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North Yorkshire County Council

Auditor's Annual Report for the years 2021/2022 and 2022/2023

Draft for Discussion March 2025

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Key messages

Audit report on the financial statements

2021/22 and 2022/23

We issued an unqualified opinion on the Council's 2021/22 and 2022/23 financial statements on 21 March 2024 and 18 December 2024, respectively.

The Council's arrangements to secure Value for Money in the use of resources

Financial year	Risk assessment	Conclusion
2021/22	No risk of significant weakness.	No significant weaknesses identified. We have raised two Deloitte insights relating to the Council's arrangements in relation to financial sustainability and governance.
2022/23	No risks of significant weakness.	No significant weaknesses identified.

Purpose of this report

Our Auditor's Annual Report sets out the key findings arising from the work we have carried out at North Yorkshire County Council ("the Council") for the years ended 31 March 2022 and 31 March 2023.

This report is intended to bring together the results of our work over the years at the Council, including commentary on the Council's arrangements to secure economy, efficiency and effectiveness in the use of resources ("Value for Money", "VfM"). This report fulfils the requirements of the Accounts and Audit Regulations for an Annual Audit Letter.

In preparing this report, we have followed the National Audit Office's ("NAO") Code of Audit Practice and its Auditor Guidance Note ("AGN") 03, Value for Money, and AGN 07, Auditor Reporting. These are available from the NAO website.

A key element of this report is our commentary on the Council's arrangements to secure economy, efficiency and effectiveness in the use of resources ("Value for Money", "VfM"). Our work considering these arrangements is based on our assessment of the adequacy of the arrangements the Council has put in place, based on our risk assessment. The commentary does not consider the adequacy of every arrangement the Council has in place, nor does it provide positive assurance that the Council is delivering or represents value for money.

Where we identify recommendations, we indicate whether these are:

- Recommendations in respect of significant weaknesses in the Council's VfM arrangements, which we are required to make in accordance with paragraph 54 of AGN 03 where we identify a significant weakness; or
- Other recommendations, which we have indicate as "Deloitte Insights" (and which are summarised in Appendix 1).

We have not identified any significant weaknesses in the Council's VfM arrangements, and so have not reported any recommendations in respect of significant weaknesses.

Opinion on the financial statements

We provide an independent opinion whether the Council's financial statements:

- Give a true and fair view of the financial position of the Council and group at 31 March 2022 and 31 March 2023 and of the Council's income and expenditure 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.

The full opinion is included in the Council's Statement of Accounts, which can be obtained from the Council's website.

We conduct our audit in accordance with the NAO's Code of Audit Practice, International Standards on Auditing (UK) ("ISAs (UK)") and applicable law.

We are independent of the Council in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

Audit opinion on the financial statements: We issued an unqualified opinion on the Council and group's financial statements on 21 March 2024 for the 2021/2022 audit and on 18 December 2024 for the 2022/2023 audit. We did not identify any matters where, in our opinion, proper practices had not been observed in the compilation of the financial statements.

Narrative Report: We reported that the information given in the Narrative Report for the years ended 31 March 2022 and 31 March 2023 is consistent with the financial statements.

Annual Governance Statement: We did not identify any matters where, in our opinion, the Annual Governance Statement did not meet the disclosure requirements set out in the Code of Practice on Local Authority Accounting, was misleading, or was inconsistent with information of which we are aware from our audit.

Reports in the public interest and duties as public auditor: We did not exercise any of our additional reporting powers in respect of the years ended 31 March 2022 and 31 March 2023.
We did not receive any queries or objections from local electors.

Audit Certificate: We certified completion of the audits on 18 December 2024, following completion of our responsibilities in respect of the audits for the year ended 31 March 2022 and 31 March 2023.

Our financial statement audit approach

An overview of the scope of the audit

Our audit was scoped by obtaining an understanding of the Council and the environment it operates in, including internal control, and assessing the risks of material misstatement to the financial statements. Our risk assessment procedures include considering the size, composition and qualitative factors relating to account balances, classes of transactions and disclosures. This enables us to determine the scope of further audit procedures to address identified risks of material misstatement.

Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team, led by the audit partner, Nicola Wright. The audit team included integrated Deloitte specialists bringing specific skills and experience in property valuations, pension valuations and Information Technology systems.

Materiality

Our work is planned and performed to detect material misstatements. We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the Group in 2022/23 to be £24.7m (2021/2022: £21.4m) and Council in 2022/23 to be £21.4m (2021/2022: £21.2m), on the basis of 2% of Gross Revenue Expenditure.

In 2022/23, we agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £1.2m (2021/2022: £1.0m) as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also reported to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Procedures for auditing the financial statements

Our audit of the financial statements included:

- Developing an understanding of the Council and group, including its systems, processes, risks, challenges and opportunities and then using this understanding to focus audit procedures on areas where we consider there to be a higher risk of misstatement in the financial statements;
 - Performing sample tests on balances in the financial statements to supporting documentary evidence, as well as other analytical procedures, to test the validity, accuracy and completeness of those balances; and
 - Data analytic techniques were used as part of audit testing, in particular in journal testing, using our Spotlight data analytics platform.
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Approach to audit risks

We focused our work on areas where we considered there to be a higher risk of misstatement. We refer to these areas as significant audit risks.

We provided a detailed audit plan to the Council's Audit Committee setting out what we considered to be the significant audit risks for the Council, together with our planned approach to addressing those risks. We have provided a summary of each of the significant audit risks on the following pages.

We have made recommendations in our Audit Committee reporting for improvement in the Council's policies, procedures and internal controls based on observations from our work. However, we do not consider these recommendations to reflect significant weaknesses in the Council's VfM arrangements.

Financial statement audit significant risks

Risk identified (2021/22 and 2022/23)	Deloitte response	Key observations
<p>Completeness of accrued expenditure</p> <p>Under UK auditing standards, there is a presumed risk of revenue recognition due to fraud. We have rebutted this risk in line with our approach in the prior year, and instead believe that a fraud risk lies with the completeness of expenditure (as well as management override of controls).</p> <p>In the current year, we have identified the risk as relating specifically to year end accruals.</p> <p>For North Yorkshire County Council, there is therefore an inherent risk that it may materially misstate its expenditure through the understatement of accruals in an attempt to report a more favourable year-end position. Furthermore, due to the formation of the new North Yorkshire Council, there is additional pressure on the capacity of the finance team which may impact the processes in place to identify accrued expenditure. There is therefore a heightened risk of error.</p>	<p>We completed the following procedures:</p> <ul style="list-style-type: none"> • We assessed the design and implementation of the controls in relation to recording the completeness of accruals; • We performed focused testing in relation to the completeness of accruals through testing a sample of post year end payments made. Due to the significant risk associated with the Council's processes in this area, we extended this to 91 days to cover the period between April and June; • We performed analytical procedures comparing current year expenditure to prior year to identify any missed expenditure lines; and • We performed detailed testing on a sample of accruals and challenged the assumptions used to ensure they are reasonable and complete. 	<p>We have not identified any adjustments above our clearly trivial threshold in relation to our testing of the completeness of accrued expenditure. We identified one recommendation in our testing of completeness of accrued expenditure, which was to ensure cost associated with care home expenditure have been properly accounted for in the right period.</p>

Financial statement audit significant risks (continued)

Risk identified (2021/22 and 2022/23)	Deloitte response	Key observations
<p>Management override of controls In accordance with ISA 240 (UK), management override of controls is a significant risk due to fraud for all entities. This risk area includes the potential for management to use their judgement to influence the financial statements as well as the potential to override the Council's controls for specific transactions.</p> <p>The key judgements in the financial statements include those which we have selected to be significant audit risks,(completeness of accrued expenditure) and any one off and unusual transactions where management could show bias. These are inherently the areas in which management has the potential to use their judgment to influence the financial statements.</p>	<p>We have considered the overall sensitivity of judgements made in preparation of the Statement of Accounts, and note that:</p> <ul style="list-style-type: none"> • The Council's results for the year were projecting overspends in operational areas. This was closely monitored and whilst projecting overspends, the underlying reasons were well understood. Actions were taken to address the issues identified and the year-end position was an underspend; and • Senior management's remuneration is not tied to particular financial results. • We have considered these factors and other potential sensitivities in evaluating the judgements made in the preparation of the financial statements <p>Journals</p> <ul style="list-style-type: none"> • We tested the design and implementation of controls in relation to journals. • We made inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. • We used Spotlight data analytics tools to test a sample of journals, based upon identification of items of potential audit interest. Our analysis has covered all journals posted in the year. <p>Significant transactions</p> <ul style="list-style-type: none"> • We did not identify any significant transactions outside the normal course of business or any transactions where the business rationale was not clear. <p>Accounting estimates</p> <ul style="list-style-type: none"> • We performed design and implementation testing of the controls over key accounting estimates and judgements. • We have considered the overall control environment and 'tone at the top'. • The key judgement in the financial statements is that selected as a significant audit risk: completeness of accrued expenditure. • We have reviewed accounting estimates for biases that could result in material misstatements due to fraud. We note that overall the changes to estimates in the period were balanced and did not indicate a bias to achieve a particular result. 	<p>From our work we have not identified any issues in relation to management override. We raised one recommendation in relation to the controls in place around the posting of journals as it was noted that there was no review of journals performed prior to posting. In addition to this, there was also no limit in place on the value of journals an individual can post. We recommended that controls in place around the journal process are tightened to ensure a review takes place prior to posting of journals or for journals above a certain level.</p>

Auditor's work on Value for Money (VfM) arrangements

The Accounting Officer and the Council are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money.

The Accounting Officer reports on the Council's arrangements, and the effectiveness with which the arrangements are operating as part of their Annual Governance Statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied that proper arrangements have been made to secure economy, efficiency and effectiveness in the use of resources. The National Audit Office's Code of Audit Practice sets out three reporting criteria for the auditor to consider. Under the backstop provisions, the areas to consider in respect of these criteria have been amended, and we are not required to report against 'improving economy, efficiency and effectiveness'.

Financial Sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services

Governance

How the body ensures that it makes informed decisions and properly manages its risks

In this report, we set out the findings from the work we have undertaken. Where we have found significant weaknesses in arrangements, we are required to make recommendations so that the Council can consider them and set out how it plans to make improvements. We have not identified any significant weaknesses in arrangements.

In planning and performing our work, we consider the arrangements that we expect bodies to have in place, and potential indicators of risks of significant weaknesses in those arrangements.

Our assessment of potential indicators has been performed in the context of the structural changes in Local Government during the 2021/2022 and 2022/2023 year ends, and the on-going impact of changes in national processes.

In addition to our financial statement audit, we performed a range of procedures to inform our VfM commentary, including:



Interviews with key stakeholders, including Gary Fielding, Director of Finance, Karen Iveson, Assistant Director of Finance and Paul Nicholson, Senior Accountant.



Review of Council and Committee reports and attendance at meetings.



Reviewing reports from third parties including internal audit.



Considering the findings from our audit work on the financial statements.



Review of the Council's Annual Governance Statement and Narrative Report.

VfM arrangements: Financial sustainability

Approach and considerations

We have considered how the Council plans and manages its resources to ensure it can continue to deliver its services, including:

- How the Council ensures it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;
 - How the Council plans to bridge its funding gaps and identifies achievable savings;
 - How the Council plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
 - How the Council ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning; and
 - How the Council identifies and manages risks to financial resilience, including challenge of the assumptions underlying its plans.
-

Commentary for 2021/22 and 2022/23

We concluded that there was not a significant weakness in the Council's arrangements, however, we have provided a recommendation to management in relation to securing financial sustainability in appendix 1 on page 15.

The Council recognised total comprehensive income of £465m for 2022/23 and £180m for 2021/2022. This is because of remeasurement of the net defined pension benefit which resulted in a surplus of £447m and £162m for 2022/23 and 2021/22 respectively, impacting Other Comprehensive Income.

At 31 March 2023, the Council had net assets of £1.8bn, which was £1.3bn as at 31 March 2022. Long-term assets increased by £47 million year-on-year, while long-term liabilities decreased by £421 million year-on-year. The increase in long-term assets resulted from a £50 million increase in PPE, offset by a £3 million decrease in other long-term assets. The decrease in long-term liabilities was primarily driven by a £393 million decrease in pension liabilities due to remeasurement.

Net current assets for 31 March 2023 was £332m and for 31 March 2022, this was £336m.

Cash for 31 March 2023 and 31 March 2022 was £99m and £74m respectively. This equalled 35% for 2022/2023 and 30% of current liabilities alone.

At 31 March 2023, the Council had total reserves of £1.8bn and at 31 March 2022, this was £1.3bn, which included a general fund balance and earmarked reserves of £332m.

The Council holds £348m for both years in short term investments, this balance equates to 139% for 2022/23 and 124% for 2021/22 of the total current liabilities. This is a strong indicator that the Council has the capability to repay its liabilities.

VfM arrangements: Financial sustainability (continued)

Commentary for 2021/22 and 2022/23

- The Council has an annual planning process, and process around identification of significant pressures and savings planning, which were in line with our expectations in the current operating environment.
- The Council reviews its medium term financial plan annually alongside the budget setting process. As part of this, the Assistant Director (AD) of Resources and the directorate finance teams consult with Service areas to review areas of financial pressure that have been identified through regular budget monitoring processes.
- The Council performs quarterly reviews of performance against the budget to assure itself of the affordability of its financial plan/budgets. Furthermore, the Overview and Scrutiny Committee provides an additional level of challenge to the plans put forward.
- Meetings are held between the Strategic Finance team and Strategy and Performance team to ensure the Council plan and the Medium Term Financial Strategy (MTFS) are aligned. The Council's Management Board, Executive Committee, and Council members are also engaged as part of this process. This is supported by the Let's Talk Money budget consultation, where there is consultation on the Strategic Priorities of the Council and where the public are asked to rank the importance of services when dividing the budget between services. The results of this exercise are fed back into the budget setting process.
- For financial year 2023/24 and beyond, the new Council identified several savings opportunities linked to Local Government Reorganisation. The savings proposals were reviewed and challenged over several months before the final savings plans were presented to members and agreed as part of the budget report for subsequent years. Some of these proposals have been categorised as "Stretch" opportunities due to the size of the programme and these may be undeliverable given the competing priorities and finite resource in support services. These proposals will be monitored and reviewed to assess feasibility of inclusion in future budget setting.

VfM arrangements: Governance

Approach and considerations

We have considered how the Council ensures that it makes informed decisions and properly manages its risks, including:

- How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- How the body approaches and carries out its annual budget setting process;
- How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed;
- How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency; and
- How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer behaviour.

Commentary for 2021/22 and 2022/23

We concluded that there was not a significant weakness in the Council's arrangements.

There is a risk management strategy which sets out in detail the purpose and principles underlying the strategy as well as the risk scoring, monitoring and reporting processes. The Audit Committee reviews the adequacy of the risk management arrangements and has oversight of the Council's system of internal control, including arrangements to prevent and detect fraud. The Audit Committee receives regular progress reports from the Counter Fraud Specialist in relation to any proactive and reactive work undertaken, and progress against the Counter Fraud work plan. The Council has an Anti-Fraud, Bribery and Corruption Policy. Counter fraud services are provided by Veritau.

Internal control matters at directorate level are reported to the Audit Committee and these included reporting on issues such as impact of budgetary pressures, workforce and assurance framework, these reports also included recommendations to be implemented.

The Council's Audit Committee approves the annual Internal Audit Plan and Counter Fraud Plan, and receives updates at committee meetings through the year, where there is consideration of any recommendations raised and management's action plan. The Committee also provides challenge to ensure the timely implementation of agreed actions in relation to previous recommendations. The Council uses its internal audit function to provide independent, objective assurance. The Council's Head of Internal Audit opinion for both years was "Substantial Assurance" that there is a good system of internal control designed to meet the organisation's objectives, and that controls are generally being applied consistently.

Budget setting combines elements of top down planning and modelling at a corporate level and bottom up intelligence gathering and forecasting in which individual departmental budget holders contribute. The top down part ensures that issues such as inflation rates, contracts and demographic changes are factored in while the bottom up methodology considers capacity or quality issues, new clinical standards or service specific issues.

VfM arrangements: Governance - continued

Commentary for 2021/22 and 2022/23

The Council produces a quarterly corporate performance report which includes a review of the actual outturn position against the budget, and details any significant variances. This is reported to the Authority quarterly, which ensures there is sufficient oversight of the budget monitoring process. The report also includes non-financial information and reports on how the Authority is achieving against its corporate plans.

The Council has a number of policies in place to ensure it makes properly informed decisions which are detailed within the Council's Constitution, which is reviewed regularly by the Executive. The Authority has an approved decision methodology for investment and divestment decisions, which includes approval by finance personnel, and other key factors. Where necessary, decisions will be reviewed by the executive management team for comment and to determine if the proposal should be approved. Business cases with supporting information are submitted to the relevant Committee for approval.

The Council also operates with five independent thematic overview and scrutiny committees.

The Council has a number of staff policies in place including a code of conduct. These are all contained within the Constitution and are available for all staff to access. Declarations of interest are maintained for all senior members of staff and decision making officers.

On 1 April 2023 the Council entered into a Local Government Reorganisation (LGR) and the establishment of North Yorkshire Council. As part of this the Council had a programme for the delivery of LGR with the key focus of ensuring that the new Council is Safe and Legal on vesting day. Prior to the effective date, a Transition (LGR) Overview and Scrutiny committee was constituted back in July 2022 to work alongside the existing five overview and scrutiny committees undertaking their 'business as usual' work, with a particular focus on helping to shape the development of the new unitary authority. This Committee ensured further scrutiny and challenge of the budget during the period of transition to the new Council.

Purpose of our report and responsibility statement

What we report

Our report fulfils our obligations under the Code of Audit Practice to issue an Auditor's Annual Report that brings together all of our work over the year, including our commentary on arrangements to secure value for money, and recommendations in respect of identified significant weaknesses in the Council's arrangements.

What we don't report

Our audit was not designed to identify all matters that may be relevant to the Audit Committee.

Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by management or by other specialist advisers.

Finally, our views on internal controls and business risk assessment should not be taken as comprehensive or as an opinion on effectiveness since they have been based solely on the audit procedures performed in the audit of the financial statements and work under the Code of Audit Practice in respect of Value for Money arrangements.

The scope of our work

Our observations are developed in the context of our audit of the financial statements.

We described the scope of our work in our audit plan.

Use of this report

This report has been prepared for the Council, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose.

Deloitte LLP

Newcastle upon Tyne | March 2025

Appendix 1: Recommendations

We have summarised below Deloitte insights where there are opportunities to strengthen arrangements to secure economy, efficiency and effectiveness in the use of resources.

Financial Sustainability

1. Improved accuracy in budgeting

Observation - 2021/22: We have noted that the Council is conservative in their forecast of capital spend, as out of the budgeted £137.7m capital spend, only 65% (£89.1m) resulted in additions to the PPE balance in year.

Recommendation – We recommend that the Council improves its accuracy in budgeting of capital expenditure into the capital plan.

Governance

2. Improvement of responses to Freedom of Information Act Request

Observation - 2021/22: Management should improve its response to Freedom of Information Act requests as the performance has been below the Council's targeted level. We noted that the FOI performance report for 2021/22 shows a significant improvement due to additional monitoring and chasing of late replies, and clear messaging by the Chief Executive and other members of Management Board about the need to improve performance. The target was 90% but response rate was 61% in 2021/22.

Recommendation – We recommend that the Council improves its response to Freedom of Information Act requests.

Appendix 2: Independence and fees

The professional fees expected to be charged by Deloitte for the two years covered by this report are:

	2022/23 Audit £	2021/22 Audit £
Code audit fee – Council	81,364	72,757
Additional fee – scope changes*	62,930	41,960
Value for Money**	16,225	16,225
Total Council audit	160,519	130,942
Code audit fee – Pension Fund	19,206	19,206
Additional fee – scope changes*	23,103	40,228
Total Pension Fund audit	42,309	59,434
Teachers’ Pensions certification fees	9,000	8,000
Total assurance services	9,000	8,000
Total fees	211,828	198,376

* Additional fees have been proposed in both audit years due to changes in the audit scope. This includes work on the following: changes in accounting requirements for infrastructure assets, AWRP valuation work, accounting for Property, Plant and Equipment revaluation movements, additional work on pensions entries, the impact of new auditing standards as well as the audit delays experienced. These fees also require approval from the PSAA.

** A variation to the fee scale has been proposed due to the changed requirements in relation to the Value for Money work which is not included in the base fee.

Appendix 3: Council's responsibilities

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Chief Financial Officer, as Section 151 Officer of the Council, is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting.

In preparing the Statement of Accounts the Chief Financial Officer is required to select suitable accounting policies and make judgements and estimates that are reasonable and prudent. The Chief Financial Officer is required to confirm that the Statement of Accounts, taken as a whole, is fair, balanced, and understandable, and provides the information necessary for Council Tax payers, regulators and stakeholders to assess the Council's performance, business model and strategy.

The Chief Financial Officer is required to comply with the CIPFA Code of Practice and prepare the financial statements on a going concern basis, unless the Council is informed of the intention for dissolution without transfer of services or function to another entity. In applying the going concern basis of accounting, the Chief Financial Officer has applied the 'continuing provision of services' approach set out in the CIPFA code of practice as it is anticipated that the services the Council provides will continue into the future.

The Chief Financial Officer and Council are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the use of the Council's resources, for ensuring that the use of public funds complies with the relevant legislation, delegated authorities and guidance, for safeguarding the assets of the Council, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Appendix 4: Auditor's responsibilities

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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Auditor's responsibilities relating to the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required under the Code of Audit Practice and 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.

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 undertake our work in accordance with the Code of Audit Practice, having regard to the guidance, published by the Comptroller & Auditor General in October 2024, as to whether the Council has proper arrangements for securing economy, efficiency and effectiveness in the use of resources against the specified criteria of financial sustainability and governance.

The Comptroller & Auditor General has determined that under the Code of Audit Practice, we discharge this responsibility by reporting by exception if we have reported to the Council a significant weakness in arrangements to secure economy, efficiency and effectiveness in its use of resources for the years ended 31 March 2022 and 31 March 2023. Other findings from our work, including our commentary on the Council's arrangements, are reported in our Auditor's Annual Report.

Auditor's other responsibilities

We are also required to report to you if we exercise any of our additional reporting powers under the Local Audit and Accountability Act 2014 to:

- make a written recommendation to the Council, copied to the Secretary of State;
- make a referral to the Secretary of State if we believe that the Council or an officer of the Council is:
 - about to make, or has made, a decision which involves or would involve the Council incurring unlawful expenditure; or
 - about to take, or has begun to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency; and
- consider whether to issue a report in the public interest.



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