



The Audit Plan for Avon Pension Fund

Year ending 31 March 2026

1 May 2026



Contents

Section	Page
Introduction and headlines	03
Significant risks identified	05
Our approach to materiality	11
Progress against prior year recommendations	13
IT audit strategy	15
Logistics	17
Our fee estimate	19
Independence considerations	21
Communication of audit matters with those charged with governance	25
New and future standards and reporting requirements	27

Introduction and headlines



Purpose

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

Respective responsibilities

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

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

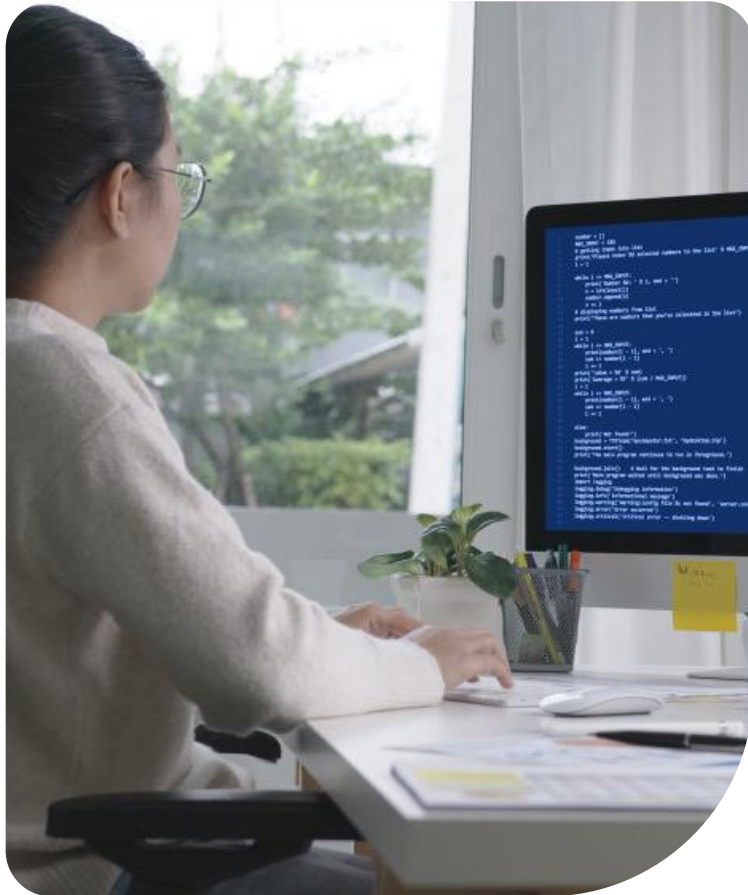
Scope of our audit

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

The audit of the financial statements does not relieve management or the Audit 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

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

Materiality

We have determined planning materiality to be £102 million (PY £102.5 million) for the Fund, which equates to 1.65% of your estimated gross investment assets as at 30 September 2025.

Clearly trivial has been set at £5.1 million (PY £5.1 million).

We have determined a lower specific planning materiality for:

- Benefits payable and Contributions receivable of £25 million (In the PY a lower specific materiality for the fund account set at £30 million).

We have considered the need for an associated trivial amount linked to the above and determined that one is not required

Audit logistics

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

Our proposed fee for the audit is £125,057 (PY: £114,198) for the Fund, subject to the Fund delivering a good set of financial statements and working papers and no significant new financial reporting matters arising that require additional time and/or specialist input.

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

Significant risks identified

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

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

Significant

Valuation of level 3 investments

The valuations of level 3 investments are a significant accounting estimate based on unobservable inputs and hence there is a risk of material misstatement due to error and/or fraud.

Audit team's assessment

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 (£1.5bn for 2024/25) and the sensitivity of the estimate to changes in key assumptions. We have therefore identified the valuation of Level 3 investments as a significant risk.

Planned audit procedures

We will:

- document and evaluate management's processes for valuing Level 3 investments
- obtain and review the audited financial statements of the investment accounts, where these are at a different reporting date to the Fund's financial statements:
 - the valuations will be compared to the year end reporting date after accounting for cashflows, and
 - obtain and review the corresponding investment manager report (capital statement) as at the investment accounts audit date with the audited accounts and follow up significant differences
- independently obtain and review the corresponding investment manager reports (capital statements) as at the reporting date and compare to the financial statements
- review purchase and sale transactions of investments near the reporting date where appropriate
- compare movement in asset value to appropriate market indices where available and appropriate
- review the guidelines under which investments have been valued at the date of the investment accounts and the Fund accounts
- review management's classification of the assets
- obtain and review investment manager service auditor report on design and operating effectiveness of relevant internal controls where appropriate.

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>Rebutted</p> <p>Practice Note 10 (PN10) explains that, because most public bodies are net-spending bodies, the risk of material misstatement due to fraud in expenditure is higher than that in revenue recognition. Accordingly, PN10 requires auditors to consider the risk that expenditure may be misstated as a result of improper recognition.</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 procedures 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 risks identified

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

Risk	Description	Planned audit procedures
<p data-bbox="112 551 479 639">Significant class of transactions</p> <p data-bbox="112 661 479 768">Actuarial present value of promised retirement benefits disclosure – IAS 26</p>	<p data-bbox="504 551 1192 1032">The disclosure of the Fund’s actuarial present value of promised retirement benefits is an accounting estimate (fund surplus of £339 million as at 31st March 2025) and is sensitive to changes in key assumptions. The Fund engage the services of a qualified actuary to develop an IAS 26 compliant estimate of the disclosure and 2025/26 will be the first year that the outcomes of the 2025 triennial valuation will be reflected. As a result, the disclosure of the Fund’s actuarial present value of promised retirement benefits has been identified as ‘other risk’ of material misstatement.</p>	<p data-bbox="1217 551 2440 579">We will:</p> <ul data-bbox="1217 586 2440 1073" style="list-style-type: none"> <li data-bbox="1217 586 2440 694">• update our understanding of the processes and controls put in place by management to ensure that the Fund’s actuarial present value of promised retirement benefits is not materially misstated <li data-bbox="1217 701 2440 772">• evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary’s work <li data-bbox="1217 779 2440 851">• assess the competence, capabilities and objectivity of the actuary who carried out the Fund’s valuation <li data-bbox="1217 858 2440 929">• assess the accuracy and completeness of the information provided by the Fund to the actuary to estimate the liability <li data-bbox="1217 936 2440 1008">• test the consistency of disclosures with the actuarial report from the actuary; and <li data-bbox="1217 1015 2440 1073">• undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor’s expert) and performing any additional procedures suggested within the report.

Other matters

Other work

The Fund is administered by Bath and North East Somerset 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.

Other matters (continued)

2025 triennial valuation

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

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

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

As auditors, we therefore need to test the individual member data used by the actuaries in their triennial valuation calculations (Item 1) against independent records every three years and Item 2 testing is carried out annually. The work for Item 1 will involve picking a sample of members across active members, deferred members and pensioners and ensuring this data shared with the actuary is consistent with fund records. 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 19, which is an estimate at the planning stage and will be finalised upon completion of the work.

Our approach to materiality

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

Matter & Description

Determination

We have determined planning materiality (financial statement materiality for the planning stage of the audit) based on professional judgement in the context of our knowledge of the Fund, including consideration of factors such as stakeholder expectations, sector developments, financial stability and reporting requirements for the financial statements

Other factors

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

Reassessment of materiality

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

Planned audit procedures

We determine planning materiality in order to:

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

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

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

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	102m	<ul style="list-style-type: none"> • Size / Profile / Complexity • Headline Materiality for planning equates to 1.65% of your gross investment assets as at 30 September 2025.
Specific materiality for Fund Account balances: a lower specific materiality for benefits payable and contributions receivable will be applied to the audit of these transactions. Headline materiality will be applied for all other Fund Account balances.	25m	<ul style="list-style-type: none"> • paying pensions and collecting contributions are core aspects of what an LGPS fund does • current pensioners and prospective pensioners will want assurance that pension payments are accurate • employers and prospective pensioners will want assurance that contributions are accurate.
Materiality for the Fund Account for planning equates to approximately 10% of benefits payable and contributions receivable balances as at 31 March 2025		



Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK) 320)

Progress against prior year audit recommendations

We identified the following issues in our 2024/25 audit of the Fund's financial statements, which resulted in 4 recommendations being reported in our 2024/25 Audit Findings Report. We have followed up on the implementation of our recommendations and all remain under review at this stage of the audit.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
In progress	Lack of controls over granting new user access within Agresso -the risk relates to the fact that user access may not be appropriately aligned to job role requirements which may lead to inappropriate access within the application or underlying data.	Matter is under review and conclusion as to whether recommendation has been actioned will be confirmed following the conclusion of IT Audit work for the current audit period.
In progress	Duplicate accounts with privileged level access identified on the Agresso Database - an account with administrative access has the ability to both assign additional access rights to users, and to make changes to a system. Those changes may be appropriate, such as updates to the system, or damaging, such as opening a backdoor for an attacker to access the system. Therefore, every additional administrator causes linear-to-exponential growth in risk.	Matter is under review and conclusion as to whether recommendation has been actioned will be confirmed following the conclusion of IT Audit work for the current audit period.

Progress against prior year audit recommendations (continued)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
In progress	<p>No process for proactively reviewing the Altair IT service provider assurance report. Without periodic review and assessment of the independent assessor's report over the third-party service provider's control environment, the following risks are created:</p> <ul style="list-style-type: none"> • Effective controls may not be in place to address all relevant risks to the service provided by the third party. This includes, but is not limited to, applying only approved updates; and • Controls which remain the responsibility of the service users may not be identified and implemented in a timely manner. This includes, but is not limited to, implementing a process to ensure all requests to the provider come through an appropriate local request/approval process. 	Matter is under review and conclusion as to whether recommendation has been actioned will be confirmed following the conclusion of IT Audit work for the current audit period.
In progress	<p>No timely review or finalisation of IT and Cybersecurity policies. It was noted within the Cybersecurity assessment performed, that three policies (Information Security Policy, DP & IG Policy and Acceptable Use Policy) had not been reviewed in line with the dates they were due to be reviewed. It was also noted that the Data Classification Policy had been marked as 'Draft' with no formal approval noted.</p>	Matter is under review and conclusion as to whether recommendation has been actioned will be confirmed following the conclusion of IT Audit work for the current audit period.

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
Agresso	Financial reporting	<ul style="list-style-type: none"> ITGC review carried about by IT audit specialist team.
Altair	Member Data	<ul style="list-style-type: none"> ITGC review carried about by IT audit specialist team. Review of specific events in year relating to the system (see page 16).
Active Directory	Network User Access	<ul style="list-style-type: none"> ITGC review carried about by IT audit specialist team.
Non-specific	Cyber Security	<ul style="list-style-type: none"> Review of arrangements performed by IT Audit specialist team.

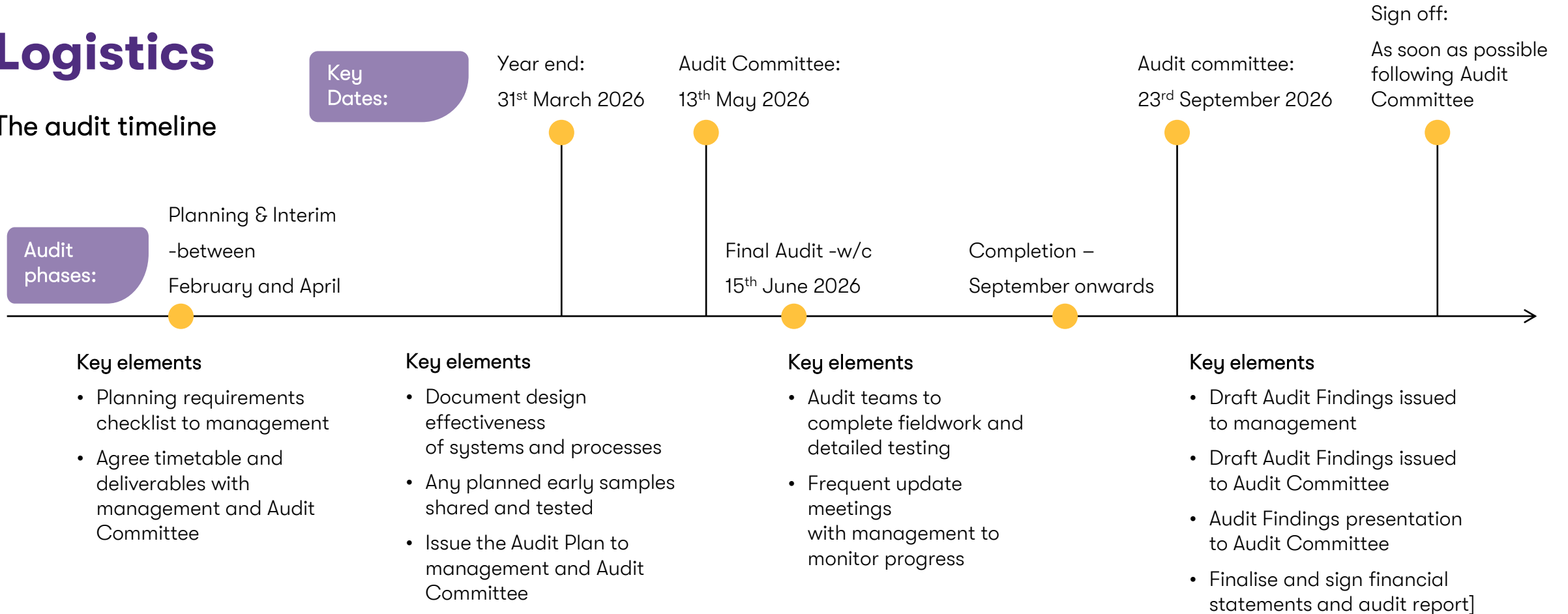
IT audit strategy (continued)

In addition, due to events during the period, specifically the data migration of member data records from the BANES servers to the Heywoods data centre, audit procedures will be completed to address the additional risks of material misstatement identified.

IT application	Event	Relevant risks	Planned IT audit procedures
Pension Administration System [Altair]	Data migration	Post migration data completeness and accuracy;	<ul style="list-style-type: none"> Audit of data migration activity and results.

Logistics

The audit timeline



Our team and communications

Grant Thornton core team



Beth AC Bowers

Engagement Lead/
Key Audit Partner

- Provides oversight of the delivery of the audit including regular engagement with Audit / Pensions Committees and senior officers.



George Amos

Audit Manager

- Plans and manages the delivery of the audit including regular contact with senior officers



Ananya Mehta

In-charge

- On-site audit team management
- Day-to-day point of contact
- Audit fieldwork

Pool of specialists and other technical specialists (IT audit, Digital Audit)

	Service delivery	Audit reporting	Audit progress	Technical support
Formal communications	<ul style="list-style-type: none"> • Client Surveys 	<ul style="list-style-type: none"> • The Audit Plan • The Audit Findings Report 	<ul style="list-style-type: none"> • Bi-monthly liaison meetings with Management 	<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 • Weekly meetings with audit team to discuss progress 	<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. 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 In-charge and Manager and will interact with you in the same way as our UK based team albeit on a remote basis. Our overseas team members use a remote working platform which is based in the UK. The remote working platform (or Virtual Desktop Interface) does not allow the user to move files from the remote platform to their local desktop meaning all audit related data is retained within the UK.

Our fee estimate

Our fee estimate:

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

- prepare a good quality set of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made while preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements
- maintain adequate business processes and IT controls, supported by an appropriate IT infrastructure and control environment.
- Our fee estimate also assumes that you will engage suitably competent experts to assist management in the following areas:
 - Valuation of level 2 and level 3 investments
 - Actuarial valuation of the Fund

Description	Audit Fee for 2024/25 (£)	Proposed fee for 2025/26 (£)
Avon Pension Fund Audit	105,842	106,807
IAS 19 letters to auditors of bodies outside the NAO code	8,356	8,250
2025 triennial valuation data testing*	0	10,000
Total (Exc. VAT)	114,198	125,057

*Our fee estimate includes an additional fee for the testing of 2025 triennial valuation data. This is currently an estimate and will be reviewed upon the completion of this area of work and billed on a cost per time basis, in line with PSAA standard hourly rates. This work is not included within the audit scope that is covered by the PSAA scale fee as this only occurs once every three years.

Our fee estimate

Relevant professional standards

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

PSAA

Local Government Audit fees are set by PSAA as part of their national procurement exercise. In 2017, PSAA awarded a contract of audit for Avon Pension Fund to begin with effect from 2018/19. This contract was re-tendered in 2023 and Grant Thornton have been re-appointed as your auditors. The scale fee set out in the PSAA contract for the 2025/26 audit is £106,807.

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

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

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

Independence considerations

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

Matter	Threats	Safeguards	Conclusion
<p>The Key Audit Partner, Beth Bowers, has a close family member who is an admitted member of the Pension Fund. An internal ethics consultation has been completed, and it has been cleared that there is no threat to independence arising from this and that Beth can continue to fulfil the role of Key Audit Partner on this audit engagement.</p> <p>The Audit Manager, George Amos, has a similar situation, where a close family member also has a pension with the fund, but is no longer an active contributor, nor are they of retirement age at which they would be drawing pension. Consultation was also taken and cleared by ethics, meaning that George can continue to fulfil their role on this audit engagement.</p>	Self Interest	<p>Layers of review and ability to call in further reviewers of work.</p> <p>Confidentiality agreements within contracts.</p>	Appropriate safeguards are in place. There have been no changes to these circumstances since the consultations were made for the 2023/24 audit and therefore, we deem this conclusion to remain appropriate. Matters have been re-consulted on via our Ethics team and cleared once again for the 2025/26 audit period.
Beth Bowers, the Key Audit Partner is currently serving their 6th year on the engagement. Beth served 3 years as Audit Manager before taking on the Key Audit Partner role from the 2023/24 audit onwards. Usual PSAA terms requires an individual to rotate off of the audit after serving 5 years as Key Audit Partner. In consultation with PSAA, it has been determined and agreed that Beth will rotate off of this audit following her 4 th year as Key Audit Partner, meaning her final period in this role will be the 2026/27 audit period.	Familiarity	Consultation with PSAA determine this rotation plan is appropriate	We have concluded that our independence is not compromised due to Beth's role on the audit being limited to 4 years as Key Audit Partner, due to 3 years previously served as Audit Manager, it is not appropriate for her to serve the full 5 year term as prescribed by PSAA. PSAA concur this approach is reasonable and therefore no independence issue is noted.

Independence considerations (continued)

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, following appropriate consultation with our ethics team, as detailed on page 39.
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 have considered whether the ethical outcomes required by the overarching principles and supporting ethical provisions of the FRC Ethical Standard have been met by both the relevant requirements and with reference to the perspective of an objective, reasonable and informed third party. This assessment has also considered the matters reported above individually and in aggregate.

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

Fees and non-audit services

The following tables below sets out the non-audit services charged from the beginning of the financial year to March 2026, 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 Avon 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 which are detailed on page 24.

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. We consider that such services and fees do not impair our independence.

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

Please see table overleaf.

Fees and non-audit services (Continued)

Assurance Service Fees

Service	£	Threats Identified	Safeguards applied
Audit Related Assurance			
IAS19 Assurance letters for Admitted Bodies outside of the NAO Code of Audit Practice for the 2024/25 audit and for 2025/26 audit.	8,356 (actual for 2024/25) 8,250 (proposed for 2025/26 - 2,750 per letter)	Self-Interest, Self-Review and Management	<p>Self-Interest – Fee is recurring but not significant compared to the audit of the financial statements, and is fixed based on the number of admitted bodies who request an assurance letter. Further, the work is on audit related services and integrated with the testing of controls undertaken as part of the audit. The main self interest threat would arise if we reported weaknesses that would impact the content of these letters to Those Charged With Governance (TCWG) that they then put pressure on us not to report to other auditors that are seeking to rely on the information reported. The safeguard to this would be to have a safeguarding partner review the Audit Findings Report. We therefore are comfortable there is no self-interest threat, the work is undertaken by the same team of individuals as the work considered as work under the Code.</p> <p>Self Review - We have not prepared the financial information on which our assurances will be used by the requesting auditor. Any decisions whether to change controls over, or edits required to, financial information arising from our findings will be a matter for informed management.</p> <p>Management - We may make recommendations to the Pension Fund in respect of control weaknesses, in the same way as we would in an audit of financial statements. Informed management understand the operation of systems and can challenge our recommendations as appropriate.</p> <p>We are comfortable that the proposed safeguards are sufficient to mitigate the threats to independence. IAS 19 assurances letter are a standard response that is provided to a number of admitted bodies by pension fund auditors across the country. Summary outcomes of the work are reported to TCWG in the council through audit findings reports and they are aware of the Firm and have the role of overseeing work of external audit. Again, we are satisfied they would be of the view that this is work that external auditors would undertake and they are appropriately informed. Therefore, we are satisfied independence and safeguards appropriate from perspective of objective, reasonable and informed third parties.</p>
Total	16,606		

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](#).



© 2026 Grant Thornton UK LLP. All rights reserved.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.