

Audit Completion Report

West Yorkshire Pension Fund – year
ended 31 March 2021

September 2021

Strictly private and confidential



Contents

- 01** Executive summary
- 02** Status of the audit
- 03** Audit approach
- 04** Significant findings
- 05** Internal control recommendations
- 06** Summary of misstatements

- A** Appendix A: Draft management representation letter
 - Appendix B: Draft audit report
 - Appendix C: Draft consistency report
 - Appendix D: Independence
 - Appendix E: Other communications

This document is to be regarded as confidential to West Yorkshire Pension Fund. It has been prepared for the sole use of the Governance and Audit Committee, as the appropriate sub-committee charged with governance. No responsibility is accepted to any other person in respect of the whole or part of its contents. Our written consent must first be obtained before this document, or any part of it, is disclosed to a third party. Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales.



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

13 September 2021

Dear Sirs / Madams

Audit Completion Report – Year ended 31 March 2021

We are pleased to present our Audit Completion Report for the year ended 31 March 2021. The purpose of this document is to summarise our audit conclusions.

The scope of our work, including identified significant audit risks, key audit matters and other areas of management judgement, was outlined in our Audit Strategy Memorandum which we presented in March 2021. We have reviewed our Audit Strategy memorandum and concluded that the original significant audit risks, key audit matters and other areas of management judgement remain appropriate.

We 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

Mazars LLP – 5th Floor, 3 Wellington Place, Leeds, LS1 4AP
Tel: 0113 394 2000 – Fax: 0191 394 2001 – www.mazars.co.uk

Mazars LLP is the UK firm of Mazars, an integrated international advisory and accountancy organisation. Mazars LLP is a limited liability partnership registered in England and Wales with registered number OC308299 and with its registered office at Tower Bridge House, St Katharine's Way, London E1W 1DD.

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 under reference number C001139861. VAT number: 839 8356 73

01

Section 01:
Executive summary

1. Executive summary

Principal conclusions and significant findings

As outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards on Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

In section 4 of this report we have set out our conclusions and significant findings from our audit. This section includes our conclusions on the audit risks and areas of management judgement. The key audit matters that were of most significance in our audit of the Financial Statements for disclosure in our auditor's report:

- Valuation of investments within level 3 of the fair value hierarchy;
- Valuation of investments within level 2 of the fair value hierarchy; and
- Management override of controls.

Misstatement and internal control recommendations

Section 5 sets out internal control recommendations and section 6 sets out the misstatements noted as part of our audit 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.

We have substantially completed our audit in respect of the financial statements for the year ended 31 March 2021.

At the time of preparing this report the significant audit matters that remain outstanding are included in section 2.

We will provide an update to you in relation to the significant matters outstanding above through issuance of a follow up letter.

At the time of issuing this report and subject to the satisfactory conclusion of the remaining audit work, we anticipate issuing an unqualified opinion, without modification, as set out in Appendix B.

Status and audit opinion






02

Section 02:

Status of the audit

2. Status of the audit

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.

Our work is substantially complete and there are currently no matters of which we are aware that would require modification of our audit opinion, subject to the completion of the outstanding matters detailed below.



Financial instruments – agreement of the classification of investments within the fair value hierarchy is ongoing.



Journals testing – our testing and review of material journal entries is ongoing.



IT General Controls – we are awaiting the finalisation of the work of our specialist auditor in respect of their ITGC testing. Our auditor is awaiting the delivery of evidence from CBMDC, who have stated they will pick up our requests on 23/09/21.



Benefits payable – our review of the benefits payable to payroll reconciliation is ongoing.



Consistency – we have not yet completed our comparison of 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.



Non-material notes – our review and agreement of some non-material notes within the financial statements is ongoing.



Closure & review procedures – our standard audit closure and review procedures, including the review of final financial statements, consideration of post balance sheet events and



03

Section 03:
Audit approach

3. Audit approach

Changes to our audit approach

No significant changes to the audit approach noted from the Audit Strategy Memorandum issued at planning stage in March 2021.

Materiality

Our updated comments on materiality are set out below.

We set materiality at the planning stage of the audit at £157.2 million using a benchmark of 1% of net assets available to pay benefits. We set a specific materiality for the fund account of £45.9 million at the planning stage of the audit using a benchmark of 10% of benefits payable.

Our assessment of materiality, based on the 2020/21 financial statements and qualitative factors is £163.2 million, using the same benchmark as at planning. Our assessment of specific materiality for the fund account is £44.0 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 £4.9 million based on 3% of overall materiality.



04

Section 04:
Significant findings

4. Significant findings

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

- our audit conclusions regarding other significant risks, key audit matters 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 15 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; and
- any significant difficulties we experienced during the audit.



4. Significant findings

Management override of controls

Description of the risk

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. Due to 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 through performing audit work over:

- Accounting estimates impacting 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 review and testing of material journal entries is ongoing. We will provide you with an update upon the completion of this work.



4. Significant findings

Valuation of investments within level 3 of the fair value hierarchy

Description of the risk

As at 31 March 2020 the fair value of investments classified within level 3 of the fair value hierarchy was £2,101 million, which accounted for 15.9% of net investment assets. The values included in the accounts are those provided by investment managers updated by the Pension Fund for cash movements, where the most recently available information from fund managers is at a date prior to the year end. The fair values of level 3 investments are based on unobservable inputs. This results in an increased risk of material misstatement.

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 that we sought. However, our audit procedures identified an extrapolated overstatement in the valuation of L3 assets totalling £18.572 million. This value is immaterial to the financial statements and as such is shown as an unadjusted misstatement in section 6 of this report.



4. Significant findings

Valuation of investments within level 2 of the fair value hierarchy

Description of the risk

As at 31 March 2020 the fair value of investments classified within level 2 of the fair value hierarchy was £655 million, which accounted for 5.0% of net investment assets. The values included in the accounts are primarily based on recent trades of the investment, which are observable inputs other than quoted prices. The valuation risk is increased depending on the elapsed time of the most recent trade and the year end and, therefore, these have been assessed as enhanced risk.

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 third party available pricing data;
- assessed the reasonableness of any adjustments made to pricing data;
- agreed the nominal holding per the Fund's records to third party investment manager statements;
- considered whether classification within L2 of the hierarchy is reasonable in the context of available pricing and trade data.

Audit conclusion

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



4. Significant findings

Qualitative aspects of the entity’s accounting practices

We have reviewed West Yorkshire 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

In the draft version of the financial statements management included a material uncertainty paragraph relating to the valuation of level 3 property investments. We did not expect to see such a disclosure in the 2020/21 financial statements and discussed this matter with management. We also tested a sample of these investment assets and reviewed the financial statements of the underlying funds. We noted that these underlying statements did not contain material uncertainty disclosures. Management performed an equivalent review and reached the same conclusions. Management also reviewed the latest RICS guidance which states that such blanket material uncertainty disclosures are no longer required. It has been agreed with management that the material uncertainty disclosure is not required within the financial statements.

Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties and we have had the full co-operation of management.



05

Section 05:

Internal control recommendations

5. Internal control recommendations

The purpose of our audit was 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 in order to design audit procedures to allow us to express an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of internal control or 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 2019/20. Should any issues arise during the completion of our audit, these will be reported to the Audit Committee in a follow-up letter.



5. Internal control recommendations

Follow up on 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

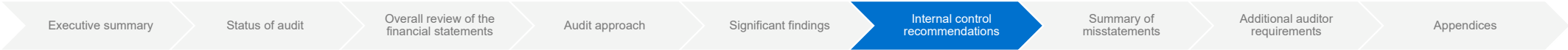
Users are not aware of the process to follow and may make errors which reduce the security of the Council's systems.

Recommendation

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

2020/21 Update

We are awaiting the final conclusions of our specialist IT auditor and will provide an update upon the completion of this work.



5. Internal control recommendations

Follow up on previous internal control points

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

Description of deficiency

IT user access testing found that:

- for a sample of 40 new starters, three new starter IT forms were missing; and
- 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

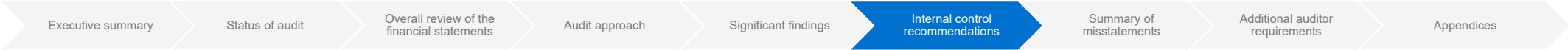
Inappropriate access to business critical systems by an individual that has just joined the organisation or an individual that has left the organisation.

Recommendation

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

2020/21 Update

We are awaiting the final conclusions of our specialist IT auditor and will provide an update upon the completion of this work.



5. Internal control recommendations

Follow up on previous internal control points

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

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

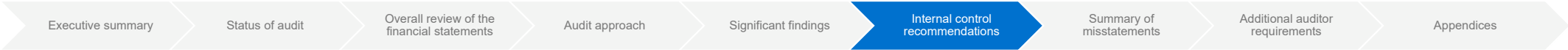
Passwords are not sufficiently complex reducing the level of access security of critical business systems.

Recommendation

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

2020/21 Update

We are awaiting the final conclusions of our specialist IT auditor and will provide an update upon the completion of this work.



06

Section 06:

Summary of misstatements

6. Summary of misstatements

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

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.

The materiality levels applied in our testing are as follows;

- Overall Performance Materiality £130.6 million.
- Triviality £4.9 million.

There were no misstatements that have been adjusted by management during the course of the audit.

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

Should any additional misstatements arise through the completion of the outstanding work outlined on page 7, we will provide an update to the Audit and Governance Committee in our follow up letter.

Unadjusted misstatements 2020/21

	Fund Account		Net Asset Statement	
	Dr (£m)	Cr (£m)	Dr (£m)	Cr (£m)
1 Dr: Change in Market Value	18.6			
Cr: Equities				18.6
Extrapolated difference between valuation per pension fund accounts and third party confirmations.				



Appendices

- A: Draft management representation letter
- B: Draft audit report
- C: Independence
- D: Other communications

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 2021

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 2021 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 2020/21 (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.

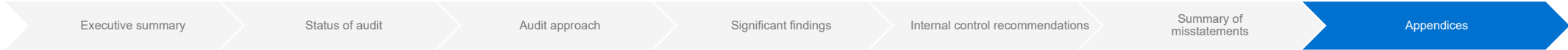
My responsibility to provide and disclose relevant information

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.



Appendix A: Draft management representation letter (continued)

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.

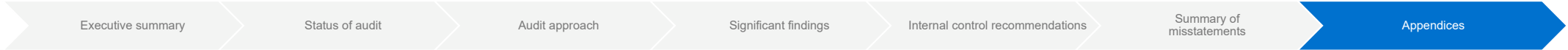
There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

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.

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.



Appendix A: Draft management representation letter (continued)

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.

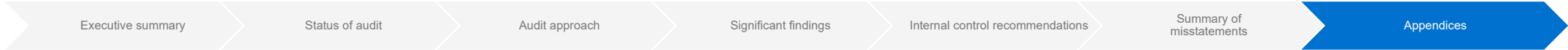
I have disclosed to you the identity of the Pension Fund's related parties and all related party relationships and transactions of which I am aware.

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 representation on unquoted investments
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.

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.

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.



Appendix A: Draft management representation letter (continued)

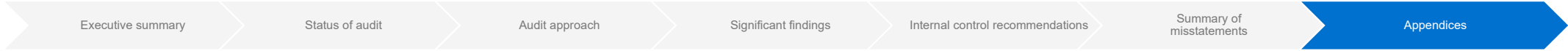
Going concern

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 audit report

Independent auditor’s report to the members of City of Bradford Metropolitan Council

Report on the audit of 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 2021, 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 2020/21.

In our opinion the financial statements:

- give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2021, and the amount and disposition of the Pension Fund’s assets and liabilities as at 31 March 2021; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

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

In auditing the financial statements, we have concluded that the Director of Finance’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Pension Fund’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.



Appendix B: Draft audit report

Our responsibilities and the responsibilities of the Director of Finance with respect to going concern are described in the relevant sections of this report.

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.

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 2020/21, 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 2020/21 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 its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.



Appendix B: Draft audit report

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Council, we identified that the principal risks of non-compliance with laws and regulations related to the Public Service Pensions Act 2013, the Local Government Pension Scheme Regulations 2013 (as amended) and the Local Government Pension Scheme (Management and Investment of Funds) Regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements.

We evaluated the Director of Finance’s incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with management and the Governance and Audit Committee the policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Fund which were contrary to applicable laws and regulations, including fraud.



Appendix B: Draft audit report

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the Governance and Audit Committee on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Governance and Audit Committee. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

We are also required to conclude on whether the Director of Finance’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in April 2021.

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. 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.



Appendix B: Draft audit report

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the Governance and Audit Committee on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Governance and Audit Committee. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

We are also required to conclude on whether the Director of Finance’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in April 2021.

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. 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.



Appendix B: Draft audit report

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
Key Audit Partner
for and on behalf of Mazars LLP

5th Floor
3 Wellington Place
Leeds
LS1 4AP

[Date]



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

We have examined the Pension Fund financial statements for the year ended 31 March 2021 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.

Opinion

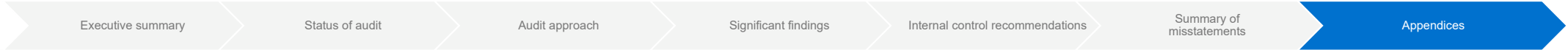
In our opinion, the Pension Fund financial statements are consistent with the audited financial statements of City of Bradford Metropolitan District Council for the year ended 31 March 2021 and comply with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

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.



Appendix C: Draft consistency report (continued)

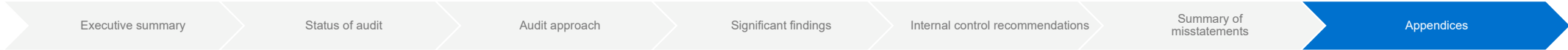
Use of this auditor’s statement

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 of 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 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
Key Audit Partner
for and on behalf of Mazars LLP

5th Floor
3 Wellington Place
Leeds
LS1 4AP

[Date]







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.



Appendix E: Other communications

Other communication	Response
 <p>Compliance with Laws and Regulations</p>	<p>We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations.</p>
 <p>External confirmations</p>	<p>We did not experience any issues with respect to obtaining external confirmations.</p>
 <p>Related parties</p>	<p>We did not identify any significant matters relating to the audit of related parties.</p> <p>We will obtain written representations from management confirming that:</p> <ol style="list-style-type: none"> they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.
 <p>Going Concern</p>	<p>We have not identified any evidence to cause us to disagree with the Members of the Governance and Audit Committee that West Yorkshire Pension Fund will be a going concern, and therefore we consider that the use of the going concern assumption is appropriate in the preparation of the financial statements.</p>

Appendix D: Other communications

Other communication	Response
 <p>Subsequent events</p>	<p>We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditor’s report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework.</p> <p>We will obtain written representations from management that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.</p>
 <p>Matters related to fraud</p>	<p>We have designed our audit approach to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. In addition to the work performed by us, we will obtain written representations from management, and where appropriate Members of the Governance and Audit Committee, confirming that;</p> <ol style="list-style-type: none"> a. they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud; b. they have disclosed to the auditor the results of management’s assessment of the risk that the financial statements may be materially misstated as a result of fraud; c. they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving: <ol style="list-style-type: none"> i. Management; ii. Employees who have significant roles in internal control; or iii. Others where the fraud could have a material effect on the financial statements; and d. they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity’s financial statements communicated by employees, former employees, analysts, regulators or others.

Cameron Waddell

Mazars

5th Floor

3 Wellington Place

Leeds

LS1 4AP

Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

*where permitted under applicable country laws.

mazars