



Audit Progress Report

North Yorkshire Police, Fire and Crime Commissioner Fire and Rescue Authority

November 2024

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Audit progress

Audit progress

Purpose of this report

This report provides the Independent Audit Committee with information about progress in delivering our responsibilities as your external auditors for the year ending 6 May 2024.

In August 2024, following consultation in April, Government published its proposals to address the significant backlog in local government annual accounts audits. These measures include both legislative changes to the Accounts and Audit Regulations 2015 and the introduction of several statutory deadlines ('backstop dates') aimed at helping to clear the backlog of local government annual accounts audits. Local government entities are required to publish their audited annual accounts by each backstop date, which are:

- Financial years up-to-and-including 2022/23: 13 December 2024 (changed from proposed 30 September 2024).
- Financial year 2023/24: 28 February 2025 (previously 31 May 2025).
- Financial year 2024/25: 27 February 2026 (previously 31 March 2026).
- Financial year 2025/26: 31 January 2027.
- Financial year 2026/27: 30 November 2027.
- Financial year 2027/28: 30 November 2028.

Where the backstop dates now mean the auditor cannot complete all necessary audit procedures to obtain sufficient appropriate audit evidence to support the audit opinion a modified opinion may be necessary – usually referred to as a disclaimed opinion or a qualified opinion.

Auditors will still be required to discharge their value for money (VFM) responsibilities, which requires VFM work to be completed by the date of the audit opinion.

On 9 September, the Government laid before Parliament the Accounts and Audit (Amendment) Regulations 2024 as required to enact the proposals previously announced. At the same time, the Comptroller and Auditor General (C&AG) of the National Audit Office (NAO) laid before Parliament a draft revised Code of Audit Practice (the Code). On 12 September, the NAO, on behalf of the C&AG, also published Local Audit Reset and Recovery Implementation Guidance notes (LARRIGs) 1-5 to support auditors in meeting the requirements of the Local Audit and Accountability Act 2014 (the Act). The LARRIGs are prepared and published with the endorsement of the Financial Reporting Council (FRC) and are intended to support the reset and recovery of local audit in England.

The initial focus of this guidance is on supporting the reset for incomplete audits up to and including the 2022/23 financial year and the implementation of the backstop dates for the publication of audited accounts. The NAO will issue further guidance to support the recovery phase in due course.

Whilst the guidance is primarily aimed at supporting auditors, it makes clear the requirements on local authorities to prepare good quality accounts, clear and comprehensive working papers and supported by knowledgeable finance teams.

Audit progress

2023/24 Audit

Our Audit Strategy Memorandum for the 2023/24 audit was presented to the Independent Audit Committee in September 2024. We have now substantially completed our planning work in respect of the 2023/24 audit. We have since reviewed the significant audit risks and other key judgement areas set out in our Audit Strategy Memorandum and, during the audit, subsequently identified the following update to the significant audit risks:

	Description	Fraud	Error	Judgement	Planned response
1	<p>Accounting for extended year end</p> <p>Management have made estimates and judgements in calculating balances and transaction up to the 6 May 2024 year end. Due to the greater level of estimation and judgement applied to the extended trial balance we have increased the level of risk attached to this area of work as significant risk.</p>		●	●	We plan to address the risk by detailed review of the Authority’s extended trial balance. This includes challenging estimation and judgements applied by management.

We commenced our audit fieldwork on the 2023/24 financial statements at the start of October. We are aiming to complete our audit work in relation to the 2023/24 audit by the end of January 2025. This timetable factors in the additional time that is required to complete the work on the extended trial balance.

VFM

Our work in respect of the Authority’s arrangement for securing economy, effectiveness and efficiency in its use of resources remains in progress. We will provide our commentary including any identified significant weaknesses in arrangements in our Auditor’s Annual Report.

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National publications

National publications

	Publication/update	Key points
National Audit Office ('NAO')		
1	NAO report: Improving educational outcomes for disadvantaged children	The NAO has published its report Improving educational outcomes for disadvantaged children which examines whether the Department for Education (DfE) is achieving value for money through its funding to support the attainment of disadvantaged children in educational settings in England.
2	NAO report: The effectiveness of government in tackling homelessness	The NAO has published its report The effectiveness of government in tackling homelessness.
3	NAO report: DWP customer service	The NAO has published its report DWP customer service which examines whether the Department for Work & Pensions (DWP) has an effective approach to customer service.
4	NAO report: Guidance for audit committees on cloud services	The NAO has updated their cloud guidance for audit committees. The guide sets out specific questions for audit committees to consider when engaging with their management on cloud services.
5	Draft Code of Audit Practice (the Code) 2024	The NAO has published the new draft Code of Audit Practice 2024. The Code sets out how auditors of local public bodies – such as councils, police, fire and the NHS – can fulfil their statutory responsibilities under the Local Audit and Accountability Act 2014.

National publications

1. NAO report: Improving educational outcomes for disadvantaged children

The NAO has published its report Improving educational outcomes for disadvantaged children which examines whether the Department for Education (DfE) is achieving value for money through its funding to support the attainment of disadvantaged children in educational settings in England, from early years to the end of key stage 4 (the end of compulsory schooling). It assesses:

- whether DfE has a coherent approach to support the attainment of disadvantaged children, and its progress against its objectives;
- how DfE understands the attainment of children and how it evaluates what works to effectively allocate resources; and
- the accountability arrangements and support DfE provides schools and early years providers to ensure value for money.

The report concludes that each year, DfE spends around £60 billion to support all children across schools and early years settings. For 2023-24, this included an estimated £9.2 billion focused on supporting disadvantaged children and narrowing the attainment gap between them and their peers, with half of this comprising disadvantage elements of its core funding for schools.

Despite this investment, disadvantaged children performed less well than their peers across all areas and school phases in 2022/23. The gap in children's attainment had been narrowing before the COVID-19 pandemic, which then had a detrimental impact. The gap continues to widen for key stage 4, which is when children leave school, and, while the attainment gap for those finishing primary school narrowed slightly in the past year, it remains wider than it was a decade ago.

DfE has evidence to support some of its interventions and uses this to help schools and early years providers to make decisions. However, it does not yet understand the outcomes resulting from a significant proportion of its expenditure on disadvantaged children. It also does not have a fully integrated view of its interventions, or milestones to assess progress and when more may need to be done.

This, and the lack of sustained progress reducing the disadvantage attainment gap since 2010/11, means that DfE cannot demonstrate it is achieving value for money. To make progress, and secure value for money, it should build more evidence of what works, look strategically across its interventions and how it allocates its funding, and work effectively across government to address the wider factors to make progress on this complex issue.

[Improving educational outcomes for disadvantaged children](#)

National publications

2. NAO report: The effectiveness of government in tackling homelessness

The NAO has published its report *The effectiveness of government in tackling homelessness*. Note: On 9 July 2024, the Department for Levelling Up, Housing & Communities (DLUHC) was renamed the Ministry of Housing, Communities & Local Government (MHCLG). The report refers to DLUHC throughout, as that was the name in use at the time of fieldwork.

This report follows on the NAO's last report on homelessness in 2017 – around six months before Homelessness Reduction Act (HRA) 2017 came into force. The report assesses value for money in terms of whether DLUHC is working with government departments and local authorities in a way that maximises government's ability to tackle homelessness. Specifically, it looks to establish whether DLUHC: has a good understanding of the nature of homelessness; is delivering appropriate system leadership; and supports local authorities well.

The report concludes that homelessness is a highly complex issue affected by a wide range of social and economic factors, and by government policy in areas such as housing, welfare and asylum. Statutory homelessness has increased significantly in recent years, meaning that more people are finding themselves either with no stable place to live or in temporary accommodation provided by their local authority.

Providing temporary accommodation alone cost local authorities over £1.6 billion in 2022-23, but it varies in quality and there are gaps in regulation, while some of it – such as B&Bs being used for households with children – is unsuitable. Dealing with homelessness is creating unsustainable financial pressure for some local authorities.

The situation has worsened since the NAO last examined the issue in 2017. Despite the introduction of HRA 2017, homelessness numbers are at a record level and expected to increase. While DLUHC has developed much better homelessness data and stronger links with local authorities, the government still has no strategy or public targets for reducing statutory homelessness, and DLUHC is falling behind on key programmes to improve housing supply. Funding remains fragmented and generally short-term, inhibiting homelessness prevention work and limiting investment in good-quality temporary accommodation or other forms of housing.

Until these factors are addressed across government, DLUHC will not be able to demonstrate that it is delivering optimal value for money from its efforts to tackle homelessness.

[The effectiveness of government in tackling homelessness](#)

National publications

3. NAO report: DWP customer service

The NAO has published its report DWP customer service which examines whether the Department for Work & Pensions (DWP) has an effective approach to customer service. The evaluative criteria used to assess value for money included whether DWP:

- has a clear framework for monitoring customer service, such as clear objectives, measures and performance reporting;
- has provided good customer service over recent years in relation to four key areas – satisfaction, payment accuracy, payment timeliness and telephony; and
- has clear plans to improve customer service

The report concludes that DWP has a responsibility to provide good customer service, not least because its customers cannot switch to an alternative welfare provider if they are unhappy with the service they receive. Its customers include some of the most vulnerable in society, who rely on DWP for the accurate and timely payment of the benefits to which they are entitled.

Faced with growing demand and a challenging operational context, DWP's customer service has fallen short of the expected standards over recent years, particularly for certain benefits, such as Personal Independence Payment (PIP). It is generally not meeting its performance benchmarks or standards for customer satisfaction, payment timeliness and answering calls to its in-house telephone lines.

There are some areas of strong performance with, for example, the proportion of State Pension customers satisfied with the service they receive consistently above DWP's benchmark of 85%, and Universal Credit performing well on payment timeliness and telephony.

But there are also areas of poor performance, in particular payment timeliness for PIP with only 52% of claims processed in line with the 75-day standard in 2023-24 – although this represents a considerable improvement compared with previous years.

DWP recognises that it needs to transform its services to be a customer-focused organisation. Its modernisation plans are based on a good understanding of the issues that need to be addressed and are necessarily ambitious. However, the scale and complexity of the plans mean delivery is risky, and DWP is unlikely to achieve in the short term the improvements that are needed.

DWP must now set out how it will assess whether its actions to improve customer service are working and how it will track progress towards its goals. This will provide assurance on value for money and help DWP keep its plans on track so that it can consistently provide a good service to those people who rely on it.

[DWP customer service](#)

National publications

4. NAO report: Guidance for audit committees on cloud services

The NAO has published an update to its guidance for audit committees on cloud services.

Government has developed digital policy to support moving to the cloud for over a decade, and the number of cloud services continues to increase. But some organisations may lack the capacity and expertise to choose the right services for their needs, implement them securely, and continue to use them effectively. In particular, organisations should not under-estimate the cost and effort of moving to cloud solutions and the investment needed in skills and processes to manage and optimise them.

Gaining suitable assurance is complex and difficult, the guide aims to help audit committees understand cloud-related questions they might need to ask management. The guide takes a lifecycle approach and poses informed questions for three key stages.

- **Strategic assessment of cloud services:** This section covers both first-time adoption and continuing re-appraisal and re-evaluation of cloud services as part of early lifecycle organisational and digital strategies, the business case process, and due diligence.
- **Implementation of cloud services:** This section covers mid-lifecycle implementation and considers system configuration, data migration, and service risk and security issues when moving from one cloud provider to another, or from on-premises to cloud for the first time.
- **Management and optimisation of cloud services:** This later lifecycle section covers operational considerations, the need for assurance from third parties, the capabilities needed to manage live running, and how to continue to control costs.

<https://www.nao.org.uk/insights/guidance-for-audit-committees-on-cloud-services-2/>

National publications

5. NAO report: Draft Code of Audit Practice 2024

The NAO has published the new Code of Audit Practice (the Code) 2024 which sets out how auditors of local public bodies, such as councils, police, fire and the NHS, can fulfil their statutory responsibilities under the Local Audit and Accountability Act.

The Code, which will come into effect in the Autumn pending Parliamentary approval, will apply to audits which have not been certified complete at the time it comes into effect, and to the audits of local bodies from 2024-25, until it is replaced after 5 years.

Local public bodies account for a significant amount of public spending, delivering many of the public services people rely on every day, ranging from bin collection to providing for special educational needs. Much of this money is raised through taxation. Consequently, citizens, taxpayers, national bodies, and other stakeholders reasonably expect assurance from auditors over whether the public bodies have proper arrangements in place to manage their business and finances.

Recognising the growing backlog in local authority audits, stakeholders across the local audit system, including the NAO, have been working on proposals to clear the backlog and return the local audit market to a sustainable footing.

Proposals for the draft Code were submitted to a consultation in February/March 2024, and are intended to support measures taken by the Ministry for Housing, Communities & Local Government (MHCLG) to address the current backlog of local government audits.

The main proposed amendments are to give effect to the measures aimed at clearing the backlog and to help make reporting of work on value for money more timely.

[Code of Audit Practice 2024 - NAO press release](#)

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