



Agenda

Notice of a meeting of: Audit and Governance Committee

To: Councillors Dave Merrett (Chair), Philip Broadbank, Caroline Goodrick, Andrew Hollyer, Cliff Lunn, Rachel Melly, Clive Pearson and Mark Warters.

Date: Tuesday, 15 October 2024

Time: 10.00 am

Venue: Snow Meeting Room, City of York Council, West Offices, Station Rise, York, YO1 6GA

The meeting will be available to view once the meeting commences, via the following link – [York & North Yorkshire Combined Authority – YouTube](#). Recordings of previous live broadcast meetings are also available there.

Business

1. **Apologies for absence**
2. **Minutes of the Meeting held on 16 July 2024** (Pages 5 - 8)
3. **Declarations of Interest**

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

An interest must also be disclosed in the Meeting when it becomes apparent to the Member during the Meeting.

4. **Public Participation**

Members of the public may ask questions or make statements at this Meeting if they have given notice and provided the text of questions to Will Baines, Senior Scrutiny Officer, (william.baines@yorknorthyorks-ca.gov.uk) no later than 12 noon on Friday 11th October 2024. Each speaker should limit themselves to 3 minutes on any item. Members of the public who have given notice will be invited to speak:

- At this point in the Meeting if their questions/statements relate to matters which are not otherwise on the Agenda (subject to an overall time limit of 30 minutes); or
- When the relevant Agenda item is being considered if they wish to speak on a matter which is on the Agenda for this Meeting.

If you are exercising your right to speak at this Meeting, but do not wish to be recorded, please inform the Chair who will instruct anyone who may be taking a recording to cease while you speak.

- 5. 2024/25 Veritau Progress Reports** (Pages 9 - 20)
Report of the Veritau Assistant Director, Audit Assurance
- 6. Forvis Mazars External Audit Progress Report** (Pages 21 - 34)
Report of Forvis Mazars LLP
- 7. Constitution Update** (To Follow)
Report of the Monitoring Officer
- 8. Local Government and Social Care Ombudsman - Annual Review Letter 2024** (Pages 35 - 40)
Report of the Governance and Assurance Manager
- 9. Programme of Work** (Pages 41 - 44)
Report of the Governance and Assurance Manager
- 10. Urgent Business**
Any other items which the Chair agrees should be considered as a matter of urgency.

James Farrar
Chief Executive

Rachel Antonelli
Monitoring Officer

Monday 7 October 2024

Enquiries relating to this agenda please contact:

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York and North Yorkshire Combined Authority Audit and Governance Committee

Minutes of the meeting held at County Hall, Northallerton on Tuesday 16th July 2024
commencing at 10.00 am.

Present: City of York Councillor Dave Merrett in the Chair. City of York Councillors Andrew Hollyer and Rachel Melly. North Yorkshire Councillors Philip Broadbank, Caroline Goodrick, Cliff Lunn and Clive Pearson.

Officers present:

YNYCA – Rachel Antonelli, Debbie Mitchell, Paul Clark

NYC – Will Baines and Edward Maxwell

Veritau – Stuart Cutts

Forvis Mazars – Mark Outterside and Ellie Horsley

Apologies: City of York Councillor Mark Warters

AG24-1 Confirmation of Chair for 2024/25

Following the decision of the Combined Authority at its meeting on 28 June 2024, the Chair was confirmed as Councillor Dave Merrett for the 2024/25 municipal year.

AG24-2 Apologies for Absence

Apologies for absence were received from City of York Councillor Mark Warters.

AG24-3 Declarations of Interest

There were no declarations of interest.

AG24-4 Public Participation

No public questions or statements were received.

AG24-5 Change to Composition and Quorum of Audit and Governance Committee

Considered – Report of the Interim Deputy Monitoring Officer setting out an amendment made to the York and North Yorkshire Combined Authority (Y&NY Combined Authority) Constitution relating to the composition and quoracy of the Audit and Governance Committee.

In essence, the amendments were around reflecting the total number of members on the committee (9), clarity over the status of the co-opted Independent Member, that named substitutes members are to be politically inclusive, the provision for the Independent Standards Person to attend as required and the quoracy of the committee changed to six to reflect the two-thirds of the total membership figure.

It was also noted that an urgent report is going to the Combined Authority next week seeking amendments to the Constitution around delegations around the Adult Education Board and policies and procedures. Members of the Audit & Governance committee were asked to feed in any comments, but an apology was made as the usual

practice is for changes to the Constitution to come to Audit & Governance prior to the Combined Authority, but this hadn't been possible on this occasion due to the urgency.

Following this, key points raised by the committee members were as follows:

- The lack of a casting vote. It was explained that in this scenario, if there was a tie, the motion would not be carried.
- The position of substitute members was queried and a paper will be brought to the Combined Authority on an informal basis over the summer to seek a clear and consistent position.
- The inclusion of non-voting members being included at present in order to calculate the quorum was also queried. There were different views expressed on this matter from committee members and there were noted.
- The recruitment of an Independent Member of Audit and Governance Committee would take place in due course, following the conclusion of the recruitment process for Business Board members. The suggestion of recruiting multiple Independent Members was put forward to give resilience in the future.

In rounding up the discussion, it was emphasised that the Combined Authority is trying align as far as possible with the Constitutions of the constituent authorities.

Resolved – That the report be noted.

AG24-6 Internal Audit, Information Governance, Risk Management and Counter Fraud Work Programme 2024/25

Considered – Report of the Veritau Assistant Director – Audit Assurance to seek approval for Veritau's internal audit programme of work for 2024/25.

An overview of the various work programmes across internal audit, information governance, risk management and counter fraud was given.

Following this, key points raised by committee members were as follows:

- Given that Veritau are providing information governance, risk management and counter fraud services to the Y&NY Combined Authority, along with internal audit, how are governance issues that are raised around these other service areas handled, given Veritau is also the provider? In response, it was explained governance or internal control issues would be considered by the Audit Manager no differently depending on how they are raised or who is the provider. There may be internal control weaknesses that involve additional internal audit work, and these would be discussed as appropriate in line with internal audit standards. In the case of the Y&NY Combined Authority, as it is a new organisation in its first year and arrangements are evolving, there will be support and improvements needed, and any issues of concern would be triaged to the Audit Manager in the first instance to consider any additional action required.

Resolved – To approve the 2024/25 internal audit work programme, and to note the information governance, risk management and counter fraud work programmes.

AG24-7 External Audit Verbal Update

Mark Outterside from Forvis Mazars verbally updated the committee that scoping work was at an early stage on the external audit preparation. This would involve considering the financial statements together with discharging their wider responsibilities around assessing value for money. At the moment, work is ongoing with officers to plan out areas of interest.

Resolved – That the update be noted.

AG24-8 Draft Annual Governance Statement 2023/2024

Considered – Report of the Interim Deputy Monitoring Officer presenting a draft Annual Governance Statement (AGS) 2023/24 for comment and endorsement.

Rachel Antonelli introduced the report, with the key points covered as highlighted below:

- The draft AGS is a snapshot in time from the formation of the Y&NY Combined Authority in December 2023 through to March 2024.
- The draft AGS provides an annual review of the effectiveness of the internal controls and governance arrangements of the Y&NY Combined Authority, looking back at the last three months and the forthcoming twelve months.
- The draft AGS sets out the corporate governance framework, the legal, strategic and policy context, an outline of the Business Board, the initial economic framework and the governance arrangements in place for the Y&NY Combined Authority.
- The areas of focus in 2024/25 include appointing an Independent Person, embedding the task groups within the Combined Authority, recruitment of statutory officers and review of the Constitution.

Following this, key points raised by members included:

- Given the Joint Independent Audit Committee (Police and Crime) and the Independent Audit Committee (Fire and Rescue) together with the Y&NY Combined Authority Audit and Governance Committee, is there a case of over auditing. In response, it was explained that as part of the transition, an 'As is' model had been adopted as a temporary measure. Over the next 12/18 months joint working opportunities between the bodies is to be explored by officers. Whatever the outcome, a uniform approach to how the committees operate is required around the carrying out democratic process and procedures.
- Given the significant sums of money granted to capital projects, a check on the systems, evaluation, decision making and value for money processes within the first 12 months was requested. As well as a formal paper to committee, an induction/training session was also suggested.

Resolved – That the Committee endorse the draft Annual Governance Statement 2023/24 for publication in due course as part of the annual accounts.

AG24-9 Review of Constitution of Combined Authority

Considered – Report of the Interim Deputy Monitoring Officer

Rachel Antonelli introduced the report, with the key points covered as highlighted below:

- Since its creation, the main aim of the Constitution was to ensure that the organisation could, in its early days, operate on a safe and legal basis. However, it was always acknowledged that the model adopted would not be a long-term model, but was necessary to get the Combined Authority up and running.
- It was always envisaged that within the first 12 to 18 months of the creation of the Y&NY Combined Authority, that a full scale review would take place.
- It is anticipated that the review of the Constitution would take around 12 months, going through part by part.
- Alongside a core working group, when specialist matters are considered as part of the review then other attendees such as subject matter experts will be invited to attend.
- Comments from previous meetings, officer feedback and submissions from members of the public have been retained to feed into the review process by the working group.

Resolved – That a working group be set up to undertake a review of the Constitution and governance arrangements for the Y&NY Combined Authority.

Expressions of interest from Audit and Governance committee members to sit on the working group are to be sought.

AG24-10 Audit and Governance Work Plan 2024/25

Considered – The Audit and Governance Work Plan was presented.

The consideration of regular counter fraud reports was welcomed.

Resolved – That the Audit and Governance Work Plan 2024/25 be noted.

AG24-11 Urgent Business

There were no items of urgent business.

The meeting concluded at 10:50am.

AUDIT AND GOVERNANCE COMMITTEE MEETING

15 OCTOBER 2024

2024/25 VERITAU PROGRESS REPORTS

Report of the Head of Internal Audit

1.0 Purpose of the Report

- 1.1 To inform Members of the progress made to date in delivering the 2024/25 internal audit programme of work, and the other related services provided to the Authority by Veritau (information governance, risk management and counter fraud).

2.0 Recommendations

- 2.1 Members are asked to note the progress made in delivering the 2024/25 internal audit programme of work and the other assurance related services provided by Veritau.

3.0 Background

- 3.1 The work of internal audit is governed by the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards (PSIAS). In accordance with these standards and the Audit Charter, the Head of Internal Audit is required to report to the Authority on the programme of internal audit work and to highlight any emerging significant risks and/or control issues.
- 3.2 In addition to internal audit, Veritau also provides specialist information governance, risk management and counter fraud services to the Authority. While formal approval of the work programmes for these areas is not required, details of planned activities are provided for information.
- 3.3 Please note that the scope of the work being completed by Veritau does not cover all of the areas of responsibility of the Combined Authority. Separate audit, risk and other arrangements are currently in place covering the activities formally managed by the Office of the Police, Fire and Crime Commissioner (OPFCC).

4.0 INTERNAL AUDIT

- 4.1 The 2024/25 internal audit work programme was approved by this Committee at its meeting on 16 July 2024.
- 4.2 We have met with the Authority's newly appointed Director of Resources to discuss all three pieces of work included in the work programme, and the

planning of the work is in progress. We expect audit fieldwork to start on all areas during this quarter.

5.0 INFORMATION GOVERNANCE, RISK MANAGEMENT AND COUNTER FRAUD WORK PROGRAMMES 2024/25

5.1 Veritau acts as the Authority's Data Protection Officer and are also the main point of contact for the Information Commissioner's Office (ICO). Work has been undertaken in these and other areas in the first half of the year. Whilst Information Governance (IG) / Data Protection (DP) work is being co-ordinated across the Authority, there is a risk of non-compliance with information rights legislation by not having single policies, processes and/or formalised working arrangements across the organisation. To help support the Authority, work on developing single policies and processes will continue during the second half of the year.

5.2 On risk management we have had some initial conversations with the Authority's Director of Resources. We expect in the second half of the year to help officers start to develop the strategic risk register and the internal monitoring and reporting arrangements. On counter fraud there have been no referrals from the combined authority for reactive work. Veritau has met with the Authority's communications team to discuss raising awareness of fraud risks and reporting arrangements.

6.0 IMPLICATIONS

6.1 There are no local member, financial, human resources, legal, equalities or climate change implications.

7.0 COMBINED AUTHORITY AREAS AFFECTED (Council Areas/Wards/Divisions)

7.1 All areas.

8.0 RECOMMENDATION

8.1 Members are asked to note the progress made in delivering the 2024/25 internal audit programme of work and the other assurance related services provided by Veritau.

9.0 Contact Details

9.1 For further information please contact the author of this Report.

Author

Name:	Stuart Cutts
Job Title:	Associate Director Audit Assurance

Service Area:	Veritau – Assurance Service for the Public Sector West Offices York
Date:	7 October 2024

Background papers:

None

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Internal Audit, Information Governance, Risk Management and Counter Fraud Progress Report 2024/25

Date: 15 October 2024

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Introduction

- 1 The 2024/25 Veritau work programme was approved by this Committee at its meeting on 16 July 2024.
- 2 The purpose of this report is to update the Audit and Governance Committee on the progress made to 30 September 2024 in delivering the 2024/25 internal audit programme of work, and the other related services provided to the Authority by Veritau (information governance, risk management and counter fraud).
- 3 In addition to the specific work referred to in this report, we have been discussing progress with senior officers and helping support the development of arrangements covering all areas of our responsibilities.
- 4 Please note that the scope of the work being completed by Veritau does not cover all of the areas of responsibility of the Combined Authority. Separate audit, risk and other arrangements are currently in place covering the activities formally managed by the Office of the Police, Fire and Crime Commissioner (OPFCC).

Internal audit

Background

- 5 Internal audit provides independent and objective assurance and advice about an authority's operations. It helps the organisation to achieve its overall objectives by bringing a systematic, disciplined approach to the evaluation and improvement of the effectiveness of risk management, control and governance processes.
- 6 The work of internal audit is governed by the Accounts and Audit Regulations 2015 and relevant professional standards. These include the Public Sector Internal Audit Standards (PSIAS), CIPFA guidance on the application of those standards in Local Government and the CIPFA Statement on the role of the Head of Internal Audit.
- 7 In accordance with the PSIAS, the Head of Internal Audit is required to report progress against the internal audit plan (the work programme) as agreed by the relevant Audit Committee, and to identify any emerging issues which need to be brought to the Committee's attention.

Progress on delivery of 2024/25 programme of work

- 8 The following audits were included in the agreed work programme:
 - Adult education budget
 - Budget management
 - Creditors

- 9 In September 2024, we met with the Authority’s Director of Resources to discuss the planned audits as well as other areas of significance. Meetings with relevant officers are now planned in October 2024 to plan and scope the individual audits. The Creditors audit is considered likely to be the audit we complete first.

Professional standards

- 10 The PSIAS are based on the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF). New Global Internal Audit Standards (GIAS) were published in January 2024 and will apply from 9 January 2025. The UK Public Sector Internal Audit Standards Advisory Board (IASAB) is currently consulting on a new Application Note for the UK Public Sector. The Application Note is intended to replace PSIAS and will apply from 1 April 2025.
- 11 In July 2024, CIPFA announced that they also plan to introduce a Code of Practice for the Governance of Internal Audit in Local Government. The code will apply to all principal authorities in UK local government and is complementary to CIPFA’s ongoing work to update the current Public Sector Internal Audit Standards.
- 12 Subject to the outcome of the consultation process, updates to the Authority’s Audit Charter will be needed to reflect the new application note and code.

Information governance

- 13 Veritau provides an Information Governance (IG) service to the Authority. We act as the Authority’s Data Protection Officer, and we are also the main point of contact for the Information Commissioner’s Office (ICO).
- 14 Following the election of the Mayor and the transfer into the Combined Authority of the NY Fire and Rescue Service (NYFRS) and the Office of the Police and Crime Commissioner (OPCC), the Combined Authority is now also the Data Controller for these areas.
- 15 The North Yorkshire Police Data Protection Officer has been providing data protection related support to NYFRS since then. Additional support for the handling of NYFRS Freedom of Information (FoI) requests and Data Protection requests (SARs) has been provided through Evolve Legal Services. Information governance support for the OPCC has been provided by the Business Support Manager in the OPCC.
- 16 Veritau has been providing a co-ordinating role for Information Governance (IG) and Data Protection (DP) activity across the whole of the Combined Authority working together with colleagues who provide IG and DP information support to NYFRS and the OPCC. This has included providing advice and guidance on DP/IG matters as needed.
- 17 The following table provides an update on the information governance work completed in 2024/25 to date:

Area	Progress
<p>▲ Data Protection officer</p>	<p>Veritau have co-ordinated DP and IG activities across the Authority including NYFRS and OFPCC. We have been meeting weekly to progress this work. Veritau has also engaged with the Combined Authority’s Communications, Governance and Procurement teams.</p> <p>A high-level action plan has been developed in order to facilitate the co-ordination of IG and DP activities and the work required to bring processes/procedures together across the whole of the Combined Authority.</p> <p>Provided advice to the Authority to help ensure internal compliance. This has included providing advice for NYFRS on some IG/DP issues including data processing contracts.</p> <p>Co-ordinated responses to information rights requests.</p> <p>The YNYCA has registered with the ICO and is the contact point for data subjects and the Information Commissioner’s Office.</p> <p>Advice has been provided to relevant areas of the YNYCA on data sharing agreements, data protection impact assessments and data processing agreements.</p>
<p>▲ Policy Framework / Compliance with data protection legislation</p>	<p>Work is underway to develop the IG framework for the YNYCA and to establish an IG Group that will oversee the implementation of the action plan and co-ordination of IG/DP activities</p> <p>Processes have been put in place to ensure IG/DP compliance across YNYCA with respect to Information Rights requests and security incidents. Currently NYFRS report separately but this needs to be reviewed with a view to a single report for compliance across the Combined Authority.</p> <p>Co-ordination, rationalisation and development of policies and processes to support improved information and records management across the YNYCA including NYFRS/OFPCC - work has commenced in this area and is recognised on the IG/DP action plan.</p> <p>Rationalisation of and provision of standard templates (policies, privacy notices, information asset registers) - this is also work in progress.</p> <p>Development of a program of activity re Information Asset Management - training for Information Asset Owners is being planned in Oct/Nov which will kick start this work.</p>

Area	Progress
<p>▲ Personal data breaches</p>	<p>Develop/co-ordinate the process for managing incidents across YNYCA including NYFRS/OFPCC - this is now in place.</p> <p>Veritau is now monitoring incidents to highlight trends and support services to reduce the risk of future occurrence.</p> <p>Between April and August there have been 12 security incident reports of which 4 relate to the Economy function of the Authority and are considered low risk. The remaining 8 incident are attributable to the NYFRS. One of the incidents reported by NYFRS was reportable to the ICO in June - we are yet to receive a response from the ICO. The remaining incidents are considered low risk.</p> <p>Trends and patterns will be reported to the IG Group and are reported as they happen to the relevant SIRO's. The NYFRS also report incidents into their audit committee. An organisation wide SIRO report is in development.</p> <p>Be the point of contact for the ICO for incidents - The YNYCA is registered with the ICO as Data Controller with Veritau as its Data Protection Officer.</p>
<p>▲ Freedom of information/EIR</p>	<p>Develop a process for managing requests across the YNYCA including NYFRS/OFPCC - this is now in place.</p> <p>Co-ordinate responses to Freedom of Information/EIR requests. Providing training, advice and guidance to service areas. Acting as the first point of contact with the ICO - this is also now in place.</p> <p>Veritau is also monitoring compliance and as of August 2024 compliance (the % of requests completed in the statutory time limit) was 82% across the whole of the Authority including NYFRS and the OFPCC. Compliance across the individual area of the Authority is as follows - YNYCA - 50%, NYFRS - 85% and OFPCC - 86%. There is further work to do in this area as the ICO expects a compliance rate of 95%.</p> <p>Training for senior staff is being planned in Oct/Nov.</p>
<p>▲ Data subject rights</p>	<p>Develop a process for managing requests across the YNYCA including NYFRS/OFPCC - this is in place</p> <p>Co-ordinate responses to personal data subject requests. Providing training, advice and guidance to service areas. Acting as the first point of contact with the ICO - this is also now in place.</p>

Area	Progress
	<p>Veritau is also monitoring compliance and as of August 2024, compliance (the % of requests completed in the statutory time limit) was 79% across the whole of the Authority including NYFRS and the OFPCC. Compliance across the individual area of the Authority is as follows - YNYCA had no requests, NYFRS - 73% and OFPCC - 85%. There is work to do in this area as the ICO expects a compliance rate of 95%.</p> <p>Training for senior staff is being planned in Oct/Nov.</p>
<p>▲ Advice and support</p>	<p>Veritau has been providing advice and guidance on a range of data protection / information governance matters.</p>

- 18 Whilst IG/DP work is being co-ordinated across the Authority, there is a risk of non-compliance with Information Rights legislation by not having single policies/processes/formalised working arrangements across the organisation. Work on developing single policies and processes has therefore been included in the IG/DP action plan and will continue during the next period.

Risk Management

- 19 Veritau has been engaged to support the Authority with developing and maintaining its risk management framework. It remains the responsibility of Authority's officers to identify and manage risks associated with the delivery of services, programmes, and projects. The Audit and Governance Committee should therefore seek assurance that the Authority's risk management arrangements remain effective.
- 20 Developing an organisation wide risk management policy and clarifying the governance arrangements is one of many challenges for the new Authority. This includes ensuring these arrangements are operating efficiently, and not just duplicating inherited arrangements, where these are in place.
- 21 We have had some initial conversations with the Authority's Director of Resources on how to take this work forward. We expect in the second half of the year to help officers to start to develop the strategic risk register and the internal monitoring and reporting arrangements.

Counter Fraud

- 22 A small amount of time is available for counter fraud support, including for reactive investigations of suspected fraud affecting the authority, supporting the development of the counter fraud framework and for pro-active work to help raise awareness of relevant issues.

- 23 To date there have been no referrals from the combined authority for reactive work. Veritau has met with the Authority's communications team to discuss raising awareness of fraud risks and reporting arrangements.



Audit Progress Report

York and North Yorkshire Combined Authority

October 2024

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Audit progress

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Audit progress

Audit environment

On 7 February 2024, the government and the National Audit Office released a 4-week consultation on their proposals to address the national backlog. The plans were to reset, recover and reform the system.

Department for Levelling Up, Housing and Communities (DLHUC) proposals

To clear the backlog of accounts and ‘reset’ the system, the previous government department DLHUC proposed putting a date in law (the “backstop date”) – 30 September 2024 – by which point local councils would publish audited accounts for all outstanding years up to and including 2022/23.

Local auditors would issue a modified or disclaimed opinion on outstanding accounts if they do not have enough time to complete all audit work before the backstop date.

To ‘recover’ the system, DLUHC proposed to put further backstop dates into law for the publication of audited accounts by local bodies.

On 30 July 2024, the newly renamed Ministry of Housing, Communities and Local Government published a statement including the proposed backstop dates, set out below.

- Financial years up to and including 2022/23: 13 December 2024
- Financial year 2023/24: 28 February 2025
- Financial year 2024/25: 27 February 2026
- Financial year 2025/26: 31 January 2027
- Financial year 2026/27: 30 November 2027
- Financial year 2027/28: 30 November 2028

Further detail can be found in section 3 of this report. The firm is currently considering what this will mean for audits that remain outstanding for 2023/24 and earlier years.

Chartered Institute of Public Finance Accountancy (CIPFA) proposals

CIPFA consulted on temporary changes to the Code of Practice on Local Authority Accounting which include extending overrides on infrastructure assets, simplifying the professional revaluation of operational property, and reducing disclosure requirements around net pension assets and liabilities for at least two years.

As of July 2024, CIPFA is no longer considering the temporary measures from earlier in the year, it is instead considering longer-term measures.

2023/24 update

As at the time of writing this progress report, we have not received approved draft financial statements for the Authority for the two-month period ending 31 March 2024. As such we plan to back stop the York and North Yorkshire Combined Authority 2023/24 external audit and rebuild assurance as part of the 2024/25 audit.

Audit firms are currently considering what audit work will be required to back stop audits. As a minimum we expect to present our Audit Strategy Memorandum and Annual Auditor’s Report (including our commentary on your Value for Money Arrangements) for 2023/24, which we plan to present at the January 2025 meeting of the Audit and Governance Committee.

We will continue to liaise with management and agree completion timescales.

02

Value for Money approach

Value for money (VFM) arrangements

The framework for value for money work

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

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

Specified reporting criteria

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

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

Our approach

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

We have issued our VFM self-assessment to management which will provide a good platform for our 2023/24 assessment. We anticipate Governance will be a key area of focus, given the organisation's status as a new entity and the associated inherent risks.

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

03

National Publications

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National publications and other updates

	Publication/Update	Key Points
National Audit Office (NAO)		
1	Measures to tackle backlog in local audit.	Reforms announced to clear the significant backlog in the auditing of local bodies' accounts in England.
2	Overcoming challenges to managing risks in government, December 2023	The NAO has published a guide Overcoming challenges to managing risks in government aimed at senior leaders and risk practitioners across government.
3	NAO report: Use of artificial intelligence in government, March 2024	The NAO has published a report considering how effectively the government has set itself up to maximise the opportunities and mitigate the risks of Artificial Intelligence (AI) in providing public services.
Department for Levelling Up Homes and Communities (DLUHC)		
4	Capital finance: guidance on minimum revenue provision, April 2024	Statutory guidance on the Minimum Revenue Provision.
CPFA		
5	Code of Practice on Local Authority Accounting in the UK 2024/25, May 2024	Code of Practice for 2024/25 financial statements.
6	IFRS16 Leases: A Guide for Local Authority Practitioners 2023 Edition, May 2023	Guidance for Local Authorities in implementing IFRS16, lease accounting.
Other		
7	FRC report on the quality of major local audits, December 2023	Annual report from FRC inspections of local audits.

National publications and other updates

NAO Publications

1. Measures to tackle worsening backlog in local audit

There is currently a backlog of outstanding audits and this is expected to increase to around 1,000 by the end of September 2024.

In July 2024 the Minister for State announced in the House of Commons measures to tackle the backlog in auditing the accounts of councils and other local bodies. These measures, the Minister stated, are intended to rebuild the foundations of local government financial reporting.

Secondary legislation will be laid to set a statutory backstop of 13 December 2024 for the publication of audited accounts for all financial years up-to-and-including 2022/23. It is recognised that this will mean not all audits being completed and consequently auditors will issue 'disclaimed' or 'modified' audit opinions for hundreds of audits. The proposals will also set backstop for subsequent years up to 2028 which are intended to recognise the need for auditors to rebuild assurance.

If any bodies fail to comply with a backstop date they would be required to publish an explanation, send a copy to the Secretary of State, and publish audited accounts as soon as practicable. The government also intends to publish a list of bodies and auditors that do not meet the proposed backstop dates.

Auditors' other statutory duties – including to report on Value for Money (VfM) arrangements, to make statutory recommendations and issue Public Interest Reports – remain a high priority.

The proposed backstop dates are:

Financial years up-to-and-including 2022/23: 13 December 2024

Financial year 2023/24: 28 February 2025

Financial year 2024/25: 27 February 2026

Financial year 2025/26: 31 January 2027

Financial year 2026/27: 30 November 2027

Financial year 2027/28: 30 November 2028

<https://www.gov.uk/government/news/significant-measures-to-tackle-worsening-backlog-in-local-audit#:~:text=The%20proposed%20backstop%20dates%20are,2024%2F25%3A%2027%20February%202026>

National publications and other updates

NAO Publications

2. NAO Insight: Overcoming challenges to managing risks in government, December 2023

The NAO has published a guide Overcoming challenges to managing risks in government aimed at senior leaders and risk practitioners across government.

The guide outlines 10 approaches to overcome these challenges and each approach is supported by an outline of why this is a priority for government; case studies and quotes; and practical tips.

The guide has been drawn from insights from NAO's reports and insight teams, as well as the thoughts of a range of leaders and practitioners from NAO audited bodies and external organisations across industry and academia.

<https://www.nao.org.uk/insights/overcoming-challenges-to-managing-risks-in-government/>

3. NAO report: Use of artificial intelligence in government

The NAO has published a report considering how effectively the government has set itself up to maximise the opportunities and mitigate the risks of Artificial Intelligence (AI) in providing public services. The primary focus for this report is the role of the Cabinet Office and DSIT in supporting the adoption of AI in the public sector. Specifically, the report looks at:

- the government's strategy and governance for AI use in public services (Part One).
- how government bodies are using AI and how government understands the opportunities (Part Two).
- central government's plans for supporting the testing, piloting and scaling of AI; and progress in addressing barriers to AI adoption (Part Three).

<https://www.nao.org.uk/reports/use-of-artificial-intelligence-in-government/>

National publications and other updates

DLUHC Publications

4. Capital finance: guidance on minimum revenue provision, April 2024

Following its consultation, DLUHC has published its response to the consultation, and a revised, 5th edition of its guidance for local authorities on determining a prudent level of minimum revenue provision when investing in their capital assets. This 5th edition of the guidance applies for accounting periods starting on or after 1 April 2025, with the exception of paragraphs 74 to 77 of the guidance which apply from 7 May 2024. The guidance is issued under section 21(1A) of the Local Government Act 2003. Under that section local authorities are required to “have regard” to this guidance.

<https://www.gov.uk/government/consultations/changes-to-the-capital-framework-minimum-revenue-provision/outcome/government-response-to-the-consultation-on-changes-to-statutory-guidance-and-regulations-minimum-revenue-provision>

<https://www.gov.uk/government/publications/capital-finance-guidance-on-minimum-revenue-provision-third-edition/capital-finance-guidance-on-minimum-revenue-provision-5th-edition>

National publications and other updates

CIPFA Publications

5. Code of Practice on Local Authority Accounting in the UK 2024/25, May 2024

CIPFA has published its 2024/25 Code of Practice. This 2024/25 edition of the Code has been developed by CIPFA/LASAAC and has effect for financial years commencing on or after 1 April 2024.

The Code specifies the principles and practices of accounting required to prepare financial statements which give a true and fair view of the financial position and transactions of a local authority. The Code applies to local government organisations across the UK including local authorities, police bodies, fire services and other local public service bodies.

This edition of the Code introduces mandatory adoption of IFRS 16 Leases. Other amendments include:

- a suggestion that narrative reporting could reflect on the risk that a Section 114 notice might be issued
- recent changes to the IFRS treatment of sale and leaseback arrangements
- specifying the treatment on initial application of IFRS 16 where service concession arrangements provide for variable payments that depend on an index or rate.

<https://www.cipfa.org/policy-and-guidance/publications/c/code-of-practice-on-local-authority-accounting-in-the-united-kingdom-202425-online>

6. IFRS16 Leases: A Guide for Local Authority Practitioners 2023 Edition, May 2023

This publication provides guidance on IFRS 16 Leases for 2022/23, which is applicable to those authorities deciding to voluntarily implement the requirements of Appendix F of the Code (which includes the specifications applicable to those entities implementing IFRS 16 as of 1 April 2022). It will also be of interest to those intending to apply as of 1 April 2023 and those mandatorily implementing as of 1 April 2024.

This guidance on IFRS 16 provides comprehensive coverage of the proposed requirements for lessees. Although there have not been significant changes to the requirements for lessors, the guidance also includes extensive commentary on this area.

<https://www.cipfa.org/policy-and-guidance/publications/i/ifrs-16-leases-a-guide-for-local-authority-practitioners-2023-edition>

National publications and other updates

Other Publications

7. FRC report on the quality of major local audits, December 2023

The Financial Reporting Council (FRC) has published its report on the quality of major local audits which summarises the FRC's regulatory approach for financial years up to and including the year ended 31 March 2023 and sets out the findings from the 2022-23 inspections cycle.

There were six health and four local government audits selected for inspection in the 2022-23 cycle. The audits inspected had year-ends in March (or in one case May) 2021 (local government) and March 2022 (health). For local government audits, inspections were selected from those finished in the 2022 calendar year (regardless of the financial year the audit related to) due to the challenges brought on by the backlog.

Therefore, more audits were inspected from the health sector and as a result, the findings in the report are more indicative of audit quality in the health sector. All financial statement audits were assessed as good or limited improvements required. Areas requiring limited improvements included:

Audit procedures regarding completeness and accuracy of expenditure.

On the audit of one NHS Trust, the inspection concluded that audit procedures were not sufficiently tailored to address the impact of backlog maintenance.

In terms of value for money (VfM) inspections, six related to health and three local government bodies. This is less than the number of financial statement audits inspected because the auditor's work on VfM arrangements was not complete on one audit that was inspected. All VfM inspections were assessed as good or limited improvements required. Areas requiring limited improvements included:

Risk assessment procedures not being performed in a timely manner.

Not considering the arrangements in place at the body to manage, monitor and oversee its subsidiaries.

The audit team not updating their initial risk assessment or reporting to consider how the body had achieved its outturn financial position.

[FRC publishes report on the quality of major local audits amid delays in local government](#)

Contact

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AUDIT AND GOVERNANCE COMMITTEE MEETING

15 OCTOBER 2024

LOCAL GOVERNMENT & SOCIAL CARE OMBUDSMAN – ANNUAL REVIEW LETTER 2024

Report of the Governance and Assurance Manager

1.0 Purpose of the Report

- 1.1 To provide the Audit and Governance Committee with the Local Government & Social Care Ombudsman's (LGSCO) annual summary of statistics regarding complaints received in relation to York and North Yorkshire Combined Authority for the year ended 31 March 2024.

2.0 Recommendations

- 2.1 Members are asked to note the Local Government & Social Care Ombudsman's annual review letter 2024.

3.0 Background

- 3.1 The Local Government & Social Care Ombudsman provides an independent final stage of complaint for persons who have exhausted the Combined Authority's own complaints procedure.
- 3.2 Each year LGSCO issues a letter to authorities providing a summary of the complaints received by LGSCO in the previous financial year – including a summary of decisions reached in that time.
- 3.3 One of the purposes of Annual Review Letters to authorities is to help ensure that learning from complaints informs scrutiny at the local level. Sharing the learning from our investigations and supporting the democratic scrutiny of public services continues to be one of LGSCO's key priorities.
- 3.4 LGSCO has provided the Combined Authority with its letter for the period ending 31 March 2024. This covers a short time period from the Combined Authority's launch and is a nil return.

4.0 Financial Implications

- 4.1 There are no financial implications associated with this report.

5.0 Legal Implications

- 5.1 The Combined Authority has a statutory duty to promote and maintain high standards of conduct.

6.0 Equalities Implications

6.1 There are no equalities implications associated with this report.

7.0 Environmental Implications

7.1 There are no environmental implications associated with this report.

8.0 Combined Authority Areas Impacted (Council Areas/Wards/Divisions)

8.1 All areas.

9.0 Recommendations

9.1 That the Local Government & Social Care Ombudsman's annual review letter 2024 be noted.

10.0 Reasons For Recommendations

10.1 To provide openness and transparency.

11.0 Contact Details

For further information please contact the authors of this Report.

Author

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Report approved:	Rachel Antonelli
Date:	7 October 2024

Background papers:

- [Local Government & Social Care Ombudsman](#)

Appendices –

- Appendix 1 - Annual Review Letter 2024

17 July 2024

By email

Mr Farrar
Interim Director of Economy (Head of Paid Service)
York and North Yorkshire Combined Authority

Dear Mr Farrar

Annual Review letter 2023-24

I write to you with your annual summary of complaint statistics from the Local Government and Social Care Ombudsman for the year ending 31 March 2024. The information offers valuable insight about your organisation's approach to complaints, and I know you will consider it as part of your corporate governance processes. As such, I have sought to share this letter with the Mayor to ensure effective ownership and oversight of complaint outcomes, which offer valuable opportunities to learn and improve. In addition, this year, we have encouraged Monitoring Officers to register to receive the letter directly, supporting their role to report the decisions we uphold to their authority.

For most of the reporting year, Paul Najsarek steered the organisation during his tenure as interim Ombudsman, and I was delighted to take up the role of Ombudsman in February 2024. I look forward to working with you and colleagues to ensure we continue to harness the value of individual complaints and drive and promote systemic change and improvement across the local government landscape.

While I know this ambition will align with your own, I am aware of the difficult financial circumstances and service demands that make continuous improvement a challenging focus for the sector. However, we will continue to hold organisations to account through our investigations and recommend proportionate actions to remedy injustice. Despite the challenges, I have great confidence that you recognise the valuable contribution and insight complaints, and their swift resolution, offer to improve services for the public.

Complaint statistics

Our statistics focus on three key areas that help to assess your organisation's commitment to putting things right when they go wrong:

Complaints upheld - We uphold complaints when we find fault in an organisation's actions, including where the organisation accepted fault before we investigated. We include the total number of investigations completed to provide important context for the statistic.

Compliance with recommendations - We recommend ways for organisations to put things right when faults have caused injustice and monitor their compliance with our recommendations. Failure to comply is rare and a compliance rate below 100% is a cause for concern.

Satisfactory remedy provided by the authority - In these cases, the organisation upheld the complaint and we agreed with how it offered to put things right. We encourage the early resolution of complaints and give credit to organisations that accept fault and find appropriate ways to put things right.

Supporting complaint and service improvement

In February, following a period of consultation, we launched the [Complaint Handling Code](#) for councils, setting out a clear process for responding to complaints effectively and fairly. Twenty councils have volunteered to take part in an implementation pilot over the next two years that will develop further guidance and best practice.

The Code is issued to councils under our powers to provide guidance about good administrative practice. We expect councils to carefully consider the Code when developing policies and procedures and will begin considering it as part of our processes from April 2026 at the earliest.

The Code is considered good practice for all organisations we investigate (except where there are statutory complaint handling processes in place), and we may decide to issue it as guidance to other organisations, such as yours, in future.

Our successful complaint handling training programme continues to develop. All our courses include practical interactive workshops that help participants develop their complaint handling skills. We delivered 126 online workshops during the year, reaching more than 1,700 people. To find out more visit www.lgo.org.uk/training or get in touch at training@lgo.org.uk.

Returning to the theme of continuous improvement, we recognise the importance of reflecting on our own performance. With that in mind I encourage you to share your view of our organisation via this survey: <https://www.smartsurvey.co.uk/s/ombudsman/>. Your responses will help us to assess our impact and improve our offer to you. We want to gather a range of views and welcome multiple responses from organisations, so please do share the link with relevant colleagues.

Yours sincerely,

A solid black rectangular box used to redact the signature of Amerdeep Somal.

Amerdeep Somal
Local Government and Social Care Ombudsman
Chair, Commission for Local Administration in England

Complaints upheld

The Ombudsman carried out no investigations in this period

Compliance with Ombudsman recommendations

No recommendations were due for compliance in this period

Satisfactory remedies provided by the authority

The Ombudsman did not uphold any complaints in this period

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AUDIT AND GOVERNANCE COMMITTEE MEETING

15 OCTOBER 2024

AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME

Report of the Governance and Assurance Manager

1.0 Purpose of the Report

- 1.1 To present the latest Audit and Governance Work Programme attached at Appendix 1.

2.0 Recommendations

- 2.1 Members are asked to note the work programme attached at Appendix 1.

3.0 Background

- 3.1 The Audit and Governance Committee is established under Schedule 5A of the Local Democracy, Economic Development and Construction Act 2009, in order to:

- (a) Review and scrutinise the authority's financial affairs,
- (b) Review and assess the authority's risk management, internal control and corporate governance arrangements,
- (c) Review and assess the economy, efficiency and effectiveness with which resources have been used in discharging the authority's functions, and
- (d) Make reports and recommendations to the combined authority in relation to reviews conducted regarding the above.

- 3.2 The Committee maintains and agrees a work programme throughout the year to carefully manage its responsibilities.

- 3.3 The Combined Authority, and its Audit and Governance Committee, are developing at pace and its work programme will grow throughout the remainder of this municipal year. It is important that the work programme remain fluid in this period to allow the Committee to remain responsive to emerging issues and shifting timescales.

4.0 Other Work

4.1 The Committee participated in a training and induction session on 1 October 2024 covering Assurance at the Combined Authority, presented by the Combined Authority's Head of Assurance.

5.0 Financial Implications

5.1 There are no financial implications associated with this report.

6.0 Legal Implications

6.1 There are no legal implications associated with this report.

7.0 Equalities Implications

7.1 There are no equalities implications associated with this report.

8.0 Environmental Implications

8.1 There are no environmental implications associated with this report.

9.0 Combined Authority Areas Impacted (Council Areas/Wards/Divisions)

9.1 All areas.

10.0 Recommendations

10.1 That the work programme at Appendix 1 be noted.

11.0 Reasons For Recommendations

11.1 To effectively manage the Committee's programme of work.

12.0 Contact Details

For further information please contact the authors of this Report.

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Report approved:	Rachel Antonelli
Date:	7 October 2024

Background papers:

- None

Appendices –

- Appendix 1 – Work Programme

AUDIT AND GOVERNANCE COMMITTEE

Programme of Work

		Oct-24	Jan-25	Apr-25
Induction / Training / General Introduction to Key Officers Introduction to Internal Auditors Introduction and Financial Overview Treasury Management Training Appointment of Chair/Vice Work Programme Update				
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External Audit External Audit Plan External Audit progress - Value for Money / Audit External Audit Annual Report External Audit Letter of External Auditor External Audit Grant letter External Audit Strategy Memorandum Appointment of External Auditors - PSAA	EA			
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