



The Audit Plan for the London Borough of Brent Pension Fund

Year ending 31 March 2026

16 June 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 the London Borough of Brent 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](#)

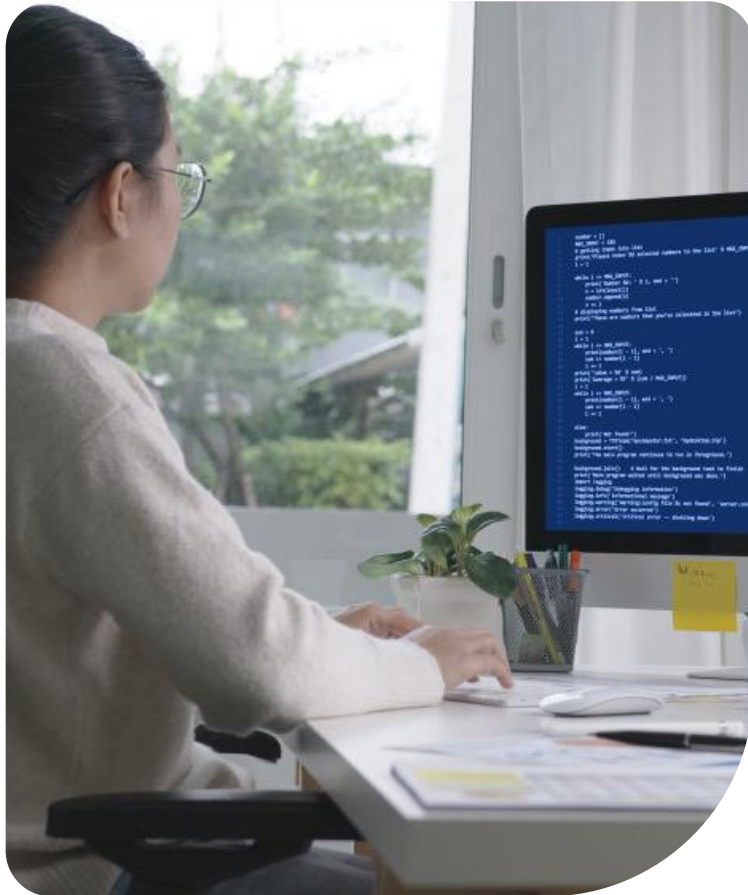
Scope of our audit

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 Audit and Standards 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 Audit and Standards 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;
- The revenue cycle includes fraudulent transactions – rebutted;

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 **£26 million** (PY £24.8 million) for the Fund, which equates to 2% of your gross investment assets as at 31 March 2025.

We have determined a lower specific planning materiality for Fund Accounts - Contributions receivable **£8 million**, which equates to 10% of prior year gross income from contributions and for Benefits payable **£5.9 million**, which equates to 10% of prior year gross expenditure from benefits.

We are obliged to report uncorrected omissions or misstatements other than those which are ‘clearly trivial’ to those charged with governance. Clearly trivial has been set at **£1.3 million** (PY £ 1.2 million).

Audit logistics

Our interim visit will take place in February to March 2026 and our final visit will take place in July to September 2026. Our key deliverables are this Audit Plan, Auditor’s Report, Auditor’s Consistency Statement and our Audit Findings Report.

Our proposed fee for the audit is **£104,507** (PY: £97,945) 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.

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.

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
<p>Management override of controls</p> <p>Significant</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities.</p>	<p>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.</p>	<p>We will:</p> <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; • test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration; • gain an understanding of the accounting estimates and critical judgements applied made 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 • incorporate an element of unpredictability into our audit procedures by utilising Inflo Detect digital audit tool



“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>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>



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.

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
<p>The expenditure cycle includes fraudulent transactions</p> <p>Rebutted</p> <p>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.</p>	<p>We have identified and completed a risk assessment of all expenditure streams for the Fund. We have rebutted the presumed risk that expenditure may be misstated due to the improper recognition of expenditure for all expenditure streams, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate expenditure recognition • opportunities to manipulate expenditure 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>

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. These valuations therefore represent a significant accounting estimate by management in the financial statements due to the size of the balance (£113.8 million as at 31/03/25) and the sensitivity of the estimate to changes in key assumptions. We have therefore identified the 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; • 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 year end reporting date after accounting for cashflows, and ○ obtain and review the corresponding investment manager report (capital statement) as at the investment accounts audit date with the audited accounts and follow up significant differences • independently obtain and review the corresponding investment manager reports (capital statements) as at the reporting date and compare to the financial statements; • review purchase and sale transactions of investments near the reporting date where appropriate; • review the guidelines under which investments have been valued at the date of the investment accounts and the Fund accounts; • review management's classification of the assets; and • obtain and review investment manager service auditor report on design and operating effectiveness of relevant internal controls where appropriate.

Other risks identified

Other risks are, in the auditor’s judgement, those where the likelihood of material misstatement cannot be reduced to remote, without the need for gaining an understanding of the associated control environment, along with the performance of an appropriate level of substantive work. The risk of misstatement for an ‘other risk’ is lower than that for a significant risk, and they are not considered to be areas that are highly judgemental, or unusual in relation to the day-to-day activities of the business.

Risk	Description	Planned audit procedures
<p data-bbox="109 551 479 639">Significant class of transactions</p> <p data-bbox="109 661 479 768">Actuarial present value of promised retirement benefits disclosure – IAS 26</p>	<p data-bbox="504 551 1192 1032">The disclosure of the Fund’s actuarial present value of promised retirement benefits is an accounting estimate (£1,220 million as at 31st March 2025) and is sensitive to changes in key assumptions. The Fund engage the services of a qualified actuary to develop an IAS 26 compliant estimate of the disclosure and 2026/27 will be the first year that the outcomes of the 2025 triennial valuation will be reflected. As a result, the disclosure of the Fund’s actuarial present value of promised retirement benefits has been identified as ‘other risk’ of material misstatement.</p>	<p data-bbox="1217 551 2440 579">We will:</p> <ul data-bbox="1217 586 2440 1073" style="list-style-type: none"> <li data-bbox="1217 586 2440 694">• update our understanding of the processes and controls put in place by management to ensure that the Fund’s actuarial present value of promised retirement benefits is not materially misstated <li data-bbox="1217 701 2440 772">• evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary’s work <li data-bbox="1217 779 2440 851">• assess the competence, capabilities and objectivity of the actuary who carried out the Fund’s valuation <li data-bbox="1217 858 2440 929">• assess the accuracy and completeness of the information provided by the Fund to the actuary to estimate the liability <li data-bbox="1217 936 2440 1008">• test the consistency of disclosures with the actuarial report from the actuary; and <li data-bbox="1217 1015 2440 1073">• undertake 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.

Other risks identified (Continued)

Risk	Description	Planned audit procedures
<p>Significant class of transactions</p> <p>Valuation of Level 2 Investments</p>	<p>Level 2 investments do not carry the same level of inherent risks associated with level 3 investments, however there is still an element of judgement involved in their valuation as their very nature is such that they cannot be valued directly. These assets represent a class of transaction in the financial statements due to the size of the balance (£1,132.9 million as at 31 March 2025) As a result, the valuation of the Fund's Level 2 investments have been identified as 'other risk' of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • Agree the valuation to the confirmation received from the investment manager; • Agree the valuation back to quoted prices at year-end where available; • Compare the valuation to purchase and sale transactions near the reporting date (where appropriate); • Review the guidelines under which the investment has been valued (where appropriate); • Obtain and review a service auditor's report on internal controls for the investment manager; • Review management's classification in the fair value hierarchy for level 2 investments; • Carry out more detailed testing where the planned procedures do not provide sufficient assurance.
<p>Significant class of transactions</p> <p>Cash and cash equivalents / Level 1 Investments</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 (£63.6 million as at 31 March 2025).</p>	<p>We will:</p> <ul style="list-style-type: none"> • Obtain direct confirmations for all bank accounts and Money Market Funds • Obtain monthly bank reconciliations as at the year-end and for one month post year-end, and • Where material, reconciling items will be tested to confirm clearance through the bank account after the year-end

Other matters

Other work

The Fund is administered by the London Borough of Brent (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.
- 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.

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 in March 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 contract 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 23.

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).

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)

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

Matters we will report to the Audit and Standards Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit and Standards Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

Planned audit procedures

- We report to the Audit and Standards Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work.
- In the context of the Pension Fund we propose that an individual difference could normally be considered to be clearly trivial if it is less than **£1.3 million** (PY £1.2 million).
- If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit and Standards Committee to assist it in fulfilling its governance responsibilities.

Our approach to materiality (Continued)

Materiality	Amount (£)	Qualitative factors considered
Headline materiality for the Fund's financial statements	£26,000,000 (This represents 2% of gross investment assets)	<ul style="list-style-type: none"> • Key users of the financial statements and performance measures that key stakeholders are interested in • Business environment • Control environment (e.g., known issues, frauds that could make a misstatement more likely) • Other sensitivities (e.g., Changes in regulations).
Performance materiality	£19,000,000 (This represents 75% of materiality for financial statements)	<ul style="list-style-type: none"> • the environment in which the pension fund operates • The size of the pension fund and functionalities • Whether there are material fraud risks that we have identified as being present.
Trivial matters	£1,300,000 (this represents 5% of overall financial statement materiality)	<ul style="list-style-type: none"> • Key users of the financial statements and audit methodology

Our approach to materiality (Continued)

Materiality	Amount (£)	Qualitative factors considered
Specific lower materiality for classes of transactions, balances or disclosures: a lower specific materiality for Contributions receivable	£8,000,000 (this represents 10% of prior year gross income from contributions)	Key users of the financial statements and which performance measures that key stakeholders for the entity are interested in.
Specific lower materiality for classes of transactions, balances or disclosures: a lower specific materiality for Benefits payable	£5,900,000 (this represents 10% of gross expenditure from benefits)	Key users of the financial statements and which performance measures that key stakeholders for the entity are interested in.



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 **5** recommendations being reported in our 2024/25 Audit Findings Report. We have followed up on the implementation of our recommendations and **4** recommendations are still to be addressed.

Assessment Issue and risk previously communicated

In progress **Excessive System Administrative Permissions Assigned to Business Users**

During our review, we noted that certain business users, primarily from the HR and Payroll teams, had been assigned system roles that included permissions for 'Manage Menu Customisations' and 'Functional Setup Manager'. The entity was unable to confirm whether the users required all of the assigned permissions for their job responsibilities, as these permissions appear to include system administrative access and may provide elevated privileges beyond what is necessary for their business functions. When system administrative permissions are assigned to business users without clear justification, there is a risk of unauthorised or unintended changes being made to system configuration.

We recommend that management enhance the existing Quarterly Logical Access Review process by incorporating a review of the detailed permissions within user roles, not just the role assignments themselves.

Update on actions taken to address the issue(s)

Management will review all the relevant roles and remove the administrative roles which they may not require for their job, ensuring that users can continue to carry out the necessary activities as part of their normal duties.

This will need to split into separate stages including review of the roles, feasibility to remove permissions, testing to ensure users can carry out their activities. Work has already progressed to develop this with full implementation expected in February 2026.

Progress against prior year audit recommendations (Continued)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
In progress	<p>Benefits Payable Note 9</p> <p>As per CIPFA Code 6.5.5.1 (q) guidance Benefits Payable should be disclosed separately on the Note for the Administering authority, Scheduled bodies and admitted bodies.</p>	<p>The management has confirmed that the Oracle Payroll system has prevented them to be able to separate the Administering Authority and the Scheduled bodies Benefits payables until December 2024. As they had made transition from the Oracle Payroll to LPPA system, this is now possible from January 2025 onwards. The management is confirming that for 25/26 accounts, the Benefits payable will be provided on separate lines on Note 9 for Administering authority, scheduled bodies and admitted bodies. Target date: 25/26 SoA</p>
In progress	<p>Cash Balances Note 20</p> <p>A long-standing Cash in Transit balance of £(3.2m) remains unreconciled following the Oracle R12 to Oracle Cloud migration. Items were netted against the General Bank Account to present a reconciled position, but underlying unmatched transactions persist. Management to perform full historical reconciliation, clear legacy items, strengthen monthly bank reconciliation and review controls, and ensure full CIPFA disclosure compliance.</p>	<p>Management has confirmed that the work is in progress to reconcile and resolve the balance. Target date: 25/26 SoA</p>

Progress against prior year audit recommendations (Continued)

Assessment Issue and risk previously communicated

In progress

School Employer Contribution Rates

From our testing over the employee/employer contributions we noted that the Pension Fund reviews the contributions schedules at the beginning of each year to ensure that the right employer contributions are paid, and instructions are issued to school/payroll providers.

It was identified that a sample of schools had paid incorrect rate of employer contributions in 2023/24 as they had not updated the contribution rates.

Update on actions taken to address the issue(s)

It was noted that the management issues instructions to school/payroll providers, however, it is highlighted that appropriate review of correct contributions paid needs to take place at the beginning of the year.

The same issue has been encountered in 2024/25, therefore, we continue to highlight this as a weakness in the control environment and the 2023/24 recommendation stands.

IT audit strategy

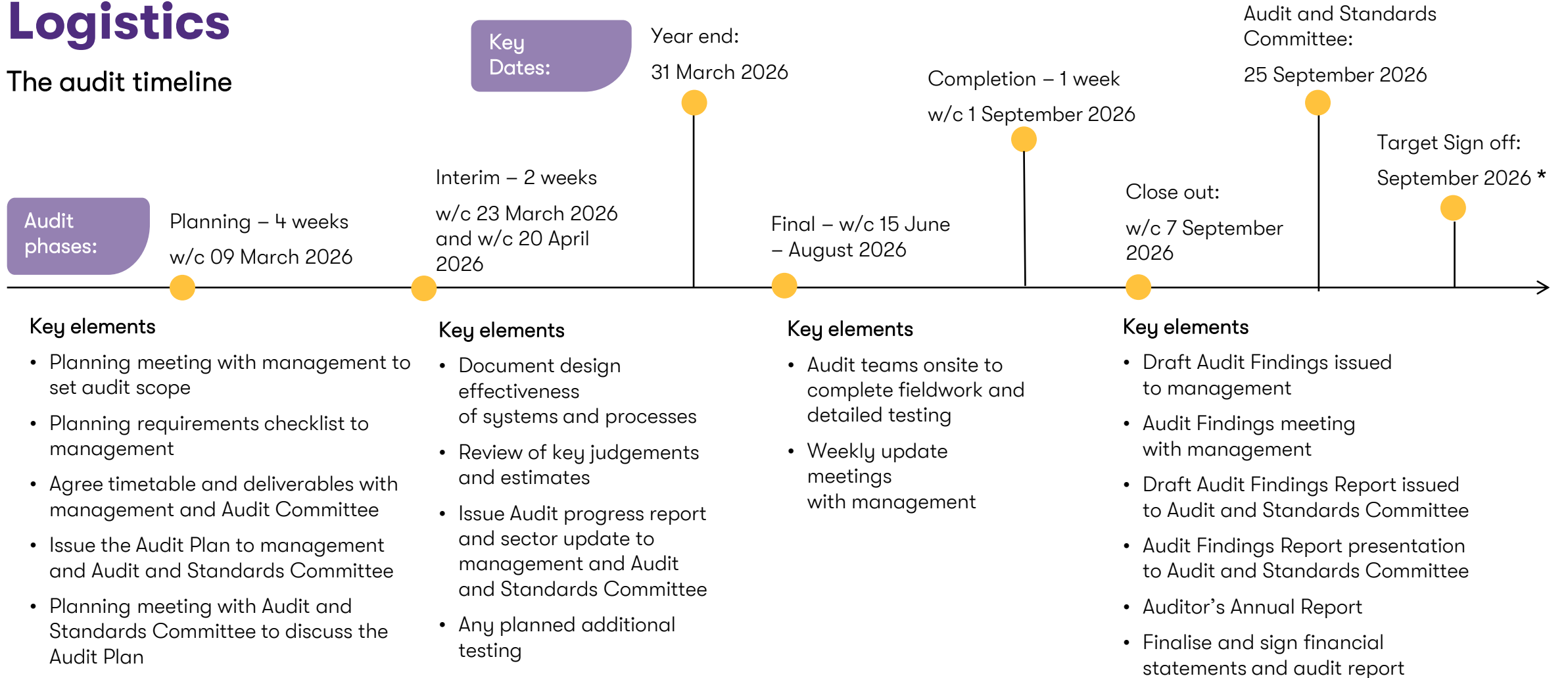
In accordance with ISA (UK) 315, we are required to obtain an understanding of the IT environment related to all key business processes, identify all risks from the use of IT related to those business process controls judged relevant to our audit and assess the relevant IT general controls (ITGCs) in 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 Cloud	Financial reporting	<ul style="list-style-type: none"> ITGC assessment (design, implementation and operating effectiveness) Application controls assessment
Civica - Pension Administration System	Fund Information	<ul style="list-style-type: none"> ITGC assessment (design and implementation effectiveness only)

Logistics

The audit timeline



* Target sign off timeline is dependent on the administering body sign off date, in line with LGPS signed off alongside the administering authority

Our team and communications

Grant Thornton core team

Matt Dean

Engagement Lead/
Key Audit Partner

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

Jasmine Kemp

Audit Manager

- Audit planning
- Resource management
- Performance management reporting

Tamara Dolidze

Audit Senior / In-charge

- On-site 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"> • Annual client service review 	<ul style="list-style-type: none"> • The Audit Plan • Audit Progress and Sector Update Reports • The Audit Findings 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 Audit Senior/In-charge and Manager and will interact with you in the same way as our UK based team albeit on a remote basis. Our overseas team members use a remote working platform which is based in the UK. The remote working platform (or Virtual Desktop Interface) does not allow the user to move files from the remote platform to their local desktop meaning all audit related data is retained within the UK.

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.
- Our fee estimate also assumes that you will engage suitably competent experts to assist management in the following areas:
 - Actuarial valuation of the fund; and
 - Valuation of level 2 and Level 3 Investments.

Description	Audit Fee for 2024/25 (£)	Proposed fee for 2025/26 (£)
London Borough of Brent Pension Fund Audit	97,945	99,507
2025 triennial valuation data testing	0	5,000
Total (Exc. VAT)	97,945	104,507

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. 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 **£99,507**.

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:

Matter	Conclusion
Relationships with Grant Thornton	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.
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	Grant Thornton UK LLP are appointed as the London CIV's auditor. The London CIV are a LGPS asset pool for which London Borough of Brent are one of the Shareholders. We are satisfied that this does not impact upon our independence.

Independence considerations (Continued)

Matter	Conclusion
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).

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.

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

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 Report
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	●	●

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

Our communication plan	Audit Plan	Audit Findings Report
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.

New and future standards and reporting requirements

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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