

Oxfordshire Pension Fund

Audit planning report

Year ended 31 March 2026

23 April 2026



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23 April 2026



Oxfordshire Pension Fund
County Hall
New Road
Oxford
OX1 1ND

Dear Audit and Governance Committee Members

Audit planning report 2025/26

We are pleased to attach our audit planning report for the forthcoming meeting of the Audit and Governance Committee. The purpose of this report is to provide the Committee with a basis to review our proposed audit approach and scope for the 2025/26 audit, in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2024 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards, and other professional requirements.

This report is intended solely for the information and use of Audit and Governance Committee and management, and is not intended to be, and should not be used, by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on 20 May 2026 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Simon Mathers

Partner

For and on behalf of Ernst & Young LLP

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Public Sector Audit Appointments Ltd (PSAA) issued the 'Statement of responsibilities of auditors and audited bodies'. It is available from the PSAA website (<https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas. The 'Terms of Appointment and further guidance (updated October 2025)' issued by the PSAA (<https://www.psaa.co.uk/managing-audit-quality/contract-monitoring-2023-24-to-2027-28/terms-of-appointment-from-2023-24/terms-of-appointment-and-further-guidance-from-1-october-2025/>) sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice 2024 (the NAO Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit and Governance Committee and management of Oxfordshire Pension Fund. Our work has been undertaken so that we might state to the Audit and Governance Committee and management of Oxfordshire Pension Fund those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit and Governance Committee and management of Oxfordshire Pension Fund for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

Overview of our 2025/26 audit strategy

2025/26 audit strategy overview

The purpose of this report

As the Pension Fund's body charged with governance, the Audit and Governance Committee plays a crucial role in ensuring assurance over both the quality of the draft financial statements prepared by management and wider arrangements to support a timely and efficient audit. Failure to achieve this will significantly increase the level of resources required to fulfil our respective responsibilities.

Our ability to complete the audit is dependent on the timely formulation of appropriately supported accounting judgements, provision of accurate and relevant supporting evidence, access to the finance team and management's responsiveness to issues identified during the audit. We direct Audit and Governance Committee members and officers to the Public Sector Audit Appointment Limited's Statement of Responsibilities (paragraphs 26-28) for expectations on preparing financial statements.

Preparedness for audit

Our ability to complete the audit is dependent on the timely formulation of appropriately supported accounting judgements, provision of accurate and relevant supporting evidence, access to the finance team and management's responsiveness to issues identified during the audit. Our 2024/25 reporting included our assessment of the effectiveness of the Pension Fund's arrangements to support the external audit process across a range of relevant measures (reproduced on the next page). We concluded that the Pension Fund was well-prepared for the audit but that improvements were required in relation to the timeliness of evidence supporting key accounting estimates, particularly in respect of IAS 19 protocol procedures and review of IAS 26 and investment-related disclosures.

As part of our 2025/26 audit planning, we noted ongoing resourcing constraints within the Pension Fund following the absence of two key finance resources. This may have an impact on the year-end close timetable and the execution of the audit. Accordingly, addressing this matter is critical, and it will be important to ensure that adequate accounting resources are in place to support the year-end financial statements preparation and the audit process.

We will continue to report on our assessment of the quality of the Pension Fund's financial statements' preparation and support, to support ongoing transparency of the audit process to those charged with governance, and to facilitate benchmarking and tracking of progress in future years.

Scope of our audit

In accordance with the NAO Code, our primary objectives are to conduct work that supports the delivery of our audit report on the Pension Fund financial statements to the Council. We are also required to issue an Auditor's Statement on the consistency of the Pension Fund accounts within its Annual Report, to the audited financial statements. We will issue an Audit Results Report that summarises our opinion on the financial statements by 30 November 2026 and other procedures required by the Code. This includes our assessment of the control environment, including our follow up of the recommendations that we made in 2024/25 (refer to Appendix B).

Our independence considerations

There are no issues that we believe impact our independence and objectivity. Please refer to Appendix A for our update on independence.

2025/26 audit strategy overview

Factors impacting the execution of the 2024/25 audit

Management, and the Audit and Governance Committee, as the Pension Fund's body charged with governance, have an essential role in supporting the delivery of an efficient and effective audit. Our ability to complete the audit is dependent on the timely formulation of appropriately supported accounting judgements, provision of accurate and relevant supporting evidence, access to the finance team and management's responsiveness to issues identified during the audit. The table below from the 2024/25 Audit Results Report sets out our views on the effectiveness of the Pension Fund's arrangements to support external financial across a range of relevant measures.

Area	Status			Explanation	Further detail
	R	A	G		
Timeliness of the draft financial statements	Effective			The financial statements were published by the 30 th June 2025 deadline set out in the Accounts and Audit Regulations.	N/A
Quality and completeness of the draft financial statements	Effective			The financial statements produced were complete and generally of adequate quality. Our procedures identified minor casting errors and inconsistencies within the accounts. We do not, however, consider arrangements in this area to be ineffective.	N/A
Delivery of working papers in accordance with agreed client assistance schedule	Effective			Working papers were largely provided to the agreed timetable.	N/A
Quality of working papers and supporting evidence	Effective			Working papers and supporting evidence were generally of a good standard.	N/A
Timeliness and quality of evidence supporting key accounting estimates	Requires improvement			In general, management provided timely and good quality supporting evidence in response to the majority of our audit requests. However, we experienced some delays in receiving responses to follow-up queries, particularly in respect of IAS 19 protocol procedures and review of IAS 26 and investment-related disclosures.	We raised a scale fee variation in respect of this. See Appendix A for further details.
Access to finance team and personnel to support the audit in accordance with agreed project plan	Effective			All key finance staff were generally available to support the audit.	N/A
Volume and value of identified misstatements	Effective			Only one material misstatement were detected as a result of our work which have been corrected by management. This was due to a timing difference related to an estimate on investment valuation.	See Section 04 of the Audit Results Report for details of corrected misstatements.
Volume of misstatements in disclosure	Effective			A relatively small number of misstatements in disclosure were detected in our work.	N/A

2025/26 audit strategy overview: Audit risks and materiality

Audit risks and areas of focus

The purpose of our audit is to obtain reasonable assurance to express an opinion about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error.

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit and Governance Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Risk/area of focus	Risk identified	Change from PY	Details
Presumptive risk of management override of controls	Fraud risk	No change in risk or focus	There is a risk that the financial statements as a whole are not free from material misstatement whether caused by fraud or error. We perform mandatory procedures regardless of specifically identified fraud risks.
Valuation of hard-to-value Level 3 investments	Significant risk	No change in risk or focus	The Pension Fund held a material balance of Level 3 investments valued at £1.04 billion as at 31 March 2025. These include unquoted private equities, private debt, pooled property funds and pooled infrastructure funds whose prices are not publicly available. There is a risk that these are materially misstated given the complexity of the measurement and degree of estimation involved. The material nature of the investments means that any error in judgement could result in a material valuation error. Market volatility means such judgments can quickly become outdated, especially when there is a significant time-period between the latest available audited valuation information and the year end. These variations could have a material impact on the financial statements.
Valuation of Level 2 investments	Risk of material misstatement	No change in risk or focus	The Pension Fund held a material balance of Level 2 investments valued at £2.48 billion as at 31 March 2025. Level 2 assets are those for which fair value is determined using observable inputs other than quoted prices in active markets for identical instruments, including quoted prices for similar assets or other market-corroborated inputs. There is a risk that the observable inputs used are not appropriate or are incorrectly applied, which could result in the valuation being misstated.
IAS26 Disclosure - Actuarial Present Value of Promised Retirement Benefits	Risk of material misstatement	No change in risk or focus	IAS 26 requires post-employment benefit plans to disclose annually the basis used to determine the actuarial present value of promised retirement benefits, including the key demographic and financial assumptions applied. For 2025/26, the estimate will reflect the results of the new 2025 triennial valuation, updated where necessary, and incorporates factors such as mortality rates, expected pay progression, inflation measures and long-term investment yields. We consider there to be a risk relating to the estimation process, the completeness and accuracy of data used, and the appropriateness of the assumptions selected by the actuary.

2025/26 audit strategy overview: Audit risks and materiality

Materiality



Materiality has been set at £36.5 million, which represents 1% of total net assets as at 31 March 2025.



Performance materiality has been set at £27.38 million, which represents 75% of materiality.



We will report to you all uncorrected misstatements over £1.83 million, relating to the Account and Net Asset Statement.

Other uncorrected misstatements, such as misstatements in disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the Committee or are important from a qualitative perspective.

We will revisit our materiality on publication of the 2025/26 draft financial statements of the Pension Fund.



02 Audit risks

Our response to significant risks

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Presumptive risk of management override of controls*

What is the risk, and the key judgements and estimates?

In accordance with ISA 240, the presumptive risk of management override of controls is present at every entity and we design the appropriate procedures to consider such risk.

- Management has the primary responsibility to prevent and detect fraud. It is important that management, with the oversight of those charged with governance, has put in place a culture of ethical behaviour and a strong control environment that both deters and prevents fraud.
- Our responsibility is to plan and perform audits to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements whether caused by error or fraud.

Our response: Key areas of challenge and professional judgement

In order to address the risks outlined we will carry out a range of procedures including:

- Identifying fraud risks during the planning stages.
- Inquiry of management about risks of fraud and the controls put in place to address those risks.
- Understanding the oversight given by those charged with governance of management's processes over fraud.
- Discussing with those charged with governance the risks of fraud in the entity, including those risks that are specific to the entity's activities (those that may arise from economic industry and operating conditions).
- Considering whether there are any fraud risk factors associated with related party relationships and transactions and if so, whether they give rise to a risk of material misstatement due to fraud.
- Considering the effectiveness of management's controls designed to address the risk of fraud and determining an appropriate strategy to address those identified risks of fraud.
- Performing mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements.
- Undertaking procedures to identify significant unusual transactions.
- Considering whether management bias was present in the key accounting estimates and judgements in the financial statements.

Our response to significant risks

Valuation of hard-to-value Level 3 investments

Financial statement impact	What is the risk, and the key judgements and estimates?	Our response: Key areas of challenge and professional judgement
<p>Misstatements that occur in relation to complex investments valued at Level 3 fair value hierarchy such as unquoted private equities, private debt, pooled property funds and pooled infrastructure funds whose prices are not publicly available.</p> <p>If this were to happen it would have the impact on the Net Assets in the Net Asset Statement and Return on Investments section of the Fund Account.</p> <p>Total of Level 3 investments held by the Fund at 31 March 2025 was £1.04 billion per the 2024/25 audited accounts. This accounts for over 29% of the overall Fund's assets.</p>	<p>Judgements are taken by Investment Managers to value these investments whose prices are not publicly available.</p> <p>There is a risk that these are materially misstated given the complexity of the measurement and degree of estimation involved.</p> <p>The material nature of the investments means that any error in judgement could result in a material valuation error. Market volatility means such judgments can quickly become outdated, especially when there is a significant time-period between the latest available audited valuation information and the Fund year end. These variations could have a material impact on the financial statements.</p>	<p>In order to address the significant risk we will carry out a range of procedures including the following:</p> <ul style="list-style-type: none"> ▪ Obtain an understanding of, and evaluate, the work of management's experts involved in the valuation of investments; ▪ Evaluate the ISAE 3402 reports for the Custodian and Fund Managers, where applicable; ▪ Analyse the schedule of investments to determine the level of judgement and estimation uncertainty, and to stratify the population for sampling purposes. ▪ For the samples selected, we will: <ul style="list-style-type: none"> ▪ Review the latest audited accounts for the relevant Fund Managers to ensure there are no matters arising that highlight weaknesses in the funds valuation; ▪ Where the latest audited accounts are not as at 31 March 2026, inquiring of what procedures management have performed to take account of this risk, performing substantive analytical procedures and checking the valuation output for reasonableness against our own expectations; ▪ Review the basis of valuation for property investments and other unquoted investments and assessing the appropriateness of the valuation methods used; ▪ Perform triangulation work to agree amount per the financial statements to Fund Manager and to Custodian; ▪ Review investment valuation disclosures to verify that significant judgements surrounding the valuation of Level 3 Investments have been appropriately made in the financial statements; ▪ Test that accounting entries relating to investment valuations have been correctly processed in the financial statements; ▪ Assess topside adjustments and journal entries for evidence of management bias and evaluate for business rationale. <p>We will involve our Pension Funds Centre of Excellence in the performance of the above procedures.</p>

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

Financial statement impact	What is the risk, and the key judgements and estimates?	Our response: Key areas of challenge and professional judgement
<p>Valuation of Level 2 investments</p>		
<p>The Pension Fund held a material balance of Level 2 investments valued at £2.48 billion as at 31 March 2025. Level 2 investments are those for which fair value is determined using observable inputs other than quoted prices in active markets for identical instruments, including quoted prices for similar assets or other market-corroborated inputs.</p> <p>Valuations are based on either evaluated prices provided by independent pricing services, closing bid price where bid and offer are published or estimated valuation reported by a counterparty.</p>	<p>There is a risk that the observable inputs used are not appropriate or are incorrectly applied, which could result in the valuation being misstated.</p> <p>We therefore consider the valuation of such investments to carry a higher degree of inherent risk due to the extent of estimation uncertainty.</p>	<p>In response to the risk, we will:</p> <ul style="list-style-type: none"> ▪ Analyse the schedule of investments to determine the level of judgement and estimation risk, and to stratify the population for sampling purposes; ▪ For the samples selected, where the valuation of Level 2 funds is based on observable market inputs (such as published NAVs or externally sourced prices) rather than unadjusted quoted prices in active markets, we test the valuation using the EY Securities Pricing Valuation automation within EY Canvas; ▪ Alternatively, inspect quotations, investee financial statements, and other supporting evidence of current value, cost, or equity interests, and test that investments are classified, recorded, and measured in accordance with the entity's accounting policies and the applicable financial reporting framework; ▪ Perform triangulation work to agree amounts per the financial statements to Fund Manager and to Custodian; and ▪ Where investments classified as Level 2 are not listed and observable inputs are insufficient, we consider whether Level 3 testing procedures are required, as detailed on the previous page. ▪ Assess whether the valuation techniques and inputs appropriately identify these are Level 2 investments, and fair value hierarchy is appropriately disclosed. <p>We will involve our Pension Funds Centre of Excellence in the performance of the above procedures.</p>

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

Financial statement impact	What is the risk, and the key judgements and estimates?	Our response: Key areas of challenge and professional judgement
<p>IAS26 disclosure - Actuarial Present Value of Promised Retirement Benefits</p>		
<p>IAS26 requires post-employment benefits plans to disclose annually the basis used to determine the actuarial present value of promised retirement benefits, including demographic and financial key assumptions.</p> <p>The information disclosed is based on the IAS 26 report issued by the actuary to the Pension Fund.</p>	<p>For 2025/26, the estimate reflects the results of the new 2025 triennial valuation, updated where necessary, and incorporates factors such as mortality rates, expected pay progression, inflation measures and long-term investment yields.</p> <p>Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>	<p>In response to the risk, we will:</p> <ul style="list-style-type: none"> ▪ Assess the work of the Pension Fund actuary including the assumptions they have used by relying on the work of the Consulting Actuaries commissioned by the National Audit Office for all local government sector auditors, and considering any relevant reviews by the EY actuarial team; ▪ Evaluate the reasonableness of the Pension Fund actuary's calculations by comparing them to the outputs of our own auditor's specialist's model; ▪ Check that the IAS 26 disclosure is in line with the relevant standards and consistent with the valuation provided by the Actuary; and ▪ Assess the adequacy and clarity of disclosures relating to actuarial assumptions, sensitivities and estimation uncertainty in accordance with the CIPFA Code and ISA (UK) 540 (Revised).



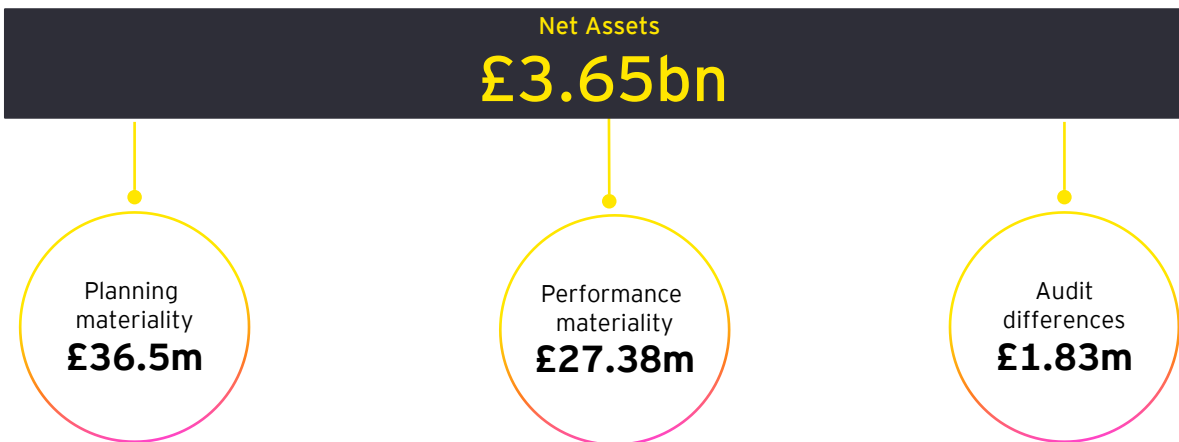
03 Audit materiality

Materiality

Oxfordshire Pension Fund materiality

For planning purposes, materiality for 2025/26 has initially been set at £36.5million. This represents 1% of the Pension Fund's 204/25 net assets. It will be reassessed throughout the audit process.

In an audit of a Pension Fund, we consider the net assets to be the appropriate basis for setting the materiality as they represent the best measure of the schemes' ability to meet obligations rising from the Pension Fund liabilities. We have provided supplemental information about audit materiality in Appendix D.



We request that the Audit and Governance Committee confirm its understanding of, and agreement to, these materiality and reporting levels.

Key definitions

Planning materiality – the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

Performance materiality – the amount we use to determine the extent of our audit procedures. We have set performance materiality at £27.38 million which represents 75% of planning materiality. We have considered factors such as the number of errors in the prior year, the adequacy of the control environment, and any significant changes in 2025/26 when determining the percentage of performance materiality.

Audit difference threshold – We will report to you all uncorrected misstatements over £1.83 million, relating to the Account and Net Asset Statement.

Other uncorrected misstatements, such as misstatements in disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the Audit and Governance Committee or are important from a qualitative perspective.



04 Scope of our audit

Audit process and strategy

Objectives of our audit scoping

In accordance with the NAO Code, our primary objectives are to conduct work that supports the delivery of our audit report to the Pension Fund. We will issue an audit report that covers:

1. Financial statement audit

Our opinion on the financial statements:

- Whether the financial statements give a true and fair view of the financial position of the Pension Fund and its expenditure and income for the period in question; and
- Whether the financial statements have been prepared properly in accordance with the relevant accounting and reporting framework as set out in legislation, applicable accounting standards or other direction.

Our opinion on other matters:

- whether other information published together with the audited financial statements is consistent with the financial statements.

2. Consistency of the Pension Fund annual report

- We will provide a statement on the consistency of the Pension Fund accounts within the Pension Fund Annual Report, to the audited financial statements within the Oxfordshire County Council Statement of Accounts 2025/26.

Internal audit

We will review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit plan, where they raise issues that could have an impact on the financial statements.



05 Audit team

Audit team

Audit team leadership

The audit engagement team is led by Simon Mathers, who has overall responsibility for the performance of the audit and for the auditor's report issued on behalf of EY.

Our approach to the use of specialists

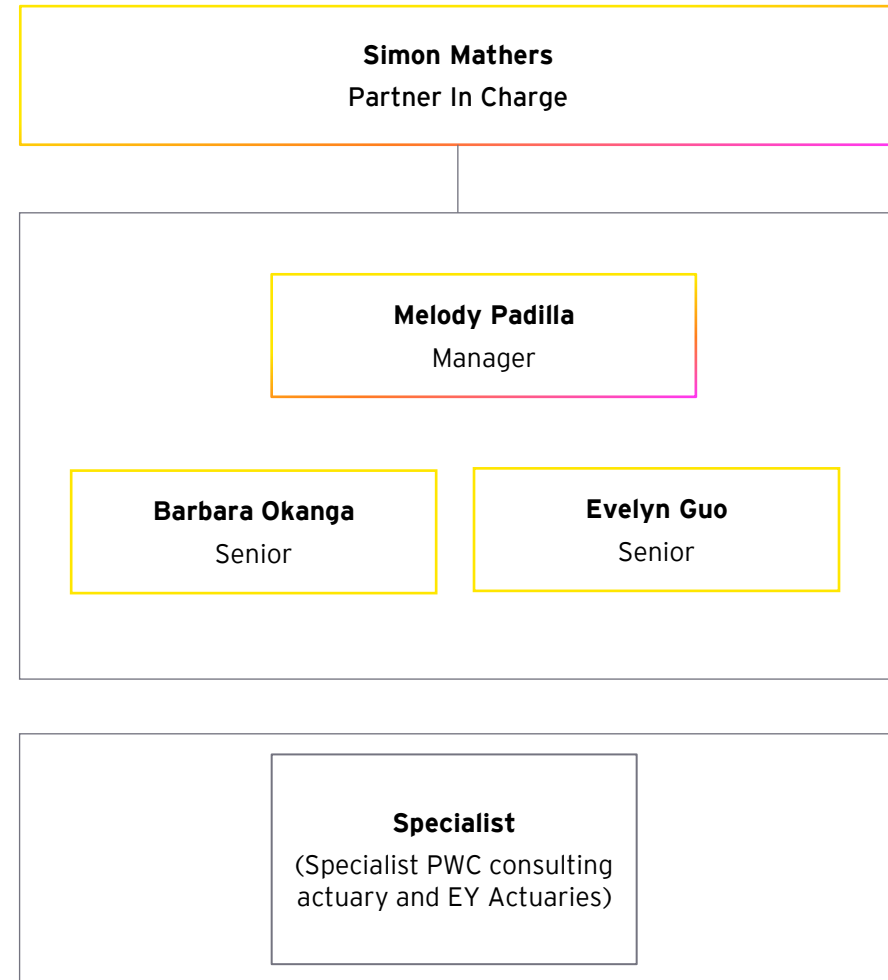
When auditing key judgements, we are often required to use the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where EY specialists are expected to provide input for the current year audit are:

Area	Specialists
Pension Fund valuation and disclosures	EY Pension Fund Advisory Team PwC (Consulting Actuary to the NAO on behalf of audit providers)

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the 's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable
- Assess the reasonableness of the assumptions and methods used
- Consider the appropriateness of the timing of when the specialist carried out the work
- Assess whether the substance of the specialist's findings are properly reflected in the financial statements.





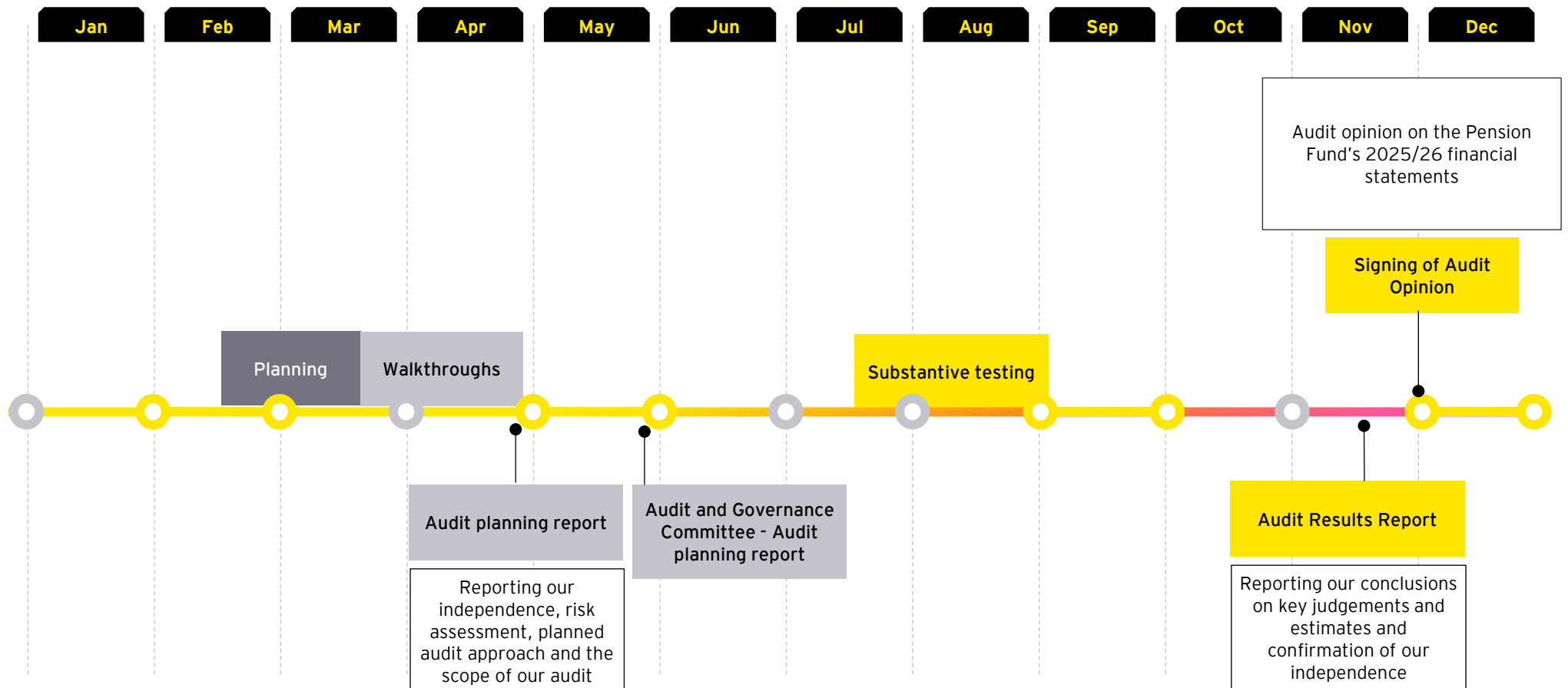
06 Audit timeline

Timetable of communication and deliverables

Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2025/26.

From time to time matters may arise that require immediate communication with those charged with governance and we will discuss them with the Committee Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.





07 Appendices

Appendix A - Independence and Fees

The FRC Ethical Standard 2024 and ISA (UK) 260 'Communication of audit matters with those charged with governance', requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications

Planning stage

- The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between you, your affiliates and directors and us;
- The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;
- The overall assessment of threats and safeguards;
- Information about the general policies and process within EY to maintain objectivity and independence
- The IESBA Code requires EY to provide an independence assessment of any proposed non-audit service (NAS) to the PIE audit client and will need to obtain and document pre-concurrence from the Audit and Governance Committee for the provision of all NAS prior to the commencement of the service (i.e., similar to obtaining a "pre-approval" to provide the service).

Final stage

- In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;
- Details of non-audit/additional services provided and the fees charged in relation thereto;
- Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us;
- Details of any non-audit/additional services to a UK PIE audit client where there are differences of professional opinion concerning the engagement between the Ethics Partner and Engagement Partner and where the final conclusion differs from the professional opinion of the Ethics Partner
- Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy;
- Details of all breaches of the IESBA Code of Ethics, the FRC Ethical Standard and professional standards, and of any safeguards applied and actions taken by EY to address any threats to independence (for breaches of the FRC Ethical Standard include details of its significance); and
- An opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

Appendix A - Independence and Fees continued

Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Simon Mathers, your audit engagement partner and the audit engagement team have not been compromised.

Self interest threats

A self interest threat arises when EY has financial or other interests in your company. Examples include where we have an investment in your company; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake those permitted non-audit/additional services set out in Section 5.40 of the FRC Ethical Standard 2024 (FRC ES), and we will comply with the policies that you have approved.

None of the services are prohibited under the FRC's ES and the services have been approved in accordance with your policy on pre-approval.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with FRC ES Section 4.

There are no other self interest threats at the date of this report.

Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements. There are no self review threats at the date of this report./The table below sets out the self review threats that exist as the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of your company. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decisions based on that work.

There are no management threats at the date of this report.

Appendix A - Independence and Fees continued

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.
There are no other threats at the date of this report.

EY Transparency Report

EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained. Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this report is for the period ended 30 June 2025 and can be found here: [EY UK 2025 Transparency Report](#).

Appendix A – Independence and Fees continued

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

The agreed fee presented is based on the following assumptions:

- officers meeting the agreed timetable of deliverables;
- our financial statement opinion being unqualified;
- appropriate quality of documentation is provided by the ;
- an effective control environment; and
- compliance with PSAA's Statement of Responsibilities of auditors and audited bodies. See <https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>. In particular the should have regard to paragraphs 26-28 of the Statement of Responsibilities which clearly sets out what is expected of audited bodies in preparing their financial statements. These are set out in full on the previous page.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the in advance.

	Current Year	Scale fee	Prior Year
	£	£	£
Total Fee – Code Work	100,061	100,061	94,181
Proposed scale fee variation	Note 2		Note 1
Total fees	100,061	100,061	94,281

All fees exclude VAT

1. As set in our 2024/25 Audit Results Report, a scale fee variation was submitted to PSAA covering the following areas:
 - Work on technical accounting issues and complex asset valuation
 - Quality and preparation issues leading to extra work
2. For 2025/26 the planned fee represents the base fee, i.e., not including any extended testing. The scale fee also may be impacted by a range of other factors which will result in additional work, which include but are not limited to:
 - Additional work in relation to a triennial valuation year, which requires extended audit testing of the membership data submitted to the actuary
 - Work on technical accounting issues and complex asset valuation
 - Quality and preparation issues leading to extra work, which may be driven by resourcing constraints within the Pension Fund following the absence of two key finance resources.

Appendix B – Prior year recommendations

As part of our annual audit procedures we will follow up the specific open and in progress recommendations reported within our 2024/25 reporting, including those relating to value for money arrangements. The open recommendations from prior years are outlined below, along with the response from management.

Classification of recommendations		
Grade 1: Key risks and / or significant deficiencies which are either critical to the achievement of strategic objectives or significant risks to material compliance with regulatory requirements. Management needs to address and seek resolution urgently.	Grade 2: Risks or potential weaknesses which impact on objectives and compliance, or impact the operation of a single process, and so require prompt but less urgent immediate action by management.	Grade 3: Less significant issues and / or areas for improvement which consider merit attention but do not require to be prioritised by management.

Internal control weaknesses

No.	Finding and/or risk	Recommendation and grading	Management response / Implementation timeframe
1.	As part of our audit procedures performed to test journals to address the significant risk of management override of control, we noted that within the finance system (SAP) there is no system control requiring journals to be approved prior to posting by an appropriate individual independent of the preparer. While journals are reviewed retrospectively on a quarterly basis, this manual control does not mitigate the risk of errors or inappropriate postings impacting more frequent management reporting of the Council.	Management should implement a process to ensure that all manual journals are appropriately reviewed and approved by an independent individual prior to being posted. Grade 2	Management response: TBD Responsible officer: Gregory Ley Financial Manager – Pension Fund Implementation date: TBD

Appendix C – Required communications with those charged with governance

We have detailed the communications that we must provide to the those charged with governance.

		Our Reporting to you
Required communications	What is reported?	When and where
Terms of engagement	Confirmation by the Audit and Governance Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	Audit planning report - May 2026 meeting of the Audit and Governance Committee
Planning and audit approach	<p>Communication of:</p> <ul style="list-style-type: none"> ▪ The planned scope and timing of the audit ▪ The planned use of internal audit ▪ The significant risks identified <p>When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team</p>	Audit planning report - May 2026 meeting of the Audit and Governance Committee
Significant findings from the audit	<ul style="list-style-type: none"> ▪ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▪ Significant difficulties, if any, encountered during the audit ▪ Other significant matters, if any, arising from the audit that were discussed, or subject to correspondence with management ▪ Circumstances that affect the form and content of our auditor's report ▪ Other matters if any, significant to the oversight of the financial reporting process 	Audit results report - Expected November 2026

Appendix C – Required communications with the Audit and Governance Committee continued

Required communications	What is reported?	Our Reporting to you
		When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▪ Whether the events or conditions constitute a material uncertainty related to going concern ▪ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▪ The appropriateness of related disclosures in the financial statements 	Audit results report - Expected November 2026
Misstatements	<ul style="list-style-type: none"> ▪ A request that any uncorrected misstatement be corrected ▪ Material misstatements corrected by management ▪ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▪ The effect of uncorrected misstatements related to prior periods 	Audit results report - Expected November 2026
Fraud	<ul style="list-style-type: none"> ▪ Enquiries of the Audit and Governance Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▪ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▪ Unless all of those charged with governance are involved in managing the entity, unless prohibited by law or regulation any identified or suspected fraud involving: <ul style="list-style-type: none"> ▪ Management; ▪ Employees who have significant roles in internal control; or ▪ Others, when the identified or suspected fraud is other than clearly inconsequential. ▪ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▪ Matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud ▪ Any other matters related to fraud, relevant to Audit and Governance Committee responsibility 	Audit results report - Expected November 2026

Appendix C – Required communications with the Audit and Governance Committee continued

		Our Reporting to you
Required communications	What is reported?	When and where
Related parties	Significant matters arising during the audit in connection with the entity's related parties	Audit results report - Expected November 2026
Independence	<p>Communication of the relevant ethical requirements, including those related to independence, that we apply for the audit engagement, including any independence requirements specific to audits of financial statements of the entity.</p> <p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, integrity, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▪ The principal threats ▪ Safeguards adopted and their effectiveness ▪ An overall assessment of threats and safeguards ▪ Information about the general policies and process within the firm to maintain objectivity and independence ▪ Breaches of IESBA Code of Ethics, local independence regulations or professional standards (for breaches of the FRC Ethical Standard, include details of the breach and its significance) <p>Communication whenever significant judgements are made about threats to integrity, objectivity and independence and the appropriateness of safeguards put in place.</p> <p>Communication of relevant information to those charged with governance, to enable them to provide concurrence on the non-audit services being provided.</p>	<p>Audit planning report - May 2026 meeting of the Audit and Governance Committee</p> <p>Audit results report - Expected November 2026</p>

Appendix C – Required communications with the Audit and Governance Committee continued

Required communications	What is reported?	Our Reporting to you
		When and where
External confirmations	<ul style="list-style-type: none"> Management's refusal for us to request confirmations Inability to obtain relevant and reliable audit evidence from other procedures 	Audit results report - Expected November 2026
Consideration of laws and regulations	<ul style="list-style-type: none"> Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur Enquiry of the Audit and Governance Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit and Governance Committee may be aware of 	Audit results report - Expected November 2026
Internal controls	Significant deficiencies in internal controls identified during the audit	Audit results report - Expected November 2026
Representations	Written representations we are requesting from management and/or those charged with governance	Audit results report - Expected November 2026
System of quality management	How the system of quality management (SQM) supports the consistent performance of a quality audit	Audit results report - Expected November 2026
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit results report - Expected November 2026
Auditors report	<ul style="list-style-type: none"> Key audit matters that we will include in our auditor's report Any circumstances identified that affect the form and content of our auditor's report 	Audit results report - Expected November 2026

Appendix D – Additional audit information

Objective of our audit

In addition to the key areas of audit focus outlined within the plan, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Other required procedures during the course of the audit

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pension Fund's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Maintaining auditor independence.

Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines:

- The locations at which we conduct audit procedures to support the opinion given on the financial statements
- The level of work performed on individual account balances and financial statement disclosures

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

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