

Audit Completion Report

City of York Council Year ended
31 March 2023

January 2024



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Reports and letters prepared by appointed auditors and addressed to the Council are prepared for the sole use of the Council and we take no responsibility to any member or officer in their individual capacity or to any third party.

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Dear Committee Members

Audit Completion Report – Year ended 31 March 2023

We are pleased to present our Audit Completion Report for the year ended 31 March 2023. The purpose of this document is to summarise our audit conclusions.

The scope of our work, including identified significant audit risks and other areas of management judgement, was outlined in our Audit Strategy Memorandum which we presented to this committee. We have reviewed our Audit Strategy Memorandum and concluded that the original significant audit risks and other areas of management judgement remain appropriate. We would like to express our thanks for the assistance of your team during our audit.

If you would like to discuss any matters in more detail, then please do not hesitate to contact me on 0113 394 5315.

Yours faithfully

Mark Kirkham (Jan 22, 2024 16:57 GMT)

Mark Kirkham

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01

Section 01:

Executive summary

1. Executive summary

Principal conclusions and significant findings

The detailed scope of our work as your appointed auditor for 2022/23 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and, as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards on Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

In section 4 of this report, we have set out our conclusions and significant findings from our audit. This section includes our conclusions on the audit risks and areas of management judgement in our Audit Strategy Memorandum, which include:

- management override of controls;
- revenue recognition;
- valuation of the net defined benefit liability; and
- valuation of land, buildings and surplus assets.

Misstatements and internal control recommendations

Section 5 sets out internal control recommendations and section 6 sets out audit misstatements. Section 7 outlines our work on the Council's arrangements to achieve economy, efficiency and effectiveness in its use of resources.

Status and audit opinion

We have substantially completed our audit in respect of the financial statements for the year ended 31 March 2023. At the time of preparing this report, there is a limited number of matters outstanding as outlined in section 2. We will provide an update to you in relation to the significant matters outstanding through issuance of a follow up letter.

Subject to the satisfactory conclusion of the remaining audit work, we have the following conclusions:



Audit opinion

We anticipate issuing an unqualified opinion, without modification, on the financial statements. Our proposed audit opinion is included in the draft auditor's report in Appendix B.



Value for money arrangements

We are yet to complete our work in this area; however, we anticipate having no significant weaknesses 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 information is provided in section 7 of this report.



Whole of Government Accounts (WGA)

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.



Wider 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.

02

Section 02:

Status of the audit

2. Status of the audit

Our 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 outstanding matters detailed below.

Audit area	Risk of material adjustment or significant change	Description of the outstanding matters
Pensions	Medium	Our procedures are substantially completed but we require the Pension Fund auditor's assurance letter to conclude our work in this area.
Whole of Government Accounts (WGA)	Low	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 the instructions have been received.
Final versions of the Annual Report and Annual Governance Statement	Low	We will review the final versions of the Annual Report and Annual Governance Statement. This includes finalisation of our technical and final review of the financial statements.
Letter of representation	Low	Receipt, and review, of signed letter of management representation.
Post balance sheet events	Low	Review of post balance sheet events up to the point at which we sign our audit report.
Audit review and quality control	Low	Completion of Manager and Partner review and our quality control processes in respect of the audit.

High - Likely to result in material adjustment or significant change to disclosures within the financial statements.

Medium - Potential to result in material adjustment or significant change to disclosures within the financial statements.

Low - Not considered likely to result in material adjustment or change to disclosures within the financial statements.

03

Section 03: **Audit approach**

3. Audit approach

Changes to our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum, and we have not made any changes to our audit approach as documented in our Audit Strategy Memorandum.

Materiality

Our provisional materiality at the planning stage of the audit was set at £10.6m using a benchmark of 2% of gross operating expenditure. As at the time of drafting this report, our final assessment of materiality, based on the latest financial statements and qualitative factors, is £10.3m using the same benchmark.

Service organisations

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

As set out in our Audit Strategy Memorandum, we are not aware of any such arrangement at the Council.

Use of experts

As detailed in our Audit Strategy Memorandum, management makes use of experts in specific areas when preparing the financial statements. 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.

Item of account	Management's expert	Our expert
Defined benefit liability	Actuary (Aon Hewitt)	NAO's consulting actuary (PWC)
Property, plant and equipment valuation	In-house valuer	We have considered relevant information from third parties and consulted with the Mazars Real Estates Valuation Team.
Financial instrument disclosures	Link Asset Services (formerly Capita)	No expert required.

04

Section 04: **Significant findings**

4. Significant findings

In this section we outline the significant findings from our audit. These findings include:

- our audit conclusions regarding other significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 15 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year; and
- any further significant matters discussed with management.

Significant risks

Management override of controls	Description of the risk
	<p>This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur.</p> <p>Management is in a unique position to perpetrate fraud because of the ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Because of the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.</p>

How we addressed this risk

We addressed this risk by carrying out work in the following areas:

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

Audit conclusion

Our work has not highlighted any significant issues to bring to your attention.

4. Significant findings

Revenue recognition	<p data-bbox="466 325 777 357">Description of the risk</p> <p data-bbox="466 382 2237 514">In accordance with ISA 240 we presume there is a risk of fraud in respect of the recognition of revenue because of the potential for inappropriate recording of transactions in the wrong period. ISA 240 allows the presumption to be rebutted but given the Council’s range of revenue sources, we have concluded that there are insufficient grounds for rebuttal for all income streams in 2022/23. We have identified income from fees and charges and other income as the key areas for audit testing.</p> <p data-bbox="466 554 2237 614">This does not imply that we suspect actual or intended manipulation but that we continue to deliver our audit work with appropriate professional scepticism.</p> <hr/> <p data-bbox="466 639 853 671">How we addressed this risk</p> <p data-bbox="466 678 879 706">We have addressed this risk by:</p> <ul data-bbox="466 714 2237 849" style="list-style-type: none">• testing fees, charges and other revenue items recorded around year end to ensure they have been recognised in the appropriate year;• testing year end receivables; and• obtaining direct confirmations of year-end bank balances and testing the reconciliations to the ledger. <hr/> <p data-bbox="466 863 700 892">Audit conclusion</p> <p data-bbox="466 921 1452 949">Our work has not highlighted any significant issues to bring to your attention.</p>
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4. Significant findings

Net defined benefit liability valuation	Description of the risk <p>The financial statements contain material pension entries in respect of the retirement benefits. The calculation of these pension figures, both assets and liabilities, can be subject to significant volatility and includes estimates based upon a complex interaction of actuarial assumptions. This results in an increased risk of material misstatement.</p>
	How we addressed this risk <p>We have:</p> <ul style="list-style-type: none">• critically assessed the competency, objectivity and independence of the North Yorkshire Pension Fund’s Actuary;• liaised 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;• reviewed 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 from the consulting actuary, as engaged by the National Audit Office; and• agreed 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 <p>As at the time of drafting our report, we have substantially completed our procedures in this area but we have not received the assurance requested from the auditor of the Pension Fund. We cannot conclude our work until this assurance is received.</p>

4. Significant findings

Valuation of land, buildings and surplus assets

Description of the risk

In Council dwellings (£593.6m), other land and buildings (£383.0m) are the Council's highest value assets. The balance sheet also includes investment properties totalling £72.8m.

Per the CIPFA Code, each of these class of asset requires that where assets are subject to revaluation, their year-end carrying value should reflect the appropriate fair value at that date.

Management engages its own Valuer as an expert to assist in determining the fair value of land and buildings to be included in the financial statements but there remains a high degree of estimation uncertainty associated with the valuation of land and buildings because of the significant judgements and number of variables involved.

How we addressed this risk

We have:

- critically assessed the Council's arrangements for ensuring that land and buildings and surplus assets valuations are reasonable and not materially misstated;
- critically assessed 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;
- considered the competence, skills and experience of the valuers and the instructions issued to the valuers;
- substantively tested revaluations, including critically reviewing the Council's own consideration of assets not revalued in the year and why they are not materially misstated;
- where necessary, performed further audit procedures on individual assets to ensure the basis of valuations is appropriate; and
- we have engaged the Mazars Real Estates Valuation team to review higher risk property values.

Audit conclusion

Except for the errors noted in section 6, our work has not highlighted any significant issues to bring to your attention.

4. Significant findings

Qualitative aspects of the Council's accounting practices

We have reviewed the Council's accounting policies and disclosures and concluded they comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets, published in November 2022, appropriately tailored to the Council's circumstances.

Draft accounts were received from the Council on 21 July 2023 were of a good quality.

Significant matters discussed with management

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

- **Group accounts** – Management has assessed the nature of the Council's subsidiaries, associates and joint ventures and considers them to be not material either qualitatively or quantitatively. We have considered management's judgement and are satisfied that the accounts are not materially misstated as a result of this judgement. The Council will need to regularly review this assessment and update it for any significant changes.
- **Pension asset ceiling** – We discussed the need to determine if an asset ceiling should be applied to the net defined pension asset recognised in the accounts, as well as the need to ascertain its value.
- **Reinforced Autoclaved Aerated Concrete (RAAC)** - Safety concerns relating to the use of RAAC led the Department for Education to require education authorities to complete a survey to assess their level of risk. We have considered the Council's response to the Department's and considered its conclusion that there was no requirement for a provision or impairment in its 2022/23 accounts. We have also taken into account representations from management on the matter and have not identified any matters that affect our audit report.

Significant difficulties during the audit

Except for the control weaknesses highlighted in section 5 of this report, we did not encounter any significant difficulties and we have had the full co-operation of management.

4. 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;
- make an application for judicial review; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these powers as part of our 2022/23 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. No such objections have been accepted for 2022/23.

05

Section 05:

Internal control recommendations

5. Internal control recommendations

As part of our audit of the financial statements, we obtained an understanding of internal controls sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to Audit and Governance Committee any significant deficiencies identified during our work.

The purpose of our audit was to express an opinion on the financial statements. As part of our audit, we have considered the internal controls in place 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 internal control or to identify any significant deficiencies in their design or operation.

The matters reported are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and that 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 be reported or concluded that some of the reported deficiencies need not in fact have been reported. Our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

Our findings and recommendations are set out below. We have assigned priority rankings to each of them to reflect the importance that we consider each poses to your organisation and, hence, our recommendation in terms of the urgency of required action. In summary, the matters arising fall into the following categories:

Priority ranking	Description	Number of issues
1 (high)	In our view, there is potential for financial loss, damage to reputation or loss of information. This may have implications for the achievement of business strategic objectives. The recommendation should be taken into consideration by management immediately.	2
2 (medium)	In our view, there is a need to strengthen internal control or enhance business efficiency. The recommendations should be actioned soon.	1
3 (low)	In our view, internal control should be strengthened in these additional areas when practicable.	0

5. Internal control recommendations

Significant deficiencies in internal control – Level 1

Description of deficiency

When testing heritage assets, we noted incorrect schedules were sent to the Council's insurer. This resulted in the Council's art collection (insurance value £65m) being under-insured during 2022/23. We noted the correct value had been insured in the prior and preceding years.

Potential effects

In the event of a disaster, the Council may be compensated for less than the true value of its assets. This would result in a shortfall in the insurance payout and would result in significant financial and reputational damage for the Council.

Recommendation

1. The Council should ensure it implements controls and checks, to ensure accurate, complete and timely information is provided to its insurers and to ensure there are no breaks in insurance cover for heritage assets.
 2. The Council should obtain regular valuations, from appropriate experts, to ensure the insurance value is materially accurate, as at the time of the balance sheet date.
 3. For heritage assets, as part of the financial statements' closedown process, the Council should ensure it has corroborative evidence to support an insurance value as at the balance sheet date, which can be easily made available to the audit team.
-

Management response

Since the issue with the heritage asset schedule took place, additional supervision and checks have been put in place to ensure that the correct asset schedules are issued to the broker. This includes a manager check that the documents issued are in line with the previous year's asset schedules.

Valuations are sought from external experts which are undertaken usually at a cost to the local authority. These normally focus on the highest valued assets to ensure value for money from the expert. Where possible in future we will ensure that these are scheduled to cover a wider range of assets and on a more frequent basis. We will work with the Museums Trust to ensure this work is completed.

5. Internal control recommendations

Significant deficiencies in internal control – Level 1

Description of deficiency

As part of our work on Housing Revenue Account (HRA) property valuations, we noted the Council completed a revaluation of its HRA properties 1 April 2023. We consulted with the Mazars valuation team, who confirmed that as most of the information used to value the assets, related to the prior year, this could be indicative of an error. Additional work was therefore completed by the Council's valuations team, which resulted material amendments to both the 2021/22 and 2022/23 financial statements.

Potential effects

There is a risk that valuations performed at the 1 April, using prior year data, are indicative of a material change in value in the prior financial year.

Recommendation

The Council should:

- Ensure valuations are completed at the 31 March, or as near as this date as possible; and
 - If the valuation cannot be completed as at 31 March, the Council should complete an assessment (based on relevant, corroborative and timely data), to confirm valuations are materially accurate as at the balance sheet date and document why there is no risk of prior year misstatements.
-

Management response

We have agreed with Property Services that the HRA assets will now be revalued at 31 January each year, in line with other asset valuations. This will start from 2023/24 (current year). This reduces the risk of material misstatement between the valuation being undertaken and the balance sheet date.

5. Internal control recommendations

Significant deficiencies in internal control – Level 2

Description of deficiency

As part of our work on property additions, we identified two additions recognised in 2022/23 which related to works completed in 2021/22 and therefore were incorrectly capitalised in 2022/23.

Potential effects

Capital additions could be materially misstated if they are not recognised when the work was completed.

Recommendation

1. Controls should be implemented to ensure that capital expenditure, resulting in capital additions is capital in nature and relates to the correct year.
 2. As part of the final accounts process, a review of capitalised expenditure and capital additions should be completed and documented and provided to the audit team.
-

Management response

For 2023/24, as part of the internal closedown process, we will be reinforcing the rules around capital recognition timing and we will also undertake a review, as suggested, of capitalised transactions in period 13 and period 1 of the new year. An exercise is also underway to reinforce the No PO No Pay policy and therefore where POs are raised correctly, and goods received where appropriate in time for year end this will limit the risk of incorrect additions.

5. Internal control recommendations

Follow up on previous internal control points

Description of deficiency

In 2019/20 and 2020/21, we recommend that the Council improved its arrangement to review, challenge and document the output of management's valuation experts relied upon in the production of its financial statements. In 2021/22 our expert valuer completed a review of the Council's Depreciated Replacement Cost (DRC) valuation methodology and noted a departure from RICS DRC guidance note (2018) regarding the correct application of Modern Equivalent Asset (MEA) valuation guidance, including componentisation, physical, functional and economic adjustments.

As part of our work on Allerton Waste Recycling Centre (the Council's largest property value), as part of the early discussion with the Mazars valuation team we recommended that management should complete its own independent indexation checks to assess if the value as at 31 March 2022, was materially accurate since the last valuation date, however this was not completed.

Potential effects

Without sufficient challenge, information relied upon in preparing the accounts could result in a material misstatement.

Recommendation

1. Management should implement procedures to ensure RICS valuation guidance and methodology has been applied by the valuer; and
2. For valuations where the Council does not have relevant expertise, it should consider other options to gain sufficient assurance for the valuation assertion.

2022/23 update

No significant issues were noted, relating to recommendation 1, however the Council did not obtain a full valuation for Allerton Waste Recycling Centre in 2022/23, therefore recommendation 2 remains. The Mazars valuation team worked with the Council's valuations team, resulting in an audit adjustment totalling £9.5m.

Management Response

The Allerton Waste Recovery Plant is a complex asset which requires specialist valuation expertise. We are working with North Yorkshire Council (who account for 79% of the value of the asset) to undertake a full valuation of the asset in the 2023/24 accounts. That review will also provide recommendations of how to consider changes to the asset valuation in between full valuations.

5. Internal control recommendations

Follow up on previous internal control points

Description of deficiency

As part of our review of the Council’s application of CIPFA’s “Update to the Code and Specifications for Future Codes for Infrastructure Assets (Code update)” we considered the Council’s asset lives per accounting policy XX and Note 12 (property, plant, and equipment) for infrastructure assets.

We considered CIPFA Bulletin 12, which includes a commentary on the useful lives of the components of the highways network by the “UK Roads Leadership Group Asset Management Board”. This guidance includes a range of reasonable useful lives for different parts of the highways network which we compared to those applied by the Council.

As part of this analysis, we noted divergence from CIPFA’s range of asset lives, for example the Council applies a 40-year asset life for carriage ways, compared to CIPFA’s range of 20 to 30 years.

Potential effects

Asset lives may not be based on up-to-date information and may not accurately reflect the remaining life of the asset. This could result in depreciation being misstated, both in year and cumulatively.

Recommendation

While our work has not highlighted a material difference when applying the current asset lives, we recommend that the Council reviews and benchmarks its infrastructure asset lives for 2022/23 onwards by considering data provided by CIPFA and other relevant information, to ensure asset lives reflect sector standards. If management’s assessment significantly diverges from the range provided by CIPFA, management should clearly document and provide relevant data to substantiate the reasons.

2022/23 update

No issues relating to this control recommendation have been noted in 2022/23.

5. Internal control recommendations

Follow up on previous internal control points

Description of deficiency

As part of our property valuations, we noted that the RICS' Modern Equivalent Asset (MEA) guidance had not been followed, regarding how the Gross Internal Area (GIA) has been applied. From our review of school valuations, we noted it is currently based on the actual floor areas and does not consider the Department for Education's Toolkit (April 2022) or service potential of the asset. In 2021-22 the valuer updated the schools' valuation because of this finding.

We also noted that for one item tested, evidence to support its asset life was not available.

Potential effects

Potential material misstatement relating to Depreciated Replacement Cost (DRC) valuations and depreciation calculations.

Recommendation

It is recommended that the Council ensures that its valuations are compliant with underlying guidance and documents consideration and support for the valuation including for determining asset lives and obsolescence.

2022/23 update

No significant issues relating to this control recommendation have been noted in 2022/23.

5. Internal control recommendations

Follow up on previous internal control points

Description of deficiency

As part of our review of grant income and creditors we reported a disclosure error totalling £18.8m relating to incorrect classification of Section 31 Collection Fund grant income.

Potential effects

Potential material misstatement, regarding and incorrect classification and accounting treatment of grant income.

Recommendation

- We recommend Collection Fund working papers are refreshed, to clearly demonstrate the link between source data, tax received, the collection fund surplus/deficit and all other entries recorded in the Collection Fund income and expenditure account
 - We also recommend grant audit working papers are updated to provide a clear link to a grant income register for grants received in year (on an individual grant basis) and an analysis of any unspent amounts brought forward or unspent at year-end. This should also document consideration of the grant conditions which determine whether amounts should be treated as creditor payments or grants received in advance.
-

2022/23 update

No significant issues relating to this control recommendation have been noted in 2022/23

5. Internal control recommendations

Follow up on previous internal control points

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.
-

2022/23 update

We noted the same issue in 2022/23; therefore, the recommendation remains outstanding and will be carried forward into 2023/24.

Management response

The comments were noted in 2022/23 and we have demonstrated that there is no risk that financial data is omitted. We will continue to review all the working papers in relation to this to provide assurance that all codes are included, and manual adjustments are kept to an absolute minimum and show where they have come from.

5. Internal control recommendations

Follow up on previous internal control points

Description of deficiency

As part of our work on journals we noted several re-code journals which did not have a description.

Potential effects

A lack of a description can be indicative of management override of controls when processing journals and increases the risk of misstatement.

Recommendation

All items should have a description or narrative against them.

2022/23 update

We noted the same issue in 2022/23; therefore, the recommendation remains outstanding and will be carried forward into 2023/24.

Management response

It was ascertained that the journals which did not have a description were a limited number of re-code journals from system created entries, that themselves had no description. At no point were any controls overridden and there was no risk of misstatement.

06

Section 06:

Summary of misstatements

6. Summary of misstatements

This section outlines the misstatements identified during the audit, above the trivial threshold for adjustment of £310k. The first table outlines the misstatements that were identified during our audit which management has assessed as not being material either individually or in aggregate to the financial statements and does not currently plan to adjust.

The second table outlines the misstatements that have been adjusted by management during the audit.

Unadjusted misstatements

		Comprehensive Income and Expenditure Statement Debit (£'000)	Comprehensive Income and Expenditure Statement Credit (£'000)	Balance Sheet Debit (£'000)	Balance Sheet Credit (£'000)	Description of unadjusted misstatement
1	Debit: Property, plant and equipment - additions 2022/23	-	-	£7,395	-	As part of our testing of property, plant and equipment additions, we noted two assets (totalling £451k) which were incorrectly capitalised in 2022/23, and should have been capitalised in 2021/22, when the capital work was completed. This is an extrapolated error totalling £7.4m, which management has not adjusted on the grounds of materiality and there is no impact on the net book value, of property, plant and equipment as at 31 March 2023.
1	Credit: Property, plant and equipment - additions 2021/22	-	-	-	£7,395	

6. Summary of misstatements

Unadjusted misstatements - continued

		Comprehensive Income and Expenditure Statement Debit (£'000)	Comprehensive Income and Expenditure Statement Credit (£'000)	Balance Sheet Debit (£'000)	Balance Sheet Credit (£'000)	Description of unadjusted misstatement
2	Debit: CIES expenditure	£324	-	-	-	As part of our post year end expenditure cut-off testing, we noted under and over accrual errors totalling £32k. This has been extrapolated across the post year-end balance and total value is £324k. The Council has not adjusted for this on the grounds of materiality.
3	Credit: Creditors	-	-	-	£324	
	Total unadjusted misstatements	£324	-	£7,395	£7,719	

6. Summary of misstatements

Adjusted misstatements		Comprehensive Income and Expenditure Statement Debit (£'000)	Comprehensive Income and Expenditure Statement Credit (£'000)	Balance Sheet Debit (£'000)	Balance Sheet Credit (£'000)	Description of unadjusted misstatement
1	Debit: Revaluation gains on non-current assets	£770	-	-	-	As part of our work on property valuations we noted two errors, relating to the errors in the valuation data. The errors are: £420k relating to the incorrect meterage; and £350k relating to the incorrect BCIS indices being applied. The Council has adjusted for these errors.
1	Credit: Property, plant and equipment	-	-	-	£770	
2	Debit: Revaluation gains on non-current assets	£59,843	-	-	-	As part of our work on Housing Revenue Account (HRA) property valuations, we noted the Council completed a revaluation of its HRA properties 1 April 2023. We consulted with the Mazars valuation team, who confirmed that as most of the information used to value the assets related to the prior year, this could be indicative of an error. Additional work was therefore completed by the Council's valuations team which resulted material amendments to both the 2021/22 and 2022/23 financial statements.
2	Credit: Property, plant and equipment (HRA assets)	-	-	-	£59,843	

6. Summary of misstatements

Adjusted misstatements		Comprehensive Income and Expenditure Statement Debit (£'000)	Comprehensive Income and Expenditure Statement Credit (£'000)	Balance Sheet Debit (£'000)	Balance Sheet Credit (£'000)	Description of unadjusted misstatement
3	Debit: Property, plant and equipment	-	-	£9,527	-	As part of our work on the property, plant and equipment, we noted the valuation of Allerton Waste Recycling Facility had not been assessed. We consulted with the Mazars valuation team, who confirmed that trend in build cost data, highlighted a potential change in value since 31 March 2022. The Council refreshed its valuation based on this data, resulting in an increase of £9.5m in year.
3	Credit: Revaluation reserve	-	-	-	£9,527	
4	Debit: CIES – income	£11,289	-	-	-	As part of our work on grant income, we noted the Energy Bills Support Scheme and Alternative Fuel Payment where the Council acts as an agent, were incorrectly accounted for as gross in both income and expenditure. As the Council has no discretion in how these grants are allocated, they should have been recorded as net.
	Credit: CIES - expenditure	-	£11,289	-	-	
Total adjusted misstatements		£71,902	£11,289	£9,527	£70,140	-

6. Summary of misstatements

Disclosure amendments

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

- Note 38 (audit fees) - as part of our testing of audit fees we noted non-audit work fees totalling £22k have been disclosed net of VAT, and the scale fee for 2022-23 (totalling £97.2k) has been disclosed net of the PSAA rebate (totalling £5.1k).

07

Section 07:

Value for money arrangements

7. Value for money arrangements

Our approach

We are required to consider 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 and sets out the reporting criteria that we are required to consider. The reporting criteria are:

- **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.
- **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.

The primary output of our work on the Council's arrangements is the commentary on those arrangements that forms part of the Auditor's Annual Report. We intend to issue the Auditor's Annual Report in March 2024.

Status of our work

We are yet to complete our work in respect of the Council's arrangements for the year ended 31 March 2023. Although our work in this area of the audit is ongoing, at the time of preparing this report, we have not identified any new significant weaknesses in arrangements or made associated recommendations. We plan to follow up on the significant weakness and recommendations made in the prior year. We provide further details on the identified significant weaknesses and our recommendations later in this section of our report.

Our draft audit report at Appendix B outlines that although we have not yet completed our work in relation to the Council's arrangements, we have matters to report in respect of significant weaknesses in arrangements. As noted above, our commentary on the Council's arrangements will be provided in the Auditor's Annual Report, which will cover both audit years 2021/22 and 2022/23.

7. Value for money arrangements

Follow up of previously-reported significant weaknesses in arrangements

In 2020/21 we reported a significant weakness to the Council. Our follow up work on the progress made by the Council addressing the recommendations we made in our Public Interest Report, has confirmed that the significant weakness remained during 2021/22 but not throughout 2022/23. Our findings will be reported in our Auditor’s Annual Report, which we plan to issue in March 2024.

Previously identified significant weakness in arrangements	Relevant reporting criteria	Our 2020/21 recommendations carried forward
<p>We issued a Public Interest Report on 19 April 2021 including recommendations to address the significant weaknesses we identified in the Council’s arrangements in respect of the severance of the former Chief Executive:</p> <ul style="list-style-type: none"> elements of the exit package, described in both the business case considered by Members and in the financial statements as contractual, were paid at the discretion of the Council and were not contractual entitlements; the business case considered by Members did not include sufficient facts, both in terms of financial analysis and background information, to make an informed decision; decision records that document the use of public funds under the scheme of delegation were not maintained; and safeguards to prevent conflicts of interest and demonstrate the Council applies the principles and values of sound governance were not applied. 	<p>Governance</p> <p>Improving the 3 Es</p>	<ul style="list-style-type: none"> The Council should adopt and apply appropriate standards for business case preparation in relation to exit and pension discretions to improve information supporting decisions. Decision notes should be maintained that document the factors that explain the case for the use of public funds under the scheme of delegation such as where payments exceed contractual entitlements. The Council should review the design of its governance policies and procedures to manage conflicts of interest (including self-interest threats). This should include updating the Council’s constitution and scheme of delegation. The Council should ensure all Members fully understand the requirements of the Code of Conduct in relation to declaration of interests. The Council should review its policies and procedures to reflect Government guidance in the use of non-disclosure agreements.

Appendices

A: Draft management representation letter

B: Draft audit report

C: Independence

D: Other communications

Appendix A: Draft management representation letter

Mark Kirkham
5th Floor
3 Wellington Place
Leeds
LS1 4AP

Date

Dear Mark Kirkham

City of York Council - Audit for Year Ended 31 March 2023

This representation letter is provided in connection with your audit of the financial statements of City of York Council the Council or Authority for the year ended 31 March 2023 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 2022/23 (the Code), as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (“the Code Update”), published in November 2022 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 ourselves 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 CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code), as amended by the Code Update and applicable law.

My responsibility to provide and disclose relevant information

I have provided you with:

Appendix A: Draft management representation letter

- 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 Section 151 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.

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

I confirm that any significant assumptions used by the Council in making accounting estimates, including those measured at fair value, are reasonable.

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.

Appendix A: Draft management representation letter

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 company 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 the Code Update and 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.

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 Section 151 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.

Appendix A: Draft management representation letter

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 by the Code Update and 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 and intangible assets below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary.

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.

Service Concession Arrangements

I am not aware of any material contract variations, payment deductions or additional service charges in 2022/23 in relation to the Council's PFI schemes 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 the Code Update and 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.

Appendix A: Draft management representation letter

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 disclosures in the Annual Report and the subsequent events note to the financial statements fairly reflects that assessment.

Covid-19

I confirm that I have carried out an assessment of the potential impact of the Covid-19 Virus pandemic on the business, including the impact of mitigation measures and uncertainties, and that the disclosure in the Annual Report and the subsequent events note to the financial statements fairly reflects that assessment.

Brexit

I confirm that I have carried out an assessment of the impact of the United Kingdom leaving the European Union, including the impact of the Trade and Cooperation Agreement, and that the disclosure in the Annual Report fairly reflects that assessment.

Reinforced Autoclaved Aerated Concrete

I confirm the Council has assessed the potential impact of Reinforced Autoclaved Aerated Concrete on the Council, and in particular whether there are indications of a need for an impairment of the Council's property, plant and equipment balances. I confirm there are no such indications of impairment in those assets.

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.

Unadjusted misstatements

I confirm that the effects of the unadjusted misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole.

Yours faithfully

Section 151 officer

Appendix B: 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 2023, which comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet, Cash Flow Statement, Housing Revenue Account, Collection Fund and notes to the financial statements, including a summary of significant accounting policies. 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 2022/23, as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets ("the Code Update"), published in November 2022.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 31st March 2023 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 2022/23 as amended by the Code Update.

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 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 Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Appendix B: Draft audit report

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 2022/23 as amended by the Code Update, 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 Chief Finance Officer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises of the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Chief Finance Officer 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.

In connection with our audit of the financial statements, 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 Chief Finance Officer for the financial statements

As explained more fully in the Statement of the Chief Finance Officer's Responsibilities, the Chief Finance Officer 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 2022/23 as amended by the Code Update, and for being satisfied that they give a true and fair view. The Chief Finance Officer is also responsible for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Finance Officer is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Code Update 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 Chief Finance Officer 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.

Appendix B: Draft audit report

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 identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, and the Accounts and Audit Regulations 2015, the Local Government and Housing Act 1989' and we considered the extent to which non-compliance might have a material effect on the financial statements.

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:

- 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;
- 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 evaluated the Chief Finance Officer'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 year-end receivables, property and net pension asset valuations, and significant one-off or unusual transactions.

Appendix B: Draft audit report

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

- making enquiries of management 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 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 Chief Finance Officer'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 statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in February 2023.

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 the use of resources

Matter on which we are required to report by exception

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 2023.

We have not completed our work on the Council's arrangements. On the basis of our work to date, having regard to the guidance issued by the Comptroller and Auditor General in January 2023, we have not identified any significant weaknesses in arrangements for the year ended 31 March 2023.

We will report the outcome of our work on the Council's arrangements in our commentary on those arrangements within the Auditor's Annual Report. Our audit completion certificate will set out any matters which we are required to report by exception.

Appendix B: Draft audit report

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 January 2023.

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 as set out in paragraph 44 of 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 B: Draft audit report

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed:

- the work necessary to issue our assurance statement in respect of the Council's Whole of Government Accounts consolidation pack; and
- the work necessary to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources.

Mark Kirkham, Partner

For and on behalf of Mazars LLP

Mazars LLP
5th Floor
3 Wellington Place
Leeds
LS1 4AP





Date

Appendix C: Independence



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

Appendix D: Other communications

Other communication	Response
 <p>Compliance with Laws and Regulations</p>	<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>
 <p>External confirmations</p>	<p>We did not experience any issues with respect to obtaining external confirmations.</p>
 <p>Related parties</p>	<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> <ul style="list-style-type: none"> a. they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and b. they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.
 <p>Going concern</p>	<p>We have not identified any evidence to cause us to disagree with the Chief Financial Officer that City of York Council will be a going concern, and therefore we consider that the use of the going concern assumption is appropriate in the preparation of the financial statements.</p>

Appendix D: Other communications (continued)

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>We have designed our audit approach to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. In addition to the work performed by us, we will obtain written representations from management, and Audit and Governance Committee, confirming that</p> <ol style="list-style-type: none">a. they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud;b. 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;c. they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving:<ol style="list-style-type: none">i. Management;ii. Employees who have significant roles in internal control; oriii. Others where the fraud could have a material effect on the financial statements; andd. 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.

Mark Kirkham, Partner

mark.kirkham@mazars.co.uk

Mazars

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Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

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