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South Yorkshire Pensions Authority and South Yorkshire Pension Fund

Update report to the Pensions Authority Audit Committee on the 2022/23 audit

Issued on 12 September 2023

Executive summary
The key messages in this report

Nicola Wright
Lead audit partner

Audit quality is our number one priority.

We plan our audit to focus on audit quality and have set the following audit quality objectives for this audit:

- A **robust** challenge of the key judgements taken in the preparation of the financial statements.
- A **strong understanding** of your internal control environment.
- A **well planned** and delivered audit that raises findings early with those charged with governance.

I have pleasure in presenting our final report to the to the South Yorkshire Pensions Authority Audit Committee (the "Committee") for the 2022/23 audit of South Yorkshire Pensions Authority (the "Authority") and South Yorkshire Pension Fund (the "Fund"). I would like to draw your attention to the key messages of this paper:

Audit scope

Our reporting responsibilities as auditor of the Fund and Authority are to:

- Form an opinion on the statutory financial statements of the Fund and Authority. The financial statements are prepared under the Code of Practice on Local Authority Accounting 2022/23 ("the Code") issued by CIPFA and LASAAC;
- Consider the completeness of the disclosures in the Authority's Annual Governance Statement in meeting the relevant requirements and identify any inconsistencies between the disclosures and the information that we are aware of from our work on the financial statements and other work;
- Satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources; and
- Report to "those charged with governance" on certain additional matters, including any unadjusted errors over our reporting threshold ("RT"), our independence and any other issues we consider should be brought to their attention.

Status of the audit

Our audit work is currently ongoing, with review and quality procedures underway. We have detailed the procedures still to be completed in Appendix 3 and we will provide a verbal status update at the Committee meeting on 21 September 2023.

Consideration of the current economic markets

Our audit is designed to take into account known economic pressures. During the course of the year, the Fund has navigated the Q4 2022 gilt crisis and more recent challenges in the banking sector.

Gilt volatility

Following the Government budget announcements on Friday 23 September 2022, gilt yields rose significantly. As a consequence of the intervention in the gilt markets by the Bank of England on Wednesday 28 September 2022, gilt yields fell back, and the market became less volatile.

While the Fund does not have an LDI portfolio, the wider impact of the volatility has meant that investments in general have decreased in comparison to prior year.

Exposure to Silicon Valley Bank and Credit Suisse

We have confirmed that the Fund has no exposure to either of these entities impacted by the recent banking crisis.

Internal audit

We have reviewed the reports prepared by internal audit in order to help inform our risk assessment procedures. It should however be noted that we have not placed any reliance on the work of Internal Audit during the year.

Materiality

We have determined materiality for the 2023 financial statements:

- FUND: based on 1% of the Fund's net assets at 31 March 2023 (2022: 1%).
- AUTHORITY: based on 2% of gross expenditure at 31 March 2023 (2022: 2%).

We report to the Committee on any unadjusted misstatements greater than our RT and other adjustments we consider to be qualitatively material. Our RT has been set at 5% of materiality (2022: 5%). Please see Appendix 1 for a detail of the audit adjustments.

	Materiality £'000	Reporting threshold £'000
Financial statements (FUND)	102,019 (2022: 106,735)	5,100 (2022: 5,300)
Financial statements (AUTHORITY)	149 (2022: 127)	7 (2022: 6)

Independence

We confirm we are independent of the Authority and Fund for the year ended 31 March 2023.

Risk dashboard

Significant risks and audit focus areas

Risk Identified	Material Balance	Complexity	Proposed Approach	Fraud Risk	Use of specialist	Further Details
Significant Audit Risk Management override of controls – Fund and Authority	✗	!	DI	✓	✗	Pg. 5
Significant Audit Risk Valuation of directly held commercial property – Fund	✓	!	DI	✗	✓	Pg. 6
Significant Audit Risk Completeness and existence of investments – Fund	✓	!	DI OE	✓	✗	Pg. 7
Significant Audit Risk Valuation of pension liability – Authority	✓	!	DI	✗	✓	Pg. 8
Audit Focus Area Valuation of alternatives – Fund	✓	!	DI	✗	✗	Pg. 10
Audit Focus Area Valuation of directly held agricultural property – Fund	✓	!	DI	✗	✓	Pg. 11
Audit Focus Area Completeness and accuracy of contributions – Fund	✓	!	DI	✗	✗	Pg. 12

Significant Risk: risks which require a tailored, elevated audit response in terms of the nature, timing and extent of audit testing. The determination of significant risks are based on professional judgment and the results of the risk assessment procedures we have performed.

Audit Focus Area: risk which requires additional audit consideration beyond that of normal risks, but where the potential for material misstatement or the likelihood is lower than that of a significant risk.

Significant Risk	! Low levels of complexity	DI Design and Implementation
Other area of audit focus	! Medium levels of complexity	OE Operating Effectiveness
	! High degree of complexity	

Significant audit risks

01

Significant audit risks

Management override of controls – FUND and AUTHORITY

Risk identified

In accordance with ISA 240 (UK) management override is always a significant risk for financial statement audits. The primary risk areas surrounding the management override of internal controls are over the processing of journal entries and the key assumptions and estimates made by management.

Conclusion

We have concluded our journals testing and have nothing to report to the Committee. Our work on estimates is in progress and we will provide a verbal update to the committee on the 21 September.

Deloitte response and challenge

In order to address the significant risk, our audit procedures consisted of the following:

- tested the design and implementation of controls around the posting of journals and investment and disinvestment of cash during the year;
- made inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments;
- performed a walkthrough of the financial reporting process to identify the controls over journal entries and other adjustments posted in the preparation of the financial statements;
- used Spotlight, our data analytics software, in our journals testing to interrogate 100% of journals posted across the Fund and Authority. As part of our work in this area, we perform an analysis of journal entries which enable us to focus on journals meeting specific pre-determined parameters determined during our audit planning;
- substantively tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements by agreeing to supporting documentation;
- reviewed the accounting estimates for bias that could result in material misstatement due to fraud, including whether any differences between estimates best supported by evidence and those in the financial statements, even if individually reasonable, indicate a possible bias on the part of management; and
- ensured that there is an appropriate level of segregation of duties over processing journal entries to the financial statements throughout the year.

Significant audit risks

Valuation of directly held commercial property – FUND

Risk identified

The Fund has a significant holding in directly held UK properties, both freehold and leasehold (31 October 2022 valued at £548m). The valuation of these properties is based on assumptions such as rental returns, occupancy rates, geographical location and market trends.

In our planning report, we assessed the entire commercial property portfolio to be a significant risk due to the volatility in the property market over the past years, affecting all sectors of commercial property.

We have revised our risk assessment in the final audit stage, in order to focus on the highest risk properties held within the portfolio. For this, we have involved our property specialists to prepare an analysis of the properties, taking into account MSCI indices, recognised property benchmarks and the detailed Argus CarVal information supplied by the valuer, JLL. This analysis then classifies the properties according to a traffic light system:

- Red: these are the significant risk properties, and all will be tested in detail by our property specialists. We have identified 6 properties for further detailed valuation testing;
- Amber: these are higher risk properties, and will be tested by performing a high level review over the valuation by DRAA. We have identified 5 properties for further high level review; and
- Green: these are considered low risk properties and no further testing, other than the traffic light analysis, is considered necessary.

Deloitte response and challenge

In order to address the significant risk our audit procedures consisted of the following:

- tested the design and implementation of controls around the valuation of direct properties by reviewing the controls operated in respect of monitoring the valuation of properties during the audit period;
- vouched the valuation of direct properties included within the Fund financial statements to the direct third-party confirmations provided by JLL, including an assessment of post balance sheet events and the impact on the valuation of the property portfolio;
- agreed the directly held properties to title deeds to ensure the properties are held and in the name of the Fund/Authority, and vouched disposals to appropriate support;
- evaluated the qualifications, independence and experience of JLL to prepare the valuations and obtain their engagement terms; and
- utilised Deloitte Real Assets Advisory ("DRAA") to review the identified samples in the traffic light report for further testing.

Conclusion

We have concluded our testing and we have not identified any issues to report to the Committee as a result of our testing.

We consider the valuations are appropriate as at 31 March 2023.

Significant audit risks

Completeness and existence of investments – FUND

Risk identified

The Fund holds a diversified portfolio of investment assets. This could lead to a risk of incomplete or inaccurate reporting of transactions or balances at the year end.

This has been elevated as a significant risk in the current year. Due to a large volume of investment transactions and significant movements in the market value, there is a risk that an omission may result in material misstatement in the investment balances. This is even more important because of the recent market turmoil with investment managers facing operational challenges due to a large number of reshuffling of the investment portfolio and mass disinvestment. There is a risk that the sales/purchase transactions may not be captured correctly or omitted completely, which may result in investment balances being incomplete or being materially misstated.

Conclusion

We have no matters to bring to the attention of the Committee.

Although we received 99.93% of investment valuations by market value, we did not receive returns from Pradera and Sustainable Management, amounting to £7.5m, despite various chaser requests.

Deloitte response and challenge

In order to address the significant risk, our audit procedures consisted of the following:

- performed design, implementation and operating effectiveness testing over the controls in place at material investment managers through the review of their internal controls reports;
- vouched year end valuations in the financial statements to the reports received directly from the investment managers. We have received and agreed 99.93% of investment valuations to independent confirmations;
- agreed a sample of level 3 investments to the latest audited financial statements;
- agreed 100% of commercial properties to title deeds;
- reviewed the custodian to investment manager reconciliations;
- vouched a sample of sales and purchases through to deal slips, authorisations, and bank statements if applicable;
- vouched a sample of cash movements through to bank statements and third party confirmations; and
- performed an analytical review to assess the reasonableness of the investment return quoted in the draft accounts.

Significant audit risks

Valuation of pension liability – AUTHORITY

Risk identified

The net pension liability is a material element of the Authority's balance sheet. The actuarial valuation of the liability relies on a number of assumptions and an actuarial methodology which results in the Authority's overall valuation. Furthermore, there are financial and demographic assumptions used in the calculation of the Authority's valuation – e.g. the discount rate, inflation rates, mortality rates. These assumptions should reflect the profile of the Authority's employees and should be based on appropriate data. There is a risk that the IAS 19 liability may be misstated as a result of inappropriate or incomplete membership data being provided to the actuary, or as a result of inappropriate demographic or Fund specific actuarial assumptions.

At the year end the Authority has a pension asset for the first time. There is currently limited guidance regarding the recognition of a pension asset on the balance sheet and consideration is required regarding the right to recognise an asset and if there are any restrictions on the value recognised.

Conclusion

Our audit in this area is ongoing and we will provide a verbal update the Committee on the 21 September. We have no matters to bring to the attention of the Committee based on the work performed to date.

Deloitte response and challenge

In order to address the significant risk, our audit procedures consisted of the following:

- testing the design and implementation of the controls in place in relation to the review of the assumptions by the Authority;
- evaluating the competency, objectivity and independence of Hymans Robertson;
- engaging our in-house actuarial specialists, to assess the experience and capability of the team at Hymans Robertson and to review the methodology and appropriateness of the assumptions used in the valuation;
- reviewing the pension related disclosures in the financial statements;
- reviewing the accounting treatment of the pension asset to ensure it is in line with IAS 19 and the CIPFA guidance; and
- ensuring that the pension assets and membership information is consistent with those in the Fund financial statements.

Audit focus areas

02

Audit focus areas

Valuation of alternatives – FUND

Risk identified

The Fund holds a large and material portfolio of alternative investments, including private equity, hedge and debt funds, as well as limited partnerships. These funds do not have publicly available prices and are often infrequently priced, increasing the risk of stale pricing. As a result of this we consider the completeness and valuation of these an audit focus area.

Conclusion

We have concluded our testing in this area.

The alternative investments are often subject to stale pricing, due to infrequent pricing. The majority of these investments were included in the 31 March 2023 draft financial statements at 31 December 2022 prices. Accounting standards allow stale pricing, provided no more up-to-date information is available. We identified an immaterial stale price adjustment of £46.4m (increase in investment assets), as disclosed in Appendix 1.

Deloitte response and challenge

In order to address the risk our audit procedures consisted of the following:

- reviewed the controls over the valuation of investments by obtaining the material investment manager and custodian internal controls reports (where applicable) and evaluating the implications for our audit of any exceptions noted;
- agreed the year end alternatives valuations as reported in the financial statements to the reports received independently from the investment managers; and
- agreed the registered funds and quoted funds to publicly available prices.
- performed independent valuation testing for a sample of year end alternative funds by rolling forward the valuation as per the latest audited accounts using cashflows and an appropriate index as a benchmark; and
- ensured appropriate stale price adjustments have been posted to the financial statements.

Audit focus areas

Valuation of directly held agricultural property – FUND

Risk identified

There is a risk that directly held agricultural property is not held at fair value as the valuation of these investments includes an element of judgement on the part of the professional surveyor and valuer, Fisher German (as sub-contractor to JLL).

Conclusion

We have concluded our testing in this area and have nothing to report to the Committee.

We note that the valuer makes the Special Assumption that the properties let to the Fund's subsidiary, Waldersey Farms, are valued assuming vacant possession and that the Waldersey Farms enjoys the benefit of the Authority's covenant. This is not normally permissible, but there are extenuating circumstances given the leases are to the subsidiary (Waldersey Farms). We note that this Special Assumption is unchanged from the valuation in the prior year.

Deloitte response and challenge

In order to address the risk our audit procedures consisted of the following:

- tested the design and implementation of controls around the valuation of directly held agricultural properties by reviewing the controls operated in respect of monitoring the valuation of properties during the audit period;
- vouched the valuation of directly held agricultural properties included within the Fund financial statements to the direct third-party confirmations provided by Fisher German, including an assessment of post balance sheet events and the impact on the valuation of the property portfolio; and
- evaluated the qualifications, independence and experience of Fisher German to prepare the valuations and obtain their engagement terms.
- agreed a sample of the directly held agricultural properties to title deeds to ensure the properties are held and in the name of the Fund/Authority;
- prepared an expectation of the year end valuation of each property held by the Fund/Authority using comparable regional market indices and comparing the expectation to the valuation provided by Fisher German; and
- for a sample of agricultural properties, utilised DRAA to challenge the valuations provided by Fisher German and assessed the detail and assumptions within the valuation report to support the valuations provided.

Audit focus areas

Completeness and accuracy of contributions – FUND

Risk identified

There is some complexity surrounding the accuracy and completeness of employee and employer contributions received by the Fund. The employer primary and secondary contribution rates are dictated by the actuarial valuation and these vary between the contributing employers.

Employee contributions are based on varying percentages of employee pensionable pay, this can vary month to month and the Fund has no oversight of the individual employer payrolls.

Conclusion

We have concluded our testing and we have not identified any issues to report to the Committee as a result of our audit testing.

Deloitte response and challenge

In order to address the risk our audit procedures consisted of the following:

- performed an analytical review of the employer and employee normal contributions received in the year, basing our expectation on the prior year audited balance, adjusted for the movement in active member numbers, contribution rate changes and the average pay rise awarded in the year;
- for a sample of active members, recalculated the individual contributions deductions to ensure these are being calculated in accordance with the rates stipulated in the LGPS Regulations for employee contributions and the recommendations of the actuary for employer contributions;
- tested that the correct definition of pensionable salary is being used per the LGPS Regulations to calculate contribution deductions; and
- for a sample of monthly contributions paid, checked that they have been paid within the due dates per the LGPS Regulations.

Other audit considerations

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Value for money

Our work is completed and will be reported in our Auditor’s Annual Report

Value for Money requirements

We are required to consider the Authority’s arrangements for securing economy, efficiency and effectiveness in the use of resources. In accordance with Code of Audit Practice 2020 and related Auditor Guidance Note 03, we are required to:

- perform work to understand the Authority’s arrangements to secure economy, efficiency and effectiveness in the use of resources against each of the three reporting criteria (financial sustainability, governance, and improving economy, efficiency and effectiveness);
- undertake a risk assessment to identify whether there are any risks of significant weaknesses in arrangements;
- if any risks of significant weaknesses are identified, perform procedures to determine whether there is in fact a significant weakness in arrangements, and if so to make recommendations for improvement;
- issue a narrative commentary in the Auditor’s Annual Report, setting out the work undertaken in respect of the reporting criteria and our findings, including any explanation needed in respect of judgements or local context for findings. If significant weaknesses are identified, the weaknesses and recommendations will be included in the reporting, together with follow-up of previous recommendations and whether they have been implemented. Where relevant, we may include reporting on any other matters arising we consider relevant to VfM arrangements, which might include emerging risks or issues; and
- where significant weaknesses are identified, report this by exception within our financial statement audit opinion.

Status of our work and significant weaknesses

We have concluded our value for money testing and have not identified any significant weakness. Our Auditor’s Annual Report will be issued to the 21 September Committee meeting.

Other audit considerations

Other risks

Going concern

We are required to directly opine on the going concern of the Fund and Authority in our audit opinion on the financial statements. As part of this process, details of the work we performed around going concern are detailed below:

- Reviewed the going concern assessment prepared by the Committee;
- Examined the latest publicly available information regarding the financial position of the principal bodies;
- Analysed the latest funding position of the Fund; and
- Reviewed minutes of key meetings.

We have nothing to report to the Committee as a result of our work performed.

Non-compliance with laws and regulations, including fraud

In our Audit Report in the financial statements we are required to directly report on the extent to which the audit was considered capable of detecting irregularities, including fraud and other matters of non-compliance with laws and regulations. To enable us to do this our procedures have involved:

- performed procedures to assess the risk of management override as detailed on page 5;
- reviewed the controls in place surrounding fraud risks including disinvestments;
- agreed 99.93% of investments to third party investment confirmations;
- reviewed financial statement disclosures by testing these to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performed analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquired of the Committee concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations;
- read minutes of the Committee's meetings and reviewing correspondence with the Pensions Regulator; and
- performed specific procedures to respond to the risk of management override of controls – see page 5 for further details on this.

As noted on page 7, we have also identified a potential for fraud in the misappropriation of investment assets due to the significant size of investment transactions and balances. In response our procedures to respond to the risk identified included the following:

- Obtained an understanding of relevant controls over the existence of investment holdings and transactions;
- Agreed investment holdings to independent third party confirmations; and
- Agreed investment and cash reconciliations to independent evidence and bank statements.

We have not identified any issues of non-compliance with laws and regulations, including fraud from our audit testing performed to date.

Our audit report

The form and content of our report

Here we discuss how the results of the audit impact on our audit report. An overview of our financial statements audit work will be included in our Auditor's Annual Report.

Our opinion on the financial statements

Our audit is ongoing but subject to the successful clearance of the outstanding areas in Appendix 3, we expect to issue an unmodified audit opinion.

Emphasis of matter and other matter paragraphs

There are no other matters we judge to be of fundamental importance in the financial statements that we consider it necessary to draw attention to in an emphasis of matter paragraph.

Value for Money reporting by exception

Our opinion will note that our Value for Money work has been completed. We have not identified any significant weaknesses in the work completed to date. We will report our final Value for Money conclusions as part of our Auditor's Annual Report and Audit Certificate.

Irregularities and fraud

We will explain the extent to which we considered the audit to be capable of detecting irregularities, including fraud.

In doing so, we will describe the procedures we performed in understanding the legal and regulatory framework and assessing compliance with relevant laws and regulations. We will discuss the areas identified where fraud may occur and any identified key audit matters relating to fraud.

Recent changes to ISAs (UK) mean this requirement will apply to **all** entities for periods commencing on or after 15 December 2019.

Our approach to quality

04

Purpose of our report and responsibility statement

Our report is designed to help you meet your governance duties

What we report

Our report is designed to help the Committee discharge their governance duties. It also represents one way in which we fulfil our obligations under ISA 260 (UK) to communicate with you regarding your oversight of the financial reporting process and your governance requirements. Our report includes:

- results of our work on key audit judgements and our observations; and
- other insights we have identified from our audit.

The scope of our work

Our observations are developed in the context of our audit of the Fund and Authority accounts.

We described the scope of our work in our audit plan circulated to you on 17 February 2023.

Use of this report

This report has been prepared for the Committee, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose. Except where required by law or regulation, it should not be made available to any other parties without our prior written consent.

We welcome the opportunity to discuss our report with you and receive your feedback.

What we don't report

As you will be aware, our audit is not designed to identify all matters that may be relevant to the Committee.

Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by management or by other specialist advisers.

Finally, our views on internal controls and Fund and Authority risk assessment in our final report should not be taken as comprehensive or as an opinion on effectiveness since they have been based solely on the audit procedures performed in the audit of the Fund and Authority financial statements and the other procedures performed in fulfilling our audit plan.

Other relevant communications

Our topical matters provide the Committee with some insight in to relevant topical events in the pensions industry.

We will update you if there are any significant changes to the audit plan.

Nicola Wright

For and on behalf of Deloitte LLP

Newcastle upon Tyne | 12 September 2023

Appendices
Key audit matters

Appendix 1: Audit adjustments - FUND

We have not identified any audit adjustments from the work performed to date. We will provide a verbal update to the committee on 27 July 2023.

Detail	Debit/ (credit) Fund Account £m	Debit/ (credit) Net Asset Statement £m
Uncorrected misstatements identified in current year		
[1] Stale price adjustment alternative investments	(46.4)	46.4
Total uncorrected misstatements	**(46.4)**	**46.4**

[1] Adjustment to valuation of alternatives due to receipt of more up-to-date prices as at 31 March 2023.

Disclosure Deficiencies

[1] In the ‘Reconciliation of movements in investments and derivatives’ note, we noted that sales of equities and pooled investment vehicles were misstated by approx. £440m. While this does not have an effect on the year end numbers, it affects the presentation. This has been corrected in the final version of the Statement of Accounts.

Appendix 1: Audit adjustments - AUTHORITY

We have not identified any audit adjustments from the work performed to date. We will provide a verbal update to the committee on 27 July 2023.

Detail	Debit/ (credit) CIES £	Debit/ (credit) Balance Sheet £
Uncorrected misstatements identified in current year		
	0	0
Total uncorrected misstatements	**0**	**0**

Disclosure Deficiencies

[1] Note 24. Defined Benefit Pension Liability: The pension liability includes the Authority's share of the Pension Fund assets and therefore the stale price error noted on page 20 impacts on the asset value recognised in the Authority's financial statements. As the pension is a net asset position that has been capped by an asset ceiling at the year end, there is no impact on the value of the pension liability recognised on the balance sheet. However there is a £139k impact on the pensions disclosure between the return on plan assets and asset ceiling values. This has not been corrected in the final accounts.

Appendix 2: Independence and fees

A Fair and Transparent Fee

As part of our obligations under International Standards on Auditing (UK), we are required to report to you on the matters listed below:

Independence confirmation	We confirm the audit engagement team, and others in the firm as appropriate, Deloitte LLP and, where applicable, all Deloitte network firms are independent of the Fund and Authority. In considering the requirements of Auditor Guidance Note 01 (issued by the National Audit Office) and the Ethical Standard 2019 to report all significant facts and matters that may bear upon our integrity, objectivity and independence, though not meeting the defined criteria for an affiliate of an audited entity, we have taken account of the tax and internal audit services provided to Border to Coast Partnership by Deloitte. To this effect we have documented our assessment concerned with the delivery of services to, and the receipt of fees from, Border to Coast Pension Partnership, along with our assessment on the opinion of a reasonable and informed third party on these services.
Fees	Our initial audit fee for the year ended 31 March 2023 is £31,833 for the Fund and the Authority. The fee reflected here is the scale fee. This fee excludes the cost of providing IAS 19 letters to other local authorities that will be recharged by the Fund to the other local authorities. It also excludes the fee for the Value for Money work and in year changes such as new auditing standards, which will be billed separately. The above fees exclude VAT.
Non-audit services	In our opinion there are no inconsistencies between the FRC's Ethical Standard and the Scheme's policy for the supply of non-audit services or any apparent breach of that policy. We continue to review our independence and ensure that appropriate safeguards are in place including, but not limited to, the rotation of senior partners and professional staff and the involvement of additional partners and professional staff to carry out reviews of the work performed and to otherwise advise as necessary.
Ethical Standard 2019	The standard classes pension schemes as 'other entities of public interest' where assets are greater than £1bn and there are more than 10,000 members. As a result, non audit services will be limited primarily to reporting accountant work, audit related and other regulatory and assurance services. All other advisory services to these entities, their UK parents and world-wide subs will be prohibited.

Appendix 3: Outstanding items

Items outstanding at the date of issue of this report

Our final opinion is subject to completion of these items.

FUND	AUTHORITY
• IAS 26 disclosure testing	• Review of the IAS 19 reports and consideration of the treatment of the pension asset
• Resolution of sundry queries	• Review of accounting estimates
	BOTH
	• Satisfactory completion of our post year-end events review
	• Finalisation of our internal quality control procedures
	• Final partner and technical review clearance
	• Receipt of signed management representations letter
	• Receipt and review of updated statement of accounts