

## **AGENDA SUPPLEMENT**

### **Audit and Governance Committee**

**To:** Councillors Hollyer (Chair), J Burton (Vice-Chair), Fisher, Merrett, Rose, Coles, Vassie and Binney (Independent Member)

**Date:** Wednesday, 12 November 2025

**Time:** 5.30 pm

**Venue:** West Offices - Station Rise, York YO1 6GA

The Agenda for the above meeting was published on **4 November 2025**. The attached additional documents are now available for the following agenda item:

#### **9. Audit Progress Report** (Pages 3 - 20)

The purpose of this report is to provide the Audit and Governance Committee with information about progress made by Forvis Mazars in delivering their responsibilities as the external auditors of City of York Council. This can be found at Annex A.

This agenda supplement was published on **5 November 2025**.

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<b>Meeting:</b>	Audit & Governance Committee
<b>Meeting date:</b>	12/11/2025
<b>Report of:</b>	Director of Finance (S151 Officer)
<b>Portfolio of:</b>	Councillors Lomas and Baxter (job-share), Executive Members for Finance, Performance, Major Projects, Human Rights, Equality and Inclusion

## **Audit and Governance Committee Report: Auditor Progress Report**

### **Subject of Report**

1. The purpose of this report is to provide the Audit and Governance Committee with information about progress made by Forvis Mazars in delivering their responsibilities as the external auditors of City of York Council. This can be found at Annex A.

### **Recommendation and Reasons**

2. Note the matters set out in the Audit Progress report presented by the external auditor.

#### Reasons

*To ensure the proper consideration of the work of the external auditor in respect of the annual audit of accounts and review of the council's arrangements for ensuring value for money.*

### **Contact details**

For further information please contact the authors of this Report.

## Author

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<b>Report approved:</b>	Yes
<b>Date:</b>	05/11/2025

## Annexes

A – Auditors Progress Report November 2025



# Audit Progress Report

## City of York Council

November 2025

# Contents

- 01     Audit progress
- 02     Publications and other updates

## Audit progress

# Audit progress

## Purpose of this report

This report provides the Audit and Governance Committee with information about progress in delivering our responsibilities as the external auditors of City of York Council.

## Audit for the year ending 31 March 2024

We have now received the confirmation awaited from NAO that no further work is required in relation to City of York Council for the Whole of Government Accounts. We have now issued the audit certificate for 2023/24 which formally concludes the 2023/24 audit.

## Audit for the year ending 31 March 2025

The draft financial statements were published by the Council by 30 June 2025. Our Audit Strategy Memorandum (ASM) outlined our planned approach to the audit and was presented to the Audit and Governance Committee in July 2025. Since that meeting, we have substantially completed our planning and risk assessment procedures. We have now commenced the fieldwork phase of the audit. There have been no changes to our risk assessment or audit approach following our review of the draft statements. As set out in the ASM, the significant risks we are focusing on include:

- management override of controls;
- valuations of land, buildings, surplus assets and investment property; and
- net defined benefit asset/liability valuation.

We have determined an enhanced risk relating to the implementation of IFRS 16.

We have commenced our 2024/25 VFM work. As part of our planning procedures, we have reviewed relevant regulatory reports and minutes from various committee meetings. We have also received a completed self-assessment questionnaire from management and are assessing the responses as part of our ongoing risk assessment.

We will update the Audit and Governance Committee as the audit progresses and will report our commentary and findings on the Council’s value for money arrangements in draft by 30 November 2025, in line with the national deadline.

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. We will report any identified risks to the Audit and Governance Committee on completion of our planning and risk identification work.

## Publications and other updates

# Publications and other updates

This section highlights recent national publications that may be of interest to Members of the Committee. If you require any additional information, please contact any member of your engagement team.

We have, in the tables on the next pages, provided a brief insight into the purpose/key points of the publications with indicative relevance and/or suggested action using the following RAG ratings:

- Action required
- Action suggested
- For information only

	Publication/update	Key points	RAG rating	
Chartered Institute of Public Finance and Accountancy ('CIPFA')			Page 10	
1	CIPFA Better Reporting Group consultation	CIPFA's Better Reporting Group (BRG) has been set up to identify and address challenges in local authority financial reporting.		●
2	CIPFA Advisory Note: Statement of Responsibilities	CIPFA has published an advisory note on the Chief Finance Officer's (CFO's) Statement of Responsibilities which provides guidance on informing the 'true and fair' assessment of the accounts at the reporting date.		●
Ministry of Housing, Communities and Local Government ('MHCLG') (formerly the Department for Levelling Up, Housing and Communities ('DLUHC'))				●
3	Local audit reform: Government response to the consultation to overhaul local audit in England	Government response to consultation on reforms to the local audit system.	●	
4	MHCLG Addressing the local audit backlog in England: Non-compliance lists	MHCLG has published a list of local bodies that did not publish one or more audited accounts for financial years up to and including 2022 to 2023 by the statutory backstop date of 13 December 2024.	●	
National Audit Office ('NAO')			●	
5	NAO insight: Financial management in government: monitoring and forecasting	This guide is for senior finance leaders in government departments and other public bodies. It sets out insights and good practice on monitoring and forecasting for better financial management in government.		●
6	NAO insight: Government's approach to technology suppliers: addressing the challenges	This report examines government's overall approach to digital and technology suppliers. It sets out lessons for the centre of government and departments to learn from government's approach to digital procurement.		●

Publications and other updates (continued)

	Publication/update	Key points	RAG rating
7	NAO Report: Good practice in annual reporting	The NAO has published its insight guide on Good practice in annual reporting.	●
8	NAO report: Local government financial sustainability	The NAO has published its report Local government financial sustainability.	●
9	NAO Insight: Managing the commercial lifecycle	The NAO has published good practice guidance Managing the commercial lifecycle that has been updated in response to the implementation of the Procurement Act 2023.	●
10	Local Audit Reset & Recovery Implementation Guidance (LARRIG) 06	Special considerations for rebuilding assurance for specified balances following backstop-related disclaimed audit opinions	●
Other			
11	Major Local Audits Reports	The FRC have published their annual report on their inspection findings of Audit Quality Reviews of Major Local Audits.	●
12	Forvis Mazars - Annual Local Government Risk Report 2025/26	The report deep dives into the known and emerging risks for Local Authorities in 2025/26, as well as what they should include in their internal audit plans.	●
13	Forvis Mazars – Public Sector in Focus Report	Forvis Mazars report for the public and social sector outlining the top priorities and risks shaping the future of the sector.	●

1. CIPFA Better Reporting Group consultation

CIPFA’s Better Reporting Group (BRG) has been set up to identify and address challenges in local authority financial reporting either through proposing amendments to the Code of Practice on Local Authority Accounting for the United Kingdom (the Code) or assisting to develop practical guidance to enhance its application.

[Better Reporting Group](#)

2. CIPFA Advisory Note: Statement of Responsibilities

CIPFA has published an advisory note on the Chief Finance Officer’s (CFO’s) Statement of Responsibilities which provides guidance on informing the ‘true and fair’ assessment of the accounts at the reporting date. The advisory note applies to all local government bodies in the UK.

The note draws from lessons learnt from recent examples and a roundtable with CFO’s and reinforces good practice principles that local government bodies in the UK should adopt. The CIPFA Practice Oversight Panel expects all local government bodies to be aware of the lessons learnt and therefore auditors may wish to ensure the bodies they audit are aware of this latest guidance.

[Statement of Responsibilities](#)

3. Local audit reform: Government response to the consultation to overhaul local audit in England

The government consulted on proposals to reform the local audit system. This published response to the consultation sets out the feedback on the specific measures proposed and the government’s response. This includes the setting up of a Local Audit Office to be the system leader and the remit of the LAO.

[Local audit reform: Government response to the consultation to overhaul local audit in England - GOV.UK](#)

4. MHCLG Addressing the local audit backlog in England: Non-compliance lists

The Ministry if Housing, Communities and Local Government (MHCLG) has published a list of local bodies that did not publish one or more audited accounts for financial years up to and including 2022 to 2023 by the statutory backstop date of 13 December 2024.

[Addressing the local audit backlog in England: Non-compliance lists - GOV.UK](#)

5. NAO insight: Financial management in government: monitoring and forecasting

Good financial management is critical in the public sector. For public services to be efficient and productive, the effective management of public finances is essential. This guide outlines how finance leaders across government can monitor budgets and their performance and ensure forecasting is effective. It focuses on three principles:

- Promote a culture of accountability – leadership emphasises the importance of budget holders being accountable for monitoring financial performance and ensuring forecasts are accurate and realistic.
- Develop the right skills and capabilities – finance professionals possess the skills and capabilities to monitor effectively and forecast with precision and leverage these to elevate the quality of the organisation’s decision-making.
- Make the best use of data and information – high-quality data and information is used to enable better monitoring and more accurate forecasting, helping decision-makers respond to events quickly and effectively.

[Financial management in government: monitoring and forecasting - NAO insight](#)

6. NAO insight: Government’s approach to technology suppliers: addressing the challenges

This report examines government’s overall approach to digital and technology suppliers. It sets out lessons for the centre of government and departments to learn from government’s approach to digital procurement. The NAO focus on major procurement of technology to support business change, including the digital transformation of government and planning for technology of the future. The report examines:

- the scale of the challenge of undertaking digital procurement in a way that supports the modernisation of the public sector to make it more efficient and effective, and government’s response to that challenge;
- how the centre of government can adopt a more strategic approach to how it works with digital and technology suppliers; and
- how departments can better understand and manage the complexities of digital procurement, including making full use of their digital expertise.

[Government’s approach to technology suppliers: addressing the challenges - NAO insight](#)

### 7. NAO Report: Good practice in annual reporting

The NAO has published its insight guide on Good practice in annual reporting which showcases real-world examples of good practice for annual reporting from organisations from the public sector who are leading the way. The examples are laid out in relevant sections of an annual report:

- Strategy
- Risk
- Operations
- Governance
- Measures of success
- Financial performance
- External factors

The list is not definitive but should provide ideas on content and format for all bodies in both the public and private sector as they plan their annual reporting for 2024-25. Note that Great Ormond Street Hospital annual report and accounts 2023-24 features for use of graphics to support narrative and demonstrate performance regarding net zero for estate-based emissions.

[Good practice in annual reporting - NAO insight](#)

8. NAO report: Local government financial sustainability

The NAO has published its report Local government financial sustainability. The Ministry of Housing, Communities & Local Government, (MHCLG) is responsible for the accountability framework for local government and distributes core funding to local authorities. It leads on oversight of financial risk in individual local authorities and the system overall while responsibility for the services local authorities deliver is spread across government departments.

This report focuses on MHCLG as the department responsible for the framework within which local authorities operate, and provides transparency over the current position of local government finances. By examining the current finance system and context for local government finances, the NAO aims to help inform MHCLG’s consideration of future reforms.

The report considers:

- the context of local government finances in 2024;
- service and financial pressures; and
- the government’s approach to local government financial sustainability.

The report concludes that funding for local government has increased in recent years, reversing the long-term downward trend of the previous decade. However, while real terms funding has grown by 4% between 2015-16 and 2023-24, it has not kept pace with population growth or the demand for services, the complexity of need, or the cost of delivering services to people most in need of support.

Proposed reforms of the local government finance system have been repeatedly delayed. Some services are showing the strain, and more local authorities are requesting financial support, some due to the increasing costs of delivering essential frontline services such as homelessness and social care. Despite short-term measures to address acute funding shortfalls, there has been insufficient action to address the systemic weaknesses in local government financial sustainability.

As the government turns its attention to local government reforms, it is essential that this is part of a whole-system, cross-government approach to ensure local authorities are financially sustainable and can continue to provide essential services. This approach needs to ensure effective local accountability for the service and financial performance of each local authority, including robust independent assurance.

[Local government financial sustainability - NAO report](#)

9. NAO Insight: Managing the commercial lifecycle

The NAO has published good practice guidance Managing the commercial lifecycle that has been updated in response to the implementation of the Procurement Act 2023. It reflects upon findings and recommendations drawn from 200 reports concerning over 300 commercial arrangements that have been published over the past 20 years.

The ‘commercial lifecycle’ means the entire process starting with the identification of a requirement that may be delivered by a supplier to government through to the selection and appointment process, contract management activity, and ending with contract termination or transition to alternative arrangements.

This is a revised and condensed edition of commercial good practice guidance that has been updated regularly since 2008. It remains essential reading for policy and commercial staff involved at all levels of public procurement and commercial activities – including senior leaders and non-executive board members of public authorities. The guidance is presented in ten sections, addressing both strategic and procedural considerations.

To support this guidance, the NAO also updated its guide on the Commercial Audit Framework, which highlights the key questions at each of the ten key stages of procurement. Whether it’s the commercial strategy for public procurement, the publication of good-quality, relevant information on a timely basis, or deciding whether to extend the contract or re-procure.

[Managing the commercial lifecycle - NAO insight](#)

10. Local Audit Reset and Recovery Implementation Guidance (LARRIG) 06

The NAO has published the 6<sup>th</sup> Local Audit Reset and Recovery Implementation Guidance note to auditors. The LARRIG sets out guidance to auditors of English local authorities in circumstances where the auditor’s opinion on the prior year financial statements has been disclaimed because of backstop arrangements included in the Accounts and Audit (Amendment) Regulations 2024.

Its purpose is to assist auditors in the process of rebuilding assurance for specific classes of transactions, account balances and disclosures which warrant special consideration beyond the general principles set out in LARRIG 05. It provides principles as well as indicative procedures which, with the application of professional judgement, enable the auditor to make a timely return to being able to determine that, based on sufficient appropriate audit evidence, the financial statements are free from material misstatement.

[LARRIG 06](#)

11. Major Local Audits Reports

The FRC publish an annual report on the inspection findings of Audit Quality Reviews of major local audits in England, which includes large health and local government bodies. The audit of a relevant authority becomes a major local audit if it:

- has total income or expenditure of at least £500 million; or
- administers a local government pension scheme with at least 20,000 members or assets over £1,000 million.

In the 2023/24 inspection cycle, the FRC inspected six NHS and two local government audits. The results of these inspections are included in this report. The FRC acknowledge the unprecedented circumstances facing the local audit sector and have updated their regulatory approach to the monitoring of audit quality to support the reset measures and recovery period.

[Major Local Audits Reports](#)

12. Forvis Mazars - Annual Local Government Risk Report 2025/26

The report deep dives into the known and emerging risks for Local Authorities in 2025/26, as well as what they should include in their internal audit plans.

[Annual Local Government Risk Report for 2025/26 - Forvis Mazars - United Kingdom](#)

13. Forvis Mazars – Public Sector in Focus Report

Forvis Mazars have issued a report for the public and social sector, Public sector in focus: Charting the road ahead. With over 390 responses from across the UK public and social sector, the study reveals the top priorities and risks shaping the future of the sector.

[Public sector in focus: Charting the road ahead - Forvis Mazars - United Kingdom](#)

# Contact

## Forvis Mazars

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