



The Audit Plan for Kent Pension Fund

Year ending 31 March 2026

25th March 2026



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Introduction and headlines



Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Kent Pension Fund ('the Fund') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued the Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end, and what is expected from the audited body. Our respective responsibilities are also set out in the agreed in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of the Fund. We draw your attention to these documents in the links below.

- [Terms of Appointment from 2023/24 - PSAA](#)
- [Statement of responsibilities of auditors and audited bodies from 2023/24 audits - PSAA](#)

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Fund's financial statements that have been prepared by management with the oversight of those charged with governance (the Governance & Audit Committee), and we consider whether there are sufficient arrangements in place at the Fund.

The audit of the financial statements does not relieve management or the Governance & Audit Committee of their responsibilities. It is the responsibility of the Fund to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Fund is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Fund's business and is risk-based.

Introduction and headlines (Continued)

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management override of control
- Valuation of level 3 investments
- Valuation of directly held properties
- Actuarial Present value of Promised Retirement Benefit disclosure
- Oracle system implementation and data migration

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality for the Fund to be £126.7m (prior year: £122.1m). This represents 1.5% of gross investment assets as at 31 March 2025. Performance materiality has been set at 75% of planning materiality.

In accordance with auditing standards, we are required to report all uncorrected misstatements other than those that are clearly trivial. For the current year, the triviality threshold has been set at £6.3m (prior year: £6.1m).

We have determined a lower specific planning materiality for:

- £33.2m for benefits payable, based on total benefits of £332.551m.
- £35.2m for contributions, based on total contributions of £352.490m.

In the prior year, a single Fund Account materiality benchmark was applied. For the current year, we have adopted a more tailored approach by setting specific materiality levels for contributions and benefits. These items represent the most substantial areas of activity within the Fund Account and, given their scale and relevance to users of the financial statements, are the most appropriate benchmarks for applying lower, item-specific thresholds. Given the combination of high transaction volume but low complexity, we have applied a 10% benchmark to both contributions and benefits.

Further detail on the rationale and basis for these thresholds is provided in a later section of the Audit Plan.

Audit logistics

Our interim planning work took place in February 2026, and our final audit visit will take place between mid-June and mid-September 2026. Our key deliverables are this Audit Plan, Auditor's Report, Auditor's Consistency Statement and our Audit Findings Report.

Our proposed fee for the audit is £136,773 (PY: £124,929) for the Fund, subject to the Fund delivering a good set of financial statements and working papers and no significant new financial reporting matters arising that require additional time and/or specialist input.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2024) and we, as a Firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Significant risks identified

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

Significant risk	Audit team's assessment	Planned audit procedures
<p>Management override of controls</p> <p>Significant</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities.</p>	<p>We have therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate the design and implementation effectiveness of management controls over journals entries; • analyse the journals listing and determine the criteria for selecting high risk unusual journals; • Identify unusual journals entries made during the year and at the account production stage for appropriateness and corroboration; • gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence; and • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions



“In determining significant risks, the auditor may first identify those assessed risks of material misstatement that have been assessed higher on the spectrum of inherent risk to form the basis for considering which risks may be close to the upper end. Being close to the upper end of the spectrum of inherent risk will differ from entity to entity and will not necessarily be the same for an entity period on period. It may depend on the nature and circumstances of the entity for which the risk is being assessed. The determination of which of the assessed risks of material misstatement are close to the upper end of the spectrum of inherent risk, and are therefore significant risks, is a matter of professional judgement, unless the risk is of a type specified to be treated as a significant risk in accordance with the requirements of another ISA (UK).” (ISA (UK) 315).

In making the review of unusual significant transactions “the auditor shall treat identified significant related party transactions outside the entity’s normal course of business as giving rise to significant risks.” (ISA (UK) 550).

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
<p>Valuation of level 3 investments (excluding directly held properties)</p> <p>Significant</p> <p>The valuations of level 3 investments are a significant accounting estimate based on unobservable inputs and hence there is a risk of material misstatement due to error.</p>	<p>By their nature Level 3 investment valuations lack observable inputs. These valuations therefore represent a significant accounting estimate by management in the financial statements due to the size of the balance (PY £1.066bn excluding directly held properties) and the sensitivity of the estimate to changes in key assumptions. We have therefore identified the valuation of Level 3 investments as a significant risk.</p> <p>Under ISA 315 significant risk often relates to significant non-routine transactions and judgemental matters. Level 3 investments, by their nature, involve complex valuation techniques and require considerable judgement in determining an appropriate fair value at the year-end.</p> <p>Management engages the Fund's investment managers and custodian as valuation experts to support the estimation of fair value as at 31 March 2026.</p>	<p>We will:</p> <ul style="list-style-type: none"> • Obtain an understanding of the management processes for valuing Level 3 investments and evaluate the design and implementation effectiveness of the associated controls; • review the nature and basis of estimated value and consider what assurance management has over the year end valuations provided for these types of investments to ensure that the requirements of the code are met; • independently request year-end confirmations from investment managers and the custodian; • for a sample of investments, test the valuation by obtaining and reviewing the audited accounts, (where available) at the latest date for individual investments and agreeing these to the fund manager reports at that date. Reconcile those values to the values at 31 March 2025 with reference to known movements in the intervening period; • where available review investment manager service auditor report on design and operating effectiveness of internal controls; • evaluate the competence, capabilities and objectivity of the valuation expert; and • write to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the Code are met.

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
<p data-bbox="104 361 596 404">Valuation of directly held property</p> <div data-bbox="104 418 308 472" style="background-color: #4a4a8a; color: white; padding: 2px 5px; display: inline-block; font-weight: bold;">Significant</div> <p data-bbox="104 515 715 701">The valuations of directly held property are a significant accounting estimate based upon a number of judgments and key assumptions and hence there is a risk of material misstatement due to error.</p>	<p data-bbox="754 361 1391 546">Kent Pension Fund holds directly owned properties within its Level 3 investment portfolio. These assets will be valued by management's appointed expert as at 31 March 2026.</p> <p data-bbox="754 561 1391 789">The valuation of these properties represents a significant accounting estimate within the financial statements due to the magnitude of the amounts involved (PY: £473.188m) and the sensitivity of the valuation to changes in key assumptions used by the valuer.</p> <p data-bbox="754 803 1391 918">In line with ISA 315, we have therefore identified the valuation of directly held properties as a significant risk for the audit.</p>	<p data-bbox="1434 361 1549 404">We will:</p> <ul data-bbox="1434 404 2430 1042" style="list-style-type: none"> <li data-bbox="1434 404 2430 518">• Obtain an understanding of the management processes and evaluate the design and implementation effectiveness of the associated controls; <li data-bbox="1434 518 2430 632">• Evaluate management's processes and assumptions for the calculation of the estimates, the instruction issued to the valuation experts and the scope of the work; <li data-bbox="1434 632 2430 704">• Evaluate the competence, capabilities and objectivity of the valuation expert; <li data-bbox="1434 704 2430 775">• Write to the valuer to confirm the basis on which the valuations were carried out; <li data-bbox="1434 775 2430 846">• Engage our own valuer to assess the instruction to the fund's valuer report and the assumption that underpin the valuation; <li data-bbox="1434 846 2430 918">• Challenge the information and assumption used by the valuer to assess completeness and consistency with our understanding; and <li data-bbox="1434 918 2430 1042">• Test on a sample basis, revaluation made during the year to ensure they have been recorded accurately within Kent Pension Fund's financial record.

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
<p>Actuarial present value of promised retirement benefits disclosure – IAS 26</p> <p>Significant</p> <p>The disclosure of the Fund's actuarial present value of promised retirement benefit is an accounting estimate and is sensitive to changes in key assumptions and hence there is a risk of material misstatement due to error.</p>	<p>In prior years, the actuarial present value of promised retirement benefits has been treated as an "other risk", as it relates solely to disclosure within the financial statements and does not directly impact the Fund Account or the Net Assets Statement.</p> <p>However, 2025 is a triennial valuation year, and the formal actuarial results-based on updated membership data, revised financial assumptions and current actuarial methodologies will be issued in 2026. These updated valuation results form the basis of the disclosure included in the 2025/26 financial statements, making the triennial exercise directly relevant to this year's audit.</p> <p>The triennial valuation increases the risk of material misstatement due to:</p> <ul style="list-style-type: none">• the complexity of the actuarial valuation process;• the degree of judgement applied in determining the key financial and demographic assumptions; and• the reliance on actuarial specialists and the accuracy of the underlying data supplied by the scheme administrator. <p>Given the extent of judgement applied and the potential impact on the accuracy and completeness of this disclosure, we have determined that the actuarial present value of promised retirement benefits represents a significant risk for the 2025/26 audit.</p>	<p>We will:</p> <p><u>Triennial Valuation</u></p> <ul style="list-style-type: none">• Document the approach taken by the Kent Pension Fund to appoint and agree the terms of engagement with the actuary;• Obtain and document the scope of work performed by the actuary for the triennial valuation;• Obtain an understanding of the management processes and evaluate the design and implementation effectiveness of the associated controls;• Agree the total number of active, deferred, pensioner and dependent members included in the valuation date to the underlying pension fund records; and• Select a sample of pension fund members for testing in line with GT sampling guidance. <p><u>Actuarial present value of Promised retirement benefit disclosure</u></p> <ul style="list-style-type: none">• Document our understanding of the processes in place by management in relation with Actuarial Present value of promised retirement benefits;• Evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work;• Assess the competence, capabilities and objectivity of the actuary who carried out the Fund's valuation;• Assess the accuracy and completeness of the information provided by the Fund to the actuary to estimate the liability;• Test the consistency of disclosures with the actuarial report from the actuary;• Undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and• We will obtain assurance that the membership data testing conducted in the previous year remains reliable for the valuation as of 31 March 2025.

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
Oracle system implementation and data migration (Financial statement level Risk)	<p>In August 2025, the council transitioned its core financial system from EBS to Oracle Fusion.</p> <p>Data migration is fundamental to any business technology transformation and there is a risk of error when data is moved from one system to another. New systems are often evolving and present a greater risk of material misstatements. Given the nature of this transition, we have identified a risk of material misstatement in relation to the system migration at financial statement level.</p> <p>System migration can introduce inherent risks due to changes in financial reporting functionality, workflow configuration, access controls and transfer of large volumes of financial data. Error during data migration or new system configuration may result in incomplete, inaccurate or misstated financial balances in the 2025/26 financial statements.</p> <p>As this is the first year of operating the new system there is heightened risk of control weaknesses, configuration errors and instability of newly implemented processes.</p>	<p>Our work, undertaken by the IT Audit team and the Financial Audit team, will include but will not be limited to the following activities:</p> <ul style="list-style-type: none">• Reviewing the governance and controls the Council put in place over the system migration;• Assessing how management ensured data transferred from the old system to the new one was complete and accurate;• Reviewing reconciliations between opening balances in Oracle Fusion and closing balances in Oracle EBS;• Testing samples of migrated data back to source records;• Considering whether changes to workflows, access rights or reporting introduce new financial statement risks; and• Evaluating whether the financial reporting outputs from the new system support accurate and compliant financial statements.

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
<p>The revenue cycle includes fraudulent transactions</p> <p>Rebutted</p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue</p>	<p>We have identified and completed a risk assessment of all revenue streams for the Fund. We have rebutted the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue streams, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of public sector bodies, including the Fund, mean that all forms of fraud are seen as unacceptable. <p>Therefore, we do not consider this to be a significant risk for the Fund.</p>	<p>We do not consider this to be a significant risk for the Fund and standard audit procedures will be carried out. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate.</p>
<p>The expenditure cycle includes fraudulent transactions</p> <p>Practice Note 10(PN10) states that as most public bodies are net spending bodies, then the risk of material misstatement due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition. As a result, under PN10, there is a requirement to consider the risk that expenditure may be misstated due to the improper recognition of expenditure.</p>	<p>We have identified and completed a risk assessment of all expenditure streams for the Fund. We have considered the risk that expenditure may be misstated due to the improper recognition of expenditure for all expenditure streams and concluded that there is not a significant risk, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate expenditure recognition; • opportunities to manipulate expenditure recognition are very limited; and • the culture and ethical frameworks of public sector bodies, including the Fund, mean that all forms of fraud are seen as unacceptable. <p>Therefore, we do not consider this to be a significant risk for the Pension Fund.</p>	<p>We do not consider this to be a significant risk for the Fund and standard audit procedure have been carried will be carried out. We will keep this consideration under review throughout the audit to ensure this judgement remains appropriate.</p>



Management should expect engagement teams to challenge management in areas that are complex, significant or highly judgemental which may be the case for accounting estimates, going concern, related parties and similar areas. Management should also expect to provide engagement teams with sufficient evidence to support their judgements and the approach they have adopted for key accounting policies referenced to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements management should expect teams to challenge management's assumptions and request evidence to support those assumptions.

Other matters

Other work

The Fund is administered by Kent County Council (the ‘Council’), and the Fund’s accounts form part of the Council’s financial statements.

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read any other information published alongside the Council’s financial statements to check that it is consistent with the Fund’s financial statements on which we give an opinion and is consistent with our knowledge of the Authority.
- We consider our other duties under legislation and the Code, as and when required, including:
 - giving electors the opportunity to raise questions about your 2025/26 financial statements, consider and decide upon any objections received in relation to the 2025/26 financial statements
 - issue of a report in the public interest or written recommendations to the Fund under section 24 of the Act, copied to the Secretary of State
 - application to the court for a declaration that an item of account is contrary to law under Section 28 or for a judicial review under Section 31 of the Act; or
 - issuing an advisory notice under Section 29 of the Act.
- We carry out work to satisfy ourselves on the consistency of the Fund’s financial statements included in the Fund’s annual report with the audited Fund’s accounts.

Other material balances and transactions

Under International Standards on Auditing, ‘irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure’. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

2025 triennial valuation

Under Regulation 62 of the Local Government Pension Scheme Regulations 2013 the Fund must obtain an actuarial valuation of its assets and liabilities every three years. The latest valuation is as at 31 March 2025 (published in March/April 2026). The purpose of the valuation is to set employer contribution rates for the period from 1 April 2026 to 31 March 2029. It also provides the source data for actuaries to prepare their estimate of the actuarial present value of promised retirement benefits at the Fund level, as required under *IAS 26 - Accounting and Reporting by Retirement Benefit Plans*, and provides the base for actuaries to roll forward their estimates and assumptions from the triennial valuation to annually estimate individual employers’ pension liabilities between triennial revaluations as required by *IAS 19 – Employee Benefits*.

Other matters (Continued)

The data used by actuaries to produce IAS 19 liabilities and assets can be broadly split into two categories:

- 1) Individual member data used to calculate the triennial valuation liabilities and assets which the IAS 19 liabilities and assets are based on.
- 2) Data used to carry out the roll-forward calculation from the triennial valuation liabilities and assets to the IAS 19 liabilities and assets. This data is provided by administering authorities and the relevant employers.

As auditors, we therefore need to test the individual member data used by the actuaries in their triennial valuation calculations (Item 1) against independent records every three years and Item 2 testing is carried out annually. The work for Item 1 will involve picking a sample of members across actives, deferreds and pensioners and testing a number of separate data sets within each category. Item 2 testing is included within the annual scale fee, but Item 1 is additional work that will be need to be subject to a fee variation. Our proposed fee variation is on Page 22.

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Matter & Description

Determination

We have determined planning materiality for the audit of the Fund's financial statements using our professional judgement and our understanding of the Fund's operations, environment, and stakeholder expectations. In forming this assessment, we considered relevant sector developments, financial stability, and the statutory reporting requirements applicable to pension fund financial statements.

Users of the Fund's financial statements typically operate within a regulated environment and have a clear understanding of the nature and scope of the Fund's activities. We have not identified any specific sensitivities or heightened user expectations that would necessitate an adjustment to our standard approach.

In line with the firm's methodology, we have also performed an analysis of the materiality levels applied to Grant Thornton–audited admitted bodies. This included assessing their relative share of assets to ensure that the benchmark used for the Fund is appropriate for the purpose of providing IAS 19 assurance. This comparison is a required component of our planning procedures under firm guidelines.

Based on this analysis, planning materiality has been determined using the Fund's gross investment assets as at 31 March 2025. At the planning stage, the materiality for the Fund's financial statements is £126.7 million. The benchmark of 1.5% of gross investment assets remains consistent with the prior year, and we have not identified any circumstances that would require this percentage to be revised.

Planned audit procedures

We determine planning materiality in order to:

- establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements
- assist in establishing the scope of our audit engagement and audit tests
- determine sample sizes, and
- assist in evaluating the effect of known and likely misstatements in the financial statements.

Our approach to materiality (continued)

Matter & Description

Other factors

An item does not necessarily have to be large to be considered to have a material effect on the financial statements

Planned audit procedures

An item may be considered to be material by nature when it relates to instances where greater precision is required.

Additionally, there may be items which we feel would benefit from a lower specific materiality for those account balances (e.g. benefits payable within the Fund Account). Details of lower specific materialities applied can be found on the next page.

Reassessment of materiality

Our assessment of materiality is kept under review throughout the audit process

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Our approach to materiality (Continued)

Materiality	Amount	Qualitative factors considered
Headline materiality for the Fund's financial statements	£126,700,000	In determining the planning materiality for the audit, we have considered user expectations and the level of audit risk associated with this engagement. Kent Pension Fund is a large and high-profile pension fund, and accordingly we have set materiality at 1.5% of gross investment assets, which we consider to be an appropriate threshold for planning purposes. We have also undertaken an analysis of the materiality levels applied to Grant Thornton–audited admitted bodies, taking into account their relative share of assets. This analysis, which is required as part of our firm's IAS 19 assurance procedures, further supports the use of a 1.5% benchmark. In the prior year, the same benchmark (1.5%) was applied in determining materiality. Based on our risk assessment and the absence of any factors that would justify a change, we consider the continued use of this benchmark to be appropriate.
Performance materiality for the Fund's financial statements	£95,000,000	We have set the performance materiality at 75% of the overall materiality, consistent with last year. In determining the benchmark, we reviewed the previous year's audit work and did not identify any significant misstatements or deficiencies within the control environment. Additionally, there are no indications of increased fraud risk, leading us to conclude that maintaining the same level of performance.
Triviality	£6,300,000	Triviality is based on a percentage 5% of the overall headline materiality
Lower specific materiality for Contributions	£35,200,000	A lower specific materiality has been applied to contributions as they represent a significant and high-volume class of transactions within the scheme and are an area of particular focus for both members and regulators. Errors or omissions in recording contributions could directly influence member benefit entitlements and therefore require an appropriate level of audit attention. Although the contribution value for Kent Pension Fund is substantial, the associated processes are relatively straightforward and do not involve complex calculations or judgemental inputs. Given the combination of high volume but low complexity. On that basis, we have set specific materiality at 10% of total contributions, based on the contribution balance as at 31 March 2025. This approach ensures the threshold remains sensitive enough to identify potential misstatements while proportionate to the risk profile of this balance.
Lower specific materiality for Benefit payable	£33,200,000	A lower specific materiality has been applied to benefits payable as these transactions represent payments made directly to members and are therefore inherently sensitive. Any misstatement in benefit payments could have a direct impact on members and may give rise to reputational or regulatory concerns for the scheme. Given the nature of these payments, a specific materiality threshold is necessary to ensure an appropriate level of audit attention is directed toward this area. While the overall value of benefit payments is significant, the processes underpinning these transactions are generally well-established and not overly complex. Consistent with our audit methodology—where transaction streams are sensitive but not complex—we have applied specific materiality at 10% of total benefit payments, based on the balance as at 31 March 2025. This provides a proportionate and risk-focused threshold for this balance.

Progress against prior year audit recommendations

We identified the following issues in our 2024/25 audit of the Fund’s financial statements, which resulted in 3 recommendations being reported in our 2024/25 Audit Findings Report.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
Low	<p>Lack of review of Journals In our review of management override of control, we note that journals can be posted and approved by the same person.</p> <p>Risk Without proper segregation of duties, the same individual may be responsible for both initiating and posting journal entries. This increase the risk of errors, omissions, or irregularities going undetected, as there is no independent review of the transactions.</p>	<p>Management response: Council has implemented a new accounting system (Oracle Cloud). As a result of the implementation of this system, a smaller number of colleagues have the ability to input and upload journals which are then required to be posted by other colleagues. Prior to these journals being uploaded, in many cases, the journals are requested to be signed off/approved by different individuals. However, in some cases, as was the case previously, large journals which can be populated by macros, these journals cannot be reviewed/reconciled in the same way, although we would still consider this very low risk given the number of reconciliations conducted both in the year and at year-end which are designed to highlight any errors or mis-postings. However, different individuals are required for uploading and posting the journals on Oracle Cloud platform.</p>
Low	<p>Outside of General ledger adjustments We identified from our investment testing work that the investment assets are recorded on book cost in the general ledger and market value of the investment assets are recorded through an outside ledger reconciliation excel sheet. We would expect all the transactions to be routed through general ledger.</p> <p>Risk There is an increased risk for human errors and misstatement where investment change in MV are recorded on manual spreadsheet.</p>	<p>Management response: Following the completion of the 2024/25 external audit, management have held a number of internal discussions with Treasury colleagues—who went through a similar process previously—as well as with the Chief Accountant. Management have also engaged in external discussions with counterparts at other ACCESS authorities that have already transitioned their market values onto the ledger. These discussions were undertaken to ensure a robust plan is developed and to minimise the risk of error during the transition. A plan has now been established and will be implemented as the new process from 1 April (2026/27 financial year). Introducing the change at the start of the new financial year will support consistency in the accounts and reduce any further risk. The process involves amending the book cost ledger so that it reflects market values, which will require a series of journals to reconcile the final book cost position (e.g., purchases, sales, gains, losses) and to post the realised and unrealised adjustments necessary to bring values to market. As these journals are typically prepared and posted at year-end, it is considered most appropriate to apply the new approach from 1 April. Furthermore, given the recent changes associated with the implementation of Oracle Cloud, management did not consider it appropriate to introduce additional complexity part-way through the current year.</p>

Progress against prior year audit recommendations (Continued)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
Medium	<p data-bbox="300 311 1116 458">Lack of Segregation of duties (SOD) within Oracle EBS Our Audit Procedure identified 2 accounts BLANCE01 and PENNAL02 that had been assigned combination of the following roles.</p> <p data-bbox="300 501 1116 532">Applicable Developer – Development Access; and System Administrator – Implementation access.</p> <p data-bbox="300 654 1116 875">Furthermore, it was noted that a single change had been implemented by the account PENNAL02, however the change was noted to be a quick fix that had been communicated to management, this ensured appropriate oversight over the change made. No changes were performed by the account BLANCE01.</p> <p data-bbox="300 918 359 949">Risk</p> <p data-bbox="300 958 1116 1178">The combination of access to implement changes and security administration in production is a SoD conflict that could lead to inappropriate or unauthorised changes to data and functionality within Oracle EBS. This risk is further elevated owing to a lack of proactive monitoring of privileged user Accounts</p>	<p data-bbox="1149 311 2440 379">Management is currently awaiting a response from the IT team to provide an update on the status of recommendation.</p> <p data-bbox="1149 425 2440 496">Auditor Comment: We will follow up and review the implementation as part of the 2025/26 audit and report the outcome in the Audit Finding Report.</p>

IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the IT environment related to all key business processes, identify all risks from the use of IT related to those business process controls judged relevant to our audit and assess the relevant IT general controls (ITGCs) in place to mitigate them. Our audit will include completing an assessment of the design and implementation of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure.

The following IT applications are in scope for IT controls assessment based on the planned financial statement audit approach, we will perform the indicated level of assessment:

IT application	Audit area	Planned level IT audit assessment
Oracle EBS*	Financial reporting	Our IT Audit team will perform work to obtain assurance that the ITGC are designed implemented effectively. We do not plan to test the operating effectiveness of ITGCs
Oracle Cloud*	Financial reporting	Our IT Audit team will perform work to obtain assurance that the ITGC are designed implemented effectively. We do not plan to test the operating effectiveness of ITGCs
Pension Administration System - Altair	Member Data/Benefit payable/contribution receivables	Heywood acts as the service provider for the Altair pension administration system. The system is fully hosted and managed within Heywood's environment, meaning that the key IT and operational controls relevant to Altair are designed and operated by Heywood rather than by the LGPS. Because of this, our audit approach includes reviewing the Service Auditor's SOC 1 Type 2 report to understand the control environment in place at the service provider.

*As the Kent Pension Fund and Kent County Council operate on the same underlying system, we have identified a significant risk of material misstatement associated with the implementation of the new Oracle Fusion system in August 2025. To address this risk, our IT audit specialists have been engaged to perform a bespoke review of the Oracle Fusion environment. This work will evaluate the completeness and accuracy of the data migration, as well as assess the design and operating effectiveness of the controls within the new system. The review is currently in progress, and the findings will be reported separately to the Governance and Audit Committee by the Council's auditor.

Interim Audit Work

As the statutory backstop date has moved earlier in the year, we will incorporate an interim visit into our audit approach. This will enable us to complete advance testing ahead of year-end and ensure all required work can be finalised in line with the timetable.

Details of work to be conducted at interim:

Description	Work commentary
Triennial Valuation work	<p>We will:</p> <ul style="list-style-type: none"> • Agree the total number of active, deferred, pensioner and dependent members included in the valuation date to the underlying pension fund records; • Select a sample of pension fund members for testing in line with GT sampling guidance; • Test the selected sample against the relevant underlying records.
Advance testing areas	<p>We will select samples and perform advance testing on:</p> <ul style="list-style-type: none"> • Contribution • Benefit payable

Logistics

The audit timeline

Key Dates:

Audit phases:

Planning – 2 weeks
w/c 16th February 2026

Governance and Audit Committee
25th March 2025

Interim – 2 week
w/c 30th March 2026

Year end:
31st March 2026

Pre Final – 2 weeks
w/c 15th June 2026

Close out:
31st August 2026

Final – 7 weeks
w/c 1st July 2026

Governance and Audit committee:
10th September 2026

Completion – 2 week
w/c 1st September 2026

Audit Opinion:
30 September 2026*

Key elements

- Planning meeting with management to set audit scope
- Planning requirements checklist to management
- Agree timetable and deliverables with management and Governance and Audit Committee
- Issue the Audit Plan to management and Governance and Audit Committee

Key elements

- Audit team to present the Audit plan to Governance and Audit Committee
- Initial sample selection and testing

Key elements

- Audit teams to complete fieldwork and detailed testing
- Weekly update meetings with management
- Draft Audit Finding Report issued to Management
- Audit Finding Report meeting with management
- Audit Finding Report issue to Governance and Audit Committee

Key elements

- Audit team to present the Audit Finding report to Governance and Audit Committee
- Finalise and sign financial statements and audit report

* It is important to note that the audit opinion can only be issued when the audit opinion is issued for the County Council

Our team and communications

Grant Thornton core team

Parris Williams

Engagement Lead/
Key Audit Partner

- Parris is the key contact for senior management and the Governance and Audit Committee
- Responsible for overall quality assurance
- Parris will attend Governance and Audit Committee meetings

Zargham Malik

Audit Manager

- Zargham is responsible for overall audit management and quality assurance of our audit work
- Key contact for the finance team
- Zargham will attend Governance and Audit Committee meetings

Tram Nguyen

Audit Senior / In-charge

- Tram will support Zargham with overall resource management
- Responsible for audit team management and day to day point of contact for the finance team during planning and field work

	Service delivery	Audit reporting	Audit progress	Technical support
Formal communications	<ul style="list-style-type: none"> • Annual client service review 	<ul style="list-style-type: none"> • Audit Plan • Audit Progress and Sector Update Reports • Audit Findings Report 	<ul style="list-style-type: none"> • Audit planning meetings • Audit clearance meetings • Communication of issues log 	<ul style="list-style-type: none"> • Technical updates
Informal communications	<ul style="list-style-type: none"> • Open channel for discussion 		<ul style="list-style-type: none"> • Communication of audit issues as they arise 	<ul style="list-style-type: none"> • Notification of up-coming issues

As part of our overall service delivery, we may utilise colleagues who are based overseas, primarily in India and the Philippines. Those colleagues work on a fully integrated basis with our team members based in the UK and receive the same training and professional development programmes as our UK based team. They work as part of the engagement team, reporting directly to the Audit Senior/In-charge and Manager and will interact with you in the same way as our UK based team albeit on a remote basis. Our overseas team members use a remote working platform which is based in the UK. The remote working platform (or Virtual Desktop Interface) does not allow the user to move files from the remote platform to their local desktop meaning all audit related data is retained within the UK.

Our fee estimate

Our fee estimate:

We have set out below our specific assumptions made in arriving at our estimated audit fees, we have assumed that the Fund will:

- prepare a good quality set of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made while preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements
- maintain adequate business processes and IT controls, supported by an appropriate IT infrastructure and control environment.

Description

	Audit Fee for 2024/25 (£)	*Proposed fee for 2025/26 (£)
Scale fee for Pension Fund Audit	116,779	118,623
Auditor's expert used for the valuation of directly held properties	4,650	4,650
IAS 19 letters to auditors of bodies outside the NAO code	3,500	3,500
2025 triennial valuation data testing	-	10,000
Total (Exc. VAT)	124,929	136,773

* All fee variations included within this fee estimate are subject to approval by PSAA.

Our fee estimate (continued)

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2024\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

PSAA

Local Government Audit fees are set by PSAA as part of their national procurement exercise. In 2023, PSAA awarded a contract of audit for Kent Pension Fund to begin with effect from 2023/24. The scale fee set out in the PSAA contract for the 2025/26 audit is £118,623.

This contract sets out four contractual stage payments for this fee, with payment based on delivery of specified audit milestones:

- Production of the final auditor's annual report for the previous Audit Year or opinion issued
- Production of the draft audit planning report to Audited Body
- 50% of planned hours of an audit have been completed
- 75% of planned hours of an audit have been completed

Any variation to the scale fee will be determined by PSAA in accordance with their procedures as set out here [Fee Variations Overview – PSAA](#)

Independence considerations

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

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

We confirm that there are no significant facts or matters that impact on our independence at planning as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person and network firms have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in February 2025 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Fees and non-audit services

The following tables below sets out the non-audit services charged from the beginning of the financial year to a current date, as well as the threats to our independence and safeguards have been applied to mitigate these threats.

The below non-audit services are consistent with the Fund's policy on the allotment of non-audit work to your auditor

None of the below services were provided on a contingent fee basis

For the purposes of our audit we have made enquiries of all Grant Thornton teams within the Grant Thornton International Limited network member firms providing services to Kent Pension Fund. The table summarises all non-audit services which were identified. We have adequate safeguards in place to mitigate the perceived self-interest threat from these fees.

Grant Thornton UK LLP also acts as the statutory auditor of the administering authority and its subsidiaries. The fees for the audit and non-audit services charged for this entity are reported in its Audit Plan/Audit Findings Report. We consider that such services and fees do not impair our independence.

Assurance Service Fees

Service	£	Threats Identified	Safeguards applied
Audit Related Assurance			
IAS 19 Assurance letter to the NAO in respect of the admitted body Ebbsfleet Development Corporation*	£3,500	Self-Interest (recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work in comparison to the total fee for the audit is £133,623 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is fixed fee and there is no contingent element to it. These factor all mitigate the perceived self interest threat to an acceptable level.
Total			

*IAS 19 reports provided to auditors of local authorities and NHS bodies fall within the scope of the scale fee. However, where IAS 19 reports are requested by auditors of bodies outside this scope, these are treated as non-audit services and are therefore excluded from the scale fee. We have not yet received a formal request from the National Audit Office (NAO), but on the assumption that a request will be issued in the coming days, we are proposing a fee of £3,500 (prior year: £3,500).

Communication of audit matters with those charged with governance

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	●	
Planned use of internal audit	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●

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

Our communication plan	Audit Plan	Audit Findings
Views about the qualitative aspects of the Fund's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		⌋
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Financial reporting changes

New or revised accounting standards that have been adopted by the CIPFA Code for 2025/26

Amendments to IAS 21 – Lack of Exchangeability

IAS 21 *The Effects of Changes in Foreign Exchange Rates* has been amended by the IASB to clarify how an entity should assess whether a currency is exchangeable and how it should determine an appropriate spot exchange rate when exchangeability is lacking. The amendments introduce more detailed guidance on identifying a lack of exchangeability and on estimating a spot exchange rate in such circumstances. These amendments have been adopted by the Code from 1 April 2025.

IFRS 17 – Insurance Contracts

IFRS 17 Insurance Contracts was issued by the IASB in May 2017 and has been adopted by the CIPFA Code for local authority accounting from 1 April 2025. The standard introduces a new comprehensive framework for the recognition, measurement, presentation and disclosure of insurance contracts, replacing IFRS 4. Key features of IFRS 17 include the introduction of revised measurement models for insurance liabilities, the contractual service margin to defer unearned profit, new presentation requirements and significantly enhanced disclosures aimed at improving transparency and comparability.

New or revised accounting standards that are expected to be adopted by the CIPFA Code in future years.

Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities (including settling financial liabilities using an electronic payment system), adds guidance on the solely payment of principal and interest (SPPI) criteria, and includes updated disclosures for certain instruments. The amendments are expected to be adopted by the CIPFA Code for [2026/27](#).



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