

Appendix 5

Azets Audit Services Limited
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Re: Lothian Pension Fund and Scottish Homes Pension Fund

Dear Sirs

This representation letter is provided in connection with your audit of the Lothian Pension Fund and Scottish Homes Pension Fund ('the Funds') Annual Report and Accounts for the year ended 31 March 2022 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 Funds during the year to 31 March 2022 and of the amount and disposition at that date of its assets and liabilities (other than liabilities to pay pensions and benefits after the end of the period) in accordance with Part VII of the Local Government (Scotland) Act 1973 and International Financial Reporting Standards as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting 2021/22 in the United Kingdom and making a statement about contributions.

By a resolution of the board, passed today, I am directed to confirm to you, in respect of the financial statements of the Funds (and its group) for the period ended 31 March 2022, the following:

GENERAL

1. We have fulfilled our responsibilities for preparing financial statements in accordance with the Local Government (Scotland) Act 1973, the Code of Practice on Local Authority Accounting in the United Kingdom, and International Financial Reporting Standards and for being satisfied that they give a true and fair view and for making accurate representations to you.
2. All the transactions undertaken by the Funds have been properly reflected and recorded in the accounting records.
3. All the accounting records have been made available to you for the purpose of your audit. We have provided you with unrestricted access to all appropriate persons within the Funds, and with all other records and related information requested, including minutes of all management and Committee meetings.

ADJUSTMENTS & DISCLOSURES

4. The financial statements are free of material misstatements, including omissions.
5. We have reviewed and approved all disclosures made in the financial statements and we are not aware of any other matters which require disclosure in order to comply with the requirements of the Local Government (Scotland) Act 1973, the Code of Practice on Local Authority Accounting in the United Kingdom, and International Financial Reporting Standards.

INTERNAL CONTROL AND FRAUD

6. We acknowledge our responsibility for the design, implementation and maintenance of internal control systems to prevent and detect fraud and error. We have disclosed to you the results of our risk assessment that the financial statements may be misstated as a result of fraud.
7. We have disclosed to you all instances of known or suspected fraud affecting the Funds involving management, employees who have a significant role in internal control or others that could have a material effect on the financial statements.
8. We have also disclosed to you all information in relation to allegations of fraud or suspected fraud affecting Funds' financial statements communicated by current or former employees, analysts, regulators or others.

9. We have disclosed to you any significant changes in our processes, controls, policies and procedures that we deem necessary to address the likely effects of the COVID-19 pandemic on our system of internal controls.

ASSETS AND LIABILITIES

10. The Funds have satisfactory title to all assets and there are no liens or encumbrances on the Funds' assets except for those that are disclosed in the notes to the financial statements.
11. There were no changes in investment assets or fixed assets during the period ended 31 March 2022 other than those disclosed in the accounts.
12. The assumptions that have been used in determining fair values, whether such values are disclosed or applied in the financial statements, are reasonable and reflect our ability and intent to carry out specific courses of action, where this is relevant to the determination of those values.
13. Where required, the value at which assets and liabilities are recorded in the net assets statement is, in our opinion, the market value. We are responsible for the reasonableness of any significant assumptions underlying the valuation, including consideration of whether they appropriately reflect our intent and ability to carry out specific courses of action on behalf of the Funds. Any significant changes in those values since the accounting reference date have been disclosed to you.
14. The following have been properly recorded and, when appropriate, adequately disclosed in the financial statements:
 - a. losses arising from sale and purchase commitments;
 - b. agreements and options to buy back assets previously sold;
 - c. assets pledged as collateral.
15. We have reviewed the residual values attached to fixed assets and confirm they are still appropriate and reasonable reflections of these assets' condition and usage.
16. All actual liabilities, contingent liabilities and guarantees given to third parties have been recorded or disclosed as appropriate.
17. We have no plans or intentions that may materially alter the carrying value and, where relevant, the fair value measurements or classification of assets and liabilities reflected in the financial statements.
18. We confirm that all bank accounts have been disclosed to you and are included within the financial statements.
19. We confirm that the Funds have not contracted for any capital or investment expenditure other than as disclosed in the financial statements.

ACCOUNTING ESTIMATES

20. The methods, data and significant assumptions used by us in making accounting estimates, and their related disclosures, are appropriate to achieve recognition, measurement and disclosure that is reasonable in the context of the applicable financial reporting framework.

LEGAL CLAIMS

21. We have disclosed to you all claims in connection with litigation that have been, or are expected to be, received and such matters, as appropriate, have been properly accounted for and disclosed in the financial statements.

LAWS AND REGULATIONS

22. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements and disclosures, including non-compliance matters:
 - a. Involving financial impropriety;
 - b. Related to laws or regulations that have a direct effect on the determination of material amounts and disclosures in the Funds' financial statements;
 - c. Related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Funds' business, its ability to continue in business, or to avoid material penalties; and
 - d. Involving management, or employees who have significant roles in internal control, or others.
23. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies, Scottish Government or Scottish Ministers concerning investigations or allegations of non-compliance, other than those already disclosed.

RELATED PARTIES

- 24. Related party relationships and transactions have been appropriately accounted for and disclosed in the financial statements. We have disclosed to you all relevant information concerning such relationships and transactions and we confirm that such information is complete. We are not aware of any other matters which require disclosure in order to comply with the requirements of company law or accounting standards.
- 25. All transactions undertaken with group companies, including management charges, are at arm's length.

SUBSEQUENT EVENTS

- 26. All events subsequent to the date of the financial statements which require adjustment or disclosure have been properly accounted for and disclosed.

GOING CONCERN

- 27. We believe that the Funds' financial statements should be prepared on a going concern basis on the grounds that sufficient funding is available to the Funds to support the anticipated continuation of the provision of services.
- 28. We also confirm our plans for future action(s) required to enable the Funds to continue as a going concern are feasible.
- 29. We have considered a period of twelve months from the date of approval of the financial statements. We believe that no further disclosures relating to the Funds' ability to continue as a going concern need to be made in the financial statements.
- 30. The implications of the Covid-19 pandemic continue to create uncertainty and it is therefore difficult to evaluate the likely effect on the Funds' activities and the wider economy. Our assessment at the date of approval of these accounts is that the pandemic does not create a material uncertainty related to going concern. Note 1 to the financial statements discloses matters of which we are aware that are relevant to the Funds' ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

DISCLOSURE OF INFORMATION TO THE AUDITOR

- 31. We acknowledge our legal responsibilities regarding disclosure of information to you as auditor and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware.
- 32. Each member of the Pensions Committee has taken all the steps that they ought to have taken as a member in order to make themselves aware of any relevant audit information and to establish that you are aware of that information.

Yours faithfully

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Signed on behalf of the Funds' by:

John Burns
Chief Finance Officer (Section 95 Officer for the Pension Funds)

Date:

The above director is signing this letter on behalf of all directors confirming that:

so far as they are each aware, there is no relevant audit information of which the Funds' auditors are unaware; and each Director has taken all the steps that ought to have been taken as a director, including making appropriate enquiries of the Funds' auditors for that purpose, in order to be aware of any information needed by the Funds' auditors in connection with preparing their report and to establish that the Funds' auditors are aware of that information.