to purchase and sale transactions of the investment near the reporting date where appropriate. b) Reviewing the audited financial statements of the investment accounts. Where there were different reporting dates, we carried out ‘look back tests’ to gain assurance on the valuation methods of the investment manager, comparing audit accounts to capital statements and then considering cashflows to year end (and indices where appropriate). c) Reviewing the corresponding independently sourced capital statement at 31 March 2025. 3. Reviewed the guidelines under which the investment has been valued at the date of the investment accounts and the Fund accounts. 4. Reviewed and challenged, where necessary, management’s classification of the assets. 5. Obtained and reviewed investment manager service auditor reports on design and operating effectiveness of internal controls where appropriate. 6. Completed sample testing of purchases and sales to prime documentation across the period to support out reconciliation of the opening and closing balances.	Our audit work identified that the actual value of level 3 investments as at 31 March 2025 were factually overstated by £5.491m due to timing delays of receipt of March valuations from Fund managers. For the untested population this would extrapolate to a further £0.454m overstatement. This is largely attributed to timing differences as a result of final capital statements not being available when the Pension Fund’s draft accounts were being compiled. Timing differences such as this are not unusual within Pension Funds. The difference is 0.08% of total investment assets and less than 15% of our performance materiality. Further information can be found on pages 23 and 24. Management has determined not to amend the Pension Fund’s Statement of Accounts on the basis that the difference is not materially quantitatively or qualitatively to readers of the accounts. The Corporate Governance Committee will be asked to confirm their agreement through the reporting of this Audit Findings Report and the Letter of Representation. Our work is substantially complete; outstanding procedures are detailed on page 8. We are satisfied that judgements made by management are appropriate and the valuations have been determined using consistent methodology.

Rebuttal of presumed risks

Risk	Risk relates to	Audit team’s assessment	Final audit procedures
The revenue cycle includes fraudulent transactions	Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue	We have identified and completed a risk assessment of all revenue streams for the Fund. We have rebutted the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue streams, because: • there is little incentive to manipulate revenue recognition; • opportunities to manipulate revenue recognition are very limited; and • the culture and ethical frameworks of public sector bodies, including the administration authority, Leicestershire County Council, and the Fund, mean that all forms of fraud are seen as unacceptable. Therefore, we do not consider this to be a significant risk for the Pension Fund.	At planning we did not consider this to be a significant risk for the Fund and that standard audit procedures would be carried out. We have continued to review this rebuttal throughout the audit to ensure this judgement remains appropriate and are satisfied that it does.
The expenditure cycle includes fraudulent transactions	Practice Note 10 (PN10) states that as most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition. As a result under PN10, there is a requirement to consider the risk that expenditure may be misstated due to the improper recognition of expenditure.	We have identified and completed a risk assessment of all expenditure streams for the Fund. We have considered the risk that expenditure may be misstated due to the improper recognition of expenditure for all expenditure streams and concluded that there is not a significant risk, because: • there is little incentive to manipulate expenditure recognition; • opportunities to manipulate expenditure recognition are very limited; and • the culture and ethical frameworks of public sector bodies, including the Fund, mean that all forms of fraud are seen as unacceptable. Therefore, we do not consider this to be a significant risk for the Pension Fund.	At planning we did not consider this to be a significant risk for the Fund and that standard audit procedures would be carried out. We have continued to review this rebuttal throughout the audit to ensure this judgement remains appropriate and are satisfied that it does.

Other findings

Other findings – key judgements and estimates

This section provides commentary on key estimates and judgements in line with the enhanced requirements for auditors.

Summary of management's approach

Level 3 investments - £2,093.6m

The Pension Fund has investments in unquoted equity and pooled investment vehicles that in total are valued on the net assets statement as at 31 March 2025 at £2,093.6million.

Management receive quarterly performance reports which are reviewed and subsequently presented to the Local Pensions Committee, providing scrutiny of estimates. Investment managers will periodically provide update reports for committee meetings – providing an opportunity for officers and members to challenge unusual movements or assumptions.

These investments are not traded on an open exchange/market and the valuation of the investment is highly subjective due to a lack of observable inputs. To determine the value, management rely on the valuations provided by the investment managers.

Northern Trust is the pension fund's custodian; their role is the safeguard and keep asset records. The valuation of the funds is provided by the investment managers. Service auditor reports for investment managers and custodians were obtained and considered by management at the pension fund where appropriate.

The value of level 3 investments has increased by £33.4m in 2024/25, this is largely due to sales, transfers, purchases, and change in the market value for these funds.

Audit comments

In response to management's approach, we have:

1. Reviewed the audited financial statements of the investment accounts. Where there were different reporting dates, cashflows have been considered in the comparison.
2. Ensured consistency of the investment management report with the financial statements.
3. Compared the valuation to purchase and sale transactions of the investment near the reporting date (where appropriate).

continued overleaf

Other findings – key judgements and estimates (continued)

Audit comments (continued)	
3. Reviewed the guidelines under which the investment has been valued at the date of the investment accounts and fund accounts. 4. Considered the completeness and accuracy of the underlying information used to determine the estimate. 5. Obtained and reviewed investment manager service auditor reports on design and operating effectiveness of internal controls where appropriate. In undertaking this approach, we have also considered the completeness and accuracy of the underlying information used to determine the estimate, in addition to the impact of any changes to valuation method from the prior period (if applicable). We have also confirmed that the sensitivities disclosed in the notes to the accounts are reasonable and in line with the CIPFA Code, and the estimate is adequately disclosed in the financial statements. Please see our findings on page 36 where we have identified potential differences in investment values from those estimated by management of £5.946m between the final value of the private equity and infrastructure portfolio reported by investment managers from the estimated value in the accounts. We recognise this is primarily driven by timing differences on closing down the financial statements and receipt of these valuation statements. We are therefore satisfied that management’s estimation approach is reasonable.	

Assessment	
● [Green]	We consider management’s process is appropriate and key assumptions are neither optimistic or cautious

Assessment Key

● [Red]	We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
● [Amber]	We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider optimistic
● [Grey]	We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider cautious
● [Green]	We consider management’s process is appropriate and key assumptions are neither optimistic or cautious

Other findings – key judgements and estimates (continued)

Summary of management's approach

Level 2 investments - £1,132.7m

The Pension Fund have investments in pooled investments that in total are valued on the net assets statement as at 31 March 2025 at £1,132.7million.

Management receive quarterly performance reports which are reviewed and subsequently presented to the Local Pensions Committee, providing scrutiny of estimates. Investment managers will periodically provide update reports for committee meetings – providing an opportunity for officers and members to challenge unusual movements or assumptions.

These investments involve inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly. The investments are not actively traded on an open exchange/market and the valuation of the investment is subjective. In order to determine the value, investment managers make use of evaluated price feeds.

The value of the investment has increased by £58.2m in 2024/25, this is largely due to sales, transfers, purchases and change in the market value for these funds.

Audit comments

In response to management's approach, we have:

1. Ensured consistency of the investment management report with the financial statements.
2. Agreed the valuation back to quoted and/or publicly published prices at year-end where available.
3. Compared the valuation to purchase and sale transactions of the investment near the reporting date (where appropriate).
4. Reviewed the guidelines under which the investment has been valued at the date of the investment accounts and fund accounts.

continued overleaf

Other findings – key judgements and estimates (continued)

Audit comments (continued)	
5.	Obtained and reviewed investment manager service auditor reports on design and operating effectiveness of internal controls where appropriate
6.	Evaluated management’s classification within the fair value hierarchy
In undertaking this approach, we have also considered the completeness and accuracy of the underlying information used to determine the estimate, in addition to the impact of any changes to valuation method from the prior period (if applicable).	
We have also confirmed that the sensitivities disclosed in the notes to the accounts are reasonable and in line with the CIPFA Code, and the estimate is adequately disclosed in the financial statements.	
We are therefore satisfied that management’s estimation approach is reasonable.	

Assessment	
● [Green]	We consider management’s process is appropriate and key assumptions are neither optimistic or cautious

Assessment Key

- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Amber] We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider cautious
- [Green] We consider management’s process is appropriate and key assumptions are neither optimistic or cautious

Other findings – Information Technology

This section provides an overview of results from our assessment of the Information Technology (IT) environment and controls therein which included identifying risks from IT related business process controls relevant to the financial audit. This table below includes an overall IT General Control (ITGC) rating per IT application and details of the ratings assigned to individual control areas.

The Pension Fund and the Council share a common control environment in relation to Oracle Fusion. As part of 2024/25 IT work our specialist IT team identified what it considered to be 2 significant deficiencies pertaining to security role privileges and self-assigned access controls within Oracle. In response:

- Security role privileges were removed from all roles by the Council in September 2024 but, in its view, needed to be reinstated for certain corporate finance staff in order to manage the Chart of Accounts. For these individuals the Council is satisfied this level of access is appropriate and is willing to tolerate any residual risk.
- For self-assigned access controls one was project specific and ceased in June 2024. The other access is required in a design and development role and its use is monitored by a manager without privileged access. The Council therefore believes it has an appropriate mitigating control in place.

These deficiencies were considered in our audit approach to management override of control for 2024/25 and no issues were noted in the specific procedures performed. As these mitigation actions were taken part way through the 2024/25 financial year they are rated as red in the table below. Our IT team will review the Council’s security managements arrangements as part of the 2025/26 audit, including any mitigating controls initiated by the Council.

Our summary assessment is detailed below:

IT application	Level of assessment performed	Overall ITGC rating	ITGC control area rating			Related significant risks/other risks
			Security management	Technology acquisition, development and maintenance	Technology infrastructure	
Altair	ITGC assessment (design and implementation effectiveness only)	 [Green]	 [Green]	 [Green]	 [Green]	N/A
Oracle Fusion	ITGC assessment (design and implementation effectiveness only)	 [Amber]	 [Red]	 [Green]	 [Green]	N/A
Active Directory	ITGC assessment (design and implementation effectiveness only)	 [Green]	 [Green]	 [Black]	 [Black]	N/A

- [Red]
- [Amber]
- [Green]
- [Black]
- Significant deficiencies identified in IT controls relevant to the audit of financial statements
- Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
- IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
- Not in scope for assessment

Communication requirements and other responsibilities

Other communication requirements

	Issue	Commentary
1	Matters in relation to fraud	We have not been made aware of any incidents in the period and no issues have been identified during the course of our audit procedures.
2	Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
3	Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
4	Written representations	- A letter of representation has been requested from the Pension Fund. This was shared with management and the draft will be included in the Agendas for the meetings of the Corporate Governance Committee. There are no specific representations requested beyond those normally sought (such as confirmation not to adjust the financial statements). - This will be signed alongside the final draft of the financial statements in advance of the conclusion of the audit.
5	Confirmation requests from third parties	We requested from management permission to send confirmation requests to their custodian and investment managers. This permission was granted and the requests were sent. All requests were returned with positive confirmation and no alternative procedures were required.
6	Disclosures	- Our review found no material omissions in the financial statements. - Significant disclosures in the 2024/25 statutory financial statements include the Fair Value Hierarchy, Actuarial Present Value of Promised Retirement Benefits (but recognising the Fund applies 'Option C' by including the actuary's report), Uncertainty and risk disclosures. - We have noted that non-financial instruments have been included within the Financial instrument note (Note 21). Management's view is that enables a reader to better reconcile the figures to the total value of assets disclosed elsewhere within the financial statements. Whilst this is a departure from the CIPFA Code we are satisfied that it is clearly presented and that readers will not be misled and have therefore not requested that management adjust the financial statements.

Other communication requirements (continued)

Going Concern

Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management’s use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity’s ability to continue as a going concern” (ISA (UK) 570).

Commentary

In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2024). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.

Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:

- 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 entity’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, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities
- for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting.

Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10.

continued overleaf

Other communication requirements (continued)

Going Concern

Commentary (continued)

The financial reporting framework adopted by the Pension Fund meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:

- the nature of the Pension Fund and the environment in which it operates
- the Pension Fund's financial reporting framework
- the Pension Fund's system of internal control for identifying events or conditions relevant to going concern
- management's going concern assessment.

On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:

- a material uncertainty related to going concern has not been identified
- management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Other responsibilities

Issue	Commentary
Other information	The Pension Fund is administered by Leicestershire County Council (the ‘Council’), and the Pension Fund’s accounts form part of the Council’s financial statements. We are required to read any other information published alongside the Council’s financial statements to check that it is consistent with the Pension Fund financial statements on which we give an opinion and is consistent with our knowledge of the Authority. No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect – refer to the appropriate item on the Committee agenda for our draft audit opinion.
Matters on which we report by exception	We are required to give a separate consistency statement for the Pension Fund Annual Report on whether the financial statements included therein are consistent with the audited financial statements. We propose to issue our ‘consistency’ statement on the Pension Fund’s Annual Report at the same time as we issue our final audit opinion on the Pension Fund financial statement as noted above. The statutory deadline for the Pension Fund Annual Report to be published is 1 December 2025. If this is before the Council audit is completed the Fund will need to publish its Annual Report without our consistency report but with an explanation for the delay on its website. We are required to report if we have applied any of our statutory powers or duties as outlined in the Code. We have nothing to report on these matters.

Audit adjustments

Adjusted misstatements

Impact of adjusted misstatements

- There are no adjusted misstatements to the primary financial statements to report.

Misclassification and disclosure changes

- The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure misstatement	Auditor recommendations	Management response
A number of typographical and presentation errors have been identified throughout the financial statements.	Amend as required.	Amendment made
Introduction and General and Membership - these are ahead of Primary Statements and not badged as being 'Notes' to the accounts. Page 87 specifically says "The notes on pages 87 to 112 form part of the financial statements." therefore excluding these. Amendment required to ensure all appropriate statements are referred to.	Amend as required.	Amendment made
Note 1 - state no accounting standards have been identified as issued but not yet adopted. CIPFA Bulletin 19 identifies IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) and Insurance Contracts (IFRS 17). The code requires disclosures of any accounting standards issued but not yet adopted.	Amend as required.	Amendment made
Note 2 - the accounting policy states that the actuarial present value of promised retirements benefits is assessed in accordance with IAS 19. This is incorrect and it should be IAS 26 instead in line with Code 6.5.2.8.	Amend as required.	Amendment made
Note 8 Benefits – The total of £241.8m agrees in total to the Fund Account however the split is not correct. A £4.1m presentation adjustment is required to ensure the Fund Account values stated agree to the supporting note to financial statements (2023/24 comparative figures also requires amendment).	Amend as required.	Amendment made
Note 10a- Investments Management Expenses £48.1m. CIPFA Code 6.5.5.1 (v) and the "Accounting for Local Government Pension Scheme Management Expenses (CIPFA, 2016)" explains costs should be split by type and investment manager, the draft financial statements are split by type only.	Amend as required.	Amendment made

Adjusted misstatements

Disclosure misstatement (continued)	Auditor recommendations	Management response
Financial instruments – Note 20- in order to assist the reader of the financial statements the note should clearly narrate how values relate to investment balances within Note 12 and use common terminology where appropriate to link the notes.	Amend as required.	Amendment made
Note 20b - reconciliation of assets held at Level 3 investments not been disclosed for the prior year comparatives	Amend as required.	Amendment made
Note 24 Related Parties states that contributions from LCC are £74.6m whereas it should be £75.1m as disclosed in Note 6.	Amend as required.	Amendment made
Note 26 AVCs - the draft published accounts stated that the note needed to be updated with contributions paid and total AVC value at year end. This information has been received from Prudential and the note is to be amended.	Amend as required.	Amendment made
Disclosures to explain the position in relation to Virgin Media case.	Amend as required.	Amendment made
Consider removal of zero lines and immaterial notes within the financial statements	Amend as required.	Amendment made

Unadjusted misstatements

This is a summary of unadjusted misstatements identified during the audit. We are required to report all non-trivial misstatements to those charged with governance.

Adjustment ref.	Detail	Pension Fund Account		Net Asset Statement £'000		Impact on total net assets £'000	Reason for not adjusting
		Debit £'000	Credit £'000	Debit £'000	Credit £'000		
	Total net assets per final accounts					6,697,600	
1	The actual value of level 3 investments as at 31 March 2025 were factually overstated by £5.492m due to timing delays of receipt of March valuations from Fund managers. For the untested population this would extrapolate to a further £0.454m overstatement. This is largely attributed to timing differences as a result of final capital statements not being available when the Pension Fund's draft accounts were being compiled.	5,946			5,946	(5,946)	Not material qualitatively or quantitatively
	Total net assets – recalculated to include unadjusted misstatements identified in 2024/25					6,691,654	

Impact of unadjusted misstatements in the prior year

The unadjusted misstatements identified as part of the 2023/24 financial statements audit are considered below in terms of the impact on the 2024/25 financial statements.

Detail	Pension Fund Account £'000	Net Asset Statement £' 000	Impact on total net assets £'000	Impact on 2024/25 financial statements
Debit. Investment assets. (Credit). Change in investment assets Differences identified between the value of investments disclosed in the financial statements where some of the values are estimates at 31 March 2024 and the valuation statements received from the third party investment managers.	(4,226)	4,226	4,226	As all assets are revalued at 31 March 2025 there is no impact upon the net assets reported within the 2024/25 financial statements.
Debit Investment income (Credit) Short term deposits (cash and cash equivalents) An error was noted when interest income was accrued, management used the maturity date of the short-term loans instead of the year end date. This led to interest income being overstated.	3.991	(3,991)	(3,991)	Investment income was overstated in the 2023/24 financial statements, as such the reversal of this accrual into 2024/25 means investment income is understated by the same value. There will be no impact upon the year end net asset position as the corresponding entry would impact the (Profit) and Losses on Disposal of Investments and Changes in Value of Investments line with the Fund account.
Overall impact	(235)	235	235	

Follow up of prior year recommendations

We have not identified any recommendations for the Pension Fund as a result of issues identified during the course of this year’s audit.

This is a summary of where we identified recommendations for the Pension Fund because of issues identified during the prior year audit, and an update on actions taken by management as a result.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
1	✓ Inadequate supporting documentation for journals tested Cash float/control accounts Our review of Journal CRST060624B amounting to £4.676million that was posted to correct the cash float balance managed by Colliers Global and record expenses incurred in managing the properties. The following was observed: • The expenses charged in the current year are both historic and current year expenses. A total c£3m expenditure is split across the years as follows: £1.6m 2022/23, £0.5m 2021/22, £0.2m 2020/21, £0.7m 2019/20 & 2018/19 (combined). This evidence the lack of timely review, reconciliation and posting of expenses in the correct periods and clearing of the control accounts. • From review of the supporting evidence, we could only trace the balance of cash held by the IM of £546K. Suspense accounts cleared without supporting evidence Our review of journal CRST220624A amounting to £519K was posted in the general ledger clearing historic suspense payments related to Property income i.e. these were overpayments or otherwise unknown/miscellaneous payments that pension fund had not been able to reconcile.	Management response The particular areas identified with regards to this recommendation related to our property portfolio cash float. As noted, we engaged with Colliers Global to obtain a monthly breakdown of all cash movements to allow a full cash reconciliation & monthly posting to be completed. A handful of these monthly reports are attached for reference. Furthermore, with effect from 01/03/25, the management contract for the LPF Direct Property Portfolio has changed to LGPS Central, who have appointed DTZ Investors to manage the portfolio. DTZ provide a detailed quarterly report on the portfolio management and cash movements, including an initial 1-month report for the period to 31/03/25. Auditor assessment We are satisfied that this has taken place and as such the recommendation is closed.

Assessment:

✓ Action completed

→ Work in progress / Partially addressed

✗ Not yet addressed

Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
2 →	Valuation of level 3 investment (financial assets) The following were our findings from testing in 2024/25 (similar points were raised in prior year): - Colliers, did not provide the fund with audited financial statements and type 2 controls report for 2 of the property funds (Henderson Fund and Legal & General fund) with a value £15.02million. - Lasalle (1 fund) and Partners Group (6 funds) did not provide us with the audited financial statements. The value of the funds are £422.87million For testing Lasalle and Partners we were able to obtain the type 2 controls report and we deem the relevant valuation controls were designed and operating effectively. Other alternative procedures such as indexation were performed to assess the reasonability of the year end valuations. Management should liaise with the fund managements to provide the audited financial statements where they are produced. In absence of such information, they should obtain the Type 2 controls report to gain comfort that the controls in place are operating effectively.	Auditor update and assessment • We were unable to obtain audited accounts for La Salle. • For the fund CRC CRF VI, Christofferson, Robb & Company confirmed that the Fund was not an investor in CRF VI by the end of 31 December 2024 therefore provided no audited financials. • Our testing in current year has identified SOC reports not received. • Kravis Kohlberg Roberts & Co (KKR) does not produce service organisations report. The investment manager stated that they do not have a SSAE 16 / ISAE 3402 report or a bridging letter but have several procedures in place to ascertain that internal controls are current and robust. Most notably, KKR is a public company subject to the internal control audit requirements of Section 404 of the Sarbanes-Oxley Act. We were able to gain sufficient assurance from alternative sources and as such we have assessed this recommendation as in progress. Management update 2024/25 As with previous years we are engaging with our investment managers to obtain copies of SOC reports, audited financial statements, bridging letters (where required) and any other documentation as appropriate to provide assurance over the valuations.

- Assessment:**
- ✓ Action completed
 - Work in progress / Partially addressed
 - ✗ Not yet addressed

Follow up of prior year recommendations

Assessment		Summary of Issue and risk previously communicated	Update on actions taken to address the issue
3	✖	Journal controls-lack of segregation of duties The journal entries process does not require approval for entering journals below £20 000. Failure to have a separate preparer and approver for journals could promote fraudulent financial reporting though we note this would require the entering of multiple journal entries below £20,000 for the impact to be material. Recommendation The Pension fund should ensure that all journals are not self approved by the preparer.	Auditor Update 2024/25 In the prior year we were satisfied that the residual value of these journals did not constitute a material risk. We have undertaken a similar analysis for the current financial year and are satisfied these values remain low and are well below trivial level as referred to on page 14. Management update 2024/25 Access to enter and approve journals in Oracle is restricted to officers within the Corporate and Technical Finance team only. As noted, the level of journals posted below £20k remains low. Internal Audit have also reviewed the process and have provided substantial assurance regarding the authorisation process. Auditor assessment We recognise the low level of journals under £20k, however, the ability to self approve journals remains a risk to the Council in terms of segregation of duties. As such this recommendation has been marked as ‘not yet addressed’.

Assessment:

- ✓ Action completed
- Work in progress / Partially addressed
- ✖ Not yet addressed

Independence considerations

Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers and network firms). In this context, we disclose the following to you:

Matter	Conclusion
Our firm provides services to LGPS Central in respect of providing an independent opinion on their AAF 01/20 report.	We have concluded that these services would not have an impact on our independence, on the basis that these entities are legally and operationally independent from this pension scheme. In addition, these services are being provided by a team which is separate and independent from our audit team. The result of their work would not have any impact in the financial statements that are subject to our audit. We have considered that an objective reasonable and informed third party would concur with this conclusion.

We are required to report to you details of any breaches of the requirements of the FRC Ethical Standard, and of any safeguards applied and actions we have taken to address any threats to independence. In this context, we confirm that there are no such matters.

We confirm that we have implemented policies and procedures to meet the requirement of the Financial Reporting Council's Ethical Standard.

Further, we have complied with the requirements of the National Audit Office’s Auditor Guidance Note 01 issued in February 2025 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Independence considerations (continued)

As part of our assessment of our independence we note the following matters:

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Fund that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Fund or investments in the Fund held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Fund as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Fund.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Fund’s committees, senior management or staff (that would exceed the threshold set in the Ethical Standard).

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person and network firms have complied with the Financial Reporting Council’s Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

Following this consideration, we can confirm that we are independent and are able to express an objective opinion on the financial statements. In making the above judgement, we have also been mindful of the quantum of non-audit fees compared to audit fees disclosed in the financial statements and estimated for the current year.

Fees and non-audit services

The tables on the following page set out the total fees for non-audit services that we have been engaged to provide or charged from the beginning of the financial year to date, as well as the threats to our independence and safeguards have been applied to mitigate these threats.

The non-audit services are consistent with the Fund’s policy on the allotment of non-audit work to your auditor.

None of the services were provided on a contingent fee basis.

For the purposes of our audit we have made enquiries of all Grant Thornton teams within the Grant Thornton International Limited network member firms providing services to Leicestershire County Council Pension Fund. The tables overleaf also summarise all non-audit services which were identified. We have adequate safeguards in place to mitigate the perceived self-interest threat from these fee.

Our firm also provides audit and non-audit services to Leicestershire County Council. The fees in relation to these services and the related ethical considerations are reported in the Audit Findings Report issued to Those Charged With Governance (TCWG) for that entity. Consequently, such fees are disclosed in the Council’s financial statements rather than the Pension Fund’s.

Fees and non-audit services

The following tables set out the total fees for non-audit services that we have been engaged to provide or charged from the beginning of the financial year to date, as well as the threats to our independence and safeguards have been applied to mitigate these threats. For the purposes of our audit we have made enquiries of all Grant Thornton teams within the Grant Thornton International Limited network member firms providing services to Leicestershire County Council Pension Fund.

The non-audit services are consistent with the Fund’s policy on the allotment of non-audit work to your auditor. None of the services were provided on a contingent fee basis. We have adequate safeguards in place to mitigate the perceived self-interest threat from these fee.

Our firm also provides audit and non-audit services to Leicestershire County Council. The fees in relation to these services and the related ethical considerations are reported in the Audit Findings Report issued to Those Charged With Governance (TCWG) for that entity. Consequently, such fees are disclosed in the Council’s financial statements rather than the Pension Fund’s.

Audit fees	£
Audit of Pension Fund	95,720
Proposed use of expert	2,750
Total	98,470

Audit related non-audit services		£	Threats identified	Safeguards applied
IAS 19 Assurance letters for Admitted Bodies outside of the NAO Code of Audit Practice (Greenwood Academy)	£1,100 per letter		Self-Interest (because this is potentially a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the total fee for this work is £1,100 in comparison to the total proposed fee for the audit of £98,470 and relative to Grant Thornton UK LLP’s turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
			Self-review	We have not prepared the financial information on which our assurances will be used by the requesting auditor to form an opinion on as part of their opinion on the financial statements of the admitted body. Any decisions whether to change controls over, or edits required to, financial information arising from our findings will be a matter for informed management.
			Management	The scope of the work does not include making decisions on behalf of management or recommending or suggesting a particular course of action for management to follow. We may make recommendations to the Pension Fund in respect of control weaknesses, in the same way as we would in an audit of financial statements. Informed management understand the operation of systems and can challenge our recommendations as appropriate.
Total		1,100		

Total audit and non-audit fee	£99,570
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The above fees are exclusive of VAT and out of pocket expenses.

The Greenwood Academy assurance request was received in October 2025 and was therefore not in our Audit Plan. With the exception of this the fees agree to Note 22 of the financial statements. No requests were received from bodies outside of the NAO Code in 2023/24 therefore none are in the 2023/24 fee.

22. External Audit Fee

2023/24 £		2024/25 £
95,123	Payable in respect of external audit	98,470
95,123	Total	98,470

Appendices

A. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●
Views about the qualitative aspects of the Fund’s accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●

A. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●
Expected modifications to the auditor's report, or emphasis of matter		●

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Distribution of this Audit Findings Report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, as a minimum a requirement exists for our findings to be distributed to all the company directors and those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report, to those charged with governance.

B. Internal controls

We confirm that we have not identified a new deficiency or a new significant deficiency in our evaluation of relevant controls for 2024/25. See page 40 for the on-going journals control matter.

Relevant controls are those that auditors believe may prevent, detect or correct a material misstatement.



“The purpose of an audit is for the auditor to express an opinion on the financial statements. Our audit included consideration of internal control relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters being reported are limited to those deficiencies that the auditor has identified during the audit and that the auditor has concluded are of sufficient importance to merit being reported to those charged with governance.” (ISA (UK) 265)

C. Our team and communications

Grant Thornton core team

Grant Patterson

Key Audit Partner

- Key contact for senior management and Corporate Governance Committee
- Overall quality assurance

Mary Wren

Senior Audit Manager

- Audit planning
- Resource management
- Performance management reporting

Timothy Lacey

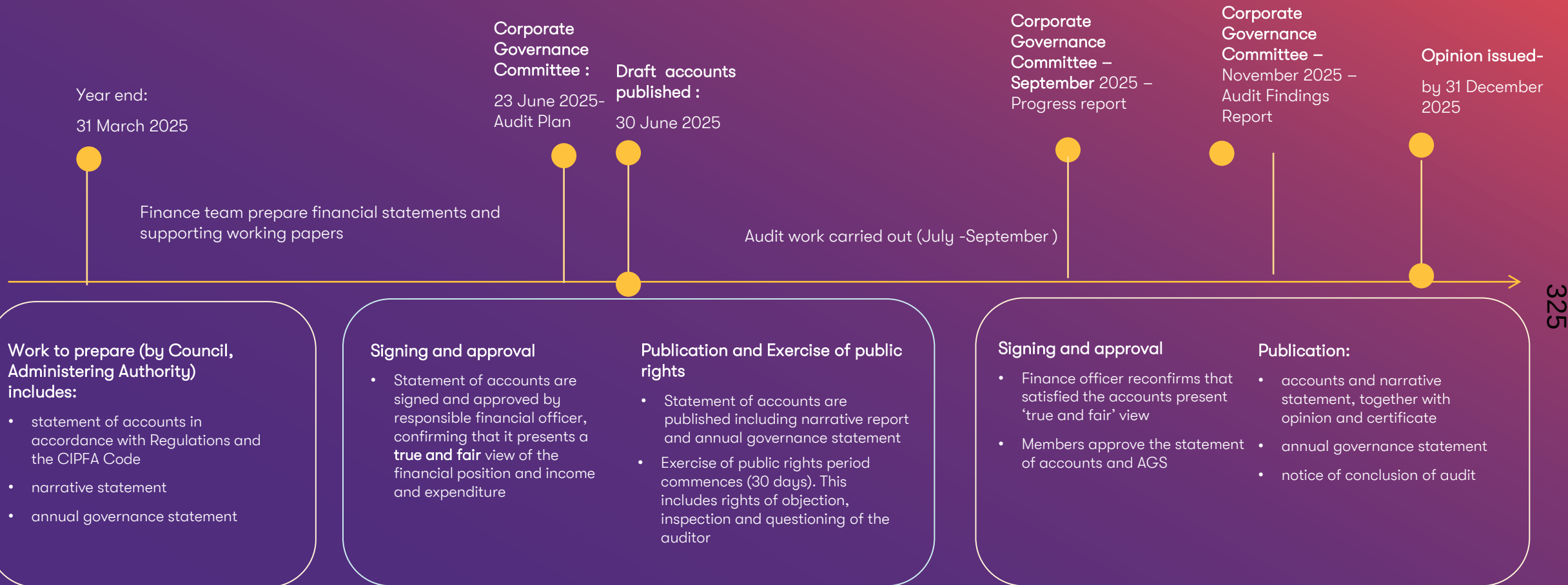
In-charge

- Audit team management
- Day-to-day point of contact
- Audit fieldwork]

	Service delivery	Audit reporting	Audit progress	Technical support
Formal communications	• Client Surveys	• The Audit Plan • Audit Progress and Sector Update Reports • The Audit Findings Report	• Audit planning meetings • Audit clearance meetings • Communication of issues log	• Technical updates
Informal communications	• Open channel for discussion		• Communication of audit issues as they arise	• Notification of up-coming issues

As part of our overall service delivery we may utilise colleagues who are based overseas, primarily in India and the Philippines. Those colleagues work on a fully integrated basis with our team members based in the UK and receive the same training and professional development programmes as our UK based team. They work as part of the engagement team, reporting directly to the Audit Senior (In-charge) and Manager and will interact with you in the same way as our UK based team albeit on a remote basis. Our overseas team members use a remote working platform which is based in the UK. The remote working platform (or Virtual Desktop Interface) does not allow the user to move files from the remote platform to their local desktop meaning all audit related data is retained within the UK.

D: Logistics





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