



# Audit Completion Report

## West Yorkshire Combined Authority – year ended 31 March 2023

December 2024

Governance and Audit Committee  
West Yorkshire Combined Authority  
Wellington House  
Leeds  
LS1 2DE

4 December 2024

Dear Committee Members,

### **Audit Completion Report – Year ended 31 March 2023**

We are pleased to present our Audit Completion Report for the year ended 31 March 2023. The purpose of this document is to summarise our audit conclusions. The scope of our work, including identified significant audit risks, and other key judgement areas, was outlined in our Audit Strategy Memorandum, which we presented to you on 1 August 2024

As a result of the legislative backstop arrangements introduced by the amendments to the Accounts and Audit Regulations 2015, we are unable to complete the audit as originally planned, in advance of the backstop date of 13 December 2024. We provide more information on the legislative backstop arrangements and its implications for the audit and our audit report, in section B.

We will continue to work closely with you and management to take the necessary steps to rebuild assurance over future accounting periods. We will report further details to you on the rebuilding process as information is available. In line with the guidance issued by the National Audit Office, as endorsed by the Financial Reporting Authority, we hope to return to a standard audit cycle where we are able to obtain sufficient, appropriate evidence in order to issue an unmodified audit opinion in as short a period as practicable.

If you would like to discuss any matters in more detail then please do not hesitate to contact me on 07909 986776.

Yours faithfully

Alastair Newall

**Forvis Mazars LLP**

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01

Executive Summary

# Executive summary

## The scope of our audit and implications of the backstop arrangements

### Our audit of the financial statements

The detailed scope of our work as your appointed auditor for 2022/23 is set out in the National Audit Office's (NAO) Code of Audit Practice ('the Code'). Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 ("the 2014 Act") and, as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards on Auditing (UK) ("auditing standards") and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

The scope of our work, including identified significant audit risks, and other key judgement areas, was outlined in our Audit Strategy Memorandum, which we presented to you on 1 August 2024. Since then, Government has introduced measures intended to resolve the local government financial reporting backlog. Amendments to the Accounts and Audit Regulations require the Authority to publish its audited 2022/23 financial statements and accompanying information on or before 13 December 2024. In accordance with the Code, we are required to provide our audit report in sufficient time to enable the Authority to meet these responsibilities, whether the audit is completed or not.

Auditing standards require auditors to consider whether they have obtained sufficient appropriate assurance that the financial statements present a true and fair view and have been prepared, in all material respects, in line with the Code of Practice on Local Authority Accounting. Where the auditor determines they have been unable to obtain sufficient appropriate assurance, they must consider the implications of this on their audit report.

As a result of the backstop arrangements, we have determined that there is insufficient time to complete our audit procedures so as to obtain sufficient appropriate evidence, and, in our view, the effects of the resulting lack of assurance is pervasive to the financial statements as a whole. As a result, we intend to issue a disclaimer of opinion on the Authority's financial statements.

When an opinion is disclaimed the auditor does not express an opinion on the financial statements and, consequently, no assurance is provided on the financial statements. Members will note that the form and content of this report differs substantially from the report which they will have seen in

previous years. We provide more details on this in section 3.

### Internal control recommendations and misstatements

Despite our intention to issue a disclaimer of opinion, where matters come to our attention through the course of our audit, we may be required to report these to you. Section 3 sets out any internal control recommendations we have made and any misstatements identified in the draft financial statements and how these have been addressed by management.

### Value for Money arrangements

The amendments to the Accounts and Audit Regulations do not affect our responsibilities in relation to the Authority's Value for Money arrangements. We have confirmed the significant weakness in the Authority's arrangements to secure economy, efficiency and effectiveness in its use of resources reported in 2021/22 is still applicable to 2022/23. This has been outlined in section 4 of this report.

### Whole of Government Accounts

As a result of the backstop arrangements and our intention to issue a disclaimer of opinion on the Authority financial statements, we do not anticipate reporting to the NAO on the Authority's Whole of Government Accounts submission. The NAO have signed off the 2022/23 Whole of Government Accounts and we do not anticipate any further work will be required.

### Wider powers

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Authority and to consider any objection made to the accounts. No such correspondence from electors has been received.

# 02

Audit Approach

# Audit Approach

## Changes since we issued our Audit Strategy Memorandum

Section 1 of this report explains the implications of the backstop arrangements introduced by the recent amendments to the Accounts and Audit Regulations and confirms that we intend to issue a disclaimer of opinion on the Authority's financial statements. As a result, we have not completed our planned procedures to respond to the significant and enhanced risks which we previously reported to you.

## Materiality

We are required to determine materiality and report this to you, irrespective of whether we are disclaiming our opinion

At planning we had set a materiality threshold of 1.7% of Gross Expenditure for the group financial statements, and a materiality threshold of 1.7% of Gross Expenditure for the Authority's single entity statements.

Our provisional materiality at the planning stage of the audit was set at £26.3m for the Group and £21.6m for the single entity.

There have been no changes to the materiality levels we communicated in the Audit Strategy Memorandum.

## Summary of Risks

There have been no changes to the risks identified which we communicated in our Audit Strategy Memorandum, issued on 1<sup>st</sup> August 2024.

Whilst we planned our audit to address the risks of material misstatement we identified at the planning stage, we will not have completed our work in advance of the backstop date and as such do not provide any assurance over individual areas of the financial statements or the financial statements as a whole, nor do we provide assurance over any of the identified risks. These risks are summarised below.

## Significant risks

Significant risks identified:

- Management override of controls (Authority and Group)
- Valuation of defined benefit pension assets and liabilities (Authority and Group)
- Valuation of land and buildings (Authority)

Although we are unable to provide any assurance over the areas of risks we have identified, where matters have come to our attention during the course of the audit that we consider to be important to bring to your attention, we have included these in section 3 of this report.

# Audit Approach

## Group audit approach

Group component	Planned audit approach	Key points or matters to report
<b>West Yorkshire Combined Authority</b>		As a result of the backstop arrangements, we have determined that there is insufficient time to complete our audit procedures so as to obtain sufficient appropriate evidence, and, in our view, the effects of the resulting lack of assurance is pervasive to the financial statements as a whole. As a result, we intend to issue a disclaimer of opinion on the Authority's financial statements.
<b>Chief Constable for West Yorkshire Police</b>	●	The Forvis Mazars audit team undertook the audit of the Chief Constable's accounts and signed an unqualified audit opinion on the financial statements on 25 October 2024.

**Audit of balances and/or disclosures**  
● Performance of an audit of specific balances and/or disclosures included in the component's financial information prepared for group reporting purposes, using component materiality

# 03

Significant findings

# Significant findings

## Background and modification of the audit opinion

As we outlined earlier in this report, as a result of the backstop arrangements, we have not been able to complete sufficient audit procedures to enable us to provide an unmodified opinion on the Authority's financial statements. As we have determined that the pervasive effects, or potential pervasive effects on the financial statements of the lack of sufficient appropriate assurance are pervasive, we will be issuing a disclaimer of opinion. This means we are expressing no opinion on the financial statements.

Our draft audit report will explain the basis of our disclaimer of opinion being the introduction of the backstop arrangements which require the Authority to publish its audited 2022/23 financial statements by 13 December 2024.

The draft audit report does not report on other matters that would usually appear in an unmodified audit report. These include:

- the use of the going concern assumption in the preparation of the financial statements; and
- the consistency of the other information presented with the financial statements.

Although we are disclaiming our audit opinion, auditing standards require us to report matters to you that have come to our attention during the course of our audit, which we include in this section of this report.

## Wider responsibilities

Our powers and responsibilities under the 2014 Act are broad and include the ability to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these powers as part of our 2022/23 audit.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. No such objections have

been raised.

## Significant matters discussed with management

During our audit we communicated the following significant matters to management:

- Delays in the production of draft accounts supported by appropriate working papers;
- Implications of the backstop arrangements.

As part of our audit, we sought and obtained information from management in relation to actual or suspected non-compliance with laws and regulations, and any actual or suspected fraud which could materially impact upon the financial statements.

Based on our review of the information received, we have no matters to report in relation to fraud and the Authority's compliance with laws and regulations. We have not undertaken any further work in these areas and do not provide any assurance that the financial statements are free from material error.

## Significant difficulties during the audit

The 2022/23 financial statements were only published in March 2024 and consequently the audit has not started. The Authority published its 2022/23 accounts after the 2021/22 audit was completed. This delay meant that the Authority did not meet its statutory publication duties.

# Our observations on internal control

As part of our planning procedures, we obtained an understanding of the Authority's internal control environment and control activities relevant to the preparation of the financial statements, which was sufficient to plan our audit and to determine the nature, timing and extent of our audit procedures. Although our audit was not designed to express an opinion on the effectiveness of the Authority's internal controls, we are required to evaluate any deficiencies in internal control that come to our attention, even though we intend to issue a disclaimer of opinion.

A deficiency in internal control exists if:

- a control is designed, implemented, or operated in such a way that it is unable to prevent, detect, and/ or correct potential misstatements in the financial statements; or
- a necessary control to prevent, detect, and/ or correct misstatements in the financial statements on a timely basis is missing.

The purpose of our audit, as originally planned before the backstop arrangements came into force, was to express an opinion on the financial statements. The matters reported in this section of our report are limited to those deficiencies and other control recommendations that we have identified through the audit procedures we were able to complete before the backstop date. If we had performed more extensive procedures on internal control, we might have identified more deficiencies to report or concluded that some of the reported deficiencies need not in fact have been reported. Our comments in this section should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

## Significant deficiencies in internal control

A significant deficiency in internal control is one which, in our professional judgement, has the potential for financial loss, damage to reputation, or a loss of information which may have implications on the achievement of business strategic objectives. Our view is that observations categorised as a significant deficiency are of sufficient importance to merit the attention of Governance and Audit Committee.

We have not identified any significant deficiencies in the Authority's internal controls as at the date of this report.

## Other observations on internal control

We also report to you, our observations on the Authority's internal controls where, in our professional judgement, there is a need to strengthen internal control or enhance business efficiency that do not constitute significant deficiencies in internal control but which we view as being important for consideration by management.

We do not have any other internal control observations to bring to your attention as at the date of this report.

Whether internal control observations merit attention by and/ or management is a matter of professional judgment, taking into account the risk of misstatement that may arise in the financial statements as a result of those observations.

# Summary of amendments to the financial statements

The Authority's S151 Officer (Director of Finance) authorised the Authority's draft financial statements for issue on 7 March 2024..

Although we intend to issue a disclaimer of opinion, we still report any amendments which management have made to the draft financial statements, identified either through the audit procedures that we have undertaken, or separately by management.

This information is provided to Governance and Audit Committee for information and to support it to discharge its responsibilities. It is important for committee members to note that, given we are issuing a disclaimer of opinion, we provide no assurance over the material accuracy of the amendments that have been made to the draft financial statements which are summarised in this section.

## Amendments to the financial statements

Management has processed the amendments set out in the table below which exceed the trivial threshold for adjustment of £648k.

Details of amendment	Comprehensive Income and Expenditure Statement		Balance Sheet	
	Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
DR: Short Term Investments			15,000	
CR: Cash and cash equivalents				15,000
A misclassification error affecting the cash balance and short-term investments due to misposting in the ledger				
<b>Aggregate effect of amendments</b>	-	-	<b>15,000</b>	<b>15,000</b>

## Unadjusted misstatements

When we issue a disclaimer of opinion as a result of the backstop arrangements, auditing standards require us to consider whether we are aware of any matter that would have otherwise required a modification to our opinion. We confirm that no such matters have come to our attention.

Value for Money arrangements

# Value for Money

## Approach to Value for Money arrangements

We are required to consider whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:

- **Financial sustainability** - How the Authority plans and manages its resources to ensure it can continue to deliver its services;
- **Governance** - How the Authority ensures that it makes informed decisions and properly manages its risks; and
- **Improving economy, efficiency and effectiveness** - How the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

At the planning stage of the audit, we undertake work to understand the arrangements that the Authority has in place under each of the reporting criteria and we identify risks of significant weaknesses in those arrangements. Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest significant weaknesses in arrangements exist.

The table overleaf outlines the risks of significant weaknesses in arrangements that we have identified, the risk-based procedures we have undertaken, and the results of our work.

Where our risk-based procedures identify actual significant weaknesses in arrangements we are required to report these and make recommendations for improvement. Where such significant weaknesses are identified, we report these in the audit report.

The primary output of our work on the Authority arrangements is the commentary on those arrangements that forms part of the Auditor's Annual Report. We intend to issue the Auditor's Annual Report once we have issued our audit report on the financial statements.

## Status of our work

We have completed our work in respect of the Authority's arrangements for the year ended 31 March 2023 and have identified one significant weakness in arrangements and have made a recommendation. We reported our commentary on the Authority's VFM arrangements, including the significant weakness and recommendation in our Auditor's Annual Report 2021/22 report to the Governance and Audit Committee in August 2024. The commentary will be incorporated in our Auditor's Annual Report for 2022/23 to be issued once we have issued our signed audit report.

# Appendices

A: Draft management representation letter

B: Draft audit report

C: Confirmation of our independence

# Appendix A: Draft management representation letter

TO BE PROVIDED ON CLIENT LETTERHEAD

Alastair Newall  
Forvis Mazars  
One St Peter's Square  
Manchester  
M2 3DE

xx December 2024

Dear Alastair,

## **West Yorkshire Combined Authority- Audit for Year Ended 31 March 2023**

This representation letter is provided in connection with your audit of the financial statements of West Yorkshire Combined Authority ('the Authority') and its Group for the year ended 31 March 2023. I note that you intend to intend to issue a disclaimer of opinion in respect of your audit. I understand I am still required to provide the representations set out in this letter so you can complete your audit in accordance with relevant auditing standards.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

### **My responsibility for the financial statements and accounting information**

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code, as amended by the Code Update and applicable law.

### **My responsibility to provide and disclose relevant information**

I have provided you with:

- access to all information of which I am aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Authority and Group you determined it was necessary to contact in order to obtain audit evidence.

I confirm as s151 officer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

# Appendix A: Draft management representation letter

## **Accounting records**

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Authority and committee meetings, have been made available to you.

## **Accounting policies**

I confirm that I have reviewed the accounting policies applied during the year in accordance with International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Authority and Group's financial position, financial performance and cash flows.

## **Accounting estimates, including those measured at current and/or fair value**

I confirm that the methods, significant assumptions and the data used by the Authority and Group in making the accounting estimates, including those measured at current and/or fair value, are appropriate to achieve recognition, measurement or disclosure that is in accordance with the applicable financial reporting framework.

## **Contingencies**

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Authority and Group have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code, as amended by the Code Update and applicable law.

## **Laws and regulations**

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Authority and Group has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

## **Fraud and error**

I acknowledge my responsibility as s151 Officer for the design, implementation and maintenance of internal control to prevent and detect fraud and error and I believe I have appropriately fulfilled those responsibilities.

# Appendix A: Draft management representation letter

I have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Authority and Group involving:
  - o management and those charged with governance;
  - o employees who have significant roles in internal control; and
  - o others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Authority and Group's financial statements communicated by employees, former employees, analysts, regulators or others.

## **Related party transactions**

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Code, as amended by the Code Update and applicable law.

I have disclosed to you the identity of the Authority and Group's related parties and all related party relationships and transactions of which I am aware.

## **Impairment review**

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment and intangible assets below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary.

## **Charges on assets**

All the Authority and Group's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

## **Future commitments**

The Authority and Group has no plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

## **Service Concession Arrangements**

I am not aware of any material contract variations, payment deductions or additional service charges in 2022/23 in relation to the Authority and Group's service concession arrangements that you have not been made aware of.

## **Subsequent events**

I confirm all events subsequent to the date of the financial statements and for which the Code, as amended by the Code Update and applicable law, require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

# Appendix A: Draft management representation letter

## **Impacts of Russian Forces entering Ukraine**

I confirm that I have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the Authority and Group, including the impact of mitigation measures and uncertainties, and that the disclosure in the Annual Report and the subsequent events note 34 to the financial statements fairly reflects that assessment

## **Covid-19**

I confirm that I have carried out an assessment of the potential impact of the Covid-19 Virus pandemic on the business, including the impact of mitigation measures and uncertainties, and that the disclosure in the Annual Report and the subsequent events note 34 to the financial statements fairly reflects that assessment.

## **Brexit**

I confirm that I have carried out an assessment of the impact of the United Kingdom leaving the European Union, including the impact of the Trade and Cooperation Agreement, and that the disclosure in the Annual Report fairly reflects that assessment.

## **Going concern**

To the best of my knowledge there is nothing to indicate that the Authority and Group will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

## **Annual Governance Statement**

I am satisfied that the Annual Governance Statement (AGS) fairly reflects the Authority and Group's risk assurance and governance framework and I confirm that I am not aware of any significant risks that are not disclosed within the AGS.

## **Narrative Report**

The disclosures within the Narrative Report fairly reflect my understanding of the Authority and Group's financial and operating performance over the period covered by the financial statements.

## **Arrangements to achieve economy, effectiveness and efficiency in Use of Resources (Value for Money arrangements)**

I confirm that I have disclosed to you all findings and correspondence from regulators for previous and ongoing inspections of which I am aware. In addition, I have disclosed to you any other information that would be considered relevant to your work on value for money arrangements.

Yours faithfully,

s151 officer

## Appendix B: Confirmation of our independence

As part of our ongoing risk assessment we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors. We can confirm that no new threats to independence have been identified since issuing the Audit Strategy Memorandum and therefore we remain independent.

# Contact

## Forvis Mazars

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**Director - Public Sector**

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