

# Hillingdon Pension Fund

Draft Audit Results Report  
Year ended 31 March 2025  
**3<sup>rd</sup> February 2025**



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Audit Committee  
London Borough of Hillingdon  
Uxbridge  
UB8 1UW

3 February 2025

Dear Audit Committee Members

2024/25 Draft Audit Results Report

We are pleased to attach our draft Audit Results Report, summarising the status of our audit for the forthcoming meeting of the Audit Committee. We will update the Audit Committee at its meeting scheduled for 10 February 2026 on further progress to that date and explain the remaining steps to the issue of our final opinion.

The audit is designed to express an opinion on the 2024/25 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on Hillingdon Pension Fund's accounting policies and judgements and material internal control findings. Each year sees further enhancements to the level of audit challenge, the exercise of professional judgement and the quality of evidence required to achieve the robust professional scepticism that society expects. We thank the management team for supporting this process.

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

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee meeting on 10 February 2026.

Yours faithfully

Debbie Hanson

Partner

For and on behalf of Ernst & Young LLP

Encl

# Contents

**1** Executive Summary

**2** Areas of Audit Focus

**3** Audit Report

**4** Audit Differences

**5** Other Reporting Issues

**6** Assessment of Control Environment

**7** Independence

**8** Appendices

Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (Statement of responsibilities of auditors and audited bodies (from 2023/24 audits) - Page 4 of 7 - PSAA). 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 from July 2021" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and legislation and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit Committee and management in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit Committee, and management of Hillingdon 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 Committee and management 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 Executive Summary

# Executive Summary

## Scope update

In our Audit Planning Report presented to the 14 May 2025 Audit Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan, with the following exceptions:

- Changes in materiality: We updated our planning materiality assessment using the draft results and have also reconsidered our risk assessment. Based on our materiality measure of 1% of Net Assets, we have updated our overall materiality assessment to £14.1 million (Audit Planning Report – £13.6 million). This results in updated performance materiality, at 75% of overall materiality, of £10.6 million, and an updated threshold for reporting misstatements of £704k.

## Status of the audit

Our audit work in respect of the Pension Fund opinion is substantially complete, subject to final Executive review in some areas. Therefore, further issues may arise once this review is complete. The following items relating to the completion of our audit procedures were outstanding at the date of this report.

- Conclusion procedures including; final review of Annual Report and Accounts to confirm changes made to the most recent version are materially complete and accurate; update of our subsequent events procedures to the date of our opinion; and receipt and checking of signed accounts and letter of representation

## Audit differences

- We have not identified any audit differences, adjusted or unadjusted that we need to bring to your attention.
- We identified some other disclosure misstatements which have been corrected by management.

## Areas of audit focus

In our Audit Plan, we identified a number of key areas of focus for our audit of the financial report of Hillingdon Pension Fund. This report sets out our observations and status in relation to these areas, including our views on areas which might be conservative and areas where there is potential risk and exposure. Our consideration of these matters and others identified during the period is explained within the 'Areas of Audit Focus' section of this report and summarised below.

### Fraud risk - Misstatements due to fraud or error

We carried out procedures to address this risk as set out in our Audit Plan, including identifying risks, considering controls and their effectiveness, testing journal entries and testing estimates for evidence of management bias.

Subject to the finalisation of our review procedures, no significant matters have been identified in the completion of our work to date.

### Significant risk - Valuation of Level 3 complex investments

We undertook additional procedures, as described more fully in Section 02 of this report, to gain assurance over the material accuracy of the year-end valuation of the Pension Fund's Level 3 complex investments, which are inherently more difficult to value.

Work in this area has now been completed. Based upon the audit procedures undertaken, we have concluded that the valuation of these investments is materially accurate. We have noted a judgemental difference of £3.2 million (potential understatement of investments) due to timing differences between the current carried valuation and our estimate of the 31st March valuation for unquoted (level 3) investments. As this is not material, we have sufficient assurance over the material accuracy of this estimate

# Executive Summary (cont'd)

## Areas of audit focus

### Significant risk –fair value classification of Level 2 and Level 3 investments

We carried out procedures as set out in our Audit Plan to ensure that the assessment of investments as Level 2 or Level 3 are in line with the Fair Value hierarchy.

No significant matters have been identified in the completion of our work to date.

### Significant risk - Implementation of the new finance system (Oracle Fusion)

Based on the procedures to address risks of misstatement arising from the transfer of financial records from the previous Oracle R12 system to the Oracle Fusion system, including procedures performed by our IT audit specialists, we are able to conclude that the financial statements are not materially misstated as a result of errors arising from the initial system implementation. We were also able to conclude that opening balances migrated from Oracle R12 to Oracle Fusion are materially correct at the financial statement level.

The Council's auditors have reported a significant weakness in the Council's arrangements to secure value for money in relation to the implementation of Oracle Fusion. These weaknesses have therefore been reported to those charged with governance and are not repeated in our reporting on the Pension Fund.

### Estimates involved in the disclosures of IAS26- inherent risk

We carried out procedures to address this risk as set out in our Audit Plan and assessed the information disclosed in the statement of account.

Subject to the finalisation of our review procedures, no significant matters have been identified in the completion of our work to date.

### Risk of material misstatement– Completeness of investment income

Subject to the finalisation of our review procedures, no significant matters have been identified in the completion of our work to date.

We noted a misstatement in disclosure where in relation to recognition of investment income from AEW UK Urban Real Estate, which was recognised as capital distribution.

We request that you review these and other matters set out in this report to ensure:

- There are no further considerations or matters that could impact these issues
- You concur with the resolution of the issue
- There are no further significant issues you are aware of to be considered before the financial report is finalised

There are no matters, other than those reported by management or disclosed in this report, which we believe should be brought to the attention of the Audit Committee

## Control observations

During the course of the audit, we have identified control observations which we wish to bring to your attention. Further detail on control observations is included in Section 06

## Independence

Please refer to Section 7 for our update on Independence. We have no issues to report.



## 02 Areas of Audit Focus

# Areas of Audit Focus

## Significant risk – misstatements due to fraud or error\*



Key Audit Matter



Significant Risk

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

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We identify and respond to this fraud risk on every audit engagement.

### What are our conclusions?

We have completed the audit procedures outlined above. Subject to the finalisation of our review procedures, no significant matters have been identified in the completion of our work to date.

### Our response to the key areas of challenge and professional judgement

We undertook our standard procedures to address fraud risk, which included:

We enquired of management about risks of fraud and the controls put in place to address those risks.

We gained an understanding of the oversight given by those charged with governance of management's processes over fraud.

We considered the effectiveness of management's controls designed to address the risk of fraud.

We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in preparing the financial statements.

We reviewed accounting estimates for evidence of management bias.

We evaluated the business rationale for any significant unusual transactions.

We utilised our data analytics capabilities to assist with our work, including journal entry testing. We assessed journal entries for evidence of management bias and evaluated for business rationale.

We have also:

Undertaken a review of reconciliations of the financial statements to the fund manager and custodian reports and investigated any reconciling differences;

For investment income, we agreed the reconciliation between fund managers and custodians back to the source reports, which included evidencing the investment income achieved;

Re-performed the detailed investment note using the reports we have acquired directly from the custodian or fund managers; and

- ▶ Checked the reconciliation of holdings included in the Net Assets Statement back to the source reports.



# Areas of Audit Focus

## Significant risk – valuation of Level 3 complex investments



Key Audit Matter



Significant Risk

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

The Fund's investments include Level 3 investments.

Judgements are made by the fund managers to value these investments, whose prices are not publicly available. The material nature of this type of investment, means that any error in judgement could result in a material valuation error.

Misstatements that occur in relation to complex investments valued at Level 3 fair value hierarchy such as private equities, private credit, pooled property and infrastructure investments.

If the valuation of these investments was misstated, it would impact on Investment Assets and Net Assets in the Net Asset Statement and Return on Investments section of the Fund Account.

### What are our conclusions?

We have completed the audit procedures outlined above. Based upon the audit procedures undertaken, we have noted a judgemental difference of £3.2 million (potential understatement of investments) due to timing differences between the current carried valuation and our estimate of the 31st March valuation for unquoted (level 3) investments. As this is not material, we have sufficient assurance over the material accuracy of this estimate

No further matters have been identified in the completion of our work to date.

### Our response to the key areas of challenge and professional judgement

For a sample of Level 3 investments we:

- Analysed the schedule of investments to ensure correct classification, presentation and disclosure of items in the financial statements and corresponding notes.
- Understood and evaluated of the work of the fund managers.
- Evaluated the ISAE 3402 report for the custodian and fund managers, where applicable.
- Reviewed 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 2025, made inquiries to establish what procedures management have performed to take account of this risk. We also performed analytical procedures and check the valuation output for reasonableness against our own expectations.
- Reviewed the basis of valuation for property investments and other unquoted investments and assessing the appropriateness of the valuation methods used.
- Reviewed investment valuation disclosures to verify that significant judgements surrounding the valuation of Level 3 Investments have been appropriately made in the financial statements.
- Performed triangulation work to agree amount per the financial statements to fund managers and the custodian.
- Checked accounting entries have been correctly processed in the financial statements.
- Assessed any topside adjustments and journal entries for evidence of management bias and evaluating the business rationale.

# Areas of Audit Focus

## Significant risk – fair value classification of Level 2 and Level 3 investments



Key Audit Matter



Significant Risk

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

The classification of investments using the fair value hierarchy requires the accurate identification of observable and unobservable inputs and requires a high level of professional judgement.

The assessment of Fair Value hierarchies can be subjective and includes an element of judgement. There have been reclassifications in the fair value hierarchies of the pension fund assets as a result of the audit in the last two years.

### What are our conclusions?

We have completed the audit procedures outlined above. Subject to the finalisation of our review procedures, no significant matters have been identified in the completion of our work to date.

### Our response to the key areas of challenge and professional judgement

We :

Gained an understanding of the Pension Fund's approach to classification and the nature of its investments and worked with the Pension Fund to agree the proposed classifications early in the audit process;

Assessed the significance of market inputs used in the hierarchy valuation as well as the sources of the inputs;

Confirmed the basis of the valuation of each class of investment asset and assessed whether it is appropriate;

Obtained quoted prices directly from independent sources and compared these with the Pension Fund's assessment of observable market inputs ( bid market price, current yields, and closing bid price) to confirm correct classification;

Tested that accounting entries related to valuation have been correctly processed in the financial statements.

# Areas of Audit Focus

## Significant risk - implementation of the new finance system (Oracle Fusion)



Significant Risk

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

The Council upgraded its finance system in May 2024. Major changes to the finance system give rise to a risk that financial data is lost or changed during migration. The Council also continued to use the old system for finalisation of its 2023/24 financial statements after the main data migration occurred and therefore had to manually replicate all transactions recorded after this date in the new system which increases the risk of error / omission.

The implementation of the new system has not gone smoothly, therefore there is also an increased risk of misstatements arising from subsequent use of the new system because of challenges encountered in the implementation of the new system.

Given the pervasive nature of these risks, we consider that they pose a risk of material misstatement.

### What are our conclusions?

We were able to conclude that opening balances migrated from Oracle R12 to Oracle Fusion are materially correct at the financial statement level.

We are also able to conclude that we have sufficient assurance over the material accuracy of in year transactions and year end balances based on our substantive testing.

### Our response to the key areas of challenge and professional judgement

We have responded to the risk of misstatements arising from the implementation of the new finance system, Oracle Fusion, by:

- understanding the governance processes around the new system implementation and the assurances obtained by the Council's own processes, including with regards to completeness of data migration and any subsequent issues with using the new system; and
- with support from our own IT audit specialists, designing and executing procedures which respond to the specific risks identified in the Council's implementation of the new system.

Reconciliation of the Council's financial information from the previous system, Oracle R12, to the new system, Oracle Fusion, was complicated by the fact the Council had previously maintained combined accounting records for 4 separate entities (the Council, Hillingdon Pension Fund, Hillingdon First Limited and the Mayor of Hillingdon's Charitable Trust) within the same general ledger. These have been more appropriately separated within Oracle Fusion. However, this made like-for-like comparison of financial records more challenging.

Using our IT audit specialists, we performed our own reconciliations of Oracle R12 to Oracle Fusion. We identified a number of differences at the account code level which we have not been able to resolve, however we have been able to demonstrate that opening balances within Oracle Fusion are materially consistent with the closing balances within the published 2023/24 financial statements.

Our substantive testing of the Pension Fund financial statements included reconciliation of balances and transactions to the general ledger and did not identify any material issues.

We note however that the Council's auditor has reported a significant weakness in the Council's arrangements to secure value for money in relation to the implementation of Oracle Fusion. These weaknesses have therefore been reported to those charged with governance and are not repeated in our reporting on the Pension Fund.

# Areas of Audit Focus

## Risk of material misstatement - IAS26 disclosure – actuarial present value of promised retirement benefits

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

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.

The estimate is based on a roll-forward of data from the last triennial valuation in 2022, updated where necessary, and takes into account assumptions.

The information disclosed is based on the IAS 26 report issued to the Fund by the Fund Actuary.

Accounting for the pension 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.

### What are our conclusions?

Subject to the finalisation of our review procedures, no significant matters have been identified in the completion of our work to date.

We identified some discrepancies between the disclosures and the Actuary's report. These have been corrected by Management.

### Our response to the key areas of challenge and professional judgement

We have:

- ▶ Evaluated whether the IAS26 disclosure is in line with the relevant standards and consistent with the valuation provided by the Actuary.
- ▶ Engaged EY Pensions to review the roll forward procedures associated with the IAS 19 reports for London Borough of Hillingdon which makes up 84% of the total pension fund asset and support our IAS26 disclosures work.
- ▶ Evaluated and placed reliance on EY Pension's and PwC's review of the underlying pension IAS19 assumptions used by the actuary, which also support the IAS26 figures.
- ▶ Assessed the competence of management experts, Hymans Robertson as the Pension Fund's actuary.

# Areas of Audit Focus

## Risk of material misstatement – completeness of Investment Income

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

In both the 2023/24 and 2022/23 audits we have identified the same error in relation to income from the LCIV Mac fund. Distributions from this fund are reinvested at year end and, in both years, this was not communicated by the fund manager nor identified by the custodian.

As a result, income was understated and profit/loss on disposal of investments and change in market value was overstated. The amounts involved were £3.4 million in 2023/24 and £4.2 million in 2022/23.

We identified this as a control deficiency in addition to an error in the prior year to reflect that fact that management should have identified this error given that it had also happened in the prior year.

### What are our conclusions?

Subject to the finalisation of our review procedures, no significant matters have been identified in the completion of our work to date.

We noted a misstatement in disclosure where in relation to recognition of investment income from AEW UK Urban Real Estate, which was recognised as capital distribution.

### Our response to the key areas of challenge and professional judgement

We have:

- ▶ Agreed the investment income back to the fund manager report for the LCIV Mac investment to ensure that the custodian has correctly treated any distributions reinvested in the fund.
- ▶ We have also evaluated the ISAE 3402 report for custodian and fund managers.



# 03 Audit Report

# Draft Audit Report

## Draft audit report

### Our opinion on the financial statements

#### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON BOROUGH OF HILLINGDON ON THE PENSION FUND'S FINANCIAL STATEMENTS

##### Opinion

We have audited the Pension Fund ("the Fund") financial statements for the year ended 31 March 2025 under the Local Audit and Accountability Act 2014 (as amended). The pension fund financial statements comprise the Fund Account, the Net Assets Statement and the related notes 1 to 24, including material accounting policy information.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

In our opinion the pension fund financial statements:

- give a true and fair view of the financial transactions of the Fund during the year ended 31 March 2025 and the amount and disposition at that date of its assets and liabilities as at 31 March 2025; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

##### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Council as administering authority for the Pension Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Corporate Director of Finance's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the authority's ability to continue as a going concern for a period of 12 months from when the Fund's financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Corporate Director of Finance with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the authority's ability to continue as a going concern.

#### Other information

The other information comprises the information included in the Statement of Accounts 2024/25, other than the financial statements and our auditor's report thereon. The Corporate Director of Finance is responsible for the other information contained within the Statement of Accounts 2024/25.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

# Draft Audit Report

## Draft audit report

### Our opinion on the financial statements

We have nothing to report in this regard.

#### Matters on which we report by exception

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended);
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended);
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended);
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended); or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended).

We have nothing to report in these respects

#### Responsibility of the Corporate Director of Finance

As explained more fully in the Statement of the Corporate Director of Finance's Responsibilities set out on pages [...], the Corporate Director of Finance is responsible for the preparation of the Council's Statement of Accounts, which includes the pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, and for being satisfied that they give a true and fair view. The Corporate Director of Finance is also responsible for such internal control as the Corporate Director of Finance determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Corporate Director of Finance is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Administering Authority either intends to cease operations, or has no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

#### *Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with Corporate Director of Finance.



# Draft Audit Report

## Draft audit report

### Our opinion on the financial statements

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Fund and determined that the most significant are the Local Government Pension Scheme Regulations 2013 (as amended), and The Public Service Pensions Act 2013.
- We understood how the Fund is complying with those frameworks by making enquiries of the management. We corroborated this through our reading of the Pension Board minutes and other information.
- Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiries of the management for their awareness of any non-compliance of laws or regulations, inspecting correspondence with the Pensions Regulator and review of minutes.
- We assessed the susceptibility of the Fund's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements and documenting the controls that the Fund has established to address risks identified, or that otherwise seek to prevent, deter or detect fraud.
- In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any identified significant transactions that were unusual or outside the normal course of business. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- To address our fraud risk we tested the consistency of the investment asset valuation from the independent sources of the custodian and the fund managers to the financial statements.

- To address our fraud risk we tested the consistency of the investment asset valuation from the independent sources of the custodian and the fund managers to the financial statements.
- The Fund is required to comply with The Local Government Pensions Scheme regulations, other legislation relevant to the governance and administration of the Local Government Pension Scheme and requirements imposed by the Pension Regulator in relation to the Local Government Pension Scheme. As such, we have considered the experience and expertise of the engagement team including the use of specialists where appropriate, to ensure that the team had an appropriate understanding of the relevant pensions regulations to assess the control environment and consider compliance of the Fund with these regulations as part of our audit procedures.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the members of London Borough of Hillingdon, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the London Borough of Hillingdon and its members as a body, for our audit work, for this report, or for the opinions we have formed.

*Debbie Hanson (Key Audit Partner)*  
*Ernst & Young LLP (Local Auditor)*  
*Luton*  
*Date*



# 04 Audit Differences

# Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as 'known' or 'judgemental'. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

We have not identified any audit differences, adjusted or unadjusted that we need to bring to your attention

We have identified a number of disclosure errors which management have agreed to amend.

Until all our review procedures are complete further differences may be identified.



# 05 Other Reporting Issues

# Other Reporting Issues

## Consistency of information published with the financial statements

We must give an opinion on the consistency of the financial and non-financial information in the Hillingdon Pension Fund Annual Report with the audited Pension Fund financial statements. We have reviewed the Pension Fund Annual Report and are satisfied that it is consistent with the financial statements.

We also are required to give an opinion on the consistency of the pension fund financial statements included in the Annual Report with the audited pension fund financial statements included in the full annual statement of accounts of the London Borough of Hillingdon. We have prepared and will issue a consistency statement to management alongside our audit report once the Council's financial statements have been finalised.

## Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. "a report in the public interest"). We also have a duty to make written recommendations to the Authority, copied to the Secretary of State, and take action in accordance with our responsibilities under the Local Audit and Accountability Act 2014. We had no reason to exercise these duties.

## Other reporting issues

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Fund's financial reporting process. We had no matters to report.



# Assessment of Control Environment

# Assessment of Control Environment

**Financial controls**

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control.

During the course of the audit, we have identified one new area of weakness in relation to the Pension Fund’s control environment. We have summarised these weakness and associated recommendations (along with the risk rating) below:

1) We noted inconsistencies in the treatment of distributions by the custodian compared to the fund manager. Specifically, income distributions were incorrectly classified as capital distributions, and vice versa. These misclassifications led to discrepancies in the recognition of investment income by the pension fund, which relies on the custodian’s reporting as its primary source.

Recommendation

► Management should strengthen diligence when reviewing the treatment of distributions by the custodian to ensure that classification is correct.

**Prior year weaknesses open at 1 April 2025:**

1) Weakness in the identification and documentation of observable and unobservable inputs used in valuations of Level 2 and Level 3 investments. This was also reported in the prior year. (Moderate)

We have not identified any similar issues in the 2024/25 audit and therefore this issue is now closed

2) Weaknesses in the procedures in place for the Pension Fund to identify the income reinvested by fund managers not identified by the custodian. (Moderate)

Our review of work in this areas is ongoing and we will provide an update in our final Audit Results Report

The table below provides an overview of the ‘high’ ‘moderate’ and ‘low’ rated observations we have from the 2023/24 audit.

	High	Moderate	Low	Total
Open at 1 April 2025	0	2	0	2
Closed during FY25	0	1	0	1
New points raised in FY25	0	1	0	1
<b>Total open points as at 31 March 2025</b>	0	2	0	2

Key:

A weakness which does not seriously detract from the internal control framework. If required, action should be taken within 6-12 months.

Matters and/or issues are considered to be of major importance to maintenance of internal control, good corporate governance or best practice for processes. Action should be taken within six months.

Matters and/or issues are considered to be fundamental to the mitigation of material risk, maintenance of internal control or good corporate governance. Action should be taken either immediately or within three months.



# 07 Independence



# Independence

## Confirmation

We are not aware of any inconsistencies between the Pension Fund's policy for the supply of non-audit services and FRC Ethical Standard. We are not aware of any apparent breach of that policy.

We confirm that, in our professional judgment, EY is independent, our integrity and objectivity is not compromised and we have complied with the FRC Ethical Standard.

We confirm that your engagement team (partners, senior managers, managers and all others involved with the audit) and others within the firm, the firm and network firms have complied with relevant ethical requirements regarding independence.

## Relationships

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Pension Fund, and its members and senior management and its affiliates, including all services provided by us and our network to the Pension Fund, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2024 to the date of this report which we consider may reasonably be thought to bear on our independence and objectivity.

## EY Transparency Report 2025

Ernst & Young (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 year end 30 June 2025

[EY UK 2025 Transparency Report | EY - UK](#)

## Services provided by EY

There are no services provided by EY from 1 April 2024 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

The table on the subsequent page includes a summary of the fees that you have paid to us in the year ended 31 March 2025 in line with the disclosures set out in FRC Ethical Standard and in statute. Full details of the services that we have provided and the related threats and safeguards are included below. We have adopted the necessary safeguards in our completion of this work and complied with Auditor Guidance Note 1 issued by the NAO in February 2025.

# Independence

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.

A breakdown of our fees is shown in the table to the right.

As set out in our Audit Planning Report the agreed fee presented was based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ Our financial statements opinion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Pension Fund; and
- ▶ The Pension Fund has an effective control environment
- ▶ The Pension Fund complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See <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/>. In particular the Pension Fund should have regard to paragraphs 26 - 28 of the Statement of Responsibilities.

If any of the above assumptions prove to be unfounded, we seek a variation to the agreed fee. A narrative summary of the areas where we expect to raise scale fee variations for the audit of the Pension Fund are set out in the fee analysis on this page.

	Current Year	Prior Year
	£m	£m
Scale Fee - Code Work	92,572	81,688
Proposed scale fee variation	TBD Note 2	9,048 Note 1
<b>Total fees</b>	<b>0</b>	<b>0</b>

*All fees exclude VAT*

(1) As set in our 2023/24 Audit Results Report a scale fee variation was submitted to PSAA covering the following areas:

- ISA 315; additional procedures to address the enhanced requirements of revised standard undertaken
- Quality and preparation issues leading to extra work in relation to an investment originally classified as level 2 rather than level 3 and the understatement of investment income.

As at the date of this report that scale fee variation has been determined at a total value of £9,048

(2) We propose to submit a scale fee variation to PSAA for additional 2024/25 work covering the incremental work by our IT audit specialists to provide assurance over the migration of financial records of the Hillingdon Pension Fund from Oracle R12 to Oracle Fusion alongside the work performed as part of the Council's audit for 2024/25. The fee for this has been agreed with management but is subject to final determination by PSAA.



# 08 Appendices

# Appendix A – Required communications with the Audit Committee

## Required communications with the Audit Committee

There are certain communications that we must provide to the Audit Committees of UK entities. We have detailed these here together with a reference of when and where they were covered:

		Our Reporting to you
Required communications	What is reported?	When and where
Terms of engagement	Confirmation by the audit 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.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies
Planning and audit approach	<p>Communication of:</p> <ul style="list-style-type: none"> <li>▪ The planned scope and timing of the audit</li> <li>▪ Any limitations on the planned work to be undertaken</li> <li>▪ The planned use of internal audit</li> <li>▪ The significant risks identified</li> </ul> <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 - April 2025
Significant findings from the audit	<ul style="list-style-type: none"> <li>▪ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li> <li>▪ Significant difficulties, if any, encountered during the audit</li> <li>▪ Significant matters, if any, arising from the audit that were discussed with management</li> <li>▪ Written representations that we are seeking</li> <li>▪ Expected modifications to the audit report</li> <li>▪ Other matters if any, significant to the oversight of the financial reporting process</li> <li>▪ Findings and issues regarding the opening balance on initial audits</li> </ul>	This Audit Results report, Feb 2026 meeting of the Audit Committee.

# Appendix A – Required communications with the Audit Committee (cont'd)

		Our Reporting to you
Required communications	What is reported?	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"> <li>▪ Whether the events or conditions constitute a material uncertainty related to going concern</li> <li>▪ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements</li> <li>▪ The appropriateness of related disclosures in the financial statements</li> </ul>	This Audit Results report, Feb 2026 meeting of the Audit Committee.
Misstatements	<ul style="list-style-type: none"> <li>▪ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation</li> <li>▪ The effect of uncorrected misstatements related to prior periods</li> <li>▪ A request that any uncorrected misstatement be corrected</li> <li>▪ Material misstatements corrected by management</li> </ul>	This Audit Results report, Feb 2026 meeting of the Audit Committee.
Fraud	<ul style="list-style-type: none"> <li>▪ Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity</li> <li>▪ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist</li> <li>▪ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: <ul style="list-style-type: none"> <li>▪ Management;</li> <li>▪ Employees who have significant roles in internal control; or</li> <li>▪ Others where the fraud results in a material misstatement in the financial statements.</li> </ul> </li> <li>▪ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected</li> <li>▪ 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</li> <li>▪ Any other matters related to fraud, relevant to Audit Committee responsibility.</li> </ul>	This Audit Results report, Feb 2026 meeting of the Audit Committee.

# Appendix A – Required communications with the Audit Committee (cont'd)

		Our Reporting to you
Required communications	What is reported?	When and where
Related parties	<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> <li>▪ Non-disclosure by management</li> <li>▪ Inappropriate authorisation and approval of transactions</li> <li>▪ Disagreement over disclosures</li> <li>▪ Non-compliance with laws and regulations</li> <li>▪ Difficulty in identifying the party that ultimately controls the entity</li> </ul>	This Audit Results report, Feb 2026 meeting of the Audit Committee.
Independence	<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"> <li>▪ The principal threats</li> <li>▪ Safeguards adopted and their effectiveness</li> <li>▪ An overall assessment of threats and safeguards</li> <li>▪ Information about the general policies and process within the firm to maintain objectivity and independence</li> </ul> <p>Communications whenever significant judgements are made about threats to integrity, objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>Audit Planning Report - April 2025</p> <p>This Audit Results report, Feb 2026 meeting of the Audit Committee.</p>

# Appendix A – Required communications with the Audit Committee (cont'd)

		Our Reporting to you
Required communications	What is reported?	When and where
External confirmations	<ul style="list-style-type: none"> <li>Management's refusal for us to request confirmations</li> <li>Inability to obtain relevant and reliable audit evidence from other procedures.</li> </ul>	This Audit Results report, Feb 2026 meeting of the Audit Committee.
Consideration of laws and regulations	<ul style="list-style-type: none"> <li>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</li> <li>Enquiry of the audit 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 committee may be aware of</li> </ul>	This Audit Results report, Feb 2026 meeting of the Audit Committee.
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> <li>Significant deficiencies in internal controls identified during the audit.</li> </ul>	This Audit Results report, Feb 2026 meeting of the Audit Committee.

# Appendix A – Required communications with the Audit Committee (cont'd)

		Our Reporting to you
Required communications	What is reported?	When and where
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> <li>Written representations we are requesting from management and/or those charged with governance</li> </ul>	This Audit Results report, Feb 2026 meeting of the Audit Committee.
System of quality management	<ul style="list-style-type: none"> <li>How the system of quality management (SQM) supports the consistent performance of a quality audit</li> </ul>	This Audit Results report, Feb 2026 meeting of the Audit Committee.
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> <li>Material inconsistencies or misstatements of fact identified in other information which management has refused to revise</li> </ul>	This Audit Results report, Feb 2026 meeting of the Audit Committee.
Auditors report	<ul style="list-style-type: none"> <li>Any circumstances identified that affect the form and content of our auditor's report</li> </ul>	This Audit Results report, Feb 2026 meeting of the Audit Committee.
Use of statutory powers	<ul style="list-style-type: none"> <li>Identification of issues that are likely to lead to a form of public reporting, including: <ul style="list-style-type: none"> <li>Statutory recommendations</li> <li>Public interest reporting</li> <li>Referral of matters to the Secretary of State and NHS England</li> </ul> </li> </ul>	This Audit Results report, Feb 2026 meeting of the Audit Committee.



# Appendix B – Outstanding matters

## Outstanding matters

The following items relating to the completion of our audit procedures are outstanding at the date of the release of this report:

Item	Actions to resolve	Responsibility
Annual Report and Accounts	Review of the Annual Report	EY and management
	Incorporation of EY review comments on disclosure notes	
	Check of the most recent version of the accounts to ensure amendments and complete and accurate	
	Receipt and check of final signed version of the accounts	
Management representation letter	Receipt of signed management representation letter	Management and audit committee
Subsequent events review	Completion of subsequent events procedures to the date of signing the audit report	EY and management

Until all our final review procedures are complete, we cannot confirm the final form of our audit opinion as new issues may emerge or we may not agree on final detailed disclosures in the Annual Report. At this point no issues have emerged that would cause us to modify our opinion. A draft of the current opinion is included in Section 03.

# Appendix C – Management representation letter

## Management representation letter

### Management Rep Letter

[To be prepared on the entity's letterhead]

[Date]

**Ernst & Young**

[Address]

This letter of representations is provided in connection with your audit of the financial statements of Hillingdon Pension Fund ("the Fund") for the year ended 31 March 2025. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the financial transactions of the Fund during the year ended 31 March 2025, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year, in accordance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

We understand that the purpose of your audit of the Fund's financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

#### **A. Financial Statements and Financial Records**

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 and for keeping records in respect of contributions received in respect of active members of the Fund.

2. We confirm that the Fund is a Registered Pension Fund. We are not aware of any reason why the tax status of the Fund should change.
3. We acknowledge, as members of management of the Fund, our responsibility for the fair presentation of the financial statements and the Summary of Contributions. We believe the financial statements referred to above give a true and fair view of the financial transactions and the financial position of the Fund in accordance with applicable law the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, and are free of material misstatements, including omissions. We have approved the financial statements.
4. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
5. As members of management of the Fund we believe that the Fund has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 that are free from material misstatement, whether due to fraud or error.
6. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We have not corrected these differences identified by and brought to our attention from the auditor because [specify reasons for not correcting misstatement].

# Appendix C – Management representation letter

## Management representation letter

### Management Rep Letter

#### B. Non-compliance with laws and regulations, including fraud

1. We acknowledge that we are responsible to determine that the Fund's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of a system of internal control to prevent and detect fraud and that we believe we have appropriately fulfilled those responsibilities.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. We have not made any reports to the Pensions Regulator, nor are we aware of any such reports having been made by any of our advisors.
5. There have been no other communications with the Pensions Regulator or other regulatory bodies during the Fund year or subsequently concerning matters of non-compliance with any legal duty.
6. We confirm that we are not aware of any breaches of the Payment Schedule/Schedule of Contributions or any other matters that have arisen which we considered reporting to the Pensions Regulator.
7. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Fund (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
  - Involving financial improprieties
  - Related to laws or regulations that have a direct effect on the determination of material amounts and disclosures in the Fund's financial statements

- Related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Fund's business, its ability to continue in business, or to avoid material penalties
- Involving management, or employees who have significant roles in internal control, or others
- In relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

#### C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
  - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters.
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. You have been informed of all changes to the Fund rules.
3. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
4. We have disclosed to you the use of all applications or tools using artificial intelligence, including generative artificial intelligence, that are reasonably likely to have a direct or indirect material effect on the financial statements.

# Appendix C – Management representation letter

## Management representation letter

### Management Rep Letter

5. We have made available to you all minutes of the meetings of members of the management of the Fund and committees of members of the management of the Fund (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the period to the most recent meeting on the following date: *[list date]*.
6. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Fund's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the period end. These transactions have been appropriately accounted for and disclosed in the financial statements.
7. We confirm the completeness of information provided regarding annuities held in the name of the members of management of the Fund.
8. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.
9. We have disclosed to you, and the Fund has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
10. No transactions have been made which are not in the interests of the Fund members or the Fund during the year or subsequently.

11. From the date of our last management representation letter through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or is reasonably likely to have occurred, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

#### D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent. No guarantees have been given to third parties.

#### E. Subsequent Events

1. There have been no events subsequent to the period end which require adjustment of or disclosure in the financial statements or notes thereto.

#### F. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the annual report on pages 1 to [x], other than the financial statements, the auditor's report and the statement about contributions.

# Appendix C – Management representation letter

## Management representation letter

### Management Rep Letter

2. We confirm that the content contained within the other information is consistent with the financial statements.

#### G. Advisory Reports

1. We have not commissioned any advisory reports except for [give details] which may affect the conduct of your work in relation to the Fund's financial statements and schedule of contributions/payment schedule.

#### H. Independence

1. As members of management of the Fund, we are not aware of any matters which would render Ernst & Young LLP ineligible to act as auditor to the Fund.

#### I. Derivative Financial Instruments and Pooling investments, including the use of collective investment vehicles and shared services

1. We confirm that the Fund has made no direct investment in derivative financial instruments.

1. We confirm that all investments in pooling arrangements, including the use of collective investment vehicles and shared services, meet the criteria set out in the November 2015 investment reform and criteria guidance and that the requirements of the LGPS (Management and Investment of Funds) Regulations 2016 in respect of these investments has been followed.

#### J. Actuarial valuation

The latest report of the actuary Hymans Robertson as at 31 March 2022 and dated [date of report] has been provided to you. To the best of our knowledge and belief we confirm that the information supplied by us to the actuary was true and that no significant information was omitted which may have a bearing on his report.

#### K. Estimates

##### Level 3 Investment Asset Valuation and Actuarial Present Value of Promised Retirement Benefits Estimate

1. We confirm that the significant judgments made in making the Level 3 investment asset valuation estimate and actuarial present value of promised retirement benefits have taken into account all relevant information of which we are aware.
2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the Level 3 investment asset valuation estimate and actuarial present value of promised retirement benefits .
3. We confirm that the significant assumptions used in making the Level 3 investment asset valuation estimate and actuarial present value of promised retirement benefits appropriately reflect our intent and ability to carry out the valuation of Level 3 investment assets and the actuarial present value of promised retirement benefits on behalf of the entity.
4. We confirm that the disclosures made in the financial statements with respect to the accounting estimate(s), including those describing estimation uncertainty, are complete and are reasonable in the context of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.
5. We confirm that appropriate specialized skills or expertise has been applied in making the Level 3 investment asset valuation estimate and actuarial present value of promised retirement benefits.
6. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the financial statements.

# Appendix C – Management representation letter

## Management representation letter

### Management Rep Letter

#### L. Use of the Work of a Specialist

We agree with the findings of the specialists that we have engaged to value the actuarial present value of promised retirement benefits and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

#### M. Going Concern

Based on our assessment of going concern, the details of which have been shared with you, we confirm that we are not aware of any material uncertainties related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. We do not intend to wind up the Fund. We are satisfied that the use of the going concern basis of accounting is appropriate in the preparation and presentation of the financial statements.

Note 19 to the financial statements discloses all of the matters of which we are aware that are relevant to the Fund's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

#### N. Climate-Related Matters

1. Whilst recognising that the Climate Change Governance and Reporting Regulations do not cover the Local Government Pension Scheme, we confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered in the financial statements.
2. The key assumptions used in preparing the financial statements are, to the extent allowable under the requirements of United Kingdom Generally Accepted Accounting Practice aligned with any statements we have made in the other information or other public communications made by us.

*Yours faithfully,*

\_\_\_\_\_  
S151 Officer and Audit Committee Chair

Date

## EY | Building a better working world

EY is building a better working world by creating new value for clients, people, society and the planet, while building trust in capital markets.

Enabled by data, AI and advanced technology, EY teams help clients shape the future with confidence and develop answers for the most pressing issues of today and tomorrow.

EY teams work across a full spectrum of services in assurance, consulting, tax, strategy and transactions. Fueled by sector insights, a globally connected, multi-disciplinary network and diverse ecosystem partners, EY teams can provide services in more than 150 countries and territories.

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