



Shetland Islands Council Pension Fund

Final report to the Pension Fund Committee and the Controller of Audit on the 2020/21 audit

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Executive introduction

The key messages in this report:

I have pleasure in presenting our Final Report to the Shetland Islands Council Pension Fund Committee (the “Committee”) for the 2021 audit of Shetland Islands Council Pension Fund (the “Fund”).

I would like to extend my thanks to Fund management for their assistance during the audit. The regular communication we have had with management and the use of technology has allowed us to continue to deliver the audit remotely in 2020/21.

We would like to draw your attention to the key messages of this paper:

Audit scope

Our reporting responsibilities as auditor of the Fund are to:

- Form an opinion on the statutory financial statements of the Scheme. The financial statements are prepared under the Code of Practice on Local Authority Accounting 2020/21 (“the Code”) issued by CIPFA and LASAAC; 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 complete.

Audit quality

We have committed to delivering a robust challenge of the key judgements taken in the preparation of the financial statements; to gain a strong understanding of your internal control environment; and have delivered a well planned audit that raises findings early with those charged with governance.

Audit impact of COVID-19

From March 2020, COVID-19 caused significant disruption to economic activity which has been reflected in global stock market fluctuations and, in turn, in the valuation of pension scheme assets. In light of the changes that the pandemic has had on our day to day lives and working arrangements, we have reviewed key benefit controls to ensure that, during the year under audit, they were still operating in line with our understanding.

Appropriate disclosure has been made within the financial statements around the impact of COVID-19. As communicated to you in our planning report, we have also completed our going concern procedures. Our work in this area is naturally ongoing up until the financial statements are signed.

Our conclusion

Subject to the satisfactory receipt and the completion of the items in Appendix 1, we expect to issue an unqualified audit opinion on the financial statements of the Fund.

In reaching our conclusions, we considered the results from our testing on pages 7 to 18. In addition, we noted the significant accounting judgements and estimates appear reasonable.

Materiality

Our Approach to Materiality

Basis of our materiality benchmark

- We set materiality for our opinion on the financial statements as £5,899k (2020: £4,607k), based on professional judgement, the requirement of auditing standards and the net assets of the Fund. These figures are based on the 31 March 2021 draft financial statements.
- We have used 1% of Fund net assets as the benchmark for determining our materiality levels for 2021.
- Performance materiality was set at 90% of our materiality level above (£5,309k (2020: £4,106k)).

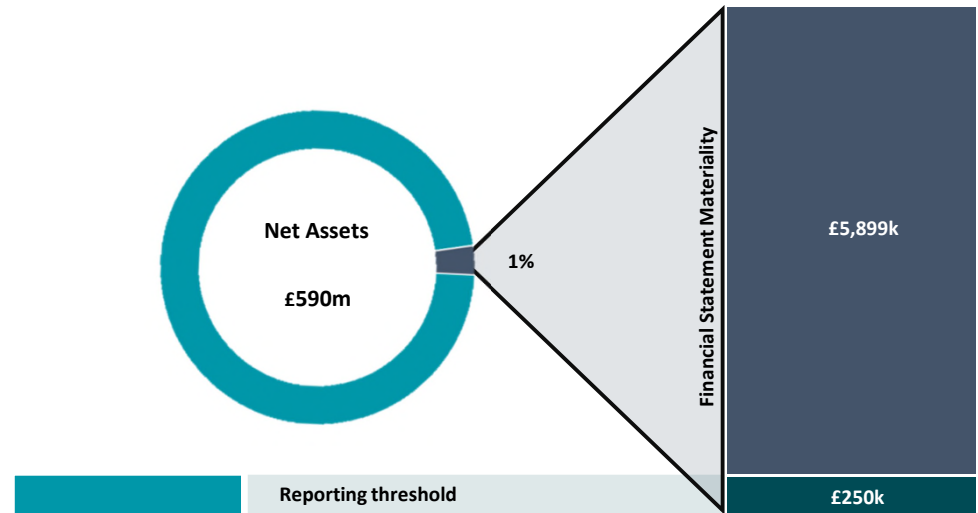
The basis for our materiality calculations is the same as the previous year.

Reporting to those charged with governance

- Within this report, as part of our audit of the financial statements, we communicate all misstatements found in excess of our reporting threshold ("RT") of £250k. This threshold is set at the lower of 5% of our materiality level above and £250k.
- Misstatements below these thresholds are reported if we consider them to be material by nature.
- There are no adjusted or unadjusted misstatements proposed.













Materiality calculation






Although materiality is the judgement of the audit director, the Committee members must be satisfied the level of materiality chosen is appropriate for the scope of the audit.



Scoping

Significant Risk and Audit Focus Areas Dashboard

Risk Identified	Material Balance	Management Judgement	Proposed Approach	Fraud Risk	Further Details
 Significant Risk Management override of controls			D&I		Pg. 7
 Audit Focus Area Completeness of investment transactions and valuation of pooled property funds			D&I + OE		Pg. 9
 Audit Focus Area Accuracy and timeliness of contributions			D&I		Pg. 10

 Significant Risk	 Low levels of management judgment/complexity	D&I Design and Implementation
 Other area of audit focus	 Medium levels of management judgement/complexity	OE Operating Effectiveness
	 High degree of management judgement/complexity	



**Significant
audit risk**

Significant risks

Management override of controls

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.

Deloitte response to significant risk identified

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

- Used data analytics in our journals testing to interrogate 100% of journals posted across the Fund and to identify journals or audit interest for substantive testing;
- 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;
- Reviewed the accounting estimates for bias, such as year-end creditor and debtor postings and the valuation of unlisted investments, 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;
- Ensured that there is an appropriate level of segregation of duties over processing journal entries to the financial statements throughout the year;
- Tested the design and implementation of controls around the investment and disinvestment of cash during the year; and
- Made enquiries of management in relation to the identification of related parties.

Response of those charged with governance

The Pension Fund Committee does not have access to the Fund accounting system and does not process any journals in respect of the Fund.

The financial reporting process in place has an adequate level of segregation of duties.

Deloitte comment

We have not identified any issues over the segregation of duties in place at the Fund or identified any incentives for the accounting staff to misstate the Fund financial statements.



Audit focus areas

Audit focus areas

Completeness of investment transactions and valuation of pooled property funds

Risk identified

The Fund holds a large and highly material portfolio of investments, which is diversified with several investment managers. As a result of this we consider the completeness of these investments to be an area of audit focus.

The Fund holds investments primarily in pooled funds, pooled property unit trusts and fixed income unit trusts with a range of investment managers. Due to the continuing uncertainty as a result of COVID-19, we have paid particular focus to the pooled property funds.

Deloitte response to risk identified

In order to address this area of audit focus, our audit procedures consisted of the following:

- Reviewed the design and implementation and operating effectiveness of key controls over the valuation of investments by obtaining the investment manager and custodian internal controls reports and evaluating the implications for our audit of any exceptions noted;
- Independently requested confirmations from all investment managers and the global custodian for balances held per the financial statements;
- Agreed year end valuations, sales proceeds and purchases in the financial statements to the reports received directly from the investment managers and custodian;
- Performed a full unit reconciliation of investments held during the year; and
- Performed valuation testing by using a range of techniques depending on the type of investment. For the pooled property funds, we have obtained audited financial statements and assessed the year end price against the audited financial statements, and benchmark movements where the date of the audited financial statements is not coterminous with the Fund's financial year.

Response of those charged with governance

The Fund appoints various investment managers and Northern Trust as custodian for these investments. These parties have strong control environments in place.

Deloitte comment

We did not identify any issues with our testing in this area.

Audit focus areas

Accuracy and timeliness of contributions

Risk identified

The correct deduction and timely payment of contributions depends on system-based processing of membership data and salary details, together with a robust internal controls framework. Errors in processing contributions can lead to issues such as non-compliance with the Local Government Pension Scheme Regulations 2014 (“LGPS Regulations”) and the recommendations of the actuary, and deducting incorrect amounts from the active members’ payroll, which can be costly to rectify and cause reputational damage.

In addition, while no opinion is issued on timely payment of contributions, it remains an area of focus, as LGPS Regulations stipulate due dates for payment. Late payments could cause reputational damage.

Deloitte response to risk identified

In order to address this area of audit focus, our audit procedures consisted of the following:

- Reviewed the design and implementation of key controls over the contribution process;
- 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 any average pay rise awarded in the year;
- For a sample of active members, we recalculated individual contribution 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;
- Tested the reconciliation of the total number of active members between the membership records and the employer payroll records; and
- For a sample of monthly contributions paid, checked that they have been paid within the due dates per the LGPS Regulations.

Response of those charged with governance

The administration team monitors the due dates of contributions and that the correct amounts are received into the Fund bank account to ensure that payments are in accordance with the recommendations of the actuary.

Employers must also complete a contributions return confirming that the contributions paid during the year are accurate and complete.

Deloitte comment

The current control in place regarding the timeliness of contributions is a detective control, which does not prevent the contributions payments being received after the statutory deadlines. We would recommend that a preventative control is implemented that will ensure timely collection of contributions.

Other than the above, we did not identify any issues with our testing in this area.



**Wider scope
requirements**

Wider Scope Requirements

Audit Dimensions

The Code of Audit Practice sets out four audit dimensions which set a common framework for all public sector audits in Scotland. We have considered how the Pension Fund addresses these areas as part of our audit work as follows:

Audit dimension	Audit work completed	Audit conclusion
<p>Financial sustainability looks forward to the medium and longer term to consider whether the Pension Fund is planning effectively to continue to deliver its services or the way in which they should be delivered.</p>	<ul style="list-style-type: none">• We reviewed the financial planning systems in place by the Pension Fund to ensure that its services can continue to be delivered.• We also reviewed the arrangements in place to address any funding gaps.• We looked at the affordability and effectiveness of funding and investment decisions made. <p>This included:</p> <ul style="list-style-type: none">• a review of the latest actuarial valuation of the Pension Fund (dated 31 March 2020) and the plans in place to reduce the deficit over the shorter and medium term; and• A review of the funding policy as set out in the Shetland Islands Council Pension Fund Investment Strategy 2014-2027 (“Investment Strategy”), which aims to ensure the long-term solvency of the Pension Fund, so that there are sufficient funds available to meet all benefits as they fall due.	<p>From our work completed we are satisfied the Fund has sufficient plans in place to continue to be financially sustainable in the medium and long term. We did not identify any issues regarding non-payment of contributions due from the Scheduled and Admitted Bodies which would have an impact on the financial sustainability of the Fund.</p> <p>In addition from our review of the Investment Strategy 2014-2027, the Fund has taken investment advice on how best to use its resources appropriately to ensure future benefits can be settled when the liability arises and the Fund will be 100% funded by 2027.</p>

Wider Scope Requirements

Audit Dimensions

Audit dimension	Audit work completed	Audit conclusion
<p>Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.</p>	<ul style="list-style-type: none">• We reviewed the budget and monitoring reporting by the Pension Fund during the year to assess whether financial management and budget setting is effective;• We ensured that there is a proper officer who have sufficient status to be able to deliver good financial management, that monitoring reports contain information linked to performance as well as financial data, and that members have the opportunity to provide a sufficient level of challenge around variances and under-performance; and• We reviewed the design and implementation of the Pension Fund and third party advisers controls in place to ensure they were operating effectively.	<p>From our testing completed we can confirm that an Executive Manager – Finance has been appointed who has the appropriate status to act in that role and complies with the five principles outlined in the CIPFA guidance.</p> <p>From our review of the budget process we are satisfied that appropriate financial reports are provided to both the Audit and Pension Fund Committee to challenge variances and underperformance and that this is performed.</p> <p>Although for our audit purposes, we did not perform operating effectiveness testing, our implementation walkthroughs of controls in place did not show evidence of failing controls. In addition, our review of the investment managers’ published controls reports did not raise any matters.</p>

Wider Scope Requirements

Audit Dimensions

Audit dimension	Audit work completed	Audit conclusion
<p>Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.</p>	<ul style="list-style-type: none">• We reviewed the Pension Fund Committee meeting minutes to assess the effectiveness and scrutiny of governance arrangements.• We reviewed other aspects of governance around the Pension Fund including Codes of Conduct for officers and members, fraud and corruption arrangements, and arrangements for reporting regulatory breaches to the Pensions Regulator.• In addition we reviewed the Annual Governance Statement and Governance Compliance Statement to confirm the governance arrangements observe the guidance issued by Scottish Ministers.	<p>From our testing performed we have no issues to note. The Annual Governance Statement and Governance Compliance Statement contains the required information.</p> <p>The procedures and policies around governance, Codes of Conduct, etc. are clear and transparent and available for all Members to read on the Shetland Island Council website.</p>
<p>Value for money is concerned with using resources effectively and continually improving services.</p>	<ul style="list-style-type: none">• We gained an understanding of how the Pension Fund demonstrates value for money in the use of resources and the linkage between money spent and outputs and outcomes delivered.• We reviewed the scrutiny that is in place to challenge the Pension Fund's investment managers on fees and performance.	<p>From our review of the budget process we are satisfied that there is sufficient scrutiny over expenditure of the Fund, in particular investment management fees.</p> <p>In addition the Investment Strategy document outlines how the Fund will achieve value for money in where the assets are invested, ultimately aiming for 100% funding by 2027.</p>



Other risks and observations

Other Risks and observations

Other audit considerations

Area of focus	Description	Audit response
Going Concern	As auditors, we are required to confirm in our audit report that the going concern basis of the financial statements is appropriate.	Our testing to address this risk included: <ul style="list-style-type: none"> • examined the latest publically available information regarding the financial position of the principal employers; • analysed the latest funding position of the Fund; and • reviewed minutes of the Pension Fund Committee meetings.
Fraud	In our Audit Report in the financial statements we are now 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.	Our testing to address the risk included: <ul style="list-style-type: none"> • performed procedures to assess the risk of management override as detailed on page 7; • reviewed the controls in place surrounding fraud risks including disinvestments; and • agreed 100% of investments to third party investment confirmations.
GMP Equalisation	The High Court judgement on 26 October 2018 confirmed that UK pension schemes should provide equal benefits for men and women for service from May 1990 despite inequalities in GMP legislation. In November 2020, there was an additional ruling made in respect of equalising transfer values.	Our testing to address the risk included: <ul style="list-style-type: none"> • confirmed with the Fund Actuary any changes in the assessment of the impact of GMP Equalisation on the Fund, including the impact of the transfers ruling; and • confirmed that appropriate disclosures have been made in the financial statements.
Brexit	During the Scheme year, the UK have left the European Union ("EU"). The impact of Brexit may be felt across the Fund and its operations, for example through withholding taxes and the impact on the going concern of the Fund.	Our testing to address the risk included: <ul style="list-style-type: none"> • assessed the fair value of assets as at the Fund's year-end date; • reviewed minutes of the Pension Fund Committee meetings and the going concern assessment; and • confirmed that appropriate disclosures have been made in the financial statements.

Other Risks and observations (continued)

Observations

Name	Description	Recommendation
Delay in the preparation and authorisation of bank reconciliations	<p>When inspecting the monthly bank reconciliations, we noted that several were not prepared and reviewed in a timely manner. The July 2020 reconciliation was not reviewed until April 2021. The October, November and December 2020 reconciliations all have the same prepared and authorised date of 29 January 2021.</p> <p>Delays in monthly preparation and review of bank reconciliations may lead to transactions not being accounted for, which can go unnoticed for a long period of time, therefore making remediation more difficult.</p>	<p>We recommend that bank reconciliations are performed and reviewed promptly on a monthly basis. Appropriate practice would be for the reconciliation to be prepared and reviewed within 30 days.</p>
Non-compliance with Statement of Investment Principles	<p>The investment weighting by class at the end of the financial year is not in line with the asset split per the Statement of Investment Principles (SIP). The SIP reflects the investments strategy that is adopted in order to reach fully funded status of the Fund by 2027. Failing to comply with the SIP weightings could result in the Fund not being fully funded by 2027, the date that the Fund is predicted to reach full maturity.</p>	<p>We recommend that measures are put in place so as to ensure investments are invested in line with the weightings stipulated in the SIP or that control ranges are introduced to future SIP's to allow for short term market fluctuations.</p>

Maintaining audit quality

Responding to challenges in the current audit market

This is a time of intense scrutiny for our profession with questions over the role of auditors, market choice and the provision of non-audit services by an audit firm. We welcome the debate and are engaging fully with all parties who have an interest in the current audit market reform initiatives, so that our profession, our people, our clients and most importantly, the public interest, are served to the highest standards of audit quality and independence.

The role of audit

- Public confidence in audit has weakened over recent years and the expectation gap has widened with differences between what an audit does and what people think it should do (largely in areas of internal controls, fraud, front half assurance and long term viability)
- Deloitte fully supports an independent review into the role of auditors
- The Government's Brydon Review considers UK audit standards and how audits should evolve

Would it be better to have audit only firms?

- Deloitte believes that multidisciplinary firms have more knowledge, greater access to technology and a deeper talent pool. The specialist input from industry, valuation, controls, pensions, cyber, solvency, IT and tax services are critical to an effective audit
- Our investment in audit innovation, training and technology is greater because of the multidisciplinary model

Is the current audit market uncompetitive?

- We recognise that the competition for large, complex clients is fierce, but we wholeheartedly support greater choice being available to stakeholders
- There are barriers to entry in the listed market that are significant including the required global reach, unlimited liability, and the high cost of tendering
- The audit profession has engaged with the Competition and Markets Authority with ideas on how to provide greater choice in the market, and responded to the CMA's suggested market remedies

Independence and conflicts from other services

- Legislation and the FRC's Ethical Standard restrict the services we may provide to audit clients
- Deloitte invests heavily in systems, processes and people to check for potential conflicts
- We have governance in place to assess any areas of potential conflict, including where required to protect the public interest
- Fees for non-audit services to audit clients have fallen since 2008 (17% to 7.3% of firm revenue)

Deloitte

- Deloitte and Audit Service Line leadership are happy to meet the Committee and management of our clients with respect to this important debate. We reaffirm our commitment to quality, independence and upholding the public interest
 - Our Impact Report and Transparency Report are available on our website <https://www2.deloitte.com/uk/en/pages/about-deloitte-uk/articles/annual-reports.html>
 - Our response to the latest AQR report was provided in our Planning Report.
-

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.
- Our internal control observations.
- 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 financial statements.

We described the scope of our work in our proposed audit plan circulated to you on 18 February 2021.

The audit insights and other findings of this report provide details of additional work we have performed alongside the audit of the Fund financial statements.

This report has been prepared for the Pension Fund 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.

What we don't report

As you will be aware, our audit was 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 Scheme risk assessment 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 financial statements and the other procedures performed in fulfilling our audit plan.

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



Pat Kenny

for and on behalf of Deloitte LLP

Glasgow | 25 August 2021



Appendices

Appendix 1: 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 for the year ended 31 March 2021.
Fees	<p>The fee for the 2020/21 audit has been agreed as:</p> <p>Auditor remuneration: £29,084 Pooled costs: £2,510 Contributions to Audit Scotland costs: £1,450 Total: £33,044</p> <p>This is in line with the Audit Scotland expected fee.</p> <p>There are no non-audit services fees proposed for the period.</p>
Non audit services	<p>In our opinion there are no inconsistencies between the FRC's Ethical Standard and the Fund's policy for the supply of non-audit services or any apparent breach of that policy.</p> <p>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.</p>
Relationships	We have no other relationships with the Fund, the Pension Fund Committee, or management, and have not supplied any services to other known connected parties.

Appendix 2: Draft representation letter

Shetland Islands Council Pension Fund

This representation letter is provided in connection with your audit of the financial statements of Shetland Islands Council Pension Fund (the "Fund") for the year ended 31 March 2021 for the purpose of expressing an opinion as to whether the financial statements show a true and fair view of the financial transactions of the Fund during the period from 1 April 2020 to 31 March 2021 and of the amount and disposition at the end of the Fund period of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the period, in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom.

In addition to the above, this representation letter is provided in connection with your audit of the other information in the Annual Report and Accounts, for the purposes set out in the Code of Audit Practice 2016.

We are aware that it is an offence to mislead an auditor of a public body.

We confirm, to the best of our knowledge and belief, the following representations.

Financial statements

1. We understand and have fulfilled our responsibilities for the preparation of the financial statements in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom (the "Code").
2. Significant assumptions used by us in making accounting estimates, including those measured at fair value and assessing the impact of Covid-19 on the Fund, are reasonable.
3. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of IAS 24 "Related party disclosures".
4. All events subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed, including disclosure of the impact that Covid-19 has had over the Fund financial statements.
5. We are not aware of any identified uncorrected misstatements or disclosure deficiencies, both individually and in aggregate, to the financial statements as a whole.
6. We confirm that the financial statements have been prepared on the going concern basis. As a local authority, the Fund cannot be dissolved without statutory prescription and it is assumed that the Fund will continue to operate for the foreseeable future. We are not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the Fund's ability to continue as a going concern. We confirm the completeness of the information provided regarding events and conditions relating to going concern at the date of approval of the financial statements, including our plans for future actions.

Information provided

7. We have provided you with all relevant information and access as agreed in the terms of the audit engagement letter and required by the Scheme Administration Regulations.
8. With respect to accounting estimates, we confirm:
 - i. the measurement processes, including related assumptions and models used to determine accounting estimates in the context of the applicable financial reporting framework are appropriate and have been applied consistently;
 - ii. the assumptions appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity where relevant to the accounting estimates and disclosures;
 - iii. the disclosures related to accounting estimates under the entity's applicable financial reporting framework are complete and appropriate; and
 - iv. there have been no subsequent events that require adjustment to the accounting estimates and disclosures included in the financial statements.
9. All transactions have been recorded and are reflected in the financial statements and the underlying accounting records.
10. We acknowledge our responsibilities for the design, implementation and maintenance of internal control to prevent and detect fraud and error.
11. 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.
12. We are not aware of any fraud or suspected fraud that affects the Fund and involves:
 - i. management;
 - ii. employees who have significant roles in internal control; or
 - iii. others where the fraud could have a material effect on the financial statements.
13. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the Fund's financial statements communicated by employees, former employees, analysts, regulators or others.
14. We are not aware of any instances of non-compliance, or suspected non-compliance, with laws, regulations, and contractual agreements whose effects should be considered when preparing financial statements.
15. 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.

Appendix 3: Draft representation letter

18. There are no claims in connection with litigation which have been or are expected to be received.
19. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.
20. We confirm that:
 - i. we consider that the Fund has appropriate processes to prevent and identify any cyber breaches other than those that are clearly inconsequential; and
 - ii. we have disclosed to you all cyber breaches of which we are aware that have resulted in more than inconsequential unauthorised access of data, applications, services, networks and/or devices.
21. We confirm that the Fund is a Registered Pension Scheme. We are not aware of any reason why the tax status of the Fund should change.
20. We have not made any reports to The Pensions Regulator nor are we aware of any such reports having been made by any of our advisors. We also confirm that we are not aware of any matters which have arisen that would require a report to The Pensions Regulator.
21. We have drawn to your attention all correspondence and notes of meetings with regulators.
22. We have not commissioned advisory reports which may affect the conduct of your work in relation to the Fund's financial statements.
23. We confirm that, under section 27 of the Pensions Act 1995, no Committee member of the Fund is connected with, or is an associate of Deloitte LLP, which would render Deloitte LLP ineligible to act as auditor to the Fund.
24. You have been informed of all changes to the Fund rules.
25. We confirm there has been no stock-lending.
30. No transactions have been made which are not in the interests of the Fund members or the Fund during the Fund year or subsequently.
31. We confirm that the Fund does not hold investments in the Principal or Participating employers in excess of 5% of the net assets of the Fund.
32. We confirm that all of the disclosures relating to sections of the Annual Report and

Accounts which are considered 'other information' as set out in the Code of Audit Practice 2016 have been prepared in accordance with relevant legislation and guidance.

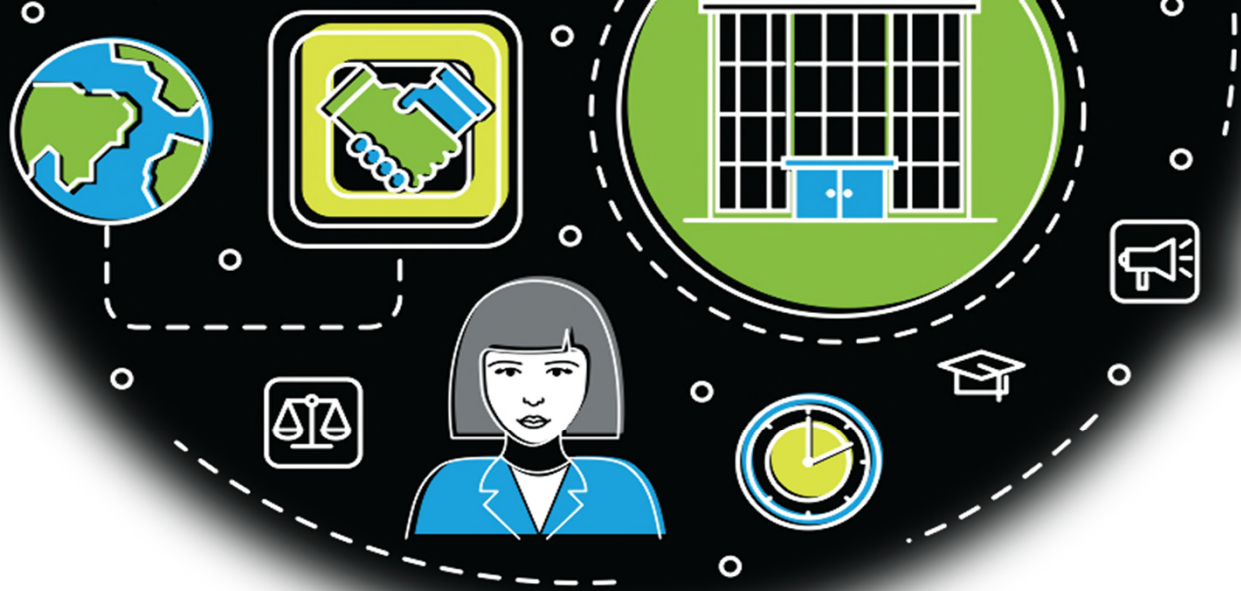
33. We confirm that the above representations are made on the basis of adequate enquiries of management and staff (and where appropriate, inspection of evidence) sufficient to satisfy ourselves that we can properly make each of the above representations to you.
34. All minutes of Board and Committee meetings during and since the financial year have been made available to you.

We confirm that the above representations are made on the basis of adequate enquiries of management and staff (and where appropriate, inspection of evidence) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully,

Signed on behalf of Shetland Islands Council Pension Fund

Deloitte.



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