

Ernst & Young  
2 St. Peters Square  
Manchester  
M2 3EY

South Yorkshire  
Mayoral Combined Authority  
11 Broad Street West  
Sheffield, S1 2BQ

*Tuesday 14 November 2023*

**RE: Letter of Representation :  
2021/22 SYPTE Accounts**

Dear Sir,

This letter of representations is provided in connection with your audit of the financial statements of South Yorkshire Passenger Transport Executive (“the Executive”) for the year ended 31 March 2022. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the financial position of South Yorkshire Passenger Transport Executive as of 31 March 2022 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

**A. Financial Statements and Financial Records**

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).
2. We acknowledge, as members of management of the Executive, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Executive in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for

Infrastructure Assets (November 2022), and are free of material misstatements, including omissions. We have approved the financial statements.

3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. As members of management of the Executive, we believe that the Executive has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), that are free from material misstatement, whether due to fraud or error. We have disclosed to you any significant changes in our processes, controls, policies and procedures that we have made to address the effects of the COVID-19 pandemic on our system of internal controls, and the effects of the conflict and related sanctions in Ukraine, Russia and/or Belarus on our system of internal controls.
5. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We have not corrected these differences identified by and brought to the attention from the auditor because SYPTE's share of the undervaluation of Pension Fund assets of £427k is not considered likely to influence a reader of the accounts in the context of the Executive's share of Pension Fund assets of £129m.
6. We confirm the Executive does not have securities (debt or equity) listed on a recognized exchange.

#### **B. Non-compliance with law and regulations, including fraud**

1. We acknowledge that we are responsible to determine that the Executive's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Executive (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
  - involving financial improprieties;
  - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Executive's financial statements;
  - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to

the operations of the Executive's activities, its ability to continue to operate, or to avoid material penalties;

- involving management, or employees who have significant roles in internal controls, or others; or
- in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

### **C. Information Provided and Completeness of Information and Transactions**

1. We 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 matters;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

2. All material transactions have been recorded in the accounting records and all material transactions, events and conditions are reflected in the financial statements, including those related to the COVID-19 pandemic, and including those related to the conflict and related sanctions in Ukraine, Russia and/or Belarus.

3. We have made available to you all minutes of the meetings of the Executive and committees held through the year to the most recent audit committee meeting on 20 September 2023

4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Executive's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.

5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

6. We have disclosed to you, and the Executive has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

7. We have disclosed to you, and the Executive has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

8. From the date of our last management representation letter (28 September 2021) through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount

#### **D. Contingencies and Liabilities**

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent, and have disclosed in the financial statements all guarantees that we have given to third parties

#### **E. Going Concern**

1. Note 4 to the financial statements discloses all the matters of which we are aware that are relevant to the Executive's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

#### **F. Subsequent Events**

1. There have been no events, including events related to the COVID-19 pandemic, and including events related to the conflict and related sanctions in Ukraine, Russia and/or Belarus, subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.
2. As explained in Note 4 to the financial statements, the South Yorkshire Passenger Transport Executive (Transfer of Functions) Order 2023 enacted on 20 February 2023, provided for the South Yorkshire Passenger Transport Executive to be dissolved on 1 April 2023 and all of its functions, property, rights and liabilities to be transferred to the South Yorkshire Mayoral Combined Authority. The Continuity provisions of the Order make for a seamless transfer of functions such that anything that in the process of being done by or in relation to SYPTE immediately before the 1 April is treated as if done by or in relation to the Authority. Similarly, the Authority has been substituted for SYPTE, in any instruments, contracts or legal proceedings which relate to any of the functions, property, rights or liabilities transferred, and are made or commenced before the transfer takes effect.

Furthermore, The Local Authority Accounting Code of Practice states that combinations of public sector bodies through local government reorganisation and other transfers of function from one public sector body to another are deemed to be combinations of businesses under common control. As such, assets and liabilities shall normally be transferred at their carrying amount as at the transfer date without the need for restatement.

Accordingly, practically and in substance, the dissolution of SYPTE on 1 April 2023 and transfer of all of its functions, property, rights and liabilities to the Authority does not have a financial effect on the amounts reported in either SYPTE's or the Authority's 2022/23 accounts. The Accounts have therefore been prepared on the going concern basis.

### **G. Other information**

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the information in the Statement of Accounts other than the financial statements and the Independent Auditor's Report.
2. We confirm that the content contained within the other information is consistent with the financial statements.

### **H. Climate-related matters**

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered and reflected in the financial statements.
2. The key assumptions used in preparing the consolidated and Authority financial statements are, to the extent allowable under the requirements of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), aligned with the statements we have made in the other information or other public communications made by us.

### **I. Use of the Work of a Specialist – Pension Assets and Liabilities**

1. We agree with the findings of the specialists that we engaged to evaluate the Property, Plant & Equipment and pensions valuations and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

### **J. Valuation of Pension Assets and Liabilities**

1. We confirm that the significant judgments made in making the accounting estimate for the valuation of pension assets and liabilities have taken into account all relevant information and the effects of the COVID-19 pandemic of which we are aware.

2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making these estimates for the valuation of pension assets and liabilities.
3. We confirm that the significant assumptions used in making the accounting estimate for the valuation of pension assets and liabilities appropriately reflect our intent and ability to carry out the specific courses of action on behalf of the entity.
4. We confirm that the disclosures made in the Executive's financial statements with respect to the accounting estimate(s), including those describing estimation uncertainty and the effects of the COVID-19 pandemic, are complete and are reasonable in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).
5. We confirm that appropriate specialized skills or expertise has been applied in making the accounting estimate for the valuation of pension assets and liabilities.
6. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the financial statements, including due to the COVID-19 pandemic.

#### **K. Retirement Benefits**

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

Yours faithfully,

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(Group Chief Financial Officer)

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(Chair of MCA Board)



Communication schedule for uncorrected misstatements

Communication schedule for uncorrected misstatements													
Entity:		SYLTE		Period Ended:				31-Mar-2022		Currency:		GBP	
Uncorrected misstatements			Analysis of misstatements Debit/(Credit)								Income statement effect of the prior period		
No.	W/P ref.	Account (Note 1)	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI	Income statement effect of the current period	Non taxable	Prior period Debit/(Credit)	Non taxable	
(misstatements are recorded as journal entries with a description )			Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)			
<b>Factual misstatements:</b>													
<b>Judgmental misstatements:</b>													
22		Pensions Liability - Pension fund auditors identified £27.3m error, SYLTE share in PF has not been adjusted for; there was also a difference of £7.9m reported between the ledger of assets and the Pension Liabilities				426,950							
		Actuarial (gains) / losses on pension assets/liabilities						(426,950)					
<b>Total of uncorrected misstatements before income tax</b>			0	0	0	426,950	0	(426,950)	0		0	0	
<b>Total of uncorrected misstatements</b>			0	0	0	426,950	0	(426,950)	0		0	0	
<b>Financial statement amounts</b>			21,165,000	253,015,000	(23,267,000)	(124,168,000)	(126,745,000)		8,247,000		4,488,000		
<b>Effect of uncorrected misstatements on F/S amounts</b>			0.0%	0.0%	0.0%	-0.3%	0.0%		0.0%		0.0%		
Memo: Total of non-taxable items (marked 'X' above)									0		0		
Uncorrected misstatements before income tax								0.0%	0		0		
Less: Tax effect of misstatements at current year marginal rate									0		0		
Uncorrected misstatements in income tax									0		0		
Cumulative effect of uncorrected misstatements after tax but before turnaround								0.0%	0		0		
Turnaround effect of prior period uncorrected misstatements													
All factual and projected misstatements:									0		0		
Judgmental misstatements (Note 3):									0		0		
Cumulative effect of uncorrected misstatements, after turnaround effect								0.0%	0		0		
Current year income before tax									8,247,000				
Current year income after tax									8,247,000				