

Audit Findings (ISA 260) Report for East Sussex Pension Fund

Year ended 31 March 2025

September 2025



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Dear Members of the Audit Committee,

Audit Findings for East Sussex 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 will be discussed with Management, the Pensions Board, Audit Committee and the Pensions 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](#).

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.

Parris Williams

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 East Sussex 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 those charged with governance and both the Pensions Board and Committee.

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.
- 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 commenced as planned on the 16th June. Your pension fund team produced a good set of financial statements accompanied by a full suite of working papers in line with the agreed timetable. It is worth noting that our timetable was 2 weeks before the statutory deadline of the end of June.

The aimed completion of the work, as per our audit plan, is the end of September 2025 and we are currently on track for this. Similar to our experience in prior years, both the quality of information provided and the communication from your pension fund team has been exemplary, and we would therefore like to extend our gratitude to management for their continued efforts and cooperation during the audit.

As at the date of drafting this report, we have identified 1 misstatement that impacts the Net Assets Statement and the Fund Account. The misstatement relates to the valuation of level 3 investments where our testing identified a circa £8.2m understatement.

The error is a result of timing rather than any underlying control deficiency. Investment managers provide estimated values to enable management to produce the accounts. Since publication of the draft accounts, some investment managers revised their estimated values with better information. This is not something unique to your pension fund and is a common finding in many of our LGPS audits.

As the difference of £8.2m is not material, management have not updated their financial statements and we are therefore required to report this to you as an unadjusted misstatement as the difference exceeds triviality. See page 36 for more information.

We have also, identified a small number of presentation and disclosure misstatements which management have adjusted for, and these are set out on pages 38-39.

As at the date of drafting this report we have also raised 1 control recommendations for management, to ensure best practice which is detailed on page 40.

Continued overleaf . . .

Headlines

Audit Work - continued

Our work is currently in progress, however to date there are no matters of which we are aware that would require modification of our audit opinion or material changes to the financial statements, subject to the following outstanding matters:

- **Items in progress with audit team:**
 - completion of service auditor report reviews;
 - completion of our IAS 19 work, including sending assurance letters to relevant bodies; and
 - completion of IT Audit procedures.
- **Items awaiting responses from pensions admin team:**
 - response to follow up queries raised during testing of Benefits Payable - Lump Sum samples.
- **Items awaiting responses from pensions fund team:**
 - responses to queries in relation to Disclosure notes; and
 - publishing of the Draft Annual Report to allow for the annual report consistency check.
- **Items relating to the conclusion of the audit:**
 - receipt and review of the Pension Fund Annual Report;
 - senior engagement quality review;
 - receipt of management representation letter; and
 - review of the final set of financial statements.

Audit Opinions

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

The statutory deadline for the Pension Fund Annual Report to be published is 1 December 2025. As the Administering Authority audit will not be finalised until after this date, we are unable to issue our final audit opinion on the Pension Fund financial statements until it is and therefore our consistency report has also not yet been produced. The Fund will publish the Annual Report without our report but with an explanation for the delay on its website. We intend to issue our consistency opinion on the annual report once the Administering Authority audit is finalised.

Headlines

Local & National Context

Local Context

'Fit for Future' impact

As per the Government's response to 'Fit for Future Consultation', the ACCESS Pool, in which the Fund has significant investment in, is confirmed as not continuing beyond March 2026. The Fund are therefore required to transfer their investments to an alternative pool.

Since the Government's announcement, we are aware that the Fund has carried out significant work to move forward with this. As the letter provided by Government required authorities to respond and to be cognisant of Local Government Devolution and Reorganisation, East Sussex has been working with West Sussex to provide a "Sussex" recommendation. The Funds have been supported in this work by Barnett Waddingham and the culmination of this has been a report to the 24th July Pensions committee and announcement of the Funds preferred option being the Border to Coast Pensions Partnership.

Although this change has not impacted our current year audit work, we expect significant movements towards the end of the 25/26 year into 26/27.

Triennial valuation – 31 March 2025

Within the year the Pensions Admin Team have been progressing the Triennial Valuation for the 31st March 2025. To date the fund has submitted the appropriate data to Barnett Waddingham and they are now awaiting the formal results expected in early 2026.

This Triennial valuation has no impact on the current year statement of accounts and audit work; however, we expect the conclusion to impact both actuarial disclosures in the next year and the IAS 19 reports for Administering, Admitted and Scheduled Bodies.

National context

Government proposals around the backstop

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 came into force. This legislation introduced a series of backstop dates for local authority audits. These Regulations required audited financial statements to be published by the following dates:

- For years ended 31 March 2025 by 27 February 2026
- For years ended 31 March 2026 by 31 January 2027
- For years ended 31 March 2027 by 30 November 2027

The statutory instrument is supported by the National Audit Office's (NAO) new Code of Audit Practice 2024. The backstop dates were introduced with the purpose of clearing the backlog of historic financial statements and enable to the reset of local audit. Where audit work is not complete, this will give rise to a disclaimer of opinion. This means the auditor has not been able to form an opinion on the financial statements.

We are pleased to report that we anticipate issuing our opinion on the pension fund financial statements alongside that of the administering authority in December ahead of the statutory deadline.

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 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 will be discussed with management and both the Audit and Pensions Committee's.

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 East Sussex Pension Fund, the Audit Committee fulfil the role of those charged with governance. We note that there is a separate Pensions Committee which considers the draft financial statements and audit findings report and is part of the overall member oversight process.

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;
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks.

We have had to alter our audit plan, as detailed later in this report on [pages 12-13](#). This is due to a revision of materiality for the Fund Account and some changes to assertions on the significant classes of transactions upon consideration of the final account balances.

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 Audit Committee meeting on 19th September 2025. For the list of outstanding items and items still in progress, see the detailed list noted on Page 7.

Materiality

Our approach to materiality

As communicated in our Audit Plan dated 28th March 2025, we determined materiality at the planning stage as £63.8m based on 1.3% of Gross Investment Assets as at 31 March 2024. At year-end, we have reconsidered planning materiality based on the 2024/25 figures in the draft financial statements and concluded that we have not had to revise the materiality from the planned level. We have, however, revised our specific materiality for the Fund Account, this is detailed below.

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

Basis for our determination of materiality

- We have determined materiality at £63.8m based on professional judgement in the context of our knowledge of the Fund, including consideration of factors such as Business Environment and Other Sensitivities.
- We have used 1.3% of gross investment assets as at 31 March 2024 as the benchmark for our materiality.
- This figure was initially set during our planning phase. We have since compared it to the 2024/25 figures and concluded that there has been no significant change that would require an adjustment to the levels established at planning.
- In line with the approach taken in the previous year, materiality for the PF financial statements as a whole should not exceed the admitted body auditor's materiality once the share of assets is taken into account, we have therefore taken into account the materiality of the PF admitted bodies in determining materiality which has resulted in the value being capped at 1.3%.

Performance materiality

- We have determined performance materiality at £47.9m, this is based on 75% of headline materiality. We have not had to revise performance materiality from the planned level.

Reporting threshold

- We will report to you all misstatements identified in excess of £3.1m, in addition to any matters considered to be qualitatively material.

Specific materiality for the Fund Account

- We have determined a lower separate materiality for the fund account at £22.3m, this is based on 10% of gross expenditure (in the fund account) as at March 2025.
- We have also determined a performance materiality for the fund account at £16.7m, this is based on 75% of the lower headline materiality.
- 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. We have revised the fund account materiality as a result of an increase in gross expenditure within the 2025 financial year.

Our approach to materiality (continued)

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

Description	Final (£)	As per audit plan (£)	As per Prior Year (£)	Qualitative factors considered
Materiality for the financial statements	63,800,000	63,800,000	59,000,000	<p>In determining materiality, we have considered the following key factors:</p> <ul style="list-style-type: none"> - Business environment: the Pension Fund operates in a generally stable, regulated environment. - Other sensitivities: there has been no change in key stakeholders, and no other sensitivities have been identified that would require materiality to be reduced. <p>This benchmark is determined as a percentage of the Fund's Net Assets, and headline materiality equates to 1.3% of the Gross Net Assets per the prior year audited financial statements. Note that our firm approach is that materiality for the PF financial statements as a whole should not exceed the admitted body auditor's materiality once the share of assets is taken into account, we have therefore taken into account the materiality of the PF admitted bodies in determining materiality which has resulted in the value being capped at 1.3%.</p>
Performance materiality	47,900,000	47,900,000	44,250,000	<p>We determine a lower performance materiality as an amount less than materiality for the financial statements as a whole (i.e., planning materiality) to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. In determining performance materiality, the main considerations are our view and understanding of the pension fund control environment, whether there have been significant levels of errors in prior year audits. There is not a history of significant deficiencies or a high number of deficiencies in the control environment, and in prior years there have not been a large number or significant misstatements identified. Our performance materiality is therefore calculated at 75% of our headline materiality.</p>
Trivial matters - reporting threshold	3,100,000	3,100,000	2,950,000	<p>We are obliged to report uncorrected omissions or misstatements other than those which are "clearly trivial" to those charged with governance. We have calculated our "clearly trivial" threshold as 5% of the headline materiality.</p>
Specific materiality for the fund account	22,300,000	19,500,000	19,580,000	<p>This benchmark is determined as a percentage of the Fund's expenditure, which has been determined as 10%.</p>
Specific Performance materiality for the fund account	16,700,000	14,600,000	14,685,000	<p>Performance materiality is based on a percentage (75%) of the overall materiality of the fund account. The key considerations in determining this percentage are the same as those for our headline performance materiality</p>

Overview of audit risks

Overview of audit risks

This section provides a high-level overview of the Significant and SCOT+ risks within our audit work.

Risk title	Risk level	Change in risk since Audit Plan	Fraud risk	Status of work
Management override of controls	Significant	↔	✓	●
Valuation of Level 3 Investments	Significant	↔	✗	●
Valuation of level 2 investments	SCOT+	↔	✗	●
Actuarial present value of promised retirement benefits disclosure – IAS 26	SCOT+	↔	✗	●
Cash and cash equivalents	SCOT+	↔	✗	●
Benefits payable	SCOT+	↔	✗	●
Contributions receivable	SCOT+	↔	✗	●
Financial instrument disclosures	SCOT+	↔	✗	●

↑

Assessed risk increased since audit plan

↔

Assessed risk consistent with audit plan

↓

Assessed risk decrease since audit plan

●

Work complete, subject to senior engagement quality review, not likely to result in material adjustment or change to disclosures within the financial statements

●

Work not yet complete, potential to result in material adjustment or significant change to disclosures within the financial statements

●

Issues with work completed to date, 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
<p>Management override of controls</p> <p>In accordance with ISA (UK) 240, we have identified a risk of fraud in respect of management override of controls.</p> <div>Significant</div>	<p>As part of our audit procedures, we have:</p> <ol style="list-style-type: none">1. Evaluated the design and implementation effectiveness of management relevant controls over journals;2. Analysed the journals listing and determine the criteria for selecting high risk unusual journals;3. Tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration;4. Gained an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence; and5. Evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions.	<p>We have noted no material adjustments or findings in relation to management override of controls.</p> <p>We are satisfied that judgements made by management are appropriate and have been determined using consistent methodology.</p> <p>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.</p> <p>Conclusion</p> <p>There are no matters to bring to your attention in relation to this risk.</p>

Significant risks (continued)

Risk identified	Audit procedures performed	Key observations
<p>Valuation of level 3 investments (£1,120m)</p> <p>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.</p> <div> <div>Significant</div> <div> <p>Relevant assertion(s)</p> <p>Valuation, Existence</p> <p>Applicable assertion(s)</p> <p>Rights & Obligations, Presentation, Completeness</p> <p>Planned level of control reliance</p> <p>None</p> </div> </div>	<p>As part of our audit procedures, we have:</p> <ol style="list-style-type: none"> 1. Obtained an understanding of management's processes for valuing Level 3 investments; 2. Evaluated the design and implementation effectiveness of the associated relevant controls; 3. Obtained and reviewed the corresponding investment manager report as at 31 March 2025 comparing the balance with the Fund’s financial statements; 4. For a sample of Level 3 investments, tested the valuation by obtaining and reviewing the audited accounts, (where available these are predominantly private equity and infrastructure funds) at the latest available date for individual investments and compared these to the fund manager reports and accounts stated valuations; 5. Note that the latest audit accounts for the individual investments are often not at the balance sheet date and so are not a satisfactory comparable for the valuation. In these cases, we have reconciled those values to the values at 31 March 2025 with reference to known movements in the intervening period (such as purchases and sales, and other cash movements on the fund) in order to arrive at an appropriate comparable to test against; 6. Reviewed purchase and sale transactions of the investment near the reporting date where appropriate; 7. Reviewed the guidelines under which the investment has been valued at the date of the investment accounts and the Fund accounts; 8. Reviewed the methods and assumptions applied by the Fund managers; 9. Reviewed management’s classification of the assets; and 10. Obtained and reviewed investment manager service auditor report on design and operating effectiveness of internal controls where appropriate. <p>There where no instances where no audited statements were available to test therefore, we did not have to devise alternative procedures to obtain an appropriate comparable to test the valuation.</p>	<p>From the work completed to date we have noted no material adjustments or findings in relation to the valuation of level 3 investments.</p> <p>We have noted a non-trivial £8.18m under-statement in respect of the valuation of level 3 investments. This is due to timing differences between the production of the accounts and investment manager confirmations, which come through later. Further information can be found on page 36.</p> <p>We are satisfied that judgements made by management are appropriate and the valuations have been determined using consistent methodology.</p> <div> <p>Conclusion</p> <p>Subject to the satisfactory completion of the outstanding matters set on page 7, there are no matters to bring to your attention in relation to this risk.</p> </div>

Significant Classes of Transactions

Significant classes of transactions, account balances, and disclosures (SCOT+s), are associated with risks of material misstatement but are not linked to a significant risk. This section provides commentary on the SCOT+ risks communicated in the Audit Plan.

Risk identified	Audit procedures performed	Key observations
<p>Valuation of level 2 investments (£3,328m)</p> <p>The valuation of level 2 investments can be judgemental where they cannot be valued directly, as a result the valuation of level 2 investments has been identified as a significant class of transactions.</p> <div> <div>SCOT+</div> <div> <p>Relevant assertion(s)</p> <p>Existence, Valuation</p> <p>Applicable assertion(s)</p> <p>Rights & Obligations, Presentation, Completeness</p> <p>Planned level of control reliance</p> <p>None</p> </div> </div>	<p>As part of our audit procedures, we have:</p> <ol style="list-style-type: none"> Gained an understanding of the Fund’s process for valuing Level 2 investments; Reviewed the nature and basis of estimated values and consider what assurance management has over the year end valuations provided for these types of investments; Agreed the valuation to the confirmation received from the investment manager; Agreed the valuation to the confirmation received from the custodian; Reviewed the reconciliation of information provided by the individual fund manager’s custodian and the Pension Scheme’s own records and seek explanations for variances; Tested a sample of the underlying investments to independent sources of pricing information; and Obtained and review a service auditor’s report on internal controls for the custodian; Reviewed management’s classification in the fair value hierarchy for a sample of level 2 investments. 	<p>From the work completed to date we have noted no material adjustments or findings in relation to level 2 investments. We are also satisfied that the judgements made by management are appropriate and have been determined using consistent methodology.</p> <div> <p>Conclusion</p> <p>Subject to the satisfactory completion of the outstanding matters set on page 7, there are no matters to bring to your attention in relation to this risk.</p> </div>

Significant Classes of Transactions (continued)

Risk identified	Audit procedures performed	Key observations
<p>Actuarial present value of promised retirement benefits disclosure – IAS 26 (£4,990m)</p> <p>The disclosure of the Fund’s actuarial present value of promised retirement benefits is an accounting estimate and is sensitive to changes in key assumptions. As a result, it has been identified as a significant class of transactions.</p> <p>SCOT+</p> <p>Relevant assertion(s) Valuation, Presentation</p> <p>Applicable assertion(s) None</p> <p>Planned level of control reliance None</p>	<p>As part of our audit procedures, we have:</p> <ol style="list-style-type: none"> 1. Updated our understanding of the processes put in place by management to ensure that the Fund’s Actuarial Present Value of Promised Retirement Benefits is not materially misstated; 2. Evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary’s work; 3. Assessed the competence, capabilities and objectivity of the actuary who carried out the Fund’s valuation; 4. Reviewed the judgements made by management and confirmed that the application of the roll forward method in the intervening year within the triennial valuation cycle has remained appropriate, and ensured we have sufficient assurance from our cyclical triennial membership testing. 5. Assessed the accuracy and completeness of the information provided by the Fund to the actuary to estimate the liability; 6. Tested the consistency of disclosures with the actuarial report from the actuary; 7. Undertook procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor’s expert) and performing any additional procedures suggested within the report. 	<p>As part of our technical review of the accounts we noted that the presentation of this note should be updated, see page 38 for details. This is disclosure only and has no impact on the net reported position of the Pension Fund.</p> <p>Audit work within this area is ongoing, however we are not yet aware of any material adjustments or findings in relation to the actuarial present value of promised retirement benefits disclosure (IAS 26).</p> <p>As the work is ongoing, we are yet to conclude on if we are satisfied that the judgements made by management are appropriate and have been determined using consistent methodology.</p> <p>Conclusion</p> <p>Subject to the satisfactory completion of the outstanding matters set on page 7, there are no matters to bring to your attention in relation to this risk.</p>

Significant Classes of Transactions (continued)

Risk identified	Audit procedures performed	Key observations
<p>Cash and cash equivalents</p> <p>(Cash Deposits with Custodian £111m, Cash held by ESCC £2m)</p> <p>The receipt and payment of cash represents a significant class of transactions occurring throughout the year, culminating in the year-end balance for cash and cash equivalents reported on the Net Asset Statement.</p> <p>SCOT+</p> <p>Relevant assertion(s) Completeness, Existence, Accuracy</p> <p>Applicable assertion(s) Rights & Obligations, Presentation</p> <p>Planned level of control reliance None</p>	<p>As part of our audit procedures, we have:</p> <ol style="list-style-type: none">1. Obtained direct confirmations for all bank accounts2. Obtained monthly bank reconciliations as at the year-end and for one month post year-end, and3. We have not noted any material reconciling items, therefore no testing to confirm clearance through the bank account after the year-end was required.	<p>We have noted one recommendation in relation to a HSBC account which is used for foreign payment for benefits payable. Although audit team have confirmed that all transaction and charges are appropriately accounted for in relation to the account, the balance does not sit on the Pension Fund balance sheet. The balance in there is highly trivial (£1k), but we recommend this balance should sit on the Balance Sheet for completeness.</p> <p>We have noted no material adjustments or findings in relation to the cash and cash equivalents balance.</p> <p>Conclusion</p> <p>Aside from the recommendation above, there are no matters to bring to your attention in relation to this risk.</p>

Significant Classes of Transactions (continued)

Risk identified	Audit procedures performed	Key observations
<p>Benefits Payable</p> <p>(£177m)</p> <p>Pension benefits payable represents a significant percentage of the Fund’s expenditure. As a result, it has been identified as a significant class of transactions.</p> <p>SCOT+</p> <p>Relevant assertion(s)</p> <p>Completeness, Accuracy, Occurrence</p> <p>Applicable assertion(s)</p> <p>Presentation</p> <p>Planned level of control reliance</p> <p>None</p>	<p>As part of our audit procedures, we have:</p> <ol style="list-style-type: none">1. Evaluated the Fund's accounting policy for recognition of pension benefits expenditure for appropriateness;2. Gained an understanding of the Fund's system for accounting for pension benefits expenditure and evaluated the design of the associated controls;3. Tested relevant member data to gain assurance over management information to support a predictive analytical review with reference to changes in pensioner numbers and increases applied in year to ensure that any unusual trends are satisfactorily explained.4. Selected a sample of lump sums and associated individual pensions in payment by reference to member files, for which we are awaiting final query responses for.	<p>Our work in this area is awaiting evidence to be provided by the Pensions Admin Team, ahead of us being able to conclude in this area.</p> <p>Conclusion</p> <p>Subject to the satisfactory completion of the outstanding matters set on page 7, there are no matters to bring to your attention in relation to this risk.</p>

Significant Classes of Transactions (continued)

Risk identified	Audit procedures performed	Key observations
<p>Contributions receivable</p> <p>(£164m)</p> <p>Contributions from employers and employees represents a significant percentage of the Fund’s revenue. As a result, it has been identified as a significant class of transactions.</p> <p>SCOT+</p> <p>Relevant assertion(s)</p> <p>Completeness, Accuracy, Occurrence</p> <p>Applicable assertion(s)</p> <p>Presentation</p> <p>Planned level of control reliance</p> <p>None</p>	<p>As part of our audit procedures, we have:</p> <ol style="list-style-type: none">1. Evaluated management’s accounting policy for the recognition of contributions.2. Evaluated the design and implementation of relevant controls around management’s process for the contributions receivable balance.3. Tested a sample of contributions to source data to gain assurance over their accuracy and occurrence.4. Tested relevant member data to gain assurance over management information to support a predictive analytical review with reference to changes in member body payrolls and the number of contributing employees to ensure that any unusual trends are satisfactorily explained.	<p>From the work completed to date we have noted we have noted no material adjustments or findings in relation to the contributions receivable balance.</p> <p>Conclusion</p> <p>Subject to the satisfactory completion of the outstanding matters set on page 7, there are no matters to bring to your attention in relation to this risk.</p>

Significant Classes of Transactions (continued)

Risk identified	Audit procedures performed	Key observations
<p>Financial instrument disclosures</p> <p>Financial instrument disclosures provide crucial information to allow users to understand and evaluate:</p> <ul style="list-style-type: none">• The entity’s financial position and performance;• The nature and extent of risks from financial instruments during, and at the close of, the reporting period; and• how the Fund manages these risks. <p>SCOT+</p> <p>Relevant assertion(s)</p> <p>Accuracy, Completeness, Valuation, Presentation</p> <p>Applicable assertion(s)</p> <p>None</p> <p>Planned level of control reliance</p> <p>None</p>	<p>As part of our completed audit procedures, we have:</p> <ol style="list-style-type: none">1. Updated our understanding of the processes and controls put in place by management to prepare the financial instrument disclosures2. Documented and evaluated the Fund’s accounting policies for appropriateness and consistency3. Evaluated the instructions issued by management to their management expert/information provider for these disclosures4. Tested the consistency of disclosures with the actuarial report from the actuary;5. For all material financial instrument disclosures confirm they are disclosed in accordance with IFRS 7, measured in accordance with IFRS 9 and classified in accordance with CIPFA guidance on IFRS 9 Financial Instruments	<p>As part of our technical review of the accounts one non-trivial adjustment has been noted in relation to the financial instrument disclosures.</p> <p>From the work completed to date, we have noted no material adjustments or findings in relation to the financial instrument disclosures.</p> <p>Conclusion</p> <p>Subject to the satisfactory completion of the outstanding matters set on page 7, there are no matters to bring to your attention in relation to this risk.</p>

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 - £1,120m

The Pension Fund has Level 3 investments in the following:

- Pooled Investment Fund totalling £28m of the net assets statement at year-end.
- Pooled Property Investments which make up £314m of the net assets statement at year-end.
- Private Equity/Infrastructure giving £778m of the net assets statement at year-end.

Management receive quarterly performance reports which are reviewed and subsequently presented to the Pension Board, 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.

Audit comments

In response to management's approach, for a sample of Level 3 investments 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. Obtained and reviewed investment manager service auditor reports on design and operating effectiveness of internal controls (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. Considered the completeness and accuracy of the underlying information used to determine the estimate
6. Considered the impact of any changes to valuation method from the prior period
7. Evaluated the reasonableness of any increase/decrease in valuation of the estimate, using relevant indices (where appropriate)

We are yet to finalise our procedures for all level 3 assets sampled; however, no significant errors have been brought to our attention in the work completed to date.

From the work that we have completed we are satisfied with the sensitivities disclosed in the notes to the accounts and believe that once finalised we can provide assurance that they are reasonable and in line with the Code, and the estimate is adequately disclosed in the financial statements.

Assessment

We are yet to finalise the procedures for all level 3 assets sampled; therefore, we are not yet able to provide an assessment.

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 - £3,328m

The Pension Fund has Level 2 investments in Unquoted bonds, Forward foreign exchange derivatives, Overseas bond options and Pooled investments (Equity, Fixed Income and Diversified Growth Funds), which total £3,328m on the net assets statement at year-end.

Management receive quarterly performance reports which are reviewed and subsequently presented to the Pension Board, 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.

Audit comments

While level 2 investments do not carry the same level of inherent risks associated with level 3 investments, there is still an element of judgement involved in their valuation as their very nature is such that they cannot be valued directly.

In response to management's approach, for a selection of Level 2 investments 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 quoted prices at year-end where available.
4. Obtained and reviewed investment manager service auditor reports on design and operating effectiveness of internal controls (where appropriate)

continued overleaf

Other findings – key judgements and estimates (continued)

Audit comments (continued)

5. Reviewed the guidelines under which the investment has been valued at the date of the investment accounts and fund accounts
6. Considered the completeness and accuracy of the underlying information used to determine the estimate
7. Considered the impact of any changes to valuation method from the prior period
8. Evaluated the reasonableness of any increase/decrease in valuation of the estimate, using relevant indices (where appropriate)

We are yet to finalise our procedures for all level 2 assets sampled; however, no significant errors have been brought to our attention in the work completed to date.

Additionally, we have not yet concluded on the sensitivities disclosed in the notes to the accounts and cannot yet provide assurance that they are reasonable and in line with the Code, and the estimate is adequately disclosed in the financial statements.

Assessment

We are yet to finalise the procedures for all level 2 assets sampled; therefore, we are not yet able to provide an assessment

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 update of the work being carried out on Information Technology (IT) environment and controls therein which included identifying risks from IT related business process controls relevant to the financial audit.

IT application	Level of assessment to be performed	Update on work in progress
SAP	ITGC assessment (design effectiveness only)	Work in this area is set to be completed in September in line with the Administering Authority.
Altair	ITGC assessment (design effectiveness only)	Work in this area is ongoing and mostly complete, subject to one enquiry with the Pensions Admin and Payroll Teams. From the work completed so far, the conclusions are expected to be in line with previous years.

Assessment:

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

Communication requirements and other responsibilities

Other communication requirements

	Issue	Commentary
1	Matters in relation to fraud	<ul style="list-style-type: none"> We have previously discussed the risk of fraud with the Audit Committee. We have not been made aware of any other incidents in the period, and no other issues have been identified during the course of our audit procedures
2	Matters in relation to related parties	<ul style="list-style-type: none"> We are not aware of any related parties or related party transactions which have not been disclosed, however our work in this area is yet to be finalised.
3	Matters in relation to laws and regulations	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> We are awaiting the completion of the Administering Authority Audit to issue the Letter of Representation; this will be taken to committee with our Audit Opinion, alongside the Administering Authority's.
5	Confirmation requests from third parties	<ul style="list-style-type: none"> We requested from management permission to send confirmation requests to their custodian and investment managers. This permission was granted, and the requests were sent.
6	Disclosures	<ul style="list-style-type: none"> From review to date we are satisfied that there are no material unadjusted omissions in the final set of accounts.
7	Audit evidence and explanations	<ul style="list-style-type: none"> Audit work is still in progress; however, to date we are satisfied all information and explanations requested from management have been provided.

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 will 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	<p>The Pension Fund is administered by East Sussex 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.</p> <p>The audit of the Administering Authority is yet to conclude therefore we cannot give an opinion on these procedures at this point in time.</p>
Matters on which we report by exception	<p>We are required to give a separate consistency opinion for the Pension Fund Annual Report on whether the financial statements included therein are consistent with the audited financial statements.</p> <p>The statutory deadline for the Pension Fund Annual Report to be published is 1 December 2025. As the Administering Authority audit will not be finalised until after this date we are unable to issue our final audit opinion on the Pension Fund financial statements until it is and therefore our consistency report has also not yet been produced. The Fund has will publish the Annual Report without our report but with an explanation for the delay on its website.</p> <p>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.</p>

Audit adjustments

Adjusted & Unadjusted Misstatements

We are required to report all non-trivial misstatements to those charged with governance.

Impact of adjusted misstatements

From our audit work to date we have not identified any adjusted misstatements for year ending 31st March 2025.

Impact of unadjusted misstatements

From our audit work to date we have identified the following unadjusted misstatements for year ending 31st March 2025.

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					4,988,539	
Level 3 Misstatement – Key Value						
Within the Level 3 investment testing, £927,434k of Key Items have been selected for testing, within that there was a net difference of £8,183k, leading to an understatement of Level 3 Investments in the accounts.						
This is due to the timing differences between the production of the accounts and the receipt of the finalised investment managers statements for 31/03/2025. The finalised statements are not available until after the accounts have been produced and are therefore unable to be factored in.	Nil	(8,183)	8,183	Nil	8,183	Immaterial difference, due to timing.
Total net assets – recalculated to include unadjusted misstatements					4,996,722	

Impact of Prior Year Unadjusted Misstatements

This is a summary of unadjusted misstatements identified during the prior year audit, which impact the current year financial statements.

Detail	Pension Fund Account		Impact on total net assets £'000	Reason for not adjusting
	Debit £'000	Credit £'000		
Level 3 Misstatement – Key Value				
In 23/24 as part of the Level 3 investment testing as part of the £731,825k Key Items selected for testing there was a net difference of £7,649k, due to timing, between balances in the accounts and those confirmed by Investment Managers Leading to an immaterial but reportable understatement in the PY Financial Statements.	Gain/Loss on valuation of investments	Nil	Nil impact on net asset statement as at 31 March 2025	Immaterial impact on Statement of Accounts
In year we note that this has no impact on the total net assets as valued at 31 st March 2025, however, it will lead to an equivalent overstatement of the Gain/Loss on Valuation as the PY impact of this is included in the CY movement.	7,649			
Level 3 Misstatement – Extrapolation				
In 23/24 as part of the Level 3 investment testing within the residual population of £413,288k selected for sampling there was an extrapolated net difference of £5,604k, due to timing, between balances in the accounts and those confirmed by Investment Managers. This led to an immaterial, but reportable understatement in the PY Financial Statements.	Gain/Loss on valuation of investment	Nil	Nil impact on net asset statement as at 31 March 2025	Immaterial impact on Statement of Accounts and the misstatement was extrapolated
In year we note that this has no impact on the total net assets as valued at 31 st March 2025, however, it will lead to an equivalent overstatement of the Gain/Loss on Valuation as the PY impact of this is included in the CY movement.	5,604			
Total Impact:	13,253	Nil	Nil	Immaterial Impact

Disclosure misstatements

This is a summary of disclosure misstatements identified for the misstatements for year ending 31st March 2025. These have been adjusted for as part of the audit process.

Disclosure misstatement	Detail	Auditor recommendations
Actuarial Disclosure	As per code 6.5.2.9, within Note 3.12 and the narration under the net asset statement Option B of disclosing the actuarial present value of promised retirements benefits in the notes to the accounts has been used. However, within note 20 it has been disclosed as per Option C.	<p>The initial disclosure of this note was not in line with the CIPFA code and therefore it has been recommended that this note should be updated to ensure Option B has been presented consistently across the accounts.</p> <p>Management response The Fund accepts that the disclosure in Note 20 was not clear and that the change provides greater clarity to the users of the accounts.</p>
Financial Instruments	<p>The debtors balance disclosed in Note 17 - financial instruments includes "Contributions receivable" of £13,394k (PY: £13,068kk). Also, the creditors balance disclosed in note 15 includes benefits payable (Pension Payments) of £744k (PY: £549k).</p> <p>These areas are not contracted and therefore should not have been included as a financial instrument.</p>	<p>As this is a non-trivial balance within the accounts, the audit team have recommended this note should be updated.</p> <p>Management response The is s technical accounting definition and the Fund had been reporting this in line with other LGPS Pension Funds, we recognise that the technical definition requires the removal of this item from the Note 17 disclosure and have removed this.</p>

Disclosure misstatements

Disclosure misstatement	Detail	Auditor recommendations
Audit Fees	<p>There is an error identified, which the Fund had incorrectly included the additional £7,840 in relation to the audit which had already been included within the GT Scale Fee, which had already been recognised appropriately as of £101,515.</p> <p>The initial disclosure also omitted balances relating to the Audit related non-audit services for NAO IAS19 assurance letters outside the scope of the PSAA Contract.</p>	<p>As per GT's independence within the Audit it is crucial that the Audit Fees disclosed in the accounts are in line with our AFR, therefore it has been recommended that this note should be updated in the final version of accounts.</p> <p>Management response</p> <p>There was a change in the way this particular fee item was charged between 23/24 and 24/25 which was not identified during the year end process when this was identified it was agreed that we would amend this item.</p>
Various	<p>Detailed review of the financial statements during the audit identified some trivial typographical errors within the disclosure notes of the accounts.</p>	<p>These have been taken to management for their decisions as to if they would like to update these throughout.</p> <p>Management response</p> <p>The Fund will amend trivial typographical errors when identified to ensure that the accounts are as clear as possible for the user.</p>

Action plan

To date we have not identified 1 recommendation for the Pension Fund as a result of issues identified during the course of our audit. We have agreed our recommendations with management, and we will report on progress on these recommendations during the course of the 2025/26. Any matters to be reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

	Assessment	Issue and risk	Recommendations
1	● [Green]	HSBC bank account for which international holds trivial amount of 1k is not recorded in the GL. Although this amount is highly trivial, as it is not being recorded within the GL, if it grew to that of a non-trivial nature it would be missed.	<p>Audit team recommends that an account code is set up on the balance sheet for this account, so ensure that any assets or liabilities in relation to it are captured within the General Ledger.</p> <p>Management response</p> <p>The Fund has not in the past needed to hold a trivial balance within the HSBC bank account as it is required to facilitate foreign pension payments HSBC have started charging fees on the account, so a small balance is placed here to ensure that the fees are covered. We accept that this now changes the nature of this account and will look to include this on the balance sheet.</p>

Assessment key:

- [Red] High – Significant effect on financial statements
- [Amber] Medium – Limited effect on financial statements
- [Green] Low – Best practice

Follow up of prior year recommendations

There were no recommendations for the Pension Fund to follow up in year in relation to 23/24, as there were no issues identified during the prior year audit,

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 confirm there are no independence matters that we would like to report to you.
- 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.

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 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.

Fees and non-audit services

The following tables overleaf 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 December 2025, to ensure inclusion of the expected fees in relation to known IAS 19 Assurance letters required for Admitted Bodies outside of the NAO Code of Audit Practice for the 24/25 FY. It also includes 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 East Sussex Pension Fund. The table overleaf 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 that the level of this recurring fee taken on its own is not considered a significant threat to independence as the total fee.

Our firm also provides audit and non-audit services to the Administering Authority. 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

Audit fees	Proposed fee for 2024/25 (£)	Audit Fee for 2023/24 (£)
Audit of Pension Fund (Scale Fee)	101,515	90,337
ISA 315	Included in scale fee	7,530
Audit related non-audit services (see aside)	5,000	0
Total	106,515	97,867

The above fees are exclusive of VAT and out of pocket expenses.

The fees reconcile to the financial statements as follows:

- Updated fees as per financial statements: **127,515**
 - £17k: Non-accrued additional approved PSAA fee payable in respect of external audit for 2021/22
 - £4k: Non-accrued additional additional approved PSAA payable in respect of external audit for 2022/23
- Total fees per above: **106,515**

Audit related non-audit services	£	Threats identified	Safeguards applied
23/24 FY - IAS 19 Assurance letters for Admitted Bodies outside of the NAO Code of Audit Practice	2,500	Self-Interest (because this is 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 £2,500 per year and £5,000 in total, in comparison to the total proposed fee for the audit of £101,515 and in particular 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. As at this stage NAO have not formally requested this letter, however we have had communication with them as to this being their intention so are including for completeness.
24/25 FY - IAS 19 Assurance letters for Admitted Bodies outside of the NAO Code of Audit Practice	2,500	Self-Interest (because this is a recurring fee)	
Total	5,000		





This covers all services provided by us and our network to the Fund, its directors and senior management, that may reasonably be thought to bear on our integrity, objectivity or independence.

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	●	
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	●	●
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.



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