Grant Thornton

Audit Findings (ISA 260) Report for the London Borough of Brent Pension Fund

Year ended 31 March 2026

23 September 2026

London Borough of Brent Pension Fund
Brent Civic Centre
Engineers Way
Wembley
HA9 0FJ

Grant Thornton UK LLP
8 Finsbury Circus,
London,
EC2M 7EA

www.grantthornton.co.uk

Dear Audit and Standards Committee and Chair Cllr Saqlain Choudry

Audit Findings Report for the London Borough of Brent Pension Fund for the 31 March 2026

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

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.

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 grant-thornton-transparency-report-2025.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.

Matthew Dean

Key Audit Partner

For Grant Thornton UK LLP

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Appendix A – Management Letter of representation	See separate agenda item
Appendix B– Audit Opinion	See separate agenda item

Headlines

This page and the following summarises the key findings and other matters arising from the statutory audit of the London Borough of Brent Pension Fund (the 'Pension Fund') and the preparation of the Pension Fund's financial statements for the year ended 31 March 2026 for the attention of those charged with governance.

Financial statements

Under International Standards of Audit (UK) (ISAs) and 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 year ended 31 March 2026 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.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS), the Narrative Report and the administering authority's financial statements), is materially consistent with the Pension Fund's financial statements and with our knowledge obtained during the audit, or otherwise whether this information appears to be materially misstated.

Our audit work was completed during June to September 2026, in line with the timelines set out in our Audit Plan. Our findings are summarised on pages 11 to 17.

We identified no adjustments to the financial statements, that have resulted in an adjustment to the Pension Fund's reported financial position. The only non-trivial matters identified during the audit were disclosure amendments. Audit findings are detailed on page 22 to 25.

We have also raised recommendations for management, set out on page 26, and reported our follow up of prior year recommendation on pages 27 to 30.

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

- completion of senior audit team review
- completion of audit work in respect of Other information
- receipt and review of the Pension Fund Annual Report
- receipt of management representation letter; and
- review of the final set of financial statements.

Headlines (continued)

Financial statements

We have not yet concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and the audited financial statements, as our work remains ongoing at this time.

Our anticipated financial statements audit report opinion will be unmodified.

Whilst our work on the Pension Fund financial statements is 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.

Due to statutory deadlines the Pension Fund Annual Report is not required to be published until 1 December 2026 and therefore this report has not yet been produced. We have therefore not given this separate statement at this time.

We are unable to certify completion of the audit of the administering authority until this work has been completed, (and the work on WGA/any other reasons for a delay in the certification of the closure of the audit).

Significant Matters

We did not encounter any significant difficulties or identify any significant matters arising during our audit.

Our approach to materiality

As communicated in our Audit Plan dated 16 June 2026, we determined headline materiality at the planning stage as **£26 million** based on 2% of Gross Investment Assets as at 31 March 2025. At year-end, we have reconsidered planning materiality based on the 2025/26 figures in the draft financial statements. As a result the audit team have deemed it appropriate to revise materiality from **£26 million** to **£29.6 million**, reflecting the increase in gross investment assets, which is the benchmark used to determine materiality. This update ensures that materiality remains appropriate and proportionate to the size of the Fund based on the most current financial information available. No other factors were identified that would require a change to our audit strategy.

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

Basis for our determination of materiality

- We have determined materiality at **£29.6 million** based on professional judgement in the context of our knowledge of the Fund, including consideration of factors such as the nature of the Fund's investment activities, the expectations of scheme members and other stakeholders, the level of audit differences identified in prior years, and the relatively low complexity of the Fund's transactions and balances.
- We have used 2% of gross investment assets as at 31 March 2026 as the benchmark for our materiality.
- Gross investment assets are considered the most appropriate benchmark because they represent the principal measure of the Fund's size and are the key focus of users of the financial statements. The Fund's primary objective is the stewardship and management of investment assets on behalf of members, and investment asset values are therefore the most relevant indicator of financial significance. We have applied 2%, which is consistent with sector practice for local government this basis is consistent with the prior year. The increase in monetary materiality compared to the prior year reflects growth in the value of the Fund's investment assets at the year end rather than any change in the audit risk assessment or benchmark applied.

Performance materiality

- We have determined performance materiality at **£22.2 million**, this is based on 70% of headline materiality. We have revised the performance materiality to ensure that performance materiality remains appropriate and proportionate to the size of the Fund based on the most current financial information available.

Specific materialities for Benefits Payable and Contributions

- We have determined lower specific materialities for benefits payable and contributions, they are based on 10% of the corresponding figure as at 31 March 2026. We have revised the
  - benefits payable from the planned level of **£5.9 million** to **£6.1 million**; and
  - contributions from the planned level of **£8 million** to **£6.9 million**
- following receipt of the draft financial statements. These changes reflect movements in the underlying benefits payable and contributions balances used to determine these thresholds.

Reporting threshold

- We will report to you all misstatements identified in excess of **£1.48 million**, in addition to any matters considered to be qualitatively material.

Our approach to materiality (continued)

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

Description	Amount (£)	Qualitative factors considered
Materiality for the financial statements	29,600,000	• 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	22,200,000	• 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.
Lower specific materiality for Benefits Payable	6,100,000	• Key users of the financial statements and which performance measures that key stakeholders for the entity are interested in.
Lower specific materiality for Contributions	6,900,000	• Key users of the financial statements and which performance measures that key stakeholders for the entity are interested in.
Trivial matters - reporting threshold	1,480,000	• Key users of the financial statements and audit methodology.

Overview of audit risks

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

Significant classes of transactions, account balances, and disclosures, are associated with risks of material misstatement but are not always significant risks (SCOT+).

Material only are material financial statement line items not associated with risks of material misstatement.

Other audit risks are accounts that are not associated with any SCOT + or with a material only financial statement line item or disclosure.

Risk title	Risk level	Change in risk since Audit Plan	Fraud risk	Level of judgement or estimation uncertainty	Status of work
Management override of controls	Significant	↔	✓	Low	G
Valuation of Level 3 Investments	Significant	↔	✗	High	G
Actuarial present value of promised retirement benefits disclosure – IAS 26	Significant class of transactions (SCOT+)	↔	✗	Medium	G
Valuation of Level 2 Investments	Significant class of transactions (SCOT+)	↔	✗	Medium	G
Cash and cash equivalents / Level 1 Investments	Significant class of transactions (SCOT+)	↔	✗	Low	G

↑ Assessed risk increased since audit plan

↔ Assessed risk consistent with audit plan

↓ Assessed risk decrease since audit plan

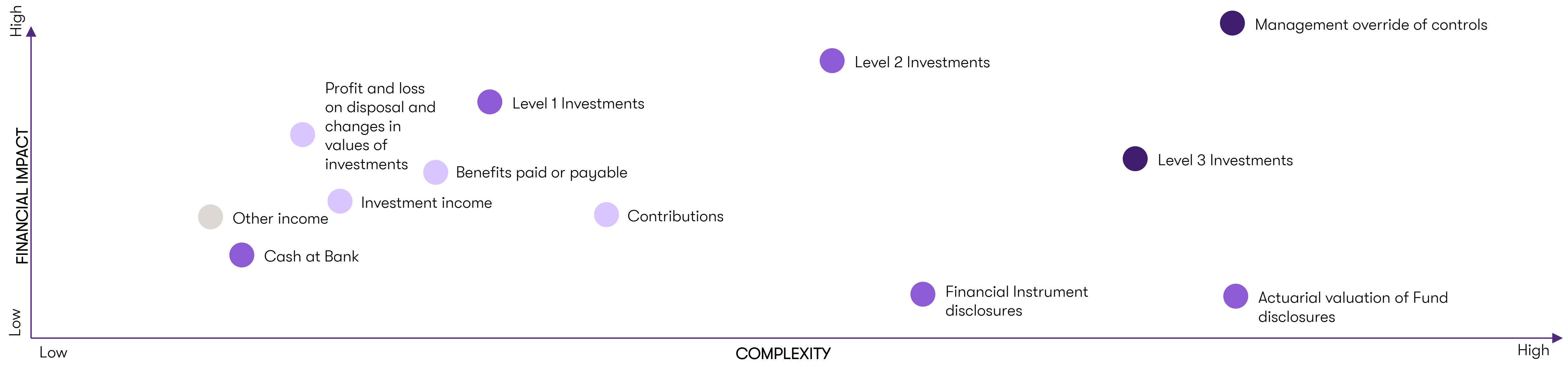
G Not likely to result in material adjustment or change to disclosures within the financial statements

A Potential to result in material adjustment or significant change to disclosures within the financial statements

R Likely to result in material adjustment or significant changes to disclosures within the financial statements

Overview of audit risks

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



Glossary

- Significant risk
- SCOT+
- Material only
- Other audit risks

Significant risks

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

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risk identified	Audit procedures performed	Key observations
Management override of controls Significant Under ISA (UK) 240, there is a non-rebuttable presumption that the risk of management override of controls is present in all entities.	As part of our audit procedures, we: • evaluated the design effectiveness of management controls over journals; • analysed the journals listing and determine the criteria for selecting high risk unusual journals; • tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration; • gained an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence; • evaluated 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	We have noted no material adjustments or findings in relation to management override of controls. We are satisfied that judgements made by management are appropriate and have been determined using consistent methodology. Having assessed management's judgements and estimates individually and in aggregate we are satisfied that there is no material misstatement arising from management bias across the financial statements.

Significant risks (continued)

Risk identified	Audit procedures performed	Key observations

Valuation of level 3 investments
 	
Significant
 	
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.
	As part of our audit procedures, we:
	• documented and evaluated management's processes for valuing Level 3 investments;
	• obtained and reviewed the audited financial statements of the investment accounts, where these are at a different reporting date to the Fund's financial statements:
	    o the valuations were be compared to the year end reporting date after accounting for cashflows; and
	    o obtained and reviewed the corresponding investment manager report (capital statement) as at the investment accounts audit date with the audited accounts and follow up significant differences
	• independently obtained and reviewed the corresponding investment manager reports (capital statements) as at the reporting date and compare to the financial statements;
	• reviewed purchase and sale transactions of investments near the reporting date where appropriate;
	• reviewed the guidelines under which investments have been valued at the date of the investment accounts and the Fund accounts;
	• reviewed management's classification of the assets; and
	• obtained and reviewed investment manager service auditor report on design and operating effectiveness of relevant internal controls where appropriate.
		We have noted no material adjustments or findings in relation to the valuation of level 3 investments.
		
		We are satisfied that judgements made by management are appropriate and the valuations have been determined using consistent methodology.

Significant Classes of Transactions (continued)

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
Significant class of transactions (SCOT+) **Valuation of Level 2 Investments** 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 (**£1,294.6 million** as at 31 March 2026).	As part of our audit procedures, we have: • agreed the valuation to the confirmation received from the investment manager; • agreed the valuation back to quoted prices at year-end where available; • compared the valuation to purchase and sale transactions near the reporting date (where appropriate); • reviewed the guidelines under which the investment has been valued (where appropriate); • obtained and reviewed a service auditor's report on internal controls for the investment manager; • reviewed management's classification in the fair value hierarchy for level 2 investments; • carried out more detailed testing where the planned procedures did not provide sufficient assurance.	We have noted no material adjustments or findings in relation to the valuation of level 2 investments. We are satisfied that judgements made by management are appropriate and the valuations have been determined using consistent methodology.

Significant Classes of Transactions

Risk identified	Audit procedures performed	Key observations
Significant class of transactions (SCOT+) **Actuarial present value of promised retirement benefits disclosure – IAS 26** The disclosure of the Fund's actuarial present value of promised retirement benefits is an accounting estimate (**£1,321 million** as at 31st March 2026) 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 part of our audit procedures, we have: • updated 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; • evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assessed the competence, capabilities and objectivity of the actuary who carried out the Fund's valuation; • assessed the accuracy and completeness of the information provided by the Fund to the actuary to estimate the liability; • tested the consistency of disclosures with the actuarial report from the actuary; and • undertaken 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.	We have noted no material adjustments or findings in relation to the actuarial present value of promised retirement benefits disclosure (IAS 26). We completed our review of the IAS 26 actuarial present value of promised retirement benefits disclosure and the underlying triennial valuation. No material issues were identified in respect of the actuarial assumptions, methodology or disclosures. Triennial valuation member data testing identified some limitations in the availability of historic documentation following changes in pension administrators. However, alternative evidence was obtained in all cases, and no material discrepancies were identified. We concluded that sufficient appropriate audit evidence was obtained to support the completeness and accuracy of the data used by the actuary and no material adjustments were required. We are satisfied that judgements made by management are appropriate and have been determined using consistent methodology.

Significant Classes of Transactions (continued)

Risk identified	Audit procedures performed	Key observations
Significant class of transactions (SCOT+) Cash and Cash Equivalents The receipt and payment of cash represents a significant class of transactions occurring throughout the year, culminating in the yearend balance for cash and cash equivalents reported on the Net Asset Statement (**£53.9 million** as at 31 March 2026).	As part of our audit procedures, we have: • obtained direct confirmations for all bank accounts and Money Market Funds • obtained monthly bank reconciliations as at the year-end and for one month post year-end, and • where material, reconciling items were tested to confirm clearance through the bank account after the year-end	We have noted no material adjustments or findings in relation to Cash and Cash Equivalents.

Other areas impacting the audit

This section provides commentary on other issues and risks which were identified during the course of the audit and were previously communicated in the Audit Plan.

Issue	Commentary	
2025 Triennial Valuation (England Only) 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/April 2026). The purpose of the valuation is to set employer contribution rates for the period from 1 April 2026 to 31 March 2029. The underlying demographic data will also be rolled forward and utilised in the 2025/26 estimate of the actuarial present value of promised retirement benefits disclosure calculations made under IAS 26 (on an IAS 19 basis as required by IAS 26 and 6.5. 2.9 of the CIPFA Code).	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 needed to test the individual member data used by the actuaries in their triennial valuation calculations (Item 1) against independent records every three years. Item 2 testing is carried out annually.	**Auditor view** We completed testing of a sample of 26 individual member records (6 active members, 12 deferred members and 8 pensioners) included within the membership data submitted to the actuary for the purpose of the 2025 Triennial Valuation. During testing, we identified limitations in the availability of certain historical member records, primarily due to legacy pension administration arrangements and changes in pension administrators over time. In a number of cases, original joining documentation was not available. However, alternative evidence, including pension administration records, payroll and contribution histories, enrolment documentation, leaving notifications and pension payment records, was obtained and used to substantiate the relevant member data attributes. No material discrepancies were identified from our testing and alternative evidence was available in all instances where original documentation could not be provided. Based on the procedures performed, we concluded that sufficient appropriate audit evidence was obtained to support the completeness and accuracy of the member data used by the actuary in the 2025 Triennial Valuation. **Management response** Our pension administration has been outsourced to several providers over time, with paper records replaced by electronic files and data transferred between administrators. Unfortunately, this has led to some data degradation where original records are unavailable however alternative evidence was provided in relation to the cases tested. Although regular data-cleansing exercises have helped mitigate the impact, this remains a common issue across many pension schemes in the UK.

Other findings – Information Technology

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

IT application	Level of assessment performed	Overall ITGC rating	ITGC control area rating Security management	Change management	Batch scheduling	Related significant risks/other risks	
Oracle Cloud (Financial reporting)	ITGC assessment (design, implementation and operating effectiveness) Application controls assessment	● [Amber]	● [Amber]	● [Green]	● [Green]	Management override of controls	The ITGC review identified user access control weaknesses were identified within Oracle Cloud Fusion, including privileged HCM access, delayed removal of access and self-assigned roles. The affected access primarily related to Council payroll, procurement and support functions rather than Pension Fund financial reporting. Management override and journal testing identified no evidence of inappropriate postings or impact on the Pension Fund financial statements. Management have agreed remediation actions to strengthen access governance and reduce the risk of inappropriate access.
Civica (Pension Administration system)	ITGC assessment (design and implementation effectiveness only)	● [Amber]	● [Amber]	● [Green]	● [Green]	Contributions receivable, Benefits payable and the actuarial valuation	The ITGC review identified delays in removing access for a departed user were identified within Civica. No inappropriate activity was identified, and audit testing did not identify any impact on Pension Fund financial reporting. Management has agreed actions to strengthen leaver and access review controls.

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

Other communication requirements

Issue	Commentary
Matters in relation to fraud	• We have previously discussed the risk of fraud with the Audit and Standards Advisory 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
Matters in relation to related parties	• We are not aware of any related parties or related party transactions which have not been disclosed
Matters in relation to laws and regulations	• You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	• A letter of representation has been requested from the Pension Fund. This will be shared with management and the Audit and Standards Advisory Committee informed at its meeting that there were no specific representations requested beyond those normally sought. We draw your attention to the draft Letter of Representation which is appended on the Agenda. • This will be signed alongside the final draft of the financial statements in advance of the conclusion of the audit.
Confirmation requests from third parties	• We requested from management permission to send confirmation requests to their custodian and investment managers. This permission was granted and the requests were sent. All requests were returned with positive confirmation and no alternative procedures were required. • We requested management to send letters to those internal legal counsel who worked with the Pension Fund during the year. All responses have been received with no issues noted.
Disclosures	• Our review found no material omissions in the financial statements • Significant disclosures in the 2025/26 statutory financial statements include the Fair Value Hierarchy, Actuarial Present Value of Promised Retirement Benefits, Uncertainty and risk disclosures
Audit evidence and explanations	• All information and explanations requested from management was provided.
Significant difficulties	• No significant difficulties were encountered in the delivery of the audit.

Other responsibilities

Issue	Commentary
Going concern	In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2024). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies. Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities: • the use of the going concern basis of accounting is not a matter of significant focus of the auditor’s time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity’s services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities • for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. – Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. *continued overleaf*

Other responsibilities

Issue	Commentary
Going concern	The financial reporting framework adopted by the Pension Fund meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated: • the nature of the Pension Fund and the environment in which it operates • the Pension Fund's financial reporting framework • the Pension Fund's system of internal control for identifying events or conditions relevant to going concern • management's going concern assessment. On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that: • a material uncertainty related to going concern has not been identified • management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Other responsibilities

Issue	Commentary
Other information	The Pension Fund is administered by the London Borough of Brent (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 (including the Annual Governance Statement (AGS), the Narrative Report and Council's financial statements) and report whether it is materially consistent with the Pension Fund financial statements and our knowledge obtained during the audit. Our work to review Other Information remains ongoing at this time.
Matters on which we report by exception	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 pension fund financial statements within the administering authority's accounts. Due to statutory deadlines the Pension Fund Annual Report is not required to be published until 1 December 2026 and therefore this report has not yet been produced. We have therefore not given this separate opinion at this time and are unable to certify completion of the audit of the administering authority until this work has been completed. 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.

Adjusted misstatements

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

We have noted no adjusted misstatements which impact upon the balances reported in Net Assets Statements and Fund Account.

Disclosure misstatement	Detail	Response	Amended?
Note 14 Purchases and Sales of Investments	Audit testing of the amounts disclosed within Note 14 identified that sales of investments were understated by **£321.7 million**. As a result, the reported movement in the market value of investments was misstated. Based on the audited figures, the market value of investments increased by **£148.5 million** during the year, compared with a decrease of **£173.2 million** reported in the draft Statement of Accounts. Subsequent to our audit testing, management also amended a small number of additional individually trivial items within the disclosure that were not subject to audit testing. This amendment relates solely to the presentation of the movement within Note 14 and has no impact on the overall value of the Fund, net assets, or the financial statements as a whole.	The disclosure in Note 14 has been amended to reflect the audited sales transactions and the corresponding movement in the market value of investments.	✓
Note 14 Investments Exceeding 5% of Net Assets	Audit procedures identified an inconsistency within Note 14. The analysis by fund manager disclosed an investment balance of **£2.2 million** for LCIV Baillie Gifford, while the table showing investments representing more than 5% of net assets included "LCIV - Baillie Gifford DGF" at **£103.5 million**. Subsequent audit testing and review of the underlying investment schedules confirmed that the **£103.5 million** holding relates to LCIV Ruffer DGF rather than LCIV Baillie Gifford. As a result, the investments over 5% disclosure was misstated through the inclusion of an incorrect fund name.	The disclosure has been updated to reflect the correct fund names and balances in the investments exceeding 5% of net assets table.	✓

Adjusted disclosure misstatements

Disclosure misstatement	Detail	Response	Amended?
Note 16 Financial Instruments Classification Disclosure	Audit procedures identified an inconsistency in the disclosure of cash balances within Note 16. The prior-year cash balance of **£63.6 million** was disclosed as an asset measured at amortised cost, whereas the current-year balance of **£53.9 million** was presented as fair value through profit and loss. The note also stated that no financial assets had been reclassified during the year. Review of the underlying financial instrument classifications confirmed that the cash balances remained cash deposits and had not been reclassified between accounting categories. As such, the disclosure did not accurately reflect the classification applied within the financial statements.	The disclosure has been updated to accurately reflect the classification applied within the financial statements.	✓
Note 24 Capital Commitments	Audit testing of Note 24 identified that the disclosed capital commitment for LCIV Private Debt Fund II was understated by **£2.261 million**. The draft accounts disclosed an outstanding commitment of **£31.6 million**, whereas the underlying fund manager confirmation and supporting capital call records showed an outstanding commitment of **£33.861 million**, resulting in an understatement of **£2.261 million**.	The disclosure in Note 24 has been amended to reflect the correct capital commitment balance.	✓
Accounting Policy: Recognition of Contribution Income	During the audit review of the Fund's accounting policies, the audit team identified that the wording of the Contribution Income accounting policy implied that both employee and employer contribution rates are determined by the Fund actuary. Under the LGPS framework, employee contribution rates are prescribed by LGPS regulations and are not actuarially determined. Only employer contribution rates are set having regard to actuarial advice.	The accounting policy disclosure has been amended to provide greater clarity to reflect this distinction.	✓

Adjusted disclosure misstatements

Disclosure misstatement	Detail	Response	Amended?
Note 9 Benefits Payable Disclosure	Audit procedures identified that the Benefits Payable disclosure within Note 9 did not comply with CIPFA Code requirements, as balances for the Administering Authority and Scheduled Bodies were presented within a single combined line item rather than being disclosed separately. Following discussions during the audit, management reviewed the underlying payroll information and confirmed that Benefits Payable balances could be separately identified for the Administering Authority, Scheduled Bodies and Admitted Bodies. The draft disclosure presented a combined balance of **£58.9 million** (2024/25: **£57.8 million**) for the Administering Authority and Scheduled Bodies. The disclosure was subsequently amended to separately present balances of **£57.0 million** (2024/25: **£54.7 million**) for the Administering Authority and **£1.8 million** (2024/25: **£3.1 million**) for Scheduled Bodies.	The disclosure has been amended to separately present Benefits Payable balances for the Administering Authority and Scheduled Bodies in accordance with CIPFA Code requirements.	✓
Note 6 Events after the Reporting Date	The fund had not disclosed the introduction of the Pension Schemes Bill as a non-adjusting event occurring after the reporting date. Given the potential implications of the legislation for the fund's future pension arrangements and associated financial obligations, the financial statements should include disclosure of the Bill within the Events after the Reporting Date note, together with an explanation of its potential impact where this can be reasonably assessed.	The disclosure has been amended to include the introduction of the Pension Schemes Bill	✓
Note 14a: Private Equity, Infrastructure and Private Debt Investments	The financial statements aggregate private equity, infrastructure and private debt investments into a single disclosure category. Whilst this approach is consistent with the minimum requirements of the Code, separate disclosure of these asset classes would be more closely aligned with CIPFA LGPS best practice guidance.	The disclosure has been amended to separately present Private Equity, Infrastructure and Private Debt Investments	✓

Unadjusted misstatements

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

We have noted no unadjusted misstatements which impact upon the balances reported in Net Assets Statements and Fund Account.

Impact of unadjusted misstatements in the prior year

There were no unadjusted misstatements identified in 2024/25 which required reporting as they would not result in changes to the reported figures in the key financial statements and the reported net assets of the Fund for the year ending 31 March 2026.

Action plan

We have identified one 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 2026/27 audit. The matters 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
● Amber	**Closing pensioner membership figure reconciliation** We noted that the closing pensioner membership figure disclosed in Note 1 is derived from the pension administration system report as at 31 March 2026. Management performs a reconciliation between the pensioner membership records held within the pension administration system and the Month 12 pensioner payroll report at the financial year-end. However, the current reconciliation identified a difference of approximately 248 pensioner members between these two data sources. We understand that management has raised this discrepancy with the pension administrator and is awaiting further clarification regarding the underlying cause of the variance. Whilst our audit procedures did not identify any material misstatement in the pensioner membership disclosures, the existence of an unexplained reconciliation difference reduces the level of assurance available over the completeness and accuracy of the pensioner membership data reported in the financial statements. Timely investigation and resolution of reconciliation differences is an important control in ensuring that membership data remains accurate and complete. **Risk** Where reconciliation differences are not fully investigated, understood and resolved, there is an increased risk that errors, omissions or inconsistencies within pensioner membership records may not be identified and corrected on a timely basis. This could result in inaccurate pensioner membership information being reported within the financial statements and reduce management's assurance over the completeness and accuracy of the underlying data.	Management should continue to work with their pensions administrator to investigate and document the cause of the member reconciliation difference identified between the pension administration records and the Month 12 pensioner payroll report and, where necessary, take appropriate corrective action. This will provide greater assurance over the accuracy and completeness of pensioner membership data reported in the financial statements. **Management response** We understand that the original discrepancy of 248 was largely due to Teachers' Added Years pensions being incorrectly identified as Local Government pensions. Subsequent investigation has reduced the discrepancy to 70 and we will continue to work with LPPA to improve our data and integrate our systems.

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

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

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	**Excessive System Administrative Permissions Assigned to Business Users:** During the prior year audit, our ITGC review identified that certain business users, primarily within the HR and Payroll teams, had been assigned roles containing elevated system administration permissions, including access to functionality such as Manage Menu Customisations and Functional Setup Manager. Management was unable to demonstrate that these permissions were required for the users' day-to-day responsibilities. Risk The assignment of administrative privileges to business users beyond those necessary for their roles increases the risk of unauthorised or unintended changes being made to system configurations. This could compromise the integrity of system controls, impact processing accuracy, and weaken segregation of duties. Recommendation Management should review administrative permissions assigned to business users and remove any access that is not required for operational responsibilities. In addition, the quarterly logical access review should be enhanced to include consideration of the detailed permissions contained within user roles, rather than solely reviewing role assignments.	The finding relating to excessive administrative permissions assigned to business users specifically concerned the Council's HCM Application Administrator role and did not extend to the Pension Fund finance system or Pension Fund financial processing. Consequently, no impact on Pension Fund financial controls was identified. Management has commenced a review of user roles and permissions to ensure access rights remain appropriate to business responsibilities and that elevated access is restricted to users with a legitimate operational requirement. In addition, management has agreed a programme of remediation actions to strengthen access governance, improve the timeliness of access amendments, and enhance the approval and review processes for user access. These actions remain in progress at the time of our follow-up review.

Assessment:

✓ Action completed

→ Work in progress/Partially addressed

✗ Not yet addressed

Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	**Benefits Payable Note 9:** During the prior year audit, we identified that Benefits Payable disclosures were not presented separately for the Administering Authority, Scheduled Bodies and Admitted Bodies as required by the CIPFA Code. **Risk** Failure to disclose benefits payable balances in accordance with CIPFA requirements may result in incomplete or non-compliant financial statement disclosures and reduce transparency for users of the accounts. **Recommendation** Management should ensure that Benefits Payable balances are separately identified and disclosed within Note 9 for the Administering Authority, Scheduled Bodies and Admitted Bodies in line with CIPFA Code requirements.	Management previously confirmed that, following the migration to the LPPA payroll system, it would now be possible to separately identify Benefits Payable balances relating to the Administering Authority, Scheduled Bodies and Admitted Bodies. For 2025/26, the audit team identified that the draft disclosure did not separately present Benefits Payable balances for the Administering Authority, Scheduled Bodies and Admitted Bodies as required by the CIPFA Code. Following discussions during the audit, management reviewed the available payroll information and confirmed that the underlying data could be separately identified following migration to the LPPA payroll system. The disclosure was subsequently amended to present the required categories separately. The audit team reviewed the revised disclosure and confirmed that it was consistent with the supporting information provided.

Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
→	**Cash Balances Note 20:** Previous the auditors had identified that a long-standing cash-in-transit balance of approximately **£3.2 million** remained unreconciled following the migration from Oracle R12 to Oracle Cloud. While transactions had been netted against the General Bank Account to achieve a reconciled position, underlying unreconciled items remained outstanding. **Risk** Unreconciled cash balances increase the risk that errors, omissions or irregular transactions remain undetected. This may result in inaccuracies within the accounting records and financial statements and limits management's ability to demonstrate the completeness and accuracy of cash balances. **Recommendation** Management should investigate and clear outstanding legacy reconciliation items, strengthen monthly bank reconciliation and review procedures, and ensure all cash balances are fully supported and appropriately disclosed in accordance with CIPFA requirements.	Management has continued to investigate the historic cash-in-transit balance arising from the Oracle migration and has been performing detailed analysis of outstanding reconciling items. Work is ongoing to identify the underlying transactions, determine the validity of aged balances and clear legacy items where appropriate. Management has also strengthened its reconciliation procedures to provide enhanced oversight of unresolved differences and support the timely identification of reconciling items. However, as the historic balance remains unresolved at the time of our review, the recommendation remains in progress.

Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
→	**School Employer Contribution Rates:** Previous testing of employer contribution arrangements identified that a number of schools had continued to apply incorrect employer contribution rates during 2023/24 because contribution schedules had not been updated to reflect revised rates. **Risk** The use of incorrect employer contribution rates may result in employer contributions being underpaid or overpaid, leading to inaccurate pension fund records and the potential need for retrospective corrections and recoveries. **Recommendation** Management should strengthen the process for communicating and validating annual contribution rates by performing a timely review at the start of each financial year to confirm that all employers have implemented the correct rates. This review should be evidenced and any exceptions promptly followed up.	In the course of our contributions testing for 2025/26, we have not encountered any discrepancies in the employer contribution rate applied. However, we identified a weakness relating to the Fund's inability to reconcile contribution income to the trial balance at a detailed contribution category level. Due to limitations in the general ledger mapping, management is unable to directly verify the completeness and accuracy of individual contribution streams and instead relies on high-level analytical reviews and actuarial calculations. Although our testing did not identify any material misstatements, the lack of a detailed reconciliation increases the risk that errors or misclassifications in contribution income may not be detected in a timely manner.

Independence considerations

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

Matter	Conclusion
Our firm provides audit services to some of the funds in London Collective Investment Vehicle (LCIV). The LCIV are a LGPS asset pool for which the London Borough of Brent Pension Fund are one of the 32 Shareholders.	We have concluded that these services would not have an impact on our independence, on the basis that these entities are legally and operationally independent from this pension scheme. In addition, these services are being provided by a team which is separate and independent from our audit team. The result of their work would not have any impact in the financial statements that are subject to our audit. We have considered that an objective reasonable and informed third party would concur with this conclusion.

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

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 and the Terms of Appointment and further guidance issued by the Public Sector Audit Appointments (PSAA).

We confirm that the fees from non-audit services to the audited entity and its controlled entities do not exceed 70% of the total audit fee for the year.

Independence considerations (continued)

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

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

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

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

Fees and non-audit services

We confirm below are our final fees charged for the audit. There were no fees for the provision of non-audit services.

Audit fees	Proposed fee for 2025/26 (£)	Final fee for 2025/26 (£)
Audit of Pension Fund	99,507	99,507
2025 triennial valuation data testing	5,000	10,000
Total	104,507	109,507

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

The fees reconcile to the financial statements as follows:

- fees per financial statements = £97k
- reconciling item - additional fees = £10k
- reconciling item – trivial difference = £2k
- total fees per above = £109k

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

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

Additional fee analysis – fee variation for in year work

The following table sets out further information on additional fees in respect of in year work.

	2024/25	2025/26
2025 triennial valuation data testing	N/A	£10,000
Total	N/A	£10,000
Audit Scale Fee	£97,945	£99,507
Total audit fees	£97,945	£109,507

The above is subject to review by PSAA who will make a final determination.

Grant Thornton