Audit Findings (ISA 260) Report for City of London Corporation Pension Fund

Year ended 31 March 2026

8th September 2026

City of London Corporation Pension Fund
Pensions Office
Chamberlain's Department
Guildhall
London EC2P 2EJ

Grant Thornton UK LLP
8 Finsbury Circus
London EC2M 7EA

www.grantthornton.co.uk

Dear Members of the Audit and Risk Management Committee,

Audit Findings for City of London Corporation Pension Fund for the 31 March 2026

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

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent.

We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to manage risk, quality and internal control particularly through our Quality Management Approach. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at grant-thornton-transparency-report-2025.pdf.

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

Grant Patterson

Grant Patterson

Director and Key Audit Partner
For Grant Thornton UK LLP

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Headlines

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

Financial statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice (the 'Code'), we are required to report whether, in our opinion, the Pension Fund's financial statements:

- give a true and fair view of the financial transactions of the Pension Fund year ended 31 March 2026 and of the amount and disposition at that date of the fund's assets and liabilities; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

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

Our audit work was completed during June - September 2026, in line with the timelines set out in our Audit Plan. Our findings are summarised on pages 10 to 15.

We identified no adjusted or unadjusted misstatements in the financial statements that would affect the Pension Fund's reported financial position. The only matter identified during the audit was a minor disclosure amendment. Audit findings are detailed on page 21.

We have also raised recommendations for management, set out on page 23, and reported our follow up of prior year recommendation on pages 25 to 27.

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

- receipt and review of the Pension Fund Annual Report
- receipt of management representation letter
- review of the final set of financial statements.

Headlines (continued)

Financial statements

We have concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and the audited financial statements.

Our anticipated financial statements audit report opinion will be unmodified.

Whilst our work on the Pension Fund financial statements is complete, we will be unable to issue our final audit opinion on the Pension Fund financial statements until the audit of the Administering Authority is complete.

We are required to give a separate opinion for the Pension Fund Annual Report on whether the financial statements included therein are consistent with the audited financial statements.

We propose to issue our 'consistency statement' on the Pension Fund's Annual Report on the same date as our audit opinion on the Pension Fund financial statements.

Significant Matters

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

Our approach to materiality

As communicated in our Audit Plan dated March 2026, we determined headline materiality at the planning stage as £30 million based on 2% of Gross Investment Assets as at 31 March 2025. At year-end, we have reconsidered planning materiality based on the 2025/26 figures in the draft financial statements. As a result the audit team have deemed it appropriate to revise materiality from £30.0 million to £31.9 million, reflecting the increase in gross investment assets, which is the benchmark used to determine materiality. This update ensures that materiality remains appropriate and proportionate to the size of the Fund based on the most current financial information available. No other factors were identified that would require a change to our audit strategy.

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

Basis for our determination of materiality

- We have determined materiality at £31.9million based on professional judgement in the context of our knowledge of the Fund, including consideration of factors such as the nature of the Fund's investment activities, the expectations of scheme members and other stakeholders, the level of audit differences identified in prior years, and the relatively low complexity of the Fund's transactions and balances.
- We have used 2% of gross investment assets as at 31 March 2026 as the benchmark for our materiality.
- Gross investment assets are considered the most appropriate benchmark because they represent the principal measure of the Fund's size and are the key focus of users of the financial statements. The Fund's primary objective is the stewardship and management of investment assets on behalf of members, and investment asset values are therefore the most relevant indicator of financial significance. We have applied 2%, which is consistent with sector practice for local government this basis is consistent with the prior year. The increase in monetary materiality compared to the prior year reflects growth in the value of the Fund's investment assets at the year end rather than any change in the audit risk assessment or benchmark applied.

Performance materiality

- We have determined performance materiality at £23.9million, this is based on 75% of overall headline materiality. We have revised the performance materiality to ensure that performance materiality remains appropriate and proportionate to the size of the Fund based on the most current financial information available.

Specific materialities for Benefits Payable and Contributions

- We have determined lower specific materialities for benefits payable and contributions, they are based on 10% of the corresponding figure as at 31 March 2026. We have revised the benefits payable and contributions materialities from the planned level of £6.0 million to £6.6 million following receipt of the draft financial statements. The increase reflects changes in the underlying benefits payable and contributions balances used to determine these thresholds.

Reporting threshold

- We will report to you all misstatements identified in excess of £1.59m, in addition to any matters considered to be qualitatively material.

Our approach to materiality (continued)

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

Description	Amount (£)	Qualitative factors considered
Materiality for the financial statements	31,900,000	The Fund's portfolio is primarily level 2 assets, for which market data is available for audit purposes. Prior period experience noted limited findings with no adjusted or unadjusted misstatements raised in relation to the net assets statement. Headline Materiality for planning equates to 2% of your gross investment assets as at 31 March 2026.
Performance materiality	23,900,000	Performance Materiality is based on a percentage (70%) of the overall materiality.
Lower specific materiality for Benefits Payable and Contributions Receivable	6,600,000	Whilst the contribution and benefit structures of the Fund are not significantly complex and there are only 24 employers in the scheme, of which the City of London Corporation itself represents 92% of active members and of beneficiaries receiving a pension, we believe these transactions will be of heightened interest to fund members (and therefore users). Materiality equates to 10% of unaudited current year gross expenditure on benefits payable and 10% of prior year gross income from contributions, both rounded down to the nearest £ million.
Trivial matters - reporting threshold	1,590,000	Triviality is based on a percentage (5%) of the overall materiality. We determined that a separate triviality for benefits payable and contributions receivable was not required.

Overview of audit risks

There have been no changes to the risk levels we identified and reported to your in our audit plan.

Risk levels are defined as follows:

- Significant risks are defined by ISAs (UK) as an identified risk of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum due to the degree to which risk factors affect the combination of the likelihood of a misstatement occurring and the magnitude of the potential misstatement if that misstatement occurs.
- Significant classes of transactions, account balances, and disclosures, are associated with risks of material misstatement but are not always significant risks (SCOT+).
- Material only are material financial statement line items not associated with risks of material misstatement.
- Other audit risks are accounts that are not associated with any SCOT + or with a material only financial statement line item or disclosure.

Our conclusions in respect of significant and SCOT+ risks are below.

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

↑ Assessed risk increased since audit plan

↔ Assessed risk consistent with audit plan

↓ Assessed risk decrease since audit plan

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

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

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

Significant risks

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

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

Risk identified	Audit procedures performed	Key observations
Significant Management override of controls Under ISA (UK) 240, there is a non-rebuttable presumption that the risk of management override of controls is present in all entities.	As part of our audit procedures, we : • evaluated the design effectiveness of management controls over journals; • gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness with regard to corroborative evidence; • analysed the journals listing and determine the criteria for selecting high risk unusual journals; • identified and tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration; • evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions; and • incorporated an element of unpredictability into our audit procedures	We followed up the prior year finding relating to journal authorisation monitoring. During 2025/26, management further enhanced the journal authorisation process for transactions exceeding £100,000 through the introduction of a documented approval workflow and central monitoring procedures. Based on our testing, we observed that these controls were operating during the year and appeared to provide greater visibility and oversight of higher-value journal approvals. However, we did not perform procedures designed to obtain assurance over the operating effectiveness of these controls. For the journals reviewed that were subject to this process, no exceptions were identified. However, no equivalent independent approval or monitoring process has yet been implemented for journal entries below £100,000. As a result, journals below this threshold may still be processed without documented evidence of independent review and approval. Consequently, the prior year recommendation remains partially implemented and opportunities remain for management to further strengthen controls over lower-value journal entries as part of the planned ERP implementation. We are satisfied that judgements made by management are appropriate and have been determined using consistent methodology. Having assessed management's judgements and estimates individually and in aggregate we are satisfied that there is no material misstatement arising from management bias across the financial statements.

Significant risks (continued)

Risk identified	Audit procedures performed	Key observations

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

Significant Classes of Transactions

Significant classes of transactions, account balances, and disclosures (SCOT+s), are associated with risks of material misstatement but are not linked to a significant risk. This section provides commentary on the SCOT+ risks communicated in the Audit Plan.

Risk identified	Audit procedures performed	Key observations
Significant class of transactions (SCOT+) **Actuarial present value of promised retirement benefits disclosure – IAS 26** The disclosure of the Fund's actuarial present value of promised retirement benefits is an accounting estimate (net liability of £147.4 million as at 31 March 2026) and is sensitive to changes in key assumptions.	As part of our audit procedures, we have: • updated our understanding of the processes and controls put in place by management to ensure that the Fund's actuarial present value of promised retirement benefits is not materially misstated; • evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assessed the competence, capabilities and objectivity of the actuary who carried out the Fund's valuation; • assessed the accuracy and completeness of the information provided by the Fund to the actuary to estimate the liability; • tested the consistency of disclosures with the actuarial report from the actuary; and • undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report.	We have noted no material adjustments or findings in relation to the actuarial present value of promised retirement benefits disclosure (IAS 26). We are satisfied that judgements made by management are appropriate and have been determined using consistent methodology.

Significant Classes of Transactions (continued)

Risk identified	Audit procedures performed	Key observations
Significant class of transactions (SCOT+) **Valuation of Level 2 Investments** Level 2 investments do not carry the same level of inherent risks associated with level 3 investments, however there is still an element of judgement involved in their valuation as their very nature is such that they cannot be valued directly. These assets represent a class of transaction in the financial statements due to the size of the balance (£1,286.9 million as at 31 March 2026). As a result, the valuation of the Fund's Level 2 investments have been identified as 'other risk' of material misstatement.	As part of our audit procedures, we have: • agreed the valuation to the confirmation received from the investment manager; • agreed the valuation back to quoted prices at year-end where available; • compared the valuation to purchase and sale transactions near the reporting date (where appropriate); • reviewed the guidelines under which the investment has been valued (where appropriate); • obtained and reviewed a service auditor's report on internal controls for the investment manager; • reviewed management's classification in the fair value hierarchy for a sample of level 2 investments; • carried out more detailed testing where the planned procedures do not provide sufficient assurance.	We have noted no material adjustments or findings in relation to level 2 investments. We are satisfied that judgements made by management are appropriate and have been determined using consistent methodology.

Significant Classes of Transactions (continued)

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

Other areas impacting the audit

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

Issue	Commentary	
2025 triennial valuation Under Regulation 62 of the Local Government Pension Scheme Regulations 2013 the Fund must obtain an actuarial valuation of its assets and liabilities every three years. The latest valuation is as at 31 March 2025 (published in March 2026). The purpose of the valuation is to set employer contribution rates for the period from 1 April 2026 to 31 March 2029. The underlying demographic data will also be rolled forward and utilised in the 2025/26 estimate of the actuarial present value of promised retirement benefits disclosure calculations made under IAS 26 (on an IAS 19 basis as required by IAS 26 and 6.5. 2.9 of the CIPFA Code).	The data used by actuaries to produce IAS 19 liabilities and assets can be broadly split into two categories: 1) Individual member data used to calculate the triennial valuation liabilities and assets which the IAS 19 liabilities and assets are based on. 2) Data used to carry out the roll-forward calculation from the triennial valuation liabilities and assets to the IAS 19 liabilities and assets. This data is provided by administering authorities and the relevant employers. As auditors, we therefore needed to test the individual member data used by the actuaries in their triennial valuation calculations (Item 1) against independent records every three years. Item 2 testing is carried out annually.	**Auditor view** We completed testing of a sample of 25 individual member data provided to the actuary for the purpose of the 2025 Triennial Valuation. No issues were identified in our testing of this data.

Other findings – Information Technology

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

IT application	Level of assessment performed	Overall ITGC rating	ITGC control area rating: Security management	ITGC control area rating: Technology acquisition, development and maintenance	ITGC control area rating: Technology infrastructure	Related significant risks/other risks	
General Ledger - Oracle E-Business Suite	ITGC assessment (design, implementation and operating effectiveness).	[Amber]	[Amber]	[Green]	[Green]	Management override of controls	The ITGC review identified three deficiencies relating to elevated developer access and segregation of duties within Oracle EBS production environments, increasing the risk of unauthorised changes and inappropriate access. The privileged access finding related to the Corporation's Developers and Implementers Access role and did not affect the Pension Fund finance system. While compensating controls are in place, access management arrangements could be further strengthened to align with segregation of duties and least-privilege principles. Please see Audit Findings Report for the City Fund for further detail on the deficiencies that apply to their use of the shared General Ledger.
Pension Administration System - Altair	ITGC assessment (design and implementation effectiveness only)	[Green]	[Green]	[Green]	[Green]	Contributions receivable, Benefits payable and the actuarial valuation	N/A no deficiencies identified

Assessment:

- [Red] Significant deficiencies identified in IT controls relevant to the audit of financial statements
- [Amber] Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
- [Green] IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
- [Black] Not in scope for assessment

Other communication requirements

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

Other responsibilities

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

Other responsibilities (continued)

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

Other responsibilities (continued)

Issue	Commentary
Other information	The Pension Fund is administered by the City of London Corporation (the 'Corporation'), and the Pension Fund's accounts form part of the Council's financial statements. We are required to read any other information published alongside the Council's financial statements (including the Annual Governance Statement (AGS), the Narrative Report and Council's financial statements) and report whether it is materially consistent with the Pension Fund financial statements and our knowledge obtained during the audit. No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect.
Matters on which we report by exception	We are required to give a separate consistency opinion for the Pension Fund Annual Report on whether the financial statements included therein are consistent with the audited pension fund financial statements within the administering authority's accounts. We propose to issue our 'consistency statement' on the Pension Fund's Annual Report on the same date as our audit opinion on the Pension Fund financial statements. We are required to report if we have applied any of our statutory powers or duties as outlined in the Code. We have nothing to report on these matters.

Adjusted misstatements

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

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

Disclosure misstatement	Detail	Auditor recommendations
Note 5 - Assumptions made about the future and other major sources of estimation uncertainty	The disclosure within Note 5, Assumptions made about the future and other major sources of estimation uncertainty, stated that there was a risk that the investment "may be under or overstated significantly if the underlying valuation assumptions change". This wording could be interpreted as suggesting that the reported valuation itself was misstated, rather than explaining the inherent estimation uncertainty associated with Level 3 fair value measurements. No impact was identified on the valuation of investments, the Net Asset Statement, or the Fund Account.	We recommend that management amend the disclosure to more clearly describe the estimation uncertainty associated with private equity valuations and direct users to the sensitivity analysis disclosed in Note 13. Management response: Agreed. The disclosure was revised to state that the valuation is sensitive to changes in underlying assumptions and to refer users to the sensitivity analysis in Note 13. The financial statements were updated accordingly, improving the clarity and accuracy of the disclosure.

Unadjusted misstatements

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

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

Impact of unadjusted misstatements in the prior year

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

Action plan

We have identified one recommendation for the Pension Fund as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2026/27 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
● [Amber]	**Closing pensioner membership figure reconciliation** We noted that the closing pensioner membership figure disclosed in Note 1 is derived from the Altair administration system report as at 31 March 2026. However, management does not currently perform a reconciliation between the pensioner membership records held within Altair and the Month 12 pensioner payroll report at the financial year end. Whilst our audit procedures did not identify any misstatement in the pensioner membership disclosures, the absence of a formal reconciliation reduces the level of assurance available over the completeness and accuracy of pensioner membership data reported in the financial statements. A year-end reconciliation between these key data sources would provide an additional control to identify and investigate any discrepancies on a timely basis. **Risk** Without a year-end reconciliation between the Altair administration records and the Month 12 pensioner payroll report, there is an increased risk that errors, omissions or inconsistencies within pensioner membership data may not be identified and resolved in a timely manner. This could result in inaccurate membership information being reported within the financial statements.	We recommend that management introduce a formal year-end reconciliation between the closing pensioner membership figure extracted from the Altair administration system and the Month 12 pensioner payroll report. Any differences identified should be investigated, resolved and documented, with evidence of management review and approval retained. This would strengthen assurance over the completeness and accuracy of pensioner membership disclosures reported in the financial statements. **Management response** The Pensions Office will look to introduce a process to reconcile the number of pensioner records held on Altair, the number of retirements that took place during a year and the number of pensioner records held on the payroll system. However, it should be noted that the Pensions Payroll system is preparing to change and it may not be possible to fully implement this type of process until the new system is embedded and running.

Assessment key:

- ● [Red] High – Significant effect on financial statements
- ● [Amber] Medium – Limited effect on financial statements
- ● [Green] Low – Best practice

Action plan (continued)

Assessment	Issue and risk	Recommendations
[Amber]	A residual unreconciled difference of £78.7k remained between the Pension Fund's general ledger cash balance and the externally confirmed bank balance at 31 March 2026. While the amount is not material to the financial statements, the balance had not been fully investigated and cleared as part of the year-end bank reconciliation process. A similar unreconciled balance was noted in the prior year. **Risk** Unresolved reconciling items may result in errors or mispostings remaining unidentified and increase the risk that cash balances are not accurately reflected in the accounting records.	We recommend that management should strengthen the bank reconciliation review process by ensuring that all reconciling items are investigated, supported and cleared on a timely basis. Any long-outstanding or unexplained differences should be formally reviewed and resolved before year end, with evidence of management review retained. **Management response** Management acknowledges the recommendation. While the £78.7k difference was not material to the Pension Fund's financial statements, reconciliation procedures will be reviewed to ensure outstanding reconciling items are minimised.

Assessment key:

[Red]	High – Significant effect on financial statements
[Amber]	Medium – Limited effect on financial statements
[Green]	Low – Best practice

Follow up of prior year recommendations

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

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
→	**Internal Audit scope:** The most recent period in which the internal audit scope included areas attributable to the Pension Fund was 2019/20. The City of London Corporation has been investing in recent years to increase the capacity and resilience of internal audit, and as a result the service is now fully resourced. Whilst there is not a formal requirement for internal audit to undertake work on pensions arrangements at Administering Authorities, and practice is not consistent across the sector, we believe that it is best practice to include the Pension Fund within the scope of internal audit on a regular basis. The Fund may also wish to consider this in the wider light of Government's expectations on governance arrangements following the 'Fit for Future' consultation. **Previous recommendation** We recommended that Management and officers should consider adding the pension fund to the upcoming scope of internal audit.	Internal audit built this into their programme of work for 2025/26, including a review planned for the LGPS Administration. The headline objective for this work was to provide assurance that the governance, risk and control arrangements over administration of the Local Government Pension Scheme are adequate and effective. This work remained in progress as at 31 March 2026.

Assessment:

- ✓ Action completed
- → Work in progress/Partially addressed
- ✗ Not yet addressed

Follow up of prior year recommendations (continued)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✘	**Declarations of interest:** As also reported by the corporation auditor, during the audit we noted that declaration of interest forms were not captured for all members on an annual basis. **Risk** This posed a risk that the pension fund may be unable to capture related party transactions that could materially affect the pension fund's related parties' disclosure. **Previous recommendation** We recommended that Members should ensure that declarations of interest are complete and accurate and Management should ensure that all declarations of interests are receipted in a timely manner to inform year end disclosures	Management continues to implement stringent processes to ensure full engagement with the related parties process is achieved. In 2025-26 following consultation with the Digital Information and Technology Service (DITS) to explore web-based solutions, Chamberlains have implemented a new process using Microsoft Power Automate – we anticipate the new process will increase engagement and reduce the risk of errors.
✓	**Lack of formal documentation in Altair user access provisioning processes:** During the audit, we noted that the Altair user access request required notification to and approval by the Pension Manager. However, the process was not documented. **Risk** Documentation provides accountability by establishing a clear trail of who requested access, who approved it, and when it was granted. Without this documentation, accountability and transparency in access management processes are compromised. User access may not be appropriately aligned to job role requirements which may lead to inappropriate access within the application or underlying data. **Previous recommendation** We recommended that the Authority should establish formal policies and procedures for all user access requests and retain relevant documentation. This includes details of the required user access rights, approver authorization, and the effective date for any access changes or removals. These policies and procedures should be communicated to all staff to ensure that activities are consistently performed, logged, and monitored.	Management has formally documented the Altair user access provisioning process. The documented procedure requires access requests to be initiated by the user's line manager through the Heywood Service Desk, approved by the Pension Manager, and provisioned by the System Administrator. The process also requires retention of request and approval records to provide an audit trail of access changes. These arrangements have been communicated to relevant staff and are operating in line with the Authority's established access management controls.

Follow up of prior year recommendations (continued)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
→	**Journal authorisation monitoring:** During the 2023/24 audit, we identified that there was no formally defined process or timeframe for obtaining approval of journal entries requiring authorisation. In particular, there was no requirement for follow-up activity where approvals had not been received within a specified period, nor was there a process for monitoring outstanding approvals and escalating delays to management. As a result, journal entries could remain unauthorised for extended periods without being identified through a compensating control. The absence of a monitoring process reduced management's visibility over the timeliness of journal approvals and whether journals were being authorised in accordance with the Pension Fund's control requirements. During our 2024/25 follow-up review, we noted that management had introduced a monthly monitoring process for journal entries exceeding £100,000. However, no equivalent monitoring control had been established for journal entries below £100,000 requiring approval. **Risk** Without a process to monitor the timely authorisation of journal entries below £100,000, there is an increased risk that journals may not be reviewed and approved in accordance with the Fund's control requirements. This could result in errors, omissions or inappropriate transactions not being identified and corrected on a timely basis, potentially impacting the accuracy and completeness of the financial records. **Previous recommendation** We recommended that management establish a periodic check of journal authorisations for transactions below £100,000 to ensure approvals are obtained in a timely manner and that any delays are identified and escalated appropriately.	During 2025/26, management further enhanced the journal authorisation process for transactions exceeding £100,000. A formal SharePoint-based approval workflow was introduced, requiring preparers to submit supporting evidence and obtain approval through a documented journal log prior to review. In addition, a central monitoring process was established whereby journals exceeding £100,000 are periodically reconciled to the approval log, with follow-up and escalation procedures in place for outstanding approvals. These measures have improved the visibility, audit trail and monitoring of high-value journal approvals. However, our follow-up review confirmed that no formal independent approval or monitoring process has yet been implemented for journal entries below £100,000. As a result, journal entries below this threshold can still be posted without evidence of independent review and approval. Whilst management has indicated that further enhancements are expected as part of the planned migration to a new ERP system, this control gap remained in place throughout 2025/26. Consequently, the recommendation remains partially implemented as the risk relating to the timely authorisation and oversight of journal entries below £100,000 has not yet been fully addressed.

Independence considerations

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

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

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

We confirm that we have implemented policies and procedures to meet the requirement of the Financial Reporting Council's Ethical Standard.

Further, we have complied with the requirements of the National Audit Office’s Auditor Guidance Note 01 issued in February 2025 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

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

Independence considerations (continued)

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

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

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

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

Fees and non-audit services

The following table overleaf sets out the total fees for non-audit services that we have been engaged to provide or charged from the beginning of the financial year to date, as well as the threats to our independence and safeguards have been applied to mitigate these threats.

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

None of the 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 the City of London Corporation Pension Fund. The table overleaf summarises all non-audit services which were identified. We have adequate safeguards in place to mitigate the perceived self-interest threat from these fees, as documented overleaf.

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

Fees and non-audit services

Audit fees	£
Audit of Pension Fund	99,750
Total	99,750

The above fees are exclusive of VAT.

The audit fees above agree to the financial statements, exclusive of the non-audit fees which are passed onto the Admitted Body.

Audit related non-audit services	£	Threats identified	Safeguards applied
IAS 19 Assurance letters for Admitted Bodies outside of the NAO Code of Audit Practice	1,155	Self-Interest (because this is potentially a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the total fee for this work is £1,155 per annum in comparison to the total proposed fee for the audit of £99,750 and relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Other audit related Non-audit service	0		
Total	1,155		

Total audit and non-audit fee	
(Audit fee) = £99,750	(Non-audit fee) = £1,155

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

A. Communication of audit matters with those charged with governance

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	●	
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	●	●
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		●

A. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
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		●
Expected modifications to the auditor's report, or emphasis of matter		●

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 Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

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.

Distribution of this Audit Findings Report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, as a minimum a requirement exists for our findings to be distributed to all the company directors and those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report, to those charged with governance.

Grant Thornton