

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 SYMCA Accounts**

Dear Sir,

This letter of representations is provided in connection with your audit of the consolidated and authority financial statements of South Yorkshire Mayoral Combined Authority (“the Group and Authority”) 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 consolidated and authority financial statements give a true and fair view of the Group and Authority financial position of South Yorkshire Mayoral Combined Authority as of 31 March 2022 and of its financial performance (or operations) and its cash flows for the year then ended 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).

We understand that the purpose of your audit of our consolidated and council financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing, 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 Group and Authority, our responsibility for the fair presentation of the consolidated and Authority financial statements. We believe the consolidated and Authority 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 Group and are free of material misstatements,

including omissions. We have approved the consolidated and authority financial statements.

3. The significant accounting policies adopted in the preparation of the Group and Authority financial statements are appropriately described in the Group and Authority financial statements.
4. As members of management of the Group and Authority, we believe that the Group and Authority have 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 and the effects of the conflicts 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 Group's share of Pension Fund assets of £139m.
6. We confirm the Group and Authority 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 for determining that the Group and Authority's activities are conducted in accordance with laws and regulations and that we are responsible for identifying and addressing 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 consolidated and Authority 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 Group or Authority (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 consolidated or Authority'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 Group or Authority'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 consolidated and Authority financial statements, including those related to the COVID-19 pandemic and 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 Group, 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 Group and Authority'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 year 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 consolidated and Authority 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 Group and Authority has complied with, all aspects of contractual agreements that could have a material effect on the consolidated and Authority financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

7. From the date of our last management representation letter (30 September 2021) through the date of this letter we have disclosed to you 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 on the Group and Authority 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.

8. We have disclosed to you and provided you full access to information and any internal investigations relating to, unauthorized access to our information technology systems that has a material effect on the consolidated and authority financial statements, including disclosures.

#### **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 consolidated and authority 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 Note 42 to the consolidated and authority financial statements all guarantees that we have given to third parties.

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

1. Note 5 to the consolidated and Authority financial statements discloses all the matters of which we are aware that are relevant to the Group and Authority'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 year end which require adjustment of or disclosure in the consolidated and Authority financial statements or notes thereto.

#### **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 consolidated and Authority 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 valuation of pension assets and liabilities and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the consolidated and Authority 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 the accounting estimate 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 group and Authority 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:		SYMCA		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) <small>(misstatements are recorded as journal entries with a description)</small>	Assets	Assets	Liabilities	Liabilities	Equity	Effect on the	Income statement			
			Current	Non-current	Current	Non-current	components	current period OCI	Debit/(Credit)	Non taxable		
			Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Prior period Debit/(Credit)	Non taxable	
<b>Factual misstatements:</b>												
<b>Judgmental misstatements:</b>												
1	22	Pensions Liability - Pension fund auditors identified £27.3m error, SYPTE 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>			335,325,000	84,951,000	(225,056,000)	(141,975,000)	(53,245,000)		(15,895,000)		(42,496,000)	
<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		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:									After tax		Memo: Before tax	
Judgmental misstatements (Note 3):									(15,895,000)		0	
Cumulative effect of uncorrected misstatements, after turnaround effect								100.0%	(15,895,000)			
Current year income before tax									(15,895,000)			
Current year income after tax									(15,895,000)			