

Governance and Audit Committee
West Yorkshire Combined Authority
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Dear Members

Conclusion of pending matters– Audit completion report

Following on from the 22 March 2023 Governance and Audit Committee meeting and as required by International Standards on Auditing (UK), I am writing to communicate the conclusion of those matters that were marked as outstanding within the Audit Completion Report issued on 16 March 2023.

The outstanding matters and the conclusions reached are detailed below:

| Matter | Conclusion reached |
|------------------------------------|--|
| Movement in reserves | We have completed our work in this area and have no issues to report. |
| Pensions | We have completed our work in this area and except for the issue noted in Appendix 1, we have no significant issues to report. |
| Property plant and equipment | We have completed our work in this area and except for the issue noted in Appendix 1, we have no significant issues to report. |
| Financial Instruments | We have completed our work in this area and except for the minor issue noted in Appendix 1, we have no issues to report. |
| Whole of Government Accounts (WGA) | Our work is not complete and we cannot issue our 2021/22 audit certificate as the NAO has not confirmed which entities will be sampled non-material components at this time. We will work with management to finalise this work. |

| | |
|---|---|
| Audit Quality Control and Completion Procedures | We have completed our final review and closure procedures and there are no matters to report. |
|---|---|

Audit Certificate

Upon satisfactory completion of our VFM commentary work, including issuing our Auditor's Annual Report and satisfactory completion of our WGA work, we will issue the Audit Certificate for 2021-22.

If you wish to discuss these or any matters, please do not hesitate to contact me.

Yours sincerely



Mark Dalton

Director

Appendix I

Deficiencies in internal controls:

The following control weaknesses have been noted, since the issue of our Audit Completion Report.

Description of deficiency

As part of our work on related party transactions we noted, three declarations of interest for some of the Local Enterprise Partnership officers had not been provided because they had not been filled.

Potential effects

The related party transactions disclosure note in the Statement of Accounts is not complete, conflicts of interest may not have been declared and potential public perception of impaired transparency.

Recommendation

The Authority should implement checks to ensure that all completed declaration of interests are collated, in preparation of the financial statements.

Management response

Management will implement this check for future audits.

Unadjusted misstatements:

The following two unadjusted misstatements were noted, since the issue of our Audit Completion Report:

| Item 1 | Income statement | Reserves |
|-------------------------------------|------------------|----------|
| | £,000 | £,000 |
| Debit: CIES (income) | £1.031 | |
| Credit: General fund reserve | | £1.031 |

As part of our income testing income, we noted funding totalling £255.6k was received in 2021/22. It related to the prior year 2020/21 and accrual totalling £238.7k was processed in that year. Therefore, the under accrual relating to 2020/21 (£16.9k) was extrapolated, resulting in a projected misstatement of £1,031k in 2021/22.

| Item 2 | Assets | Reserves |
|--|--------|----------|
| | £,000 | £,000 |
| Debit: PPE land & buildings | £1.410 | |
| Credit: Revaluation reserve | | £1.410 |

As part of our testing of PCC land and building valuations, we noted the incorrect floor area had been applied, resulting in the error reported.

Adjusted misstatements:

The following adjusted misstatement was noted, since the issue of our Audit Completion Report:

| Item 1 | Liabilities | Reserves |
|--------------------------|-------------|----------|
| | £,000 | £,000 |
| Debit: Pension Liability | £25.534 | |
| Credit: Pension Reserve | | £25.534 |

Since we presented the Audit Completion Report in March 2023, there has been a triennial review of the West Yorkshire Pensions Fund (as at 31 March 2022). The Authority has obtained an updated actuary report and has updated the accounts for the revised position, which also includes the associated adjustment for West Yorkshire Police (as detailed in appendix 2). Associated amendments have also been made to related notes (including the addition of a post balance sheet event disclosure in Note 34).

Disclosure errors

The following disclosure errors were noted, since the issue of our Audit Completion Report and have been adjusted by the Authority:

- The Expenditure and Income analysed by Nature (Group) the Pension expenditure was understated by £130.2 m and the depreciation, amortisation, impairment overstated by the same amount. This has been corrected by management.
- As part of our review of the financial instruments' disclosures, we noted the debtors and creditors balance included all short-term debtors and creditors in the balance sheet, including those which do not meet the definition of a financial asset. Consequently, the client has amended the balances to only include exchange transactions.
- Note 16 (creditors) - we noted an inconsistency between the total creditors in note 16 (£222.7m) and the total in the balance sheet (£207.7m). The accounts have been updated and are now consistent.
- Note 12 (financial instruments) – the disclosure has been updated to ensure it is consistent with other notes and statements.

The following disclosure errors have not been amended by the Authority, on the grounds of materiality:

- Our review of note 19 (unusable reserves - accumulative absence account) highlighted that the authority is only applying the requirements to recognise a leave accrual to police officers and police staff. We recommended that the note should be updated to confirm the treatment of non-police staff. This has not been updated by management on the grounds of materiality.
- Cash flow statement - As part of our consistency checks, we noted minor inconsistencies between the 2020/21 balances the current year's depreciation figure (as disclosed in other disclosure notes).

- Our review of the financial statements highlighted several minor typographical and consistency errors, which have not been updated in the accounts.



Appendix II

Here we have listed the misstatements reported to other Group members (West Yorkshire Police).

Unadjusted mis-statements

| | | Comprehensive Income and Expenditure Statement | | Balance Sheet | |
|---|-----------------|--|------------|---------------|------------|
| | | Dr (£'000) | Cr (£'000) | Dr (£'000) | Cr (£'000) |
| 1 | Dr: Creditors | | | 1,058 | |
| | Cr: Expenditure | | 1,058 | | |
| <p>During our cut-off testing, we identified two errors. The actual errors identified were £1,227 and £2,387. Whilst the actual total errors identified were only £3,614, when extrapolated across the untested population (as required by our audit approach) this equates to a total extrapolated error of £1,058k.</p> | | | | | |
| Total unadjusted misstatements | | - | 1,058 | 1,058 | - |

Adjusted mis-statements

| | | Comprehensive Income and Expenditure Statement | | Balance Sheet | |
|--|-------------------------------|--|------------|---------------|------------|
| | | Dr (£'000) | Cr (£'000) | Dr (£'000) | Cr (£'000) |
| 1 | Dr: Fair Value of Plan Assets | | | 9,235 | |
| | Cr: Return on plan assets | | | | 9,235 |
| <p>Being the adjustment in the updated actuary report received in September 2022 which resulted in an increase in WYP's share of plan assets by £9,235k, reducing the pension fund liability and increasing the pension fund reserve by this amount.</p> | | | | | |
| 2 | Dr Pension liability | | | 25,921 | |
| | Cr Pension Reserve | | | | 25,921 |
| <p>Being the adjustment in the updated actuary report (May 2023) for the impact of the triennial review</p> | | | | | |
| Total adjusted misstatements | | | | 35,156 | 35,156 |

Disclosure errors

Disclosure amendments

The following disclosure amendments have been agreed with management:

- **Note 7 – Senior Officer Remuneration** – the disclosures for the Assistance Chief Constable (People) had been incorrectly pro-rated (including 27 days of June in the disclosure as opposed to 3 days). The salary, pension and total amount has been amended.
- **Note 8 – External Audit Costs** – the disclosure has been amended to reflect the actual fee payable to the predecessor auditor and the expected fee for 2021/22 audit.
- **Note 10 – Related Party Transactions** – the disclosure for West Yorkshire Combined Authority has been updated to include the charges for assets consumed. West Yorkshire Pension fund has also been disclosed as a related party.
- **Note 4 – Events after the Balance Sheet date** – the note has been updated to include a disclosure for the updated pension liability as a result of the triennial review for the West Yorkshire Pension Fund.

We have also identified a number of minor presentational amendments which have been adjusted by management.