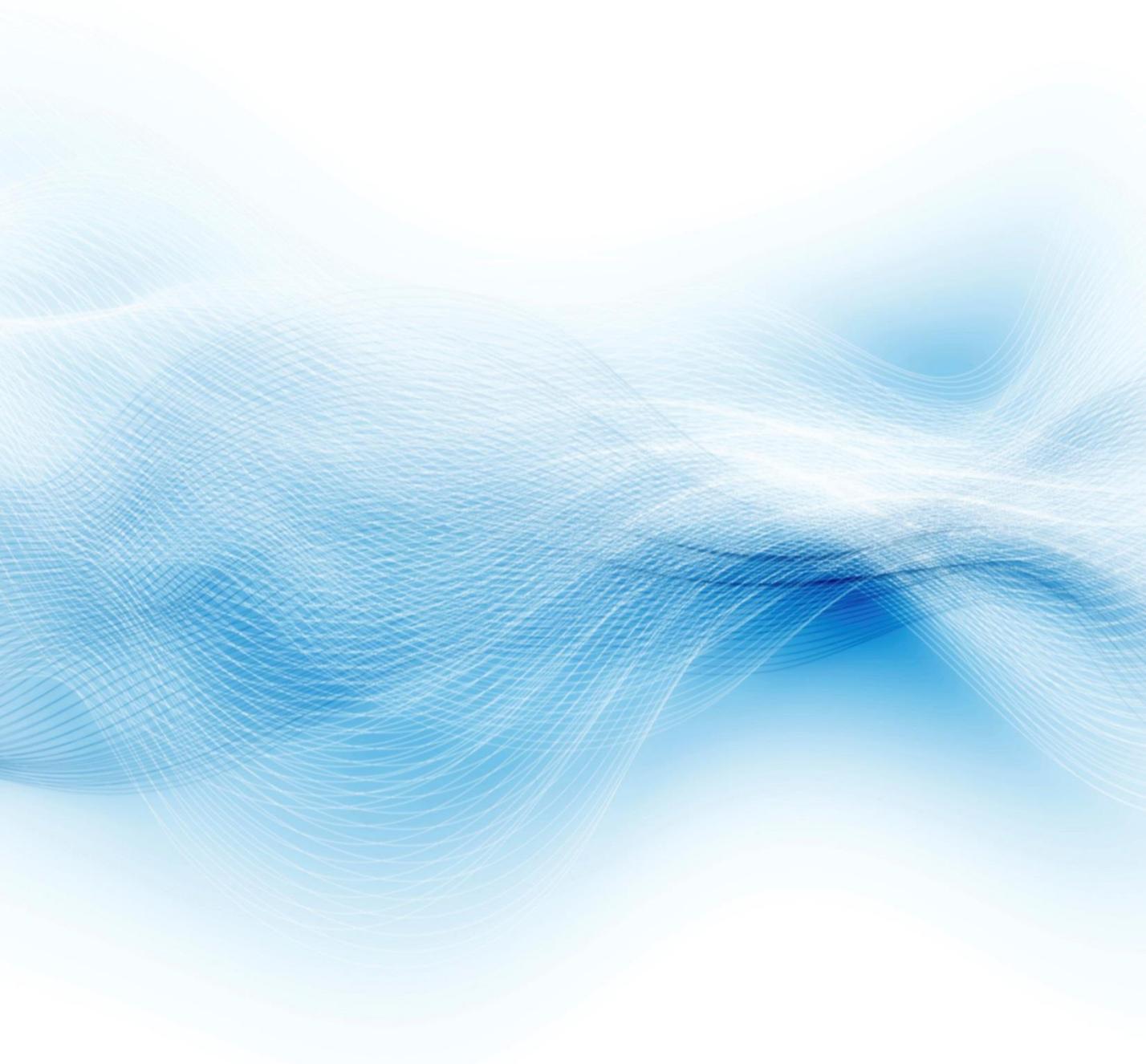




# Audit Completion Report

West Yorkshire Pension Fund  
Year ending 31 March 2020



West Yorkshire Pension Fund



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Our reports are prepared in the context of the 'Statement of responsibilities of auditors and audited bodies' and the 'Appointing Person Terms of Appointment' issued by Public Sector Audit Appointments Limited.

Reports and letters prepared by appointed auditors and addressed to the Pension Fund are prepared for the sole use of the Pension Fund and we take no responsibility to any member or officer in their individual capacity or to any third party.

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Members of the Governance and Audit Committee  
City of Bradford Metropolitan District Council  
City Hall  
Centenary Square  
Bradford  
BD1 1HY

13 November 2020

Dear Members

**Audit Completion Report – Year ended 31 March 2020**

We are pleased to present our Audit Completion Report for the year ended 31 March 2020. The purpose of this document is to summarise our audit conclusions.

The scope of our work, including identified significant audit risks and other areas of management judgement, was outlined in our Audit Strategy Memorandum which we presented on 5 May. The COVID-19 pandemic has had significant implications for the UK, including the Pension Fund sector. We have updated our planning work to understand the implications of COVID-19 on our audit and concluded that the audit risks recorded in our Audit Strategy Memorandum remain appropriate.

In response to the COVID-19 pandemic, MHGLC issued a revised reporting timetable for the Pension Fund to prepare its financial statements for inclusion in the Administering Authority Statement of Accounts and for the audit to be completed. We understand the difficult circumstances that the Pension Fund is facing in order to respond to the pandemic and would like to express our thanks for the assistance of your team during our audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me on 0781 375 2053.

Yours faithfully



Cameron Waddell  
Key Audit Partner  
For and on behalf of Mazars LLP

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We are registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at [www.auditregister.org.uk](http://www.auditregister.org.uk) under reference number C001139861.  
VAT number: 839 8356 73

# 1. EXECUTIVE SUMMARY

## Purpose of this report and principle conclusions

The Audit Completion Report sets out the findings from our audit of West Yorkshire Pension Fund ('the Pension Fund') for the year ended 31 March 2020, and forms the basis for discussion at the Governance and Audit Committee meeting on 26 November.

The detailed scope of our work as your appointed auditor for 2019/20 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and, as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards of Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

Section 2 of this report outlines the detailed findings from our work on the financial statements. Section 2 also includes our conclusions on the audit risks and areas of management judgement in our Audit Strategy Memorandum, which include:

- management override of control; and
- valuation of unquoted investments for which a market price is not readily available, and where the fair value is based on unobservable inputs.

## Status of our work

As we outline on the following page, our work is substantially complete. Subject to the satisfactory completion of the outstanding work, at the time of issuing this report we have the following conclusions:

### Opinion on the financial statements

We anticipate issuing an unqualified opinion, without modification, on the financial statements. Our proposed audit opinion is included in the draft auditor's report in Appendix B.

### Consistency report

We anticipate concluding that the Pension Fund financial statements within the Pension Fund's Annual Report are consistent with the Pension Fund financial statements within the Statement of Accounts of City of Bradford Metropolitan District Council. Our draft consistency report is provided in Appendix C.

### 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 Pension Fund and to consider any objection made to the accounts. Further details on the exercise of our wider powers are provided in section 2.

# 1. EXECUTIVE SUMMARY

## Status of our audit work

We have substantially completed our work on the financial statements for the year ended 31 March 2020. At the time of preparing this report the following matters remain outstanding:

Audit area	Status	Description of outstanding matters
Financial Instruments	●	Agreement of classification of investments within the fair value hierarchy is ongoing.
Actuary's report	●	Agreement of disclosure to actuary's report outstanding.
Consistency opinion	●	We have not yet compared the revised Pension Fund financial statements (within the Statement of Accounts of the Council) with the revised Pension Fund financial statements within the Pension Fund's Annual Report.
Closure procedures and review	●	We will complete our standard closure procedures, including review of the amended financial statements and consideration of post balance sheet events.

### Status

- Likely to result in material adjustment or significant change to disclosures within the financial statements
- Potential to result in material adjustment or significant change to disclosures within the financial statements
- Not considered likely to result in material adjustment or change to disclosures within the financial statements

We will provide the Governance and Audit Committee with an update in relation to these outstanding matters in a follow-up letter, prior to signing the auditor's report.

## Our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum in June 2020. We have not made any significant changes to our audit approach since we presented our Audit Strategy Memorandum.

## Materiality

We set materiality at the planning stage of the audit at £152.7 million using a benchmark of 1% of net assets available to pay benefits. We set a specific materiality for the fund account of £64.0 million at the planning stage of the audit using a benchmark of 10% of benefits payable.

Our assessment of materiality, based on the 2019/20 financial statements and qualitative factors is £132.1 million, using the same benchmark as at planning. Our assessment of specific materiality for the fund account is £57.5 million, also based on the same benchmark as at planning. We set our trivial threshold (the level under which individual errors are not communicated to the Governance and Audit Committee), at £3.9 million based on 3% of overall materiality.

## Misstatements and internal control recommendations

Section 3 sets out the internal control recommendations that we make, together with an update on any prior year recommendations.

Section 4 outlines the misstatements noted as part of our audit as at the time of issuing this report. If any additional misstatements are noted on completion of the outstanding work, these will be reported to the Governance and Audit Committee in a follow-up letter.

## 2. SIGNIFICANT FINDINGS

Set out below are the significant findings from our audit. These findings include:

- our audit conclusions regarding significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 8 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- any further significant matters discussed with management; and
- any significant difficulties we experienced during the audit.

### Significant risks and key areas of management judgement

As part of our planning procedures we considered the risks of material misstatement in the Pension Fund's financial statements that required special audit consideration. Although we report identified significant risks at the planning stage of the audit in our Audit Strategy Memorandum, our risk assessment is a continuous process and we regularly consider whether new significant risks have arisen and how we intend to respond to these risks. No new risks have been identified since we issued our Audit Strategy Memorandum.

#### Significant risk

#### Description of the risk

Management override of controls

In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Because of the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.

#### How we addressed this risk

We addressed this risk by performing audit work in the following areas:

- accounting estimates impacting on amounts included in the financial statements;
- consideration of identified significant transactions outside the normal course of business; and
- journals recorded in the general ledger and other adjustments made in preparation of the financial statements.

#### Audit conclusion

Our work has provided us with the assurance we sought and has not highlighted any material issues to bring to your attention.

## 2. SIGNIFICANT FINDINGS (CONTINUED)

Significant risk	Description of the risk
Valuation of level 3 unquoted investments for which a market price is not readily available	As at 31 March 2020, the fair value of unquoted investments classified within level 3 of the fair value hierarchy was £2.0 billion, which accounted for 15% of the Fund's net investment assets. These are investments which are not quoted on an active market, and for which a value is estimated based on unobservable inputs. As prices for these investments are not quoted in active markets, the values used in the accounts are those provided by fund managers. This results in an increased risk of material misstatement, which was exacerbated as a result of Covid-19.

### How we addressed this risk

In addition to our standard programme of work in this area we have:

- agreed the valuation to supporting documentation including investment manager valuation statements and cash flows for any adjustments made to the investment manager valuation;
- where audited financial statements were available, checked that they were supported by an unmodified opinion;
- where possible, compared the valuation to the audited financial statements;
- where available, reviewed independent control assurance reports to confirm they did not highlight any risks in relation to valuation; and
- reviewed the valuation methodology for reasonableness.

### Audit conclusion

Our work has provided us with the assurance we sought and has not highlighted any matters to be brought to your attention, other than as noted in other sections of this report.

However, as noted in key matters discussed with management on the following page, a disclosure has been included in the financial statements regarding the additional uncertainty over the valuation of level 3 investments at 31 March 2020 due to the impact of COVID-19 on the property market. We expect, in line with normal practice, to include reference to this disclosure as an 'emphasis of matter' in our audit report. The inclusion of an 'emphasis of matter' paragraph is not a modification or qualification of our audit opinion.

### Key areas of management judgement

We have not identified any such judgements.

## 2. SIGNIFICANT FINDINGS (CONTINUED)

### Qualitative aspects of the entity's accounting practices

We have reviewed the Pension Fund's accounting policies and disclosures and concluded they comply with the requirements of the Code of Practice on Local Authority Accounting (the Code), appropriately tailored to the Pension Fund's circumstances.

### Significant matters discussed with management

A number of matters were discussed with management relating to investments within level 3 of the fair value hierarchy as detailed below:

- For five out of 44 private equity investments tested, the valuation statement as at 31 March 2020 did not include the movement for the March quarter. We have challenged management as to how they have assurance that the potential impact of the market movement in the March quarter would not be material to the financial statements. In addition, we have directly challenged the fund managers of these investments in relation to the potential impact and for two of them have also sought the view of the Mazars valuation team. As a result of this additional challenge we have obtained the required assurance that the valuations are not materially misstated as a result of the omission of the impact of events in the March quarter in some of the private equity valuations, but note that this does introduce additional uncertainty to the valuations.
- The fund holds one hedge fund within level 3 of the fair value hierarchy, which was tested as part of our audit procedures. From the testing undertaken our judgement is that the investment should be classified within level 2 of the fair value hierarchy. We have challenged management of the Fund as to why they consider the fund should be classified within level 3 of the fair value hierarchy. Management have responded that their judgement is that their investment within the fund is correctly classified within level 3 as the fair value within the Fund's financial statements is based on the net asset value of the fund provided by the fund manager, as the investment is not regularly traded or quoted on an exchange. This investment is below the our performance materiality having a value of £94.7 million.
- The Covid-19 pandemic created increased uncertainty about the value of unquoted investments at 31 March 2020, and the Statements of Accounts correctly include a disclosure with regard to the additional uncertainty. Our draft audit report includes an unqualified opinion and an Emphasis of Matter paragraph, highlighting the material uncertainties caused by Covid-19 on the valuation of unquoted investments, for which a value is estimated based on unobservable inputs.

An Emphasis of Matter is not a modified or qualified opinion but highlights an unusual matter for readers of the accounts.

## 2. SIGNIFICANT FINDINGS (CONTINUED)

### Significant difficulties during the audit

The outbreak of the Covid-19 pandemic affected the operation of the Fund and the audit process with officers and the audit team working remotely. We held regular discussions with management to understand the implications and consider the impact on our risk assessment. We identified no changes in key financial processes that affected our audit approach but our usual methods of communication and engagement were revised and the circumstances involved some time lags in resolving audit queries. Overall, the finance team responded well.

Difficulties were experienced in obtaining third party confirmations from fund managers and this involved additional time and effort from both the audit team and officers.

### 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 2019/20 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 in relation to the Pension Fund.

# 3. INTERNAL CONTROL RECOMMENDATIONS

The purpose of our audit is to express an opinion on the financial statements. As part of our audit we have considered the internal controls in place relevant to the preparation of the financial statements. We do this in order to design audit procedures to allow us to express an opinion on the financial statement and not for the purpose of expressing an opinion on the effectiveness of internal control, nor to identify any significant deficiencies in their design or operation.

The matters reported are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and that we consider to be of sufficient importance to merit being reported. If we had performed more extensive procedures on internal control we might have identified more deficiencies to be reported or concluded that some of the reported deficiencies need not in fact have been reported. Our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

Our work to date has not identified any internal control issues to bring to your attention, other than those brought forward from 2018/19.. Should any issues arise during the completion of our audit, these will be reported to the Audit Committee in a follow-up letter.

## Follow up of previous internal control points

We set out below an update on internal control points raised in the prior year.

### Description of deficiency

Information Technology (IT) policies do not adhere to best practice for example in relation to the creation of new user accounts, access rights, password parameters, segregation of duties between development and operations, backup procedures, the incident management process and levels of escalation.

### Potential effects

Users are not aware of the process to follow and may make errors which reduce the security of the Council's systems..

### Recommendation

The Council should review existing IT policies to ensure they are in line with best practice and address the deficiencies highlighted above

### 2019/20 update

As part of our IT General Controls work, we noted the same observations as the previous year, specifically regarding the requirement for users to be unique and attributable, user access reviews and password parameters.

### 3. INTERNAL CONTROL RECOMMENDATIONS (CONTINUED)

#### Description of deficiency

IT user access testing found that:

- for a sample of 40 new starters, three new starter IT forms were missing
- for all leavers in the period, 72 accounts were found not to have been deactivated from business critical systems in a timely manner following their leaving date. Additional procedures were carried out to check the last log on date. All accounts had not been accessed since the employee had left.

#### Potential effects

Inappropriate access to business critical systems by an individual that has just joined the organisation or an individual that has left the organisation.

#### Recommendation

IT should perform and document scheduled periodic access reviews of business critical systems to ensure appropriate access / deactivation.

#### 2019/20 update

As part of our IT General Controls work, we noted the same observations as the previous year, specifically regarding the requirement for users to be unique and attributable, user access reviews and password parameters.

#### Description of deficiency

Password parameters set within the Council's systems (AIM, Northgate, SAP, UPM) do not align with the Council's password policy.

#### Potential effects

Passwords are not sufficiently complex reducing the level of access security of critical business systems.

#### Recommendation

The Council should ensure that the password parameters for the critical business systems highlighted above reflect the Council's password policy.

#### 2019/20 update

As part of our IT General Controls work we noted the same issues regarding password controls as the prior year.

## 4. SUMMARY OF MISSTATEMENTS

We set out below the misstatements identified for adjustment during the course of the audit, above the level of trivial threshold of £3.9 million.

The table outlines the misstatements that were identified during the course of our audit which management has assessed as not being material, either individually or in aggregate, to the financial statements and does not currently plan to adjust.

No misstatements that have been adjusted by management during the course of the audit that impact on the fund account of net assets statement.

Should any further misstatements arise through the completion of the outstanding work outlined on pages 4, we will provide an update to the Audit and Governance Committee in our follow up letter.

### Unadjusted misstatements 2019/20

	Fund Account		Net Assets Statement	
	Dr (£m)	Cr (£m)	Dr (£m)	Cr (£m)
1				68.8
Dr: Equities				
Cr: Change in Market Value	68.8			
Difference between valuation per pension fund accounts and third party confirmation				

### Disclosure amendments

The following disclosure amendment has been made to date:

**Note 11 Additional Voluntary Contributions:** The note has been updated to include 2019/20 figures which were not available when the financial statements were drafted.

#### Note 18 Basis of Valuation:

Amendment to transfer £6.1m of assets from level 1, and £55.0m of assets from level 2 of the fair value hierarchy to level 3 of the fair value hierarchy.

As a result of the above amendment:

- the sensitivity of assets valued at level 3 has been amended to increase property funds by £31.3m, private equity by £6.1m and other level 3 assets by £26.2m. In addition private equity has been increased by £32.6m to include an investment omitted from the analysis in the draft accounts.
- the reconciliation of fair value measurements within level 3 has been amended to reflect the changes in classification.

In addition to the above, we identified a significant number of minor presentational issues during our audit and where appropriate these have been amended by the Fund.

Should any such misstatements arise through the completion of the outstanding work outlined on pages 4, we will provide an update to the Audit and Governance Committee in our follow up letter.

# APPENDIX A

## DRAFT MANAGEMENT REPRESENTATION LETTER

Mazars LLP  
5th Floor  
3 Wellington Place  
Leeds  
LS1 4AP

XXX 2020

Dear Cameron

### West Yorkshire Pension Fund - audit for year ended 31 March 2020

This representation letter is provided in connection with your audit of the financial statements of the West Yorkshire Pension Fund ('the Pension Fund') for the year ended 31 March 2020 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code).

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.

### My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which we are 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 Pension Fund you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Director of Finance 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.

### Accounting records

I confirm that all transactions that have a material affect 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 Pension Fund 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 the Code and International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Pension Fund's financial position, financial performance and cash flows.

### Accounting estimates, including those measured at fair value

I confirm that any significant assumptions used by the Pension Fund in making accounting estimates, including those measured at fair value, are reasonable.

### 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.

Executive summary

Significant findings

Internal control  
recommendations

Summary of misstatements

Appendices

# APPENDIX A

## DRAFT MANAGEMENT REPRESENTATION LETTER

### (CONTINUED)

#### Contingencies - continued

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Pension Fund 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.

#### Unfunded capital commitments

I confirm that all unfunded capital commitments of which I am aware have been disclosed in the financial statements.

#### 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 Pension Fund 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 Director of Finance for the design, implementation and maintenance of internal control to prevent and detect fraud and error. 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 Pension Fund involving:
  - management and those charged with governance;
  - employees who have significant roles in internal control; and
  - 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 Pension Fund's statement of accounts communicated by employees, former employees, analysts, regulators or others.

#### Assets

I confirm that all assets held are free from liens, charges or any other encumbrance.

#### 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.

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

#### Future commitments

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

#### Specific representations on unquoted investments included within level 3 of the fair value hierarchy

Unquoted investments are included in the net assets statement at the value estimated by the general partner managing each fund in accordance with the guidelines used by the industry, and based on the latest information to hand at the time of the valuation. I am satisfied, based on the knowledge I have, with the valuations, and am not aware of any subsequent events that would have a material impact on the estimated value of the unquoted investments.

Where private equity investments did not include the impact of the March quarter, I am satisfied that the impact of the market movement in the March quarter would not have a material impact on the estimated value of the unquoted investments.

I am satisfied, based on the information I have, that investments have been appropriately classified within level 3 of the fair value hierarchy, and that the fair value hierarchy disclosure is materially correct.

#### Unadjusted misstatements

I confirm that the effects of the uncorrected misstatements as included in the auditor's draft Audit Completion Report are immaterial, both individually and in aggregate, to the statement of accounts as a whole.

# APPENDIX A DRAFT MANAGEMENT REPRESENTATION LETTER (CONTINUED)

**Subsequent events**

I confirm all events subsequent to the date of the financial statements and for which the Code requires 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.

**Going concern**

To the best of my knowledge there is nothing to indicate that the Pension Fund 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.

Yours sincerely

Director of Finance

Date.....



# APPENDIX B

## DRAFT AUDITOR'S REPORT

### Independent auditor's report to the members of City of Bradford Metropolitan District Council

#### Report on the financial statements

##### Opinion on the financial statements of West Yorkshire Pension Fund

We have audited the financial statements of West Yorkshire Pension Fund ('the Pension Fund') for the year ended 31 March 2020, which comprise the Fund Account, the Net Assets Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

In our opinion the financial statements:

- give a true and fair view of the financial transactions of West Yorkshire Pension Fund during the year ended 31 March 2020, and the amount and disposition of the Pension Fund's assets and liabilities as at 31 March 2020; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

##### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Council, as administering authority for the Pension Fund, in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Director of Finance's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Director of Finance has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Pension Fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

##### Emphasis of Matter - effects of Covid-19 on the valuation of Level 3 investments

We draw attention to Note 4a of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of the Pension Fund investments classified within level 3 of the fair value hierarchy at 31 March 2020. As disclosed in Note 4 of the financial statements, the outbreak of Covid-19 has resulted in additional uncertainty with regard to level 3 private equity and pooled property funds. As such, a material valuation uncertainty clause has been included in some valuation reports as a result of the impact of Covid-19. There is, therefore, less certainty and a higher degree of caution should be attached to the valuations of level 3 private equity and pooled property funds than would normally be the case. There is a risk that current valuations may be under or over stated in the accounts. Our opinion is not modified in respect of this matter.

##### Other information

The Director of Finance is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# APPENDIX B

## DRAFT AUDITOR'S REPORT (CONTINUED)

### Responsibilities of the Director of Finance for the financial statements

As explained more fully in the Statement of the Director of Finance's Responsibilities, the Director of Finance is responsible for the preparation of the Statement of Accounts, which includes the Pension Fund's financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, and for being satisfied that they give a true and fair view. The Director of Finance is also responsible for such internal control as the Director of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Director of Finance is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and prepare the financial statements on a going concern basis, unless the Council is informed of the intention for dissolution of the Pension Fund without transfer of services or function to another entity. The Director of Finance is responsible for assessing each year whether or not it is appropriate for the Pension Fund to prepare the accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the Pension Fund's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

### Use of the audit report

This report is made solely to the members of City of Bradford Metropolitan District Council, as a body and as administering authority for the West Yorkshire Pension Fund, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

[Signature]

Cameron Waddell  
For and on behalf of Mazars LLP

5th Floor  
3 Wellington Place  
Leeds  
LS1 4AP

[Insert date]

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# APPENDIX C

## DRAFT CONSISTENCY REPORT

### Independent auditor's statement to the members of City of Bradford Metropolitan District Council on the pension fund financial statements included within the West Yorkshire Pension Fund annual report

#### Report on the financial statements

##### Opinion

We have examined the Pension Fund financial statements for the year ended 31 March 2020 included within the West Yorkshire Pension Fund annual report, which comprise the Fund Account, the Net Assets Statement and the notes to the financial statements, including the summary of significant accounting policies.

In our opinion, the Pension Fund financial statements are consistent with the audited financial statements of City of Bradford Metropolitan District Council for the year ended 31 March 2020 and comply with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

##### Respective responsibilities of the Director of Finance and the auditor

As explained more fully in the Statement of the Director of Finance's Responsibilities, the Director of Finance is responsible for the preparation of the Pension Fund's financial statements in accordance with applicable United Kingdom law.

Our responsibility is to report to the Members of City of Bradford Metropolitan District Council as a body, whether the Pension Fund financial statements within the Pension Fund annual report are consistent with the financial statements of City of Bradford Metropolitan District Council

We conducted our work in accordance with Auditor Guidance Note 07 – Auditor Reporting, issued by the National Audit Office. Our report on the Pension Fund financial statements contained within the audited financial statements of City of Bradford Metropolitan District Council describes the basis of our opinions on the financial statements.

##### Use of this auditor's statement

This report is made solely to the members of City of Bradford Metropolitan District Council, as a body and as administering authority for the West Yorkshire Pension Fund, in accordance with Part 5 paragraph 20(5) of the Local Audit and Accountability Act 2014. Our work has been undertaken so that we might state to the members City of Bradford Metropolitan District Council those matters we are required to state to them and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than City of Bradford Metropolitan District Council and City of Bradford Metropolitan District Council's members as a body, for our audit work, for this statement, or for the opinions we have formed.

*[Signature]*

Cameron Waddell  
For and on behalf of Mazars LLP

5th Floor  
3 Wellington Place  
Leeds  
LS1 4AP

*[Date]*

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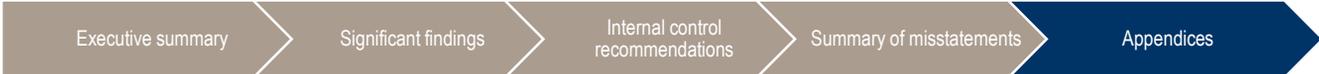
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# APPENDIX D INDEPENDENCE

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

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