



Audit Completion Report

City of York Council – year ended 31 March 2025

January 2026

Members of the Audit and Governance Committee

City of York Council

West Offices

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York

YO1 6GA

28 January 2026

Forvis Mazars

Bank Chambers

26 Mosley Street

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Dear Committee Members,

Audit Completion Report – Year ended 31 March 2025

We are pleased to present our Audit Completion Report for City of York Council ("the Council") for the year ended 31 March 2025. The purpose of this report is to summarise our audit findings and conclusions.

This report is intended solely for the Audit and Governance Committee for the purpose of communicating certain matters that, in our professional judgement, are relevant to your oversight of the financial reporting process. To the fullest extent permitted by law Forvis Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk.

We appreciate the courtesy and co-operation extended to us by City of York Council throughout our audit. We would be happy to discuss the contents of this report, or any other matters regarding our audit, with you in more detail.

Yours faithfully



Mark Outterside

Forvis Mazars LLP

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Our reports are prepared in the context of the 'PSAA Statement of Responsibilities of Auditors and of Audited Bodies' and the 'Appointing Person Terms of Appointment' issued by Public Sector Audit Appointments Limited. This document is to be regarded as confidential to City of York Council. It has been prepared for the sole use of the Audit and Governance Committee as the appropriate sub-committee charged with governance. We do not accept any liability or responsibility to any other person in respect of the whole or part of its contents.

01

Executive Summary

Executive summary

Scope

We have been engaged to audit the financial statements of City of York Council for the year ended 31 March 2025 which are prepared in accordance with the 2024/25 Code of Practice on Local Authority Accounting.

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 methodology, and in accordance with the Code of Audit Practice.

Audit status

Our audit procedures are now substantially complete for the year ended 31 March 2025.

Please refer to the '*Status of our audit*' section for a list of audit matters outstanding at the date of this report. We will provide an update to the Audit and Governance Committee on completion of those outstanding matters by way of a follow-up letter.

Areas of focus and audit approach, and significant findings

We have not made any changes to our initial risk assessment and planned audit approach that was communicated to the Audit and Governance Committee in our Draft Audit Strategy Memorandum. It is therefore confirmed that the Draft Audit Strategy Memorandum is the final version.

Significant control deficiencies

We did not identify any significant deficiencies in internal control.

The non-significant control observations that we have identified to date are set out in '*Appendix A: Internal control conclusions*'.

Audit misstatements

A summary of the unadjusted misstatements above our reporting threshold we have identified to date is set out in the '*Summary of misstatements*' section.

We have identified no adjusted misstatements above our reporting threshold to date.

Audit opinion

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

Value for Money

We anticipate having one significant weakness in arrangements to report in relation to the arrangements that

the Council has in place to secure economy, efficiency and effectiveness in its use of resources. Further details have been provided in the '*Value for Money*' section of this report.

Wider reporting powers

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and to consider any objection made to the accounts. We have received correspondence from electors, and as at the time of drafting this report we are finalising our consideration of the issues raised.

Reporting to the group auditor

We have not yet received group instructions from the National Audit Office in respect of our work on the Council's WGA submission. We are unable to commence our work in this area until such instructions have been received. Consequently, we anticipate not being able to issue our audit certificate when we sign the audit opinion.

Executive summary

Qualitative aspects of the Council's accounting practices

We have reviewed the Council's accounting policies and disclosures and conclude that they comply with the 2024/25 Code of Practice on Local Authority Accounting, appropriately tailored to the Council's circumstances. Draft accounts were received from the Council by 30 June 2025 and were of a good quality, with good supporting working papers.

Significant matters discussed with management

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

- We discussed the Council's arrangements for the first time implementation of IFRS16, including the Council's approach to valuing the right of use assets.
- We discussed the trial balance with Management due to a prior year control recommendation. For further details see section 5.
- As with our other local government clients, we have reviewed the Council's arrangements for managing its Dedicated School Grant balance. Discussions with management indicate that City of York Council receives safety-valve funding, which provides significant mitigation of the associated financial risk.

Significant difficulties during the audit

Aside from some challenges in obtaining transaction data from the trial balance, as noted in the control recommendation in section 5, we have not experienced any significant difficulties and have received full co-operation from management.

Other matters of significance

We encountered no significant difficulties during our audit and had no significant disagreements with management. There was effective co-operation and communication between Forvis Mazars, management, and the Audit and Governance Committee during our audit. All requested information and explanations were provided to us.

Other matters we are required by ISA (UK) 260 *Communication with Those Charged with Governance* to communicate to you have been set out in Appendix E.

02

Status of the audit

Status of our audit

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

Employee benefits

We have recently received the year end payroll to general ledger reconciliation, which we initially requested in Oct 2025. We are yet to review the reconciliation provided.



Non-pay expenditure

We are working with officers to resolve our final queries in relation to our sample testing of expenditure items and Dedicated Schools Grant (DSG).



Income

We are finalising our sample testing of non-grant income.



Property, Plant and Equipment

We are finalising our work on the valuation of land, buildings, council dwellings and surplus assets. We are also finalising our work on the reconciliation of the fixed asset register to the general ledger. We are also completing our work on the Council's minimum revenue provision.



Investment Properties

We are finalising our work on the valuation of investment properties.



Accounting for leases under IFRS 16

We are finalising our work on the implementation of IFRS 16 to leases and service concession arrangements.



Unusable and Usable Reserves

We are completing our work on the Movement in Reserves Statement and unusable reserves.



Whole of Government Accounts

We have yet to complete our procedures in respect of the Council's WGA submission.



Status

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

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

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

 Work on value for money arrangements

Status of our audit

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

Audit Quality Control Procedures

Our audit work is currently subject to review by the Manager, Engagement Lead, and Engagement Quality Reviewer.



Audit Completion and Post Balance Sheet Events

Our standard work on the audit completion, including, review of the final statement of accounts and Annual Governance Statement, review of post balance sheet events considerations, finalisation of our technical review of the accounts, receipt of your management representation letter and reviewing management going concern assertion will be undertaken during the final stages of the audit.



Value for Money Arrangements

We issued our draft Auditor's Annual Report (AAR) on the 26th November 2025. We will report our final commentary on the Council's value for money arrangements in our final AAR. We will issue the AAR alongside the audit opinion and by the 27th February 2026 backstop deadline.



Status

	Likely to result in a material adjustment or a significant change to disclosures in the financial statements.
	Potential to result in a material adjustment or a significant change to disclosures in the financial statements.
	Not considered likely to result in a material adjustment or a change to disclosures in the financial statements.
	Work on value for money arrangements

03

Audit approach and risk summary

Audit approach and risk summary

Changes to our audit approach

There have been no changes to the audit approach we communicated in our Audit Strategy Memorandum, issued on 30 July 2025.

Materiality

Our provisional materiality at the planning stage of our audit was set at £10.4m using a benchmark of 2% of gross operating expenditure as per the Audit Strategy Memorandum.

There have been no changes to the materiality levels we communicated in the Audit Strategy Memorandum.

Use of experts

As detailed in our Audit Strategy Memorandum, management makes use of experts in specific area when preparing the financial statement. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account. There are no changes to our or management's use of experts.

Service organisations

Auditing Standard (UK) (ISAs) define service organisations as a third-party organisation 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. As set out in our Audit Strategy Memorandum, we are not aware of any such arrangement at the Council.

Audit approach and risk summary

	Audit risk/ key area of judgement	Fraud risk	Judgement	Error	Substantive audit procedures	Tests of controls	Misstatement identified	Control recommendations	Conclusion	Page ref to finding
Significant risks	Management override of controls	●	○	○	●	○	○	○	Subject to the satisfactory completion of our testing of accounting estimates, there are no matters to bring to your attention regarding management override of controls.	14
	Valuation of land, buildings, surplus assets and investment property	○	●	●	●	○	○	○	Subject to the satisfactory completion of our testing on this significant risk detailed in section 2, there are no matters to bring to your attention regarding the valuation of land, buildings, surplus assets and investment property.	15
	Net defined benefit asset/liability valuation	○	●	●	●	○	●	○	Subject to the satisfactory completion of our testing on this significant risk detailed in section 2, there are no matters to bring to your attention regarding the net defined benefit asset/liability valuation. We have identified one unadjusted disclosure misstatement – see section 6 for further details.	16
Other key areas of judgement, and enhanced risks	Accounting for leases under IFRS 16	○	●	○	●	○	○	○	Subject to the satisfactory completion of our testing on this significant risk detailed in section 2, there are no matters to bring to your attention regarding the accounting for leases under IFRS 16.	17

04

Significant findings

Significant findings

The significant findings from our audit include our conclusions regarding the significant risks we identified and other key areas of judgement, which are set out in this section.

Significant risks

Management override of controls

Description of the risk

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

Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial instruments 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.

How we addressed this risk

We addressed this risk through performing audit work over:

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

Audit conclusion

Subject to the satisfactory completion of our testing of accounting estimates, there are no matters to bring to your attention regarding management override of controls.

Significant findings

The significant findings from our audit include our conclusions regarding the significant risks we identified and other key areas of judgement, which are set out in this section.

Significant risks

Valuation of land, buildings, surplus assets and investment property

Description of the risk
Council Dwellings £585m, other land and buildings £408m are the Council's highest value assets. The balance sheet also includes investment properties totalling £72m and surplus assets totalling £23m.

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 value at that date.

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 judgments and number of variables involved.

How we addressed this risk

We addressed this risk through:

- critically assessing the Council's arrangements for ensuring that land and buildings, investment property and surplus asset valuations are reasonable and not materially misstated;
- critically assessing 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;
- considering the competence, skills and experience of the valuers and the instructions to the valuers;
- substantively testing a sample of revaluations;
- critically reviewing the Council's own considerations of assets not revalued in the year and why they are not materially misstated; and
- where necessary, performing further audit procedures on individual assets to ensure that the basis of valuations is appropriate.

Audit conclusion

Subject to the satisfactory completion of our testing on this significant risk detailed in section 2, at the time of drafting this report, there are no matters to bring to your attention regarding the valuation of land, buildings, surplus assets and investment property.

Significant findings

The significant findings from our audit include our conclusions regarding the significant risks we identified and other key areas of judgement, which are set out in this section.

Significant risks

Net defined benefit asset/liability valuation

Description of the risk

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.

How we addressed this risk

We addressed this risk through:

- 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 included 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 included 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.

Audit conclusion

Subject to the satisfactory completion of our testing on this significant risk detailed in section 2, at the time of drafting this report, there are no matters to bring to your attention regarding the net defined benefit asset/liability valuation. We have identified one unadjusted disclosure misstatement – see section 6 for further details.

Significant findings

Other key areas of management judgement/ enhanced risks

Accounting for leases under IFRS 16	Description of the risk
	IFRS 16 changes the definition of a lease compared to IAS 17 and IFRIC 4. The Council will recognise lease liabilities and corresponding right of use assets.
	The new standard also applies to the Council's Private Finance initiatives (PFI) arrangements from 1 April 2024.
	On transition to IFRS 16 on 1 April 2024, the Council will apply the standard retrospectively without restatement and with the cumulative effect of initially applying the standard recognised in the general fund balance at that date.
	This is a complex area therefore we have assessed it as a key area of management judgement and an enhanced risk.
How we addressed this risk	We addressed this risk through:
	<ul style="list-style-type: none">critically reviewing the accuracy and completeness of the Council's assessment of leases under IFRS 16;reviewing the accounting treatment for a sample of leases to test the valuation of the liability and right of use asset;reviewing the work that the Council has carried out for the implementation of IFRS16 to PFI liabilities on 1 April 2024; andsubstantively testing PFI lease balances to ensure they have been correctly classified and accurately measured under the new standard. This will involve targeted review of the models the Council have applied to derive balances for presentation in the financial statements.
Audit conclusion	Subject to the satisfactory completion of our testing on this significant risk detailed in section 2, at the time of drafting this report, there are no matters to bring to your attention regarding the accounting for leases under IFRS 16.

Significant findings

Wider responsibilities

Our powers and responsibilities under the 2014 Act are broad and include the ability to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We do not expect to exercise any of these powers as part of our 2024/25 audit.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. We have received correspondence from electors and we are finalising our consideration of the issues raised.

05

Summary of misstatements

Summary of misstatements

Unadjusted misstatements

Our overall materiality, performance materiality, and clearly trivial (reporting) threshold were reported in our Audit Strategy Memorandum, issued on 30 July 2025. Any subsequent changes to those figures are set out in the 'Audit approach and risk summary' section of this report.

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

Description	Comprehensive Income and Expenditure Statement		Balance Sheet	
	Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
Creditors classification				
Dr: Current creditors			379	
Cr: Non-current creditors				379
Our sample testing of creditors identified one item (value £44k) that had been classified as a current creditor, however the payment was not due until June 2026, more than one year following the Balance Sheet date of 31 March 2025. As such the balance should have been classified as a non current creditor. The value of £379k represents the error extrapolated over the sampled population.				
Aggregate effect of unadjusted misstatements			379	379

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

Summary of misstatements

Disclosure misstatements

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

- Note 30 Senior Officer's Remuneration – the other officers remuneration table has been updated to correct the number of non-school's officers in the £90,000 to £94,999 banding from two to one.

In addition to the above, we identified a small number of minor disclosure and presentational issues during our audit of the financial statements. These have all been amended by the Council.

We identified the following disclosure misstatements during our audit that have not been corrected by management:

- The Pension Fund auditor identified an understatement of level 3 assets of £13.849m in the pension fund's assets. We have calculated the Council's share of this error as 18.17% and therefore the potential impact would be that the Council's pension assets are understated by £2,516k. While this would not impact the Council's balance sheet due to the effect of the asset ceiling, it would have an impact on the disclosure in Note 40.

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

06

Fraud considerations

Fraud considerations

We have a responsibility to plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement, whether due to fraud or error.

Your responsibilities

Management has primary responsibility for the prevention and detection of fraud. It is important that management, with Audit and Governance Committee oversight, place a strong emphasis on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment. This involves a commitment to creating a culture of honesty and ethical behaviour which is reinforced by the Audit and Governance Committee's active oversight.

Our responsibilities

We have a responsibility for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether due to fraud or error. The distinguishing factor between fraud and error is whether the underlying action that results in a misstatement is intentional or unintentional. Two types of intentional misstatements are relevant to us – misstatements resulting from fraudulent financial reporting, and misstatements resulting from the misappropriation of assets.

ISA presumed fraud risks

As set out in the 'Audit approach and risk summary' section, the risks of fraud in management override of controls were identified as significant risks. The risk of fraud in revenue recognition has been rebutted.

Our overall approach to fraud

Inquire with management, the Audit and Governance Committee and internal audit



Assign and supervise appropriate audit personnel



Evaluate the selection and application of accounting policies



Obtain written representation from management



Incorporate elements of unpredictability into our audit procedures



Maintain professional scepticism



Our overall conclusion

We did not identify any actual or suspected fraud involving management, employees with significant roles in internal control or others, where the fraud resulted in a material misstatement in the financial statements.

07

Value for Money

Value for Money

Approach to Value for Money

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.

This is the first audit year where we have undertaken our value for money (VFM) work under the full 2024 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 auditor's report where we are not satisfied that arrangements are in place. Where we have issued a recommendation in relation to a significant weaknesses this indicates we are not satisfied that arrangements are in place. Separately we provide a commentary on the Council's arrangements in the Auditor's Annual Report.

A key change in the 2024 Code of Audit Practice is the requirement for us to issue our Auditor's Annual Report for the year ending 31st March 2025 to you in draft by the 30th November 2025. This is required whether our audit is complete or not. Should our work not be complete, we will report the status of our work and any findings to up to that point (and since the issue of our previous Auditor's Annual Report).

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

- **Financial sustainability** - How the Council plans and manages its resources to ensure it can continue to deliver its services;
- **Governance** - How the Council ensures that it makes informed decisions and properly manages its risks; and
- **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.

At the planning stage of the audit, we undertake work to understand the arrangements that the Council has in place under each of the reporting criteria and we identify risks of significant weaknesses in those arrangements. Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest significant weaknesses in arrangements exist.

The table overleaf outlines the risks of significant weaknesses in arrangements that we have identified, the risk-based procedures we have undertaken, and the results of our work.

Where our risk-based procedures identify actual significant weaknesses in arrangements we are required to report these and make recommendations for improvement. Where such significant weaknesses are identified, we report these in the audit report by exception. We will also highlight emerging issues or other matters that do not represent significant weaknesses but still require attention from the Council.

The primary output of our work on the Council arrangements is the commentary on those arrangements that forms part of the Auditor's Annual Report. This commentary will provide a summary of the work we have undertaken and our judgements against each of the specified reporting criteria. We intend to issue the Auditor's Annual Report in February 2026.

Status of our work

Pending resolution of the outstanding issues highlighted in section 2 above, we have completed our work in respect of the Council's arrangements for the year ended 31 March 2025 and have identified 1 significant weakness in arrangements and have made associated recommendations. We provide further details on the identified significant weakness and our recommendations later in this section of our report.

Our draft audit report at Appendix C confirms that we have matters to report in respect of significant weaknesses. As noted above, our commentary on the Council's arrangements will be provided in the Auditor's Annual Report in February 2026.

Value for Money

Risks of significant weaknesses in arrangements

In our Audit Strategy Memorandum we reported no risks of significant weakness in arrangements that we had identified as part of our planning procedures. Since presenting our Audit Strategy Memorandum we have identified one risk of significant weakness in arrangements. Our response to the identified risk is outlined in the table below.

Risk of Significant Weakness in Arrangements		Financial Sustainability	Governance	Improving the 3Es	Work Undertaken and Conclusions Reached
1	<p>Capital project management and governance</p> <p>The York Station Gateway project is to redevelop the front of the train station in order to improve access for vehicles, cyclists and pedestrians. The capital scheme was approved in 2020 and commenced in late 2023. It is due to be completed by early 2027. The scheme had an original budget of £26m. During 2024-25 internal audit undertook a review of the contract management arrangements for delivery of major projects, which included the York Station Gateway project. This was requested by the Section 151 Officer and Monitoring Officer following an internal review, with Internal Audit being asked to undertake further work to identify the key messages. The review highlighted that the potential for a significant overspend in relation to the York Station Gateway project was not reported for two years, with monthly update reporting for major contracts not highlighting any significant issues over the life of the project. The review identified significant weaknesses in the project management of the York Station Gateway project which has resulted in significant overspend and delay. The current overspend of £18.5m (71% of planned budget) has required the diversion of funding from other capital projects to allow it to be completed satisfactorily.</p> <p>Given the delays in reporting the potential overspend and weaknesses identified in the project management arrangements we have raised this as a risk of significant weakness in arrangements.</p>			●	<p>Work undertaken</p> <p>Our procedures included:</p> <ul style="list-style-type: none">• discussions with Internal Audit;• reviewing the Internal Audit report;• discussions with key members of management including the Section 151 Officer and Monitoring Officer; and• reviewing relevant documentation provided by management. <p>Conclusions</p> <p>We have concluded that a significant weakness in arrangements has been identified. For further details see page 27.</p>

Value for Money

Identified significant weaknesses in arrangements and recommendations for improvement

As a result of our work we have identified significant weaknesses in the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources. These identified weaknesses have been outlined in the table below. At the time of drafting this report, although the significant risk has been confirmed, the wording of the significant weakness and the related recommendation has not yet been reviewed through the firm's consistency process. This could result in changes to the final wording reported in our Auditor's Annual Report for this significant weakness.

Identified significant weakness in arrangements	Financial Sustainability	Governance	Improving the 3Es	Recommendation for improvement	Council's response
<p>Capital project management and governance</p> <p>The York Station Gateway project is to redevelop the front of the train station in order to improve access for vehicles, cyclists and pedestrians. The capital scheme was approved in 2020 and commenced in late 2023. It is due to be completed by early 2027. The scheme had an original budget of £26m. During 2024-25 internal audit undertook a review of the contract management arrangements for delivery of major projects, which included the York Station Gateway project. This was requested by the Section 151 Officer and Monitoring Officer following an internal review, with Internal Audit being asked to undertake further work to identify the key messages. The review highlighted that the potential for a significant overspend in relation to the York Station Gateway project was not reported for two years, with monthly update reporting for major contracts not highlighting any significant issues over the life of the project. The review identified significant weaknesses in the project management of the York Station Gateway project which has resulted in significant overspend and delay. The current overspend of £18.5m (71% of planned budget) has required the diversion of funding from other capital projects to allow it to be completed satisfactorily. The Council have undertaken a review to identify lessons learned which has included input from finance, procurement and legal and have looked back at the York Station Gateway (YSG) project with project managers. This process has highlighted a number of key issues in the project management of major projects, including oversight of the capital programme, internal officer skills and experience, the need for a more strategic approach to procurement and the need to strengthen the internal governance arrangements. The outcome of the review was reported to the Executive in July 2025. The Council has commenced work to strengthen the governance arrangements in place for project management of major capital projects and to improve project assurance. The Council have recognised major capital projects as a governance issue arising within 2024-25 within the Annual Governance Statement</p>				<p>The Council should continue to implement the actions identified through the review of lessons learned and the Internal Audit review in order to strengthen the project management and governance arrangements in place for major contracts. This will ensure that potential project overspends and/or overruns are identified at the earliest opportunity and ensure emerging risks to project delivery can be mitigated effectively.</p>	

Appendices

- A: Internal control conclusions
- B: Draft management representation letter
- C: Draft audit report
- D: Confirmation of our independence
- E: Other communications

Appendix A: Internal control conclusions

Other deficiencies in internal control

A deficiency in internal control exists if:

- A control is designed, implemented, or operated in such a way that it is unable to prevent, detect, and/ or correct potential misstatements in the financial statements; or
- A control that is necessary to prevent, detect, and/ or correct misstatements in the financial statements on a timely basis is missing.

The purpose of our audit was to express an opinion on the financial statements. As part of our audit, we have considered the Council's internal controls relevant to the preparation of the financial statements to design audit procedures to allow us to express an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal controls or to identify any significant deficiencies in their design or operation.

The matters reported in Appendix A are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and which we consider to be of sufficient importance to merit being reported. If we had performed more extensive procedures on internal control, we might have identified more deficiencies to report or concluded that some of the reported deficiencies need not in fact have been reported. Our comments in Appendix A should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

This Appendix sets out the internal control observations that we have identified as at the date of this report. These control observations are not, in our view, significant control deficiencies but have been reported to management directly and are included in this report for your information. In our view, there is a need to address the deficiencies in internal control set out in this section to strengthen internal control or enhance business efficiency. Our recommendations should be actioned by management in the near future.

Appendix A: Internal control conclusions

Other deficiencies in internal control

Payroll Leavers – Implementation

Description of deficiency

Our walkthrough of the payroll key business process identified a leaver that had been notified to the payroll department on the 25 Feb 2025. However, the employee had notified of their intention to leave on a letter dated 12 Aug 2024, with a leave date of 8 Sept 2024. The delay in notifying payroll resulted in the payment of salary for a period in excess of 5 months after the employees leave date with a value of £11k. The failure to promptly notify the payroll department of a leaver is an internal control weakness.

Potential effects

Payments are made to individuals who have ceased to work for the Council, resulting in potential financial loss to the Council, if the overpayments cannot be recovered.

Recommendation

Notification of leavers should be submitted to the payroll department in a timely manner to ensure the leaver is removed from the payroll system prior to their leave date and to ensure there is no overpayment of salary.

Management response

This was picked up with the individual manager and head of service at the time citing the impact. When the manager realised that this was outstanding it was immediately actioned. It was an oversight based on a number of operational circumstances and full recovery of the overpayment has been undertaken. There was HR Advisory Circular issued in November 2023 (HR Advisory Number 20/2023) which covers leavers payroll processing and the impacts of late submissions. This will be reissued again as a timely reminder for all managers in February 2026.

Appendix A: Internal control conclusions

Other deficiencies in internal control (continued)

Payroll Control Account – Implementation

Description of deficiency

Our walkthrough of the payroll key business process identified that the monthly payroll control account reconciliations are being prepared, however there is no documented review and approval by a second officer.

Potential effects

Discrepancies may not be investigated and resolved in a timely manner.

Recommendation

The monthly payroll control accounts should be reviewed and approved by a second officer. Evidence of this review should be retained.

Management response

Payroll control account reconciliations are regularly reviewed and evidence of this is held with the Financial Management System. We will give consideration to creating a separate log if required.

Appendix A: Internal control conclusions

Other deficiencies in internal control (continued)

Exit Packages – Implementation

Description of deficiency

Our testing of exit packages highlighted one exit package that had not been approved by the Section 151 officer in accordance with the Council's procedures. We have reviewed the exit package and are content that it is appropriate and has been paid in accordance with the employee's terms and conditions of employment. The exit package was subject to approval by the Chief Officer for Education.

Potential effects

Lack of Section151 approval increases the risk of an inappropriate exit package payment being made.

Recommendation

All exit packages to be approved by the Section 151 officer in accordance with the Council's procedures.

Management response

There is a form and guidance which outlines the signatures and authorisation processes required for an exit payment, which includes as a final stage approval from the S151 Officer / Director of Finance. This particular case was a school and all other signatures were sought. The oversight of this particular case was highlighted with the school and as part of a wider piece of work, maintained schools are to receive guidance on what must be authorised by the Council as the employer. This guidance includes HR processes, policy and regulations and Health and Safety matters. It is anticipated that this will be sent to schools early March 2026. Discussions have also taken place with North Yorkshire Council to ensure that this is reinforced for those schools who receive HR / employment advisory services from outside of City of York Council services.

Appendix A: Internal control conclusions

Other deficiencies in internal control (continued)

Reconciliation of the Trial Balance

Description of deficiency

As in previous years, the reconciliation of the Trial Balance (TB) to the Comprehensive Income and Expenditure Account has been difficult for the audit team to reperform, relying on several reports and took a long time for the audit team to complete. There was also no evidence to support second review of the reconciliation.

Potential effects

Use of several reports and manual adjustments, has an inherent risk that financial data is omitted from the financial statements.

Recommendation

We recommend that management provides a streamlined working paper which shows how the TB and underlying system reports reconcile through to the CIES, which:

- reduces the number of system reports used to complete the reconciliation or clearly shows how the reports reconcile to the main TB and to the financial statements;
- provides assurance that all TB codes have been included in the reconciliation;
- explains the manual adjustments; and
- records evidence of a second review.

Management response

We acknowledge that generating a TB in the format that Audit require is complex and are happy to discuss how we could improve the understandability of our method, within the limitations of the system that we currently use and its reporting capabilities.

Appendix A: Internal control conclusions

Follow up on previous internal control points

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

Equity Investments

Description of deficiency

When testing the Council's equity investments, we noted that the Council used the 2022/23 accounts of the invested entities to value their investment at 31st March 2024, as opposed to the 2023/24 accounts. In addition, no review took place to assess whether there were any circumstances that would mean the 2022/23 information was not indicative of the value as at 31 March 2024.

Current year update:

Potential effects

The reported investment value may be misstated and out of date.

Recommendation

The Council should ensure they perform a review of the equity investments to ensure the investment valuations are accurate and reflective of the value at 31st March 2024. This could include liaising with the entities to obtain actual figures.

Current position

Equity investments have been valued based on the latest available information (2024/25 draft accounts in most cases). Finance team knowledge of the relevant companies would mean any changes in circumstances potentially impacting the valuation would be known. This recommendation has therefore been addressed.

Appendix A: Internal control conclusions

Follow up on previous internal control points (continued)

Property, plant and equipment valuations

Description of deficiency

As part of our testing on land, buildings, surplus assets and investment property valuations, we identified several arithmetic and transposition errors in the valuation certificates.

Current year update: Our work on the valuation of land, buildings, surplus assets and investment properties is still ongoing.

Potential effects

The valuation of land, buildings, surplus assets and investment properties could be misstated.

Recommendation

The Council's valuation team should implement a check of the valuation certificates and subsequently technology forge to ensure the valuations have been accurately recorded.

Current Position

We will provide an update on the implementation of this recommendation within our follow-up memo.

Appendix A: Internal control conclusions

Follow up on previous internal control points (continued)

Property, plant and equipment valuations

Description of deficiency

As part of our testing on land, buildings, surplus assets and investment property valuations, there were instances where the Valuer could not provide the evidence used in the January 2024 valuation (such as income schedules, BCIS reports, etc.).

Current year update: Our work on the valuation of land, buildings, surplus assets and investment properties is still ongoing.

Potential effects

We may be unable to get sufficient, appropriate evidence to support our testing on valuations.

Recommendation

We recommend that all evidence supporting the valuation of the Council's portfolio is retained.

Current Position

We will provide an update on the implementation of this recommendation within our follow-up memo.

Appendix A: Internal control conclusions

Follow up on previous internal control points (continued)

Property, plant and equipment valuations

Description of deficiency

When performing the year end valuation of the Council's portfolio, the Council's Internal Valuer produces a final covering memo, however this does not fulfil all the requirements of the RICS Red Book.

Current year update: Our work on the valuation of land, buildings, surplus assets and investment properties is still ongoing.

Potential effects

We are unable to confirm whether the valuation was conducted in line with the terms of reference.

Recommendation

We recommend that a covering report is produced to accompany the valuation. This report should provide sufficient detail to comply with the RICS Red Book and include the basis of the valuation, the methodology used, the nature and source(s) of information relied upon and any assumptions or limitations.

Current Position

We will provide an update on the implementation of this recommendation within our follow-up memo.

Appendix B: Draft management representation letter

Forvis Mazars LLP

The Corner

Bank Chambers

26 Mosley Street

Newcastle Upon Tyne

NE1 1DF

Dear Mark,

City of York Council - Audit for Year Ended 31 March 2025

This representation letter is provided in connection with your audit of the financial statements of City of York Council (the Council) for the year ended 31 March 2025 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code), and applicable law.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy myself that I can properly make each of the following representations to you.

My responsibility for the financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code, as amended by applicable law.

My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which I am aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Council you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Director of Finance / s151 officer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Appendix B: Draft management representation letter

I confirm that there is no information provided to you as part of the audit that I consider legally privileged.

Accounting records

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Council and committee meetings, have been made available to you.

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Council's financial position, financial performance and cash flows.

Accounting estimates, including those measured at current and/or fair value

I confirm that the methods, significant assumptions and the data used by the Council in making the accounting estimates, including those measured at current and/or fair value, are appropriate to achieve recognition, measurement or disclosure that is in accordance with the applicable financial reporting framework.

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

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

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Council have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code, as amended by applicable law.

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

Appendix B: Draft management representation letter

The Council has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Fraud and error

I acknowledge my responsibility as Director of Finance / s151 Officer for the design, implementation and maintenance of internal control to prevent and detect fraud and error and I believe I have appropriately fulfilled those responsibilities.

I have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Council involving:
 - management and those charged with governance;
 - employees who have significant roles in internal control; and
 - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, analysts, regulators or others.

Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Code, as amended applicable law.

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

Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment, investment properties and intangible assets below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary.

Charges on assets

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

Future commitments

The Council has no plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Appendix B: Draft management representation letter

Service Concession Arrangements

I am not aware of any material contract variations, payment deductions or additional service charges in 2024/25 in relation to the Council's service concession arrangements that you have not been made aware of.

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code, as amended by applicable law, require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Impacts of Russian Forces entering Ukraine

I confirm that I have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the Council, including the impact of mitigation measures and uncertainties, and that the disclosure in the Narrative Report and the subsequent events note to the financial statements fairly reflects that assessment.

Tariffs

I confirm that I have carried out an assessment of the potential impact of changes in US trade policy in respect of tariffs, including the impact of reciprocal tariffs by other countries, including the impact of mitigation measures and uncertainties, and that the disclosure in the Narrative Report and the subsequent events note to the financial statements fairly reflects that assessment.

Going concern

To the best of my knowledge there is nothing to indicate that the Council will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Annual Governance Statement

I am satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and I confirm that I am not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

The disclosures within the Narrative Report fairly reflect my understanding of the Council's financial and operating performance over the period covered by the financial statements.

Unadjusted misstatements

I confirm that the effects of the uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to this letter as an Appendix. Please make sure the appendix is attached to the letter and not cross-referenced to the appendix in the ACR.

Appendix B: Draft management representation letter

Arrangements to achieve economy, effectiveness and efficiency in Use of Resources (Value for Money arrangements)

I confirm that I have disclosed to you all findings and correspondence from regulators for previous and ongoing inspections of which I am aware. In addition, I have disclosed to you any other information that would be considered relevant to your work on value for money arrangements.

Yours faithfully,

Director of Finance / s151 officer

Date: XX February 2026

Appendix C: Draft audit report

Independent auditor's report to the members of City of York Council

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of City of York Council ("the Council") for the year ended 31 March 2025, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account, the Collection Fund and notes to the financial statements, including material accounting policy information.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 31st March 2025 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director of Finance's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, and taking into account the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Council's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Director of Finance is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Appendix C: Draft audit report

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Director of Finance for the financial statements

As explained more fully in the Statement of the Director of Finance's Responsibilities, the Director of Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, and for being satisfied that they give a true and fair view. The Director of Finance is also responsible for such internal control as the Director of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Director of Finance is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 and prepare the financial statements on a going concern basis on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The Director of Finance is responsible for assessing each year whether or not it is appropriate for the Council to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Council, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: health and safety and equality legislation.

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

- gaining an understanding of the legal and regulatory framework applicable to the Council, the environment in which it operates, and the structure of the Council, and considering the risk of acts by the Council which were contrary to the applicable laws and regulations, including fraud;
- inquiring with management and the Audit and Governance Committee, as to whether the Council is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;

Appendix C: Draft audit report

- inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- reviewing relevant meeting minutes in the year;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Council which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, the Accounts and Audit Regulations 2015 and the Local Government and Housing Act 1989.

In addition, we evaluated the Director of Finance's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to property and pension asset/liability valuations and significant one-off or unusual transactions.

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

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

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud, rests with both management and the Audit and Governance Committee.

As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

We are also required to conclude on whether the Director of Finance's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom, (Revised 2024) and Supplementary Guidance Note 01, issued by the National Audit Office in November 2024.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on the Council's arrangements for securing economy, efficiency, and effectiveness in its use of resources

We are required to report to you if, in our opinion, we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

Appendix C: Draft audit report

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in November 2024, we have identified the following significant weakness in the Council's arrangements for the year ended 31 March 2025:

Significant weakness in arrangements	Recommendation
Wording to be confirmed	Wording to be confirmed

Responsibilities of the Accounting Officer

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the Council's use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, and to report where we have not been able to satisfy ourselves that it has done so. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024.

Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Use of the audit report

This report is made solely to the members of City of York Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Appendix C: Draft audit report

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until the National Audit Office has communicated the work we are required to undertake as component auditors for the Whole of Government Accounts.

Mark Outterside, Key Audit Partner
For and on behalf of Forvis Mazars LLP (Local Auditor)

The Corner
Bank Chambers
26 Mosley Street
Newcastle Upon Tyne
NE1 1DF

XX February 2026

Appendix D: Confirmation of our independence

We communicate any matters which we believe may have a bearing on the independence or the objectivity of Forvis Mazars LLP and the audit team. As part of our ongoing risk assessment, we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We confirm that no new threats to independence have been identified since issuing our Audit Strategy Memorandum and therefore we remain independent.

Appendix E: Other communications

Other communication	Response
 Compliance with Laws and Regulations	<p>We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations.</p> <p>We will obtain written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed.</p>
 External confirmations	<p>We did not experience any issues with respect to obtaining external confirmations.</p>
 Related parties	<p>We did not identify any significant matters relating to the audit of related parties.</p> <p>We will obtain written representations from management confirming that:</p> <ol style="list-style-type: none"> <li data-bbox="437 707 2488 735">they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and <li data-bbox="437 743 2488 771">they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.
 Going Concern	<p>We have not identified any evidence to cause us to disagree with the Director of Finance that the Council will be a going concern, and therefore we have not identified any evidence to cause us to consider that the use of the going concern assumption in preparation of the financial statements is not appropriate.</p> <p>We will obtain written representations from management, confirming that all relevant information covering a period of at least 12 months from the date of approval of the financial statements has been taken into account in assessing the appropriateness of the going concern basis of preparation of the financial statements.</p>

Appendix E: Other communications

Other communication	Response
 Subsequent events	<p>We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditor's report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework.</p> <p>We will obtain written representations from management that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.</p>
 Matters related to fraud	<p>Our audit was designed to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. Please refer to the section titled 'Fraud considerations' for our fraud considerations and conclusion.</p> <p>We will obtain written representations from management and, where appropriate, the Audit and Governance Committee, confirming that</p> <ol style="list-style-type: none"> <li data-bbox="463 577 2501 606">they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud; <li data-bbox="463 620 2501 649">they have disclosed to the auditor the results of management's assessment of the risk that the financial statements may be materially misstated as a result of fraud; <li data-bbox="463 663 2501 807">they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving: <ol style="list-style-type: none"> <li data-bbox="463 721 2501 750">management; <li data-bbox="463 764 2501 793">employees who have significant roles in internal control; or <li data-bbox="463 807 2501 836">others where the fraud could have a material effect on the financial statements; and <li data-bbox="463 851 2501 908">they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

Appendix E: Other communications

Other communication	Response
 System of Quality Management	<p>To address the requirements of ISQM (UK) 1, our firm's System of Quality Management team completes, as part of an ongoing and iterative process, a number of key steps to assess and conclude on our firm's System of Quality Management, including:</p> <ul style="list-style-type: none">Ensuring there is an appropriate assignment of responsibilities under ISQM (UK) 1 and across LeadershipEstablishing and reviewing quality objectives each year, ensuring ISQM (UK) 1 objectives align with our firm's strategies and prioritiesIdentifying, reviewing, and updating quality risks each quarter, taking into consideration a number of input sources (such as FRC / ICAEW review findings, internal monitoring findings, findings from our firm's root cause analysis and remediation functions, etc.)Identifying, designing, and implementing responses as part of the process to strengthen our firm's internal control environment and overall qualityEvaluating responses and remediating control gaps or deficiencies <p>We perform an evaluation of our system of quality management on an annual basis. Our latest evaluation was performed as of 31 August 2024. Details of that assessment and our conclusion are set out in our 2023/2024 Transparency Report, which is available on our website here.</p>

Contact

Forvis Mazars

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Director

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Forvis Mazars LLP is the UK firm of Forvis Mazars Global, a leading global professional services network. Forvis Mazars LLP is a limited liability partnership registered in England and Wales with registered number OC308299 and with its registered office at 30 Old Bailey, London, EC4M 7AU. Registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at www.auditregister.org.uk under reference number C001139861. VAT number: GB 839 8356 73

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