

The Audit Plan for Leicestershire Pension Fund

Year ending 31 March 2026

16 March 2026



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Introduction and headlines



Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Leicestershire Pension Fund ('the Fund') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued the Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end, and what is expected from the audited body. Our respective responsibilities are also set out in the agreed in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of the Fund. We draw your attention to these documents in the links below.

- [Terms of Appointment from 2023/24 - PSAA](#)
- [Statement of responsibilities of auditors and audited bodies from 2023/24 audits - PSAA](#)

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Fund's financial statements that have been prepared by management with the oversight of those charged with governance (the Corporate Governance Committee), and we consider whether there are sufficient arrangements in place at the Fund.

The audit of the financial statements does not relieve management or the Corporate Governance Committee of their responsibilities. It is the responsibility of the Fund to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Fund is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Fund's business and is risk-based.

Introduction and headlines (Continued)



Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- management override of control
- valuation of level 3 investments

We normally consider the value of the Fund's directly held investment property as a significant risk due to the complexity of the valuation and assumptions process. However, at this time, and consistent with the prior year, we do not anticipate the value being material at year end. We have therefore not determined there to be a significant risk of material misstatement at this time but we will keep this under review.

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality to be £93.6 million (Prior Year £91.8 million) for the Fund, which equates to 1.4% of your gross investment assets as at 31 March 2025.

Clearly trivial has been set at £4.7 million (PY £4.5 million).

We have determined a lower specific planning materiality for:

- Benefits payable of £24 million (In the PY a specific materiality for the fund account set at £27 million).
- Contributions of £30 million (In the PY a specific materiality for the fund account set at £27 million).

We have considered the need for an associated trivial amount linked to the above and determined it to be £1.2 million.

Audit logistics

Our interim visit took place in March 2026 and our final visit will take place in July-August 2026. Our key deliverables are this Audit Plan, Auditor's Report, Auditor's Consistency Statement and our Audit Findings Report. We have agreed a number of areas of interim audit testing as detailed on the following page.

Our proposed fee for the audit is £115,490 (PY: £96,820) for the Fund, subject to the Fund delivering a good set of financial statements and working papers and no significant new financial reporting matters arising that require additional time and/or specialist input.

The primary reason for the increase in the audit fee this year is the need for us to undertake work on the source data used by the actuary as part of the triennial valuation. As this occurs once every three years it does not form part of the annual scale fee (see pages 12 and 21 for details).

We have complied with the Financial Reporting Council's Ethical Standard (revised 2024) and we, as a Firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Introduction and headlines (Continued)

Details of work to be conducted at interim:

We will be using an interim visit as a key part of the audit approach. Interim visits should be treated with the same importance as final accounts and will include regular catch-ups between management and the audit team to facilitate this work. This will include an element of on-site working. We have agreed the areas below with management prior to the commencement of our interim visit.

Description	Work commentary
Triennial valuation testing	We will select a sample of data submitted as part of triennial valuation and agree to supporting documentation.
Contribution testing	We will select a sample of contributions to test based on month 10 (January 2026) data provided and agree to supporting documentation.
Benefit testing	We will select a sample of benefits payable to test based on month 10 (January 2026) data provided and agree to supporting documentation.
Investment manager and banking counterparty confirmations	We will send out all 3 rd party confirmation requests in advance of year end.

Overview of audit risks

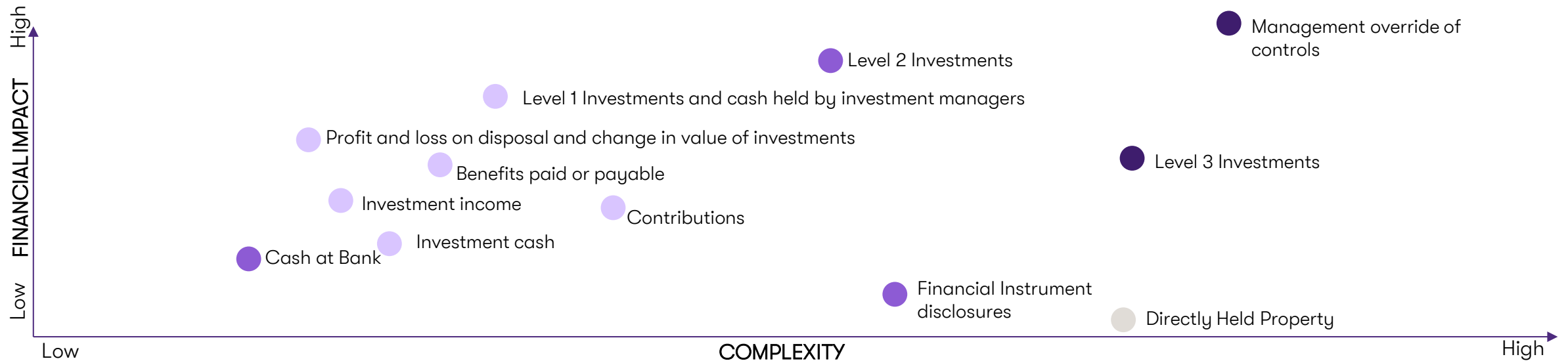
We have prepared our audit plan to reflect any changes and developments that have occurred within the year. We have assessed any developments identified during our initial planning processes and, along with our prior knowledge and understanding of the Fund, have determined the audit risks over the following pages. These audit risks have been determined ahead of receipt of a first draft of the financial statements and so, should anything come to light that may change this risk assessment, we will highlight this within our Audit Findings Report issued at the end of the audit.

Where the assertions relating to a balance span two categories of risk the balance is shown on the following page in the highest risk category.



Overview of audit risks

We have prepared our audit plan to reflect any changes and developments that have occurred within the year. We have assessed any developments identified during our initial planning processes and, along with our prior knowledge and understanding of the Fund, have determined the audit risks below. These audit risks have been determined ahead of receipt of a first draft of the financial statements and so, should anything come to light that may change this risk assessment, we will highlight this within our Audit Findings Report issued at the end of the audit.



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Glossary

● Significant risk	A financial statement or assertion level risk that in the engagement team’s professional judgement requires 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.
● Significant classes of transactions, account balances or disclosures	Significant classes of transactions, account balances, and disclosures, associated with risks of material misstatement but are not always significant risks.
● Material only	Material financial statement line items not associated with risks of material misstatement.
● Other audit risks	Other accounts that are not associated with any SCOT + or with a material only financial statement line item or disclosure.

Significant risks identified

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.

Significant risk	Audit team's assessment	Planned audit procedures
Management override of controls <div data-bbox="107 496 308 554" style="background-color: #4a4a8a; color: white; padding: 2px 5px; display: inline-block; font-weight: bold;">Significant</div> Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities.	We have therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.	We will: <ul style="list-style-type: none"> • Evaluate the design effectiveness of management controls over journals • Analyse the journals listing and determine the criteria for selecting high risk unusual journals • Identify and test unusual journals made during the year and the accounts production stage for appropriateness and corroboration • Gain an understanding of the accounting estimates and critical judgements applied by management and consider their reasonableness with regard to corroborative evidence • Evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions; and, • Follow up progress on our recommendations on journal authorisation (for the journals below £20,000) and further tailor our audit response if necessary.



“In determining significant risks, the auditor may first identify those assessed risks of material misstatement that have been assessed higher on the spectrum of inherent risk to form the basis for considering which risks may be close to the upper end. Being close to the upper end of the spectrum of inherent risk will differ from entity to entity and will not necessarily be the same for an entity period on period. It may depend on the nature and circumstances of the entity for which the risk is being assessed. The determination of which of the assessed risks of material misstatement are close to the upper end of the spectrum of inherent risk, and are therefore significant risks, is a matter of professional judgement, unless the risk is of a type specified to be treated as a significant risk in accordance with the requirements of another ISA (UK).” (ISA (UK) 315).

In making the review of unusual significant transactions “the auditor shall treat identified significant related party transactions outside the entity’s normal course of business as giving rise to significant risks.” (ISA (UK) 550).

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
<p>Valuation of level 3 investments</p> <p>Significant</p> <p>The valuations of level 3 investments are a significant accounting estimate based on unobservable inputs and hence there is a risk of material misstatement due to error and/or fraud.</p>	<p>By their nature Level 3 investment valuations lack observable inputs. Management utilise the services of investment managers and/or custodians to provide estimates of the fair value as at 31 March 2026. These valuations therefore represent a significant accounting estimate by management in the financial statements due to the size of the balance (£2,093.6m as at 31 March 2025) and the sensitivity of the estimate to changes in key assumptions. We therefore identified valuation of Level 3 investments as a significant risk.</p>	<p>We will:</p> <ul style="list-style-type: none"> • document and evaluate management's processes for valuing Level 3 investments including how they meet the requirements of the financial reporting framework (CIPFA Accounting Code); • independently obtain and review investment manager reports (capital statements) as at the reporting date and compare to the financial statements • obtain and review the audited financial statements of the investment accounts; where these are at a different reporting date to the Fund's financial statements: <ul style="list-style-type: none"> ○ the valuations will be compared to the Fund's year end reporting date after accounting for cashflows, and ○ the corresponding investment manager report (capital statement) as at the investment accounts audit date will be obtained and compared with the audited accounts and significant differences followed up • review purchase and sale transactions of the investment near the reporting date where appropriate; • review the guidelines under which the investment has been valued at the date of the investment accounts and the Fund accounts; • review management's process for and classification of the assets; • obtain and review investment manager service auditor report on design and operating effectiveness of internal controls where appropriate. • undertake sample testing of purchases and sales to prime documentation across the period to support our reconciliation of the opening and closing balances where appropriate.

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
<p>The revenue cycle includes fraudulent transactions</p> <p>Rebutted</p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue</p>	<p>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:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of public sector bodies, including the Fund, mean that all forms of fraud are seen as unacceptable. <p>Therefore, we do not consider this to be a significant risk for the Fund.</p>	<p>We do not consider this to be a significant risk for the Fund and standard audit procedures will be carried out. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate.</p> <p>We also note that 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. For the same reasons opposite we do not consider this to be a significant risk for the Fund and standard audit procedures will be carried out. We will keep this consideration under review throughout the audit to ensure this judgement remains appropriate.</p>



Management should expect engagement teams to challenge management in areas that are complex, significant or highly judgemental which may be the case for accounting estimates, going concern, related parties and similar areas. Management should also expect to provide engagement teams with sufficient evidence to support their judgements and the approach they have adopted for key accounting policies referenced to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements management should expect teams to challenge management's assumptions and request evidence to support those assumptions.

Other matters

Other work

The Fund is administered by Leicestershire County Council (the ‘Council’), and the Fund’s accounts form part of the Council’s financial statements.

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read any other information published alongside the Council’s financial statements to check that it is consistent with the Fund’s financial statements on which we give an opinion and is consistent with our knowledge of the Authority.

IAS 26 - *Retirement Benefit Plans* requires the “actuarial present value of promised retirement benefits” to be disclosed. However, it gives three options for disclosure:

- Option A – in the net assets statement, in which case it requires the statement to disclose the resulting surplus or deficit
- Option B – in the notes to the accounts
- Option C – by reference to this information in an accompanying actuarial report.

We note the Fund adopts Option C. We therefore consider this to be part of the other information that we read as noted above.

- We consider our other duties under legislation and the Code, as and when required, including:
 - giving electors the opportunity to raise questions about your 2025/26 financial statements, consider and decide upon any objections received in relation to the 2025/26 financial statements
 - issue of a report in the public interest or written recommendations to the Fund under section 24 of the Act, copied to the Secretary of State
 - application to the court for a declaration that an item of account is contrary to law under Section 28 or for a judicial review under Section 31 of the Act; or
 - issuing an advisory notice under Section 29 of the Act.
- We carry out work to satisfy ourselves on the consistency of the Fund’s financial statements included in the Fund’s Annual Report with the audited Fund’s accounts within the Council’s financial statements.

Other material balances and transactions

Under International Standards on Auditing, ‘irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure’. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Other matters (Continued)

2025 triennial valuation

Under Regulation 62 of the Local Government Pension Scheme Regulations 2013 the Fund must obtain an actuarial valuation of its assets and liabilities every three years. The latest valuation is as at 31 March 2025 (published February 2026). The purpose of the valuation is to set employer contribution rates for the period from 1 April 2026 to 31 March 2029. It also provides the source data for actuaries to prepare their estimate of the actuarial present value of promised retirement benefits at the Fund level, as required under *IAS 26 - Accounting and Reporting by Retirement Benefit Plans*, and provides the base for actuaries to roll forward their estimates and assumptions from the triennial valuation to annually estimate individual employers' pension liabilities between triennial revaluations as required by *IAS 19 - Employee Benefits*.

The data used by actuaries to produce IAS 19 liabilities and assets can be broadly split into two categories:

- 1) Individual member data used to calculate the triennial valuation liabilities and assets which the IAS 19 liabilities and assets are based on.
- 2) Data used to carry out the roll-forward calculation from the triennial valuation liabilities and assets to the IAS 19 liabilities and assets. This data is provided by administering authorities and the relevant employers.

As auditors, we therefore need to test the individual member data used by the actuaries in their triennial valuation calculations (Item 1) against independent records every three years and Item 2 testing is carried out annually. The work for Item 1 will involve picking a sample of members across actives, deferreds and pensioners and testing a number of separate data sets within each category. Item 2 testing is included within the annual scale fee but Item 1 is additional work that will be need to be subject to a fee variation. Our proposed fee variation is on Page 21.

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Matter & Description

Determination

We have determined planning materiality (financial statement materiality for the planning stage of the audit) based on professional judgement in the context of our knowledge of the Fund, including consideration of factors such as stakeholder expectations, sector developments, financial stability and reporting requirements for the financial statements

Other factors

An item does not necessarily have to be large to be considered to have a material effect on the financial statements

Reassessment of materiality

Our assessment of materiality is kept under review throughout the audit process

Planned audit procedures

We determine planning materiality in order to:

- establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements
- assist in establishing the scope of our audit engagement and audit tests
- determine sample sizes, and
- assist in evaluating the effect of known and likely misstatements in the financial statements.

An item may be considered to be material by nature when it relates to instances where greater precision is required.

Additionally, there may be items which we feel would benefit from a lower specific materiality for those account balances (e.g. benefits payable within the Fund Account). Details of lower specific materialities applied can be found on the next page.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Our approach to materiality (Continued)

Materiality	Amount (£)	Qualitative factors considered
Headline materiality for the Fund's financial statements	93,600,000	Headline Materiality for planning equates to 1.40% of your gross investment assets as at 31 March 2025. We deem 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 would be willing to move to a higher benchmark of 2% but we have capped this at 1.40% in order to be able to provide appropriate assurances to employer body auditors to support their work under IAS 19.
Lower specific materiality for Benefits Payable	24,000,000	We have considered the following. <ul style="list-style-type: none"> • Complexity of benefit structures • Stakeholder sensitivity, data quality, and high volume of transactions • The lower specific materiality for benefits payable equates to 10% of the benefits payable figure as at 31 March 2025.
Lower specific materiality for Contributions	30,000,000	We have considered the following. <ul style="list-style-type: none"> • Complexity of contribution structures • Stakeholder sensitivity, data quality, and high volume of transactions • The lower specific materiality for contributions equates to 10% of the contributions figure as at 31 March 2025.

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Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK) 320)

Progress against prior year audit recommendations

We identified the following issues in our 2024/25 audit of the Fund's financial statements, which resulted in 3 recommendations being reported in our 2024/25 Audit Findings Report. We have followed up on the implementation of our recommendations and 2 are still to be addressed.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
In progress	<p data-bbox="453 408 1085 436">Valuation of level 3 investment (financial assets)</p> <p data-bbox="453 454 1021 482">The following were our findings from testing.</p> <ul data-bbox="453 499 1531 679" style="list-style-type: none"> <li data-bbox="453 499 1531 594">• 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. <li data-bbox="453 614 1531 679">• 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 <p data-bbox="453 696 1498 791">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.</p> <p data-bbox="453 808 1460 873">Other alternative procedures such as indexation were performed to assess the reasonability of the year end valuations.</p> <p data-bbox="453 891 1531 1022">Management should liaise with the fund managers to provide the audited financial statements where they are produced. In the absence of such information, management should obtain and review the Type 2 controls report (where available) to gain comfort that the controls in place are operating effectively.</p>	<p data-bbox="1582 408 2415 574">In January 2026, management confirmed they will continue to liaise with investment fund's management to acquire copies of audited financial statements, Type 2 controls reports, and/or other documentation as appropriate to support assurance in the valuations and controls of their funds.</p> <p data-bbox="1582 619 2339 645">We will review this as part of our audit testing for 2025/26.</p>

Progress against prior year audit recommendations (continued)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
Addressed	<p>Inadequate supporting documentation for journals tested</p> <p>Cash float/control accounts</p> <p>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:</p> <ul style="list-style-type: none"> 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. <p>Suspense accounts cleared without supporting evidence</p> <p>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.</p>	<p>We are satisfied that this has taken place and as such the recommendation is closed.</p>
In progress	<p>Journal controls-lack of segregation of duties</p> <p>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. The Pension fund should ensure that all journals are not self approved by the preparer.</p>	<p>In January 2026, management confirmed that 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 £20,000 remains low. Internal Audit have also reviewed the process and have provided substantial assurance regarding the authorisation process.</p> <p>We will review this as part of our audit testing for 2025/26.</p>

IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the IT environment related to all key business processes, identify all risks from the use of IT related to those business process controls judged relevant to our audit and assess the relevant IT general controls (ITGCs) in place to mitigate them. Our audit will include completing an assessment of the design and implementation of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure.

The following IT applications are in scope for IT controls assessment based on the planned financial statement audit approach, we will perform the indicated level of assessment:

IT application	Audit area	Planned level IT audit assessment
Oracle Fusion	Financial reporting	<ul style="list-style-type: none"> Detailed ITGC Assessment. We plan to test the design and implementations of ITGCs.
Pension Administration System – Altair	Member Data	<ul style="list-style-type: none"> Detailed ITGC Assessment. We plan to test the design and implementations of ITGCs.

Logistics

The audit timeline

Key Dates

Audit phases:

Corporate Governance Committee (CGC)

27 March 2026

Deliverable : **Audit Plan**

Year end 31 March 2026

Draft accounts and AGS publication by:

30 June 2026

(CGC)

18 September 2026

Deliverable : **Progress report**

CGC

27 November 2026

Deliverable: **Audit Findings Report**

Sign off:

30 November 2026

Planning – January-March 2026

Interim – Mar-April 2026

Final – July & August 2026

Completion – September 2026

Key elements

- Planning meeting with management to set audit scope
- Agree timetable and deliverables with management
- Issue the Audit Plan to management and CGC

Key elements

- Document design effectiveness of systems and processes
- Review of key judgements and estimates
- Issue the Audit Plan to management and present to Corporate Governance Committee
- Any planned additional testing.

Key elements

- Audit teams onsite to complete fieldwork and detailed testing
- Audit of the financial statements
- Weekly update meetings with management

Key elements

- Draft Audit Findings issued to management
- Audit Findings meeting with management
- Audit Findings presentation to CGC
- Finalise and sign financial statements and audit report

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Audit Deliverables and Milestones

Below are some of the audit deliverables and milestones planned for 2025/26

	Responsibility	Planned Date*	Status
Initial Planning Inquiries	Grant Thornton and Pension Fund	February 2026	Complete
Audit Plan - We are required to issue a detailed audit plan to the Corporate Governance Committee setting out our proposed approach in order to give an opinion on the Council's 2025/26 financial statements.	Grant Thornton	Draft to Management 16/03/2026	In progress
Interim Testing Visit - We will select samples for testing and evidence will be provided to ensure testing is complete by 31 March 2026. This includes testing of the triennial membership data used to support the 2025 actuarial valuation.	Pension Fund	2 March to 31 March 2026	In progress
Draft Financial Statements - draft financial statements as required under the Accounts & Audit Regulations 2015 (as amended)	Pension Fund	29 June 2026	Not yet due
Complete set of Supporting Working Papers - Working papers that support the draft financial statements	Pension Fund	29 June 2026	Not yet due
Draft Pension Fund Annual Report - Draft of Pension Fund Annual Report as required under regulation 57 of the Local Government Pension Scheme Regulations 2013	Pension Fund	31 July 2026	Not yet due
Audit Progress Report - An Audit Progress Report will be reported to the Corporate Governance Committee.	Grant Thornton	18 September 2026 CGC	Not yet due
Audit Findings Report - The Audit Findings Report will be reported to the Corporate Governance Committee.	Grant Thornton	27 November 2026 CGC	Not yet due
Auditor's Report - This includes the opinion on your financial statements.	Grant Thornton	By 30 November 2026	Not yet due
Auditor's Consistency Statement - This includes the consistency statement for inclusion within the Pension Fund Annual Report.	Grant Thornton	By 30 November 2026	Not yet due

Our team and communications

Grant Thornton core team

Grant Patterson

Key Audit Partner

- Key contact for senior management and Audit Committee
- Overall quality assurance

Mary Wren

Senior Audit Manager

- Audit planning
- Resource management
- Performance management reporting

Aman Agarwal

In-charge

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

	Service delivery	Audit reporting	Audit progress	Technical support
Formal communications	<ul style="list-style-type: none"> • Client Surveys 	<ul style="list-style-type: none"> • The Audit Plan • Audit Progress and Sector Update Reports • The Audit Findings • Auditor's Annual Report 	<ul style="list-style-type: none"> • Audit planning meetings • Audit clearance meetings • Communication of issues log 	<ul style="list-style-type: none"> • Technical updates
Informal communications	<ul style="list-style-type: none"> • Open channel for discussion 		<ul style="list-style-type: none"> • Communication of audit issues as they arise 	<ul style="list-style-type: none"> • 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 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.

Our fee estimate

Our fee estimate:

We have set out below our specific assumptions made in arriving at our estimated audit fees, we have assumed that the Fund will:

- prepare a good quality set of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made while preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements
- maintain adequate business processes and IT controls, supported by an appropriate IT infrastructure and control environment.

Description	Audit Fee for 2024/25 (£)	Proposed Fee for 2025/26 (£)
Leicestershire Pension Fund Audit	95,720	104,390
IAS 19 letters to auditors of bodies outside the NAO Code (£1,100 per letter and received one request in 2024/25 which we anticipate being repeated)	1,100	1,100
2025 triennial valuation data testing	0	10,000
Total (Exc. VAT)	*96,820	115,490

* Our initial planned fee for 2024/25 was £99,570 and included £2,750 relating to proposed use of expert for directly held investment properties. Our risk assessment in relation to directly held properties was subsequently changed and as such the additional charge was not incurred. Our final fee for the 2024/25 audit is £96,820.

Our fee estimate

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2024\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

PSAA

Local Government Audit fees are set by PSAA as part of their national procurement exercise. In 2017, PSAA awarded a contract of audit for Leicestershire Pension Fund to begin with effect from 2018/19. This contract was re-tendered in 2023 and Grant Thornton have been re-appointed as your auditors. The scale fee set out in the PSAA contract for the 2025/26 audit is £104,390.

This contract sets out four contractual stage payments for this fee, with payment based on delivery of specified audit milestones:

- Production of the final auditor's annual report for the previous Audit Year or opinion issued
- Production of the draft audit planning report to Audited Body
- 50% of planned hours of an audit have been completed
- 75% of planned hours of an audit have been completed

Any variation to the scale fee will be determined by PSAA in accordance with their procedures as set out here [Fee Variations Overview – PSAA](#)

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, there are no matters that we are required to report.

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. We report that no breaches have been identified by team.

We confirm that there are no significant facts or matters that impact on our independence at planning 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. 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.

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

Independence considerations (continued)

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

Matter	Conclusions
Relationships with Grant Thornton	<p>We are not aware of any relationships between Grant Thornton and the Fund and/or Administering Authority that may reasonably be thought to bear on our integrity, independence and objectivity.</p> <p>In 2024/25 our firm provided 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.</p>
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Fund and/or Administering Authority or investments in the Fund and/or Administering Authority 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/Administering Authority 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 and/or Administering Authority.
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 and/or Administering Authority's board, senior management or staff (that would exceed the threshold set in the Ethical Standard).

Fees and non-audit services

The following table below sets out the non-audit services charged from the beginning of the financial year, as well as the threats to our independence and safeguards have been applied to mitigate these threats.

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

None of the below 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 Pension Fund. The table summarises all non-audit services which were identified. We have adequate safeguards in place to mitigate the perceived self-interest threat from these fees in as detailed in the table below.

Grant Thornton UK LLP also acts as the statutory auditor of Leicestershire County Council. The fees for the audit and non-audit services charged for this entity are reported in its Audit Plan. We consider that such services and fees do not impair our independence.

Assurance Service Fees

Service	£	Threats Identified	Safeguards applied
Audit Related Assurance			
IAS 19 Assurance letters for Admitted Bodies outside of the NAO Code of Audit Practice (£1,100 per letter and received one request in 2024/25 which we billed in 2025/26 and anticipate being repeated)	£1,100	Self-Interest (because this is potentially a recurring fee) Self-Review Management	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 £115,490 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. 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. 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 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.

Communication of audit matters with those charged with governance

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 Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

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 and Key Audit Matters	●	
Planned use of internal audit	●	
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	●	●

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Communication of audit matters with those charged with governance (continued)

Our communication plan	Audit Plan	Audit Findings
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		●
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		●

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.

Escalation Policy

The Backstop

The Department for Levelling Up, Housing and Communities have introduced an audit backstop date on a rolling basis to encourage timelier completion of local government audits.

As your statutory auditor, we understand the importance of appropriately resourcing audits with qualified staff to ensure high quality standards that meet regulatory expectations and national deadlines. It is the Authority's responsibility to produce true and fair accounts in accordance with the CIPFA Code by the statutory deadline and respond to audit information requests and queries in a timely manner.

Escalation Process

To help ensure that accounts audits can be completed on time in the future, we have introduced an escalation policy. This policy outlines the steps we will take to address any delays in draft accounts or responding to queries and information requests. If there are any delays, the following steps should be followed:

Step 1 - Initial Communication with Director of Corporate Resources (within one working day of statutory deadline for draft accounts or agreed deadline for working papers)

- We will have a conversation with the Director of Corporate Resources to identify reasons for the delay and review the Authority's plans to address it. We will set clear expectations for improvement.

Step 2 - Further Reminder (within two weeks of deadline)

- If the initial conversation does not lead to improvement, we will send a reminder explaining outstanding queries and information requests, the deadline for responding, and the consequences of not responding by the deadline.

Step 3 - Escalation to Chief Executive (within one month of deadline)

- If the delay persists, we will escalate the issue to the Chief Executive, including a detailed summary of the situation, steps taken to address the delay, and agreed deadline for responding.

Step 4 - Escalation to the Corporate Governance Committee (at next available meeting or in writing to CGC Chair within 6 weeks of deadline)

- If senior management is unable to resolve the delay, we will escalate the issue to the audit committee, including a detailed summary of the situation, steps taken to address the delay, and recommendations for next steps.

Step 5 - Consider use of wider powers (within two months of deadline)

- If the delay persists despite all efforts, we will consider using wider powers, e.g. issuing a statutory recommendation. This decision will be made only after all other options have been exhausted. We will consult with an internal risk panel to ensure appropriateness.

Aim

By following these steps, we aim to ensure that delays in responding to queries and information requests are addressed in a timely and effective manner, and that we are able to provide timely assurance to key stakeholders including the public on the Authority's financial statements.

Financial reporting changes

New or revised accounting standards that have been adopted by the CIPFA Code for 2025/26

Amendments to IAS 21 – Lack of Exchangeability

IAS 21 *The Effects of Changes in Foreign Exchange Rates* has been amended by the IASB to clarify how an entity should assess whether a currency is exchangeable and how it should determine an appropriate spot exchange rate when exchangeability is lacking. The amendments introduce more detailed guidance on identifying a lack of exchangeability and on estimating a spot exchange rate in such circumstances. These amendments have been adopted by the Code from 1 April 2025.

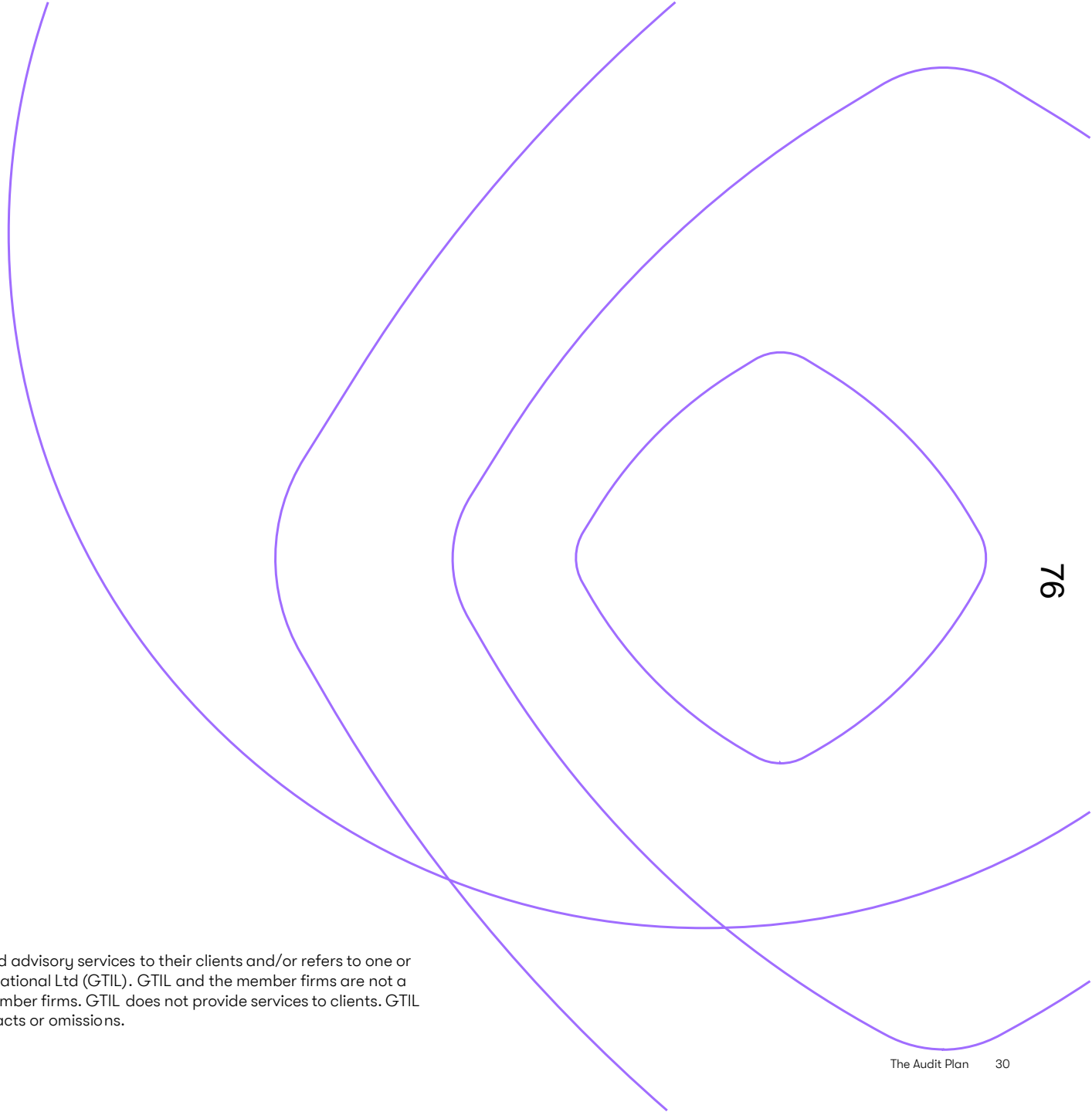
IFRS 17 – Insurance Contracts

IFRS 17 Insurance Contracts was issued by the IASB in May 2017 and has been adopted by the CIPFA Code for local authority accounting from 1 April 2025. The standard introduces a new comprehensive framework for the recognition, measurement, presentation and disclosure of insurance contracts, replacing IFRS 4. Key features of IFRS 17 include the introduction of revised measurement models for insurance liabilities, the contractual service margin to defer unearned profit, new presentation requirements and significantly enhanced disclosures aimed at improving transparency and comparability.

New or revised accounting standards that are expected to be adopted by the CIPFA Code in future years.

Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities (including settling financial liabilities using an electronic payment system), adds guidance on the solely payment of principal and interest (SPPI) criteria, and includes updated disclosures for certain instruments. The amendments are expected to be adopted by the CIPFA Code for 2026/27.



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