The Annual Audit Letter for the London Pensions Fund Authority

Year ended 31 March 2020

9 February 2021

Contents

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1. Executive Summary

Purpose

Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out at the London Pensions Fund Authority (the Authority) for the year ended 31 March 2020.

This Letter is intended to provide a commentary on the results of our work to the Authority and external stakeholders, and to highlight issues that we wish to draw to the attention of the public. In preparing this Letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'. We reported the detailed findings from our audit work to the Authority's Audit and Risk Committee as those charged with governance in our Audit Findings Report on 3 November 2020 and the final version following completion of the audit was presented on 9 February 2021.

Respective responsibilities

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give an opinion on the Authority's financial statements (section two)
- assess the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion) (section three).

In our audit of the Council's financial statements, we comply with International Standards on Auditing (UK) (ISAs) and other guidance issued by the NAO.

Our work

Materiality	We determined materiality for the audit of the Pension Fund financial statements to be £60,000,000, which is approximately 1% of the Fund's Net Assets. For the Operational Accounts, materiality was determined to be £72,900, which is approximately 1.5% of Gross Expenditure. For the Residual Liability Accounts, materiality was determined to be £1,280,000, which is approximately 1.5% of the Net Liability Position of the Accounts.
Financial Statements opinion	We gave an unqualified opinion on the Pension Fund's financial statements and Annual Report on 27 November 2020. Our opinions on the Operational and Residual Liability Accounts were delayed, but unqualified opinions on both of these sets of Accounts were issued on 21 December 2020. We included an emphasis of matter paragraph in our report on the Pension Fund's financial statements in respect of the uncertainty over the valuations of the Pension Fund's investments in Private Equity and Infrastructure investments, given the Coronavirus pandemic. This does not affect our opinion that the statements give a true and fair view of the Pension Fund's financial position and its income and expenditure for the year.
Use of statutory powers	We did not identify any matters which required us to exercise our additional statutory powers.

1. Executive Summary

Value for Money arrangements	We were satisfied that the Authority put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources. We reflected this in our audit report to the Authority on 21 December 2020.
Certificate	We issued our certificate in respect of the London Pensions Fund Authority Accounts on 21 December 2020, following the completion of our work on the Operational and Residual Liability Accounts.

Working with the Authority

Whilst the outbreak of the Covid-19 pandemic has had a significant impact on all walks of life, the Authority was somewhat sheltered from the full impact of this due to the nature of its services. However we know that the Authority had to put arrangements in place to enable staff to work remotely at very short notice, and to also enable the delivery of the audit within this environment as well.

We updated our audit risk assessment to consider the impact of the pandemic on our audit and we reported a financial statement risk in respect of Covid-19 and highlighted the impact on our VfM approach.

Restrictions for non-essential travel has meant both Authority and audit staff have had to work remotely, including the remote accessing of financial systems, video calling, and verifying the completeness and accuracy of information produced by the entity through screensharing.

During the year we have also delivered a number of successful outcomes with you:

- An efficient audit – we were able to work flexibly with you to deliver the audit ahead of the deadline despite the challenges posed by the Pandemic. Both teams got up to speed with remote working in a prompt manner which enabled the audit to progress in a timely manner and led to smooth communication throughout the audit.
- Understanding your operational health – through the value for money conclusion we provided you with assurance on your operational effectiveness. We also delivered a bespoke piece of work as part of our value for money conclusion to give you a more detailed insight into your financial standing.
- Sharing our insight – we provided regular Audit and Risk Committee updates covering best practice. We also shared our thought leadership reports
- Providing training – we provided your teams with training on financial statements and annual reporting

We would like to record our appreciation for the assistance and co-operation provided to us during our audit by the Authority's staff.

Grant Thornton UK LLP

February 2021

2. Audit of the Financial Statements

Our audit approach

Materiality

In our audit of the Council's financial statements, we use the concept of materiality to determine the nature, timing and extent of our work, and in evaluating the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for the audit of the Pension Fund financial statements to be £60,000,000, which is approximately 1**%** of the Fund's Net Assets available to pay benefits. We used this benchmark as, in our view, users of the Fund's financial statements are most interested in the value of the assets held by the Fund at the 31 March.

In respect of the Operational Accounts, we determined materiality to be £72,900, which is approximately 1.5% of the Gross Revenue Expenditure for the year. Again, we used this benchmark as, in our view, users of the Authority's financial statements are most interested in the level of spend which has been incurred during the course of the year.

For the Residual Liability Accounts, we determined materiality to be £1,280,000, which is approximately 1% of the Net Liability of the Accounts for the year. This was a change from the prior year as we aimed to focus more on the Asbestosis Provision, which is the key element of this set of accounts..

No specific other materiality levels were set during the course of our audit.

We set lower thresholds of £3,000,000 for the Pension Fund financial statements, £64,000 for the Residual Liability Accounts and £3,600 for the Operational Accounts, above which we reported errors to the Audit and Risk Committee in our Audit Findings Report.

The scope of our audit

Our audit involves obtaining sufficient evidence about the amounts and disclosures in the financial statements to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error. This includes assessing whether:

- the accounting policies are appropriate, have been consistently applied and adequately disclosed;
- the significant accounting estimates made by management are reasonable; and
- the overall presentation of the financial statements gives a true and fair view.

We also read the remainder of the Statement of Accounts to check it is consistent with our understanding of the Council and with the financial statements included in the Statement of Accounts on which we gave our opinion.

We carry out our audit in accordance with ISAs (UK) and the NAO Code of Audit Practice. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach was based on a thorough understanding of the Council's business and is risk based.

We identified key risks and set out overleaf the work we performed in response to these risks and the results of this work.

2. Audit of the Financial Statements

Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
Covid-19 (applies to all three sets of Accounts) The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We expect current circumstances will have an impact on the production and audit of the financial statements for the year ended 31 March 2020, including and not limited to; Remote working arrangements and redeployment of staff to critical front line duties may impact on the quality and timing of the production of the financial statements, and the evidence we can obtain through physical observation Volatility of financial and property markets will increase the uncertainty of assumptions applied by management to asset valuation, and the reliability of evidence we can obtain to corroborate management estimates For instruments classified as fair value through profit and loss there may be a need to review the Level 1-3 classification of the instruments if trading may have reduced to such an extent that. quoted prices are not readily and regularly available and therefore do not represent actual and regularly occurring market transactions. Whilst the nature of the Fund and its funding position (i.e. not in a winding up position or no cessation event) means the going concern basis of preparation remains appropriate management may need to consider whether material uncertainties for a period of at least 12 months from the anticipated date of approval of the audited financial statements have arisen; and Disclosures within the financial statements will require significant revision to reflect the unprecedented situation and its impact on the preparation of the financial statements as at 31 March 2020 in accordance with IAS1, particularly in relation to material uncertainties. We therefore identified the global outbreak of the Covid-19 virus as a significant risk, which was one of the most significant assessed risks of material misstatement.	As part of our audit work we have: • worked with management to understand the implications the response to the Covid-19 pandemic had on the organisation's ability to prepare the financial statements and update financial forecasts and assess the implications on our audit approach • liaised with other audit suppliers, regulators and government departments to co-ordinate practical cross sector responses to issues as and when they arise • evaluated the adequacy of the disclosures in the financial statements in light of the Covid-19 pandemic, including management's assessment of the impact of Covid-19 on forecast cashflows. • evaluated whether sufficient audit evidence using alternative approaches can be obtained for the purposes of our audit whilst working remotely • evaluated whether sufficient audit evidence can be obtained to corroborate management's fair value hierarchy disclosure • evaluated whether sufficient audit evidence can be obtained to corroborate significant management estimates such as Level 3 asset valuations, including direct property, along with the Asbestosis Provision as well. • discussed with management any potential implications for our audit report if we have been unable to obtain sufficient audit evidence	From the work performed, we identified that there were material uncertainties attached to the valuation of some of the Fund's Investments, due to the inputs involved in these valuations, which is the reason for them being classified as Level 3 within the Valuation Hierarchy. This was reflected within the Accounts in Note 5, and was reflected within our Audit Opinion as an Emphasis of Matter Paragraph, which is not a qualification. No other issues were identified from the work performed in this area.

2. Audit of the Financial Statements

Significant Audit Risks - continued

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
Management Override of Controls (applies to all three sets of Accounts) Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. Management over-ride of controls is a risk requiring special audit consideration	As part of our audit work we have: • gained an understanding of the accounting estimates, judgements applied and decisions made by management and consider their reasonableness; • obtained a full listing of journal entries, identified and tested unusual journal entries for appropriateness; • evaluated the rationale for any changes in accounting policies or significant unusual transactions; and • undertaken a review of any unusual significant transactions	From the work performed, we identified two deficiencies in respect of your journal processes. These are: • journals can be posted and authorised by the same person; and • journals posted in an open period can be deleted/and or amended, rather than having to post another journal to adjust. Both of these issues increase the potential risk of inappropriate journals being posted or journals being altered after posting. Whilst we have undertaken detailed testing of the journals posted during the course of the year to gain assurance over this area, Management should look to strengthen their controls in this area moving forward and we have raised a recommendation to reflect this. No other issues were identified from the work performed in this area

2. Audit of the Financial Statements

Significant Audit Risks - continued

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
The valuation of Level 3 Investments is incorrect (applies to the Pension Fund Accounts only) The Fund revalues its investments on an annual basis to ensure that the carrying value is not materially different from the fair value at the financial statements date. By their nature Level 3 investment valuations lack observable inputs. These valuations therefore represent a significant estimate by management in the financial statements due to the size of the numbers involved (£1.514 billion) and the sensitivity of this estimate to changes in key assumptions Under ISA 315 significant risks often relate to significant non-routine transactions and judgemental matters. Level 3 investments by their very nature require a significant degree of judgement to reach an appropriate valuation at year end. Management utilise the services of investment managers and/or custodians as valuation experts to estimate the fair value as at 31 March 2020. We therefore identified valuation of Level 3 investments as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.	As part of our audit work we have: • gained an understanding of the Authority's process for valuing Level 3 investments and evaluated the design of the associated controls; • reviewed the nature and basis of estimated values and considered what assurance management has over the year end valuations provided for these types of investments; to ensure that the requirements of the Code are met • Independently requested year-end confirmations from investment managers • undertaken consideration of the competence, expertise and objectivity of any management experts used; • reviewed the qualifications of the expert used to value Level 3 investments at year end and gain an understanding of how the valuation of these investments has been reached; and • test the valuations by obtaining and reviewing audited accounts at the latest date for individual investments and agreeing these to the Authority fund manager reports at that date then rationalising those values to the values at 31 March 2020 with reference to known movements in the intervening period. • For the directly held property, we will utilise the use of an auditor's expert to obtain further assurance over the values included within the Accounts.	From the work performed, we have identified that there is a material uncertainty attached to the valuation of the LPPi Private Equity, Real Estate and Infrastructure Funds, as mentioned earlier in the report. As mentioned earlier this will be reflected within our Audit Opinion as an Emphasis of Matter paragraph. We have also identified we have identified that the valuation of the LPPi Private Equity Fund was updated after the draft Accounts were received for Audit, with the updated valuation **£20.5 million** lower than that reported within the Accounts. Due to the size of this movement, the Accounts have been updated to reflect the audited position, which has reduced the value of the Fund at 31 March 2020 by the same value. A movement of **£1.764 million** was identified in respect of the LPPi Infrastructure Fund, but as this movement is immaterial, it had not been processed by Management and was included within the Letter of Representation at the end of the audit.

2. Audit of the Financial Statements

Significant Audit Risks - continued

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
Valuation of the pension fund net liability (IAS19) (Applies to the Operating Account and Residual Liability Account) The Authority's pension fund net liability, as reflected in the balance sheet of the Operating Account and the Residual Liability Accounts, as the net defined benefit liability, represents a significant estimate in the financial statements. The pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions. We therefore identified valuation of the Authority's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.	As part of our audit work we have: • updated our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluate the design of the associated controls; • evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assessed the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation; • assessed the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability; • tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report.	From the work performed, we have identified that in previous years, some transfer values relating to staff employed by LPP have been incorrectly coded to the LPFA, leading to inaccuracies in the valuations included within the Operating Account. We have engaged with the Fund's Actuary, Barnett Waddingham to confirm the impact of this error, which meant that the Gross Pensions Asset and Liability were overstated by **£408,000** in the Operational Accounts. As this error is material for the Operational Accounts, management have amended this error via a prior period adjustment. This error then caused an equivalent error in the Other Actuarial Gains/Losses figure for the current year to reflect the additional increase in the liability during the course of the year. We also identified a number of other errors in the Report provided by the Actuary, which ultimately generated a **£997,000** reduction in the Net Pensions Liability included within the Accounts, which was largely due to changes in the Remeasurement Movements. No other issues have been identified from the work performed in this area.

2. Audit of the Financial Statements

Significant Audit Risks - continued

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
Calculation of the Asbestosis Liabilities (Applies to the Residual Liability Account only) The Residual Liability Accounts carry the value of the current Asbestosis Liabilities, which are payable to former workers of the GLA. This liability represents a significant estimate in the financial statements. The Asbestosis Liability is considered a significant estimate due to the size of the numbers involved and sensitivity of the estimate to the changes in key assumptions. We therefore identified valuation of the Asbestosis Liability as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.	As part of our audit work we have: • updated our understanding of the processes and controls put in place by management to ensure that the Asbestosis Liability is not materially misstated and evaluate the design of the associated controls; • evaluated the instructions issued by management to their management expert (Eversheds Sutherland) for this estimate and the scope of their work; • assessed the competence, capabilities and objectivity of the Legal Expert who determined the value of the Liability at year end; • reviewed the work of the Authority's legal experts (Eversheds) and obtain direct year end confirmations supporting the asbestosis liabilities reported within the Accounts at year end; and • tested the calculation of asbestosis costs, and the associated provision and reserves	From the work performed, we identified that management's expert (Eversheds) had asked the LPFA to engage an Actuary to support the review of the Asbestosis Provision in 2019-20, due to the reduction in notified cases over the course of the past two years. This was not completed in advance of the draft Accounts being issued, and was only completed in November once identified from our work in this area. The LPFA engaged their internal Actuary to come up with a revised assessment of the Provision, which was subsequently reviewed by our internal expert in this area. The outcome of this work and challenge was that we agreed with the revised position calculated by the LPFA, which generated a **£26.635 million** reduction to the Provision, reducing the closing Provision to **£33.0 million**. We have also asked Management for a specific representation in respect of this area as well due to the significant change in year. No other issues have been identified from the work performed in this area.

2. Audit of the Financial Statements

Audit opinion
We gave an unqualified opinion on the Pension Fund's financial statements and Annual Report on 27 November 2020. Our opinions on the Operational and Residual Liability Accounts were delayed, but unqualified opinions on both of these sets of Accounts were issued on 21 December 2020.

Preparation of the financial statements
The Authority presented us with draft financial statements at the end of June 2020 in accordance with the agreed timescale, and provided a good set of working papers to support them. The finance team responded promptly and efficiently to our queries during the course of the audit.

Issues arising from the audit of the financial statements
We reported the key issues from our audit to the Authority's Audit and Risk Committee on 3 November 2020.

Aside from the issues mentioned earlier in this Letter, covering the Emphasis of Matter Paragraph, the movements in the values of the Fund's Investments, the adjustment to the Net Pensions Liability of the Operational Accounts, the adjustment to the Asbestosis Provision and the control deficiencies relating to Journals, no other significant issues were identified from the work performed during the course of this year's audit.

Annual Governance Statement and Narrative Report
We are also required to review the Authority's Annual Governance Statement and Narrative Reports. It published them on its website alongside the draft Statement of Accounts in June 2020.

These documents were prepared in line with the CIPFA Code and relevant supporting guidance. We confirmed that these documents were consistent with the financial statements prepared by the Authority and with our knowledge of the Authority.

Certificate of closure of the audit
We were able to certify the closure of the audit of the London Pensions Fund Authority's Accounts on 21 December 2020, following the completion of our work on the Operational and Residual Liability Accounts.

3. Value for Money Conclusion

Background

We carried out our review in accordance with the NAO Code of Audit Practice, following the guidance issued by the NAO in April 2020 which specified the criterion for auditors to evaluate:

In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.

Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the risks where we concentrated our work.

We did not identify any risks as part of our initial risk assessment, but we kept these arrangements under review during the course of our final accounts visit as well. No significant risks were identified at this stage, but we did provide some commentary on the arrangements in place at the Authority, which can be seen on the following slide.

Overall Value for Money conclusion

We are satisfied that in all significant respects the Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2020.

3. Value for Money Conclusion

Shown below are the key strands identified from our Value for Money Conclusion Work in 2019-20, which support an unqualified Conclusion being issued

Findings and conclusion

1. This year has seen further strengthening of the links between the LPFA and LPP, with further asset pooling having been undertaken during the course of the year, meaning that at year end 93% of the LPFA's Assets are now pooled with LPP, which shows the considerable progress which has been made with the pooling since LPP was formed. This should help ensure that the LPFA is able to benefit fully from the pooling arrangements, which are further advanced than many of the other pools across the country.

The financial position of LPP has been strengthened in-year, with each of the parties swapping the debt options which LPP previously held for equity, via the form of £12.5 million investments made during the course of the year. Turning this debt into equity puts LPP on a stronger financial footing ahead of any further expansion, and again is another strong step in helping all parties realise the benefits from this arrangement.

There has been greater in-year monitoring and review of the performance of LPP during the course of the year, which has helped ensure that the elements of the LPFA budget which depend on LPP have come in on target. Management should look to ensure that this continues moving forward, particularly given the splitting off of the LPP Administration arm, which occurred during the 2020-21 Financial Year, to make sure that costs remain under control and support the overall benefits of the arrangement.

We have also observed that the re-provision of the LPFA's Finance function to Lancashire County Council has progressed during the course of the year, with an agreement in principle in place for this function to transfer around the turn of 2021. Whilst there are likely to be benefits from this move, including moving to a more robust General Ledger system, the move also poses potential challenges which could have a impact on business-as-usual if not closely monitored. As the move progresses Management need to ensure that progress is monitored closely, and that clear plans are in place to ensure that business-as-usual is unaffected during this period. Having contingency plans will also be important in case any issues are encountered to make sure records continue to be kept and maintained during the course of the move.

A. Reports issued and fees

We confirm below our final reports issued and fees charged for the audit and provision of non-audit services.

Reports issued

Report	Date issued
Audit Plan	10 February 2020
Audit Findings Report	3 November 2020
Annual Audit Letter	9 February 2021

Fees

	Planned £	Actual fees £	2018/19 fees £
Statutory audit	31,518	79,686	55,796
Total fees	**31,518**	**79,686**	**55,796**

Audit fee variation

As outlined in our audit plan, the 2019-20 scale fee published by PSAA of £31,518 assumes that the scope of the audit does not significantly change. There are a number of areas where the scope of the audit has changed, which has led to additional work. These are set out in the table on the following page.

Whilst they have been included in the table above, the additional elements are subject to PSAA approval before we are able to bill the Authority for these.

A. Reports issued and fees

We confirm below our final reports issued and fees charged for the audit and provision of non-audit services.

2019-20 Audit Fee Variation – Detail – Main Accounts

Area	Reason	Fee proposed
Raising the Bar	The Financial Reporting Council (FRC) has highlighted that the quality of work by all audit firms needs to improve across local audit. This required additional supervision and leadership, as well as additional challenge and scepticism in areas such as journals, estimates, financial resilience and information provided by the entity. We also reduced the materiality level, reflecting the higher profile of local audit. This entailed increased scoping and sampling.	6,000
Public Interest Entity	Whilst the Authority disposed of its Listed Debt during March 2020, we still undertook some elements of our planning as if the Listed Debt remained in place at year end, hence the cost in this area, which is reduced from our proposal in the Audit Plan.	3,000
Valuation of Level 3 Investments	Due to the continuing challenges from the FRC on our work on Level 3 Investments we undertook additional work in this area to meet the requirements of the Regulator in this area.	6,000
Unfunded Benefits – Work of Experts	As the level of Unfunded Benefits included within the Residual Liability Accounts is material we engaged our own internal experts to review the work performed by the Authority's Actuary, Barnett Waddingham, to ensure we had sufficient audit evidence in this area.	5,000
Qualitative Issues – Accounts Checks	Additional costs have been incurred from the additional reviews required to split the Accounts into two documents, along with us having to check multiple sets of Accounts as part of our change tracking.	2,556
Additional Audit Experts – Asbestosis Provision	As a result of the challenges identified on the Asbestosis Provision, we had to engage additional auditor's experts to ensure we obtained sufficient assurance over the revised calculation and workings. We also had to utilise our specialists to review the Prior Period Adjustments which were processed through the Accounts as well.	10,000
Additional Senior Time	Both the Audit Manager and the Engagement Lead had to spend additional time dealing with the Prior Period Adjustments, the changes to the Asbestosis Provision and the errors in the report received from the Actuary which generated additional audit costs.	7,500
Impact of Covid-19 Working	Due to the impact of the Covid-19 Pandemic and the move to remote working, it meant that completion of the audit procedures took more time and effort than would have been the case otherwise. As a result, there are additional costs incurred as part of completing the audit, which are reflected in the proposed additional fees mentioned.	8,112
Total		**48,168**

A. Reports issued and fees continued

Fees for non-audit services

Service	Fees £
Audit related services	
• Audit of the Local Pensions Partnership and linked Investment Funds	354,770
• Provision of IAS 19 Assurances to Scheme Employer auditors	34,500

Non-audit services

- For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Authority. The table above summarises all non-audit services which were identified.

- We have considered whether non-audit services might be perceived as a threat to our independence as the Authority's auditor and have ensured that appropriate safeguards are put in place.

The above non-audit services are consistent with the Authority's policy on the allotment of non-audit work to your auditor.