



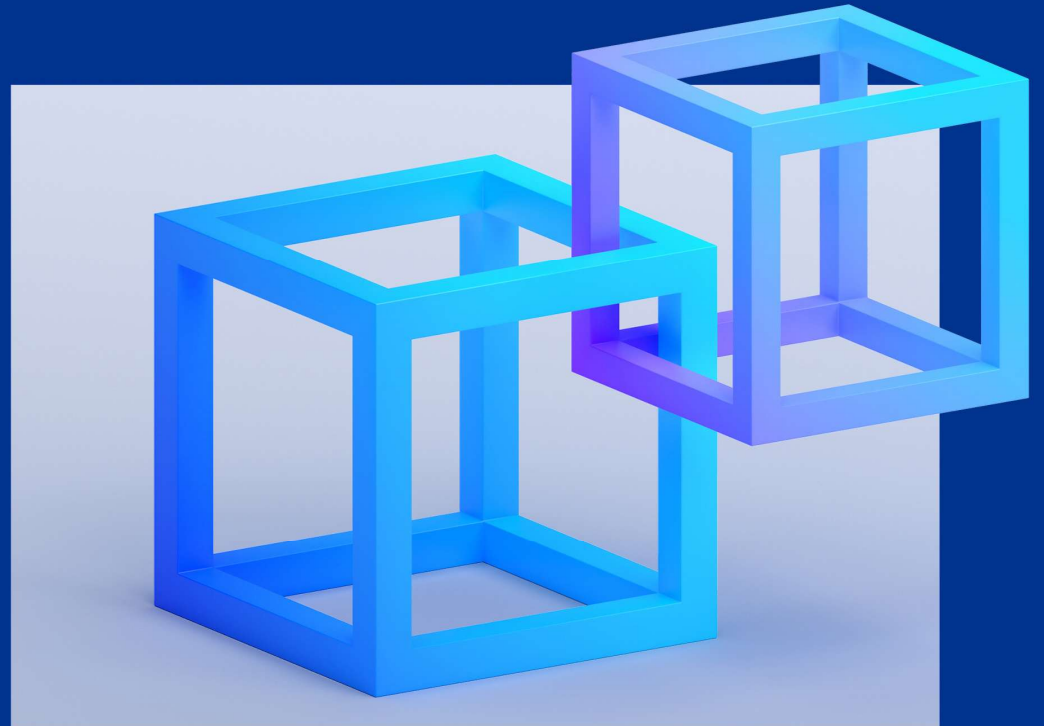
Haringey Pension Fund

Report to the Pension Committee and Board

External Audit plan and strategy for the year ending 31
March 2026

—

30 April 2026



Introduction

To the Pension Committee and Board of Haringey Pension Fund

We are pleased to have the opportunity to share with you our Indicative Audit Strategy Document in relation to the financial statements of Haringey Pension Fund, for the year ending 31 March 2026.

We have been appointed as the auditors by Public Sector Audit Appointments Ltd. The audit is governed by the provisions of the Local Audit and Accountability Act 2014 and in compliance with the NAO Code of Audit Practice.

This report outlines our risk assessment and planned audit approach. Our planning activities are still ongoing, and we will communicate any significant changes to the planned audit approach subsequently.

We provide this report to you in advance of the meeting to allow you sufficient time to consider the key matters and formulate your questions.

Contents	Page
Overview of planned scope including materiality	3
Significant risks and other audit risks	5
Audit Risks and our audit approach	6
Other significant matters related to our audit approach	11
Mandatory communications	13
Appendix	14

The engagement team

Tim Cutler, FCA, is the engagement partner on the audit. He has 29 years of experience in Public Sector audits.

Tim Cutler shall lead the engagement and is responsible for the audit opinion.

Other key members of the engagement team include Katie Ho (Manager) and M. Muhammad (Assistant Manager) with over 8 years and over 5 years of experience, respectively.

Yours sincerely,



Tim Cutler

Partner - KPMG LLP

30 April 2026

How we deliver audit quality

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion. We consider risks to the quality of our audit in our engagement risk assessment and planning discussions.

We define 'audit quality' as being the outcome when audits are:

- Executed consistently, in line with the requirements and intent of applicable professional standards within a strong stem of quality controls and
- All of our related activities are undertaken in an environment of the utmost level of objectivity, independence, ethics and integrity.

We depend on well planned timing of our audit work to avoid compromising the quality of the audit. This is also heavily dependent on receiving information from management and those charged with governance in a timely manner.

We aim to complete all audit work no later than 2 days before audit signing. As you are aware, we will not issue our audit opinion until we have completed all relevant procedures, including audit documentation.

We are committed to providing you with a high-quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Tim Cutler (tim.cutler@kpmg.co.uk), the engagement lead to the Authority and the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, who will try to resolve your complaint. After this, if you are still dissatisfied with how your complaint has been handled you can raise your complaint as per the following process [Complaints](#).

Overview of planned scope including materiality

Our expected materiality levels

We will determine materiality for the Fund financial statements at a level which could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. We expect to use a benchmark of the Fund's total assets which we consider to be appropriate given the sector in which the Fund operates, its ownership and financing structure, and the focus of users.

We considered qualitative factors such as stability of legislation, lack of shareholders and external debt when determining materiality for the financial statements as a whole.

To respond to aggregation risk from individually immaterial misstatements, we design our procedures to detect misstatements at a lower level of materiality £14.6m / 75% of materiality driven by our expectations of a normal level of undetected or uncorrected misstatements in the period.

We will report misstatements to the Audit and Governance Committee including:

- Corrected and uncorrected audit misstatements above £974k.
- Errors and omissions in disclosure (corrected and uncorrected) and the effect that they, individually and in aggregate, may have on our opinion.
- Other misstatements we include due to the nature of the item.

Control environment

The impact of the control environment on our audit is reflected in our planned audit procedures. Our planned audit procedures reflect findings raised in previous year and management's response to those findings.

Materiality

Materiality for the financial statements as a whole	£19.4m (FY 24/25 £18.7m) 1% of total assets
Procedure designed to detect individual errors at this level	£14.6m (FY 24/25 £14.0m, 75% of materiality)
Misstatements reported to the Audit and Governance Committee	£974k (FY 24/25 £935k, 5% of materiality)

Materiality has been calculated based on audited 31 March 2025 values.

Overview of planned scope including materiality (cont.)



Timing of our audit and communications

We will maintain communication led by the engagement Partner, senior manager and in charge throughout the audit. We set out below the form, timing and general content of our planned communications:

- Kick-off meeting with management in March 2026 where we outlined our audit approach and discussed management's progress in key areas, with regular ongoing discussions, including sharing audit plans and findings throughout the year;
- Pension Committee and Board meeting in July 2026 where we present our final audit plan and this will also be presented at the next Pensions Board and Pensions Committee;
- Status meetings with management throughout the audit where we communicate progress on the audit plan, any misstatements, control deficiencies and significant issues;
- Closing meeting with management in November 2026 where we discuss the auditor's report and any outstanding deliverables;
- Pension Committee and Board meeting in December 2026 where we communicate audit misstatements and significant control deficiencies. This will also be presented at the next Pensions Board and Pensions Committee.

Using the work of others and areas requiring specialised skill

We outline below where, in our planned audit response to audit risks, we expect to use the work of others such as Internal Audit or require specialised skill/knowledge to perform planned audit procedures and evaluate results.

Others	Extent of planned involvement or use of work
Actuarial specialist	We will engage our actuarial specialists to evaluate the calculation of the pension liability for compliance with the requirements of IAS26 and the approach outlined in the disclosure note; and to carry out a high-level assessment of the calculated figure on a roll forward basis.
iRADAR	Our in-house investment team, iRADAR, will review the valuation of a selection of segregated investments held to identify any potential material pricing issues.
IT specific team member	We will be utilising our IT team to gain an understanding of the key financial systems and processes within the Fund.

Significant risks and other audit risks

Our indicative risk assessment draws upon our understanding of the applicable financial reporting framework, knowledge of the pension fund, the industry and the wider economic environment in which the Fund operates.

We also use our regular meetings with senior management to update our understanding and take input from and internal audit reports.

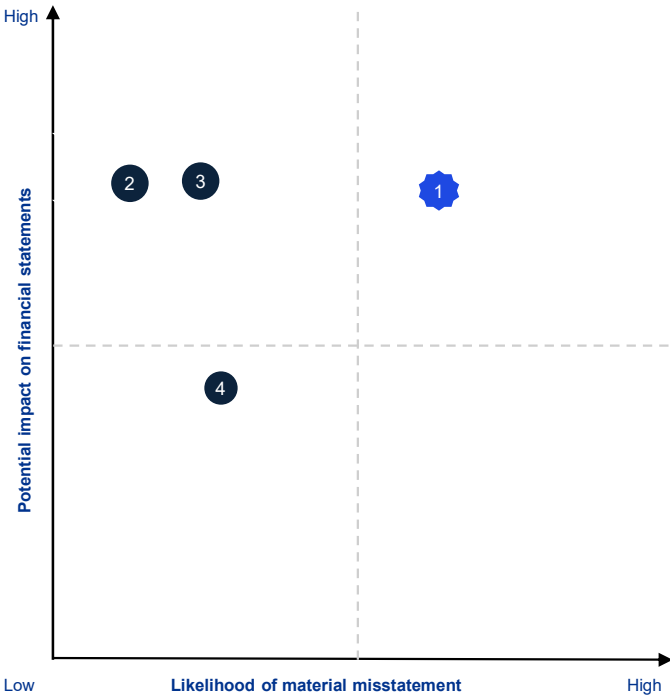
Due to the current levels of economic uncertainty, there is an increased likelihood of significant risks emerging throughout the audit cycle that are not identified (or in existence) at the time we planned our audit. Where such items are identified we will amend our audit approach accordingly and communicate this to the Audit and Governance Committee.

Significant risks

- 1 Management override of controls

Other areas of focus

- 2 Level 1, 2 and 3 investments are not complete, do not exist or are not accurately recorded
- 3 Valuation of level 1, 2 and 3 investments is misstated
- 4 The actuarial position of the scheme is not appropriately presented in the financial statements



KEY

- 1 Presumed significant risk
- 2 Significant financial statement audit risks
- 3 Other audit risks

Audit risks and our audit approach



1

Management override of controls^(a)



Significant audit risk

- Professional standards require us to communicate the fraud risk from management override of controls as significant.
- Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.
- As part of our planning risk assessment procedures, we identified that the Pension Fund does not have enforced segregation of duty controls over the posting of journals, we will therefore not seek to take a controls-based approach when designing procedures to provide assurance over this risk.



Planned response

- As part of our audit procedures, we will gain an understanding of the financial reporting process.
- Our audit methodology incorporates the risk of management override of controls as a default significant risk.
- Assess accounting estimates for biases by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicate a possible bias.
- Evaluate the selection and application of accounting policies.
- Evaluate the design and implementation of controls over journal entries and post-closing adjustments.
- Assess the appropriateness of changes compared to the prior year and to the methods and underlying assumptions used to prepare accounting estimates.
- Assess the business rationale and the appropriateness of the accounting for significant transactions that are outside the normal course of business or are otherwise unusual.
- Analyse all journals through the year using data and analytics and focus our testing on those with a higher risk.
- With regards to the financial reporting and journals process, perform the following over journal entries and other adjustments:
 - Evaluate the completeness of the population of journal entries; and
 - Determine the high-risk criteria and select journals based on this criteria for testing.

Note: (a) Significant risk that professional standards require us to assess in all cases.

Audit risks and our audit approach (cont.)



2

Level 1, 2 and 3 investments are not complete, do not exist or are not accurately recorded



Other audit risk

- Level 1, level 2 and level 3 investments are not complete, do not exist or are not accurately recorded.
- Investments are held to pay benefits of the Haringey Pension Fund. They are held with a number of investment managers across multiple asset classes. The investments are material to the financial statements (99.9% of the Statement of Net Assets) and therefore there is a risk of material misstatement.
- There is a risk of material misstatement relating to completeness, existence and accuracy as there has been a number of investment transitions in the year between investment managers, due to rebalancing of the portfolio based on the Pension Committee's decision to align the portfolio with the Investment Strategy Statement.



Planned response

- Develop an understanding of the processes over the completeness, existence and accuracy of Level 1, 2 and 3 investments. This will include gaining an understanding of the control environment at all the investment managers and custodian through reviewing their internal controls reports to identify any control deficiencies that would impact our audit approach (where available).
- Obtain direct confirmations from the custodian and all investment managers to confirm the holdings and valuation of assets at the year end.
- Vouch purchases and sales to investment manager and/or custodian reports.
- Recalculate changes in market value and compare this to the overall investment return stated in the Pension Committee's report for consistency with the amounts reported in the financial statements. Any material deviations will be investigated.

Audit risks and our audit approach (cont.)



3

Valuation of Level 1, 2 and 3 investments is misstated



Other audit risk

- The fair value of level 1, 2 and 3 investments is not measured appropriately.
- Investments are held to pay benefits of the Haringey Pension Fund. They are held with a number of investment managers across multiple asset classes. The investments are material to the financial statements (99.9% of the Statement of Net Assets) and therefore there is a risk of material misstatement.
- There is a risk of material misstatement relating to fair values of level 1 and 2 segregated and pooled investments which amounted to £1.628bn as at 31 March 2025, due to the estimation uncertainty resulting from the pricing of these investments.
- There is a risk of material misstatement relating to fair values of level 3 pooled investments which amounted to £316.8m as at 31 March 2025, due to the estimation uncertainty resulting from unobservable inputs to these investments.



Planned response

- **Segregated financial instruments:** KPMG's in-house investment valuation team, iRADAR, will be engaged to independently revalue segregated securities and over the counter (OTC) derivative prices and identify stale price issues of directly held financial instruments within the investment portfolio as well as any exposures to hard to value assets.
- **Level 1 & 2 pooled investment vehicles:** Recalculate the value of the Level 1 and 2 pooled investments by using our internal valuation specialist.
- **Level 3 pooled investment vehicles:** For each Level 3 pooled investment vehicle investment manager, we will assess the work of the investment manager for use as audit evidence.
- Obtain the unaudited Net Asset Value ('NAV') Statement at (or closest to) the measurement date and vouch the valuation to this.
- Further assess the reliability of the NAV statements produced by fund managers on a sample basis by:
 - Obtain and inspect the latest audited financial statements for the underlying funds where available;
 - Inspect the audit report to confirm that it is unqualified and that the audit has been carried out by a reputable audit firm; and
 - Compare the unaudited pricing information at the year end to the audited financial statements valuation. Where the audited financial statements are not as at the Fund year end date, this will be agreed to unaudited pricing information at that date and reconcile significant movements to the Fund year end date agreeing movements to transaction statements.

Audit risks and our audit approach (cont.)



4

The actuarial position of the scheme is not appropriately presented in the financial statements



Other audit risk

- The actuarial position of the Fund is not appropriately presented in the financial statements.
- The actuarial position is not recognised on the Statement of Net Assets but is disclosed in the Notes.
- The value of the liability is an estimate involving the selection of appropriate actuarial assumptions, most notably the discount rate applied to the Fund's liabilities, inflation rates and mortality rates. The selection of these assumptions is inherently subjective.
- The actuary will take account of the results of the new Triennial Valuation as at 31 March 2025 for accounting at 31 March 2026. This means re-basing their estimate models to allow for actual experience since 2022. It also updates the contributions payable, which could also have on the funding levels for the Pension Fund.
- Also, recent changes to market conditions have meant that more pension funds are finding themselves moving into surplus. The requirements of the accounting standards on recognition of these surpluses are complicated and requires actuarial involvement.



Planned response

- Understand the processes in place to set the assumptions used in the valuation.
- Evaluate the competency, objectivity of the actuary to confirm their qualifications and the basis for their calculations.
- Perform inquiries of the Fund's actuary to assess the methodology and key assumptions made, including actual figures where estimates have been used by the actuaries, such as the rate of return on Pension Fund assets.
- Test the data provided used within the calculation of the Fund's valuation.
- Evaluate, with the support of our own actuarial specialists, the key assumptions applied, being the discount rate, inflation rate and mortality/life expectancy against externally derived data.
- Where applicable, assess the level of surplus that should be recognised by the entity; and
- Assess the impact of a new triennial valuation model and/or any special events, where applicable.

Audit risks and our audit approach (cont.)



Revenue – rebuttal of significant risk

Professional standards require us to make a rebuttable presumption that the fraud risk from revenue recognition is a significant risk.

Revenue in a pension fund equates to contributions receivable. This revenue is recognized based on specific instructions as set out in the appropriate schedule(s). There are no subjective issues concerning when contributions need to be recognized. Amounts involved cannot easily be manipulated through accounting policies, issue of credit notes, timing or other policies. There is little incentive for the Fund management to manipulate the financial reporting of contributions.

Therefore, in the absence of specific fraud risk factors, the presumption that fraudulent revenue recognition is a significant risk is rebutted for pension fund audits.

Expenditure – rebuttal of significant risk

Practice Note 10 states that the risk of material misstatement due to fraudulent financial reporting may arise from the manipulation of expenditure recognition is required to be considered.

Expenditure in a pension scheme equates to payments to members and management expenses. There are no subjective issues concerning when expenses need to be recognised. Amounts involved cannot easily be manipulated through accounting policies, timing or other policies. There is little incentive for the Fund to manipulate the financial reporting of expenses.

Therefore, in the absence of specific fraud risk factors, there is no risk of fraudulent financial reporting arising from the manipulation of expenditure recognition for the Fund.

Other significant matters related to our audit approach



Additional reporting

The audit is undertaken to comply with the Local Audit and Accountability Act 2014, which places additional responsibilities on auditors, as well as further requirements to report to the National Audit Office.

Our audit responsibilities under the Code of Practice in respect of the Pension Fund, are as follows:

- We read any other information published alongside the London Borough of Haringey Council's financial statements to check that it is consistent with the Pension Fund's financial statements on which we give an opinion and is consistent with our knowledge of the Authority; and
- We consider our other duties under legislation and the Code, as and when required, including:
 - Giving electors the opportunity to raise questions about your 2024/25 financial statements, consider and decide upon any objections received in relation to the 2025/26 financial statements;
 - Issue of a report in the public interest or written recommendations to the Fund under section 24 of the Act, copied to the Secretary of State;
 - Application to the court for a declaration that an item of account is contrary to law under Section 28 or for a judicial review under Section 31 of the Act; or
 - Issuing an advisory notice under Section 29 of the Act.

As part of our procedures on other information, we will obtain and read your Pension Fund's annual report and climate change disclosures. We will consider whether there is a material inconsistency between this information included in the annual report and the financial statements, or with our knowledge obtained in the audit; or whether this information appears to be materially misstated.

Mandatory communications - additional reporting



Consistency opinion

Under NAO guidance, including Practice Note 10 - A local authority's financial statements shall be prepared on a going concern basis; this is, the financial statements should be prepared on the assumption that the functions of the authority will continue in operational existence for the foreseeable future. Transfers of services under combinations of public sector bodies (such as local government reorganization) do not negate the presumption of going concern.

Additional reporting

Your audit is undertaken to comply with the Local Audit and Accountability Act 2014 which gives the NAO the responsibility to prepare an Audit Code (the Code), which places responsibilities in addition to those derived from audit standards on us. We also have responsibilities which come specifically from acting as a component auditor to the NAO. In considering these matters at the planning stage we indicate whether:

Work is completed throughout our audit and we can confirm the matters are progressing satisfactorily 	We have identified issues that we may need to report 	Work is completed at a later stage of our audit so we have nothing to report 
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We have summarised the status of all these various requirements at the time of planning our audit below and will update you as our work progresses:

Type	Status	Response
Our declaration of independence		No matters to report. The engagement team and others in the firm, as appropriate, have complied with relevant ethical requirements regarding independence.
Issue a report in the public interest		We are required to consider if we should issue a public interest report on any matters which come to our attention during the audit. We have not identified any such matters to date.
Certify the audit as complete		We are required to certify the audit of the Authority as complete when we have fulfilled all of our responsibilities relating to the financial statements and use of resources in respect of the Authority and the Fund as well as those other matters highlighted above.

Mandatory communications



Type	Statements
Management's responsibilities (and, where appropriate, those charged with governance)	Prepare financial statements in accordance with the applicable financial reporting framework that are free from material misstatement, whether due to fraud or error. Provide the auditor with access to all information relevant to the preparation of the financial statements, additional information requested and unrestricted access to persons within the entity.
Auditor's responsibilities	Our responsibilities set out through the NAO Code (communicated to you by the PSAA) and can be also found on their website, which include our responsibilities to form and express 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.
Auditor's responsibilities – Fraud	This report communicates how we plan to identify, assess and obtain sufficient appropriate evidence regarding the risks of material misstatement of the financial statements due to fraud and to implement appropriate responses to fraud or suspected fraud identified during the audit.
Auditor's responsibilities – Other information	Our responsibilities are communicated to you by the PSAA and can be also found on their website, which communicates our responsibilities with respect to other information in documents containing audited financial statements. We will report to you on material inconsistencies and misstatements in other information.
Independence	Our independence confirmation at page 18 discloses matters relating to our independence and objectivity including any relationships that may bear on the firm's independence and the integrity and objectivity of the audit engagement partner and audit staff.

Appendix

- A** Audit team
- B** Fees
- C** Audit cycle & timetable
- D** Confirmation of independence
- E** KPMG's Audit quality framework

Audit team and rotation



Your audit team has been drawn from our Public Sector team and Pensions Centre of Excellence and is led by key members of staff who will be supported by auditors and specialists as necessary to complete our work. We also ensure that we consider rotation of your audit partner and firm.

Tim Cutler is the partner responsible for our audit. Tim will lead our audit work, attend the Audit Committee, Pensions Board and Pensions Committee and be responsible for the opinions that we issue.

Katie Ho is the manager responsible for our audit. Katie will co-ordinate our audit work, attend the Audit Committee, Pensions Board and Pensions Committee as required.

M. Muhammad is the assistant manager responsible for our audit for the year. Muhammad will be responsible for our on-site fieldwork. Muhammad will complete work on more complex sections of the audit.

To comply with professional standard, we need to ensure that you appropriately rotate your external audit partner. There are no other members of your team which we will need to consider this requirement for:

Using the work of others and areas requiring specialised skill

We outline below where, in our planned audit response to audit risks, we expect to use the work of others such as Internal Audit or require specialised skill/knowledge to perform planned audit procedures and evaluate results.



This will be partner's third year as your engagement lead.

Others	Extent of planned involvement or use of work
iRADAR	Our in-house investment team, iRADAR, will review the valuation of the equities held to identify any potential material pricing issues.
Actuarial specialist	KPMG will engage Actuarial Specialist, to determine the reasonableness of the assumptions used in the valuation of the promised retirement benefits liability of the Pension Fund.
KPMG IT Audit	We will work closely with the IT Audit team to obtain an understanding of IT stems operating at the Pension Fund

Fees

Audit fee

Our scale fees for the year ending 31 March 2026 are

Pension Fund	2025/26 (£'000)	2024/25 (£'000)
Statutory audit: Scale fees*	91.2	87.6
Other assurance services**	TBC	-
Total	91.2	87.6

*We anticipate possible overrun fees due to triennial valuation procedures which have not been considered in the initial scale fees.

** Subject to PSAA fee variation process. These services were in relation to the assurance letters issued to the auditors of other admitted bodies

Billing arrangements

Fees will be billed in accordance with a billing schedule agreed with the PSAA.

Basis of fee information

In line with our standard terms and conditions the fee is based on the following assumptions:

- The Haringey Pension Fund's audit evidence files are completed to an appropriate standard (we will liaise with you separately on this);
- Draft statutory accounts are presented to us for audit subject to audit;
- Supporting schedules to figures in the accounts are supplied;
- A trial balance together with reconciled control accounts are presented to us;
- All deadlines agrees with us are met;
- We find no weaknesses in controls that cause us to significantly extend procedures beyond those planned;
- Management will be available to us as necessary throughout the audit process; and
- There will be no changes in deadlines or reporting requirements.

We will provide a list of schedules to be prepared by management stating the due dates together with pro-formas as necessary.

Our ability to deliver the services outlined to the agreed timetable and fee will depend on these schedules being available on the due dates in the agreed form and content.

If there are any variations to the above plan, we will discuss them with you and agree any additional fees before costs are incurred wherever possible.

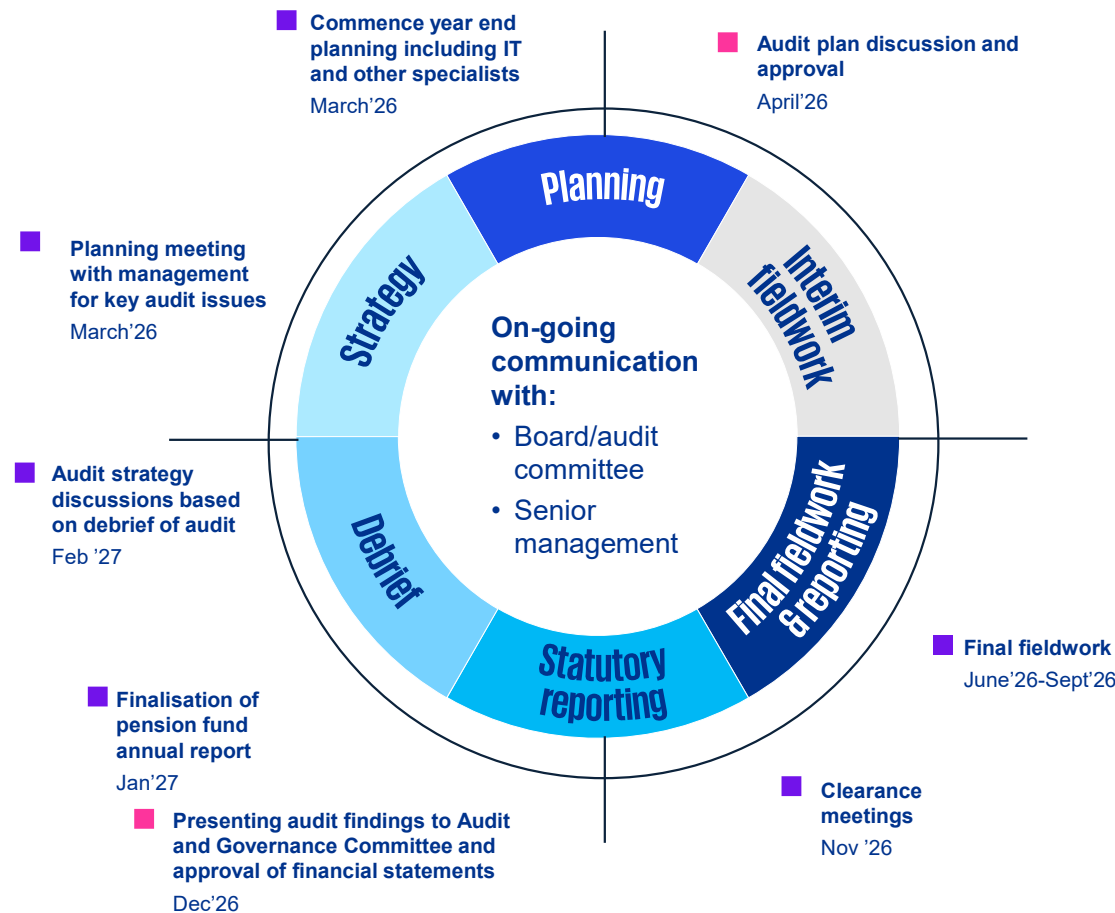
Audit cycle & timetable

Our schedule 2025/26

Key:

■ Timing of Audit and Governance Committee communications

■ Key events



Confirmation of Independence

We confirm that, in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and that the objectivity of the Partner and audit staff is not impaired.

To the Audit and Governance Committee members

Assessment of our objectivity and independence as auditor of Haringey Pension Fund

Professional ethical standards require us to provide to you at the planning stage of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed.

This letter is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

- General procedures to safeguard independence and objectivity;
- Independence and objectivity considerations relating to the provision of non-audit services; and
- Independence and objectivity considerations relating to other matters.

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners/directors and staff annually confirm their compliance with our ethics and independence policies and procedures including in particular that they have no prohibited shareholdings. Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard. As a result, we have underlying safeguards in place to maintain independence through:

- Instilling professional values
- Communications
- Internal accountability
- Risk management
- Independent reviews.

The conclusion of the audit engagement partner as to our compliance with the FRC Ethical Standard in relation to this audit engagement is subject to review by an engagement quality control reviewer, who is a Partner not otherwise involved in your affairs.

We are satisfied that our general procedures support our independence and objectivity.

Independence and objectivity considerations relating to the provision of non-audit services

Summary of non-audit services

No non-audit services have been provided to the Fund during the year ended 31 March 2026 and we have not committed to providing any such services.

Summary of fees

We have considered the fees charged by us to the Authority and Fund for professional services provided by us during the reporting period.

Total fees charged by us for the period ended 31 March 2026 can be analysed as follows:

2025/26	
£'000	
Statutory audit	91.2
Total Fees	91.2

Fee ratio

The ratio of non-audit fees to audit fees for the year was 0:1.

Confirmation of Independence (cont.)

We confirm that, in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and that the objectivity of the Partner and audit staff is not impaired.

Independence and objectivity considerations relating to other matters

There are no other matters that, in our professional judgment, bear on our independence which need to be disclosed to the Audit and Governance Committee.

Confirmation of audit independence

We confirm that as of the date of this letter, in our professional judgment, KPMG LLP, each member of the audit engagement team, and anyone else within the Firm who can influence the conduct or outcome of this audit engagement is independent within the meaning of regulatory and professional requirements and the objectivity of the and audit staff is not impaired.

This report is intended solely for the information of the Audit and Governance Committee of the Administering Authority and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.



Yours faithfully

KPMG LLP



How we will Collaborate with KPMG Clara collaboration (KCc)



We have successfully deployed KPMG Clara collaboration for Haringey Pension Fund during 31 Mar 2026, bringing online collaboration features to the audit. The initial implementation has been successful, and we will continue to deploy additional features over the coming years.

What is KPMG Clara for Haringey Pension Fund?

- Your gateway into the audit - a dynamic, tailored homepage with real time alerts
- Prepared by management ("PBM") functionality, providing an intuitive user interface for Haringey Pension Fund to securely provide KPMG with the required information and to track the status of KPMG's requests.

Additional features to be deployed through the course of the audit:

- A dedicated and user-friendly space to easily share and collaborate on documents
- Access to the results of our digital audit procedures, through interactive data visualisation and dashboards.

What have we achieved so far?

- KCc approved for use by Haringey Pension Fund
- Access for Haringey Pension Fund users setup through single sign-on
- Dedicated training sessions for Haringey Pension Fund.
- Q&A session hosted by KPMG to support onboarding of Haringey Pension Fund users.
- Use of PBM functionality for the audit in planning.

KPMG's Audit quality framework

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion.

To ensure that every partner and employee concentrates on the fundamental skills and behaviours required to deliver an appropriate and independent opinion, we have developed our global Audit Quality Framework.

Responsibility for quality starts at the top through our governance structures as the UK Board is supported by the Audit Oversight Committee, and accountability is reinforced through the complete chain of command in all our teams.

■ Commitment to continuous improvement

- Comprehensive effective monitoring processes
- Significant investment in technology to achieve consistency and enhance audits
- Obtain feedback from key stakeholders
- Evaluate and appropriately respond to feedback and findings

■ Performance of effective & efficient audits

- Professional judgement and scepticism
- Direction, supervision and review
- Ongoing mentoring and on the job coaching, including the second line of defence model
- Critical assessment of audit evidence
- Appropriately supported and documented conclusions
- Insightful, open and honest two-way communications

■ Commitment to technical excellence & quality service delivery

- Technical training and support
- Accreditation and licensing
- Access to specialist networks
- Consultation processes
- Business understanding and industry knowledge
- Capacity to deliver valued insights



■ Association with the right entities

- Select entities within risk tolerance
- Manage audit responses to risk
- Robust client and engagement acceptance and continuance processes
- Client portfolio management

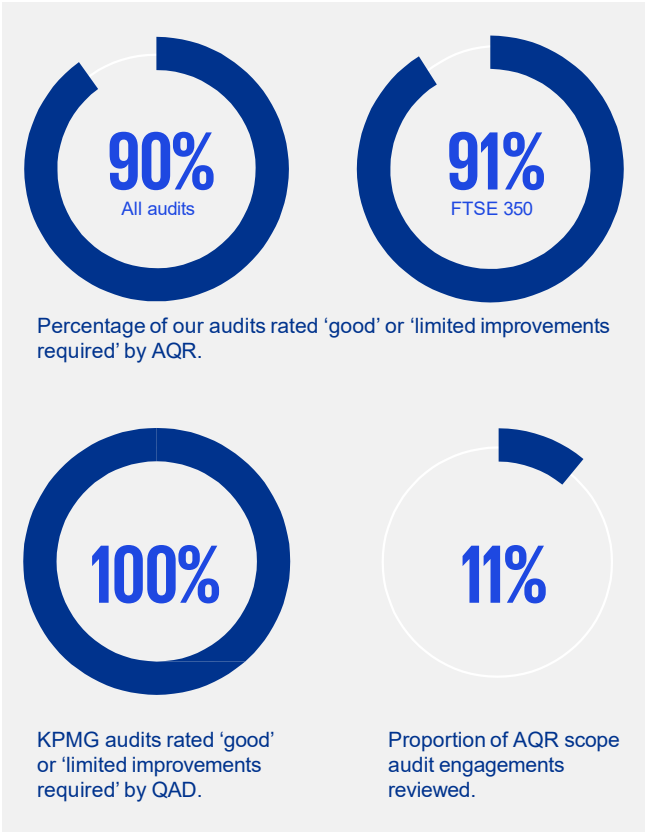
■ Clear standards & robust audit tools

- KPMG Audit and Risk Management Manuals
- Audit technology tools, templates and guidance
- KPMG Clara incorporating monitoring capabilities at engagement level
- Independence policies

■ Recruitment, development & assignment of appropriately qualified personnel

- Recruitment, promotion, retention
- Development of core competencies, skills and personal qualities
- Recognition and reward for quality work
- Capacity and resource management
- Assignment of team members and specialists

2025 AQR results



The FRC published reports on the findings of AQR and QAD 2023/24 inspection of KPMG and the other tier 1 firms (which largely covered years ending between August 2023 and March 2024) on 15 July 2025

Key findings	Our response	Good practice identified
Estimates “Improve the quality and consistency of the audit of estimates in the valuation of investments and provisions.”	A targeted programme to support engagements which have estimates with certain characteristics has been initiated. Alongside this, we continue to invest in our training and culture programmes to reinforce the behaviours expected, including consistent application of a critical thinking mindset and the extent of evidence expected.	At an engagement level areas of good practices were identified including: • Risk assessment and planning including bribery & corruption, climate and provisions; • Audit of provisions; • Audit of impairment
Consolidation and other journals “Improve the quality of the audit of consolidation and other journals.”	Enhanced guidance and continuation of a centrally led process designed to challenge the journals approach at an engagement level, together with additional targeted training are helping us to reduce the recurrence of findings in this area.	• Use of specialists; • Group audit oversight; and • Stand-back assessment. Good practices were identified in various areas at the firm level including identification of SOQM deficiencies, component auditors compliance with the ethical standards, the continued roll out of the Ethics Programme and the development and use of new technology.

The Audit Quality Review (AQR) team of the Financial Reporting Council (FRC) undertakes independent inspections of the overall quality of the audit work of those UK audit firms that audit listed and other major public interest entities. The AQR inspections involve a number of file reviews at each firm visited. The result of these file reviews are summarised into three main categories as follows:

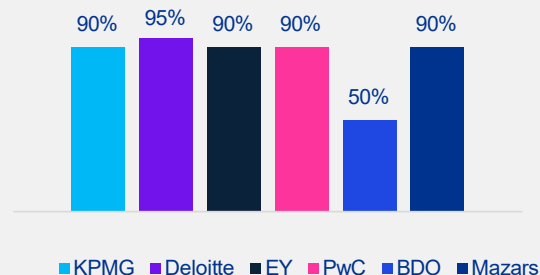
- Good or limited improvements required;
- Improvements required;
- Significant improvements required



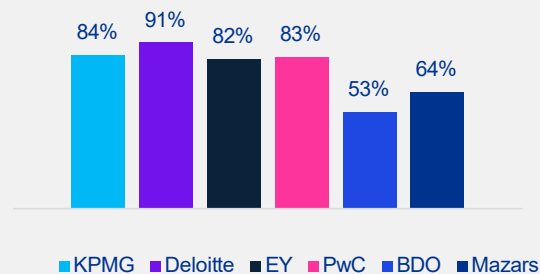
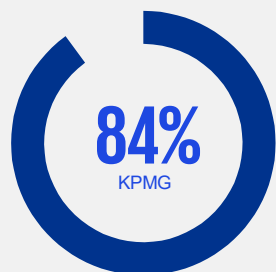
2025 AQR results (cont.)

Percentage of all audits reviewed graded Good/Limited improvements required.

2024/25



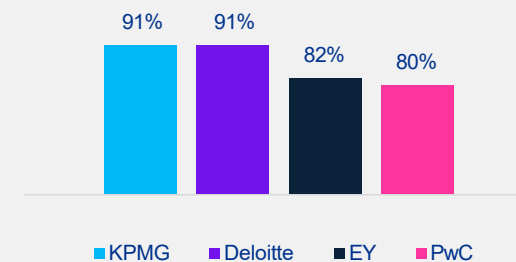
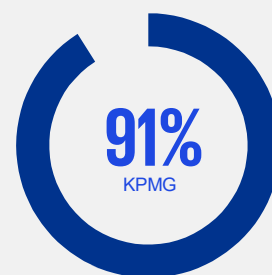
3-year average



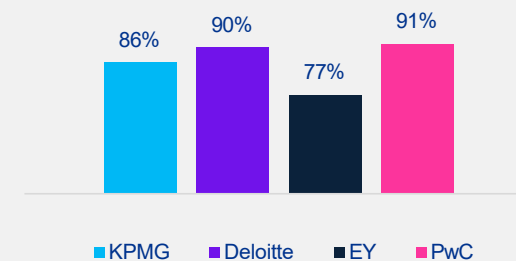
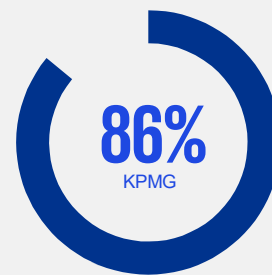
Percentage of all FTSE 350 audits reviewed graded Good/Limited improvements required.

Not disclosed for BDO and Mazars

2024/25



3-year average





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