

# **Independent auditor's report to the members of York and North Yorkshire Combined Authority**

## **Report on the audit of the financial statements**

### **Disclaimer of opinion on the financial statements**

We were appointed to audit the financial statements of York and North Yorkshire Combined Authority ("the Combined Authority") for the period ended 31 March 2024, which comprise of the Movement in Reserves Statement period from 20 December 2023 to 31 March 2024, Comprehensive Income and Expenditure Statement for the period from 20 December 2023 to 31 March 2024, Balance Sheet as at 31 March 2024 and Cash Flow Statement for the period from 20 December 2023 to 31 March 2024 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 2023/24.

We do not express an opinion on the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

### **Basis for disclaimer of opinion**

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 ('The Amendment Regulations') came into force. The Amendment Regulations require the Combined Authority to publish its Accountability Statements, which include the financial statements and auditor's opinion for the period ended 31 March 2024, by 28 February 2025 ('the backstop date').

The backstop date introduced by the Amendment Regulations has impeded our ability to obtain sufficient appropriate evidence upon which to form an opinion on the financial statements as there has been insufficient time to perform all necessary audit procedures.

### **Responsibilities of the Director of Resources for the financial statements**

As explained more fully in the Statement of the Director of Resources' Responsibilities, the Director of Resources 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 2023/24, and for being satisfied that they give a true and fair view. The Director of Resources is also responsible for such internal control as the Director of Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Director of Resources is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and prepare the financial statements on a going concern basis on the assumption that the functions of the Combined Authority will continue in operational existence for the foreseeable future. The Director of Resources is responsible for assessing whether or not it is appropriate for the Combined Authority to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

### **Auditor's responsibilities for the audit of the financial statements**

Our responsibility is to conduct an audit of the Combined Authority's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements. In reaching this judgement we have complied with the requirements of the Code of Audit Practice and have had regard to the Local Audit Reset and

Recovery Implementation Guidance published by the National Audit Office and endorsed by the Financial Reporting Council.

We are independent of the Combined Authority 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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor’s report.

**Report on the Combined Authority’s arrangements for securing economy, efficiency, and effectiveness in its 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 Combined Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the period ended 31 March 2024.

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in November 2024, we have identified the following significant weaknesses in the Authority’s arrangements for the period ended 31 March 2024.

Significant weakness in arrangements	Recommendation
Our review of the Authority’s financial management arrangements has identified the absence of a Medium-Term Financial Strategy (MTFS). This is evidence of significant weaknesses in the Combined Authority’s arrangements for governance and financial sustainability.	The Authority should: <ul style="list-style-type: none"><li>Integrate its financial planning arrangements into the corporate and service planning processes.</li><li>Promptly develop and monitor a MTFS that aligns with its strategic objectives.</li><li>Regularly update and monitor the MTFS to ensure decisions are based on the most current financial information.</li></ul>
During the 3 months to 31 March 2024, the Combined Authority did not have in place the expected arrangements for managing its operating and business risks. This is evidence of significant weaknesses in the Combined Authority’s arrangements for governance and improving economy, efficiency and effectiveness in its use of resources.	The Combined Authority should implement, approve and embed: <ul style="list-style-type: none"><li>A Risk Management Policy and framework, ensuring it integrates Police and Fire functions.</li><li>A Performance Management framework with clearly defined key performance measures and indicators linked to the Authority’s strategic objectives and plans.</li></ul>
For the period ending 31 March 2024, the draft financial statements were published on 16	The Combined Authority should:

<p>January 2025, missing the statutory 31 May 2024 deadline. In addition our initial review of the draft financial statements identified issues with the quality control process supporting the production of the accounts, including casting and consistency errors.</p> <p>Our review of the Annual Governance Statement (AGS) also highlighted gaps in the Authority's leadership team and scrutiny arrangements, which extend to the finance team. This is evidence of significant weaknesses in the Combined Authority's arrangements for governance and financial sustainability.</p>	<ul style="list-style-type: none"> <li>• Ensure the finance team has the capacity and capability to produce reliable and fully supported annual financial statements, including Group accounts.</li> <li>• Establish and adhere to a detailed accounts closedown plan to support production of its annual financial statements in line with the statutory timescales.</li> <li>• Define and formalise governance and scrutiny arrangements for the Group financial reporting.</li> </ul>
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## Responsibilities of the Combined Authority

The Combined Authority is responsible for putting in place proper arrangements to secure economy, efficiency, and effectiveness in its 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 Combined Authority 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 Combined Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

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

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

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

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

We have nothing to report in these respects.

We are also required by the Code of Audit Practice, to give an opinion on whether other information published together with the audited financial statements, is consistent with the financial statements. Because of the matter described in the Basis for Disclaimer of Opinion section we do not express an opinion on the financial statements. We also do not express an opinion on whether other information published together with the audited financial statements is consistent with the financial statements.

## Use of the audit report

This report is made solely to the members of the Combined Authority, 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 Combined Authority 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 Combined Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

## **Certificate**

We certify that we have completed the audit of York and North Yorkshire Combined Authority in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.



Mark Outterside, Key Audit Partner  
For and on behalf of Forvis Mazars LLP

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27 February 2025