



Audit completion report  
**North Yorkshire Pension Fund – year ended 31 March 2024**

February 2025

Members of the Audit Committee  
North Yorkshire Pension Fund  
County Hall  
Racecourse Lane  
Northallerton DL7 8AD

February 2025

Dear Committee Members,

## **Audit Completion Report – Year ended 31 March 2024**

We are pleased to present our Audit Completion Report for North Yorkshire Pension Fund for the year ended 31 March 2024. The purpose of this report is to summarise our audit findings and 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 in March 2024.

We have reviewed our Audit Strategy Memorandum and concluded that the significant audit risks and other key judgement areas set out in that report 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 07747 764529.  
Yours faithfully

Signed: {{\_es\_.signer1:signature }}

Mark Kirkham

Forvis Mazars LLP

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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.

01

Executive Summary

# Executive summary

## Principal conclusions and significant findings

The detailed scope of our work as your appointed auditor for 2023/24 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 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 in our Audit Strategy Memorandum, which include:

- management override of controls; and
- valuation of investments within level 3 of the fair value hierarchy.

## Misstatements and internal control recommendations

Section 5 sets out internal control recommendations and section 6 sets out audit misstatements; unadjusted misstatements total £7,824k.

## Status and audit opinion

We have substantially completed our audit in respect of the financial statements for the year ended 31 March 2024.

At the time of preparing this report, matters remaining outstanding as outlined in section 2.

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

Subject to the satisfactory conclusion of the remaining audit work, we have the following conclusions:



### Audit opinion

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 North Yorkshire 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 Fund and to consider any objection made to the accounts. No such correspondence from electors has been received.

# 02

Status of the audit

# Status of our audit

While satisfactory resolution of the outstanding matters set out below is needed before we can close the audit, our audit work is substantially complete and there are currently no matters of which we are aware that would require modification of our audit opinion.

## Final versions of the financial statements and annual report

We have received updated financial statements however await the outcome of internal technical review procedures. We await the final versions of the annual report for us to be able to complete our review procedures and the procedures required to issue the consistency statement.



## Signed financial statements and letter of representation

Receipt of signed financial statements and letter of representation at the point when we are ready to sign the audit report.



## Audit review and quality control procedures

Completion of manager and partner review and Forvis Mazars quality control processes in respect of the audit.



## Post balance sheet events

Review of post balance sheet events up to the point at which we sign our audit report.



## Awaiting responses to queries raised with the predecessor auditor

We have reviewed the audit file of the predecessor auditor, the review resulted in some queries that needed to be raised with the predecessor auditor. We are waiting for responses to these queries.



### Status



Likely to result in a material adjustment or a significant change to disclosures in the financial statements.



Potential to result in a material adjustment or a significant change to disclosures in the financial statements.



Not considered likely to result in a material adjustment or a change to disclosures in the financial statements.

03

Audit Approach



# Audit Approach

## Changes to our audit approach

There have been no changes to the audit approach we communicated in our Audit Strategy Memorandum, issued in March 2024.

## Materiality

Our provisional materiality at the planning stage of the audit was set at £42.2m using a benchmark of 1% of net assets available to pay benefits. We set a provisional specific materiality for the fund account of £14.6m at the planning stage of the audit using a benchmark of 10% of benefits payable.

Based on the final financial statement figures and other qualitative factors, the final overall materiality we applied was £46.4m (final performance materiality: £32.5m; final clearly trivial threshold: £1.4m) and the final specific materiality for the fund account was £15.8m.

## Use of experts

We have not made any changes to our planned approach in relation to the use of experts.

Items of account	Management's expert	Our expert
Disclosure notes on funding arrangements and actuarial present value of promised retirement benefits.	Aon Hewitt	NAO consulting actuary PWC
Valuation of investments within level 3 of the fair value hierarchy and related disclosures.	Investment managers engaged by the Fund that prepare valuations.	We did not need to engage our own expert.

## Service organisations

We have not changed the planned approach in relation to service organisations.

Item of account	Service organisation	Audit approach
Investment valuations and Income along with all related disclosures.	Custodians and fund managers.	Type 1 and Type 2 reports obtained and reviewed.

04

Significant findings

# Significant findings

## Significant findings, including key areas of management judgement

The significant findings from our audit 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 13 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;
- any significant difficulties we experienced during the audit; and

## Significant Risks

### Management override of controls

### Description of the risk

This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur.

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, there is a risk of material misstatement on all audits.

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### How we addressed this risk

We addressed this risk by7 carrying out audit work in the following areas:

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

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### Audit conclusion

We have completed our work in respect of management override of control and have no matters to bring to your attention.

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# Significant findings

## Valuation of investments within level 3 of the fair value hierarchy

### Description of the risk

As at 31 March 2024 the fair value of investments classified within level 3 of the fair value hierarchy was £534.5m, which accounted for 11.6% 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.

Level 3 assets are those assets where values are based on unobservable inputs, and consequently the estimation uncertainty for these assets is more significant than for assets valued at level 1 and 2.

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### How we addressed this risk

We addressed this risk by:

- obtaining an understanding of the skills, experience and qualifications of any external valuers used by the Pension Fund;
- obtaining an understanding of the basis of valuation applied in the year, and reviewed the valuation methodologies;
- agreeing a sample of valuations to supporting documentation including investment manager valuation statements and cash flows for any adjustments made to investment manager valuations;
- reviewing management's reconciliation of fund manager reports to the custodian's report; and
- agreeing a sample of valuations to audited accounts or other independent supporting documentation, and considered the impact of any modified audit reports on those audited accounts.

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### Audit conclusion

Our work is complete. We identified instances where the value recorded in the financial statements differed from the valuation provided direct to the audit team by fund managers. The value of these difference is an understatement in the value of private equity investments of £15,382k. The financial statements have been adjusted in respect of his. Full details of the adjusted misstatement can be seen in section 6 of this report.

# Significant findings

## Qualitative aspects of the Fund's accounting practices

We have reviewed the Fund's accounting policies and disclosures and concluded they comply with the 2023/24 Code of Practice on Local Authority Accounting, appropriately tailored to the Fund's circumstances.

Draft accounts were received from the Fund on 29 August. The accounts presented to audit have required several adjustments to be made to them, to improve their quality and ensure that they comply with the Code. Working papers were provided alongside the draft accounts.

## Significant matters discussed with management

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

**Classification of investments in the fair value hierarchy** – our audit work identified that an asset with a value of £161m had been incorrectly classified as falling within level 1 of the fair value hierarchy. While pricing data for the investment is available it is not actively traded on a stock exchange. To be classified within level 1 of the fair value hierarchy prices must be quoted and the asset must be actively traded.

**Related party disclosure** – the related party disclosure needs to consider related party relationships that all those who are involved in decision making have. In the case of the pension fund this includes the Pension Fund Committee, Audit Committee, and the Treasurer for the Pension Fund. The disclosure in the financial statements has been updated to include members, key management personnel and employers.

## Significant difficulties during the audit

We have experienced significant delays in responses to our audit enquiries which has resulted in the audit taking significantly longer than planned. Our work began in July 2024 but has continued into February 2025.

Difficulties have also been encountered in obtaining responses to queries from Northern Trust, the Custodian. This further added to the time taken to complete the audit.

## 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 2023/24 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.

# 05

Internal control conclusions

# Internal control conclusions

## Overview of engagement

As part of our audit, we obtained an understanding of the Fund's internal control environment and control activities relevant to the preparation of the financial statements, which was sufficient to plan our audit and 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 Fund's internal controls, we are required to communicate to the Audit Committee any significant deficiencies in internal controls that we identified in during our audit.

## Deficiencies in internal control

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 was to express an opinion on the financial statements. As part of our audit, we have considered the Fund's internal controls relevant to the preparation of the financial statements 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 the Fund's internal controls or to identify any significant deficiencies in their design or operation.

The matters reported in this section of our report are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and which 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 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.

The deficiencies in the Fund's internal controls that we have identified as at the date of this report are in set out on the following pages.

## 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 is of sufficient importance to merit the attention of Audit Committee.

The significant deficiencies in the Fund's internal controls that we have identified as at the date of this report are in set out on the following pages.

## Other observations

We also record our observations on the Fund'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.

Our other internal control observations, as at the date of this report, are set out in this section. These [will be/ have been] reported to management directly and have been included in this report for your information.

Whether internal control observations merit attention by Audit Committee 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.

# Internal control conclusions

## Significant deficiencies in internal control

In our view, the deficiencies in internal control set out in this section result in a potential for financial loss, damage to reputation, or a loss of information. This may have implications for the achievement of business strategic objectives. Our recommendations should be considered for immediate action.

### Description of deficiency

The pension fund do not perform a reconciliation between pensions paid per the pensions/payroll system and the values recorded in the general ledger.

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### Potential effects

There is a risk that pensions paid are not accurately and completely recorded in the general ledger.

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### Recommendation

A reconciliation be on a regular basis between the amounts to be paid per the pensions/payroll system and the amounts recorded in the general ledger.

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### Management response

Systems, data and accounting issues have made this reconciliation problematic. There will be a review, to deal with issues where possible and undertake reconciliations going forward. The new financial system may also help, once implemented.

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# Internal control conclusions

## Significant deficiencies in internal control - continued

**Description of deficiency**

As part of the pension payment processing there is a reconciliation of the pension paid per the pensions system and the payment made from the bank but this control is not documented.

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**Potential effects**

Where a control is not documented there is a heightened risk of inconsistency or lapse which in this case could result in the incorrect payment of pensions.

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**Recommendation**

A method of documentation be added to the reconciliation process to confirm that the reconciliation has been performed.

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**Management response**

In future, reconciliations will be documented.

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# Internal control conclusions

## Other deficiencies in internal control

In our view, there is a need to address the deficiencies in internal control set out in this section (which are not deemed to be significant deficiencies) to strengthen internal control or enhance business efficiency. Our recommendations should be actioned by management in the near future.

### Description of deficiency

The Pension Fund review the quarterly custodian valuation report against quarterly statements received from the fund managers, however they do not document this review.

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### Potential effects

There is risk that the review is not completed as there is no record of it having been done. If not completed there is a risk that a mismatch in values is not identified.

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### Recommendation

The review should be documented.

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### Management response

In future, reviews will be documented.

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# Internal control conclusions

## Other deficiencies in internal control - continued

### Description of deficiency

The Pension Fund consider the movement in the value of investments between statement dates, but they do not document this check and they do not have a specific threshold for what is considered a significant movement.

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### Potential effects

There is risk that the control is not operating as it is not documented, and a risk that a significant movement is not deemed significant when there is no threshold.

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### Recommendation

The review should be documented and a threshold set for what constitutes significant movement.

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### Management response

Consideration of movements in investments occurs as part of the quarterly review process, including at Pension Fund Committee.

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# 06

Summary of misstatements

# Summary of misstatements

We set out below and on the following pages a summary of the misstatements we identified during our audit, above the trivial threshold for adjustment of £1.4m.

The first table in this section sets out the misstatements we identified which management has assessed as not being material, individually or in aggregate, to the financial statements and does not plan to adjust. The second table outlines the misstatements we identified that have been adjusted by management.

Our overall materiality, performance materiality, and clearly trivial (reporting) threshold were reported in our Audit Summary Memorandum, issued in March 2024. Any subsequent changes to those figures are set out in section 3 of this report.

## Unadjusted misstatements

Management has assessed the misstatements in the table below as not being material, individually or in aggregate, to the financial statements and does not plan to adjust. We only report to you unadjusted misstatements that are either material by nature or which exceed our reporting threshold.

Details of adjustment	Fund Account		Net Asset Statement	
	Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
Dr: Profit and losses on disposal and changes in value of investments  Cr: Investment assets  Our testing of investment purchases recorded in Note 14a to the financial statements found that purchases were overstated by £901k when compared to purchase information obtained directly from fund managers. To comply with our audit approach, we extrapolated the error over the remaining untested population to estimate the impact on the balance. The extrapolated error is a misclassification of purchases of £5,893k.	5,893			5,893
Dr: Profit and losses on disposal and changes in value of investments  Cr: Investment assets  Our testing of investment sales recorded in Note 14a to the financial statements found that sales were understated by £1,931k when compared to sales information obtained directly from fund managers. The error occurred in the material samples for the pooled investments testing and as such was not extrapolated.	1,931			1,931
<b>Aggregate effect of unadjusted misstatements</b>	<b>7,824</b>	<b>7,824</b>		

We will obtain written representations confirming that, after considering the unadjusted misstatements, both individually and in aggregate, in the context of the financial statements taken as a whole, no adjustments are required.

# Summary of misstatements

## Adjusted misstatements

The misstatements in the table below have been adjusted by management. We report all individual misstatements above our reporting threshold that we identify during our audit and which management had adjusted and any other misstatements we believe Audit Committee should be made aware of.

Details of adjustment	Fund Account		Net Asset Statement	
	Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
Dr: Investment assets – private equity  Cr: Profit and losses on disposal and changes in value of investments  Our testing of investments within level 3 of the fair value hierarchy found these assets to be understated by £15,382k. As part of our testing we obtain direct confirmations from fund managers, these direct confirmations included a higher value for the investments than the value determined by the custodian.		15,382	15,382	
<b>Aggregate effect of adjusted misstatements</b>		<b>15,382</b>	<b>15,382</b>	

# Summary of misstatements

## Adjusted disclosure misstatements

We identified the following disclosure misstatements during our audit that have been corrected by management:

- **Fund Account** – the names of the lines in the Fund Account have been updated to ensure compliance with the Code.
- **Note 5 Sources of Estimation Uncertainty** – the disclosure has been updated to include the valuation of level 3 investments as a major source of estimation uncertainty to reflect the unobservable nature of the valuation inputs.
- **Note 16a Fair Value Hierarchy** – our audit work identified that an asset with a value of £161m had been incorrectly classified as falling within level 1 of the fair value hierarchy. While pricing data for the investment is available it is not actively traded on a stock exchange. To be classified within level 1 of the fair value hierarchy prices must be quoted and the asset must be actively traded. The asset has been moved to the level 2 column within the disclosure note. The same investment asset was also recorded in level 1 of the hierarchy in 2022/23, the value being £35,243k, as this is material the pension funds statements the prior year comparator has also been restated.
- **Note 18c Liquidity risk** – the value of illiquid assets recorded in the financial statements had not been updated from the previous financial year. The value of illiquid assets in the disclosure has increased to £553m from £377m.
- **Note 23 Additional Voluntary Contributions (AVC's)** – The values for inclusion in the disclosure were delayed in coming from Prudential, therefore the draft accounts included a nil entry. The information is now available therefore the disclosure has been updated to include the market value of AVCs.
- **Note 25 Related Party Transactions** – the disclosure has been updated to ensure compliance with the Code. Employers have now been disclosed as a related party, details of members of the Audit Committee and the Pension Fund Committee has been added, and the value of payments to key management personnel has been disclosed.

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

## Unadjusted disclosure misstatements

- **Note 14a Investment Purchases** – Our testing of investment purchases recorded in Note 14a to the financial statements found that purchases were overstated by £901k when compared to purchase information obtained directly from fund managers. To comply with our audit approach, we extrapolated the error over the remaining untested population to estimate the impact on the balance. The extrapolated error is a misclassification of purchases of £5,893k. This misstatement is recorded on page 21 of this report as an unadjusted misstatements to reflect the impact it has on Profit and losses on disposal and changes in value of investments in the Fund Account.
- **Note 14a Investment Sales** - Our testing of investment sales recorded in Note 14a to the financial statements found that sales were understated by £1,931k when compared to sales information obtained directly from fund managers. The error occurred in the material samples for the pooled investments testing and as such was not extrapolated. This misstatement is recorded on page 21 of this report as an unadjusted misstatements to reflect the impact it has on Profit and losses on disposal and changes in value of investments in the Fund Account.
- **Note 18a Interest rate risk** – the value of pooled investments is understated within the disclosure. The value should be £1,155,724k, a misstatement of £20, 631k.

We will obtain written representations confirming that, after considering the unadjusted disclosure misstatements, both individually and in aggregate, in the context of the annual report and financial statements taken as a whole, no adjustments are required.

# Summary of misstatements

As part of our first-year audit work we performed procedures in relation to the opening balances in the pension funds 2023/24 financial statements. We have included details below of the unadjusted misstatement that we identified because of this work.

## Unadjusted misstatements – identified in respect of opening balances

Management has assessed the misstatements in the table below as not being material, individually or in aggregate, to the financial statements and does not plan to adjust. We only report to you unadjusted misstatements that are either material by nature or which exceed our reporting threshold.

Details of adjustment	Fund Account		Net Asset Statement	
	Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
Dr: Investment assets – pooled investments			15,950	
Cr: Investment assets – pooled property investments				1,967
Cr: Profit and losses on disposal and changes in value of investments		13,983		
Our testing of the opening balances on investment assets identified that pooled investments were understated by £15,950k and pooled property investments were overstated by £1,967k.. As part of our testing we obtain direct confirmations from fund managers, these direct confirmations included a higher value for the investments than the value determined by the custodian.				
<b>Aggregate effect of unadjusted misstatements</b>		<b>13,983</b>	<b>15,950</b>	<b>1,967</b>



# Appendices

A: Draft management representation letter

B: Draft audit report

C: Draft consistency report

D: Confirmation of our independence

E: Other communications

# Appendix A: Draft management representation letter

Dear Mark

## North Yorkshire Pension Fund - Audit for Year Ended 31 March 2024

This representation letter is provided in connection with your audit of the financial statements of North Yorkshire Pension Fund (the "Pension Fund") for the year ended 31 March 2024 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 2023/24 (the Code), and applicable law.

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 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 Pension Fund you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Corporate Director of Resources 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 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 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 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 current and fair value

I confirm that the methods, significant assumptions and the data used by the Pension Fund in making the accounting estimates, including those measured at current and 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 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, as amended by the Code 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 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

## Fraud and error

I acknowledge my responsibility as Corporate Director of Resources 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.

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 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 and applicable law.

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.

## Charges on assets

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

## Future commitments

The Pension Fund 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.

## Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code, as amended by the Code 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.

## 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 Pension Fund, including the impact of mitigation measures and uncertainties, and are satisfied that the financial statements and supporting notes fairly reflect 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 are satisfied that the financial statements and supporting notes fairly reflect 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 are satisfied that the financial statements and supporting notes fairly reflect that assessment.

## 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.

## Unadjusted misstatements

We confirm that the effects of the uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to this letter as an Appendix.

Yours faithfully

Corporate Director of Resources

# Appendix B: Draft audit report

## Independent auditor's report to the Members of North Yorkshire Council

### Report on the audit of the financial statements

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

We have audited the financial statements of North Yorkshire Pension Fund ('the Pension Fund') for the year ended 31 March 2024, which comprise the Fund Account for the year ended 31st March 2024, the Net Assets Statement, and notes to the financial statements, including a summary of material accounting policy information. 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 2023/24.

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 2024, and the amount and disposition of the Pension Fund's assets and liabilities as at 31 March 2024; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

#### 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 use of the going concern basis of accounting by the Corporate Director - Resources in the preparation of the financial statements is appropriate.

Based on the work we have performed, and taking into account the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 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.

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

#### Other information

The other information comprises the Annual Governance Statement and information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Corporate Director - Resources is responsible for the other information. 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 Corporate Director - Resources for the financial statements

As explained more fully in the Statement of the Corporate Director - Resources' Responsibilities, the Corporate Director - Resources 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 2023/24, and for being satisfied that they give a true and fair view. The Corporate Director - Resources is also responsible for such internal control as the Corporate Director - Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## Appendix B: Draft audit report

The Corporate Director - Resources is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 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 Corporate Director - Resources 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.

### **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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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 Pension Fund, 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 2016, and we considered the extent to which non-compliance might have a material effect on the financial statements.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- inquiring with management and the Audit Committee, as to whether the Pension Fund is in compliance with laws and regulations, and discussing their 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 Pension Fund which were contrary to applicable laws and regulations, including fraud.

We evaluated the Corporate Director - Resources' 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 in relation to fraud included but were not limited to:

- making enquiries of management and the 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, testing of accounting estimates and testing any unusual transactions.

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 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 Corporate Director - Resources 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 statements and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in November 2024.

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.

# Appendix B: Draft audit report

## Use of the audit report

This report is made solely to the Members of North Yorkshire Council, as a body and as administering authority for the North 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.

Mark Kirkham, Partner  
For and on behalf of Forvis Mazars LLP

Forvis Mazars  
5th Floor, 3 Wellington Place  
Leeds  
LS1 4AP

[Date]

# Appendix C: Draft consistency report

## Independent auditor's statement to the Members of North Yorkshire Council on the pension fund financial statements included within the North Yorkshire Pension Fund annual report

### Report on the financial statements

We have examined the Pension Fund financial statements for the year ended 31 March 2024 included within the North Yorkshire Pension Fund annual report, which comprise the Fund Account, the Net Assets Statement and the notes to the financial statements, including material accounting policy information.

#### Opinion

In our opinion, the Pension Fund financial statements are consistent with the audited financial statements of North Yorkshire Council for the year ended 31 March 2024 and comply with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

#### Respective responsibilities of the Corporate Director of Resources and the auditor

As explained more fully in the Statement of the Corporate Director of Resources Responsibilities, the Corporate Director of Resources 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 North Yorkshire Council as a body, whether the Pension Fund financial statements within the Pension Fund annual report are consistent with the financial statements of North Yorkshire 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 North Yorkshire 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 North Yorkshire Council, as a body and as administering authority for the North 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 North Yorkshire 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 North Yorkshire Council and North Yorkshire Council's Members as a body, for our audit work, for this statement, or for the opinions we have formed.

[Signature]

Mark Kirkham, Partner  
For and on behalf of Forvis Mazars LLP

Forvis Mazars  
5th Floor, 3 Wellington Place  
Leeds  
LS1 4AP

[Date]

## Appendix C: 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.



## Appendix D: Other communications

Other communication	Response
<b>Compliance with Laws and Regulations</b>	<p>We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations.</p> <p>We will obtain written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed.</p>
<b>External confirmations</b>	<p>We have experienced delays in the receipt of third-party confirmations in respect of level 2 and level 3 investments.</p>
<b>Related parties</b>	<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> <ul style="list-style-type: none"> <li>a. they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and</li> <li>b. they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.</li> </ul>
<b>Going Concern</b>	<p>We have not identified any evidence to cause us to disagree with Corporate Director of Resources that the North 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> <p>We will obtain written representations from management, confirming that all relevant information covering a period of at least 12 months from the date of approval of the financial statements has been taken into account in assessing the appropriateness of the going concern basis of preparation of the financial statements.</p>

## Appendix D: Other communications

Other communication	Response
<p><b>Subsequent events</b></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><b>Matters related to fraud</b></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 Audit Committee, confirming that</p> <ul style="list-style-type: none"> <li>a) they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud;</li> <li>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;</li> <li>c) they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving: <ul style="list-style-type: none"> <li>i. management;</li> <li>ii. employees who have significant roles in internal control; or</li> <li>iii. others where the fraud could have a material effect on the financial statements; and</li> </ul> </li> <li>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.</li> </ul>

# Contact

## Forvis Mazars

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Forvis Mazars LLP is the UK firm of Forvis Mazars Global, a leading global professional services network. Forvis Mazars LLP is a limited liability partnership registered in England and Wales with registered number OC308299 and with its registered office at 30 Old Bailey, London, EC4M 7AU. 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: GB 839 8356 73

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