Grant Thornton

Leicestershire County Council Pension Fund– 2025-26 Audit

Audit progress report

Written 3 September 2026

Agenda

Introduction

This paper provides the Corporate Governance Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes a series of sector updates in respect of emerging issues which the Committee may wish to consider.

Members of the Corporate Governance Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications:
Local government | Grant Thornton

If you would like further information on any items in this briefing or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

Grant Patterson
Engagement Lead
T: 0121 232 5296
E: grant.b.patterson@uk.gt.com

Mary Wren
Audit Manager
T: 0121 232 534
E: mary.wren@uk.gt.com

Aman Agarwal
Assistant Manager
T: 020 7383 5100
E: Aman.agarwal@uk.gt.com

Audit Progress Report

Grant Thornton

Progress as at 28 August 2026 – Status of the Audit

Financial Statements Audit Status

Our audit fieldwork ran from June – August and is nearing completion with only a small number of procedures remaining. As yet, there are no matters of which we are currently aware that that would require modification of the audit opinion or material changes to the financial statements. The procedures outstanding are:

G	Completion of our sample testing of directly held properties
G	Queries outstanding from our review of financial instruments
G	Finalisation of our work on investments and review thereon
G	Finalisation of our work regarding related parties and linked query on split of investments by manager
G	Final quality reviews of the audit file
G	Receipt of the management representation letter
G	Review of the Annual Governance Statement and other information published alongside the accounts
G	Review of the final set of financial statements, including confirming the other information published together with the financial statements remains consistent post all audit adjustments.

Financial Statements Audit Findings

We have not identified any adjustments to the financial statement that impact upon the Pension Fund's reported financial position. We have identified the following to date:

- Level 3 Investment - there was a timing lag between the investment valuation information for certain Level 3 assets being available to the Fund when it had to prepare its accounts and final capital statements being received. This is not uncommon in the sector and in our view, does not constitute a control weakness at the Fund as management's process for calculating the estimate has not resulted in material misstatement. This has been assessed as a factual understatement of £5.8m and further extrapolated misstatement of £1.1m Management are proposing not to amend the factual misstatement within the financial statements on the basis that the difference is not material both quantitatively and qualitatively. The Corporate Governance Committee will be asked to confirm their agreement to this through the Letter of Representation.

(continued overleaf)

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

Progress as at 28 August 2026 – Status of the Audit

Financial Statements Audit Findings (continued)

- Classification of LGPS Central – During the preparation of the 2025/26 financial statements, management identified a classification error within Note 17 (Analysis of Investments by Manager) in the prior year accounts. An investment managed by Legal & General Investment Management Limited, valued at £1.123 bn at 31 March 2025, had been incorrectly classified as an investment managed outside of the LGPS Central pool. The error has been corrected in the 2025/26 draft financial statements, with both the current year and comparative balances now appropriately reported as investments managed by the LGPS Central pool.

  Whilst this was corrected in note 17 of the financial statements , during our review of note 25, (Related Parties), we identified an inconsistency between the total reported values for investments with LGPS Central. The related party note stated that as at 31 March 2026, £3.3bn of investments were managed by LGPS Central Limited (£2.8bn at 31st March 2025). These values need to be amended to £4.6bn as at 31 March 2026 and £4bn for the comparative period. Management have agreed to make the correction.
- A small number of spelling, grammar and formatting corrections. Management have agreed to make these amendments.

Our anticipated financial statements audit opinion will be unmodified.

Leicestershire Pension Fund- Audit Deliverables

Below are the audit deliverables for 2025/26:

	Planned Date	Status
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 Authority's 2025/26 financial statements.	Draft to management March 2026 Issued to CGC March 2026	Complete
Progress reporting We will provide a progress update throughout the audit period	June 2026 September 2026	Complete Complete (this committee)
Audit Findings Report The Audit Findings Report will be reported to the Corporate Governance Committee.	November 2026	Not Yet Due
Auditor's Report This includes the opinion on your financial statements.	By 30 November 2026	Not yet due
Auditor's Annual Report This report communicates the key outputs of the audit, including our commentary on the Authority's value for money arrangements.	By 30 November 2026	Not yet due

43