

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

## 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) and its subsidiaries ('the Group') for the year ended 31 March 2025, which comprise the Movement in Reserves Statement 2024/25 York & North Yorkshire Combined Authority – Single Entity, Comprehensive Income & Expenditure Statement York & North Yorkshire Combined Authority – Single Entity, Movement in Reserves Statement 2024/25 York & North Yorkshire Combined Authority – Group, Comprehensive Income & Expenditure Statement York & North Yorkshire Combined Authority – Group, Balance Sheet York & North Yorkshire Combined Authority Single Entity & Group, Cash Flow Statement York & North Yorkshire Combined Authority Single Entity & Group, Firefighters Pension Fund Account for the Period Ended 31<sup>st</sup> March 2025, Firefighters Pension Fund Net Assets Statement for Period Ended 31<sup>st</sup> March 2025, Police Pension Fund Account for Period Ended 31<sup>st</sup> March 2025, Police Pension Fund Net Assets Statement for Period Ended 31<sup>st</sup> March 2025 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 2024/25.

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 specify the date by which the Authority is required to publish its Accountability Statements, which include the financial statements and the auditor's opinion, for each financial year. The Combined Authority is required to publish its Accountability Statements for the year ended 31 March 2025, by 27 February 2026 ('the 2026 backstop date').

On 27 February 2025 a disclaimer of opinion was issued in relation to the financial statements for the period ended 31 March 2024. The disclaimer of opinion was issued as there was insufficient time to perform all necessary audit procedures to obtain sufficient appropriate evidence upon which to form an opinion before the relevant backstop date specified in the Amendment Regulations.

The National Audit Office issued guidance to auditors on rebuilding assurance following backstop-related disclaimers of opinion through Local Audit Reset and Recovery Implementation Guidance 06 ("LARRIG 06") in June 2025. We have had regard to LARRIG 06 and other relevant guidance and determined that there is not sufficient time to carry out the procedures we deem necessary to rebuild assurance. As a result, we are not able to obtain sufficient appropriate evidence upon which to form an opinion on the financial statements for the year ended 31 March 2025 before the 2026 backstop date.

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

As explained more fully in the Statement of the 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 2024/25, 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 2024/25 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 each year whether or not it is appropriate for the Combined Authority and Group 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 and Group’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 and Group 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 view 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 year ended 31 March 2025.

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 Combined Authority’s arrangements for the year ended 31 March 2025:

<b>Significant weakness in arrangements</b>	<b>Recommendation</b>
<p>During 2024/25, the Audit and Governance Committee did not receive internal audit updates for Policing or Fire &amp; Rescue, limiting its oversight of the Combined Authority’s internal control environment.</p> <p>In our view, this gap represents a significant weakness in governance, reducing the Committee’s ability to gain assurance over risk management, internal controls, and fraud prevention.</p>	<p>The Combined Authority should ensure the Audit and Governance Committee receives regular internal audit updates for Policing and Fire &amp; Rescue so it can discharge its responsibilities across all areas of the Authority.</p>

In February 2025, we identified significant weaknesses in relation to financial sustainability, governance and improving economy, efficiency and effectiveness for the 2023/2024 period. In our view the significant weaknesses remained for the year ended 31 March 2025:

Significant weakness in arrangements – issued in a previous year	Recommendation
<p>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.</p>	<p>The Authority should:</p> <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>
<p>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.</p>	<p>The Combined Authority should implement, approve and embed:</p> <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>
<p>For the period ending 31 March 2024, the draft financial statements were published on 16 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>	<p>The Combined Authority should:</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>

### Responsibilities of the Accounting Officer

The Combined Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the Combined Authority'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 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.

## **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 York and North Yorkshire Combined Authority, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the 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.

## **Delay in certification of completion of the audit**

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

- The National Audit Office has communicated the work we are required to undertake as component auditors for the Whole of Government Accounts; and
- We have completed our work on an objection raised in relation to the Combined Authority's financial statements for the year ended 31 March 2025.



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For and on behalf of Forvis Mazars LLP

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27 February 2026