



# **Audit Findings (ISA 260) Report for Cumbria Pension Fund**

Year ended 31 March 2025

25 February 2026



## Cumbria Pension Fund

Finance, Westmorland & Furness Council  
Parkhouse Building, Kingmoor Business Park  
Carlisle CA6 4SJ

25 February 2026

Dear Members of the Audit Committee

## Audit Findings for Cumbria Pension Fund for the year ended 31 March 2025

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 have been discussed with management and shared with the Pension Fund 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.

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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 [transparency-report-2024-.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.

Beth Bowers

Director  
For Grant Thornton UK LLP

**Chartered Accountants**

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# Headlines and status of the audit

# Headlines

## Financial statements

### Introduction

These are the key findings and other matters arising from the statutory audit of Cumbria Pension Fund (the ‘Pension Fund’) and the preparation of the Pension Fund’s financial statements for the year ended 31 March 2025 for the attention of those charged with governance and the Pensions Committee.

### ISA Requirements

Under 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 during the year ended 31 March 2025 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.

### Audit Work

Our audit work was completed during July–September. Our findings are summarised on pages 15 to 24. The accounts were provided to us on time by the Pension Fund on 27/06/2025 and within the Westmorland & Furness Council accounts authorised for issue on 30/06/2025. The Pension Fund accounts and working papers provided to us were of a high standard.

We have identified an £11.662m misclassification within the Pension Fund Account. This has no impact on the reported financial position of the Fund at 31 March 2025.

We also identified £22.536m of adjusted differences in the valuation of the Fund’s investments disclosed in the financial statements at 31 March 2025 and the valuation statements received from the third-party investment managers. This was caused by 31 March 2025 valuation data being unavailable for some investments at the time the accounts were produced, as well as our use of independently sourced foreign exchange rates for the purpose of our audit work, which differ from those used by management. These adjusted differences are set out on Page 32.

Management amended the financial statements on the basis that the differences are quantitatively material. The adjustment made by management to the valuation of investments amounted to £26.372m, leaving a residual difference to our testing of £3.836m. This is due to foreign currency conversion as mentioned in the paragraph above and is recorded as an unadjusted misstatement on page 34. We have also identified a number of disclosure adjustments which are set out on Page 33.

We have also raised one recommendation for management as a result of our audit work. This is set out on Page 35.

Our follow up of recommendations from the prior year’s audit are detailed on Pages 36–37. There were 6 recommendations raised in the prior year (4 of which relating to IT). Of those, 2 have now been cleared and progress continues to be made on the 4 IT issues.

*Continued overleaf*

# Headlines

## Financial statements

### Audit Work - continued

Our work is complete and there are no matters of which we are aware that would require modification of our audit opinion (Appendix E) or material changes to the 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 financial statements we have audited.

Our opinion on the financial statements is unmodified.

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 have issued our 'consistency' opinion on the Pension Fund's Annual Report following the completion of all outstanding matters in relation to the Fund, and the completion of the audit of the Administering Authority.

# Headlines

## Local & National Context – Administration and Governance

The Fund has continued to implement the McCloud Remedy. However, delays in receiving the necessary administration system changes have been encountered which have impacted upon the Fund's ability to fully meet the requirements. As such the Fund has not yet fully implemented the Remedy in respect of deceased scheme members and retirements that have occurred since the implementation date (i.e. 1 October 2023). The Fund's pension administrator is continuing to implement the remedy, some of which requires system changes to be introduced to enable the remedy to be calculated.

MHCLG guidance requires funds to reflect the estimated underpin for eligible active and deferred members in the Annual Benefit Statements (ABS) by 31 August 2025, reflecting the estimated underpin protection as provided for by the McCloud Remedy. The Fund has exercised its discretion to extend the McCloud implementation period to 31 August 2026 for a small cohort of scheme members. These affected scheme members have received a 2025 ABS without the McCloud remedy applied. The Fund has included an explanation of the McCloud position in all ABS issued in 2025.

### Government proposals around the backstop

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 came into force. This legislation introduced a series of backstop dates for local authority audits. These Regulations required audited financial statements to be published by the following dates:

- For years ended 31 March 2025 by 27 February 2026
- For years ended 31 March 2026 by 31 January 2027
- For years ended 31 March 2027 by 30 November 2027

The statutory instrument is supported by the National Audit Office's (NAO) new Code of Audit Practice 2024. The backstop dates were introduced with the purpose of clearing the backlog of historic financial statements and enable to the reset of local audit. We anticipate issuing our opinion on the pension fund financial statements alongside that of the administering authority in November 2025, well ahead of the statutory deadline.

## Local & National Context – Investments

At the end of May 2025, the Government published its response to the 'Fit for the Future' consultation. Its key proposals include:

- **reforming asset pooling** - transferring all assets to the management of the pool alongside taking principal investment advice from the pool and delegating implementation of the investment strategy to the pool;
- **boosting investment in local areas and regions** - setting out the approach to local investment in the Investment Strategy Statement and working with relevant Strategic Authorities to identify suitable local investment opportunities; and
- **strengthening the governance of LGPS Administering Authorities and LGPS pools** - undertaking an independent governance review once in every three-year period, have an independent advisor without voting rights, rather than an independent member of a committee and prepare strategies on governance, knowledge and training and administration.

The minimum standards for pooling and the independent governance review will be introduced in the Pension Schemes Bill which is about to enter the Committee stage in Parliament. Subsequent regulations and statutory guidance will provide further detail on implementation of all the new requirements.

The Fund is in the Border to Coast pool and already well advanced with pooling. Pooled funds now represent £2,111m of the Fund's £3,467m investment assets, i.e. 61% of the Fund's investment assets.

We will track progress against the other proposals once regulations and guidance are finalised.

# Financial Statements

# Financial statements

## Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance and the Pension Fund Committee to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the NAO Code of Audit Practice (the 'Code'). Its contents have been discussed with management and presented to the Pension Fund Committee.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, 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.

For Cumbria Pension Fund, the Audit Committee fulfil the role of those charged with governance. The Pension Fund Committee considers the draft financial statements and is part of the overall member oversight process. We have determined they are an appropriate sub-group to communicate with under ISA (UK) 260.)

## Audit approach

Our audit approach was based on a thorough understanding of the Pension Fund's business and is risk based, and in particular included:

- an evaluation of the Pension Fund's internal controls environment, including its IT systems and controls; and
- substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks.

We have altered our audit plan, as detailed later in this report on page 13, to reflect our redetermination of Fund Account materiality on receipt of the draft financial statements. The significant risks identified at planning have remained unchanged.

We also altered our approach in the introduction of a new Key Audit Partner, Beth Bowers to cover for unplanned team sickness.

# Financial statements (continued)

## Conclusion

We have completed our audit of your financial, and have issued an unqualified audit opinion as detailed in Appendix E.

## Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff throughout the course of the audit process.

# Materiality

# Our approach to materiality

As communicated in our Audit Plan dated 30 April 2025, we determined materiality at the planning stage as £28.262m (2023/24: 28.400m) based on 1.5% of Gross Investment Assets as at 31 December 2024 (capped at the highest level at which we can provide IAS19 assurances to admitted / scheduled bodies). At year-end, we have reconsidered planning materiality based on the 2024/25 figures in the draft financial statements. This materiality has been determined as remaining appropriate upon receipt of the draft financial statements. However, we have updated and used a revised specific materiality for the Fund Account as set out below.

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

## Basis for our determination of materiality

- We initially determined materiality at £52m based on our professional judgement and the context of the fund. However, this was required to be reduced and capped at £28.262m (2023/24: 28.400m) which is the highest the materiality can be set in order to provide IAS 19 assurance to admitted / scheduled bodies
- We have used 1.5% of gross investment assets as at 31 December 2024 as the benchmark for our materiality. We reviewed this against the position as at 31/03/2025 and confirmed that no change was required. Furthermore, the admitted / scheduled bodies made no change to their materiality levels, meaning the pension fund materiality remained capped.
- As the Fund's aim is to be in a position to pay pensions liabilities as they fall due, and to be fully funded over the longer term, the total gross investment assets is a common metric used to assess this ability and usually forms part of users' evaluation of performance. As the Fund does not hold significant derivative contracts or other investment liabilities or types which significantly impact the gross investment assets this benchmark was deemed the most appropriate.

## Performance materiality

- We have determined performance materiality at £21.196m (2023/24: 21.3m), this is based on 75% of headline materiality (adjusted down to a mathematically reasonable metric). We have not had to revise performance materiality from the planned level.

## Specific materiality for the Fund Account

- We determined a lower separate materiality for the Fund Account at £14.510m (2023/24: 11.200m), this was based on 10% of gross expenditure (in the Fund Account) as at 31 March 2025. The lower specific materiality for the Fund Account will be applied to the audit of all Fund Account transactions, except for profit/loss on realised and unrealised investments, for which headline materiality will be applied.
- We have revised the Fund Account materiality as a result of the increase in gross expenditure (as at planning stage we utilised the gross expenditure from the 2023/24 reported outturn). At the planning stage the lower separate materiality for the Fund account was set at £12.790m, based on 9% of gross expenditure (in the Fund account) as at 31 March 2024

## Reporting threshold

- We will report to you all misstatements identified in excess of £1.413m (2023/24: 1.400m), 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	£28.262m	As per the previous slide.
Performance materiality	£21.196m	We are not aware of a history of significant deficiencies or a high number of deficiencies in the control environment; there has not historically been a large number or significant misstatements arising as a result of the financial statements audits; senior management and key reporting personnel in the finance function has remained stable from the prior year audit; and as such we determined that 75% was an appropriate threshold.
Specific materiality for the fund account	£14.510m	Due to the differential in value between the Net Assets Statement and the Fund Account, we determined that a specific materiality for the Fund Account (other than the Change in Market Value line item) was appropriate.
Trivial matters - reporting threshold	£1.413m	

# Overview of audit risks

# Overview of audit risks

Risk title	Risk level	Change in risk since Audit Plan	Fraud risk	Level of judgement or estimation uncertainty	Conclusion of work
Management override of controls	Significant	↔	✓	Low	●
Valuation of Level 3 Investments *	Significant	↔	✗	High	●

\* As detailed later in the report, we have identified an adjustment to the value of Level 3 Investments based on more recent information being received, which allowed management and ourselves to re-estimate the year-end values of these investments.

↑ Assessed risk increased since audit plan

↔ Assessed risk consistent with audit plan

↓ Assessed risk decrease since audit plan

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

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

● 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
<p><b>Management override of controls</b></p> <p>In accordance with ISA (UK) 240, we have identified a risk of fraud in respect of management override of controls.</p> <p>We have assessed journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.</p>	<p>As part of our audit procedures, we have:</p> <ul style="list-style-type: none"> <li>• Evaluated the design and implementation of relevant controls around the financial reporting process.</li> <li>• Reviewed the operation of detective controls around the authorisation and posting of journal entries.</li> <li>• Challenged management’s key accounting estimates, judgements and decisions; considering whether these judgements and estimates are individually or cumulatively indicative of management bias.</li> <li>• Made inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity.</li> <li>• Used our data analytic software (‘Inflo’) to interrogate journal entries, with particular focus on those journal entries that exhibited unusual characteristics such as journals with unusual posting combinations, journals that were back-posted or journals that were posted by unusual users. Journal entries identified as high risk were then tested to supporting documentation</li> <li>• Incorporated an element of unpredictability into our audit procedures.</li> </ul>	<p>We have used our data analytics tools to interrogate and identify journals for detailed testing.</p> <p>We have noted no material adjustments or findings in relation to management override of controls.</p> <p>We are satisfied that judgements made by management are appropriate and have been determined using consistent methodology.</p> <p>Having assessed management judgements and estimates individually and in aggregate we are satisfied that at this time there is no material misstatement arising from management bias across the financial statements.</p> <p>We have no issues to report to you in respect of this issue.</p>

**Significant**

# Significant risks (continued)

## Risk identified

### Valuation of level 3 investments

Value as at 31/03/2025: £1.543bn  
(31/03/2024: £1.421bn)

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

### Significant

#### Relevant assertion(s)

Valuation, Existence

#### Applicable assertion(s)

Rights & Obligations, Presentation

#### Planned level of control reliance

None

## Audit procedures performed

As part of our audit procedures, we have:

- Evaluated management's processes for valuing Level 3 investments.
- Reviewed the nature and basis of estimated values and considered what assurance management has over the year end valuations provided for these types of investments; to ensure that the requirements of the Code are met.
- Independently requested year-end confirmations from investment managers.
- Tested the valuation of a sample of Level 3 investments by obtaining and reviewing the audited accounts, (where available) at the latest date for individual investments and agreeing these to the fund manager reports at that date, reconciling those values to the values at 31 March 2025 with reference to known movements in the intervening period.
- Inquired with investment managers to confirm if there have been any changes in valuation policy regarding the investments between their audited Statement of Accounts date and ours of 31 March 2025.
- Reviewed management's classification of these assets in the Fair Value Hierarchy and documented our conclusion on appropriateness of classification.

## Key observations

We have noted a £22.536m net understatement in respect of the valuation of level 3 investments. This was principally caused by March 2025 valuation data for some investments being unavailable at the time the accounts were published. This resulted in management needing to make estimates based on December 2024 valuation data.

Further information can be found on Page 22.

Whilst this is material, the understatement represents approximately 1.47% of the total value of Level 3 Investments and would be immaterial if the Pension Funds uncapped materiality were used. This supports the reasonableness of the estimates adopted in the draft accounts.

We are satisfied that judgements made by management are appropriate and the valuations have been determined using consistent methodology.

# Other findings

# Other findings – significant matters

	Issue	Commentary	Auditor view
1	Significant events or transactions that occurred during the year	The Fund disposed of all bar one of its directly held investment properties during the year to the Border to Coast Pensions Partnership, in exchange for units in their UK Real Estate Fund.	Through our detailed audit work on purchases and sales, we are satisfied this significant transaction has been accounted for appropriately by the Fund.
2	Business conditions affecting the Fund, and business plans and strategies that may affect the risks of material misstatement	We have not identified any such conditions which impacted upon our assessment of the risks of material misstatement.	<b>Auditor view</b> There are no such transactions to bring to your attention.
3	Concerns about management's consultations with other accountants on accounting or auditing matters	We have not identified any such concerns.	<b>Auditor view</b> There are no such concerns to bring to your attention.

# Other findings – significant matters (continued)

Issue	Commentary	Auditor view
<p>4 Discussions or correspondence with management in connection with the initial or recurring appointment of the auditor regarding accounting practices, the application of auditing standards, or fees for audit or other services</p>	<p>We have not identified any such issues.</p>	<p>There are no such issues to bring to your attention.</p>
<p>5 Significant matters on which there was disagreement with management, except for initial differences of opinion because of incomplete facts or preliminary information that are later resolved by the auditor obtaining additional relevant facts or information</p>	<p>We have not identified any such matters.</p>	<p>There are no such issues to bring to your attention.</p>
<p>6 Other matters that are significant to the oversight of the financial reporting process</p>	<p>We have not identified any such matters.</p>	<p>There are no such issues to bring to your attention.</p>
<p>7 Prior year adjustments identified</p>	<p>We have not identified any prior year adjustments.</p>	<p>There are no such issues to bring to your attention.</p>

# Other findings – key judgements and estimates

This section provides commentary on key estimates and judgements in line with the enhanced requirements for auditors.

## Summary of management’s approach

### Level 3 investments - £1.543bn (2023/24: £1.421bn)

The Pension Scheme has investments in unquoted equity investments, limited partnerships and indirect property. These investments in total are valued on the Net Assets Statement as at 31 March 2025 at £1.543 billion. These investments are not traded on an open exchange/market and the valuation of the investment is highly subjective due to a lack of observable inputs. To determine the value, management use various valuation techniques that require significant judgement in determining appropriate assumptions.

Investments in private equity funds and unquoted limited partnerships are valued based on the Pension Scheme’s share of the net assets in the private equity fund or limited partnership using the latest financial statements published by the respective fund managers in accordance with the guidelines set out by the British Venture Capital Association.

Limited partnerships fair value is based on the net asset value ascertained from periodic valuations provided by those controlling the partnership. All valuations are performed in accordance with the appropriate Standards of Professional Appraisal Practices (“USPAP”) and International Valuation Standards (“IVS”) or provides an IPEVC (International Private Equity and Venture Capital) (or other recognised industry standard) compliant valuation as applicable. The General Partner is responsible for preparing financial statements which give a true and fair view in accordance with International Financial Reporting Standards and applicable laws. Fund officers review the Annual Reports of the partnerships which have been independently audited.

Valuations for Private Equity investments are usually received at least a quarter in arrears, and these investments are valued at an estimate to the fair value at 31 March, as best as is available at the time of preparation.

## Audit comments

In response to management’s approach, we have:

1. Completed an assessment of management’s expert – the custodian
2. Reviewed the audited financial statements of the investment accounts. Where there were different reporting dates, cashflows have been considered in the comparison
3. Ensured consistency of the investment management report with the financial statements
4. Compared the valuation to purchase and sale transactions of the investment near the reporting date (where appropriate)

*continued overleaf*

# Other findings – key judgements and estimates (continued)

## Audit comments (continued)

5. Reviewed the guidelines under which the investment has been valued at the date of the investment accounts and fund accounts
6. Considered the completeness and accuracy of the underlying information used to determine the estimate
7. Confirmed there were no changes to valuation method from the prior period
8. Obtained and reviewed investment manager service auditor reports on design and operating effectiveness of internal controls where appropriate
9. Evaluated the reasonableness of any increase/decrease in valuation of the estimate, using relevant indices where appropriate

Additionally, the sensitivities disclosed in the notes to the accounts are reasonable and in line with the Code, and the estimate is adequately disclosed in the financial statements.

We did identify a £22.536m under-statement in respect of the valuation of level 3 investments (please refer to page 18 for detail) as a result of the need to estimate these values based on the best available information at the time of preparing the draft accounts. The understatement represents approximately 1.47% of the total value of Level 3 Investments and would be immaterial if the Pension Funds uncapped materiality were used. Management have subsequently revisited the valuations based upon updated information being available to inform the estimate process. This supports the reasonableness of the estimates adopted in the accounts.

Please refer to Page 18 for detail.

## Assessment

- [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious. Whilst the estimate has been adjusted (see page 32 for details), the under-statement represents approximately 1.47% of the total value of Level 3 Investments and was based on the best available data at the time of preparing the estimate and draft accounts. This supports the reasonableness of the process and judgements adopted.

## Assessment Key

- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Amber] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

# 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. A separate IT management report has been produced which management are in the process of addressing.

IT application	Level of assessment performed	Overall ITGC rating	ITGC control area rating			Related significant risks/other risks
			Security management	Technology acquisition, development and maintenance	Technology infrastructure	
E5	ITGC assessment (design, implementation and operating effectiveness)	● [Red]	● [Red]	● [Amber]	● [Green]	Management override of controls
UPM by Civica (Pensions administration system)	ITGC assessment (design and implementation effectiveness only)	● [Green]	● [Green]	● [Green]	● [Green]	Management override of controls, Fund Account balances, and data provided to actuary for IAS19.

## 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

# Communication requirements and other responsibilities

# Other communication requirements

	Issue	Commentary
1	Matters in relation to fraud	<ul style="list-style-type: none"> <li>We have previously discussed the risk of fraud with the Audit 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.</li> </ul>
2	Matters in relation to related parties	<ul style="list-style-type: none"> <li>We are not aware of any related parties or related party transactions which have not been disclosed.</li> </ul>
3	Matters in relation to laws and regulations	<ul style="list-style-type: none"> <li>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.</li> </ul>
4	Written representations	<ul style="list-style-type: none"> <li>A letter of representation has been requested from the Pension Fund , which is included in the Pension Fund Committee papers and the Audit Committee papers. We have not requested any additional specific representations from management.</li> <li>We draw your attention to the draft Letter of Representation which is included at Appendix D.</li> <li>We have received a signed and dated authorised Letter of Representation.</li> </ul>

# Other communication requirements (continued)

Issue	Commentary
<p>5 Confirmation requests from third parties</p>	<ul style="list-style-type: none"> <li>We requested from management permission to send confirmation requests to their custodian and investment managers. This permission was granted, and the requests were sent. Positive confirmations were received from all relevant third parties.</li> <li>We requested from management permission to send confirmation request to all providers of banking services (such as current accounts and money market accounts). Permission was received and the requests were sent. Positive confirmations were received from all relevant third parties.</li> </ul>
<p>6 Disclosures</p>	<ul style="list-style-type: none"> <li>Our review found no material omissions in the financial statements.</li> <li>Minor presentation and typographical issues have been amended to enhance disclosures within the Notes.</li> <li>Additional disclosure to be included within Events after the Reporting date (post balance sheet events) in relation to the Virgin Media case.</li> <li>For information, the significant disclosures in the 2024/25 statutory financial statements include: <ul style="list-style-type: none"> <li>Profit and losses on disposal of investments and changes in market value of investments (Note 10(c)) , the fair value hierarchy (note 10 (g)), the nature and extent of risks arising from financial instruments (Note 14)</li> </ul> </li> </ul>
<p>7 Significant difficulties</p>	<ul style="list-style-type: none"> <li>No significant difficulties were experienced throughout the course of the audit. We would again like to thank management, the finance team, and others for the cooperation and assistance throughout the process.</li> </ul>
<p>8 Other matters</p>	<ul style="list-style-type: none"> <li>There are no other matters which we wish or are required to bring to your attention.</li> </ul>

# Other communication requirements (continued)

## Going Concern

### Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management’s use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity’s ability to continue as a going concern” (ISA (UK) 570).

### Commentary

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 communication requirements (continued)

## Going Concern

### Commentary (continued)

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; and
- 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; and
- management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

# Other responsibilities

Issue	Commentary
<b>Other information</b>	<p>The Pension Fund is administered by Westmorland and Furness Council (the ‘Council’), 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 to check that it is consistent with the Pension Fund financial statements on which we give an opinion and is consistent with our knowledge of the Authority. No inconsistencies have been identified. We have issued an unmodified opinion in this respect – refer to Appendix E</p>
<b>Matters on which we report by exception</b>	<p>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 financial statements. We have issued our ‘consistency’ opinion on the Pension Fund’s Annual Report following the conclusion of the audit of the administering authority.</p> <p>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.</p>

# Audit adjustments

# 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.

Adjustment ref.	Detail	Pension Fund Account		Net Asset Statement £'000		Impact on total net assets £'000
		Debit £'000	Credit £'000	Debit £'000	Credit £'000	
	Total net assets per draft accounts					3,449,318
<b>Classification adjustment</b>						
1	Investment income was identified as having been incorrectly classified as an upward change in the market value of an investment (nil impact on Fund Account).	11,662	(11,662)			0
<b>Impact on the net assets per final accounts</b>						<b>0</b>
<b>Misstatement adjustment</b>						
2	Differences identified between the estimated value of level 3 investments disclosed in the financial statements and the capital statements as at 31 March 2025.		(26,372)	26,372		26,372
<b>Impact on the net assets per final accounts</b>						<b>26,372</b>
<b>Total net assets per final accounts</b>		<b>11,662</b>	<b>(38,034)</b>	<b>26,372</b>		<b>3,475,690</b>

# Adjusted disclosures

Disclosure misstatement	Detail
Restatement of Investment Notes	Following the adjustment made to the Net Asset Statement as per Page 32, Management have updated the various notes to the accounts which provide further analysis of the Fund's investments.
Minor presentational and disclosure amendments	As a result of our review of the accounts we identified a number of minor presentational and disclosure improvements.
Contractual Commitments	The Fund have amended the Contractual Commitments note to the accounts to include commitments to private equity and other investment funds.
Virgin Media Case – Events after the Reporting Date	Following discussion, the Fund will include a disclosure regarding the potential impact of Virgin Media v NTL Pension Trustees within Events after the Reporting Date.

# Unadjusted misstatements

This is a summary of unadjusted misstatements identified during the audit. We are required to report all non-trivial misstatements to those charged with governance. These are included as an appendix in the letter of representation in Appendix E.

Adjustment ref.	Detail	Pension Fund Account		Net Asset Statement £'000		Impact on total net assets £'000	Reason for not adjusting
		Debit £'000	Credit £'000	Debit £'000	Credit £'000		
	Total net assets per final accounts					3,475,690	
1	Difference between our calculation of Level 3 Investment values and the amount adjusted for by management (see page 32) as a result of residual foreign exchange differences.	3,836			(3,836)	(3,836)	Materiality
	<b>Total net assets – recalculated to include unadjusted misstatements</b>					<b>3,471,854</b>	

# Action plan

We have identified 1 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 2025/26 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
1	● [Amber]	An additional IT risk and recommendation has been identified as a result of the 2024/25 audit and this will be looked at and agreed with the administering authority.	<p>That the Fund continue to work with colleagues at the administering authority, and working with the external hosting provider, to address IT recommendations.</p> <p><b>Management response</b></p> <p>The Hosted ICT Service will work with colleagues in Westmorland &amp; Furness and in HR to review the recommendation and agree a suitable action plan. It is recognised that the recommendation is consistent with the Council's AFR.</p>

## 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. There were 6 recommendations raised in total, including 4 in relation to IT. Of those, 2 have now been actioned, and the IT Recommendations remain open and the Fund and administering authority continue to progress these with the provider.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
1 ✓	<p><b>1. Monthly bank reconciliation not being completed.</b></p> <p>We identified that a monthly bank reconciliation should be conducted as part of the Pension Scheme's internal controls, where the ledger is compared to the downloaded bank statement. However, due to changes in process associated with hosting arrangements following Local Government Reorganisation this reconciliation had not been carried on a timely basis.</p> <p><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>We recommended that management should ensure that a reconciliation between the bank and the general ledger is completed monthly with any reconciling items investigated.</li> </ul>	<p>As part of our 2024/25 planning work on Cash, we confirmed that a monthly bank reconciliation process is now in place.</p>
2 ✓	<p><b>2. Information omitted in IAS19 submission</b></p> <p>As a result of our IAS 19 work, we identified two instances whereby additional employer contributions were not recorded and submitted to the actuary.</p> <p><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>We recommended that management should ensure a detailed review and comparison of values in the ledger compared to actuary submission is undertaken to ensure all values are accurately reflected in the IAS19 schedules of the admitted / scheduled bodies.</li> </ul>	<p>We have completed our IAS 19 work and have noted no issues with the 2024-25 submission.</p>

## Assessment:

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

# 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
3	→	<p><b>3. IT Recommendations</b></p> <p>In the prior year there were 4 recommendations in relation to IT services upon which the Fund relies. Officers of the Fund and Westmorland and Furness Council are working with the hosting entity to address these recommendations.</p>	<p>The Fund continue to work with the administering authority and hosting entity to progress these.</p>

## Assessment:

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

# Independence considerations

# 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

---

Relationships with Service Organisations – we confirm that a family member of your audit manager (Ian Pinches) works as Pensions Payroll Technical Manager at Local Pensions Partnership Administration. The role is not determined as having seniority to influence within the organisation, and the post does not involve the direct inputting of any member data or calculations of pension payments

## Conclusion

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The audit manager will not be involved in the planning or review of any work pertaining to Member Data / Benefits Paid / Payable. The safeguard which has been applied is considered appropriate and as such we do not consider the relationship may be reasonably thought or be perceived to bear on our integrity, independence or objectivity.

We have considered that an objective reasonable and informed third party would concur with this conclusion.

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# 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. Please note our comments made on Page 39.
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 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.

# Fees and non-audit services

The following tables overleaf set 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 Cumbria Pension Fund. The table overleaf summarises all non-audit services which were identified.

Our firm also provides audit and non-audit services to the Administering Authority (Westmorland & Furness Council). 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 Council's financial statements rather than the Pension Fund's.

# Fees and non-audit services

Audit fees	£
Audit of Pension Fund	96,663
IAS 19 letters	1,100*
<b>Total</b>	<b>97,763</b>

Audit related non-audit services	£ Threats identified	Safeguards applied
IAS 19 Assurance letters for Admitted Bodies outside of the NAO Code of Audit Practice	1,100 Self-Interest (because this is 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 £1,100 in comparison to the total proposed fee for the audit of £96,663 and in particular 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.
<b>Total</b>		

## Total audit and non-audit fee

£97,763

The above fees are exclusive of VAT and out of pocket expenses.  
The fees agree to the financial statements.

\* Only for bodies outside of the PSAA regime,

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

# Appendices

# 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.

# B. Our team and communications

## Grant Thornton core team

### Beth Bowers

Engagement Lead

- Key contact for senior management and Audit Committee
- Overall quality assurance – ensuring the highest professional standards are maintained and a commitment to add value to the Fund

### Ian Pinches

Audit Manager

- Audit planning and delivery
- Key contact for finance team
- Resource and performance management
- First point of contact to discuss any issues

### Patrick Rowlandson

Audit In-charge

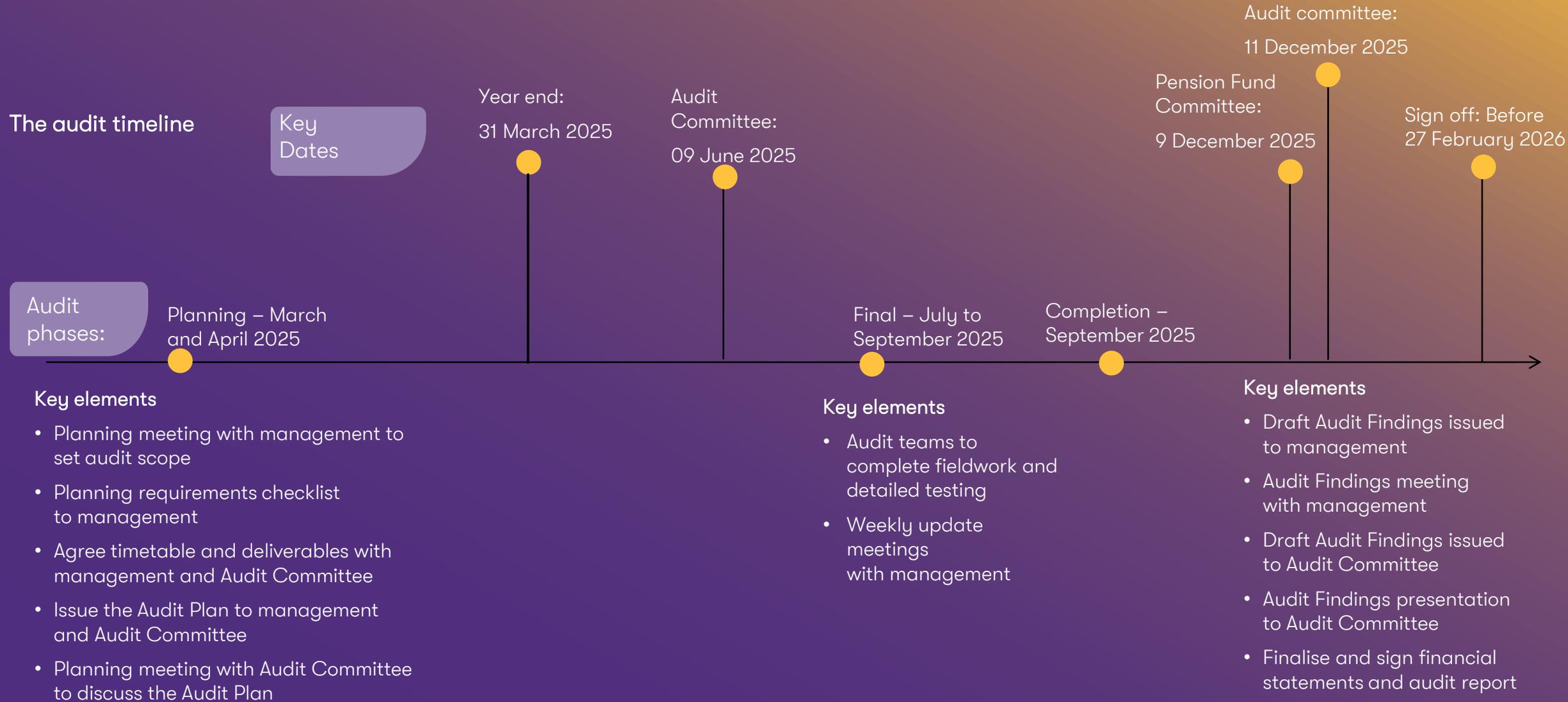
- Audit team management
- Day-to-day point of contact
- Audit fieldwork – ensuring the audit is delivered effectively

Our firm also has a pool of sector technical and quality specialists and other technical specialists (e.g. tax, VAT, IT audit).

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

As part of our overall service delivery we may utilise colleagues who are based overseas, primarily in India and the Philippines. Those colleagues work on a fully integrated basis with our team members based in the UK and receive the same training and professional development programmes as our UK based team. They work as part of the engagement team, reporting directly to the Audit 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.

# C. Logistics



# D. Management letter of representation (proposed)

We have requested a letter of representation from management. The letter includes representations on the unadjusted misstatements as included in this audit findings report.

## Grant Thornton UK LLP

Landmark  
St Peter's Square  
1 Oxford Street  
Manchester  
M1 4PB

[\*\*Date\*\*]

Dear Grant Thornton UK LLP

## Cumbria Pension Fund Financial Statements for the year ended 31 March 2025

This representation letter is provided in connection with the audit of the financial statements of Cumbria Pension Fund (the "Fund") for the year ended 31 March 2025 for the purpose of expressing an opinion as to whether the Fund financial statements give a true and fair view in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

### Financial Statements

- i. We have fulfilled our responsibilities for the preparation of the Fund's financial statements in accordance with the Accounts and Audit Regulations 2015, International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the Fund and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Fund has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

## D. Management letter of representation (proposed)

- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include the valuation of level 3 investments. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.
- vi. Except as disclosed in the financial statements:
  - a. there are no unrecorded liabilities, actual or contingent
  - b. none of the assets of the Fund has been assigned, pledged or mortgaged
  - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- vii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- viii. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed
- ix. We have considered the unadjusted misstatements schedule included in your Audit Findings Report and attached to this letter. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Fund and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.
- x. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xi. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xii. We have updated our going concern assessment. We continue to believe that the Fund's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that that:
  - a. the nature of the Fund means that, notwithstanding any intention to liquidate the Fund or cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements

## D. Management letter of representation (proposed)

- b. the financial reporting framework permits the Fund to prepare its financial statements on the basis of the presumption set out under a) above; and
- c. the Fund's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the Fund's ability to continue as a going concern need to be made in the financial statements.

### Information Provided

- xiii. We have provided you with:
  - a. access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
  - b. additional information that you have requested from us for the purpose of your audit; and
  - c. unrestricted access to persons within the Fund from whom you determined it necessary to obtain audit evidence.
- xiv. We have communicated to you all deficiencies in internal control of which management is aware.
- xv. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xvi. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xvii. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Fund, and involves:
  - a. management;
  - b. employees who have significant roles in internal control; or
  - c. others where the fraud could have a material effect on the financial statements.
- xviii. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xix. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xx. There have been no communications with The Pensions Regulator or other regulatory bodies during the year or subsequently concerning matters of non-compliance with any legal duty.
- xxi. We are not aware of any reports having been made to The Pensions Regulator by any of our advisors.
- xxii. We have disclosed to you the identity of the Fund's related parties and all the related party relationships and transactions of which we are aware.

# D. Management letter of representation (proposed)

xxiii. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

### Approval

The approval of this letter of representation was minuted by the Fund’s Audit Committee at its meeting on [\*\*date\*\*].

Yours faithfully

Name.....

Position.....

Date.....

Name.....

Position.....

Date.....

Signed on behalf of the Fund

# E. Audit opinion (Proposed)

## Independent auditor's report to the members of Westmorland & Furness Council on the pension fund financial statements of Cumbria Pension Fund

### Opinion on financial statements

We have audited the financial statements of Cumbria Pension Fund (the 'Pension Fund') administered by Westmorland & Furness Council (the 'Authority') for the year ended 31 March 2025, which comprise the Fund Account, the Net Assets Statement, and notes to the pension fund financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

In our opinion, the financial statements:

- give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2025 and of the amount and disposition at that date of the fund's assets and liabilities, other than liabilities to pay promised retirement benefits after the end of the fund year;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2024) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the Pension Fund's financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Director of Resources' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Pension Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Pension Fund to cease to continue as a going concern.

In our evaluation of the Director of Resources' conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 that the Pension Fund's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Pension Fund. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2024) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority in the Pension Fund financial statements and the disclosures in the Pension Fund financial statements over the going concern period.

In auditing the financial statements, we have concluded that the Director of Resources' use of the going concern basis of accounting in the preparation of the Pension Fund financial statements is appropriate.

## E. Audit opinion (Proposed)

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

Our responsibilities and the responsibilities of the Director of Resources with respect to going concern are described in the relevant sections of this report.

### Other information

The other information comprises the information included in the Statement of Accounts, other than the Pension Fund's financial statements and our auditor's report thereon, the Pension Fund accounts actuarial valuation, and our auditor's report on the Authority's and group's financial statements. The Director of Resources is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

### Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the Pension Fund's financial statements, the other information published together with the Pension Fund's financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the Pension Fund financial statements.

### Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters in relation to the Pension Fund.

# E. Audit opinion (Proposed)

## Responsibilities of the Authority and the Director of Resources

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Director of Resources. The Director of Resources is responsible for the preparation of the Statement of Accounts, which includes the Pension Fund's financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, for being satisfied that they give a true and fair view, and for such internal control as the Director of Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Pension Fund's financial statements, the Director of Resources is responsible for assessing the Pension Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Pension Fund without the transfer of its services to another public sector entity.

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

Our objectives are to obtain reasonable assurance about whether the Pension Fund's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Pension Fund and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Accounts and Audit (Amendment) Regulations 2024 and the Local Government Act 2003), the Public Services Pension Act 2013, the Local Government Pension Scheme Regulations 2013, and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.
- We enquired of management, the Pension Fund Committee, and the Audit Committee, concerning the Authority's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management, internal audit, the Pension Fund Committee, and the Audit Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

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- We assessed the susceptibility of the Pension Fund's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to journals, focussing on journal entries that impact the Fund's financial position and potential management bias in determining accounting estimates for the valuation of Level 3 Investments.

Our audit procedures involved:

- evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
- journal entry testing, with a focus on large post year-end journals, journals posted by senior management, and large journals that impacted the Fund Account or changes in the valuation of investments;
- challenging assumptions and judgements made by management in its significant accounting estimates in respect of Level 3 Investments; and
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the local government pensions sector
  - understanding of the legal and regulatory requirements specific to the Pension Fund including:
    - the provisions of the applicable legislation
    - guidance issued by CIPFA/LASAAC and SOLACE
    - the applicable statutory provisions.

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- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the Pension Fund's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

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

### Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Beth Bowers**, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

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[\*\*Date\*\*]



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