

Notice of a public meeting of

Audit and Governance Committee

To:	Councillors Hollyer (Chair), J Burton (Vice-Chair), Fisher, Mason, Whitcroft, Merrett, Rose and Mr M Binney (Independent Member)
Date:	Wednesday, 27 November 2024
Time:	5.45 pm
Venue:	West Offices - Station Rise, York YO1 6GA

AGENDA

1. Apologies for Absence

To receive and note apologies for absence.

2. Declarations of Interest (Pages 1 - 2)

At this point in the meeting, Members and co-opted members are asked to declare any disclosable pecuniary interest, or other registerable interest, they might have in respect of business on this agenda, if they have not already done so in advance on the Register of Interests. The disclosure must include the nature of the interest.

An interest must also be disclosed in the meeting when it becomes apparent to the member during the meeting.

[Please see attached sheet for further guidance for Members].

3. Exclusion of Press and Public

To consider the exclusion of the press and public from the meeting during consideration of the following:

Annexes 3-11 to Agenda Item 14 (Audit and Counter Fraud Progress Report) on the grounds that they contain information relating to the financial or business affairs of any particular person (including the authority holding that information). This information is classed as exempt under paragraph 3 of Schedule 12A to Section 100A of the Local Government Act 1972 (as revised by The Local Government (Access to Information) (Variation) Order 2006).

4. Minutes & Action Log (Pages 3 - 18)

To approve and sign the minutes of the meeting held on 14 October 2024.

5. Public Participation

At this point in the meeting members of the public who have registered to speak can do so. Members of the public may speak on agenda items or on matters within the remit of the Committee.

Please note that our registration deadlines are set as 2 working days before the meeting, in order to facilitate the management of public participation at our meetings. The deadline for registering at this meeting is 5:00pm on Monday, 25 November 2024.

To register to speak please visit www.york.gov.uk/AttendCouncilMeetings to fill in an online registration form. If you have any questions about the registration form or the meeting, please contact Democratic Services. Contact details can be found at the foot of this agenda.

Webcasting of Public Meetings

Please note that, subject to available resources, this meeting will be webcast including any registered public speakers who have given their permission. The meeting can be viewed live and on demand at www.york.gov.uk/webcasts.

During coronavirus, we made some changes to how we ran council meetings, including facilitating remote participation by public speakers. See our updates (www.york.gov.uk/COVIDDemocracy) for more information on meetings and decisions.

6. Polling District and Polling Places Review (Pages 19 - 48)

The purpose of this report is to notify the Committee of the review process, including details of the consultation process and timeline.

7. Process for the Appointment of an Independent Member of the Audit and Governance Committee (Pages 49 - 58)

This report seeks the committee's views and comments on the proposed recruitment process for an Independent Member of the Committee.

8. Purchasing Compliance and No Purchase Order No Pay Update (Pages 59 - 68)

The report provides an update on the ongoing review of the No Purchase Order No Pay process since last reported to the Committee in February 2024.

9. Treasury Management Mid-Year Review and Prudential Indicators 2024/25 (Pages 69 - 92)

This report provides a mid-year update on treasury management activities and an update of the prudential indicators.

10. External Audit Plan (Audit Strategy Memorandum) 2023/24 (Pages 93 - 170)

The report provides the content of the Audit Strategy Memorandum which summarises the audit approach, highlights significant audit risks and areas of key judgements and provides details of the audit team.

11. Report on Suggested Constitutional Changes - Health and Wellbeing Board (Pages 171 - 184)

This report provides the proposed constitutional changes to the Health and Wellbeing Board's Terms of Reference to the committee for consideration and discussion.

12. Audit and Governance Committee Work Plan (Pages 185 - 188)

To consider the committee's work plan.

13. Urgent Business

Any other business which the Chair considers urgent under the Local Government Act 1972.

14. Audit and Counter Fraud Progress Report (Pages 189 - 322)

This report provides an update on the delivery of the internal audit work programme for 2024/25, and on counter fraud activity undertaken so far in the year.

Democracy Officer:

Name: Louise Cook

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Email: louise.cook@york.gov.uk

Reasonable Adjustments and Alternative formats statement

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我們也用您們的語言提供這個信息 (Cantonese)

এই তথ্য আপনার নিজের ভাষায় দেয়া যেতে পারে। (Bengali)

Ta informacja może być dostarczona w twoim własnym języku. (Polish)

Bu bilgiyi kendi dilinizde almanız mümkündür. (Turkish)

یہ معلومات آپ کی اپنی زبان (بولی) میں بھی میا کی جاسکتی ہیں۔ (Urdu)

For more information about any of the following please contact the Democracy Officer responsible for servicing this meeting:

- Registering to speak
- Business of the meeting
- Any special arrangements
- Copies of reports

Contact details are set out above.

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Declarations of Interest – guidance for Members

- (1) Members must consider their interests, and act according to the following:

Type of Interest	You must
Disclosable Pecuniary Interests	Disclose the interest, not participate in the discussion or vote, and leave the meeting <u>unless</u> you have a dispensation.
Other Registrable Interests (Directly Related) OR Non-Registrable Interests (Directly Related)	Disclose the interest; speak on the item <u>only if</u> the public are also allowed to speak, but otherwise not participate in the discussion or vote, and leave the meeting <u>unless</u> you have a dispensation.
Other Registrable Interests (Affects) OR Non-Registrable Interests (Affects)	Disclose the interest; remain in the meeting, participate and vote <u>unless</u> the matter affects the financial interest or well-being: (a) to a greater extent than it affects the financial interest or well-being of a majority of inhabitants of the affected ward; and (b) a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest. In which case, speak on the item <u>only if</u> the public are also allowed to speak, but otherwise do not participate in the discussion or vote, and leave the meeting <u>unless</u> you have a dispensation.

- (2) Disclosable pecuniary interests relate to the Member concerned or their spouse/partner.
- (3) Members in arrears of Council Tax by more than two months must not vote in decisions on, or which might affect, budget calculations,

and must disclose at the meeting that this restriction applies to them. A failure to comply with these requirements is a criminal offence under section 106 of the Local Government Finance Act 1992.

City of York Council

Committee Minutes

Meeting	Audit and Governance Committee
Date	14 October 2024
Present	Councillors Hollyer (Chair), J Burton (Vice-Chair (from 5:37pm)), Fisher, Mason, Merrett, Rose and Moroney (Substitute for Cllr Whitcroft)
Apologies	Councillor Whitcroft and Mr Binney (Independent Person)
In Attendance	Councillor Steward (until 6:28pm)
Officers in Attendance	Bryn Roberts, Director of Governance and Monitoring Officer

Part A Minute

33. Declarations of Interest (5:32 pm)

At this point in the meeting, Members were asked to declare any disclosable pecuniary interests, or other registrable interests, they might have in respect of business on the agenda, if they had not already done so in advance on the Register of Interests. None were declared.

34. Minutes And Action Log (5:32 pm)

Resolved: That the minutes of the meetings held on 8 August 2024 and 4 September 2024 be approved and then signed by the Chair as a correct record subject to amending the 4 September 2024 minutes at point 32, iv), delete the word 'comprised' and insert 'included'.

In regards to the action log, it was noted that action 66 and 67 were included on the work plan for the 27 November 2024 meeting and it was likely that action 69 would now be presented in 2025.

35. Public Participation (5:32 pm)

It was reported that there had been no registrations to speak at the meeting under the Council's Public Participation Scheme but that one written representation had been received and published online as an agenda supplement regarding agenda item 4, report of the Monitoring Officer on suggested constitutional changes.

36. Report of the Monitoring Officer on Suggested Constitutional Changes (5:36 pm)

[See also under Part B]

Members considered a report that provided the first tranche of suggested constitutional changes to the committee for consideration and discussion.

The Director of Governance and Monitoring Officer confirmed that he had sought the views of the Labour Group, Liberal Democrat Group, Conservative Group, and Councillor Warters in respect of the proposed changes to the Council Procedure Rules protocol. Following receipt of comments, a consolidated table, together with clarifications from the Monitoring Officer, had been devised and published as an agenda supplement.

The committee discussed the collated comments received, noting that:

- Paragraphs 1.2, 4.3 (a) and 5.1 had been accepted by all Groups.
- The revisions made to paragraphs 9.3, 10.11, 13.1, B3 1 (m), B11 2 (m), B12 2, B13 1, B13 3 had been circulated and accepted.
- Paragraphs 9.1, B8, B9, B10, B11, B10 1, B10 2, B10 3, B10 7, B13 (10,11 & 12), B12 1, B17 2 had been accepted subject to incorporating the agreed amendments.
- Paragraphs B3 1 and B13 3 (f) had been agreed by all Groups but the committee had further comments to make when also discussing the points of contention in paragraphs 4.3 (c), 7.2, 10.8, 10.9, 11.3, B 7 1, B 11 2 (o).

Following further discussion, the committee reached a consensus on the points of disagreement as below, which would be endorsed to Full Council along with the agreed proposed changes to the Council Procedure Rules:

- The proposed amendments to paragraphs 4.3 (c), 7.2, 10.9, 11.3 and B11 2 (o) should not be accepted.
- The Liberal Democratic Group were content with the position set out in paragraph 10.8 following the latest exchange with the Leader.
- All Groups were content with reducing the time allowed for the Opposition Group Leaders to respond (B 7 1).
- B3 1 to be amended to 35 minutes and revisited if required.
- Change wording from 'must' to 'should, where possible,' in paragraph B13 3 (f).

The committee noted that it was not a legal requirement to send the summons to all Honorary Aldermen and Alderwomen and following discussion, the committee agreed that they should be informed annually on the dates of Full Council.

The Constitution Working Group and all political Groups were thanked for their contributions and the Director of Governance explained that following discussion with Group Leaders, there was a proposal for a revised way of the Constitution Working Group operating to help streamline and reach a conclusion faster. This process would involve the Director of Governance preparing a revised draft of part of the Constitution, which would then be circulated to the Constitution Working Group. Members of the Constitution Working Group would then refer the revised draft to their Groups for key points of agreement and disagreement, and would then convene to complete revisions to the document before referring the matter to Audit and Governance Committee for endorsement and onward referral to Council.

Resolved:

- (i) That the proposed changes to the Council Procedure Rules be considered and endorsed, other than the points of contention, and remit those changes to the meeting of Full Council on 21 November 2024 for approval.
- (ii) That the points of contention be considered and remitted as above to the meeting of Full Council on 21 November 2024 for decision.

- (iii) That all Honorary Aldermen and Alderwomen be informed annually on the dates of Full Council.
- (iv) That the future process for constitutional revisions be agreed.

Reason: To allow council to determine the proposed constitutional changes.

37. Audit and Governance Committee Work Plan (6:28 pm)

The committee considered their work plan for the 2024/25 municipal year.

The committee were informed that they would have the opportunity to meet privately with the council's external auditors, Forvis Mazars, ahead of the start of the next meeting on 27 November 2024, and that an update on the Independent Person recruitment and on the Polling District and Polling Place review would be received at the next meeting.

Resolved: That the work plan be noted and revised to include an update of the internal audit investigation of the council's contract management provisions, and that a York Open Data update be included for consideration.

Reason: To ensure the committee maintained a programme of work for 2024/25.

Part B Minute - Recommended to Council

36. Report of the Monitoring Officer on Suggested Constitutional Changes

[See also under Part A]

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had been devised and published as an agenda supplement.

The committee discussed the collated comments received, noting that:

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- Paragraphs 9.1, B8, B9, B10, B11, B10 1, B10 2, B10 3, B10 7, B13 (10,11 & 12), B12 1, B17 2 had been accepted subject to incorporating the agreed amendments.
- Paragraphs B3 1 and B13 3 (f) had been agreed by all Groups but the committee had further comments to make when also discussing the points of contention in paragraphs 4.3 (c), 7.2, 10.8, 10.9, 11.3, B 7 1, B 11 2 (o).

Following further discussion, the committee reached a consensus on the points of disagreement as below, which would be endorsed to Full Council along with the agreed proposed changes to the Council Procedure Rules:

- The proposed amendments to paragraphs 4.3 (c), 7.2, 10.9, 11.3 and B11 2 (o) should not be accepted.
- The Liberal Democratic Group were content with the position set out in paragraph 10.8 following the latest exchange with the Leader.
- All Groups were content with reducing the time allowed for the Opposition Group Leaders to respond (B 7 1).
- B3 1 to be amended to 35 minutes and revisited if required.
- Change wording from 'must' to 'should, where possible,' in paragraph B13 3 (f).

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then be circulated to the Constitution Working Group. Members of the Constitution Working Group would then refer the revised draft to their Groups for key points of agreement and disagreement, and would then convene to complete revisions to the document before referring the matter to Audit and Governance Committee for endorsement and onward referral to Council.

Recommended:

- (i) That the proposed changes to the Council Procedure Rules be endorsed, other than the points of contention, by Full Council on 21 November 2024.
- (ii) That the points of contention be remitted as above to the meeting of Full Council on 21 November 2024 for decision.

Reason: To allow council to determine the proposed constitutional changes.

Cllr Hollyer, Chair

[The meeting started at 5.32 pm and finished at 6.34 pm].

Audit and Governance Committee Action Log

Action Number	Date of Meeting	Title	Action	Action Owner	Status/ Outcome	To be completed by	Completed
16	19/07/23	Work Plan	To inform the Monitoring Officer of any areas of the Constitution Committee Members would specifically like reviewing, to include, Access to Information (Appendix 7), particularly around Members rights to information, the Scheme of Delegation (Appendix 1) and Public Participation (Appendix 8).	Committee Members	Ongoing as part of the Constitution review	Ongoing	No
31	08/11/23	Corporate Governance Performance Report	Officers worked with the Business Intelligence Team to manage the corporate performance reports that were published on the council's York open data platform. The Chair agreed to consult with the Business Intelligence Team to see if the data published could be consolidated to enable a more user friendly system and report back to Committee	Chair/Ian Cunningham	Officers and the Chair to meet to discuss. This has been added to the work plan for 26 March 2025	26/03/25	No
51	28/02/24	Update on Action Plan - No Purchase Order No Pay	Consider when an appropriate time would be for the Committee to receive an update report.	Chair and Helen Malam	Report to be received at the A&G meeting on 27 November 2024	27/11/24	No
59	22/05/24	Auditor's Annual Report 2021/22 and 2022/23	Mazars to liaise with the Director of Finance regarding the inclusion of a timeline within the 2023/24 audit and the preventions in place to deter recommendations remaining as outstanding year on year.	Mazar/Debbie Mitchell	This will be included in the 23/24 final accounts report scheduled for January.	29/01/25	No

64	31/07/24	Draft Statement of Accounts	1. Update the terminology used in Annex A, A brief explanation on the constituent parts of the Annual Financial Report, to include the Mayor of York and North Yorkshire office 2. Consider including an explanatory note that described how many of the authority's other employees received a salary more than £50,000 due to the annual pay award.	Helen Malam/Debbie Mitchell	These updates will be made for 2024/25 accounts	30/06/25	No
65	31/07/24	Response to the LGA Assurance Report	That Members feedback be considered, which included: · enhancing the member portal to include further data on council services and improved guidance on raising concerns · strengthening the pastoral care available in West Offices. · receiving feedback on the overall induction program from all Members. · Strengthening the sanctions imposed on any councillor who did not obey the Code of Conduct. · receiving periodical feedback from councillors and officers to promote good behaviour and culture across the council	Lindsay Tomlinson	The member induction programme has been handed over to Democratic Services to take forward.	Ongoing	No
66	31/07/24	Audit and Government Committee Review of Effectiveness	That a self-assessment review of the committee's effectiveness be undertaken and that the process be considered by the Director of Governance and Head of Internal Audit with an update being received at a future committee meeting.	Bryn Roberts/Max Thomas	Questionnaire to go out in November, and results to be reported in January 2025.	29/01/25	No

68	08/08/24	Report on the extension and subsequent termination of the Early Intervention and Prevention Contract with the Salvation Army	That the Director of Governance commission an internal audit investigation of the council's contract management provision, following discussion with the Chair and Vice-Chair on the observations identified at the meeting on 8 August 2024 and ensuring the process followed to the point of cessation of the Salvation Army contract was included in the review.	Bryn Roberts/Chair/Vice-Chair	Work has been commissioned, and is underway, and an update on progress will be provided in January 2025.	29/01/25	No
69	08/08/24	Report on the extension and subsequent termination of the Early Intervention and Prevention Contract with the Salvation Army	That the appropriate method of presenting key waiver details to the committee be considered by the Director of Governance	Bryn Roberts	To be reported in 2025	29/01/25	No
71	04/09/24	Minutes and Action Log	Subject to receiving confirmation from Mr Leigh that he had resigned from the Committee, the recruitment process for a new Independent Member to be considered by the committee.	Bryn Roberts/Lindsay Tomlinson	An update will be brought to the November meeting.	27/11/24	No
72	04/09/24	Corporate Governance Team Report	That an update on the repeated themes published within FOIs/EIRs and the covert surveillance policy be included within the Corporate Governance report on 29 January 2025.	Lorraine Lunt	This has been scheduled into the workplan for 29 January 2025.	29/01/25	No
73	04/09/24	Corporate Governance Team Report	To expand on the internal governance management arrangements, as highlighted within annex 1, and provide a note to Members that recognises and differentiates between councillors and officers.	Bryn Roberts/Claire Foale		29/01/25	No

74	04/09/24	Monitors 1 & 2 2024/25 - Key Corporate Risks	That an analysis of each individual KCR be provided within future monitor reports starting with KCR 1 and invite the risk owner to attend that Audit and Governance Committee to assist with the conversation	Helen Malam	An analysis of KCR 1 will come to the committee at Monitor 3 in January 2025	29/01/25	No
75	04/09/24	Monitors 1 & 2 2024/25 - Key Corporate Risks	<ul style="list-style-type: none"> · To ensure the relevant partners, including Tees, Esk and Wear Valleys NHS Foundation Trust, were included within KCR 3, Effective and Strong Partnerships. · To highlight a variety of community engagement groups within KCR 9, Communities. To consider: <ul style="list-style-type: none"> · including housing in KCR 4, Changing Demographics · the future risks following adoption, or the possibility of judicial challenge in KCR 8, Local Plan. · the gross likelihood and risk owners of KCR 11, External Market Conditions · including disorder in KCR 12, Major incidents 	Helen Malam	These updates will be made in the KCR Monitor 3 update.	29/01/25	No
82	14/10/25	Report of the Monitoring Officer on suggested Constitutional changes.	That all Honorary Aldermen and Alderwomen be informed annually on the dates of Full Council.	Louise Cook	Dates to be issued following approval of the 2025/26 corporate calendar at Full Council	01/12/24	No

Audit and Governance Committee Completed Actions for 2024

Action Number	Date of Meeting	Title	Action	Action Owner	Status/ Outcome	Completed by	Completed
67	31/07/24	Annual Report of the Head of Internal Audit and Counter Fraud Annual Report	That officers verify to Members if prosecution cases linked to the misuse of residential parking permits by occupants of holiday lets was shared with the planning enforcement team.	Max Thomas	The counter fraud team have not historically shared details of parking investigations with the planning enforcement team, however following the increase of work in this area we recognise the importance of doing so. We have recently discussed information sharing arrangements with the team and are in the process of sharing relevant details of investigations from 1 April 2023 to date that have identified parking permit misuse by the owners of holiday lets. This information may lead to action being taken by the planning enforcement team, in particular where neighbouring properties are experiencing noise, disturbance, and parking issues due to behaviour of holiday let guests.	27/11/24	Yes
79	04/09/24	Report of the Monitoring Officer on suggested Constitutional Changes	That the delayed timelines and the process undertaken to finalising Appendix 3 for endorsement to Full Council be raised and discussed at Group Leaders on 3 October 2024.	Bryn Roberts	Amendments considered and agreed by A&G on 14 October 2024; to be presented to Council on 21 November 2024.	14/10/24	Yes
78	04/09/24	Report of the Monitoring Officer on suggested Constitutional Changes	That arrangements be made to remove the Deputy Leader report from the Council Procedure Rules and the Director of Governance and Monitoring Officer remit that amendment only to the meeting of Full Council on 19 September 2024 for approval	Bryn Roberts	Report has been submitted to council	19-Sep-24	Yes

77	04/09/24	Report of the Monitoring Officer on suggested Constitutional Changes	That an extraordinary Audit and Governance Committee be arranged in consultation with the Chair, Vice Chair and Director of Governance to consider the submissions received regarding the proposed changes to Appendix 3, Council Procedure Rules, and invite a representative from each Group to the meeting to reflect their perspective, ahead of onward endorsement to the meeting of Full Council on 21 November 2024.	Bryn Roberts/Chair/Vice-Chair/Louise Cook	Meeting has been arranged for 14 October 2024 and Cllr Warters and Cllr Steward have been invited to attend.	18-Sep-24	Yes
76	04/09/24	Report of the Monitoring Officer on suggested Constitutional Changes	That political groups be given the opportunity to consider the proposed changes in the clean version of Appendix 3, Council Procedure Rules and provide their submissions to the Director of Governance and Monitoring Officer by 27 September 2024.	Bryn Roberts	Completed - Email had been sent	27-Sep	Yes
75	04/09/24	External Auditor Verbal Update	Officers contact the council's representative on the North Yorkshire Pension Fund Local Pension Board to seek their assistance in trying to resolve the delay in receiving assurances from the North Yorkshire Pension Fund.	Debbie Mitchell/Mark Outterside	Completed, an email had been sent to Cllr Rowley	19-Sep-24	Yes
72	08/08/24	Audit and Governance Work Plan 2024/25	That the work plan be revised to include the update on the Constitution Review on 4 September 2024.	Louise Cook	Completed	Louise Cook 16/08/24	Yes

71	08/08/24	Report of the Monitoring Officer on suggested Constitutional Changes	That paragraph 4.2, particularly the point regarding the Lord Mayor being granted a casting vote when they are no longer a Councillor, be reconsidered by the Director of Governance.	Bryn Roberts	Update provided at the meeting on 4 September	04/09/24	Yes
70	08/11/2023, 08/08/24, 4/09/24	Report of the Monitoring Officer on suggested Constitutional Changes	That the cross party constitution working group consider the Constitutional changes for onward endorsement by the Audit and Governance Committee and then Full Council.	Bryn Roberts	This is ongoing and all political groups have been given the opportunity to comment on the Council Procedure Rule changes, Appendix 3. The next update will be provided to A&G on 27 November 2024.	27/11/24	Yes
63	31/07/24	Draft Statement of Accounts	Provide a narrative to Committee Members on: <ul style="list-style-type: none"> •The higher depreciation charges (£1.1m) within the Housing Revenue Account (HRA). •The variations between the income and net expenditure total figures across 22/23 and 23/24 in the Comprehensive Income and Expenditure Statement. •The miscellaneous amounts set aside from the General Fund balances in earmarked reserves. •The deployment of the Dedicated Schools Grant receivable for 2023/24, particularly the carry forward of £6.639m within the individual schools budget. 	Helen Malam/ Debbie Mitchell	Email sent to members on 22nd August 2024	Helen Malam 22/08/2024	Yes

62	31/07/24	Public Participation	Officers to provide a response to the concerns raised regarding a recent published officer decision notice regarding York Station Gateway	Democracy Officer	Completed. A response had been received from the Director of Environment, Transport and Planning and sent to the public participant and Members	Louise Cook 08/08/2024	Yes
61	22/05/24	Work Plan	A report of the Director of Governance and Monitoring Officer requires scheduling into the work plan and is to include the governance concerns raised by the Independent Person.	Bryn Roberts	Those elements of concern which referred to constitutional matters will now be brought to the Constitution Working Group for consideration.	Bryn Roberts 24/07/2024	Yes
60	22/05/24	Work Plan	The Director of Governance and Monitoring Officer to consider how the general election will impact the work plan whilst ensuring the agenda for the committee meetings scheduled on 9 and 31 July remained substantial.	Bryn Roberts	Work Plan updated at the 9 July Cmt meeting	09-Jul-24	Yes
58	22/05/24	Counter Fraud Framework Report	Email Members more details on the courses/eLearning that were delivered to staff to raise the profile of fraud and the risks around it.	Max Thomas	Email sent to Committee Members on 26 June	Max Thomas 26/06/2024	Yes
56	28/02/24	Work Plan	Consider the timeframes required to produce the revised Salvation Army report and suggest a suitable meeting date.	Bryn Roberts, Chair and Vice Chair	Completed - arranged to take place on 22 May 2024	Bryn Roberts	Yes
55	28/02/24	Update on the Review of the Constitution	Ahead of the A&G meeting where the Constitution will be presented, the Constitution Working Group to consider the most appropriate way to circulate to Committee Members the changes and outstanding points.	Bryn Roberts, Constitution Working Group	The Constitution has been circulated and will be considered by A&G on 8 August	08/08/2024	Yes
54	28/02/24	Early Intervention and Prevention of Rough sleeping	That Members raise any specific matters within the report to the Director of Governance and Monitoring Officer.	Committee Members	Due to staff vacancies and staff absence, the work on NPONP is taking longer than hoped. However, we're working to get an update to Members in November 2024 and action the supplier comms asap.	Committee Members 10/05/2024	Yes

50	28/02/24	Update on Action Plan - No Purchase Order No Pay	That communication to all suppliers be issued as soon as possible and that officers liaise with the Council Management Team and Executive Member for Finance to consider the barriers and ways to improve.	Helen Malam	Communication has now been issued.	18/11/24	Yes
48	31/01/24	Work Plan	That the workplan be populated to include the 2024/25 finance reports.	Debbie Mitchell		Helen Malam 12/03/2024	Yes
47	31/01/24	Treasury Management Training	The treasury management training recording would be circulated around committee members.	Louise Cook	Completed	Louise Cook 2/2/24	Yes
46	31/01/24	Statement of Accounts and Work Plan	That the committee receives a summary of all the assets the council owns and officers consider the best way for this to be reviewed.	Helen Malam/Bryn Roberts	Details have been emailed to Members	Helen Malam 30/07/24	Yes
45	31/01/24	Key Corporate Risks	1) The major metric risk definition used in the gross impact score for KCR 1, Financial Pressures be reconsidered. 2) The original risk scores could be included above the matrix that categorises the KCRs according to their net risk evaluation.	Helen Malam	This will come as part of the KCR monitor 4 update	09/07/24	Yes
44	31/01/24	Key Corporate Risks	Officers to consider if there were any key corporate risks associated with accessing and utilizing additional resources through the York and North Yorkshire Combined Authority.	Helen Malam	This will come as part of the KCR monitor 4 update	09/07/24	Yes
43	31/01/24	Key Corporate Risks	The officers working on the Local Plan be asked to provide an update on the risks to committee members.	Helen Malam	This will come as part of the KCR monitor 4 update	09/07/24	Yes

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Meeting:	Audit and Governance Committee
Meeting date:	27/11/2024
Report of:	Bryn Roberts, Director of Governance
Portfolio of:	Cllr Claire Douglas, Leader of the Council and Executive Member for Policy, Strategy and Partnerships

Audit and Governance Committee Report: Review of Polling Districts and Polling Places

Subject of Report

1. The purpose of this report is to notify the Committee of the review process, including details of the consultation process and timeline.
2. The Representation of the People Act 1983 places a duty on the Council to divide the authority area into polling districts and to designate a polling place for each polling district for the purpose of holding elections.
3. The council must review polling districts and polling places at least once every five years.

Policy Basis

4. The outcome of the review will be to:
 - Improve the way the council and its partners work together to deliver better services
 - Improve our focus on the needs of customers and residents in designing and providing services

Recommendation and Reasons

5. That Members note the commencement of the polling district and polling place review and the associated consultation process and review timeline.

Reason: To comply with statutory requirements.

Background

6. The following rules must be adhered to when designating polling districts and polling places:
 - each parish in England and community in Wales must be a separate polling district, unless there is a good reason for this to not be the case.
 - a polling place must be designated for each polling district, unless the district is so small or remote that it doesn't matter where the polling station is.
 - the polling place must be in the district, unless there's a good reason to put it outside the district (for example, if there's no accessible polling place in the district).
 - the polling place must be small enough so that electors in different parts of the district can easily find it.
7. The following definitions may be helpful when reading the report and Appendices:
 - “Polling districts” are geographical electoral areas into which wards and constituencies may be sub-divided.
 - “Polling places” are the buildings or areas designated by the council where electors in a polling district go to vote in person.
 - “Polling stations” are the number of issuing desks in the building or area that is the designated polling place.
8. At the commencement of the review, the local authority is required to publish formal notice to this effect. A copy of the draft notice is attached at Annex A. The notice must state the date that the review will commence, and must invite comments and representations. The proposed timetable for the review is encompassed within the Notice.

9. As part of the consultation process, the authority will make direct contact with elected representative, including ward councillors, parish councils, local Members of Parliament and the York and North Yorkshire Combined Authority Mayor. Local political parties, local disability awareness groups and local community groups will also be contacted and invited to make comments or representations.
10. At the May 2024 Combined Authority Mayoral polls, all Presiding Officers were requested to complete an accessibility audit of their polling station. The audit was compiled by the Council's Access Officer, working closely with the Electoral Services team. The outcome of that audit will be taken into consideration alongside the consultation responses when preparing the revised schedule of polling places for consideration by this Committee and approval by full Council. Details will be presented with the final report.
11. The Electoral Services team has, following the two major polls held during 2024, annotated the current schedule of polling places to advise of known issues with existing stations (including the provisional outcome of the accessibility audit) and potential new or replacement polling stations. That annotated schedule is shown at Annex B and will form the basis for the (Acting) Returning Officer's formal comments on the proposed polling plan, to be published alongside the Notice of Review.
12. The Electoral Services team has been working with officers from the Communications team to develop a robust communication strategy to ensure as many electors as possible are made aware of, and encouraged to engage with, the review.
13. The consultation period will last for just over one month. All comments and representations received will be reported to Audit and Governance Committee at its meeting on 29 January 2024, and Members will be requested to make recommendations to Council on a revised schedule of polling districts and polling places.

Consultation Analysis

14. Consultation will commence with the publication of the 'Notice of Review' on 28 November 2024. The consultation period will run until 3 January 2025.

Risks and Mitigations

15. Failure to undertake the review would represent a risk to the authority as the review is a statutory requirement.

Implications

Financial – None directly arising from this report.

Human Resources – None directly arising from this report.

Equalities – The Council's Returning Officer has a duty to ensure that polling places are accessible. This will be reflected in the final schedule of polling places, at the end of the review process.

Legal - In accordance with S18A-E of the Representation of the People Act 1983, local authorities must undertake a review of all polling districts and polling places used for parliamentary elections every five years. The current compulsory review period began on 1st October 2024 and ends on 31 January 2025.

Crime and Disorder, Information Technology and Property – None directly arising from this report.

Wards Impacted

16. All wards are involved in the review process.

Contact details

For further information please contact the authors of this report.

Joint Authors

Name:	Emma Calvert
Job Title:	Electoral Services Manager
Name:	Lindsay Tomlinson
Job Title:	Head of Democratic Governance
Service Area:	Democratic Governance
Report approved:	Yes
Date:	19/11/2024

Background papers

- [Electoral Commission Guidance: Reviews of polling districts, polling places and polling stations | Electoral Commission](#)

Annexes

- Annex A: Draft Notice of Review and timetable
- Annex B: Annotated list of current polling stations

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Notice of Polling Districts and Polling Places Review

Notice is hereby given that in accordance with Section 18C of the Representation of the People Act 1983 City of York Council (the Council) is to carry out a review of its polling districts and polling places.

Relevant information and mapping regarding the current arrangements and proposals for changes can be found on the Council's website <https://www.york.gov.uk/PollingReview> or can be inspected at West Offices, Station Rise, York YO1 6GA

The (Acting) Returning Officer (ARO) for the Parliamentary constituencies of York Central and York Outer will comment on the proposals. Those representations will be published on the Council's website and will be available for inspection at <https://www.york.gov.uk/PollingReview> or can be inspected at West Offices, Station Rise, York YO1 6GA in accordance with the timetable set out below.

Electors within the Council area or within a UK Parliamentary constituency which has any part in the authority may make a representation. We invite comments from all electors regarding the convenience of voting at polling stations currently used for elections and would welcome suggestions for alternative sites.

The Council would also welcome the views of all residents, particularly disabled residents, or any person or body with expertise in access for persons with any type of disability, on the proposals, ARO's representations or any other related matters.

Anybody making representations should, if possible, give alternative places that may be used as polling places.

Comments and representations may be submitted as follows:

By post	Electoral Services, West Offices, Station Rise, York YO1 6GA
By email	electoral.services@york.gov.uk
Online form	<>

All representations must be made by no later than Friday, 3 January 2025.

Timetable	
Date	
28 November 2024	Formal notice of review
28 November 2024	Publication of (Acting) Returning Officer's comments
28 November 2024	Commencement of public consultation period
3 January 2025	End of public consultation period
29 January 2025	Final proposals considered by Audit and Governance Committee
27 March 2025	Final proposals considered by Full Council
1 April 2025	Publication of the revised register of electors

The outcome of the review will be published by the Council in March 2024 and will be available for inspection on the Council's website and <https://www.york.gov.uk/PollingReview> or at West Offices, Station Rise, York YO1 6GA

Anybody making representations should be aware that, upon completion of the review, all correspondence and representations received must, by law, also be published.

Dated: 28 November 2024

Ian Floyd - Chief Operating Officer **City of York Council**

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Ward		Acomb				
Parliamentary Constituency		York Central				
Polling District Code	Proposed Polling District Code	Parish Name (if any)	Polling Place	Accessible?	Number of Polling station voters	Initial recommendations
AC	CAA		Carr Junior School	Yes	2000	No change to polling place
AA	CAB		Holy Redeemer Church	Yes	1795	No change to polling place
AB	CAC		Lidgett Methodist Church Hall	Yes	1498	No change to polling place
AD	CAD		The Gateway Centre	Yes	1250	No change to polling place

Ward		Bishopthorpe				
Parliamentary Constituency		York Outer				
Polling District Code	Proposed Polling District Code	Parish Name (if any)	Polling Place	Accessible?	Number of Polling station voters	Initial recommendations
YAA	OAA	Acaster Malbis	Acaster Malbis Memorial Hall	Yes	601	No changes to polling place
YAB	OAB	Bishopthorpe 2	Bishopthorpe Village Hall	Yes	2416	No changes to polling place

Administration change - Remove the number 2 from the Parish of Bishopthorpe

Ward		Clifton				
Parliamentary Constituency		York Central				
Polling District Code	Proposed Polling District Code	Parish Name (if any)	Polling Place	Accessible?	Number of Polling station voters	Initial recommendations
BA	CBA		Burton Green School	Yes	1192	No changes to polling place
BE	CBB		Clifton Methodist Church	Yes	1603	No changes to polling place
BD	CBC		James Hall, Clifton Parish Church	Yes	1035	Change polling place to St. Josephs
BC	CBD		St. Joseph's Church Hall	Yes	1315	No changes to polling place
BB	CBE		St. Luke's Church Hall	Yes	1719	No changes to polling place

Due to existing polling districts that vote at James Hall, Clifton Parish Church being in York Outer Constituency the recommendation is polling district BD votes at St. Joseph's Church Hall

Ward		Copmanthorpe				
Parliamentary Constituency		York Outer				
Polling District Code	Proposed Polling District Code	Parish Name (if any)	Polling Place	Accessible?	Number of Polling station voters	Initial recommendations
YBA	OBA	Copmanthorpe 2	St. Giles Centre	Yes	3001	No changes to polling place

Administration change - Remove the number 2 from the Parish of Copmanthorpe

Ward		Dringhouses and Woodthorpe				
Parliamentary Constituency		York Outer				
Polling District Code	Proposed Polling District Code	Parish Name (if any)	Polling Place	Accessible?	Number of Polling station voters	Initial recommendations
CC	OCA		Moor Lane Youth Centre	Yes	1484	No changes to polling place
CA	OCB		St. Edward The Confessor Community Hall	Yes	3022	No changes to polling place
CB	OCC		West Thorpe Methodist Church	Yes	1757	No changes to polling place
CD	OCD		Woodthorpe Primary School	Yes	1751	No changes to polling place

Ward		Fishergate				
Parliamentary Constituency		York Central				
Polling District Code	Proposed Polling District Code	Parish Name (if any)	Polling Place	Accessible?	Number of Polling station voters	Initial recommendations
DB	CCA		Christian Science Church	Yes	2280	Replace existing ramp
DA	CCB		St. Lawrence's Ce Primary School	Yes	2218	No changes to polling place
DC	CCC		St. Oswald's Church Hall	Yes	1940	No changes to polling place

Christian Science Church polling place has a temporary ramp which was reported as a trip hazard, recommendation is to provide a suitable ramp to the main entrance.

Ward			Fulford and Heslington			
Parliamentary Constituency			York Outer			
Polling District Code	Proposed Polling District Code	Parish Name (if any)	Polling Place	Accessible?	Number of Polling station voters	Initial recommendations
YCA	ODA	Fulford	Fulford Social Hall	Yes	2420	No changes to polling place
YCB	ODB	Heslington	Heslington Village Meeting Room	Yes	445	No changes to polling place
YCC	ODC		St. Oswald's Church Hall	Yes	399	Move polling district to Heslington Village Meeting Room

Due to existing polling district code YCC moving from York Central to York Outer Constituency recommendation is this polling district votes at Heslington Village Meeting Room.

Ward		Guildhall				
Parliamentary Constituency		York Central				
Polling District Code	Proposed Polling District Code	Parish Name (if any)	Polling Place	Accessible?	Number of Polling station voters	Initial recommendations
EC	CDA		St. Olave's Church Hall	Yes	753	No changes to polling place
EA	CDB		St. Thomas With St. Maurice Church Hall	Yes	3123	No changes to polling place
EE	CDC		The National Centre For Early Music	Yes	3397	No changes to polling place
EB	CDD		Theatre @ 41	Yes	1267	No changes to polling place
ED	CDE		York Unitarian Chapel	Yes	1499	No changes to polling place

Ward		Haxby and Wigginton				
Parliamentary Constituency		York Outer				
Polling District Code	Proposed Polling District Code	Parish Name (if any)	Polling Place	Accessible?	Number of Polling station voters	Initial recommendations
YDD	OEA	Central Ward Parish of Haxby	St. Margaret Clitherow Church	Yes	1541	No changes to polling place
YDC	OEB	East Ward Parish of Haxby	Scout Hut	Yes	1754	No changes to polling place
YDB	OEC	North Ward Parish of Haxby	The Memorial Hall	Yes	1256	No changes to polling place
YDE	OED	South West Ward of Parish of Haxby	St. Margaret Clitherow Church	Yes	1441	No changes to polling place
YDA	OEE	Wigginton	The Old School	Yes	2543	No changes to polling place

Administration change – Parish references amended to reflect parish wards: East Ward of Haxby Parish, Central Ward of Haxby Parish, South West Ward of Haxby Parish and North Ward of Haxby Parish

Ward		Heworth				
Parliamentary Constituency		York Central				
Polling District Code	Proposed Polling District Code	Parish Name (if any)	Polling Place	Accessible?	Number of Polling station voters	Initial recommendations
FA	CEA		Bell Farm Social Hall	Yes	1384	Change polling place and district for Pinsent Court and Redgrave Close to St. Wulstan's Church
FD	CED		Holy Trinity Church Hall	Yes	1361	No changes to polling place
FE	CEE		Oak Room, The Avenues	Yes	2498	No changes to polling place
FG	CEG		St. Aelred's Community Centre	Yes	1260	No changes to polling place
FC	CEC		St. Wulstan's Church	Yes	1423	No changes to polling place
FF	CEF		The Centre @ Burnholme	Yes	745	No changes to polling place
FB	CEB		The Church Room St. Paulinus Church	Yes	1045	No changes to polling place

Ward		Heworth Without				
Parliamentary Constituency		York Outer				
Polling District Code	Proposed Polling District Code	Parish Name (if any)	Polling Place	Accessible?	Number of Polling station voters	Initial recommendations
YFA	OFA		Christ Church Centre	Yes	1124	No changes to polling place
YFB	OFB	Heworth Without 2	Heworth Without Community Centre	Yes	1606	No changes to polling place
YFC	OFC		The Centre @ Burnholme	Yes	304	Move polling district to Heworth Without Community Centre

Due to existing polling district code YFC moving from York Central to York Outer Constituency recommendation is this polling district votes at Heworth Without Community Centre.

Administration change - Remove the number 2 from the Parish of Heworth Without

Ward		Holgate				
Parliamentary Constituency		York Central				
Polling District Code	Proposed Polling District Code	Parish Name (if any)	Polling Place	Accessible?	Number of Polling station voters	Initial recommendations
GB	CFA		Holgate Methodist Church Hall	Yes	1958	No changes to polling place
GC	CFB		Our Lady Queen Of Martyrs Rc Primary School Annex	No	1874	An alternative Polling Place is required
GA	CFC		Poppleton Road Memorial Hall	Yes	2230	No changes to polling place
GE	CFD		St. Barnabas Church	No	2074	A ramp is required to make this polling place accessible
GD	CFE		York Spiritualist Centre	Yes	812	No changes to polling place

The polling station at Our Lady Queen Of Martyrs Rc Primary School Annex polling place is located on an upper floor. Only wheelchair access is before 6.30pm when caretaker makes alternative access available via back door.

St. Barnabas Church has no level access, a ramp is required

Ward		Hull Road				
Parliamentary Constituency		York Central				
Polling District Code	Proposed Polling District Code	Parish Name (if any)	Polling Place	Accessible?	Number of Polling station voters	Initial recommendations
HD	CGA		Archbishop Holgate's School	Yes	1241	No changes to polling place
HC	CGB		Children's Centre	Yes	1260	No changes to polling place
HB	CGC		Cornerstone	Yes	2232	No changes to polling place
HG	CGD	Heslington	Heslington Village Meeting Room	Yes	600	No changes to polling place
HF	CGE	Heslington	Law And Sociology Lecture Theatre	Yes	1176	No changes to polling place
HE	CGF	Heslington	Vanbrugh College	Yes	777	No changes to polling place
HA	CGG		St. Hilda's Church	Yes	1865	No changes to polling place

Ward		Huntington and New Earswick				
Parliamentary Constituency		York Outer				
Polling District Code	Proposed Polling District Code	Parish Name (if any)	Polling Place	Accessible?	Number of Polling station voters	Initial recommendations
YGA	OGA	Huntington Parish	Huntington Community Centre	Yes	2370	No changes to polling place
YGB	OGB	Huntington Parish	Orchard Park Community Centre	Yes	1586	No changes to polling place Merge polling district code YGB with YGC
YGC	N/A	Huntington Parish	Orchard Park Community Centre	Yes	2952	No changes to polling place Merge polling district code YGC with YGB
YGD	OGC	New Earswick	New Earswick Folk Hall	Yes	1897	No changes to polling place

Merge polling district codes YGB and YGC

Review polling districts for Huntington Parish.

Ward		Micklegate				
Parliamentary Constituency		York Central				
Polling District Code	Proposed Polling District Code	Parish Name (if any)	Polling Place	Accessible?	Number of Polling station voters	Initial recommendations
JB	CGB		Clements Hall	Yes	1523	No changes to polling place
JC	CHC		English Martyrs Church Hall	Yes	1093	No changes to polling place
JA	CHA		Priory Street Centre	Yes	1516	No changes to polling place
JD	CHD		Southlands Methodist Church Schoolroom	Yes	2526	No changes to polling place
JE	CHE		St. Chad's Church Hall	Yes	3154	No changes to polling place

Ward			Osboldwick and Derwent			
Parliamentary Constituency			York Outer			
Polling District Code	Proposed Polling District Code	Parish Name (if any)	Polling Place	Accessible?	Number of Polling station voters	Initial recommendations
YHD	OHA	Dunnington	The Reading Room	Yes	2377	No changes to polling place
YHC	OHB	Holtby	Holtby Village Hall	Yes	139	No changes to polling place
YHE	OHC	Kexby and Scoreby	The Reading Room	Yes	174	No changes to polling place
YHB	OHD	Murton	St. James's Church	Yes	498	No changes to polling place
YHA	OHE	Osboldwick	Osboldwick Sports Club	Yes	1936	No changes to polling place
YHA1	OHF	Osboldwick	Super Sustainable Centre	Yes	815	No changes to polling place
YHA2	OHG	Osboldwick	Heworth Without Community Centre	Yes	198	No changes to polling place

Review split of PD YHA

Ward		Rawcliffe and Clifton without				
Parliamentary Constituency		York Outer				
Polling District Code	Proposed Polling District Code	Parish Name (if any)	Polling Place	Accessible?	Number of Polling station voters	Initial recommendations
YKD	OJA	Clifton Without	Explore Clifton Library Learning Centre	Yes	2208	No changes to polling place
YKC	OJB	Clifton Without	Sea Scout Headquarters	Yes	1935	No changes to polling place
YKA	OJC	Rawcliffe	Clifton Moor Community Centre	Yes	1752	No changes to polling place
YKB	OJD	Rawcliffe	Clifton With Rawcliffe Primary School	Yes	2766	No changes to polling place
YKE	OJE		James Hall, Clifton Parish Church	Yes	199	No changes to polling place Merge polling district code YKE with YKF
YKF	OJF		James Hall, Clifton Parish Church	Yes	101	No changes to polling place Merge polling district code YKF with YKE

Merge polling district codes YKE and YKF

Note - Sea Scout Headquarters ramp reported to be a trip hazard and needs replacing

Ward		Rural West York				
Parliamentary Constituency		York Outer				
Polling District Code	Proposed Polling District Code	Parish Name (if any)	Polling Place	Accessible?	Number of Polling station voters	Initial recommendations
YJA	OKA	Askham Bryan	Askham Bryan Village Hall	Yes	312	No changes to polling place
YJB	OKB	Askham Richard	Askham Richard Village Hall	Yes	154	No changes to polling place
YJE	OKC	Hessay	Hessay Methodist Church School Room	Yes	191	No changes to polling place
YJG	OKD	Nether Poppleton	The Tithe Barn	Yes	1555	No changes to polling place
YJC	OKE	Parish of Rufforth with Knapton - Kaption Ward	The Knapton Lion - Mobile Unit Situated In Car Park	Yes	276	To look for an alternative permanent polling place
YJD	OKF	Parish of Rufforth with Knapton - Rufforth Ward	Rufforth Village Institute	Yes	490	No changes to polling place
YJH	OKG	Skelton	Skelton Village Hall	Yes	1229	No changes to polling place
YJF	OKH	Upper Poppleton	All Saints Church Hall	Yes	1589	No changes to polling place

The mobile unit situated in the Knapton Car Park is not recommended, to look for an alternative venue in the polling district or neighbouring district

Administration change – parish references to be amended to reflect ward names, Knapton ward of Rufforth with Knapton Parish and Rufforth ward of Rufforth with Knapton Parish

Ward		Strensall				
Parliamentary Constituency		York Outer				
Polling District Code	Proposed Polling District Code	Parish Name (if any)	Polling Place	Accessible?	Number of Polling station voters	Initial recommendations
YLB	OLA	Earswick	Earswick Village Hall	Yes	645	No changes to polling place
YLA	OLB	Stockton on the Forest	Stockton On The Forest Village Hall	Yes	1955	No changes to polling place
YLC	OLC	Strensall with Towthorpe	Strensall And Towthorpe Village Hall	Yes	1382	No changes to polling place Merge this polling district code with YLD
YLD	N/A	Strensall with Towthorpe	Strensall And Towthorpe Village Hall	Yes	2914	No changes to polling place Merge this polling district code with YLC

Merge polling district codes YLC and YLD

Ward		Westfield				
Parliamentary Constituency		York Central				
Polling District Code	Proposed Polling District Code	Parish Name (if any)	Polling Place	Accessible?	Number of Polling station voters	Initial recommendations
KB	CJA		Acomb Parish Church Hall	Yes	1991	No changes to polling place
KD	CJB		Community Room Energise	Yes	1656	No changes to polling place
KF	CJC		Foxwood Community Centre	Yes	2677	No changes to polling place
KE	CJD		Hob Moor Children's Centre	Yes	1517	No changes to polling place
KA	CJE		The Place	Yes	1290	No changes to polling place
KC	CJF		Westfield Community Primary School	Yes	560	No changes to polling place

Ward		Wheldrake				
Parliamentary Constituency		York Outer				
Polling District Code	Proposed Polling District Code	Parish Name (if any)	Polling Place	Accessible?	Number of Polling station voters	Initial recommendations
YMD	OMB	Elvington	Elvington Village Hall	Yes	954	No changes to polling place
YMA	OMC	Naburn	Naburn Village Hall	Yes	384	No changes to polling place
YMB	OMA	Deighton	Westergate House (Deighton)	Yes	212	No changes to polling place
YMC	OMD	Wheldrake 2	White Rose House	Yes	1545	No changes to polling place

Administration change - Remove the number 2 from the Parish of Wheldrake

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Meeting:	Audit and Governance Committee
Meeting date:	27/11/2024
Report of:	Bryn Roberts, Director of Governance
Portfolio of:	Cllr Claire Douglas, Leader of the Council and Executive Member for Policy, Strategy and Partnerships

Audit and Governance Committee Report: Process for the Appointment of an Independent Member of the Audit and Governance Committee

Subject of Report

1. This report seeks the committee's views and comments on the proposed recruitment process for an Independent Member of the Committee.
2. The report is brought at the request of members at a previous meeting of the Committee.

Policy Basis for Decision

3. The Audit and Governance Committee was established further to the Local Government Act 1972 (Ss 101 and 102) and its purpose includes the provision of assurance to members and the public about the governance, financial reporting and performance of the council. The appointment of Independent Members assists and promotes good governance and scrutiny of the committee. Section 102(3) of the Local Government Act 1972 allows a council to include persons who are not members of the authority to sit as members of a committee. Section 104 of the Act sets out disqualifications from membership, which is the same as those for being elected or being a member of a local authority.

Recommendation and Reasons

4. That Members note the proposed recruitment process.

Reason: To ensure the committee's views are taken into account in planning the recruitment process.

Background

5. The Chartered Institute of Public Finance and Accountancy (CIPFA) recommends that "each authority audit committee should include at least two co-opted independent members" to ensure that the committee has the necessary expertise to carry out their role effectively.
6. Until recently, the Audit and Governance Committee has had two appointed Independent Members, Mr Joe Leigh and Mr Myles Binney. Mr Leigh resigned his appointment in August 2024.
7. Council appointed Mr Binney as an Independent Member to Audit and Governance in November 2023. The recruitment process at that time was advised by the Council's Human Resources team, who also provided practical support with advertising the role.
8. The draft recruitment pack is attached at Annex A and comprises background information about the role, including eligibility requirements. There is also a role specification listing essential and desirable requirements of candidates.
9. The role will be advertised on the Council's website and messages will be placed on the Council's social media pages, to reach as wide a field of candidates as possible.
10. The previous recruitment process was undertaken in conjunction with the recruitment of an Independent Person for Standards, and Independent Remuneration Panel members. Interviews were conducted by the Head of Legal Services and the Head of Democratic Governance.
11. It is proposed that interviews for the current role are again undertaken by officers, and that a recommendation on any proposed appointment

is brought to Audit and Governance Committee for consideration prior to Full Council being requested to formally make an appointment.

Consultation Analysis

Not applicable

Organisational Impact and Implications

- **Financial:** No significant implications as the roles are not remunerated
- **Human Resources:** The HR recruitment team advised on the recruitment process.
- **Legal:** Although there is no legislative requirement to have an Audit & Governance Committee, such a committee has been created under the Council's Constitution (Article 9) and functions have been lawfully delegated to it which are consistent with good practice (CIPFA recommendations and the Redmond Review). Article 9 provides for two independent members to be appointed to the Council's Audit and Governance Committee.

Section 13(1) of the Local Government and Housing Act 1989 provides that a co-opted member of a committee established under the Local Government Act 1972 as a committee discharging the functions of the Council must be a non-voting member. However, it is possible for a co-opted member to have voting rights where the items are discussed on advisory basis under section 102(4) of the Local Government Act 1972.

Article 9 of the Constitution sets out the role and responsibilities of Audit and Governance Committee. It discharges some functions of the Council and fulfils an advisory role. Any independent members appointed to the Committee, would be involved in a non voting consultative role where functions are being discharged with their views being taken into account by voting members of the Committee.

An independent member has the ability to vote on advisory items and in such circumstances are considered to be a co-opted member for the purposes of s27(4) of the Localism Act 2011 and would be required to register their private interests and comply with the Council's Code of Conduct.

Risks and Mitigations

12. Failure to appoint a second Independent Member of the Audit and Governance Committee would place the authority at risk should the remaining Independent Member be unable to attend meetings of the Committee, or should he choose to relinquish the role.

Contact details

For further information please contact the authors of this Report.

Author

Name:	Lindsay Tomlinson
Job Title:	Head of Democratic Governance
Service Area:	Democratic Governance
Report approved:	Yes
Date:	19/11/2024

Background papers

- None

Annexes

- Annex A: Recruitment Pack, Independent Member of Audit and Governance

City of York Council

**Independent Member Recruitment Information Pack****2024****Appointment of an Independent Audit and Governance Committee Member****Background Information**

City of York Council is keen to implement continuous improvement in the areas of corporate governance and robust financial management. The Audit and Governance Committee provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

An independent review of arrangements in place to support the transparency and quality of local authority financial reporting and external audit was conducted and recommendations published in 2020. One such recommendation made concerned local authority audit committees to appoint at least one suitably qualified independent member.

Functions

The Independent Member plays a key role in scrutinising the authority's statement of accounts for its approval. The Committee is also responsible for reviewing the Council's corporate governance arrangements and overseeing the financial reporting process.

The successful applicant must be able to demonstrate the desire to serve the local community and uphold local democracy and be able to receive reports and presentations from key partners, including the Council's internal auditors and external auditors.

The Committee provides independent assurance of the adequacy of the risk management framework and associated control environment and independent scrutiny of the authority's financial and other performance to the extent that it reflects on exposure to risk or weakens the control environment.

Eligibility for Appointment

A person cannot be appointed as an Independent Member if they are or were within a period of five years prior to the appointment:

- (a) A member, or co-opted member or officer of City of York Council,

- (b) A member, or co-opted member or officer of a Town or Parish Council within the area of City of York Council,

or, if they have a relative or close friend of a person in (a) or (b) above – see below.

A relative is defined as:

- (a) The applicant's spouse or civil partner;
- (b) Any person with whom the applicant is living as if they were spouse or civil partners;
- (c) The applicant's grandparent;
- (d) Any person who is a lineal descendent of the applicant's grandparent;
- (e) A parent, brother, sister or child of anyone in paragraphs (a) or (b);
- (f) The spouse or civil partner of anyone within paragraphs (c), (d) or (e);
or
- (g) Any person living with a person within paragraphs (c), (d) or (e) as if they were spouse or civil partner to that person.

There are also restrictions on appointment for persons who have been convicted of any criminal offence, or is an undischarged bankrupt and there are also requirements that the Member has not significant business dealings with the Council or any formal connection with any political group.

Financial management experience is an essential requirement for this role.

Information about the Role

The Independent Member will need to be contactable during normal working hours by telephone or by email and will need to be available to attend Meetings which may be held in the daytime or evening, sometimes at relatively short notice.

The Committee meets approximately five to seven times each year and the Independent Member will be required to attend these meetings.

This is not a job vacancy and should you be appointed as an Independent Member you will not be an employee of the Council. This role does not attract any financial recompense, other than reimbursement of necessary travel expenses.

The term of office will be for a fixed term for 12 months on appointment and will be subject to the Independent Member maintaining high standards of personal conduct. The Council may terminate an appointment at any time.

Completion and Submission of Application Form

The selection criteria for the role is set out in the role description. Please ensure that you carefully demonstrate in your application form how you meet the criteria, as this will be used to assist in the short-listing process.

Applications will be assessed by reference to your completed application form and, if shortlisted, by interview. Shortlisted applicants will be invited to attend for interview. The successful applicant will receive specific training to enable them to undertake the role effectively.

Applications must be received by midnight on *{application deadline}*
Interviews will be held on *{interview date}*

DRAFT

ROLE SPECIFICATION

Duties

1. To assist the Audit and Governance Committee with scrutinising the authority's statement of accounts for its approval.
2. To review the Council's corporate governance arrangements.
3. To have a desire to serve the local community and uphold local democracy.
4. To receive reports and presentations from the Council's internal audit manager, considering the main issues identified and monitoring management action in response.
5. To receive and consider the external auditor's opinion and reports and to monitor management action in response to any issues raised.
6. To consider the effectiveness and adequacy of the authority's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements.
7. To consider the adequacy of the action being taken on risk related issues identified by auditors and inspectors.
8. To ensure effective scrutiny of the Council's Treasury Management Strategy and policies.

Essential Requirements

1. Experience of working in a medium/large organisation at a senior level or other experience which would give similar benefits.
2. Financial Management experience (accountancy, audit or management of a large budget).
3. An ability to understand complex issues and the importance of accountability and probity in public life.

4. An ability to analyse and question written and verbal reports on audit and risk management activities.
5. An ability to demonstrate integrity and discretion.
6. Effective interpersonal skills.
7. Be able to maintain strictest confidentiality of sensitive information.

Desirable Requirements

1. To have a knowledge and/or experience of Local Government or other public service and/or of large complex organisations and awareness of and sensitivity to the political process.
2. To have an understanding of the objectives and key activities of the Council and current major initiatives and significant issues for the Council.
3. To have an understanding of the Council's structures and responsibilities, including key relationships with partners, businesses and organisations.
4. To have an understanding of the organisation's culture.
5. To have an understanding of any relevant legislation or other rules governing the organisation.
6. To have an understanding of corporate governance arrangements in place across the Council.
7. To have an understanding of risk management

The Independent Member will need to be contactable at all times during normal working hours by telephone or by email and will need to be available to attend Committee meetings which may be held in the day time or evening, sometimes at relatively short notice.

You should demonstrate in your application how you meet the above criteria as this will assist the short-listing process.

Means of assessment will be by application form and by interview.

Eligibility for Appointment

An Independent Member must have local connections and live within the City of York Council area or carry out the main part of their work in the City.

An Independent Member must agree to abide by the provisions of the Council's Standing Orders and Members Code of Conduct whilst serving on the Committee.

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Meeting:	Audit & Governance
Meeting date:	27/11/2024
Report of:	Debbie Mitchell, Director of Finance
Portfolio of:	Cllr Lomas, Executive Member for Finance, Performance & Major Projects

Audit and Governance Committee Report: Update on Purchasing Compliance & No Purchase Order No Pay

Subject of Report

1. The report provides an update to members of Audit & Governance Committee about the ongoing review of No Purchase Order No Pay (NPONP) processes. It details the progress made since the report to members in February 2024.
2. Progress continues to be made in ensuring adherence to the NPONP policy as well as an expansion of the actions to cover purchasing compliance in general.

Policy Basis

3. The report and the recommendation support the Financial Strategy of the Council, by providing assurance to Members that financial regulations are followed, orders are raised with the proper authorisation and budgetary control is adequate.

Recommendation and Reasons

4. Audit & Governance are asked to note and comment on the progress to date.

Reason: to gain assurance that the Council is taking proper action to respond to the agreed audit actions and improvements to purchasing processes are being made where necessary.

Background

5. A report on the compliance with the NPONP policy and continuing retrospective ordering was brought to this committee in November 2023. At which point an action plan was agreed for improving both these areas of concern.
6. This committee also received an update on the action plan in February 2024 which showed early signs of improvement.

Progress Update

7. A thorough review of Purchasing is being undertaken with a much wider scope than just issues relating to No Purchase Order No Pay. We are making good progress with our review, but due to limited resources and extended scope of the review, this is taking longer than originally planned.
8. The update that follows covers in turn the areas from the original action plan shared with A&G in November last year. The action plan is included for reference at Annex A.

Policy & Processes

9. The policy remains under review by Finance, Business Support and Procurement. The benefits of the policy still apply today, however adherence to the policy remains inconsistent. We have changed tack and rather than consulting with officers who raise requisitions, we have agreement from CMT who have all supported the need for changes to working practices and we are now consulting top-down through Directors, Assistant Directors and Heads of Service.
10. Consulting with services is very time-consuming and this process is taking longer than originally planned as both the scope of discussions has increased and there have been significant resource challenges within the team (a reduction from 4 to 2 FTEs for most of 2024).
11. Retrospective ordering is still a key issue across departments. It should be noted that we define retrospective orders as where the purchase order date comes after the invoice date. There are situations where an invoice arrives that exceeds the remaining

value on a purchase order. We cannot extend the value on a purchase order and so a new order will be raised, and this will count as a retrospective order.

12. For orders that are processed through Business Support, we have put in place a new procedure where any request by an officer to raise a purchase order retrospectively is sent to the Systems Accountant for investigation. We are taking every opportunity to educate officers and improve compliance with the policy. The data that follows shows a significant reduction in retrospective purchase orders since this procedure was put in place.
13. We have simplified the process for all purchasing users to set up call-off orders, the primary purpose of this action was to solve other issues within purchasing, but the beneficial outcome for this report is that officers can now raise purchase orders in advance where either the value or quantity ordered is unknown. This was often used as an excuse for why a purchase order could not be raised in advance.
14. Exemptions remain an option and are assessed on a case-by-case basis in consultation with Procurement. There has been a recent case where a particular type of expenditure that had an exemption to the policy has seen purchase orders reintroduced resulting in an operational efficiency.
15. The data from the last round of monitoring shows that there have been reductions in the number of retrospective orders across the council.

Department	Total Invoiced Orders YTD	Retrospective Orders YTD	% YTD 24/25	% February 2024 report
Transport, Environment & Planning	726	2,420	30%	54%
Business Support	672	3,029	22%	43%
Housing & Building Services	648	1,480	44%	70%
Other Services	770	3,069	25%	38%

16. A communication has been issued to all current purchasing suppliers, reminding them of their responsibilities when working with the Council. A copy of the communication is included at Annex B.

Training Provision

17. It had been hoped that a new training programme could have been drawn up to commence in the Summer, however this has not yet been possible. The more discussions that have taken place with services and individuals, the more training needs have been identified.
18. Following an Internal Audit report into Budget Management in July, further training needs were identified relating to the purchasing system – to avoid duplication of work and training overload, it is prudent to widen the scope of training from just that related to No Purchase Order No Pay.
19. As a temporary measure we have changed the communication that goes to new purchasing users where they are directed to the existing video training resource rather than to a local trainer. The view count of these videos is tracked, and the uptake of this existing resource is poor.
20. As recommended previously, new training will be created, and this will be a mandatory requirement for all new users of the purchasing module. This will be created with the support of the Workforce Development Unit.
21. For existing users, a refresher training module has been planned for inclusion on the Council's online training system (MYLO) and subject to CMT approval, there will be a requirement to complete this on an annual basis.

Conclusion

22. We are continuing to work through the action plan and raise awareness of the correct procedures for purchasing at CYC and improvements are being seen, as shown by the data shared.
23. The support from CMT will be invaluable in helping to drive forward the changes in individual departments working practices in the coming months.

Consultation Analysis

24. Consultation has taken place with the Systems Finance team, Business Support (responsible for the Creditors function) and Corporate Procurement. As these sections all have a role to play in the purchasing process.
25. Consultation about the changes being made will be shared with these teams and Corporate Management Team to ensure support for the changes.

Risks and Mitigations

26. If the purchasing processes and No PO No Pay policy are not followed correctly, the main risk is to proper budgetary control. In the current economic climate, it is essential that all commitments are forecast as far as is possible and suppliers understand the terms of payment offered by the Council.

Contact details

For further information please contact the authors of this Report.

Authors

Name:	Alex Hall
Job Title:	Systems Accountant, Corporate Finance
Service Area:	Finance & Procurement
Report approved:	Yes
Date:	15/11/2024

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Job Title:	Principal Accountant, Corporate Finance
Service Area:	Finance & Procurement
Telephone:	01904 551738
Report approved:	Yes
Date:	15/11/2024

Background papers

- A&G Report, Update on No PO No Pay processes, 8 November 2023
- A&G Report, Update on Action Plan - No PO No Pay, 28 February 2024
- City of York Council Creditors internal audit report, issued 13/03/2023
- City of York Council Financial Regulations
- NPONP Exemptions Policy and List

Annexes

- Annex A: Action Plan
- Annex B: Supplier Communication, November 2024.

Annex A

Action Plan – No Purchase Order No Pay

Audit Recommendation	Actions Proposed	Status	Target Date/ Completed by	Revised Date	Responsible Officer
Policy & Processes	1. Review appropriateness of the policy	Completed	31/12/2023	-	Principal Accountant
	2. Consult with key stakeholders	Completed	31/12/2023	-	
	3. Review invoice data and identify services that need support	Ongoing	31/12/2023	31/05/2024	
	4. Make necessary changes to policy/processes	In progress	31/12/2023	31/05/2024	
	5. Issue exemptions in consultation with Procurement	Now BAU	31/12/2023	31/05/2024	
Training provision	6. Review training offered and attendance	In progress	31/03/2024	31/07/2024	Systems Accountant
	7. Refresher training on the policy	In progress	31/03/2024	31/07/2024	
	8. Consider whether mandatory training is required.	Completed	31/03/2024	31/03/2024	
Role of Business Support	9. Identify users within business support that are undertaking retrospective ordering	Completed	31/12/2023	-	Principal Accountant/

Audit Recommendation	Actions Proposed	Status	Target Date/ Completed by	Revised Date	Responsible Officer
	10. Discuss with services if orders can be raised by someone in the dept	Ongoing	31/03/2024	31/03/2024	Head of Business Support
	11. Review authorisation processes	Completed	31/12/2024	-	
Exemptions list	12. Review current list of exemptions in consultation with Procurement	Completed	31/12/2024	-	Principal Accountant/ Head of Procurement
	13. Makes revisions and notify suppliers of changes	Completed	31/12/2024	31/05/2024	
	14. Reissue to Creditors team and make available on the intranet	Completed	31/12/2024	-	



Corporate Services

City of York Council
West Offices
Station Rise
York
YO1 6GA

Date 15 November 2024

Dear Sir/Madam,

I am writing to remind all suppliers of the requirements for invoicing City of York Council. Since January 2013 we have operated a policy of 'No Purchase Order No Pay' which is common practice amongst many businesses and organisations.

The policy enables both a more efficient process within City of York Council and enables us to provide faster payments to suppliers (as within the agreed terms of trade).

Under this policy any invoice received by the council will not be processed unless it contains a valid Purchase Order Number* and where practicable the name of the council officer who made the requisition.

All invoices received that do not contain a Purchase Order will be returned and you will not be paid. If you have an invoice returned, you must contact the council officer who raised the original requisition and request a Purchase Order number. Please do not contact the council's creditor's team as they will not be able to help you, and this will slow down the payments to suppliers who are complying with the official council process.

It should be noted that payment terms and conditions are 28 days from receipt of an invoice with a valid purchase order number*.

Invoices can be sent in hard copy format to:

Invoices at York
City of York Council
PO Box 999
York
YO1 0EG

And in electronic format to: invoices@york.gov.uk

Schools are not part of this process and therefore invoices for goods and services commissioned by schools should continue to be sent directly to the individual schools concerned.

If you have any questions in relation to these procedures please read the FAQ's at www.york.gov.uk in the first instance and if you still have any queries please e-mail these to procurement@york.gov.uk

Yours sincerely

Debbie Mitchell

*** A purchase order number is a 6 digit number prefixed by PO1 or PO9**



Meeting:	Audit & Governance Committee
Meeting date:	27/11/2024
Report of:	Debbie Mitchell, Director of Finance
Portfolio of:	Councillor Katie Lomas Executive Member for Finance, Performance, Major Projects, Human Rights, Equality & Inclusion

Audit and Governance Committee Report: Treasury Management Mid-Year Review and Prudential Indicators 2024/25

Subject of Report

1. The purpose of the report is to provide a mid-year update to Audit & Governance Committee on treasury management activities for the first half of the year and to provide the latest update of the prudential indicators.

Policy Basis

2. Audit & Governance Committee are responsible for ensuring effective scrutiny of the treasury management strategy and policies, as stated in the Treasury Management Strategy 2024/25 approved by full Council on 22 February 2024. The Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance (“the Code”) stipulates that:
 - There needs to be a quarterly review of treasury management strategy and performance. This is intended to highlight any areas of concern that have arisen since the original strategy was approved.
 - Those charged with governance are also personally responsible for ensuring they have the necessary skills and training.

3. Attached at Annex 1 is the Treasury Management Mid-Year Review 2024/25 report which will be presented to Executive on 14 November 2024.

Recommendation and Reasons

4. Audit & Governance Committee are asked to note and scrutinise Treasury Management Mid-Year Review and Prudential Indicators attached at Annex 1

Reason: That those responsible for scrutiny and governance arrangements are updated on a regular basis to ensure that those implementing policies and executing transactions have properly fulfilled their responsibilities with regard to delegation and reporting.

Background

5. This mid-year report has been prepared in compliance with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management, and covers the following:
 - A brief economic update for the first half of the 2024/25 financial year;
 - A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
 - An update to the prudential indicators;
 - A review of the Council's investment portfolio;
 - A review of the Council's borrowing strategy;
 - A review of compliance with the Treasury and Prudential Limits.

Consultation Analysis

6. Not applicable

Risks and Mitigations

7. The treasury management function is a high-risk area because of the volume and level of large money transactions. As a result, the Local Government Act 2003 (as amended), the CIPFA Prudential Code and the CIPFA Treasury Management in the Public Services Code of Practice (the code) are all adhered to as required.

Contact details

For further information please contact the authors of this Report.

Author

Name:	Debbie Mitchell
Job Title:	Director of Finance
Service Area:	Finance
Report approved:	Yes
Date:	08/11/2024

Background papers

None

Annexes

1. Treasury Management Mid-Year Review and Prudential Indicators 2024/25
2. Annex to above report – Prudential Indicators 2024/25

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Meeting:	Executive
Meeting date:	14/11/2024
Report of:	Debbie Mitchell Director of Finance
Portfolio of:	Councillor Katie Lomas - Executive Member for Finance, Performance, Major Projects, Human Rights, Equality & Inclusion

Decision Report: Treasury Management Mid-Year Review and Prudential Indicators 2024/25.

Subject of Report

1. The purpose of this report is to provide a regular update to the Executive Member for Finance on Treasury Management activity for the first half of the 2024/25 financial year and to provide the latest update of the Prudential Indicators which are included at Annex A to this report.

Benefits and Challenges

2. Treasury Management is the effective management of the Council's cash flow. Doing this effectively protects the Council from risks and ensures the ability to meet spending commitments as they fall due.

Policy Basis for Decision

3. The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management 2021 requires that full Council be updated with, review and approve, as a minimum three reports annually. These reports are the Treasury Management Strategy Statement setting out policy for the forthcoming year, a mid-year review report, and an annual report detailing the treasury activities and performance for the previous year. Quarterly reports are also required to provide an update on treasury management activities and can be assigned to a designated committee or member as deemed appropriate.

4. This report is the Treasury Management mid-year report covering the period 1 April 2024 to 30 September 2024 and detailing the activities and performance so far, and the monitoring and update of the Prudential Indicators. This report ensures this Council is implementing best practice in accordance with the Code.

Financial Strategy Implications

5. The Treasury Management function is responsible for the effective management of the Council's investments, cash flows, banking, and money market transactions. It also considers the effective control of the risks associated with those activities and ensures optimum performance within those risk parameters.

Recommendation and Reasons

6. Executive is asked to note:
 - The 2024/25 Treasury Management activity to date up to the period ending 30th September 2024.
 - The Prudential Indicators outlined in Annex A (updated where applicable) and note the compliance with all indicators.

Reason: To ensure the continued effective operation and performance of the Council's Treasury Management function and ensure that all Council treasury activity is prudent, affordable and sustainable and complies with policies set.

7. It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the first half of the 2024/25 financial year, the Council has operated within the Treasury and Prudential Indicators set out in the Council's Treasury Management Strategy Statement for 2024/25.
8. There are no policy changes to the Treasury Management Strategy Statement 2024/25 for members to agree and approve; the details in this report update the Treasury Management position and Prudential Indicators in the light of the updated economic position and budgetary changes already approved.

Background

9. This mid-year Treasury Management report has been prepared in compliance with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management, and covers the following:
 - A brief economic update for the first half of the 2024/25 financial year.
 - A review of the Treasury Management Strategy Statement and Annual Investment Strategy.

- A review of the treasury position at 30th September 2024.
- A review of the Council's investment portfolio.
- A review of the Council's borrowing strategy.
- A review of compliance with the Treasury and Prudential Limits.
- An update to the prudential indicators (set out at Annex A).

Economic Update

10. The first half of the 2024/25 financial year saw:
- The Bank of England announce a base rate cut of 0.25% from 5.25% to 5% on 1st August 2024. The Bank of England's Monetary Policy Committee (MPC) voted by a majority of 5–4 in favour of the cut.
 - Consumer Prices Index (CPI) inflation at 2.2% in July and August after hitting the 2% target in June. Inflation is expected to increase to around 2.5% towards the end of 2024, but this is seen as a temporary pick up as declines in energy prices from last year fall out of the annual comparison.
 - Services CPI remaining elevated at 5.6% in August above its long-run average of 3.5%. Core CPI Inflation was 3.6% in August.
 - A further easing of wage growth as the headline 3myy rate fell from 4.6% in June to 4% in July.
 - Gross Domestic Product (GDP) growth stagnating in June and July, pointing to a mild slowdown in GDP growth.
 - 10 year gilt yields falling to 4% in September.
11. In its latest monetary policy meeting ending on 18th September 2024, the Bank of England's MPC voted by a majority of 8–1 to maintain the base rate at 5.00% continuing their gradual approach to removing policy restraint. It has been reiterated by the MPC that Monetary policy will need to continue to remain restrictive for sufficiently long until the risks to inflation returning sustainably to the 2% target in the medium term have dissipated further so that inflation does not become embedded above the 2% target. The Committee advised it continues to monitor closely the risks of inflation persistence and will decide the appropriate degree of monetary policy restrictiveness at each forthcoming meeting. In line with this message, Markets are predicting the next base rate cut to come at the November meeting.

Interest Rate Forecast

12. Current interest rates and the future direction of both long term and short term interest rates have a major influence on the overall Treasury Management strategy and affects both investment and borrowing decisions.
13. Table 1 is Link Groups Interest Rate forecast at 1st August 2024 for both the bank base rate and long-term Public Works Loans Board (PWL) Certainty borrowing rates (gilt yields plus 80 bps).

	Bank rate %	PWLB borrowing rates % (including certainty rate adjustment)			
		5 year	10 year	25 year	50 year
Dec 2024	4.50	4.50	4.60	5.00	4.80
Mar 2025	4.00	4.30	4.40	4.80	4.60
Jun 2025	3.50	4.10	4.30	4.70	4.50
Sep 2025	3.25	4.00	4.10	4.50	4.30
Dec 2025	3.25	3.90	4.10	4.50	4.20
Mar 2026	3.25	3.90	4.10	4.40	4.20
Jun 2026	3.25	3.90	4.00	4.40	4.20
Sep 2026	3.00	3.90	4.00	4.40	4.20
Dec 2026	3.00	3.90	4.00	4.30	4.10
Mar 2027	3.00	3.80	3.90	4.30	4.10

Table 1 – Link’s interest rate forecast as at 1st August 2024

14. Market expectations are that there will be gradual cuts to the base rate in the next couple of years. With the MPC voting to hold rates at 5% in September 2024, November 2024 is seen as the next likely cut to bank rate. Prior to the November MPC meeting the Chancellors Autumn Budget is due to take place on 30th October 2024 which could have a bearing on how the UK economy, and the direction of bank rate, will proceed.

Treasury Management Strategy Statement 2024/25

15. Full Council approved the Treasury Management Strategy Statement for 2024/25 on 22nd February 2024. Details can be viewed here <https://democracy.york.gov.uk/ieListDocuments.aspx?CId=331&MID=13928#A167008> and here <https://democracy.york.gov.uk/ieListDocuments.aspx?CId=733&MId=13934&Ver=4>.
16. There are no investment policy changes and the details in this report do not amend the Statement.

Overall Treasury Position 30th September 2024

17. Table 2 shows the Councils net Treasury debt and investment position for the period ending 30th September 2024, shown with the 2023/24 financial year end position.

	30/09/24	30/09/24	31/03/2024	31/03/2024
	Principal	Average Rate	Principal	Average Rate
General Fund Borrowing	£185.79m	3.51%	£175.79m	3.42%

Housing Revenue Account (HRA) Borrowing	£149.26m	3.32%	£149.26m	3.31%
Total Borrowing	£335.05m	3.43%	£325.05m	3.37%
Other Long-term Liabilities	£40.66m		£41.74m	
Total External Debt	£375.71m		£366.79m	
Investment balance	£22.76m	5.07%	£5.04m	4.86%
Debt less Investments	£352.95m		£361.75m	

Table 2 Summary of the current Treasury position 30th September 2024

Investment Portfolio

18. The Treasury Management Strategy Statement includes the Council's Annual Investment Strategy outlining the Council's investment priorities as follows:

- Security of capital
- Liquidity
- Yield

Environmental, Social & Governance (ESG) criteria, will be considered as a fourth criteria after the fulfilment of the three core investment priorities.

19. The Council's investment policy is governed by MHCLG guidance and sets out the approach for choosing investment counterparties based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data, (such as rating outlooks, credit default swaps, bank share prices etc.). The Council will also consider environmental, social and governance factors when placing investments after the core investment priorities of security, liquidity and yield have been assessed.

20. The Council continues to aim to achieve the optimum return (yield) on investments commensurate with the proper levels of security and liquidity and the Council's risk appetite. The Council had no liquidity difficulties during the first half of the 2024/25 financial year.

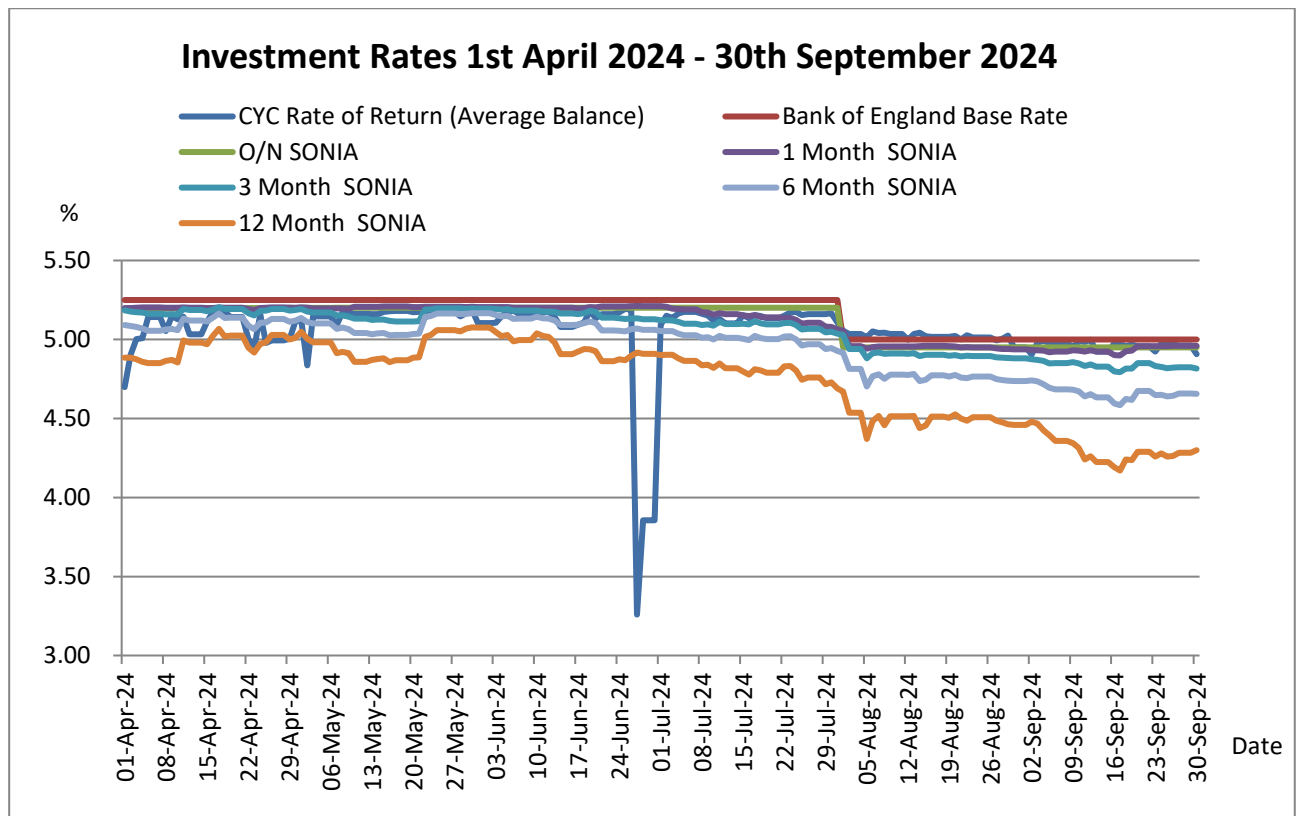
21. Investment returns the Council earns on its surplus cash is dependent on the level of cash held for investment purposes, cash backed reserves and cash flow requirements which is due to the timing of precept payments, receipt of grants, receipt of developer contributions, borrowing for capital purposes, payments to its suppliers of goods and services and spend progress on the Capital Programme. Cash balances are therefore only available on a temporary basis depending on cash flow movement.

22. During the first half of the year up to 30th September 2024, the level of cash balances has been roughly similar when compared to the same period last year due to a similar profile of receipts and payments.
23. The average level of cash balances available for investment purposes in the first half of the year up to 30th September 2024 was £32.02m (£30.90m for period ending 30th September 2023). The average rate of return earned on cash balances in this period was 5.07% (4.66% for period ending 30th September 2023).
24. The Council uses a benchmark indicator to assess the Councils investment performance, and this is the average Sterling Overnight Index Average (SONIA). SONIA is based on actual transactions reflecting the average of the interest rates that banks pay to borrow sterling overnight.
25. The Council's average rate of return for the period 1st April 2024 to 30th September 2024 is in table 3.

	2024/25 (Quarter 1-2)	2023/24 (Quarter 1-2)	2023/24 (Full year)
Average CYC Rate of Return	5.07%	4.66%	4.86%
<u>Benchmark</u>			
Average Overnight SONIA	5.12%	4.73%	4.96%

Table 3: CYCs investment rate of return performance vs. SONIA benchmark

26. The average rate of return achieved for invested cash during the first half of 2024/25 has remained below the average overnight SONIA rate due to the Council keeping cash in highly liquid Money Market Funds which provide instant access to cash.
27. Figure 1 shows the average SONIA rates for a number of investment durations compared with the Bank of England base rate and the Council's rate of return achieved in the first half of 2024/25. It shows that the Councils average rate of return is tracking lower than, but broadly in line with, both Bank base rate and overnight SONIA rate. This is expected as cash has been held in liquid funds.



28. Table 4 shows the current fixed term investments at 30th September 2024.

Institution Type	Principal Balance 30/09/24	Average Balance 01/04/24-30/09/24	Average Rate
Fixed Term Deposits	£0.00m	£0.00m	0.00%
Call / Notice	£0.00m	£0.00m	0.00%
Money Market Funds	£22.30m	£31.48m	5.16%
Cash in bank	£0.46m	£0.55m	0.00%
Total Investments	£22.76m	£32.03m	5.07%

Table 4: Investment Portfolio by type at 30th September 2024

29. Figure 2 shows the investments portfolio held corporately by the Councils Treasury Management team split by cash in bank, deposits in short term call accounts, fixed term investments and Money Market Funds. Money Market Funds used have an AAAM credit rating and the cash in bank account has an AA- credit rating.

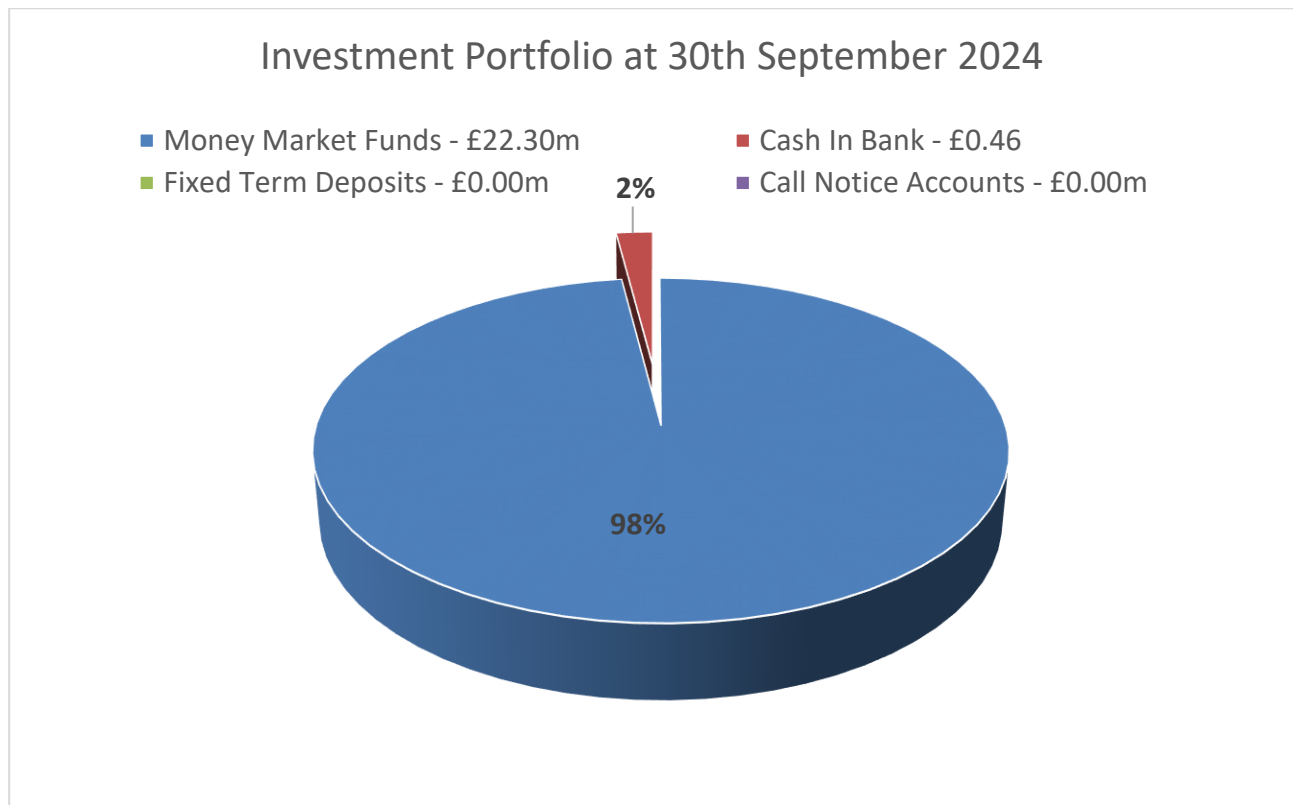


Figure 2 Investment Portfolio by type at 30th September 2024

30. The Council is using its cash balances to delay taking on long-term borrowing. The overall effect of using cash balances to support the Council's under-borrowed CFR position is that as cash balances are used there is less cash available for longer term investment and cash balances are held in more liquid funds meaning lower interest returns.
31. Opportunities that arise for notice and fixed investments which could generate higher yields are considered in terms of the Council's short to medium term cash flow requirement and its under borrowed CFR position.

Borrowing Requirement and Debt

32. The Council undertakes long-term borrowing in accordance with the investment requirements of the capital programme and all borrowing is therefore secured for the purpose of its asset base.
33. Under regulation, the Council can borrow in advance of need and Markets are therefore constantly monitored and analysed to ensure that advantage is taken of favourable rates and the increased borrowing requirement is not as dependant on interest rates in any one year.
34. The level of borrowing taken by the Council is determined by the Capital Financing Requirement (CFR) which is the Council's underlying need to borrow for capital expenditure purposes. Borrowing needs to be affordable, sustainable, and prudent.

35. On the reverse side, the Council's level of borrowing can also be below the Capital Financing Requirement. This would mean that instead of increasing the Council's level of borrowing, surplus funds held for investment purposes would be utilised.
36. Table 5 shows the Council's underlying need to borrow to finance capital expenditure (the CFR).

	31 March 2025 Projected (30th Sep 2024)	31 March 2025 Budget (As at TMSS)	31 March 2024 Actual (As at Outturn)
CFR General Fund	£342.21m	£399.76m	£313.16m
CFR HRA	£149.33m	£149.33m	£147.34m
CFR Other Long-term Liabilities	£43.29m	£43.21m	£41.74m
Total CFR	£534.83m	£592.30m	£502.24m

Table 5 Capital Financing Requirement at 30th September 2024

37. The borrowing strategy takes into account the borrowing requirement, the current economic and market environments, and is also influenced by the interest rate forecasts.
38. During the first half of 2024/25, the Council has maintained its under-borrowed position. This meant that the capital borrowing need, (the CFR) has not been fully funded with loan debt, and cash supporting the Council's reserves, balances and cash flow has continued to be used as an interim measure to fund the capital programme. The under-borrowed position can be seen on the Councils Liability Benchmark graph as shown by the gap between the loans outstanding and CFR.
39. While this strategy is still prudent in 2024/25 as long-term borrowing rates have remained elevated across the curve, where debt is required to finance the capital programme the Treasury team will look at temporary and short-term borrowing options if internal borrowing cannot be maintained. Where there are opportunities to draw down long term debt at more favourable rates, through either PWLB or market borrowing, these will be considered in order to try to minimise the longer-term impact of debt costs.
40. In the first half of 2024/25 the Council took new debt to replace used cash balances. Short term debt was taken from the PWLB which will require refinancing in early 2025/26 (see Table 7). This has increased the Council's refinancing interest rate risk as a greater proportion of its overall debt will mature in late 2024/25 and early 2025/26 (see figure 4) but this is still within the approved maturity limits set as part of Prudential Indicator 8. The decision to take short term debt from PWLB was felt prudent as forecasted borrowing

rates showed a decrease in the second half of 2024/25. If this occurs, then borrowing rates should be cheaper when refinancing this short-term debt.

Borrowing Portfolio

41. The Councils long-term borrowing started the year at a level of £325.05m. The current borrowing portfolio position as at 30th September 2024 is £335.05m.

	30 th September 2024			31 st March 2024		
Institution Type	No. of Loans	Principal	Average Rate	No. of Loans	Principal	Average Rate
<u>Public Works Loan Board</u> PWLB – Money borrowed from the Debt Management Office (HM Treasury)	60	£327.70m	3.44%	59	£317.70m	3.38%
<u>Market Loans</u> LOBO Loans – Lender Option Borrower Option	1	£5.00m	3.88%	1	£5.00m	3.88%
<u>West Yorkshire Combined Authority</u> WYCA – Zero interest loans the purpose of which are to help to fund York Central infrastructure projects.	4	£2.35m	0.00%	4	£2.35m	0.00%
Total Borrowing (GF & HRA)	65	£335.05m	3.43%	64	£325.05m	3.37%

Table 6 Current borrowing position at 30th September 2024

42. During the first half of 2024/25 financial year one new loan was taken totalling £10.00m. This is detailed in Table 7 below. This borrowing was anticipated because of continued capital expenditure, the increasing CFR and the decrease in cash balances as a result of internal borrowing.

Lender	Issue Date	Repayment Date	Amount	Rate	Duration (years)
PWLB	30/04/2024	30/04/2025	£10.00m	5.39%	1.00
			£10.00m		

Table 7 New loans up to 30th September 2024

43. During the first half of 2024/25 no existing loans have matured. The next loan maturity is due on 13th October 2024.
44. There are 9 scheduled repayments of long-term borrowing that will occur this financial year totalling £43.40m. These are detailed in Table 8 below.

Lender	Issue Date	Repayment Date	Amount	Rate	Duration (years)
PWLB	13/10/2009	13/10/2024	£3.00m	3.910%	15.00
PWLB	23/11/2000	05/11/2024	£1.00m	4.750%	23.95
PWLB	03/04/2001	05/11/2024	£1.00m	4.750%	23.59
PWLB	29/01/2024	29/01/2025	£10.00m	5.350%	1.00
PWLB	28/02/2024	28/02/2025	£10.00m	5.460%	1.00
PWLB	27/03/2024	27/03/2025	£5.20m	5.390%	1.00
PWLB	27/03/2024	27/03/2025	£4.80m	4.990%	1.00
PWLB	28/03/2012	31/03/2025	£4.00m	2.870%	13.01
PWLB	28/03/2012	31/03/2025	£4.40m	2.870%	13.01
			£43.40m		

Table 8 Maturing loans in 2024/25

45. No loan rescheduling was done during the first half of the 2024/25 financial year.
46. The Councils £335.05m of fixed interest rate debt, is split between £149.26m for HRA (£119.65m self-financing debt) and £185.79m for General Fund as shown in Figure 3.

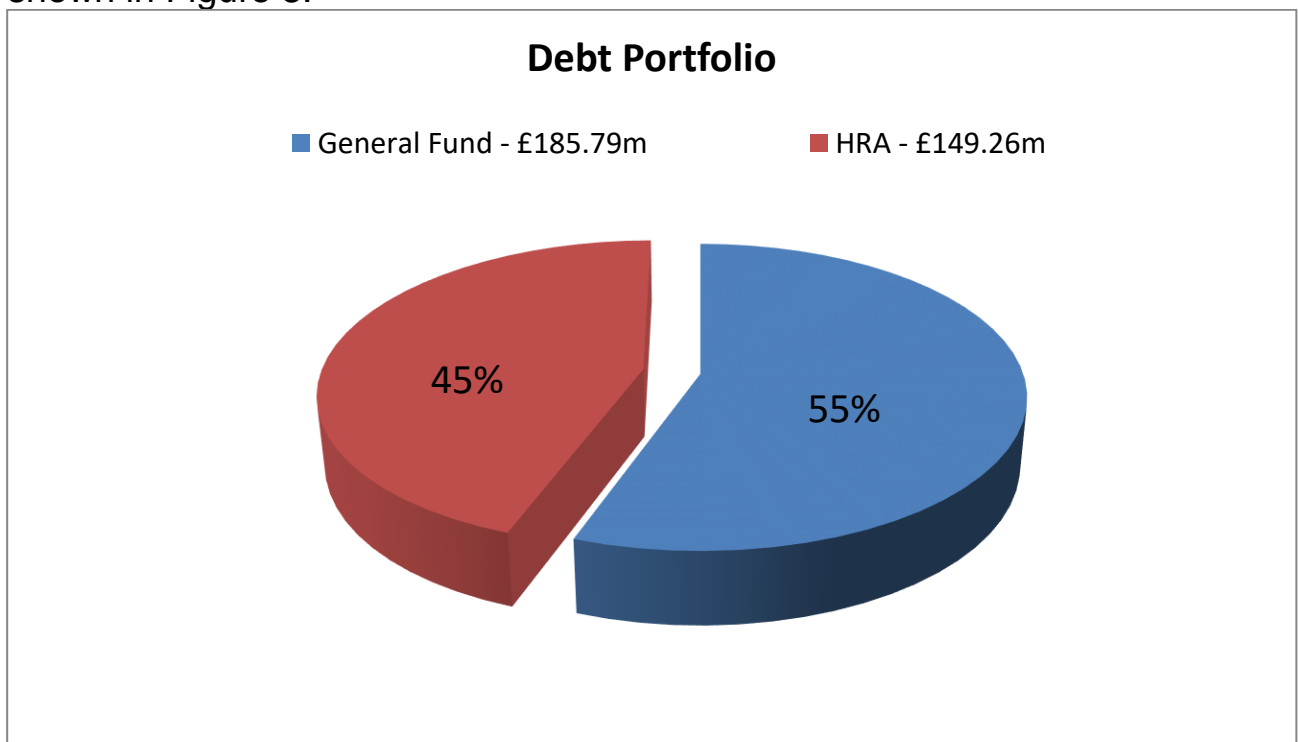


Figure 3 General Fund and HRA debt at 30th September 2024

47. Figure 4 illustrates the 2024/25 maturity profile of the Council's debt portfolio at 30th September 2024. The maturity profile, aside from a total of £40,000,000 PWLB debt all taken with 1 year maturities in the final quarter of 2023/24 and the first quarter of 2024/25, shows that there is no large concentration of loan maturity in any one year, thereby spreading the interest rate risk dependency.

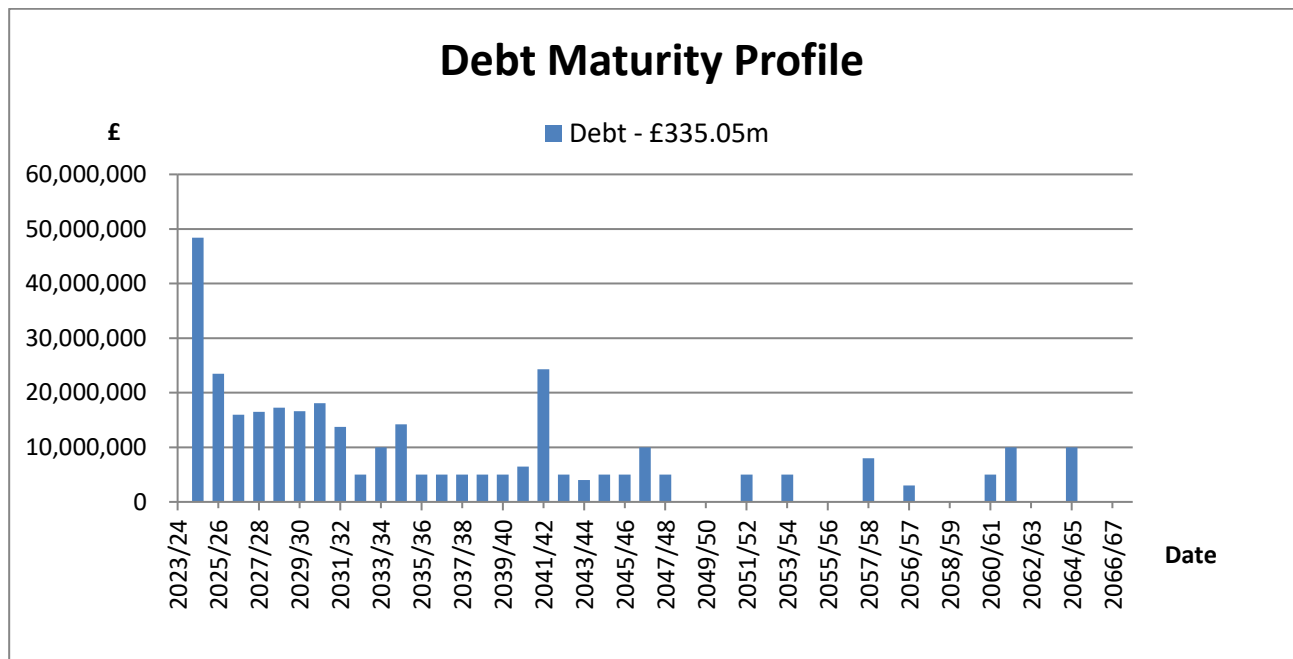


Figure 4 – Debt Maturity Profile at 30th September 2024

48. The timing of when that debt is drawn down depends on the progress of the capital programme. Where greater value can be obtained in borrowing for shorter maturity periods the Council will assess its risk appetite in conjunction with budgetary pressures to minimise total interest costs. Temporary borrowing, including inter authority borrowing, is another borrowing option. Longer-term borrowing could also be undertaken for the purpose of certainty, where that is desirable, or for smoothing the maturity profile of debt repayments.
49. It is anticipated that the total of £40m PWLB loans with 1 year maturities will be re-financed in the second half of 2024/25, likely on the same 1 year maturity basis, while waiting for further falls in interest rates for longer term debt durations as the current market and Link Group forecasts show. This is because cash balances will be utilised during the second half of 2024/25 and the Council will need to cover its under-borrowed position. While there is an element of interest rate risk, it is felt this is the most prudent course of action in the current interest rate environment and a better option for the longer-term Treasury Management budget meaning that higher interest rate loans mature sooner.

50. Table 9 shows PWLB Certainty borrowing rates available for selected loan durations between 1st April 2024 and 30th September 2024 at the highest, lowest and average rates.

	PWLB Certainty borrowing rates by duration of loan				
	1 Year	5 Year	10 Year	25 Year	50 Year
High	5.61%	5.14%	5.18%	5.61%	5.40%
Low	4.78%	4.31%	4.52%	5.08%	4.88%
Average	5.24%	4.76%	4.88%	5.35%	5.14%

Table 9 – PWLB Borrowing Rates 1st April 2024 to 30th September 2024

Compliance with Treasury Policy and Prudential Indicators

51. The Prudential Indicators for 2024/25 included in the Treasury Management Strategy Statement (TMSS) are based on the requirements of the Council's capital programme and approved at Budget Council on 22nd February 2024 and can be viewed here <https://democracy.york.gov.uk/ieListDocuments.aspx?CId=331&MID=13928#A167008> and here <https://democracy.york.gov.uk/ieListDocuments.aspx?CId=733&MId=13934&Ver=4>.
52. The Treasury Management budget was set in light of the council's expenditure plans and the wider economic market conditions, based on advice from Link Group.
53. It is a statutory duty for the Council to determine and keep under review the "Affordable Borrowing Limits" included in the Prudential Indicators. During the first half of financial year 2024/25 the Council has operated within the Treasury limits and Prudential Indicators set out in the TMSS for 2024/25.
54. An update of the Prudential Indicators is shown in Annex A.

Consultation Analysis

55. Treasury Management strategy and activity is influenced by the capital investment and revenue spending decisions made by the Council. Both the revenue and capital budgets have been through a corporate process of consultation and consideration by the elected politicians.

Options Analysis and Evidential Basis

56. The Treasury Management Mid-Year Review and Prudential Indicators detail the Treasury Management portfolio at 30th September 2024 and is for the review of the Executive Member for Finance to show compliance with Treasury policy and ensure the continued performance of the Treasury Management function.

Organisational Impact and Implications

57. The Treasury Management function aims to achieve the optimum return on investments commensurate with the proper levels of security, and to minimise the interest payable by the Council on its debt structure. It thereby contributes to all Council Plan priorities.

- **Financial** - The financial details of the Treasury Management quarterly report are contained in the body of the report.
- **Human Resources (HR)** - n/a
- **Legal** – Treasury Management activities have to conform to the Local Government Act 2003, the Local Authorities (Capital; Finance and Accounting) (England) Regulations 2003 (SI 2003/3146), which specifies that the Council is required to have regard to the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice and also the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414), which clarifies the requirements of the Minimum Revenue Provision guidance.
- **Procurement** - n/a
- **Health and Wellbeing** - n/a
- **Environment and Climate action** - n/a
- **Affordability** - The financial implications of the Treasury Management Strategy are contained in the body of the report and set out in the Financial Strategy and Capital Strategy reports also on this agenda.
- **Equalities and Human Rights** - n/a
- **Data Protection and Privacy** - n/a

- **Communications** - n/a
- **Economy** - n/a.
- **Specialist Implications Officers** - n/a

Risks and Mitigations

58. The Treasury Management function is a high-risk area because of the volume and level of large money transactions. As a result, there are procedures set out for day-to-day Treasury Management operations that aim to reduce the risk associated with high volume high value transactions as set out as part within the Treasury Management Strategy Statement at the start of each financial year. As a result of this the Local Government Act 2003 (as amended), supporting regulations, the CIPFA Prudential Code and the CIPFA Treasury Management in the Public Services Code of Practice (the code) are all adhered to as required.

Wards Impacted

All

Contact Details

For further information please contact the authors of this Decision Report.

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Date:	31/10/2024

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Report approved:	Yes
Date:	31/10/2024

Background Papers

- Treasury Management Strategy Statement and Prudential Indicators for 2024/25 to 2028/29 and Annexes A, B, C and D to that report.
<https://democracy.york.gov.uk/ieListDocuments.aspx?CId=733&MId=13934&Ver=4>.

Annexes

- Annex A – Prudential Indicators 2024/25 Mid-Year Review (30.09.24)

Glossary of Abbreviations used in the report.

CIPFA	Chartered Institute of Public Finance & Accountancy
CFR	Capital Financing Requirement
CPI	Consumer Prices Index
CYC	City of York Council
DLUHC	Department for Levelling Up, Housing and Communities
GDP	Gross Domestic Product
GF	General Fund
HRA	Housing Revenue Account
MHCLG	Ministry of Housing, Communities and Local Government
MPC	Monetary Policy Committee
MRP	Minimum Revenue Provision
PWLB	Public Works Loan Board
SONIA	Sterling Overnight Index Average
TMSS	Treasury Management Strategy Statement

Prudential Indicators 2024/25 Mid-Year Review (30.09.24)

	Prudential Indicator		2024/25	2025/26	2026/27	2027/28	2028/29	
1	Capital Expenditure To allow the authority to plan for capital financing as a result of the capital programme and enable the monitoring of capital budgets.	GF	£82.2m	£94.5m	£58.3m	£49.2m	£33.4m	
		HRA	£41.5m	£26.2m	£12.7m	£12.1m	£12.3m	
		Other LT	£3.3m	£0.5m	£0.5m	£0.5m	£0.5m	
		<u>Total</u>	<u>£127.0m</u>	<u>£121.2m</u>	<u>£71.5m</u>	<u>£61.8m</u>	<u>£46.2m</u>	
2	CFR Indicates the Council's underlying need to borrow money for capital purposes. The majority of the capital programme is funded through government support, government grant or the use of capital receipts. The use of borrowing increases the CFR.	GF	£342.2m	£391.0m	£407.5m	£419.8m	£432.8m	
		HRA	£149.3m	£149.3m	£149.3m	£149.3m	£149.3m	
		Other LT	£43.3m	£41.9m	£40.6m	£39.3m	£38.0m	
		<u>Total</u>	<u>£534.8m</u>	<u>£582.2m</u>	<u>£597.4m</u>	<u>£608.4m</u>	<u>£620.1m</u>	
3	Liability Benchmark The Liability Benchmark is based on current capital plans and cash flow assumptions, therefore giving the Council an indication of how much it needs to borrow, when it is likely to need to borrow, and where to match maturities to its planned borrowing needs. The liability benchmark makes no assumption about the level of future prudential borrowing in unknown capital budgets.	<p style="text-align: center;">Liability Benchmark</p> <p style="text-align: center;">Total Amount (£'000)</p> <p style="text-align: center;">£700,000 £600,000 £500,000 £400,000 £300,000 £200,000 £100,000 £0</p> <p style="text-align: center;">2024 2026 2028 2030 2032 2034 2036 2038 2040 2042 2044 2046 2048 2050 2052 2054 2056 2058 2060 2062 2064 2066 2068 2070 2072 2074 2076 2078 2080 2082 2084 2086 2088 2090 2092 2094</p> <p style="text-align: center;"> ■ PWLB Loans — LOBO Loans — Variable rate loans — Net Loans Requirement (forecast net loan debt) — Liability Benchmark (Gross Loans Requirement) — Market Loans (excl LOBO loans) — Short Term inc LA Temporary Borrowing (<1 year) — Existing Loan Debt Outstanding — Loans CFR </p>						
4	Ratio of Financing Costs to Net Revenue Stream An estimate of the cost of borrowing in relation to the net cost of Council services to be met from government grant and council taxpayers. In the case	GF	13.39%	15.51%	16.52%	16.86%	17.14%	
		HRA	13.48%	13.05%	12.59%	12.28%	11.97%	
		<u>Total</u>	<u>13.41%</u>	<u>15.03%</u>	<u>15.76%</u>	<u>15.98%</u>	<u>16.16%</u>	

	Prudential Indicator		2024/25	2025/26	2026/27	2027/28	2028/29	
	of the HRA the net revenue stream is the income from rents. <i>Note that financing costs include debt and other long-term liabilities such as PFI and Leases.</i>							
5	External Debt To ensure that borrowing levels are prudent over the medium term the Council's external borrowing, net of investments, must only be for a capital purpose and so not exceed the CFR.	Gross Debt Invest Net Debt	£404.3m £5.0m <hr/> £399.3m	£460.0m £5.0m <hr/> £455.0m	£482.3m £5.0m <hr/> £477.3m	£504.0m £5.0m <hr/> £499.0m	£527.7m £5.0m <hr/> £522.7m	
6 a	Authorised Limit for External Debt The authorised limit is a level set above the operational boundary in acceptance that the operational boundary may well be breached because of cash flows. It represents an absolute maximum level of debt that could be sustained for only a short period of time. The council sets an operational boundary for its total external debt, gross of investments, separately identifying borrowing from other long-term liabilities.	Borrowing CFR / Other long-term liabilities	£602.3m £30.0m <hr/> £632.3m (£632.3m set at 2024/25 Strategy)	£592.2m £30.0m <hr/> £622.2m (Based on current CFR projection)	£607.4m £30.0m <hr/> £637.4m (Based on current CFR projection)	£618.4m £30.0m <hr/> £648.4m (Based on current CFR projection)	£630.1m £30.0m <hr/> £660.1m (Based on current CFR projection)	

	Prudential Indicator		2024/25	2025/26	2026/27	2027/28	2028/29	
6 b	<p>Operational Boundary for External Debt</p> <p>The operational boundary is a measure of the most likely, prudent, level of debt. It takes account of risk management and analysis to arrive at the maximum level of debt projected as part of this prudent assessment. It is a means by which the authority manages its external debt to ensure that it remains within the self-imposed authority limit. It is a direct link between the Council's plans for capital expenditure; our estimates of the capital financing requirement; and estimated operational cash flow for the year.</p>	Borrowing CFR / Short Term Liquidity Requirement	£534.8m	£582.2m	£597.4m	£608.4m	£620.1m	
			£67.5m	£10.0m	£10.0m	£10.0m	£10.0m	
			<u>£602.3m</u>	<u>£592.2m</u>	<u>£607.4m</u>	<u>£618.4m</u>	<u>£630.1m</u>	
			(£602.3m set at 2024/25 Strategy)	(Based on current CFR projection)	(Based on current CFR projection)	(Based on current CFR projection)	(Based on current CFR projection)	

	Prudential Indicator		2021/22	2022/23	2023/24	2024/25	2025/26	
7	Maturity Structure of Borrowing To minimise the impact of debt maturity on the cash flow of the Council. Over exposure to debt maturity in any one year could mean that the Council has insufficient liquidity to meet its repayment liabilities, and as a result could be exposed to risk of interest rate fluctuations in the future where loans are maturing. The Council therefore sets limits whereby long-term loans mature in different periods thus spreading the risk.	Maturity profile of debt against approved limits	Maturity Profile Less than 1 yr 1 to 2 yrs 2 to 5 yrs 5 to 10 yrs 10 yrs and above Total	Debt (£) £61.4m £10.5m £49.7m £70.3m £143.2m £335.1m	Debt (%) 18% 3% 15% 21% 43% 100%	Approved Minimum Limit 0% 0% 0% 0% 30% -	Approved Maximum Limit 30% 30% 40% 40% 90% -	In line with the TMSS Lobo loans are shown as due at their next call date as this is the date the lender could require payment.
7	Upper Limit for Total Principal Sums Invested for Over 364 Days The Council sets an upper limit for each forward financial year period for the level of investments that mature in over 364 days. These limits reduce the liquidity and interest rate risk associated with investing for more than one year.	Limit / (Current investments greater than 364 days maturing in year)	£15.0m (£0.0m)	£15.0m (£0.0m)	£15.0m (£0.0m)	£15.0m (£0.0m)	£15.0m (£0.0m)	



Meeting:	Audit & Governance Committee
Meeting date:	27/11/2024
Report of:	Debbie Mitchell, Director of Finance
Portfolio of:	Cllr Katie Lomas - Executive Members for Finance, Performance, Major Projects, Human Rights, Equality, and Inclusion

Audit and Governance Committee Report: Audit Strategy Memorandum for the 2023/24 Audit

Subject of Report

1. The Council's External Auditors are Forvis Mazars and they are required to communicate their audit plan for the year to Members.
2. The Director responsible for York will present the content of the Audit Strategy Memorandum which summarises the audit approach, highlights significant audit risks and areas of key judgements and provides details of the audit team.

Recommendation and Reasons

3. Audit & Governance Committee are asked to note the report at annex A.

Reason: To ensure Members are aware of Mazars plan for undertaking the 2023/24 audit in delivering their responsibilities as external auditors.

Background

4. The Audit Strategy Memorandum covers:
 - Engagement and responsibilities summary

- The audit engagement team
- Audit scope, approach and timeline
- Significant risks and other key judgement areas
- Value for money arrangements
- Audit fees and other services
- Confirmation of auditor independence
- Materiality and misstatements

Consultation

5. The Plan has been consulted on with the relevant responsible officers within the Directorate of Finance prior to it being reported to those members charged with governance at the council.

Contact details

For further information please contact the author of this report.

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Name:	Debbie Mitchell
Job Title:	Director of Finance
Report approved:	Yes
Date:	15/11/2024

Annexes

Annex A – Audit Strategy Memorandum, Forvis Mazars



Audit Strategy Memorandum

City of York Council – Year ending 31 March 2024

November 2024

Audit and Governance Committee Members
City of York Council
West Offices
Station Rise
York
YO1 6GA

18 November 2024

Dear Audit and Governance Committee Members

Audit Strategy Memorandum – Year Ending 31 March 2024

We are pleased to present our Audit Strategy Memorandum for City of York Council for the year ending 31 March 2024. The purpose of this document is to summarise our audit approach, highlight significant audit risks and areas of key judgements and provide you with the details of our audit team. As it is a fundamental requirement that an auditor is, and is seen to be, independent of its clients, section 7 of this document also summarises our considerations and conclusions on our independence as auditors. We consider two-way communication with you to be key to a successful audit and important in:

- reaching a mutual understanding of the scope of the audit and the responsibilities of each of us;
- sharing information to assist each of us to fulfil our respective responsibilities;
- providing you with constructive observations arising from the audit process; and
- ensuring that we, as external auditors, gain an understanding of your attitude and views in respect of the internal and external operational, financial, compliance and other risks facing City of York Council which may affect the audit, including the likelihood of those risks materialising and how they are monitored and managed.

With that in mind, we see this document, which has been prepared following our initial planning discussions with management, as being the basis for a discussion around our audit approach, any questions, concerns or input you may have on our approach or role as auditor. This document also contains an appendix that outlines our key communications with you during the course of the audit.

Providing a high-quality service is extremely important to us and we strive to provide technical excellence with the highest level of service quality, together with continuous improvement to exceed your expectations. If you have any concerns or comments about this report or our audit approach, please contact me on 0191 383 6339.

Yours Faithfully,

Signed: 

Mark Outterside

Forvis Mazars

Contents

01	Engagement and responsibilities summary
02	Your audit engagement team
03	Audit scope, approach and timeline
04	Significant risks and other key judgement areas
05	Value for money arrangements
06	Audit fees and other services
07	Confirmation of our independence
08	Materiality and misstatements
A	Appendix A – Key communication points
B	Appendix B - Current year updates, forthcoming accounting and other issues
C	Appendix C: Consultations on measures to tackle the local government financial reporting and audit backlog

Engagement and responsibilities summary

Engagement and responsibilities summary

Overview of engagement

We are appointed to perform the external audit of City of York Council (the Council) for the year to 31 March 2024. The scope of our engagement is set out in the Statement of Responsibilities of Auditors and Audited Bodies, issued by Public Sector Audit Appointments Ltd (PSAA) available from the PSAA website: <https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/>. Our responsibilities are principally derived from the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (NAO), as outlined overleaf.

At the time of presenting our Audit Strategy Memorandum, there are a series of active consultations in place that could impact upon both the Council's financial statements and the work we are required to undertake. Appendix C summarises the proposals under each of the consultations and further details can be found on the Financial Reporting Council's [website](#). Should the outcome of these consultations affect the risks we have identified or the scope of our work, we will provide further information to the Committee in due course.

Engagement and responsibilities summary

Audit opinion

We are responsible for forming and expressing an opinion on whether the financial statements are prepared, in all material respects, in accordance with the Code of Practice on Local Authority Accounting. Our audit does not relieve management or the Audit and Governance Committee, as Those Charged With Governance, of their responsibilities.

The Executive Director of Transformation and Resources is responsible for the assessment of whether it is appropriate for the Council to prepare its accounts on a going concern basis. As auditors, we are required to obtain sufficient appropriate audit evidence regarding, and conclude on:

- a) whether a material uncertainty related to going concern exists; and
- b) consider the appropriateness of the Executive Director of Transformation and Resources' use of the going concern basis of accounting in the preparation of the financial statements.

Fraud

The responsibility for safeguarding assets and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with both Those Charged With Governance and management. This includes establishing and maintaining internal controls over compliance with relevant laws and regulations, and the reliability of financial reporting.

As part of our audit procedures in relation to fraud we are required to enquire of those charged with governance, including key management and Internal audit, where relevant as to their knowledge of instances of fraud, the risk of fraud and their views on internal controls that mitigate the fraud risks. In accordance with International Standards on Auditing (UK), we plan and perform our audit so as to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. However, our audit should not be relied upon to identify all such misstatements.



Internal control

Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

We are responsible for obtaining an understanding of internal control relevant to our audit and the preparation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of York Council's internal control.

Wider reporting and electors' rights

We report to the NAO on the consistency of the Council's financial statements with Whole of Government Accounts (WGA) submission.

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounts of the Council and consider objections made to the accounts. We also have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom.

Value for money

We are also responsible for forming a view on the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources. We discuss our approach to Value for Money work further in section 5 of this report.

02

Your audit engagement team

Your audit team

Your external audit service will be led by Mark Outterside.

Who	Role	E-mail
Mark Outterside	Engagement lead	mark.outterside@mazars.co.uk
Louise Stables	Engagement manager	louise.stables@mazars.co.uk
Sophie Hirst	Engagement team leader	sophie.hirst@mazars.co.uk

An Engagement Quality Reviewer (EQR) has been appointed for this engagement.

03

Audit scope, approach, and timeline

Audit scope, approach, and timeline

Audit scope

Our audit approach is designed to provide an audit that complies with all professional requirements.

Our audit of the financial statements will be conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit approach and in accordance with the terms of our engagement. Our work is focused on those aspects of your activities which we consider to have a higher risk of material misstatement, such as those impacted by management judgement and estimation, application of new accounting standards, changes of accounting policy, changes to operations or areas which have been found to contain material errors in the past.

Audit approach

Our audit approach is risk-based, and the nature, extent, and timing of our audit procedures are primarily driven by the areas of the financial statements we consider to be more susceptible to material misstatement. Following our risk assessment where we assess the inherent risk factors (subjectivity, complexity, uncertainty, change and susceptibility to misstatement due to management bias or fraud) to aid in our risk assessment, we develop our audit strategy and design audit procedures to respond to the risks we have identified.

If we conclude that appropriately-designed controls are in place, we may plan to test and rely on those controls. If we decide controls are not appropriately designed, or we decide that it would be more efficient to do so, we may take a wholly substantive approach to our audit testing where, in our professional judgement, substantive procedures alone will provide sufficient appropriate audit evidence. Substantive procedures are audit procedures designed to detect material misstatements at the assertion level and comprise tests of detail (of classes of transaction, account balances, and disclosures), and substantive analytical procedures. Irrespective of our assessed risks of material misstatement, which takes account of our evaluation of the operating effectiveness of controls, we are required to design and perform substantive procedures for each material class of transaction, account balance, and disclosure.

Our audit will be planned and performed so as to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. The concept of materiality and how we define a misstatement is explained in more detail in section 8.

The diagram on the next page outlines the procedures we perform at the different stages of the audit.

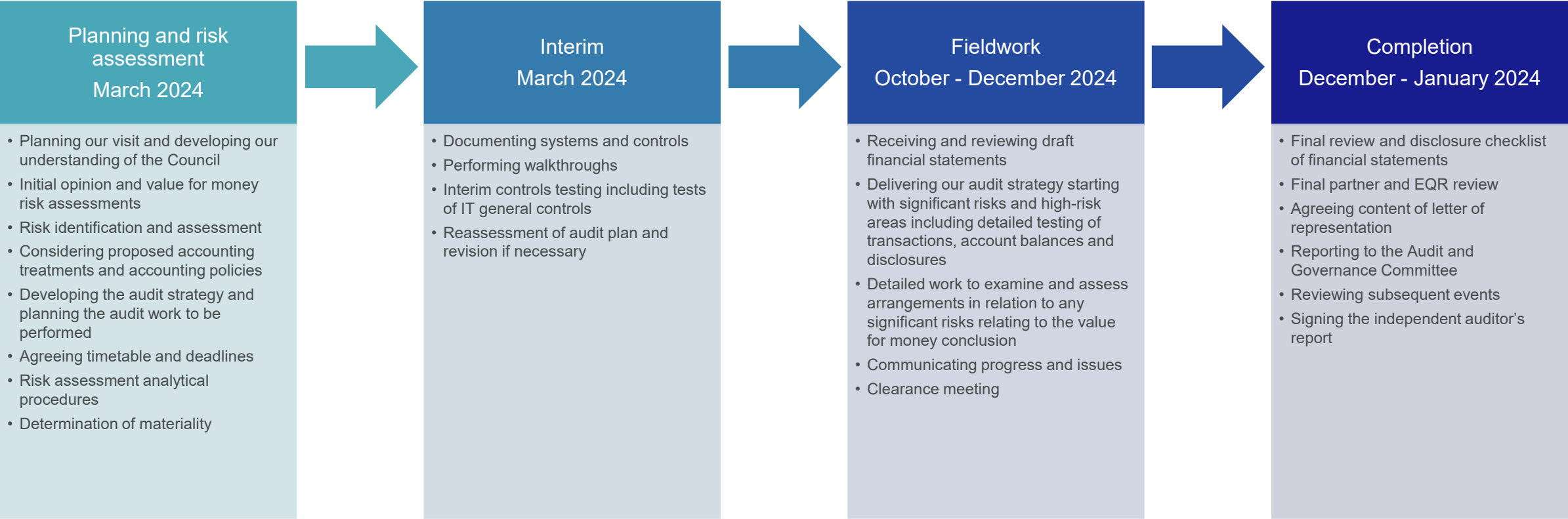
Audit scope, approach, and timeline

Risk-based approach



Audit scope, approach, and timeline

Audit timeline



Audit scope, approach, and timeline

Management’s experts and our experts

Management makes use of experts in specific areas when preparing the Council’s financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account.

Item of Account	Management’s expert	Our expert
Defined benefit liability/asset	AON Hewitt Limited (Actuary)	Consulting actuary, appointed centrally by the National Audit Office (NAO).
Property, plant and equipment	At the planning stage we have identified the Council’s internal valuer as management’s expert in this area.	We will consider relevant information which is available from third parties, including the valuer, appointed centrally by the National Audit Office. We also plan to engage the Mazars Real Estates Valuations Team.
Financial Instruments	Link Asset Services	We do not typically engage an audit expert to assess the reasonableness for your expert’s financial instrument valuation estimates. Where required, we will engage our own internal experts.

Service organisations

International Auditing Standards (UK) (ISAs) define service organisations as third-party organisations that provide services to the Council that are part of its information systems relevant to financial reporting. We are required to obtain an understanding of the services provided by service organisations as well as evaluating the design and implementation of controls over those services.

We have not identified any service organisations used by the Council.

Significant risks and other key judgement areas

Significant risks and other key judgement areas

Following the risk assessment approach discussed in section 3 of this document, we have identified risks relevant to the audit of financial statements. The risks that we identify are categorised as significant, enhanced or standard. The definitions of the level of risk rating are given below:

Significant risk

A risk that is assessed as being at or close to the upper end of the spectrum of inherent risk, based on a combination of the likelihood of a misstatement occurring and the magnitude of any potential misstatement. A fraud risk is always assessed as a significant risk (as required by auditing standards), including management override of controls and revenue recognition.

Enhanced risk

An area with an elevated risk of material misstatement at the assertion level, other than a significant risk, based on factors/ information inherent to that area. Enhanced risks require additional consideration but do not rise to the level of a significant risk. These include but are not limited to:

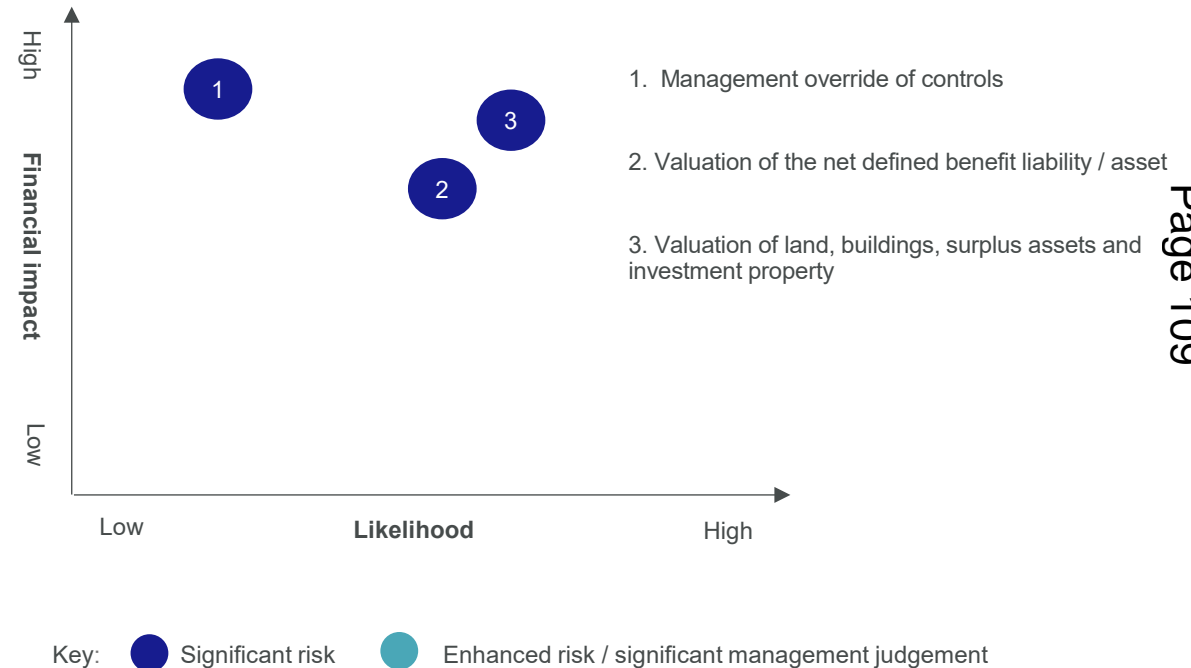
- Key areas of management judgement and estimation uncertainty, including accounting estimates related to material classes of transaction, account balances, and disclosures but which are not considered to give rise to a significant risk of material misstatement; and
- Risks relating to other assertions and arising from significant events or transactions that occurred during the period.

Standard risk

A risk related to assertions over classes of transaction, account balances, and disclosures that are relatively routine, non-complex, tend to be subject to systematic processing, and require little or no management judgement/ estimation. Although it is considered that there is a risk of material misstatement, there are no elevated or special factors related to the nature of the financial statement area, the likely magnitude of potential misstatements, or the likelihood of a risk occurring.

Summary risk assessment

The summary risk assessment, illustrated in the table below, highlights those risks which we deem to be significant and other enhanced risks in respect of the Council. We have summarised our audit response to these risks on the next page.



Significant risks and other key judgement areas

Specific identified audit risks and planned testing strategy

We have presented below in more detail the reasons for the risk assessment highlighted above, and also our testing approach with respect to significant risks. An audit is a dynamic process, should we change our view of risk or approach to address the identified risks during the course of our audit, we will report this to the Audit and Governance Committee.

Significant risks

	Description	Fraud	Error	Judgement	Planned response
1	<p>Management override of controls This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur.</p> <p>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 due to fraud on all audits.</p>	●	●	●	We plan to address the management override of controls risk through performing audit work over accounting estimates, journal entries and significant transactions outside the normal course of business or otherwise unusual.

Significant risks and other key judgement areas

Significant risks

	Description	Fraud	Error	Judgement	Planned response
2	<p>Valuation of land, buildings, surplus assets and investment property</p> <p>Council dwellings (£587.9m), other land and buildings (£399.4m) are the Council's highest value assets. The balance sheet also includes investment properties totalling £72.2m.</p> <p>Per the CIPFA Code, each of these class of asset requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate fair value at that date.</p> <p>Management engages its own Valuer as an expert to assist in determining the fair value of land and buildings to be included in the financial statements but there remains a high degree of estimation uncertainty associated with the valuation of land and buildings because of the significant judgements and number of variables involved.</p>	●	●	●	<p>We will:</p> <ul style="list-style-type: none"> critically assess the Council's arrangements for ensuring that land and buildings and surplus assets valuations are reasonable and not materially misstated; critically assess the basis of valuations, using third party trend data where appropriate, as part of our challenge of the reasonableness of the valuations provided by valuers; consider the competence, skills and experience of the valuers and the instructions issued to the valuers; substantively test revaluations, including critically reviewing the Council's own consideration of assets not revalued in the year and why they are not materially misstated; and where necessary, perform further audit procedures on individual assets to ensure the basis of valuations is appropriate. <p>We have also engaged the Mazars Real Estates Valuation team to assist in the above.</p>

Significant risks and other key judgement areas

Significant risks

	Description	Fraud	Error	Judgement	Planned response
3	<p>Net defined benefit liability/asset valuation</p> <p>The financial statements contain material pension entries in respect of the retirement benefits. The calculation of these pension figures, both assets and liabilities, can be subject to significant volatility and includes estimates based upon a complex interaction of actuarial assumptions. This results in an increased risk of material misstatement.</p>	●	●	●	<p>We will address the risk by:</p> <ul style="list-style-type: none"> critically assessing the competency, objectivity and independence of the North Yorkshire Pension Fund’s Actuary; liaising with the auditors of the North Yorkshire Pension Fund to gain assurance over the design and implementation of controls in place at the Pension Fund. This will include the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS 19 valuation is complete and accurate; reviewing the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This will include comparing them to expected ranges, utilising information by the consulting actuary engaged by the National Audit Office; and agreeing the data in the IAS 19 valuation report provided by the Fund Actuary for accounting purposes to the pension accounting entries and disclosures in the Council’s financial statements.

Significant risks and other key judgement areas

Other considerations

In consideration of ISA (UK) 260 *Communication with Those Charged with Governance*, as part of our audit we obtain the views of, and enquire whether the Audit and Governance Committee has knowledge of, the following matters:

- Did you identify any other risks (business, laws & regulation, fraud, going concern etc.) that may result in material misstatements?
- Are you aware of any significant communications between the Group and regulators?
- Are there any matters that you consider warrant particular attention during the course of our audit, and any areas where you would like additional procedures to be undertaken?

We plan to do this by formal letter to Audit and Governance Committee which we will obtain prior to completing our audit.

Significant difficulties encountered during the course of audit

In accordance with ISA (UK) 260 *Communication with Those Charged with Governance*, we are required to communicate certain matters to the Audit and Governance Committee which include, but are not limited to, significant difficulties, if any, that are encountered during our audit. Such difficulties may include matters such as:

- Significant delays in management providing information that we require to perform our audit.
- An unnecessarily brief time within which to complete our audit.
- Extensive and unexpected effort to obtain sufficient appropriate audit evidence.
- Unavailability of expected information.
- Restrictions imposed on us by management.
- Unwillingness by management to make or extend their assessment of an entity's ability to continue as a going concern when requested.

We will highlight to you on a timely basis should we encounter any such difficulties (if our audit process is unduly impeded, this could require us to issue a modified auditor's report).

Internal audit function

Where possible we will seek to utilise, the work performed by internal audit to modify the nature, extent and timing of our audit procedures. We will meet with internal audit to discuss the progress and findings of their work prior to the commencement of our controls evaluation procedures.

Where we intend to rely on the work on internal audit, we will evaluate the work performed by your internal audit team and perform our own audit procedures to determine its adequacy for our audit.

Nonetheless, we will obtain a copy of the reports issued by internal audit relating to the financial period under audit determine whether any findings will have an impact on our risk assessment and planned audit procedures.

05

Value for money arrangements

Value for money arrangements

The framework for value for money work

We are required to form a view as to whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out in order to form our view and sets out the overall criterion and sub-criteria that we are required to consider.

2023/24 will be the fourth audit year where we are undertaking our value for money (VFM) work under the 2020 Code of Audit Practice (the Code). Our responsibility remains to be satisfied that the Council has proper arrangements in place and to report in the audit report and/or the audit completion certificate where we identify significant weaknesses in arrangements. Separately we provide a commentary on the Council's arrangements in the Auditor's Annual Report.

Specified reporting criteria

The Code requires us to structure our commentary to report under three specified criteria:

1. **Financial sustainability** – how the Council plans and manages its resources to ensure it can continue to deliver its services;
2. **Governance** – how the Council ensures that it makes informed decisions and properly manages its risks; and
3. **Improving economy, efficiency and effectiveness** – how the Council uses information about its costs and performance to improve the way it manages and delivers its services

Our approach

Our work falls into three primary phases as outlined opposite. We need to gather sufficient evidence to support our commentary on the Council's arrangements and to identify and report on any significant weaknesses in arrangements. Where significant weaknesses are identified we are required to report these to the Council and make recommendations for improvement. Such recommendations can be made at any point during the audit cycle and we are not expected to wait until issuing our overall commentary to do so.

Planning and risk assessment	<p>Obtaining an understanding of the Council's arrangements for each specified reporting criteria. Relevant information sources include:</p> <ul style="list-style-type: none"> • NAO guidance and supporting information; • information from internal and external sources including regulators; • knowledge from previous audits and other audit work undertaken in the year; and • interviews and discussions with officers and Members.
Additional risk-based procedures and evaluation	<p>Where our planning work identifies risks of significant weaknesses, we will undertake additional procedures to determine whether there is a significant weakness.</p>
Reporting	<p>We will provide a summary of the work we have undertaken and our judgements against each of the specified reporting criteria as part of our commentary on arrangements. This will form part of the Auditor's Annual Report.</p> <p>Our commentary will also highlight:</p> <ul style="list-style-type: none"> • significant weaknesses identified and our recommendations for improvement; and • emerging issues or other matters that do not represent significant weaknesses but still require attention from the Council.

Value for money arrangements

Identified risks of significant weaknesses in arrangements

The NAO's guidance requires us to carry out work at the planning stage to understand the Council's arrangements and to identify risks that significant weaknesses in arrangements may exist.

At the time of drafting this report, we have not fully completed our planning and risk assessment work. If necessary, we will report any identified risks to the Audit and Governance Committee on completion of our planning and risk identification work.

06

Audit fees and other services

Audit fees and other services

Fees for audit and other services

Our fees (exclusive of VAT) for the audit of City of York Council for the year ended 31 March 2024, and for any non-audit assurance services or other non-audit services provided by Forvis Mazars LLP in the period, are outlined below.

Fees for work as the Council's appointed auditor

At this stage of the audit we are not planning any divergence from the scale fees.

Area of work	2023/24 Proposed Fee	2022/23 Actual Fee
Code Audit Work	£284,032	£158,652

Fees for non-PSAA work




In addition to the fees outlined above in relation to our appointment by PSAA, we have been separately engaged by the Council to carry out additional work as set out in the table below. Before agreeing to undertake any additional work we consider whether there are any actual, potential or perceived threats to our independence. Further information about our responsibilities in relation to independence is provided in section 7.

Area of work	2023/24 Proposed Fee	2022/23 Actual Fee
Other services – Housing Benefits Subsidy Assurance	£29,000	£19,500
Other services – Teachers' Pensions Assurance	£9,500	£7,000

07

Confirmation of our independence

Confirmation of our independence

	Requirements	We comply with the International Code of Ethics for Professional Accountants, including International Independence Standards issued by the International Ethics Standards Board for Accountants together with the ethical requirements that are relevant to our audit of the financial statements in the UK reflected in the ICAEW Code of Ethics and the FRC Ethical Standard 2019.
	Compliance	We are not aware of any relationship between Forvis Mazars and City of York Council that, in our professional judgement, may reasonably be thought to impair our independence. We are independent of City of York Council and have fulfilled our independence and ethical responsibilities in accordance with the requirements applicable to our audit.
	Non-audit and Audit fees	We have set out a summary any non-audit services provided by Forvis Mazars (with related fees) to City of York Council in Section 6, together with our audit fees and independence assessment.

We are committed to independence and confirm that we comply with the FRC's Ethical Standard. In addition, we have set out in this section any matters or relationships we believe may have a bearing on our independence or the objectivity of our audit team.

Based on the information provided by you and our own internal procedures to safeguard our independence as auditors, we confirm that in our professional judgement there are no relationships between us and any of our related or subsidiary entities, and you and your related entities, that create any unacceptable threats to our independence within the regulatory or professional requirements governing us as your auditors.

We have policies and procedures in place that are designed to ensure that we carry out our work with integrity, objectivity, and independence. These policies include:

- All partners and staff are required to complete an annual independence declaration.
- All new partners and staff are required to complete an independence confirmation and complete annual ethical training.
- Rotation policies covering audit engagement partners and other key members of the audit team.
- Use by managers and partners of our client and engagement acceptance system, which requires all non-audit services to be approved in advance by the audit engagement partner.

We confirm, as at the date of this report, that the engagement team and others in the firm as appropriate, Forvis Mazars LLP are independent and comply with relevant ethical requirements. However, if at any time you have concerns or questions about our integrity, objectivity or independence, please discuss these with Mark Outterside in the first instance.

Prior to the provision of any non-audit services, Mark Outterside will undertake appropriate procedures to consider and fully assess the impact that providing the service may have on our independence as auditor.

Principal threats to our independence and the associated safeguards we have identified and/ or put in place are set out in Terms of Appointment issued by PSAA available from the PSAA website: [Terms of Appointment from 2018/19 - PSAA](#). Any emerging independence threats and associated identified safeguards will be communicated in our Audit Completion Report.

08

Materiality and misstatements

Materiality and misstatements

Definitions

Materiality is an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole.

Misstatements in the financial statements are considered to be material if they could, individually or in aggregate, reasonably be expected to influence the economic decisions of users based on the financial statements.

Materiality

We determine materiality for the financial statements as a whole (overall materiality) using a benchmark that, in our professional judgement, is most appropriate to entity. We also determine an amount less than materiality (performance materiality), which is applied when we carry out our audit procedures and is designed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Further, we set a threshold above which all misstatements we identify during our audit (adjusted and unadjusted) will be reported to the Audit and Governance Committee.

Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on a consideration of the common financial information needs of users as a group and not on specific individual users.

An assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:

- Have a reasonable knowledge of business, economic activities, and accounts;
- Have a willingness to study the information in the financial statements with reasonable diligence;
- Understand that financial statements are prepared, presented, and audited to levels of materiality;
- Recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement, and consideration of future events; and
- Will make reasonable economic decisions based on the information in the financial statements.

We consider overall materiality and performance materiality while planning and performing our audit based on quantitative and qualitative factors

When planning our audit, we make judgements about the size of misstatements we consider to be material. This provide a basis for our risk assessment procedures, including identifying and assessing the risks of material misstatement, and determining the nature, timing and extent of our responses to those risks.

The overall materiality and performance materiality that we determine does not necessarily mean that uncorrected misstatements that are below materiality, individually or in aggregate, will be considered immaterial.

We revise materiality as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.

Materiality and misstatements

Materiality (continued)

We consider that 2% gross expenditure is the key focus of users of the financial statements and, as such, we base our materiality levels around this benchmark.

We expect to set a materiality threshold of 2% of gross revenue expenditure at the surplus / deficit level.

As set out in the table below, based on the 2023/24 draft financial statements we anticipate overall materiality for the year ended 31 March 2024 to be in the region of £9.9m (£10.3m in the prior year), and performance materiality to be in the region of £7.4m (£7.7m in the prior year).

We will continue to monitor materiality throughout our audit to ensure it is set at an appropriate level.

	2023/24	2022/23
Overall materiality	£9,900k	£10,300k
Performance materiality	£7,400k	£7,700k
Clearly trivial	£300k	£310k
Specific materiality: Senior Officers' Remuneration	£5k	£5k
Specific materiality: Members' allowances	£5k	£5k
Specific materiality: Termination payments and exit packages	£20k	Senior officers - £1 Other Staff - £20k

We will accumulate misstatements identified during our audit that are above our determined clearly trivial threshold.

We have set a clearly trivial threshold for individual misstatements we identify (a reporting threshold) for reporting to the Audit and Governance Committee and management that is consistent with a threshold where misstatements below that amount would not need to be accumulated because we expect that the accumulation of such amounts would not have a material effect on the financial statements.

Based on our preliminary assessment of overall materiality, our proposed clearly trivial threshold is £300k, based on 3% of overall materiality. If you have any queries about this, please raise these with Mark Outterside.

Each misstatement above the reporting threshold that we identify will be classified as:

- **Adjusted:** Those misstatements that we identify and are corrected by management.
- **Unadjusted:** Those misstatements that we identify that are not corrected by management.

We will report all misstatements above the reporting threshold to management and request that they are corrected. If they are not corrected, we will report each misstatement to the Audit and Governance Committee as unadjusted misstatements and, if they remain uncorrected, we will communicate the effect that they may have individually, or in aggregate, on our audit opinion.

Misstatements also cover quantitative misstatements, including those relating to the notes of the financial statements.

Reporting

In summary, we will categorise and report misstatements above the reporting threshold to the Audit and Governance Committee as follows:

- Adjusted misstatements;
- Unadjusted misstatements; and
- Disclosure misstatements (adjusted and unadjusted).

Appendices

A: Key communication points

B: Current year updates, forthcoming accounting and other issues

C: Consultations on measures to tackle the local government financial reporting and audit backlog

Appendix A: Key communication points

We value communication with the Audit and Governance Committee as a two way feedback process at the heart of our client service commitment. ISA (UK) 260 *Communication with Those Charged with Governance* and ISA (UK) 265 *Communicating Deficiencies In Internal Control To Those Charged With Governance And Management* specifically require us to communicate a number of points with you.

Relevant points that need to be communicated with you at each stage of the audit are outlined below.

Form, timing and content of our communications

We will present the following reports:

- Our Audit Strategy Memorandum;
- Our Audit Completion Report; and
- Auditor's Annual Report

These documents will be discussed with management prior to being presented to yourselves and their comments will be incorporated as appropriate.

Key communication points at the planning stage as included in this Audit strategy memorandum

- Our responsibilities in relation to the audit of the financial statements;
- The planned scope and timing of the audit;
- Significant audit risks and areas of management judgement;
- Our commitment to independence;
- Responsibilities for preventing and detecting errors;
- Materiality and misstatements; and
- Fees for audit and other services.

Key communication points at the completion stage to be included in our Audit Completion Report

- Significant deficiencies in internal control;
- Significant findings from the audit;
- Significant matters discussed with management;
- Significant difficulties, if any, encountered during the audit;
- Qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures;
- Our conclusions on the significant audit risks and areas of management judgement;
- Summary of misstatements;
- Management representation letter;
- Our proposed draft audit report; and
- Independence.

Appendix A: Key communication points

ISA (UK) 260 *Communication with Those Charged with Governance*, ISA (UK) 265 *Communicating Deficiencies In Internal Control To Those Charged With Governance And Management* and other ISAs specifically require us to communicate the following:

Required communication	Where addressed
Our responsibilities in relation to the financial statement audit and those of management and Those Charged with Governance.	Audit Strategy Memorandum
The planned scope and timing of the audit including any limitations, specifically including with respect to significant risks.	Audit Strategy Memorandum
With respect to misstatements: <ul style="list-style-type: none"> • Uncorrected misstatements and their effect on our audit opinion; • The effect of uncorrected misstatements related to prior periods; • A request that any uncorrected misstatement is corrected; and • In writing, corrected misstatements that are significant. 	Audit Completion Report
With respect to fraud communications: <ul style="list-style-type: none"> • Enquiries of the Audit and Governance Committee to determine whether they have a knowledge of any actual, suspected or alleged fraud affecting the entity; • Any fraud that we have identified or information we have obtained that indicates that fraud may exist; and • A discussion of any other matters related to fraud. 	Audit completion Report and discussion at Audit and Governance Committee Audit planning and clearance meetings

Appendix A: Key communication points

Required communication	Where addressed
<p>Significant matters arising during the audit in connection with the entity’s related parties including, when applicable:</p> <ul style="list-style-type: none"> • Non-disclosure by management; • Inappropriate authorisation and approval of transactions; • Disagreement over disclosures; • Non-compliance with laws and regulations; and • Difficulty in identifying the party that ultimately controls the entity. 	<p>Audit Completion Report</p>
<p>Significant findings from the audit including:</p> <ul style="list-style-type: none"> • Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures; • Significant difficulties, if any, encountered during the audit; • Significant matters, if any, arising from the audit that were discussed with management or were the subject of correspondence with management; • Written representations that we are seeking; • Expected modifications to the audit report; and • Other matters, if any, significant to the oversight of the financial reporting process or otherwise identified in the course of the audit that we believe will be relevant to the the Audit and Governance Committee in the context of fulfilling their responsibilities. 	<p>Audit Completion Report</p>

Appendix A: Key communication points

Required communication	Where addressed
Significant deficiencies in internal controls identified during the audit.	Audit Completion Report and Audit and Governance Committee meetings
Where relevant, any issues identified with respect to authority to obtain external confirmations or inability to obtain relevant and reliable audit evidence from other procedures.	Audit Completion Report
Audit findings regarding non-compliance with laws and regulations where the non-compliance is material and believed to be intentional (subject to compliance with legislation on tipping off) and enquiry of the Audit and Governance Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit and Governance Committee may be aware of.	Audit Completion Report and Audit and Governance Committee meetings
<p>With respect to going concern, events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> • Whether the events or conditions constitute a material uncertainty; • Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements; and • The adequacy of related disclosures in the financial statements. 	Audit Completion Report
<p>Communication regarding our system of quality management, compliant with ISQM 1, developed to support the consistent performance of quality audit engagements. To address the requirements of ISQM (UK) 1, the firm's ISQM 1 team completes, as part of an ongoing and iterative process, a number of key steps to assess and conclude on the firm's System of Quality Management:</p> <ul style="list-style-type: none"> • Ensure there is an appropriate assignment of responsibilities under ISQM1 and across Leadership • Establish and review quality objectives each year, ensuring ISQM (UK) 1 objectives align with the firm's strategies and priorities • Identify, review and update quality risks each quarter, taking into consideration of number of input sources (such as FRC / ICAEW review findings, AQT findings, RCA findings, etc.) • Identify, design and implement responses as part of the process to strengthen the firm's internal control environment and overall quality • Evaluate responses to identify and remediation process / control gaps <p>We perform an evaluation of our system of quality management on an annual basis. Our first evaluation was performed as of 31 August 2023. Details of that assessment and our conclusion are set out in our 2022/2023 Transparency Report, which is available on our website here.</p>	Audit Strategy Memorandum

Appendix B: Current year updates, forthcoming accounting & other issues

New standards and amendments

Effective for accounting periods beginning on or after 1 January 2024

The information detailed on this slide is for wider IFRS information only. They will be subject to inclusion within the FReM and Code as determined by FRAB.

Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Issued January 2020), Deferral of Effective Date (Issued July 2020) and Non-current Liabilities with Covenants (Issued October 2022)

The January 2020 amendments clarify the requirements for classifying liabilities as current or non-current in IAS 1 by providing clarification surrounding: when to assess classification; understanding what is an 'unconditional right'; whether to determine classification based on an entity's right versus discretion and expectation; and dealing with settlements after the reporting date.

The October 2022 amendments specify how covenants should be taken into account in the classification of a liability as current or non-current. Only covenants with which an entity is required to comply with by the reporting date affect the classification as current or non-current. Classification is not therefore affected if the right to defer settlement of a liability for at least 12 months is subject to compliance with covenants at a date after the reporting date. These amendments also clarify the disclosures about the nature of covenants, so that users of financial statements can assess the risk that non-current debts accompanied by covenants may become repayable within 12 months.

Amendments to IAS 16 Leases: Lease Liability in Sale and Leaseback (Issued September 2022)

The amendments include additional requirements to explain how to subsequently measure the lease liability in a sale and leaseback transaction, specifically how to include variable lease payments.

For further information, please refer to our blog article: [Amendments to IFRS 16 Leases – Lease Liability in a Sale and Leaseback](#)

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued May 2023)

The amendments introduce changes to the disclosure requirements around supplier finance arrangements with the intention of providing more detailed information to help users analyse and understand the effects of such arrangements.

The amendments provide an overarching disclosure objective to ensure that users of financial statements are able to assess the effects of such arrangements on an entity's liabilities and cash flows, as well as some additional disclosure requirements relating to the specific terms and conditions of the arrangement, quantitative information about changes in financial liabilities that are part of the supplier financing arrangement, and about an entity's exposure to liquidity risk.

For further information, please refer to our blog article: [IASB publishes final amendments on supplier finance arrangements](#)

Appendix B: Current year updates, forthcoming accounting & other issues

New standards and amendments (continued)

Effective for accounting periods beginning on or after 1 January 2023

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements: Disclosure of Accounting Policies (Issued February 2021)

The amendments set out new requirements for material accounting policy information to be disclosed, rather than significant accounting policies. Immaterial accounting policy information should not be disclosed as accounting policy information taken in isolation is unlikely to be material, but it is when the information is considered together with other information in the financial statements that may make it material.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Issued February 2021)

The amendment introduces a new definition for accounting estimates and clarifies how entities should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events.

IFRS 17 Insurance Contracts (issued May 2017) and Amendments to IFRS 17 Insurance Contracts (Issued June 2020)

IFRS 17 is a new standard that will replace IFRS 4 *Insurance Contracts* (IFRS 4). The standard sets out the principles for the recognition, measurement, presentation and disclosure about insurance contracts issued, and reinsurance contracts held, by entities.

Amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 Financial Instruments (Issued December 2021)

The amendments address potential mismatches between the measurement of financial assets and insurance liabilities in the comparative period because of different transitional requirements in IFRS 9 and IFRS 17. The amendments introduce a classification overlay under which a financial asset is permitted to be presented in the comparative period as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset in the comparative period. The classification overlay can be applied on an instrument-by-instrument basis.

IFRS 17 Insurance Contracts has not yet been adopted by the FReM. Adoption in the FReM is expected to be from April 2025; early adoption is not permitted.

Appendix C: Consultations on measures to tackle the local government financial reporting and audit backlog

As we outline in the introduction to this report, there are a number of consultations currently taking place that may have implications for: the format and content of the Council's financial statements, the work we are required to undertake under the Code of Audit Practice and the timetable for the publication of the audited statements of account.

In this Appendix, we summarise the proposals in each of the consultations for information.

CIPFA/LASAAC consultation on short-term measures to aid the recovery of local authority reporting and audit

This [consultation](#) proposes amendments to the Code of Practice on Local Authority Accounting (the Accounting Code), applicable only to relevant bodies in England. The proposals are to:

- Extend the current temporary solution for accounting for infrastructure assets beyond 2024/25;
- Remove some disclosure requirements relating to a body's net defined benefit liabilities / assets; and
- Simplify the measurement for operational property, plant and equipment in specific circumstances up to 2025/26.

DLUHC consultation on addressing the local audit backlog in England

This [consultation](#) proposes a range of measures aimed at 'clear the backlog and put the system on a sustainable footing' and outlines two key phases of recovery up to 2027/28. A key aspect of the proposals is to require Category 1 bodies, such as the Council, to publish audited financial statements by a series of backstop dates. This proposal will be put in place by amending the Accounts and Audit Regulations 2015. For statements of account for financial years up to and including 2022/23, this would mean audited accounts will need to be published by 30 September 2024 unless a pre-defined exemption criteria has been met (such as there being an outstanding objection to the accounts at the backstop date).

The consultation sets out other proposals including:

- Publishing a list of bodies and audit firms which do not meet the statutory deadline for publishing audited statements of account; and

- Setting out 'backstop' dates for each financial year up to and including 2027/28.

In including a statutory backstop date for the publication of audited statements of account, the consultation makes it clear that the DLUHC expects that this will give rise to auditors issuing modified audit reports where they have not been able to complete their work on the financial statements.

NAO consultation on draft amendments to the Code of Audit Practice

This [consultation](#) has been launched alongside DLUHC's consultation on amendments to the Accounts and Audit Regulations 2015 and seeks to introduce measures that support more timely auditor reporting. The principle changes to the Code of Audit Practice being proposed are to:

- Require the auditor to issue an opinion on the financial statements by the 'backstop' date outlined in the amended Accounts and Audit Regulations 2015, whether this opinion is modified or not (subject to a number of exemptions);
- Allow the auditor to apply a reduced scope of work in relation to VFM arrangements work for outstanding audits up to and including 2022/23; and
- Require the auditor to publish the Auditor's Annual Report by 30 November each year from the 2023/24 audit year, and for this report to provide a summary of progress on the audit at the time of issue (even if the audit is not complete).

Contact

Forvis Mazars

Mark Outterside

Director

Tel: 0191 383 6339

mark.outterside@mazars.co.uk

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 under reference number C001139861. VAT number: GB 839 8356 73

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Audit Strategy Memorandum

City of York Council – Year ending 31 March 2024

November 2024

Audit and Governance Committee Members
City of York Council
West Offices
Station Rise
York
YO1 6GA

18 November 2024

Dear Audit and Governance Committee Members

Audit Strategy Memorandum – Year Ending 31 March 2024

We are pleased to present our Audit Strategy Memorandum for City of York Council for the year ending 31 March 2024. The purpose of this document is to summarise our audit approach, highlight significant audit risks and areas of key judgements and provide you with the details of our audit team. As it is a fundamental requirement that an auditor is, and is seen to be, independent of its clients, section 7 of this document also summarises our considerations and conclusions on our independence as auditors. We consider two-way communication with you to be key to a successful audit and important in:

- reaching a mutual understanding of the scope of the audit and the responsibilities of each of us;
- sharing information to assist each of us to fulfil our respective responsibilities;
- providing you with constructive observations arising from the audit process; and
- ensuring that we, as external auditors, gain an understanding of your attitude and views in respect of the internal and external operational, financial, compliance and other risks facing City of York Council which may affect the audit, including the likelihood of those risks materialising and how they are monitored and managed.

With that in mind, we see this document, which has been prepared following our initial planning discussions with management, as being the basis for a discussion around our audit approach, any questions, concerns or input you may have on our approach or role as auditor. This document also contains an appendix that outlines our key communications with you during the course of the audit.

Providing a high-quality service is extremely important to us and we strive to provide technical excellence with the highest level of service quality, together with continuous improvement to exceed your expectations. If you have any concerns or comments about this report or our audit approach, please contact me on 0191 383 6339.

Yours Faithfully,

Signed: 

Mark Outterside

Forvis Mazars

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Engagement and responsibilities summary

Engagement and responsibilities summary

Overview of engagement

We are appointed to perform the external audit of City of York Council (the Council) for the year to 31 March 2024. The scope of our engagement is set out in the Statement of Responsibilities of Auditors and Audited Bodies, issued by Public Sector Audit Appointments Ltd (PSAA) available from the PSAA website: <https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/>. Our responsibilities are principally derived from the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (NAO), as outlined overleaf.

At the time of presenting our Audit Strategy Memorandum, there are a series of active consultations in place that could impact upon both the Council's financial statements and the work we are required to undertake. Appendix C summarises the proposals under each of the consultations and further details can be found on the Financial Reporting Council's [website](#). Should the outcome of these consultations affect the risks we have identified or the scope of our work, we will provide further information to the Committee in due course.

Engagement and responsibilities summary

Audit opinion

We are responsible for forming and expressing an opinion on whether the financial statements are prepared, in all material respects, in accordance with the Code of Practice on Local Authority Accounting. Our audit does not relieve management or the Audit and Governance Committee, as Those Charged With Governance, of their responsibilities.

The Executive Director of Transformation and Resources is responsible for the assessment of whether it is appropriate for the Council to prepare its accounts on a going concern basis. As auditors, we are required to obtain sufficient appropriate audit evidence regarding, and conclude on:

- a) whether a material uncertainty related to going concern exists; and
- b) consider the appropriateness of the Executive Director of Transformation and Resources' use of the going concern basis of accounting in the preparation of the financial statements.

Fraud

The responsibility for safeguarding assets and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with both Those Charged With Governance and management. This includes establishing and maintaining internal controls over compliance with relevant laws and regulations, and the reliability of financial reporting.

As part of our audit procedures in relation to fraud we are required to enquire of those charged with governance, including key management and Internal audit, where relevant as to their knowledge of instances of fraud, the risk of fraud and their views on internal controls that mitigate the fraud risks. In accordance with International Standards on Auditing (UK), we plan and perform our audit so as to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. However, our audit should not be relied upon to identify all such misstatements.



Internal control

Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

We are responsible for obtaining an understanding of internal control relevant to our audit and the preparation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of York Council's internal control.

Wider reporting and electors' rights

We report to the NAO on the consistency of the Council's financial statements with Whole of Government Accounts (WGA) submission.

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounts of the Council and consider objections made to the accounts. We also have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom.

Value for money

We are also responsible for forming a view on the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources. We discuss our approach to Value for Money work further in section 5 of this report.

02

Your audit engagement team

Your audit team

Your external audit service will be led by Mark Outterside.

Who	Role	E-mail
Mark Outterside	Engagement lead	mark.outterside@mazars.co.uk
Louise Stables	Engagement manager	louise.stables@mazars.co.uk
Sophie Hirst	Engagement team leader	sophie.hirst@mazars.co.uk

An Engagement Quality Reviewer (EQR) has been appointed for this engagement.

03

Audit scope, approach, and timeline

Audit scope, approach, and timeline

Audit scope

Our audit approach is designed to provide an audit that complies with all professional requirements.

Our audit of the financial statements will be conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit approach and in accordance with the terms of our engagement. Our work is focused on those aspects of your activities which we consider to have a higher risk of material misstatement, such as those impacted by management judgement and estimation, application of new accounting standards, changes of accounting policy, changes to operations or areas which have been found to contain material errors in the past.

Audit approach

Our audit approach is risk-based, and the nature, extent, and timing of our audit procedures are primarily driven by the areas of the financial statements we consider to be more susceptible to material misstatement. Following our risk assessment where we assess the inherent risk factors (subjectivity, complexity, uncertainty, change and susceptibility to misstatement due to management bias or fraud) to aid in our risk assessment, we develop our audit strategy and design audit procedures to respond to the risks we have identified.

If we conclude that appropriately-designed controls are in place, we may plan to test and rely on those controls. If we decide controls are not appropriately designed, or we decide that it would be more efficient to do so, we may take a wholly substantive approach to our audit testing where, in our professional judgement, substantive procedures alone will provide sufficient appropriate audit evidence. Substantive procedures are audit procedures designed to detect material misstatements at the assertion level and comprise tests of detail (of classes of transaction, account balances, and disclosures), and substantive analytical procedures. Irrespective of our assessed risks of material misstatement, which takes account of our evaluation of the operating effectiveness of controls, we are required to design and perform substantive procedures for each material class of transaction, account balance, and disclosure.

Our audit will be planned and performed so as to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. The concept of materiality and how we define a misstatement is explained in more detail in section 8.

The diagram on the next page outlines the procedures we perform at the different stages of the audit.

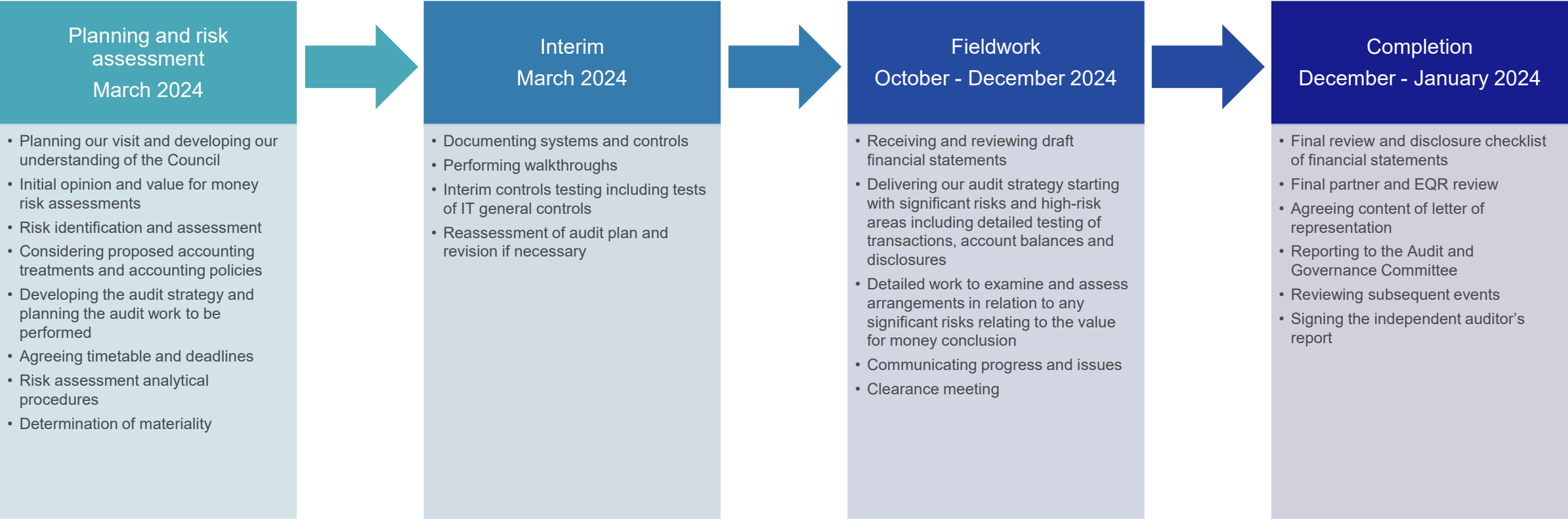
Audit scope, approach, and timeline

Risk-based approach



Audit scope, approach, and timeline

Audit timeline



Audit scope, approach, and timeline

Management's experts and our experts

Management makes use of experts in specific areas when preparing the Council's financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account.

Item of Account	Management's expert	Our expert
Defined benefit liability/asset	AON Hewitt Limited (Actuary)	Consulting actuary, appointed centrally by the National Audit Office (NAO).
Property, plant and equipment	At the planning stage we have identified the Council's internal valuer as management's expert in this area.	We will consider relevant information which is available from third parties, including the valuer, appointed centrally by the National Audit Office. We also plan to engage the Mazars Real Estates Valuations Team.
Financial Instruments	Link Asset Services	We do not typically engage an audit expert to assess the reasonableness for your expert's financial instrument valuation estimates. Where required, we will engage our own internal experts.

Service organisations

International Auditing Standards (UK) (ISAs) define service organisations as third-party organisations that provide services to the Council that are part of its information systems relevant to financial reporting. We are required to obtain an understanding of the services provided by service organisations as well as evaluating the design and implementation of controls over those services.

We have not identified any service organisations used by the Council.

Significant risks and other key judgement areas

Significant risks and other key judgement areas

Following the risk assessment approach discussed in section 3 of this document, we have identified risks relevant to the audit of financial statements. The risks that we identify are categorised as significant, enhanced or standard. The definitions of the level of risk rating are given below:

Significant risk

A risk that is assessed as being at or close to the upper end of the spectrum of inherent risk, based on a combination of the likelihood of a misstatement occurring and the magnitude of any potential misstatement. A fraud risk is always assessed as a significant risk (as required by auditing standards), including management override of controls and revenue recognition.

Enhanced risk

An area with an elevated risk of material misstatement at the assertion level, other than a significant risk, based on factors/ information inherent to that area. Enhanced risks require additional consideration but do not rise to the level of a significant risk. These include but are not limited to:

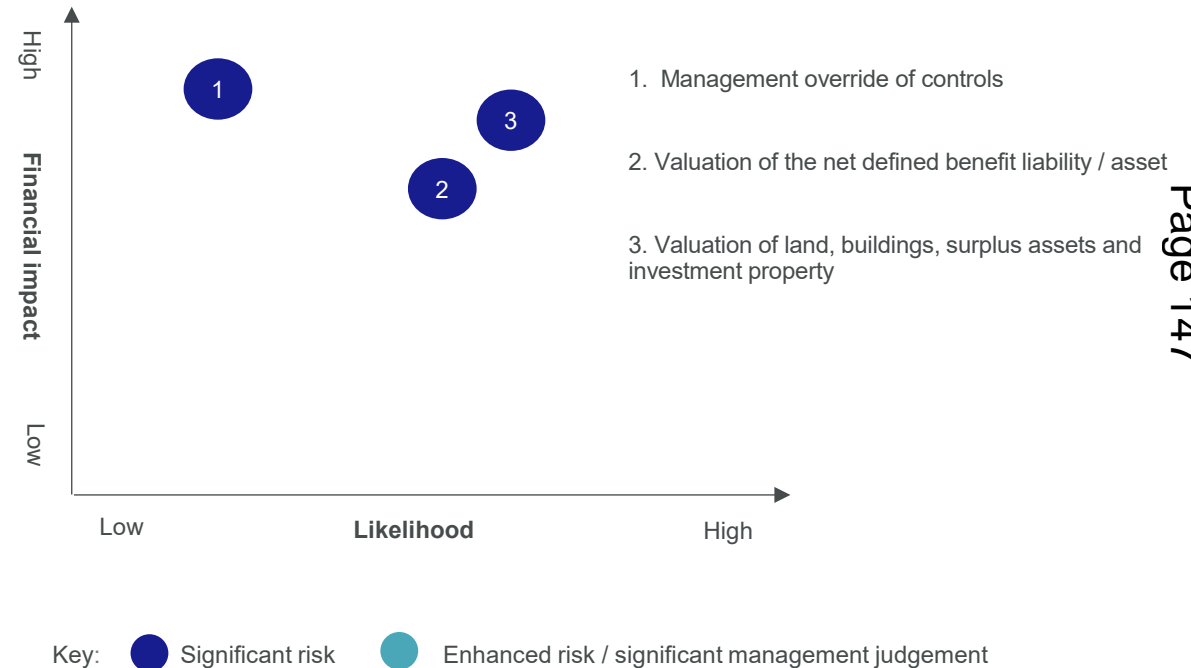
- Key areas of management judgement and estimation uncertainty, including accounting estimates related to material classes of transaction, account balances, and disclosures but which are not considered to give rise to a significant risk of material misstatement; and
- Risks relating to other assertions and arising from significant events or transactions that occurred during the period.

Standard risk

A risk related to assertions over classes of transaction, account balances, and disclosures that are relatively routine, non-complex, tend to be subject to systematic processing, and require little or no management judgement/ estimation. Although it is considered that there is a risk of material misstatement, there are no elevated or special factors related to the nature of the financial statement area, the likely magnitude of potential misstatements, or the likelihood of a risk occurring.

Summary risk assessment

The summary risk assessment, illustrated in the table below, highlights those risks which we deem to be significant and other enhanced risks in respect of the Council. We have summarised our audit response to these risks on the next page.



Significant risks and other key judgement areas

Specific identified audit risks and planned testing strategy

We have presented below in more detail the reasons for the risk assessment highlighted above, and also our testing approach with respect to significant risks. An audit is a dynamic process, should we change our view of risk or approach to address the identified risks during the course of our audit, we will report this to the Audit and Governance Committee.

Significant risks

	Description	Fraud	Error	Judgement	Planned response
1	<p>Management override of controls This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur.</p> <p>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 due to fraud on all audits.</p>	●	●	●	We plan to address the management override of controls risk through performing audit work over accounting estimates, journal entries and significant transactions outside the normal course of business or otherwise unusual.

Significant risks and other key judgement areas

Significant risks

	Description	Fraud	Error	Judgement	Planned response
2	<p>Valuation of land, buildings, surplus assets and investment property</p> <p>Council dwellings (£587.9m), other land and buildings (£399.4m) are the Council's highest value assets. The balance sheet also includes investment properties totalling £72.2m.</p> <p>Per the CIPFA Code, each of these class of asset requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate fair value at that date.</p> <p>Management engages its own Valuer as an expert to assist in determining the fair value of land and buildings to be included in the financial statements but there remains a high degree of estimation uncertainty associated with the valuation of land and buildings because of the significant judgements and number of variables involved.</p>	●	●	●	<p>We will:</p> <ul style="list-style-type: none"> critically assess the Council's arrangements for ensuring that land and buildings and surplus assets valuations are reasonable and not materially misstated; critically assess the basis of valuations, using third party trend data where appropriate, as part of our challenge of the reasonableness of the valuations provided by valuers; consider the competence, skills and experience of the valuers and the instructions issued to the valuers; substantively test revaluations, including critically reviewing the Council's own consideration of assets not revalued in the year and why they are not materially misstated; and where necessary, perform further audit procedures on individual assets to ensure the basis of valuations is appropriate. <p>We have also engaged the Mazars Real Estates Valuation team to assist in the above.</p>

Significant risks and other key judgement areas

Significant risks

	Description	Fraud	Error	Judgement	Planned response
3	<p>Net defined benefit liability/asset valuation</p> <p>The financial statements contain material pension entries in respect of the retirement benefits. The calculation of these pension figures, both assets and liabilities, can be subject to significant volatility and includes estimates based upon a complex interaction of actuarial assumptions. This results in an increased risk of material misstatement.</p>	●	●	●	<p>We will address the risk by:</p> <ul style="list-style-type: none"> critically assessing the competency, objectivity and independence of the North Yorkshire Pension Fund’s Actuary; liaising with the auditors of the North Yorkshire Pension Fund to gain assurance over the design and implementation of controls in place at the Pension Fund. This will include the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS 19 valuation is complete and accurate; reviewing the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This will include comparing them to expected ranges, utilising information by the consulting actuary engaged by the National Audit Office; and agreeing the data in the IAS 19 valuation report provided by the Fund Actuary for accounting purposes to the pension accounting entries and disclosures in the Council’s financial statements.

Significant risks and other key judgement areas

Other considerations

In consideration of ISA (UK) 260 *Communication with Those Charged with Governance*, as part of our audit we obtain the views of, and enquire whether the Audit and Governance Committee has knowledge of, the following matters:

- Did you identify any other risks (business, laws & regulation, fraud, going concern etc.) that may result in material misstatements?
- Are you aware of any significant communications between the Group and regulators?
- Are there any matters that you consider warrant particular attention during the course of our audit, and any areas where you would like additional procedures to be undertaken?

We plan to do this by formal letter to Audit and Governance Committee which we will obtain prior to completing our audit.

Significant difficulties encountered during the course of audit

In accordance with ISA (UK) 260 *Communication with Those Charged with Governance*, we are required to communicate certain matters to the Audit and Governance Committee which include, but are not limited to, significant difficulties, if any, that are encountered during our audit. Such difficulties may include matters such as:

- Significant delays in management providing information that we require to perform our audit.
- An unnecessarily brief time within which to complete our audit.
- Extensive and unexpected effort to obtain sufficient appropriate audit evidence.
- Unavailability of expected information.
- Restrictions imposed on us by management.
- Unwillingness by management to make or extend their assessment of an entity's ability to continue as a going concern when requested.

We will highlight to you on a timely basis should we encounter any such difficulties (if our audit process is unduly impeded, this could require us to issue a modified auditor's report).

Internal audit function

Where possible we will seek to utilise, the work performed by internal audit to modify the nature, extent and timing of our audit procedures. We will meet with internal audit to discuss the progress and findings of their work prior to the commencement of our controls evaluation procedures.

Where we intend to rely on the work on internal audit, we will evaluate the work performed by your internal audit team and perform our own audit procedures to determine its adequacy for our audit.

Nonetheless, we will obtain a copy of the reports issued by internal audit relating to the financial period under audit determine whether any findings will have an impact on our risk assessment and planned audit procedures.

05

Value for money arrangements

Value for money arrangements

The framework for value for money work

We are required to form a view as to whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out in order to form our view and sets out the overall criterion and sub-criteria that we are required to consider.

2023/24 will be the fourth audit year where we are undertaking our value for money (VFM) work under the 2020 Code of Audit Practice (the Code). Our responsibility remains to be satisfied that the Council has proper arrangements in place and to report in the audit report and/or the audit completion certificate where we identify significant weaknesses in arrangements. Separately we provide a commentary on the Council's arrangements in the Auditor's Annual Report.

Specified reporting criteria

The Code requires us to structure our commentary to report under three specified criteria:

1. **Financial sustainability** – how the Council plans and manages its resources to ensure it can continue to deliver its services;
2. **Governance** – how the Council ensures that it makes informed decisions and properly manages its risks; and
3. **Improving economy, efficiency and effectiveness** – how the Council uses information about its costs and performance to improve the way it manages and delivers its services

Our approach

Our work falls into three primary phases as outlined opposite. We need to gather sufficient evidence to support our commentary on the Council's arrangements and to identify and report on any significant weaknesses in arrangements. Where significant weaknesses are identified we are required to report these to the Council and make recommendations for improvement. Such recommendations can be made at any point during the audit cycle and we are not expected to wait until issuing our overall commentary to do so.

Planning and risk assessment	<p>Obtaining an understanding of the Council's arrangements for each specified reporting criteria. Relevant information sources include:</p> <ul style="list-style-type: none"> • NAO guidance and supporting information; • information from internal and external sources including regulators; • knowledge from previous audits and other audit work undertaken in the year; and • interviews and discussions with officers and Members.
Additional risk-based procedures and evaluation	<p>Where our planning work identifies risks of significant weaknesses, we will undertake additional procedures to determine whether there is a significant weakness.</p>
Reporting	<p>We will provide a summary of the work we have undertaken and our judgements against each of the specified reporting criteria as part of our commentary on arrangements. This will form part of the Auditor's Annual Report.</p> <p>Our commentary will also highlight:</p> <ul style="list-style-type: none"> • significant weaknesses identified and our recommendations for improvement; and • emerging issues or other matters that do not represent significant weaknesses but still require attention from the Council.

Value for money arrangements

Identified risks of significant weaknesses in arrangements

The NAO's guidance requires us to carry out work at the planning stage to understand the Council's arrangements and to identify risks that significant weaknesses in arrangements may exist.

At the time of drafting this report, we have not fully completed our planning and risk assessment work. If necessary, we will report any identified risks to the Audit and Governance Committee on completion of our planning and risk identification work.

06

Audit fees and other services

Audit fees and other services

Fees for audit and other services

Our fees (exclusive of VAT) for the audit of City of York Council for the year ended 31 March 2024, and for any non-audit assurance services or other non-audit services provided by Forvis Mazars LLP in the period, are outlined below.

Fees for work as the Council's appointed auditor

At this stage of the audit we are not planning any divergence from the scale fees.

Area of work	2023/24 Proposed Fee	2022/23 Actual Fee
Code Audit Work	£284,032	£158,652

Fees for non-PSAA work




In addition to the fees outlined above in relation to our appointment by PSAA, we have been separately engaged by the Council to carry out additional work as set out in the table below. Before agreeing to undertake any additional work we consider whether there are any actual, potential or perceived threats to our independence. Further information about our responsibilities in relation to independence is provided in section 7.

Area of work	2023/24 Proposed Fee	2022/23 Actual Fee
Other services – Housing Benefits Subsidy Assurance	£29,000	£19,500
Other services – Teachers' Pensions Assurance	£9,500	£7,000

07

Confirmation of our independence

Confirmation of our independence

	Requirements	We comply with the International Code of Ethics for Professional Accountants, including International Independence Standards issued by the International Ethics Standards Board for Accountants together with the ethical requirements that are relevant to our audit of the financial statements in the UK reflected in the ICAEW Code of Ethics and the FRC Ethical Standard 2019.
	Compliance	We are not aware of any relationship between Forvis Mazars and City of York Council that, in our professional judgement, may reasonably be thought to impair our independence. We are independent of City of York Council and have fulfilled our independence and ethical responsibilities in accordance with the requirements applicable to our audit.
	Non-audit and Audit fees	We have set out a summary any non-audit services provided by Forvis Mazars (with related fees) to City of York Council in Section 6, together with our audit fees and independence assessment.

We are committed to independence and confirm that we comply with the FRC's Ethical Standard. In addition, we have set out in this section any matters or relationships we believe may have a bearing on our independence or the objectivity of our audit team.

Based on the information provided by you and our own internal procedures to safeguard our independence as auditors, we confirm that in our professional judgement there are no relationships between us and any of our related or subsidiary entities, and you and your related entities, that create any unacceptable threats to our independence within the regulatory or professional requirements governing us as your auditors.

We have policies and procedures in place that are designed to ensure that we carry out our work with integrity, objectivity, and independence. These policies include:

- All partners and staff are required to complete an annual independence declaration.
- All new partners and staff are required to complete an independence confirmation and complete annual ethical training.
- Rotation policies covering audit engagement partners and other key members of the audit team.
- Use by managers and partners of our client and engagement acceptance system, which requires all non-audit services to be approved in advance by the audit engagement partner.

We confirm, as at the date of this report, that the engagement team and others in the firm as appropriate, Forvis Mazars LLP are independent and comply with relevant ethical requirements. However, if at any time you have concerns or questions about our integrity, objectivity or independence, please discuss these with Mark Outterside in the first instance.

Prior to the provision of any non-audit services, Mark Outterside will undertake appropriate procedures to consider and fully assess the impact that providing the service may have on our independence as auditor.

Principal threats to our independence and the associated safeguards we have identified and/ or put in place are set out in Terms of Appointment issued by PSAA available from the PSAA website: [Terms of Appointment from 2018/19 - PSAA](#). Any emerging independence threats and associated identified safeguards will be communicated in our Audit Completion Report.

08

Materiality and misstatements

Materiality and misstatements

Definitions

Materiality is an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole.

Misstatements in the financial statements are considered to be material if they could, individually or in aggregate, reasonably be expected to influence the economic decisions of users based on the financial statements.

Materiality

We determine materiality for the financial statements as a whole (overall materiality) using a benchmark that, in our professional judgement, is most appropriate to entity. We also determine an amount less than materiality (performance materiality), which is applied when we carry out our audit procedures and is designed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Further, we set a threshold above which all misstatements we identify during our audit (adjusted and unadjusted) will be reported to the Audit and Governance Committee.

Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on a consideration of the common financial information needs of users as a group and not on specific individual users.

An assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:

- Have a reasonable knowledge of business, economic activities, and accounts;
- Have a willingness to study the information in the financial statements with reasonable diligence;
- Understand that financial statements are prepared, presented, and audited to levels of materiality;
- Recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement, and consideration of future events; and
- Will make reasonable economic decisions based on the information in the financial statements.

We consider overall materiality and performance materiality while planning and performing our audit based on quantitative and qualitative factors

When planning our audit, we make judgements about the size of misstatements we consider to be material. This provide a basis for our risk assessment procedures, including identifying and assessing the risks of material misstatement, and determining the nature, timing and extent of our responses to those risks.

The overall materiality and performance materiality that we determine does not necessarily mean that uncorrected misstatements that are below materiality, individually or in aggregate, will be considered immaterial.

We revise materiality as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.

Materiality and misstatements

Materiality (continued)

We consider that 2% gross expenditure is the key focus of users of the financial statements and, as such, we base our materiality levels around this benchmark.

We expect to set a materiality threshold of 2% of gross revenue expenditure at the surplus / deficit level.

As set out in the table below, based on the 2023/24 draft financial statements we anticipate overall materiality for the year ended 31 March 2024 to be in the region of £9.9m (£10.3m in the prior year), and performance materiality to be in the region of £7.4m (£7.7m in the prior year).

We will continue to monitor materiality throughout our audit to ensure it is set at an appropriate level.

	2023/24	2022/23
Overall materiality	£9,900k	£10,300k
Performance materiality	£7,400k	£7,700k
Clearly trivial	£300k	£310k
Specific materiality: Senior Officers' Remuneration	£5k	£5k
Specific materiality: Members' allowances	£5k	£5k
Specific materiality: Termination payments and exit packages	£20k	Senior officers - £1 Other Staff - £20k

We will accumulate misstatements identified during our audit that are above our determined clearly trivial threshold.

We have set a clearly trivial threshold for individual misstatements we identify (a reporting threshold) for reporting to the Audit and Governance Committee and management that is consistent with a threshold where misstatements below that amount would not need to be accumulated because we expect that the accumulation of such amounts would not have a material effect on the financial statements.

Based on our preliminary assessment of overall materiality, our proposed clearly trivial threshold is £300k, based on 3% of overall materiality. If you have any queries about this, please raise these with Mark Outterside.

Each misstatement above the reporting threshold that we identify will be classified as:

- **Adjusted:** Those misstatements that we identify and are corrected by management.
- **Unadjusted:** Those misstatements that we identify that are not corrected by management.

We will report all misstatements above the reporting threshold to management and request that they are corrected. If they are not corrected, we will report each misstatement to the Audit and Governance Committee as unadjusted misstatements and, if they remain uncorrected, we will communicate the effect that they may have individually, or in aggregate, on our audit opinion.

Misstatements also cover quantitative misstatements, including those relating to the notes of the financial statements.

Reporting

In summary, we will categorise and report misstatements above the reporting threshold to the Audit and Governance Committee as follows:

- Adjusted misstatements;
- Unadjusted misstatements; and
- Disclosure misstatements (adjusted and unadjusted).

Appendices

A: Key communication points

B: Current year updates, forthcoming accounting and other issues

C: Consultations on measures to tackle the local government financial reporting and audit backlog

Appendix A: Key communication points

We value communication with the Audit and Governance Committee as a two way feedback process at the heart of our client service commitment. ISA (UK) 260 *Communication with Those Charged with Governance* and ISA (UK) 265 *Communicating Deficiencies In Internal Control To Those Charged With Governance And Management* specifically require us to communicate a number of points with you.

Relevant points that need to be communicated with you at each stage of the audit are outlined below.

Form, timing and content of our communications

We will present the following reports:

- Our Audit Strategy Memorandum;
- Our Audit Completion Report; and
- Auditor's Annual Report

These documents will be discussed with management prior to being presented to yourselves and their comments will be incorporated as appropriate.

Key communication points at the planning stage as included in this Audit strategy memorandum

- Our responsibilities in relation to the audit of the financial statements;
- The planned scope and timing of the audit;
- Significant audit risks and areas of management judgement;
- Our commitment to independence;
- Responsibilities for preventing and detecting errors;
- Materiality and misstatements; and
- Fees for audit and other services.

Key communication points at the completion stage to be included in our Audit Completion Report

- Significant deficiencies in internal control;
- Significant findings from the audit;
- Significant matters discussed with management;
- Significant difficulties, if any, encountered during the audit;
- Qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures;
- Our conclusions on the significant audit risks and areas of management judgement;
- Summary of misstatements;
- Management representation letter;
- Our proposed draft audit report; and
- Independence.

Appendix A: Key communication points

ISA (UK) 260 *Communication with Those Charged with Governance*, ISA (UK) 265 *Communicating Deficiencies In Internal Control To Those Charged With Governance And Management* and other ISAs specifically require us to communicate the following:

Required communication	Where addressed
Our responsibilities in relation to the financial statement audit and those of management and Those Charged with Governance.	Audit Strategy Memorandum
The planned scope and timing of the audit including any limitations, specifically including with respect to significant risks.	Audit Strategy Memorandum
With respect to misstatements: <ul style="list-style-type: none"> • Uncorrected misstatements and their effect on our audit opinion; • The effect of uncorrected misstatements related to prior periods; • A request that any uncorrected misstatement is corrected; and • In writing, corrected misstatements that are significant. 	Audit Completion Report
With respect to fraud communications: <ul style="list-style-type: none"> • Enquiries of the Audit and Governance Committee to determine whether they have a knowledge of any actual, suspected or alleged fraud affecting the entity; • Any fraud that we have identified or information we have obtained that indicates that fraud may exist; and • A discussion of any other matters related to fraud. 	Audit completion Report and discussion at Audit and Governance Committee Audit planning and clearance meetings

Appendix A: Key communication points

Required communication	Where addressed
<p>Significant matters arising during the audit in connection with the entity’s related parties including, when applicable:</p> <ul style="list-style-type: none"> • Non-disclosure by management; • Inappropriate authorisation and approval of transactions; • Disagreement over disclosures; • Non-compliance with laws and regulations; and • Difficulty in identifying the party that ultimately controls the entity. 	<p>Audit Completion Report</p>
<p>Significant findings from the audit including:</p> <ul style="list-style-type: none"> • Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures; • Significant difficulties, if any, encountered during the audit; • Significant matters, if any, arising from the audit that were discussed with management or were the subject of correspondence with management; • Written representations that we are seeking; • Expected modifications to the audit report; and • Other matters, if any, significant to the oversight of the financial reporting process or otherwise identified in the course of the audit that we believe will be relevant to the the Audit and Governance Committee in the context of fulfilling their responsibilities. 	<p>Audit Completion Report</p>

Appendix A: Key communication points

Required communication	Where addressed
Significant deficiencies in internal controls identified during the audit.	Audit Completion Report and Audit and Governance Committee meetings
Where relevant, any issues identified with respect to authority to obtain external confirmations or inability to obtain relevant and reliable audit evidence from other procedures.	Audit Completion Report
Audit findings regarding non-compliance with laws and regulations where the non-compliance is material and believed to be intentional (subject to compliance with legislation on tipping off) and enquiry of the Audit and Governance Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit and Governance Committee may be aware of.	Audit Completion Report and Audit and Governance Committee meetings
<p>With respect to going concern, events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> • Whether the events or conditions constitute a material uncertainty; • Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements; and • The adequacy of related disclosures in the financial statements. 	Audit Completion Report
<p>Communication regarding our system of quality management, compliant with ISQM 1, developed to support the consistent performance of quality audit engagements. To address the requirements of ISQM (UK) 1, the firm's ISQM 1 team completes, as part of an ongoing and iterative process, a number of key steps to assess and conclude on the firm's System of Quality Management:</p> <ul style="list-style-type: none"> • Ensure there is an appropriate assignment of responsibilities under ISQM1 and across Leadership • Establish and review quality objectives each year, ensuring ISQM (UK) 1 objectives align with the firm's strategies and priorities • Identify, review and update quality risks each quarter, taking into consideration of number of input sources (such as FRC / ICAEW review findings, AQT findings, RCA findings, etc.) • Identify, design and implement responses as part of the process to strengthen the firm's internal control environment and overall quality • Evaluate responses to identify and remediation process / control gaps <p>We perform an evaluation of our system of quality management on an annual basis. Our first evaluation was performed as of 31 August 2023. Details of that assessment and our conclusion are set out in our 2022/2023 Transparency Report, which is available on our website here.</p>	Audit Strategy Memorandum

Appendix B: Current year updates, forthcoming accounting & other issues

New standards and amendments

Effective for accounting periods beginning on or after 1 January 2024

The information detailed on this slide is for wider IFRS information only. They will be subject to inclusion within the FReM and Code as determined by FRAB.

Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Issued January 2020), Deferral of Effective Date (Issued July 2020) and Non-current Liabilities with Covenants (Issued October 2022)

The January 2020 amendments clarify the requirements for classifying liabilities as current or non-current in IAS 1 by providing clarification surrounding: when to assess classification; understanding what is an 'unconditional right'; whether to determine classification based on an entity's right versus discretion and expectation; and dealing with settlements after the reporting date.

The October 2022 amendments specify how covenants should be taken into account in the classification of a liability as current or non-current. Only covenants with which an entity is required to comply with by the reporting date affect the classification as current or non-current. Classification is not therefore affected if the right to defer settlement of a liability for at least 12 months is subject to compliance with covenants at a date after the reporting date. These amendments also clarify the disclosures about the nature of covenants, so that users of financial statements can assess the risk that non-current debts accompanied by covenants may become repayable within 12 months.

Amendments to IAS 16 Leases: Lease Liability in Sale and Leaseback (Issued September 2022)

The amendments include additional requirements to explain how to subsequently measure the lease liability in a sale and leaseback transaction, specifically how to include variable lease payments.

For further information, please refer to our blog article: [Amendments to IFRS 16 Leases – Lease Liability in a Sale and Leaseback](#)

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued May 2023)

The amendments introduce changes to the disclosure requirements around supplier finance arrangements with the intention of providing more detailed information to help users analyse and understand the effects of such arrangements.

The amendments provide an overarching disclosure objective to ensure that users of financial statements are able to assess the effects of such arrangements on an entity's liabilities and cash flows, as well as some additional disclosure requirements relating to the specific terms and conditions of the arrangement, quantitative information about changes in financial liabilities that are part of the supplier financing arrangement, and about an entity's exposure to liquidity risk.

For further information, please refer to our blog article: [IASB publishes final amendments on supplier finance arrangements](#)

Appendix B: Current year updates, forthcoming accounting & other issues

New standards and amendments (continued)

Effective for accounting periods beginning on or after 1 January 2023

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements: Disclosure of Accounting Policies (Issued February 2021)

The amendments set out new requirements for material accounting policy information to be disclosed, rather than significant accounting policies. Immaterial accounting policy information should not be disclosed as accounting policy information taken in isolation is unlikely to be material, but it is when the information is considered together with other information in the financial statements that may make it material.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Issued February 2021)

The amendment introduces a new definition for accounting estimates and clarifies how entities should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events.

IFRS 17 Insurance Contracts (issued May 2017) and Amendments to IFRS 17 Insurance Contracts (Issued June 2020)

IFRS 17 is a new standard that will replace IFRS 4 *Insurance Contracts* (IFRS 4). The standard sets out the principles for the recognition, measurement, presentation and disclosure about insurance contracts issued, and reinsurance contracts held, by entities.

Amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 Financial Instruments (Issued December 2021)

The amendments address potential mismatches between the measurement of financial assets and insurance liabilities in the comparative period because of different transitional requirements in IFRS 9 and IFRS 17. The amendments introduce a classification overlay under which a financial asset is permitted to be presented in the comparative period as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset in the comparative period. The classification overlay can be applied on an instrument-by-instrument basis.

IFRS 17 Insurance Contracts has not yet been adopted by the FReM. Adoption in the FReM is expected to be from April 2025; early adoption is not permitted.

Appendix C: Consultations on measures to tackle the local government financial reporting and audit backlog

As we outline in the introduction to this report, there are a number of consultations currently taking place that may have implications for: the format and content of the Council's financial statements, the work we are required to undertake under the Code of Audit Practice and the timetable for the publication of the audited statements of account.

In this Appendix, we summarise the proposals in each of the consultations for information.

CIPFA/LASAAC consultation on short-term measures to aid the recovery of local authority reporting and audit

This [consultation](#) proposes amendments to the Code of Practice on Local Authority Accounting (the Accounting Code), applicable only to relevant bodies in England. The proposals are to:

- Extend the current temporary solution for accounting for infrastructure assets beyond 2024/25;
- Remove some disclosure requirements relating to a body's net defined benefit liabilities / assets; and
- Simplify the measurement for operational property, plant and equipment in specific circumstances up to 2025/26.

DLUHC consultation on addressing the local audit backlog in England

This [consultation](#) proposes a range of measures aimed at 'clear the backlog and put the system on a sustainable footing' and outlines two key phases of recovery up to 2027/28. A key aspect of the proposals is to require Category 1 bodies, such as the Council, to publish audited financial statements by a series of backstop dates. This proposal will be put in place by amending the Accounts and Audit Regulations 2015. For statements of account for financial years up to and including 2022/23, this would mean audited accounts will need to be published by 30 September 2024 unless a pre-defined exemption criteria has been met (such as there being an outstanding objection to the accounts at the backstop date).

The consultation sets out other proposals including:

- Publishing a list of bodies and audit firms which do not meet the statutory deadline for publishing audited statements of account; and

- Setting out 'backstop' dates for each financial year up to and including 2027/28.

In including a statutory backstop date for the publication of audited statements of account, the consultation makes it clear that the DLUHC expects that this will give rise to auditors issuing modified audit reports where they have not been able to complete their work on the financial statements.

NAO consultation on draft amendments to the Code of Audit Practice

This [consultation](#) has been launched alongside DLUHC's consultation on amendments to the Accounts and Audit Regulations 2015 and seeks to introduce measures that support more timely auditor reporting. The principle changes to the Code of Audit Practice being proposed are to:

- Require the auditor to issue an opinion on the financial statements by the 'backstop' date outlined in the amended Accounts and Audit Regulations 2015, whether this opinion is modified or not (subject to a number of exemptions);
- Allow the auditor to apply a reduced scope of work in relation to VFM arrangements work for outstanding audits up to and including 2022/23; and
- Require the auditor to publish the Auditor's Annual Report by 30 November each year from the 2023/24 audit year, and for this report to provide a summary of progress on the audit at the time of issue (even if the audit is not complete).

Contact

Forvis Mazars

Mark Outterside

Director

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Audit and Governance Committee
Report of the Director of Governance

27 November 2024

Report of the Monitoring Officer on Suggested Constitutional Changes – Health and Wellbeing Board

Summary

1. To provide the proposed constitutional changes to the Health and Wellbeing Board's Terms of Reference to the committee for consideration and discussion.

Background

2. As part of the ongoing review of the Constitution, a request was received from the Health and Wellbeing Board for a review of its terms of reference.
3. A revised draft of those terms of reference was considered by the Constitution Working Group on 5 September 2024. The proposed changes were unanimously agreed by the Working Group, and the revised draft is therefore presented to Audit and Governance for its consideration and endorsement to Council. A clean copy of the revised terms of reference is attached at Annex 1, and a tracked copy of the original terms of reference is attached at Annex 2 to this report.

Implications

Financial – None directly arising from this report.

Human Resources (HR) – None directly arising from this report.

Equalities – None directly arising from this report.

Legal – None directly arising from this report.

Crime and Disorder, Information Technology and Property – None directly arising from this report.

Recommendations

- 4. It is recommended that Members Consider and endorse the proposed changes to the Health and Wellbeing Board terms of reference, and remits those changes to the next ordinary meeting of Full Council for approval:

Reasons for the Recommendation

- 5. To allow Council to determine the proposed Constitutional changes.

Author and Chief Officer responsible for the report: Bryn Roberts, Director of Governance and Monitoring Officer

Report Approved

Date

15
November
2024

Wards Affected:

All

For further information please contact the author of the report

Background Papers:

- None

Annexes:

- Annex 1 – Revised Health and Wellbeing Board Terms of Reference – Clean Version
- Annex 2 – Revised Health and Wellbeing Board Terms of Reference – Tracked Version

ARTICLE 18 - YORK HEALTH AND WELLBEING BOARD

Terms of Reference

The York Health and Wellbeing Board is established under the Health and Social Care Act 2012 as a statutory committee of the City of York Council (the Council). However, it will operate as a multi-agency board of equal partners.

It has a key strategic role in setting a vision to reduce health inequalities in the city; carrying out assessments of the health and wellbeing needs of the people of York and in developing strategies to meet those needs. It also has a role in encouraging health and social care providers to work together to meet those needs.

1. Name

- 1.1 The Board will be known as the York Health and Wellbeing Board ('the Board')

2. Membership

- 2.1 The Council has appointed a Health and Wellbeing Board. Although it operates as a form of Committee, the Health and Wellbeing Board is unusual in that some of the membership is set out in law (including, uniquely, certain Officers), the Leader has the power to nominate to some positions and some positions are reserved to post holders who are not councillors.
- 2.2 Board members will be required to represent their organisation with sufficient seniority and influence for decision making. A list of Board members is at annex A to these Terms of Reference

3. Legal Status

- 3.1 The Health and Wellbeing Board is a committee of the Council and will adhere to the Constitutional requirements of the Council affecting committees unless alternative provision is made within these terms of reference or the law.

4. Disqualification from Membership

- 4.1 The following are disqualified from being a Board Member
- a. Any person who is the subject of a bankruptcy restrictions order or interim order.
 - b. Any person who has within five years before the day of being appointed or since their appointment been convicted in the United Kingdom, the Channel Islands or the Isle of Man of any offence and has had passed on them a sentence of imprisonment (whether suspended or not) for a period of not less than three months without the option of a fine.

5. Quorum

- 5.1 The quorum shall be 5 members including as a minimum a representative of the City of York Council and a representative of NHS Humber and North Yorkshire Integrated Care Board.

6. Chair and Vice-Chair

- 6.1 The Chair of the Board shall be the Leader of the Council or their nominated representative. The Vice-Chair of the Board shall be the York NHS Place Director, York Health and Care Partnership. In the absence of both, a Chair will be nominated from amongst those present for that particular meeting.
- 6.2 The Chair of the Health and Wellbeing Board will be required to hold a named substitute list for board representatives, including deputies for officer members on the Board.

7. Frequency of Meetings

- 7.1 The Board shall hold meetings at least four times a year.

8. Decision-making and voting

- 8.1 The Board will operate on a consensus basis. Where consensus cannot be achieved the matter will be put to a vote. Decisions will be made by simple majority: the Chair will have the casting vote. All votes shall be taken by a show of hands unless decided otherwise by the Chair.

9. Delegation of Powers

- 9.1 The Board may establish sub committees, of no less than three members, to discharge any function of the Board or to advise the Board in respect of its functions, as determined by the Board.
- 9.2 The production and maintenance of an up to date Joint Strategic Needs Assessment (JSNA) will be delegated to the Population Health Hub; as a minimum the board will receive an annual report on the JSNA but may also receive other reports from the Hub throughout the year if requested.
- 9.3 If the Council delegates any of its public health functions to the Board in accordance with section 196(2) of the Health and Social Care Act 2012 then the Board may arrange for those functions to be discharged by an officer. Other functions of the Board may not be delegated to officers.

10. Functions of the Board

- i. To produce and maintain a Joint Strategic Needs Assessment (JSNA)
- ii. To produce and ensure the delivery of a Local Joint Health and Wellbeing Strategy
- iii. To produce a Pharmaceutical Needs Assessment
- iv. to review the extent to which the York Health and Care Partnership has contributed to the delivery of the Local Joint Health and Wellbeing Strategy
- v. to provide an opinion to the York Health and Care Partnership on whether their Joint Forward Plan takes proper account of the Local Joint Health and Wellbeing Strategy

- vi. To support joint planning and commissioning and encourage integrated working and pooled budget arrangements in relation to the provision of health, health related or social care services.
 - vii. To provide such assistance or other support as it thinks appropriate for the purpose of encouraging the making of arrangements under section 75 of the National Health Service Act 2006 between the Council and NHS bodies in relation to the exercise of NHS functions or health related functions of the Council.
 - viii. To oversee the strategic direction of the Better Care Fund and the delivery of better integrated care, as part of its statutory duty to encourage integrated working. This will include approving the annual Better Care Fund submissions
 - ix. To lead cultural and behavioural change to support a joint approach to meeting local need
 - x. To receive and approve any other plans or strategies that are required or permitted by law to be exercised by the Board
 - xi. To work alongside local and regional strategic partnership arrangements to ensure the coordination of city-wide ambitions, all of which impact on the health and wellbeing of residents
- 10.1 To periodically review the York Health and Wellbeing Board Terms of Reference.
- 10.2 When acting as a member of the Board members will be bound by the same codes of conduct as Councillors.

11. Roles and Responsibilities of Health and Wellbeing Board Members

All members of the Health and Wellbeing Board will be expected to:

- **Ensure** that when acting as a member of the Health and Wellbeing Board they **adhere** to the same [code of conduct](#) as Councillors
- **Represent** and **speak** on behalf of their organisation or sector

Annex 1

City of York Council Constitution
Article 18: York Health and Wellbeing Board

- Be **accountable** to their organisation or sector when participating in the Health and Wellbeing Board
- Ensure their organisations/sector are kept informed of Health and Wellbeing Board business and that information from their organisation/sector is reported to the Health and Wellbeing Board
- **Support** the agreed majority view when speaking on behalf of the Health and Wellbeing Board to other parties
- **Attend** Health and Wellbeing Board meetings and workshops or ensure a named deputy is briefed when attending on their behalf
- **Declare** any conflicts of interest should they arise
- **Read** agenda papers prior to meetings so that they are ready to contribute and discuss Health and Wellbeing Board business
- **Provide** updates to the Health and Wellbeing Board on matters discussed and actions arising from previous meetings
- **Work collaboratively** with other board members in pursuit of Health and Wellbeing Board business
- **Ensure** that the Health and Wellbeing Board adheres to its agreed terms of reference responsibilities
- **Listen** and respect the views of fellow board members
- **Be willing** to take on special tasks or attend additional meetings or functions to represent the Health and Wellbeing Board

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City of York Council Constitution
Article 18: York Health and Wellbeing Board

ARTICLE 18 - YORK HEALTH AND WELLBEING BOARD

Terms of Reference

The York Health and Wellbeing Board is established under the Health and Social Care Act 2012 as a statutory committee of the City of York Council (the Council). However, it will operate as a multi-agency board of equal partners.

It has a key strategic role in setting a vision to reduce health inequalities in the city; carrying out assessments of the health and wellbeing needs of the people of York and in developing strategies to meet those needs. It also has a role in encouraging health and social care providers to work together to meet those needs.

1. Name

- 1.1 The Board will be known as the York Health and Wellbeing Board ('the Board')

2. Membership

- 2.1 The Council has appointed a Health and Wellbeing Board. Although it operates as a form of Committee, the Health and Wellbeing Board is unusual in that some of the membership is set out in law (including, uniquely, certain Officers), the Leader has the power to nominate to some positions and some positions are reserved to post holders who are not councillors.
- 2.2 Board members will be required to represent their organisation with sufficient seniority and influence for decision making. A list of Board members is at annex A to these Terms of Reference

- ~~2.3 The membership of the Board will be as per Annex A to this Terms of Reference~~

Commented [HF(1)]: repetition

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City of York Council Constitution
Article 18: York Health and Wellbeing Board

3. Legal Status

- 3.1 The Health and Wellbeing Board is a committee of the Council and will adhere to the Constitutional requirements of the Council affecting committees unless alternative provision is made within these terms of reference or the law.

4. Disqualification from Membership

- 4.1 The following are disqualified from being a Board Member
- a. Any person who is the subject of a bankruptcy restrictions order or interim order.
 - b. Any person who has within five years before the day of being appointed or since their appointment been convicted in the United Kingdom, the Channel Islands or the Isle of Man of any offence and has had passed on them a sentence of imprisonment (whether suspended or not) for a period of not less than three months without the option of a fine.

5. Quorum

- 5.1 The quorum shall be 57 members including as a minimum a representative of the City of York Council and a representative of NHS the Humber and North Yorkshire Integrated Care Board Health and Care Partnership.

6. Chair and Vice-Chair

- 6.1 The Chair of the Board shall be the Leader of the Council or their/ his or her nominated representative. The Vice-Chair of the Board shall be the York NHS Place Director, York Health and Care Partnership. In the absence of both, a Chair will be nominated from amongst those present for that particular meeting.
- 6.2 The Chair of the Health and Wellbeing Board will be required to hold a named substitute delegate list for board representatives, including deputies for officer members on the Board.

Commented [HF(2)]: Are we talking about named substitutes?

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City of York Council Constitution
Article 18: York Health and Wellbeing Board

7. Frequency of Meetings

7.1 The Board shall ~~hold~~ schedule meetings at least four times a year.

Commented [HF(3): Does it only have to schedule them or must it actually meet?

8. Decision-making and voting:

8.1 The Board will operate on a consensus basis. Where consensus cannot be achieved the matter will be put to a vote. Decisions will be made by simple majority: the Chair will have the casting vote. All votes shall be taken by a show of hands unless decided otherwise by the Chair.

9. Delegation of Powers

9.1 The Board may establish sub committees, of no less than three members, Task and Finish Groups to discharge any function of the Board or to advise the Board in respect of its functions, as determined by the Board.

9.2 The production and maintenance of an up to date Joint Strategic Needs Assessment (JSNA) will be delegated to the Population Health Hub; as a minimum the board will receive an annual report on the JSNA but may also receive other reports from the Hub throughout the year if requested.

9.3 If the Council delegates any of its public health functions to the Board in accordance with section 196(2) of the Health and Social Care Act 2012 then the Board may arrange for those functions to be discharged by an officer. Other functions of the Board may not be delegated to officers.

10. Functions of the Board

- i. To produce and maintain a Joint Strategic Needs Assessment (JSNA)
- ii. To produce and ensure the delivery of a Local Joint Health and Wellbeing Strategy
- iii. To produce a Pharmaceutical Needs Assessment

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City of York Council Constitution
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- iv. to review the extent to which the York Health and Care Partnership has contributed to the delivery of the Local Joint Health and Wellbeing Strategy
 - v. to provide an opinion to the York Health and Care Partnership on whether their Joint Forward Plan takes proper account of the Local Joint Health and Wellbeing Strategy
 - vi. To support joint planning and commissioning and encourage integrated working and pooled budget arrangements in relation to the provision of health, health related or social care services.
 - vii. To provide such assistance or other support as it thinks appropriate for the purpose of encouraging the making of arrangements under section 75 of the National Health Service Act 2006 between the Council and NHS bodies in relation to the exercise of NHS functions or health related functions of the Council.
 - viii. To oversee the strategic direction of the Better Care Fund and the delivery of better integrated care, as part of its statutory duty to encourage integrated working. This will include [approving/signing off quarterly and the](#) annual Better Care Fund submissions
 - ix. To lead cultural and behavioural change to support a joint approach to meeting local need
 - x. To receive and approve any other plans or strategies that are required or permitted by law to be exercised by the Board
 - xi. To work alongside local and regional strategic partnership arrangements to ensure the coordination of city-wide ambitions, all of which impact on the health and wellbeing of residents
- 10.1 To periodically review the York Health and Wellbeing Board [Terms of Reference constitution](#).
- 10.2 When acting as a member of the Board members will be bound by the same codes of conduct as Councillors.

11. Roles and Responsibilities of Health and Wellbeing Board Members

All members of the Health and Wellbeing Board will be expected to:

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City of York Council Constitution
Article 18: York Health and Wellbeing Board

- **Ensure** that when acting as a member of the Health and Wellbeing Board they **adhere** to the same [code of conduct](#) as Councillors
- **Represent** and **speak** on behalf of their organisation or sector
- Be **accountable** to their organisation or sector when participating in the Health and Wellbeing Board
- Ensure their organisations/sector are kept informed of Health and Wellbeing Board business and that information from their organisation/sector is reported to the Health and Wellbeing Board
- **Support** the agreed majority view when speaking on behalf of the Health and Wellbeing Board to other parties
- **Attend** Health and Wellbeing Board meetings and workshops or ensure a named deputy is briefed when attending on their behalf
- **Declare** any conflicts of interest should they arise
- **Read** agenda papers prior to meetings so that they are ready to contribute and discuss Health and Wellbeing Board business
- **Provide** updates to the Health and Wellbeing Board on matters discussed and actions arising from previous meetings
- **Work collaboratively** with other board members in pursuit of Health and Wellbeing Board business
- **Ensure** that the Health and Wellbeing Board adheres to its agreed terms of reference responsibilities
- **Listen** and respect the views of fellow board members

Field Code Changed

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City of York Council Constitution
Article 18: York Health and Wellbeing Board

- **Be willing** to take on special tasks or attend additional meetings or functions to represent the Health and Wellbeing Board

DRAFT

Audit & Governance Committee – work plan

Training/briefing events will be held at appropriate points in the year to support members in their role on the Committee.

Theme	Item	Lead officers	Scope
27th November 2024			
Finance	Treasury Management Monitor 2	<u>CYC</u> <u>Debbie Mitchell</u>	
Finance	No Purchase Order No Pay	<u>CYC</u> <u>Debbie Mitchell / Helen Malam</u>	
Governance	Report on Suggested Constitutional Changes	<u>CYC</u> <u>Bryn Roberts</u>	
Governance	Independent Person recruitment update	<u>CYC</u> <u>Lindsay Tomlinson</u>	
Governance	Polling District and Polling Place Review	<u>CYC</u> <u>Lindsay Tomlinson / Emma Calvert</u>	
Veritau (internal audit / counter fraud)	Internal Audit Progress Report	<u>Veritau</u> <u>Max Thomas / Richard Smith</u>	
External Audit	External Audit Plan (Audit Strategy Memorandum) 2023/24	<u>Mazars</u> <u>Mark Outterside</u>	
29th January 2025			
Risk	Key Corporate Risks monitor 3	<u>CYC</u> <u>Helen Malam</u>	Update on Key Corporate Risks (KCRs).
Finance	Final Statement of Accounts 2023/24	<u>CYC</u>	

		<u>Debbie Mitchell / Helen Malam</u>	
Finance	Treasury Management Monitor 3	<u>CYC</u> <u>Debbie Mitchell</u>	
Finance	Treasury Management Strategy	<u>CYC</u> <u>Debbie Mitchell</u>	
Governance	Annual A&G Report for Council	<u>CYC</u> <u>Bryn Roberts / Chair of A&G</u>	
Governance	Corporate Governance report	<u>CYC</u> <u>Lorraine Lunt</u>	To provide Members with an update on corporate governance including issues. To also include data on repeated FOI/EIR requests and an update on the covert surveillance policy.
Governance	Internal Audit into Contract Management –	<u>Veritau</u> <u>Max Thomas/ Richard Smith</u>	Progress update.
Governance	Polling District and Polling Place Review	<u>CYC</u> <u>Lindsay Tomlinson / Emma Calvert</u>	To report on the outcome of consultation exercise.
Veritau (internal audit / counter fraud)	Internal Audit Workplan Consultation	<u>Veritau</u> <u>Max Thomas/ Richard Smith</u>	
Veritau (internal audit / counter fraud)	Internal Audit & Counter Fraud Progress Report	<u>Veritau</u> <u>Max Thomas/ Richard Smith</u>	
Veritau (internal audit / counter fraud)	Audit Committee Self-Assessment	<u>Veritau</u> <u>Max Thomas / Richard Smith</u>	To share the results of the self-assessment undertaken.
External Audit	Audit Completion Report 2023/24	<u>Mazars</u> <u>Mark Outterside</u>	
26th March 2025			
Veritau (internal audit / counter fraud)	Internal Audit Work Programme	<u>Veritau</u>	

		<u>Max Thomas/ Richard Smith</u>	
Veritau (internal audit / counter fraud)	Counter Fraud Risk Assessment and Workplan	<u>Veritau</u> <u>Max Thomas/ Richard Smith</u>	
Risk	Key Corporate Risks monitor 4	<u>CYC</u> <u>Helen Malam</u>	Update on Key Corporate Risks (KCRs).
Governance	York Open Data Update	<u>CYC</u> <u>Ian Cunningham /</u> <u>Debbie Mitchell</u>	
May 2025			
Veritau (internal audit / counter fraud)	Annual Report of the Head of Internal Audit	<u>Veritau</u> <u>Max Thomas/ Richard Smith</u>	
Veritau (internal audit / counter fraud)	Annual Counter Fraud Report	<u>Veritau</u> <u>Max Thomas/ Richard Smith</u>	

Upcoming items:

- Councillor Code of Conduct

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Meeting:	Audit and Governance Committee
Meeting date:	27/11/2024
Report of:	Head of Internal Audit (Veritau)
Portfolio of:	Cllrs Lomas and Baxter Executive Members for Finance, Performance, Major Projects, Human Rights, Equality and Inclusion

Audit and Governance Committee Report: Audit and Counter Fraud Progress Report

Subject of Report

1. This report provides an update on the delivery of the internal audit work programme for 2024/25, and on counter fraud activity undertaken so far in the year.

Policy Basis

2. The work of internal audit is governed by the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards (PSIAS). In accordance with the standards, and the council's internal audit charter, periodic reports on internal audit work are presented to this committee.
3. The committee is also responsible for the overview and effectiveness of counter fraud arrangements.

Recommendation and Reasons

4. The Audit and Governance Committee is asked to:

- Note the progress made in delivering the 2024/25 internal audit work programme, and current delivery intentions over the remainder of the year
- Note current and planned counter fraud activity.

Reason

To enable members to consider the implications of internal audit and counter fraud findings, and to review planned activity for the remainder of 2024/25.

Background

5. The 2024/25 internal audit work and counter fraud work programmes were approved by this committee at its meeting on 22 May 2024.
6. To conform with professional standards, and the council's audit charter, the Head of Internal Audit must report periodically to this committee on the progress made against the internal audit work programme, and on the results of audit activities undertaken.
7. Annex 1 to this report provides an update on progress made in delivering the internal audit work programme. This includes a summary of completed work, work currently in progress, and work currently scheduled for the remainder of the year. It also reports on developments in the internal audit profession, and on the outcomes from the follow-up of actions agreed in previous audit reports.
8. The counter fraud progress report is contained in annex 2. It reports on progress against the counter fraud work programme. A range of work is detailed, including activity to promote awareness of fraud, work with external agencies, and information on the level of fraud reported to date.

Consultation Analysis

9. Senior council officers and this committee have been consulted during the development of the 2024/25 work programmes on which this progress report is based. However, no consultation was required in the preparation of this report.

Risks and Mitigations

10. The council will not comply with proper practice for internal audit if the results of internal audit work are not reported to senior management and the Audit and Governance Committee. This could result in external scrutiny and challenge.

Contact details

For further information please contact the authors of this Report.

Author

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Service Area:	Veritau Limited
Telephone:	01904 552940
Report approved:	Yes
Date:	15/11/2024

Background papers

- 67. Internal Audit and Counter Fraud Work Programmes 2024/25

Annexes

- Annex 1: Internal Audit Progress Report
- Annex 2: Counter Fraud Progress Report
- Exempt annex 3: Ordering and creditor payments final audit report
- Exempt annex 4: Highways maintenance scheme development final audit report
- Exempt annex 5: Section 106 agreements final audit report
- Exempt annex 6: Asset management final audit report
- Exempt annex 7: Adult safeguarding final audit report
- Exempt annex 8: Health and safety final audit report
- Exempt annex 9: ICT procurement and contract management final audit report
- Exempt annex 10: Wigginton Primary School final audit report
- Exempt annex 11: Procurement Act: preparedness assessment final audit report

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Internal Audit Progress Report 2024/25

Date: 27 November 2024

ANNEX 1

CONTENTS

3	Background
3	Internal audit progress
4	Follow up
4	Other developments
6	Appendix A: Internal audit work in 2024/25
8	Appendix B: Current priorities for internal audit work
12	Appendix C: Summary of key issues from finalised audits
24	Appendix D: Audit opinions and finding priorities
25	Appendix E: Follow up of agreed actions



BACKGROUND

- 1 Internal audit provides independent and objective assurance and advice about the council's operations. It helps the organisation to achieve its overall objectives by bringing a systematic, disciplined approach to the evaluation and improvement of the effectiveness of risk management, control, and governance processes.
- 2 The work of internal audit is governed by the Accounts and Audit Regulations 2015 and relevant professional standards. These include the Public Sector Internal Audit Standards (PSIAS), CIPFA guidance on the application of those standards in Local Government, and the CIPFA Statement on the role of the Head of Internal Audit.
- 3 In accordance with the PSIAS the Head of Internal Audit is required to report progress against the internal audit plan (the work programme) agreed by the Audit & Governance Committee, and to identify any emerging issues which need to be brought to the attention of the committee.
- 4 The internal audit work programme was agreed by this committee in May 2024.
- 5 Veritau has adopted a flexible approach to work programme development and delivery. Work to be undertaken during the year is kept under review to ensure that audit resources are deployed to the areas of greatest risk and importance to the council.
- 6 The purpose of this report is to update the committee on internal activity up to 15 November 2024.



INTERNAL AUDIT PROGRESS

- 7 A summary of internal audit work currently underway, as well as work finalised in the year to date, is included in appendix A. Appendix A also details other work completed by internal audit during the year.
- 8 Since our last report to this committee, nine audits have been finalised. A further four internal audit engagements have reached draft report stage. These will be finalised over the coming weeks and will be reported to this committee at its 29 January 2025 meeting.
- 9 A total of 18 audits are underway at the time of reporting. Several of these are in later stages, with the remaining representing audits which have started during the current quarter.
- 10 Amongst the work currently underway is an audit of the council's contract management arrangements. This is a second audit, being undertaken in addition to the audit of major project contract management. This new audit has been requested by the Monitoring Officer and the committee. It will focus on key contractual provisions and terms, and arrangements for managing compliance with these. A sample of contracts will be selected,

including the recently expired Salvation Army contract. At the time of reporting, the audit is in the early stages of fieldwork. We expect to present the outcomes from this audit at the January meeting of this committee.

- 11 In addition to the audits mentioned in paragraphs 8 and 9, we have also continued to support the council by certifying central government grants, undertaking consultative engagements in a number of areas, and providing support and advice on risk- and control-related matters.
- 12 The work programme, showing current priorities for internal audit work, is included at annex B.
- 13 A total of 13 audits are shown in the 'do next' category where we expect work to begin during the final quarter of 2024/25.
- 14 The programme also includes 15 audits in the 'do later' category. The internal audit work programme is designed to include all potential areas that should be considered for audit in the short to medium term, recognising that not all of these will be carried out during the current year (work is deliberately over-programmed).
- 15 In determining which audits will be undertaken, the priority and relative risk of each area will continue to be considered throughout the remainder of the year, and as part of audit planning for 2025/26 (which will commence towards the end of the current quarter). Consideration will also be given to the opinion framework and, in particular, coverage of the 11 key assurance areas, when prioritising any remaining work during 2024/25.
- 16 The nine audits that have been finalised since the last report to this committee are included in appendix C. The appendix summarises the key findings from these audits, and includes actions agreed with officers to address identified control weaknesses. The finalised reports in appendix C are also included as exempt annexes to this report.
- 17 Appendix D provides the definitions for our audit opinions and finding ratings.

FOLLOW UP

- 18 All actions agreed with services as a result of internal audit work are followed up to ensure that issues are addressed. As a result of this work, we are generally satisfied that sufficient progress is being made to address the control weaknesses identified in previous audits. A summary of the current status of follow up activity is included at appendix E.

OTHER DEVELOPMENTS

- 19 The profession's local government standards setter, CIPFA, is currently consulting on a Public Sector Application Note for the new Global Internal Audit Standards (which were released in January 2024) and an

accompanying Code of Practice for the Governance of Internal Audit in Local Government.

- 20 Once both the Global Internal Audit Standards (GIAS) and Application Note come into effect on 1 April 2025, these will replace the PSIAS. There will no longer be a requirement for the PSIAS as these are fully incorporated into the GIAS and the Application Note. Taken together, the GIAS and Application note will be referred to as the Global Internal Audit Standards (UK public sector).
- 21 The primary audience for the Code of Practice, which will also come into effect from 1 April 2025, is those charged with governance of internal audit. It is intended to support local authorities in interpreting the essential conditions for governance of internal audit, as set out in the Global Internal Audit Standards, and with how to apply them in a public sector context.
- 22 We are not anticipating that these updates to public sector internal audit standards will require any significant changes to Veritau's working practices or to the governance of the service. Future reports to this committee will explain how Veritau has responded to the new regime and will present an updated internal audit charter.

APPENDIX A: INTERNAL AUDIT WORK IN 2024/25

Audits in progress

Audit	Status
Member induction programme	Draft
Officer declarations of interest and gifts & hospitality	Draft
VAT accounting	Draft
Housing benefits	Draft
Contract management (major projects)	In progress
Contract management (inc. Salvation Army)	In progress
Commercial asset performance	In progress
Savings plans	In progress
Travel and subsistence	In progress
Carbon reduction and climate adaptation	In progress
Physical information security (satellite sites)	In progress
NHS DSP Toolkit: accountable suppliers	In progress
Main accounting system	In progress
Safety Valve	In progress
Clifton Green Primary School	In progress
School themed audit: purchasing and best value	In progress
Residential care: Beehive / Wenlock Terrace	In progress
Unaccompanied asylum seeker children	In progress
Continuing healthcare	In progress
Payments to care providers and contract management (ASC&I)	In progress
Public protection	In progress
ICT disaster recovery	In progress

Final reports issued

Audit	Reported to Committee	Opinion
Ordering and creditor payments	November 2024	Substantial Assurance
Highways maintenance scheme development	November 2024	Reasonable Assurance
Section 106 agreements	November 2024	Reasonable Assurance
Asset management (TEPHC)	November 2024	Reasonable Assurance

Adult safeguarding	November 2024	Reasonable Assurance
Health and safety (TEPHC)	November 2024	Limited Assurance
ICT procurement and contract management	November 2024	Reasonable Assurance
Wigginton Primary School	November 2024	Reasonable Assurance
Procurement Act: preparedness assessment	November 2024	Substantial Assurance
Physical information security compliance	July 2024	Reasonable Assurance
Absence management	July 2024	Reasonable Assurance
Project management	July 2024	Substantial Assurance
Agency staff (C&E and ASC&I)	July 2024	Reasonable Assurance
NHS Data Security and Protection Toolkit (thematic review)	July 2024	No Opinion Given
Adult education (York Learning)	July 2024	Substantial Assurance
Foster carer payments	July 2024	Limited Assurance
Business continuity	July 2024	Reasonable Assurance
Payroll control	July 2024	Substantial Assurance

Other work in 2024/25

Internal audit work has been undertaken in a range of other areas during the year, including those listed below.

- ▲ Follow up of agreed actions
- ▲ Grant certification work:
 - ▲ Scambusters
 - ▲ UKSPF assurance return support (2023/24)
 - ▲ UKSPF assurance return support (mid-year 2024/25)
 - ▲ Supporting Families
 - ▲ West Yorkshire Combined Authority (YORR and TCF)
 - ▲ Department for Transport (BSOG, LTP, Tadcaster Road, NPIF STEP)
 - ▲ Social Housing Decarbonisation Fund (wave 2, 2023/24)
 - ▲ Homes England compliance audit
- ▲ Consultative engagements:
 - ▲ Fact-finding review into adult social care provider overpayments
 - ▲ Review of the Food and Fuel voucher scheme administration (including data analytics)
 - ▲ Review of processes for managing transport direct payments
- ▲ Provision of support and advice:
 - ▲ Duplicate creditor payments analysis
 - ▲ Void recharge policy development

APPENDIX B: CURRENT AUDIT PRIORITIES

Audit / Engagement	Rationale
Strategic / corporate & cross cutting	
Do now	
Member induction programme	Provides assurance on system development, following work with the LGA.
Officer declarations and gifts and hospitality	Key area of corporate governance.
Contract management (major projects)	Provides coverage of more than one key assurance area.
Contract management (inc. Salvation Army)	Being undertaken in response to known issues, and at the request of A&G.
Physical information security (satellite sites)	Forms part of a rolling programme of assurance.
NHS DSP Toolkit: accountable suppliers	Forms part of a rolling programme of assurance.
Commercial asset performance	Provides coverage of more than one key assurance area.
Savings plans	Linked to a key corporate risk. Provides broader assurance.
Carbon reduction and adaptation	Emerging risk area.
Travel and subsistence	Identified in consultation with officers.
Do next	
FOI and EIR improvement plan	Being undertaken in response to known issues previously reported to A&G.
Performance management framework	No recent coverage. Provides assurance on key assurance area.
Physical information security (WO & HC)	Forms part of a rolling programme of assurance.
Risk management	Key area of corporate governance. Provides broader assurance.

Do later

Data quality
 Use of CCTV and investigatory powers
 York 2032: partnership governance
 Public health: procurement and contract management

Financial systems

Do now

VAT accounting	No recent coverage. Provides coverage of a key assurance area.
Housing benefits	Key material system, with risk of error and fraud.
Main accounting system	No recent coverage. Provides coverage of a key assurance area.

Do next

- -

Do later

Sundry debtors
 Housing rents

Service areas

Do now

Safety Valve	Emerging risk area.
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Clifton Green Primary School	Provides assurance on organisational and financial governance at this setting.
School themed audit: purchasing and best value	Emerging risk area. Provides broader assurance coverage.
Unaccompanied asylum seeker children	Emerging risk area.
Residential care: Beehive / Wenlock Terrace	Being undertaken in response to known areas for improvement.
Continuing healthcare	Risks / controls are changing.
Payments to care providers and contract management (ASC&I)	Provides coverage of more than one key assurance area.
Public protection	Risks / controls are changing.

Do next

Alternative provision	Emerging risk area.
Funded early education	Risks / controls are changing due changes being implemented by the DfE.
Schools themed audit: pupil premium	Provides broader assurance coverage.
Section 17 payments	Being undertaken in response to known areas for improvement.
Children's direct payments	Risks / controls are changing.
Managing customer finances (ASC&I)	Identified in consultation with officers.
Green waste subscription service	Risks / controls are changing with the implementation of this new service.
Public EV charging strategy (tariff management)	Risks / controls are changing. Linked to council priorities.

Do later

Danesgate Community School
Referrals and care assessments (ASC&I)

Care and support planning (ASC&I)
 Landlord regulatory standards
 Council house repairs
 Locality working / ward committee model
 Community safety strategy

Technical / projects

Do now

ICT disaster recovery Provides broader assurance. Linked to key corporate risk.

Do next

ICT applications / database security Key attack vector for threat actors. Provides assurance on security controls.
 Project management Provides coverage of key assurance area.

Do later

Cybersecurity: user awareness
 IT projects / systems development

APPENDIX C: SUMMARY OF KEY ISSUES FROM AUDITS FINALISED SINCE THE LAST REPORT TO THE COMMITTEE

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
Ordering and creditor payments (November 2024)	Substantial Assurance	The audit reviewed processes for administering ordering and creditor payment functions. This included authorisation and segregation of duties in ordering and invoice payment, the payment run, file interface loading and balancing, and supplier set up and amendment.	No control weaknesses were identified from the audit. Some minor improvements can be made to recordkeeping relating to supplier amendments but, otherwise, processes for controlling the payment run, loading and balancing file interfaces, new supplier set up, and ordering and invoicing were operating effectively.	None.
Highways maintenance scheme development (November 2024)	Reasonable Assurance	The audit reviewed the system in place to develop the council's annual highway maintenance programme (AHMP). It focused on	The survey data used as the foundation of the AHMP's development is no longer a reliable source to measure the condition of the highway network as it dates from 2021. There are some data quality issues relating to footpath condition. A new system will be	New survey data will be analysed to create the 2025/26 AHMP, and surveys will be conducted annually to ensure the development of the AHMP remains objective and

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
		<p>processes including condition data availability, design and application of prioritisation criteria, and recordkeeping relating to scheme inclusion / exclusion.</p>	<p>used for the 2025/26 programme onwards (with new condition data included).</p> <p>The Highways Infrastructure Asset Management Plan outlines the process of programme development, but it makes no reference to the weighted criteria used. It is not clear how they have been determined and approved. New weightings have now been developed and will be implemented in 2025/26.</p> <p>Inconsistent record management practices present a business continuity risk and make it challenging to follow decision-making.</p>	<p>current. The service will also engage with another contractor to produce new one-off survey data for footways and 20km of cycle paths, using improved methods enabling access to remote routes.</p> <p>The service will engage with a similar local authority for a peer-review of the proposed weightings before implementation. The proposed weightings will be included in a revised AHMP presented to members for approval. Weightings will be reviewed annually or when there is a change in relevant council strategies to ensure they remain appropriate.</p>

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
				Centralised files will be set up in the T-drive for each year's Highways Asset Management Programme and these will be accessible to relevant officers.
Section 106 agreements (October 2024)	Reasonable Assurance	The purpose of this audit was to provide assurance on controls relating to the preparation of the legal deed (specifically the contributions being sought), collection of income, and fulfilment of both developer and council obligations.	<p>Evidence of how required contributions have been determined / amounts have been calculated for inclusion in the legal deed is not routinely retained by service areas. Nor is evidence of internal review and approval. Where contributions are formula-driven, some of these are based on documents which were developed some time ago and show no evidence of recent review.</p> <p>Regular monitoring of income and expenditure against Section 106 agreements is carried out by Finance, who do not have access to the Exacom monitoring system. No single system or document currently provides a complete view of amounts due, held and spent across all active Section 106 agreements.</p>	<p>The Open Space Commuted Sum Document will be updated with new contribution requirements. All other service areas will review their arrangements for formulating contribution requests and the evidence base used. This will include arrangements for consistent storage of contribution requests.</p> <p>Planning and Finance will investigate how to integrate information and establish how systems can be reconciled to</p>

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
			<p>There is often a delay in services returning the notification of spend forms once Section 106 funds have been spent. This can result in a delay in notifying the developer and could result in breaching the terms of the deed.</p>	<p>ensure there is a clear single source of information that can be reported on. Finance will be provided with access and training on Exacom as part of this.</p> <p>Reminders will be sent to service areas of the need to use the notification forms, and how they should be used.</p>
<p>Asset management (TEPHC) (October 2024)</p>	<p>Reasonable Assurance</p>	<p>The audit involved a review of the arrangements for managing housing repairs, highways, and fleet assets. This included controls relating to their issue, use, and disposal, and to confirm their existence and working order.</p>	<p>While materials are initially allocated to jobs on the Open Housing system by administrative staff in Housing Services, it is also possible for repairs operatives to request additional materials for a job via a system interface. Repair jobs are not subject to random inspections to assess the reasonableness of materials consumption. No other satisfactory compensating controls exist.</p> <p>Plant items should be presented for annual servicing at the council's workshop. This is</p>	<p>Team leaders will inspect 10% of all works post completion. As part of this process, the team leader will compare the actual materials used on the job to the materials that were assigned to this work. The team leader will record this information and resolve any discrepancies.</p>

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
			<p>not being done consistently for all highways assets. At the time of the audit, over a quarter of plant items were more than three months overdue on their scheduled annual service.</p> <p>Disposal dates for vehicles and plant are not consistently being recorded on the asset replacement plan. This was the case for 15% of the council's vehicle and plant assets. Assets are also held beyond their useful life without documented rationale or evidence of approval.</p> <p>The third-party vehicle hire spreadsheet used to track all hired vehicles is incomplete and recorded expiry dates different to those of the hire agreements.</p>	<p>The service will be challenged in cases where the item is six months late for its annual service to confirm whether the service still has the asset. An explanation will also be obtained from the service as to why the council no longer has the asset.</p> <p>Replacement dates for all new assets are recorded on Tranman. The Fleet Intelligence Officer will ensure that Tranman is updated for older assets if they are not replaced in 2025.</p> <p>An expected return date has been added to the vehicle hire sheet. If the vehicle has to stay longer than expected, narrative has to be added and a</p>

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
				new expected end date provided.
Adult Safeguarding (October 2024)	Reasonable Assurance	This audit reviewed the policies, procedures and training in place to govern and support the council's safeguarding process. It also included review of processes for receiving and responding to concerns and of management information and quality assurance arrangements.	<p>Staff working in adult social care are expected to complete five mandatory safeguarding training modules, with this being refreshed every three years. Completion of both virtual and in-person mandatory training was found to be low across adult social care staff.</p> <p>The Yorkshire and Humber consortium does not have terms of reference to confirm how revisions to adult safeguarding policies and procedures proposed by Tri.x (an external provider) are to be agreed.</p> <p>A policy tracker is used to record locally adopted adult safeguarding policies and procedures. This has only been partially effective since policy and procedure documents lack consistent document control to track review requirements.</p> <p>There are persistent delays in the Safeguarding Adults Board receiving data from partner agencies. This issue is compounded by poor attendance of partner</p>	<p>The training programme is currently being rolled out and this will ensure that all staff complete the mandatory modules. In addition, monitoring processes have been introduced to allow staff and managers to track completion, with this being supported by a wider supervision policy and framework designed to ensure continuing professional education requirements are met.</p> <p>A draft terms of reference document has been circulated to the Tri.x Consortium for agreement. A final version will be approved at the next Consortium</p>

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
			agencies at Quality and Assurance subgroup meetings.	<p>meeting scheduled for 10 December 2024.</p> <p>The Safeguarding Adults Board Business Manager will maintain and update the safeguarding policies tracker.</p> <p>The Safeguarding Adults Board Quality and Assurance subgroup are to develop a multi-agency Safeguarding Adults Board performance framework.</p>
Health and safety (TEPHC) (October 2024)	Limited Assurance	The purpose of this audit was to provide assurance on the effectiveness of departmental policies and procedures, risk assessments, safe systems of work, and mechanisms for implementation,	<p>Arrangements within the service areas were reviewed against the council's Safety Management System and, in particular, compliance note CN3 which covers the risk assessment process. A number of significant control weaknesses were observed which can be broadly categorised into:</p> <ul style="list-style-type: none"> Governance and oversight of health and safety compliance at a management level. 	Several management actions have been agreed to address the control weaknesses identified. These aim to strengthen oversight from management on the existence, completion, and review of risk registers and SSOW,

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
		<p>monitoring and review of controls.</p> <p>The audit reviewed arrangements within: Environmental Services; Property Services; Highways and Asset Management; Building Services.</p>	<ul style="list-style-type: none"> • Quality and quality assurance arrangements at the individual risk assessment and safe systems of work (SSOW) level. <p>The specific issues identified during the audit included:</p> <ul style="list-style-type: none"> • Logs of risk assessments are not maintained in line with the council's risk assessment compliance note CN3. There is not a clear process for reporting on risk assessments and observational monitoring. • Job descriptions do not always sufficiently reflect the health and safety responsibilities of the officer role. • The council's corporate health and safety induction training requirements are not consistently implemented across the service areas. • Training records do not record all the information required and do not provide effective oversight of training requirements and completion. • Risk assessments are not completed consistently in line with risk assessment compliance note CN3 guidance. 	<p>verify completion of observational monitoring, and ensure updates are recorded on a central log. Job descriptions will be reviewed, and a standard training matrix will be developed for staff and managers to monitor completion. Any gaps in completion of training by current staff will be addressed.</p>

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
			<ul style="list-style-type: none"> SSOW are not consistently completed in line with the council’s risk assessment compliance note CN3 which itself does not provide sufficiently clear instruction on when SSOW are required. 	
ICT procurement and contract management (September 2024)	Reasonable Assurance	This audit focused on the council’s arrangements for managing its cloud-based systems with its suppliers. The Medigold (HR), Taranto (parking), and Microsoft 365 applications were reviewed.	<p>ICT assess the security of third-party applications through a supplier technical questionnaire. The questionnaire assesses compatibility, performance, security, scalability, data protection, and accessibility. However, not all ICT procurements are appropriately routed through the ICT department. This is despite the procurement checklist guidance (available to all staff via the intranet) requiring consultation where any council data is to be held on a supplier’s system. The Medigold system was one example of an application procured without the supplier technical questionnaire having been completed.</p> <p>At the time of the audit, there was no complete list of cloud-based applications in use by the council. As a result, there is also no formal classification of cloud-based applications to then determine the level and frequency of ongoing due diligence that</p>	<p>HR has sought assurance from Medigold and received its certifications relating to information security which have been forwarded to ICT. They will ensure any changes to the system or contract will go through ICT Security in future.</p> <p>Cloud based applications will be formally categorised indicating the level and frequency of due diligence that will be applied. A consolidated and comprehensive record will be produced detailing which applications have been assessed, date of</p>

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
			should be carried out against the council's ICT, web, and governance requirements (i.e. based on factors such as business criticality and the nature of data being processed). This practice is recommended in ISO 27001 (Information Security in Supplier Relationships).	assessment and when assessment is next due.
Wigginton Primary School (September 2024)	Reasonable Assurance	The purpose of the audit was to provide assurance that internal controls within the school and its systems are operating effectively to manage key financial and governance risks.	<p>Several issues were identified during the audit, as follows:</p> <ul style="list-style-type: none"> • Failure to obtain quotes and comply with wider procurement roles in the purchase of ICT equipment. • The school's ICT asset register is incomplete, and no inventory checks are performed. • Bank reconciliations are not consistently signed by an authorised signatory to confirm review has taken place. • Annual accounts for the school's voluntary fund have not been prepared and submitted to the Charity Commission. • Proof of public liability for hirers is not consistently sought when current certificates reach their expiry dates. 	<p>The Full Governing Body will maintain oversight of ICT procurement activity.</p> <p>An inventory check and asset security procedure will be developed.</p> <p>The headteacher will ensure all bank reconciliations are reviewed and signed.</p> <p>An independent person will be found to review the account, which will then be submitted to the Charity Commission.</p>

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
			<ul style="list-style-type: none"> School governor details are out of date on the website. 	<p>Proof of public liability cover will be obtained on expiry.</p> <p>Governor details will be updated on the website.</p>
Procurement Act: preparedness assessment (September 2024)	Substantial Assurance	<p>The purpose of this audit was to assess the council's readiness for changes being introduced by the new Procurement Act.</p> <p>At the time of the audit, the Act was to come into effect in October 2024. It is now expected to come into effect in February 2025.</p>	<p>The council's Commercial Procurement team has developed a comprehensive implementation plan to help prepare for the Act. The action plan was compared against the Crown Commercial Service's guidance document and was found to align well. It also records clear timescales and responsibilities for completion of actions. The council has taken sufficient action, through its plan, to prepare the council to the extent possible while it awaits further guidance from the Cabinet Office and Government Commercial Function.</p> <p>A Procurement Reform Group coordinates the work of the Commercial Procurement and Legal Services implementation. Progress against the implementation action plan is reported through directorate management structures. In addition, the</p>	<p>A review will be undertaken of the Procurement Act risk register to ensure it meets all requirements in the council's Risk Management Policy. A clear separation between risk owner and risk actioner will be completed alongside prioritising the risks. The risk register will continue to be updated and developed to meet the required standards.</p> <p>Following a restructure of the Council's Leadership Team, a new directorate</p>

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
			<p>council's progress has been discussed at the Council Management Team and continues to be reported to the Scrutiny Management Committee.</p> <p>However, the council's Procurement Act 2023-specific risk register, and reporting of these risks, does not meet the requirements of the council's Risk Management Policy and Guide.</p>	<p>risk register is currently being created. This will consider risks relating to implementation of the Act.</p>

APPENDIX D: ASSURANCE AUDIT OPINIONS AND FINDING PRIORITIES

Audit opinions

Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit. Our overall audit opinion is based on four grades of opinion, as set out below.

Opinion	Assessment of internal control
Substantial assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Reasonable assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited assurance	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

Finding ratings

Critical	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Significant	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Moderate	The system objectives are not exposed to significant risk, but the issue merits attention by management.
Opportunity	There is an opportunity for improvement in efficiency or outcomes but the system objectives are not exposed to risk.

APPENDIX E: FOLLOW UP OF AGREED AUDIT ACTIONS

Where weaknesses in systems are found by internal audit, the auditors agree actions with the responsible manager to address the issues. Agreed actions include target dates and internal audit carry out follow up work to check that the issue has been resolved once these target dates are reached. Follow up work is carried out through a combination of questionnaires completed by responsible managers, risk assessment, and by further detailed review by the auditors where necessary. Where managers have not taken the action they agreed to, issues are escalated to more senior managers, and ultimately may be referred to the Audit and Governance Committee.

To simplify the presentation of follow-up information, all agreed actions previously reported to this committee on the priority 1-3 scale have been converted to reflect their equivalent rating under Veritau's new rating system of critical, significant, moderate, and opportunity. This is required now that internal audit reports are being presented in the new format.

To remind the committee, Veritau is no longer attaching priorities to agreed actions. Instead, ratings of 'critical', 'significant', 'moderate' and 'opportunity' are given to each detailed finding raised in our reports. These ratings reflect the severity of the issue identified. Agreed actions then effectively inherit the rating of the finding to which they are attached.

A total of 104 actions have been followed up so far during 2024/25, up to 31 October 2024. A summary of the priority of these actions and the outcome from the follow up activity is detailed below. Actions are marked as superseded if circumstances have changed sufficiently that the action is no longer required. Revised dates are agreed where the delay in addressing an issue will not lead to unacceptable exposure to risk and where, for example, the delays are unavoidable.

Actions followed up	
Priority of actions ¹	Number of actions followed up
Critical	0
Significant	62
Moderate	42
Total	104

Results of follow up of agreed actions		
Action implemented	Revised date agreed	Superseded
0	0	0
43	18	1
35	6	1
78	24	2

¹ As 'Opportunity' is a new priority rating for actions, there are currently none to follow up.

Counter Fraud Progress Report 2024/25

Date: 27 November 2024

ANNEX 2

CONTENTS

- 3** Background
- 3** Counter Fraud Management
- 4** Multi-Agency Work
- 4** Investigative Work



BACKGROUND

- 1 Fraud is a significant risk to the public sector. The Public Sector Fraud Authority estimated that between £39.8 and £58.5 billion of public spending was lost to fraud in 2021/22¹. Financial loss due to fraud can reduce a council's ability to support public services and can cause reputational damage.
- 2 Veritau delivers a corporate fraud service to the council which aims to prevent, detect and deter fraud and related criminality. The counter fraud team investigate allegations of fraud, plan and take part in counter fraud campaigns (eg the National Fraud Initiative), undertake fraud awareness activities with staff and the public, and maintain and update the council's counter fraud framework and associated policies.
- 3 The purpose of this report is to update the Committee on counter fraud activity in 2024/25.



COUNTER FRAUD MANAGEMENT

- 4 The counter fraud team recently began a pilot compliance project to help prevent fraud and loss of council funds. This aims to make an early intervention when information is received that indicates a member of the public has failed to report a change in their circumstances affecting their entitlement to council tax support or a council tax discount – but the value involved makes it uneconomic to investigate as a potential fraud. In this situation a form is sent to the person in question asking them to provide an update to the council. No action, eg sanction, fine or prosecution, is taken against a member of the public who reports that their claim or discount is incorrect, but they are asked to repay any loss to the council. If a member of the public fails to respond to multiple requests for information, then the counter fraud team will evaluate all information held about the customer and a recommendation will be made to the relevant service on how to proceed. This could include the cancellation of the discount in question. To date 24 cases have been identified as suitable for compliance.
- 5 Veritau represented council partners, including City of York Council, in May at a meeting with the Public Sector Fraud Authority leadership team and Baroness Neville-Rolfe, Minister of State (Cabinet Office) for the last government. The meeting focussed on sharing best practice and increased collaboration between Local Authorities and Government to combat public sector fraud².
- 6 The council participated in a National Blue Badge Day of Action in May 2024. One hundred and forty councils from across the country took part in the exercise which seeks to address and raise awareness of the misuse of blue badges. Counter fraud and council officers undertook checks on 74

¹ [Cross Government Fraud Landscape Report 2021-22](#), Public Sector Fraud Authority

² ["Trailblazing" councils save millions working with government counter fraud squad](#), HM Government

badges in York to confirm they were being used correctly. Two penalty charge notices were issued.

- 7 Raising council employees' awareness of the signs of fraud, how to prevent it, and where to report it is an important function of the counter fraud team. Information highlighting the council's whistleblowing policy and the importance of cybersecurity have been disseminated to council employees this year.
- 8 Training has been provided to the Procurement team, the team responsible for delivering Home Upgrade Grants, the Housing department, the Schools Admission team, and the Children's social care team. The training focussed on how to spot false or forged documents. It covered how the counter fraud team investigates cases, what types of fraud affect the council and how council employees can identify other signs of fraud and report them.



MULTI-AGENCY WORK

- 9 The National Fraud Initiative (NFI) is a large-scale data matching exercise that involves all councils and other public sector bodies in the UK. The work of the NFI is overseen by the Public Sector Fraud Authority (PSFA) and the exercise runs every two years. The counter fraud team ensured that the council met government datamatching requirements and best practice. Data from council departments has been gathered and securely sent to the PSFA in October. Matches are expected to be returned in late December.



INVESTIGATIVE WORK

- 10 Between 1 April 2024 and 31 October 2024, the counter fraud team received 186 referrals of suspected fraud. Fifty-nine investigations have been completed this year and there are currently 79 cases under investigation. Nine people have received formal warnings for fraud relating to the council tax reduction scheme, council tax and business rates discounts, housing applications and the misuse of blue badges.
- 11 Counter fraud savings³ are tracked by monitoring repayments to the council following fraud investigations and calculating the value of stopping ongoing fraud. To date £183k of counter fraud savings have been identified.

³ Counter fraud savings consist of money recovered during the course of the year (debts may have been calculated in previous years as well as the current financial year), the value of applications that would have been successful, eg Right to Buy or Financial Assistance, and 12 months of savings where an ongoing fraud has been stopped through the work of the counter fraud team.

APPENDIX A: SUMMARY OF INVESTIGATIVE WORK 2024/25

The table below shows the success rate of investigations and levels of savings achieved through counter fraud work in 2024/25.

	2024/25 (As at 31/10/24)	2024/25 (Target: Full Yr)	2023/24 (Actual: Full Yr)
Amount of actual savings (quantifiable savings - eg repayment of loss) identified through fraud investigation	£183,067	£200,000	£206,854
% of investigations completed which result in a successful outcome (for example payments stopped or amended, sanctions, prosecutions, properties recovered, housing allocations blocked)	47%	30%	55%

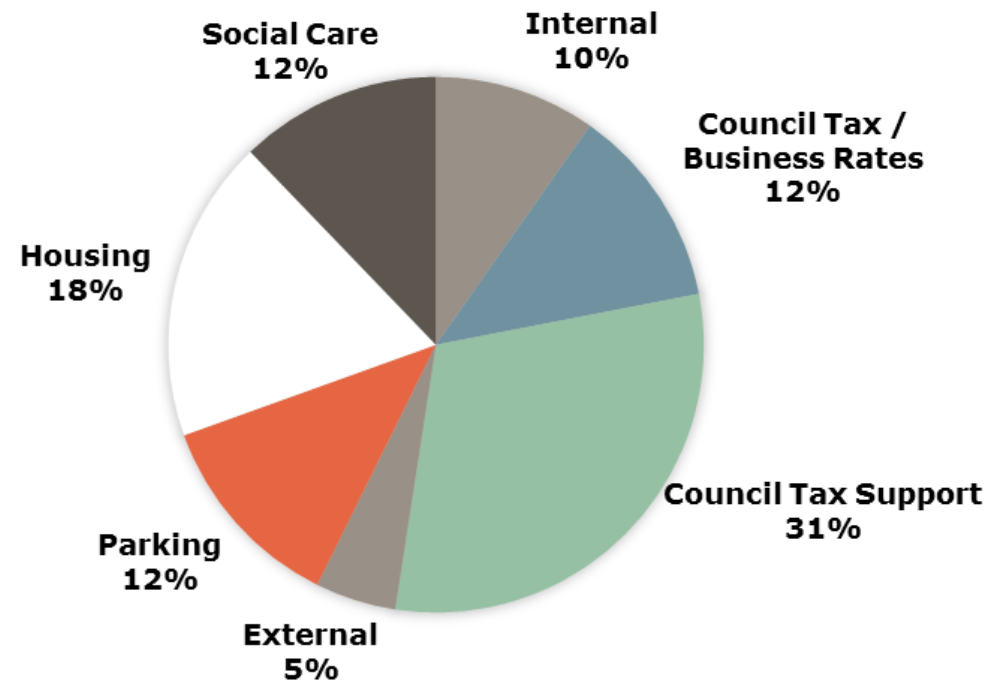
Caseload figures for the period are:

	2024/25 (As at 31/10/24)	2023/24 (Full Year)
Referrals received	186	377
Number of cases under investigation	79	63 ⁴
Number of investigations completed	59	119
Number of verifications completed ⁵	37	54

⁴ As at the end of the financial year (ie 31/03/2024)

⁵ Verification cases are reviews of applications for Right to Buy and school placements.

The chart below shows the proportion of different case types under investigation as at 31 October 2024.



Activity	Work completed or in progress
Fraud detection and investigation	<p>The service promotes the use of criminal investigation techniques and standards to respond to any fraud perpetrated against the council. Activity to date includes the following:</p> <ul style="list-style-type: none"> • Council Tax Support fraud – Ten council tax support (CTS) investigations have been completed and there are 20 cases under investigation. Fraud in this area can occur when claimants provide false information when they apply, or fail to declare changes to their circumstances, relating to income or capital. Work in this area has resulted in £51k of savings for the council. • Council Tax and business rates fraud – Council Tax fraud often involves households falsely claiming single person discount, however other types of discounts can also be abused. Business rate fraud relates to false or incorrect claims for discounts like small business rate relief. Thirteen investigations have been completed this year and ten are ongoing. Savings of £61k have been calculated following fraud investigations in this area. • Adult Social Care fraud – The team has completed four investigations in this area and five are ongoing. Fraud in this area relates to deprivation of capital, financial abuse, direct payment fraud, and abuse of position. • Housing fraud – There are fourteen investigations ongoing in this area. The majority of cases relate to sub-letting and abandonment of council properties, but the team also investigates false applications to the Housing Register, for Right to Buy purchases, and for homelessness. Eight investigations have been completed and 38 verification checks made on Right to Buy applications. One council property has been recovered and one Right to Buy application was stopped this year. • Internal fraud investigations – Four internal fraud investigations have been completed. There are eight ongoing. • External (or third party) fraud – Fraud in this area relates to financial scams perpetrated against the council, eg mandate fraud or cybercrime. Four investigations have been completed and four are ongoing.

Activity	Work completed or in progress
	<ul style="list-style-type: none"><li data-bbox="481 346 2029 518">• Parking fraud – Parking fraud usually relates to blue badge abuse, however the team also investigate the misuse of residential parking permits by landlords of holiday lets. Ten investigations have been completed – seven relating to blue badges and three to parking permits. Five people have received formal warnings for the misuse of blue badges. One holiday let owner had their residential permit removed and has been issued with a formal warning.

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