



Agenda

- Meeting:** Audit Committee
- To:** Councillors Cliff Lunn (Chair), George Jabbour (Vice-Chair), Alyson Baker, Philip Broadbank, David Chance, Felicity Cunliffe-Lister, Mike Jordan, Karin Sedgwick, Neil Swannick, Peter Wilkinson and Independent Co-opted Members (non-voting) Mr David Marsh and Mr David Portlock.
- Date:** Monday, 23 June 2025
- Time:** 1.30 pm
- Venue:** Brierley Room, County Hall, Northallerton

Business

1. Apologies for absence
2. Minutes of the Meeting held on 17 March 2025 (Pages 3 - 8)
3. Declarations of interest
4. **Public questions or statements**

Members of the public may ask questions or make statements at this meeting if they have given notice and provided the text to Democratic Services (democraticservices.central@northyorks.gov.uk) no later than midday on Wednesday, 18 June 2025, three working days before the meeting takes place. Each speaker should limit themselves to three minutes on any item.

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 those taking a recording to cease whilst you speak.
5. Progress on issues raised by the Committee (Pages 9 - 10)
6. Annual Report of the Head of Internal Audit (Pages 11 - 62)
7. Information Governance Annual Report (Pages 63 - 70)
8. Annual Counter Fraud Report (Pages 71 - 82)
9. Assessment of Effectiveness of Governance Arrangements - Children and Young People's Service (Pages 83 - 110)
10. Corporate Governance (Pages 111 - 126)

11. **External Audit - Audit Strategy Memorandum** (Pages 127 - 166)
12. **Draft Statement of Accounts 2024/25** – Appendix D to follow. (Pages 167 - 176)
13. **Audit Committee Review of Effectiveness** (Pages 177 - 188)
14. **Appointment of Independent Co-opted Member** (Pages 189 - 190)
15. **Programme of work** (Pages 191 - 192)
16. **Any other Items**
Any other items which the Chair agrees should be considered as a matter of urgency because of special circumstances.
17. **Date of next meeting**
Monday, 29 September 2025 at 13:30.

Members of the public are entitled to attend this meeting as observers for all those items taken in open session.

You may also be interested in [subscribing to updates](#) about this or any other North Yorkshire Council committee.

Recording is allowed at Council, committee and sub-committee meetings which are open to the public. Please give due regard to the Council's protocol on audio/visual recording and photography at public meetings. We ask that any recording is clearly visible to anyone at the meeting and that it is non-disruptive.

Anyone wishing to record is asked to contact the Democratic Services Officer (details below) prior to the start of the meeting.

Contact Details

Enquiries relating to this agenda and meeting please contact:

David Smith, Senior Democratic Services Officer

E-mail: david.smith1@northyorks.gov.uk

E-mail: democraticservices.central@northyorks.gov.uk

Tel: 01756 706235

Website: www.northyorks.gov.uk

Barry Khan
Assistant Chief Executive
(Legal and Democratic Services)
County Hall
Northallerton

Friday, 13 June 2025

North Yorkshire Council

Audit Committee

Minutes of the meeting held on Monday 17 March 2025 commencing at 1.30pm in the Brierley Room, County Hall, Northallerton.

Committee Members present: Councillor Cliff Lunn in the Chair plus Councillors Philip Broadbank, David Chance, Felicity Cunliffe-Lister (remote), Richard Foster (substitute for Councillor Alyson Baker), George Jabbour, Mike Jordan, Neil Swannick, Peter Wilkinson and Co-opted Members Mr David Marsh and Mr David Portlock.

Officers present: Gary Fielding, Corporate Director of Resources; Karen Iveson, Assistant Director Resources; John Raine, Head of Finance Corporate and Technical; Chris Clark, Risk Manager; Will Boardman, Head of Strategy and Performance; Matt Robinson, Head of Resilience and Emergencies; Elizabeth Jackson, Principal Democratic Services Officer; and David Smith, Senior Democratic Services Officer.

Other Attendees: Max Thomas, Stuart Cutts and Daniel Clubb, Veritau; Nicola Wright, Deloitte (remote); and Mark Kirkham, Forvis Mazars.

Copies of all documents considered are in the Minute Book

172 Apologies for absence

Apologies were received from Councillor Alyson Baker (Councillor Richard Foster substituted) and Councillor Karin Sedgwick.

173 Minutes of the meeting held on 24 February 2025

Resolved

That the minutes of the meeting held on 24 February 2025, having been printed and circulated, be confirmed and signed by the Chair as a correct record.

174 Declarations of interest

Councillor David Chance declared that one of his relatives is employed by Deloitte.

175 Public participation

There was none.

176 Letter from Forvis Mazars on Changes to the Final Statement of Accounts 2023/24

Mark Kirkham reminded Members that there were outstanding actions following the February meeting and explained that the letter covers these. He informed Members that he was confident with the response received from Officers. He also informed Members that the Annual Auditors Report for 2023/24 had been published on the North Yorkshire Council website.

Karen Iveson confirmed that the relevant Officers are aware of the recommendations.

Members thanked Forvis Mazars for their work and for providing updates so promptly.

Resolved

- a) That the letter from Forvis Mazars on Changes to the Final Statement of Accounts 2023/24 is noted.

177 Draft Auditors Annual Report - Deloitte LLP

Nicola Wright introduced the report highlighting that there were no significant issues to raise.

There was a discussion surrounding the additional fees. Nicola Wright explained the process, in that a discussion with Officers will take place before the additional fees go to the Public Sector Audit Appointments (PSAA) for approval. Members showed concern regarding these fees and queried whether Officers will get the opportunity to raise these concerns to the PSAA. Nicola confirmed that Deloitte and Officers will attempt to find a compromise, and then both parties can raise any concerns with the PSAA.

Members queried whether 'the Overview and Scrutiny Committee' referred to on page 23 of the papers is in fact the Audit Committee. Nicola Wright will clarify this with Officers following the meeting.

Resolved

- a) That the Draft Auditors Annual Report by Deloitte LLP is noted.

178 2025/26 Internal Audit and Information Governance Work Programmes

Stuart Cutts introduced the report, highlighting additions that have been made following the 9 December 2024 Audit Committee meeting.

There was a discussion regarding special educational needs (SEN) which is marked as 'Do next' on page 49, despite receiving a risk score of 25, as seen on page 135 of the papers. Members queried whether this should be a 'Do now' task, but Max Thomas confirmed that it is high priority and will be started promptly. Gary Fielding added that internal audit may not be able to reduce the risk created by SEN as it is caused by an increased national demand.

It was highlighted that the Pension Board aims to finalise their internal audit plan at the 3 April 2025 meeting.

It was clarified that homelessness is regarded as a 'Do next' task.

Regarding the Freedom of Information row in the Information Governance Work Programme, Max Thomas highlighted Members that complex requests reduce performance results. Gary Fielding highlighted a potential spike due to requests for information on council tax, home to school transport and the second homes council tax.

Resolved

- a) That the 2025/26 Internal Audit Work Programme is approved.
- b) That the Information Governance Work Programme is noted.

179 Counter Fraud Framework Report

Daniel Clubb introduced the report and Members raised the following queries.

- There was a discussion on the prosecution of fraud and alternative punishments. Some suggested that more could be done to publicise successful prosecutions as a form of deterrence.
- It was confirmed that the target date for Failure to Prevent Fraud legislation is September 2025. This legislation would be more likely to impact North Yorkshire Council owned subsidiaries, not the Council itself. Discussions with Officers will take place to highlight the potential risks.

Resolved

- a) That the results of the Annual Fraud Risk Assessment actions in the Counter Fraud Development Plan are noted.
- b) That the 2025/26 Counter Fraud Work Plan is approved.
- c) That the updated Counter Fraud and Corruption Policy is approved.

180 Internal Audit and Counter Fraud Progress Report

Stuart Cutts introduced the report and Members raised the following queries.

- At the 9 December 2024 meeting, the Scarborough Waterpark audit report was requested by Members. Max Thomas informed Members that this was with Officers, and he expected that it would be published.
- The write down for long term debt for Alpamare was discussed. Gary Fielding confirmed that this had been written off in the books, but that the debt would still be pursued. Members raised concerns that this debt would be forgotten.
- Members queried the timeline for completing outstanding work from the legacy district, borough and county councils. Max Thomas explained that work is prioritised based on risk, and Gary Fielding highlighted that work is ongoing to find a unified approach within departments. It was noted that Veritau will be involved in identifying potential risks. Members suggested that an update on the work to standardise processes would be useful.
- Internal Audit confirmed that any consultative engagements had been conducted in a way that would not compromise their impartiality.
- Members asked for an investigation into cash handling at outdoor attractions to be included in the Leisure Centres audit. Officers assured Members that cash handling procedures were being overseen.

Resolved

- a) That the progress made in delivering the 2024/25 Internal Audit Programme of Work and other assurance related services provided by Veritau are noted.

181 Accounting Policies

John Raine introduced the report and the following comments were made.

- The Committee was supportive of the changes.
- Officers confirmed that they expected no delays and informed Members that lessons have been learnt from last year. Mark Kirkham reminded the Committee that it is North Yorkshire Council's responsibility to submit the accounts with enough time.
- Officers confirmed that the Council does not envisage difficulties in terms of prudential borrowing implications and estimates provide an adequate buffer.
- Members were informed that materiality of small value assets is considered with respect to leases.

Resolved

- a) That the changes to the accounting policies for 2024/25 are noted.
- b) That potential changes to the SOFA and accounting policies which are in the pipeline for future years (2025/26 onwards) are noted.
- c) That the Statement of Accounts Timetable for 2024/25 is noted.

182 Risk Management Progress Report

Chris Clark introduced the report, highlighting the additions and updates to previous reports.

Members queried whether SEND would always be a high risk, and Officers confirmed that it would be in the short to medium term at least.

Resolved

- a) That the updated Corporate Risk Register and the links between Directorate Risk Registers and the Corporate Risk Register are noted.
- b) That the positive outcome of the audit of risk management within the Council is noted.

183 Risk Register for Central Services

Karen Iveson introduced the report, highlighting the key points.

Members queried whether the benefits of Local Government Reorganisation (LGR) could be quantified yet. Officers confirmed that there had been £60 million of LGR related savings. Information on these savings are presented to various committees that hold a scrutiny function.

Members inquired if the option for staff to work from home has aided in recruitment. Officers confirmed that it has been beneficial, and noted that the Council operates a hybrid model, with no staff working exclusively from home.

Resolved

- a) That the Risk Register and issues for Central Services are noted.

184 Annual Partnership Governance Report

Will Boardman introduced the report and updated Members on changes to Appendix A.

Members hoped that North Yorkshire Council was being suitably represented on the York and North Yorkshire Prevent Partnership.

Resolved

- a) That the contents of the report and Register of Significant Partnerships are noted.

185 Business Continuity Annual Report

Matt Robinson highlighted the key points made in the report and discussed some of the challenging incidents.

Members asked that a list of challenging incidents be circulated following the meeting and in any future annual reports. The threat to IT was discussed and Officers assured Members that work was being done to mitigate these threats.

Resolved

a) That the report is noted.

186 Treasury Management and Capital Strategies

Karen Iveson introduced the report and highlighted that the report had been agreed by the Executive and Full Council. If amendments are suggested by the Audit Committee, the Strategies would return to Executive and Full Council.

The following points arose in the discussion.

- Regarding North Yorkshire Council loans to other local authorities, it was clarified that all local authorities take on the credit rating of central government and therefore are underpinned by central government. Officers do complete due diligence checks before loaning money.
- It was confirmed that North Yorkshire Council took on any financial situation held by the legacy councils.
- Officers confirmed that they were reviewing the Council's external borrowing position to identify opportunities to repay loans and make savings.

Resolved

a) That the strategy is noted, and the above comments be taken into account.

187 Progress on issues raised by the Committee

Karen Iveson introduced the report.

A training session on the Council's Teckal companies was discussed and Officers indicated that this may take place before the June meeting.

Resolved

a) That the report is noted.

188 Work programme

Karen Iveson introduced the report and informed Members that the Commercial Governance and Forvis Mazars Audit Plan reports had been deferred to the June meeting.

Resolved

a) That the work programme is noted.

189 Any other Items

An update on the judgement of the Whitby Harbour court case was provided by Officers.

190 Date of next meeting

Monday, 23 June 2025 at 1.30pm

The meeting concluded at 3.20 pm.

This page is intentionally left blank

NORTH YORKSHIRE COUNCIL

AUDIT COMMITTEE

23 June 2025

PROGRESS ON ISSUES RAISED BY THE COMMITTEE

Joint Report of the Corporate Director – Resources and the Assistant Chief Executive (Legal and Democratic Services)

<p>1.0 PURPOSE OF THE REPORT</p> <p>1.1 To advise Members of</p> <p>(i) progress on issues which the Committee has raised at previous meetings</p> <p>(ii) other matters that have arisen since the last meeting and that relate to the work of the Committee</p>
--

2.0 BACKGROUND

2.1 This report is submitted to each meeting listing the Committee's previous Resolutions and / or when it requested further information be submitted to future meetings. The table below represents the list of issues which were identified at previous Audit Committee meetings and which have not yet been resolved. The table also indicates where the issues are regarded as completed and will therefore not be carried forward to this agenda item at the next Audit Committee meeting.

Date	Minute number and subject	Audit Committee Resolution	Comment	Complete?
11.12.23	102 – Audit Committee Terms of Reference / Review of Effectiveness	That the Committee felt it would be beneficial to undertake and complete a self-assessment exercise of the Committee's effectiveness in the 2024/25 Municipal Year, circa during period Jan – March 2025. It was also felt that any review should be facilitated by officers	The self-assessment survey results are presented on this agenda and Members are asked to consider the results and determine if further in-depth review would be beneficial	X
24.06.24	124 – Progress on Issues Raised by the Committee	That training session be organised for Audit Committee Members in 2024 and 2025 as outlined in the minutes	September 24 - Final Accounts December 24 - Counter Fraud March 25 - Role of the Audit Committee June 25 – Teckal Companies September 25 - Data protection/information security	

Date	Minute number and subject	Audit Committee Resolution	Comment	Complete?
			Treasury Management (external training to be arranged) – timing t.b.c.	
24.06.24	135 – Programme of Work	That the Value for Money (VfM) reports that had previously been submitted to this Committee, and to avoid duplication, be incorporated into the Annual Governance Statement (AGS) / Corporate Governance reports in the future	This will be done going forward.	Y

3.0 TREASURY MANAGEMENT

- 3.1 The Bank of England cut interest rates on 8 May from 4.50% to 4.25% in line with market expectations. The Council’s Treasury Advisors, MUFG (formerly Link) interest rate forecast remains unchanged with the next rate cut of 0.25% expected to be in December 2025.

4.0 RECOMMENDATION

- 4.1 That the Committee considers whether any further follow-up action is required on any of the matters referred to in this report.

GARY FIELDING
Corporate Director – Resources

BARRY KHAN
Assistant Chief Executive
(Legal and Democratic Services)

County Hall
NORTHALLERTON

23 June 2025

Background Documents: Report to, and Minutes of, Audit Committee meetings held on 17 March 2025.

NORTH YORKSHIRE COUNCIL

AUDIT COMMITTEE

23 JUNE 2025

ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT

1.0 PURPOSE OF THE REPORT

- 1.1 To provide a summary of the internal audit work performed in 2024/25 and to express an opinion on the overall framework of governance, risk management and control in place within North Yorkshire Council.
- 1.2 To inform Members of the changes to internal audit standards which came into effect on 1 April 2025.
- 1.3 To present an updated Internal Audit Charter which reflects the new internal audit standards, for the committee to approve.

2.0 BACKGROUND

- 2.1 The work of internal audit is governed by the Accounts and Audit Regulations 2015, relevant professional standards, and the Council's Internal Audit Charter. Up until the end of 2024/25, these standards included 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.
- 2.2 These standards require the Head of Internal Audit to present an annual report to the Audit Committee. The report must include an opinion on the adequacy and effectiveness of the Council's framework of governance, risk management, and control.
- 2.3 The Head of Internal Audit should also contribute to the preparation of the Annual Governance Statement by identifying any significant control issues identified during audit work, and report any material breaches of the Council's Financial, Procurement and Contract, Staff Employment and Property Procedure Rules to the Audit Committee. Internal audit work undertaken during 2024/25 is the main subject of this report. PSIAS therefore applied to this work.
- 2.4 With effect from 1 April 2025, PSIAS were replaced by what is known as the Global Internal Audit Standards in the UK Public Sector. This new regime is made up of the Institute of Internal Auditors' Global Internal Audit Standards (GIAS), including Topical Requirements, and the Application Note: Global Internal Audit Standards in the UK Public Sector ('the Application Note').
- 2.5 CIPFA has also produced a 'Code of Practice for the Governance of Internal Audit in UK Local Government' ('the Code'). The purpose of the Code is to ensure that the essential conditions for the governance of internal audit can be met in a local

government context. The Code is intended for local authorities, being designed to support them in establishing effective internal audit arrangements and in providing oversight and support for internal audit.

- 2.6 The Internal Audit Charter is a key document governing the Council's internal audit function. In drafting the updated Charter, the requirements and expectations of the GIAS, Application Note, and the Code have been considered and applied.

3.0 ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT

- 3.1 The annual report of the Head of Internal Audit is attached at **appendix 1**. The report includes details of the internal audit work completed during 2024/25, the annual opinion of the Head of Internal Audit and the results of the quality assurance and development arrangements.
- 3.2 In addition to providing an opinion, the Head of Internal Audit is required to report on the outcomes of the internal audit service's quality assurance and development arrangements. This is to provide the Committee with reassurance that work continues to be conform to professional standards. Annex D provides details on Veritau's arrangements, confirming its conformance to the PSIAS during 2024/25 and to the new Global Internal Audit Standards in the UK Public Sector.

4.0 DRAFT INTERNAL AUDIT CHARTER

- 4.1 Professional standards for internal audit require that the Head of Internal Audit develops and maintains an internal audit charter. An internal audit charter addresses the purpose, scope, positioning, and authority of internal audit, the support it can expect to receive from senior management, its interactions with the committee, its commitment to adhering to professional standards, and the arrangements for managing resources and quality.
- 4.2 The changes to the internal audit standards covered in paragraphs 2.3 and 2.4 above have required Veritau to update the Council's Internal Audit Charter.
- 4.3 The Council already has well-established arrangements for internal audit and so only limited changes to the Charter have been necessary. References to PSIAS have been removed and replaced with the Global Internal Audit Standards in the UK Public Sector. Some minor structural and formatting changes have also been made.
- 4.4 The updates made to the Charter will result in no change to how the internal audit service is delivered to the council. The draft Internal Audit Charter is attached at **appendix 2**.

5.0 BREACHES OF PROCEDURE RULES

- 5.1 As in previous years, breaches of the Council's procedures rules may be identified through ongoing internal audit work.
- 5.2 Where breaches are identified, it is usually sufficient to draw the matter to the attention of management for the appropriate remedial action to be taken. If a wider training need is identified this will be addressed accordingly. Finally in those cases where the breach identifies a fundamental weakness/deficiency in the relevant

Procedure Rule this will be addressed separately as part of the ongoing review process for all the Council's Procedure Rules.

- 5.3 There were no material breaches of the Procedure Rules identified during the year although a number of issues were raised with management through the normal audit reporting process.

5.0 RECOMMENDATIONS

5.1 Members are asked to:

- (i) note the **Reasonable Assurance** opinion of the Head of Internal Audit regarding the overall framework of governance, risk management and control operating within North Yorkshire Council as set out in appendix 1
- (ii) note the two significant control issues which are recommended for inclusion in the 2024/25 Annual Governance Statement
- (iii) note the outcome of the quality assurance and development arrangements and the confirmation that the internal audit service conforms to relevant professional standards, and
- (iv) approve the updated Internal Audit Charter.

MAX THOMAS
Head of Internal Audit

Report prepared and presented by Max Thomas, Head of Internal Audit

Veritau - Assurance Services for the Public Sector
County Hall
Northallerton

5 June 2025

Background Papers:

None.

Appendices:

Appendix 1: Annual Head of Internal Audit Report

ANNUAL HEAD OF INTERNAL AUDIT REPORT

Date: 23 June 2025

Appendix 1

CONTENTS

2	Background
2	Internal Audit work carried out in 2024/25
3	Follow up of agreed actions
3	Professional standards
5	Opinion of the Head of Internal Audit
7	Annex A - 2024/25 internal audit work
10	Annex B - Summary of key issues from audits finalised since the last report to the committee
27	Annex C – Assurance audit opinions and finding priorities
28	Annex D - Internal audit quality assurance and development arrangements



Stuart Cutts
Assistant Director - Audit



Max Thomas
Head of Internal Audit

Circulation list: Members of the Audit Committee



Background

- 1 The work of internal audit is governed by the Global Internal Audit Standards in the UK Public Sector and the Council's Audit Charter. These require the Head of Internal Audit to bring an annual report to the Audit Committee. The report must include an opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control. The report should also include:
 - (a) any qualifications to the opinion, together with the reasons for those qualifications (including any impairment to independence or objectivity)
 - (b) any particular control weakness judged to be relevant to the preparation of the annual governance statement
 - (c) a summary of work undertaken to support the opinion, including any reliance placed on the work of other assurance bodies
 - (d) an overall summary of internal audit performance and outcomes from the internal audit service's quality assurance arrangements, including a statement on conformance with professional standards.



Internal audit work carried out in 2024/25

- 2 The 2024/25 internal audit programme was formally agreed by the Audit Committee on 24 June 2024. During the year audit work has continued to be prioritised based on risk and the need to provide coverage of the Council's framework of governance, risk management and control.
- 3 We have continued to promote good governance, provide advice and support, and make recommendations to management to help improve controls. We have met with the Corporate Director Resources (s151 Officer), Assistant Director Resources (Deputy s151 Officer), Assistant Chief Executive Legal and Democratic Services (Monitoring Officer), Assistant Directors, directorate senior managers and other officers on a regular basis to help identify and address governance issues and concerns, and to ensure audit work has remained targeted towards key risk areas.
- 4 In addition to undertaking specific audits, we have been involved in gathering assurance from a number of sources to help support our opinion and to better understand the Council's risks and priorities. This work has included attendance at key governance and operational groups such as the Finance Improvement Board and Corporate Governance Officer Group (CGOG), and the review of full council, executive and other key meeting reports. Senior managers at the Council have continued to support the delivery of internal audit work during 2024/25.
- 5 The results of completed audit work have been reported to relevant officers during the course of the year. In addition, summaries of all final audit reports have been presented to the Audit Committee as part of regular progress reports.

- 6 A summary of internal audit work undertaken during the year and relevant to the opinion is contained in annex A. At the time of writing 14 audits have been finalised since the previous report to this committee. A further 5 audit reports have been issued to the responsible officers but remain in draft. We expect those audits to be finalised within the next month.
- 7 13 audits relating to the year just ended are ongoing. The majority of work on these audits is complete. We expect to report on the outcomes of this work to the next meeting of the Committee.
- 8 Annex B provides details of the key findings arising from internal audit assignments completed, that we have not previously reported to the Audit Committee. Annex C provides an explanation of our assurance levels and priorities for management action.

Follow up of agreed actions

- 9 It is important that agreed actions are followed up to ensure they have been implemented. Veritau has followed up agreed actions during the year, taking account of the timescales previously agreed with management for implementation.
- 10 Our work shows that generally, good progress has continued to be made by management to address previously identified control weaknesses. Where improvement actions are required, management are generally completing these within acceptable timescales. There are therefore no significant outstanding actions to report to the Committee at this time.



Professional standards

- 11 In order to comply with professional standards, the Head of Internal Audit is required to develop and maintain ongoing quality assurance arrangements. The objective of these arrangements is to ensure that working practices continue to conform with the standards. A summary of quality assurance processes and any areas identified for development are reported to the committee each year as part of the annual report. The arrangements consist of various elements, including:
 - ▲ maintenance of a detailed audit procedures manual and standard operating practices
 - ▲ ongoing performance monitoring of internal audit activity
 - ▲ regular customer feedback
 - ▲ training plans and associated training and development activities
 - ▲ periodic self-assessments of internal audit working practices (to evaluate conformance to the standards)
- 12 External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. An external assessment of Veritau's internal audit working practices was undertaken between June and August 2023 by John

Cheshire, an approved reviewer for the Chartered Institute of Internal Auditors (the UK and Ireland's local chapter)¹.

- 13 The assessment involved a full independent validation of Veritau's own self-assessment of conformance to the Public Sector Internal Audit Standards (PSIAS), as well as to the wider International Professional Practices Framework which governed the performance of internal auditing globally at the time the assessment was undertaken. The report concluded that Veritau's internal audit activity generally conforms to the PSIAS² and, overall, the findings were very positive.
- 14 The feedback included comments that the internal audit service was highly valued by its clients. Key stakeholders felt confident in the way Veritau had established effective working relations, both in our approach to planning and the way in which we engage flexibly with our clients throughout the internal audit process, at the strategic and operational levels.
- 15 From 1 April 2025, the PSIAS were replaced by what are known as the Global Internal Audit Standards in the UK Public Sector. These standards are made up of the Institute of Internal Auditors' Global Internal Audit Standards (GIAS) and the Application Note: Global Internal Audit Standards in the UK Public Sector ('the Application Note'). The Application Note interprets the GIAS, clarifying how they should be applied in UK public sector organisations
- 16 In the UK, the body responsible for interpreting the GIAS and setting expectations for the performance of internal audit in the public sector is known as the Internal Audit Standards Advisory Board (IASAB). The IASAB is made up of six 'Relevant Internal Audit Standard Setters' (RIASS) representing central and local government, and the health sector. The RIASS for UK local government is the Chartered Institute of Public Finance and Accountancy (CIPFA). The IASAB developed the Application Note, releasing it in the early part of 2025.
- 17 The Global Internal Audit Standards (from which the Application Note provides its local government interpretations) were launched on 9 January 2024 and became effective on 9 January 2025. Veritau has used a GIAS conformance readiness tool provided by the IIA, alongside the specific public sector interpretations and requirements of the Application Note to prepare for the introduction of the new standards.
- 18 Our overall assessment is that Veritau conforms to the Global Internal Audit Standards in the UK Public Sector. However, we have identified a small number of actions to help strengthen our ability to demonstrate this

¹ Reported to the Audit Committee in October 2023.

² PSIAS guidance suggests a scale of three ratings, 'generally conforms', 'partially conforms' and 'does not conform'. 'Generally conforms' is the top rating.

conformance and a further set of actions to support continuous improvement in service delivery.

- 19 Details of Veritau’s ongoing quality assurance arrangements and the outcomes from our conformance assessment are set out in annex D.
- 20 The Internal Audit Charter sets out how internal audit at the council will be provided in accordance with professional standards. The charter is reviewed on an annual basis. Updates to the charter have been made to ensure that it meets the requirements of the Global Internal Audit Standards in the UK Public Sector. The Council already has a well-established internal audit function and so very few changes have been made to the charter. Those changes which have been made will have no impact on how the service is delivered. The updated charter is attached as appendix 2 to the covering report.



Opinion of the Head of Internal Audit

- 21 The overall opinion of the Head of Internal Audit on the framework of governance, risk management and control operating at the Council is that it provides **Reasonable Assurance**.
- 22 A Reasonable Assurance opinion means that, overall, there is satisfactory management of risk within the Council but with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made³.
- 23 The opinion given is based on work that has been undertaken directly by internal audit, and on the cumulative knowledge gained through our ongoing liaison and planning with officers. No reliance was placed on the work of other assurance providers in reaching this opinion
- 24 In giving this opinion, there are two significant control weaknesses which, in the opinion of the Head of Internal Audit, need to be considered for inclusion in the council’s annual governance statement:

Capital scheme management

The Council has a very large capital programme including many complex schemes which were inherited from the former North Yorkshire district and borough councils.

Our audit of the Claro Road project in Harrogate identified several significant internal control weaknesses. The issues included a lack of effective project management and problems with decision making, governance, project documentation and budgeting. Further information about this audit is included in annex B on pages 10 and 11. Whilst some of the issues were linked to decisions made and the project management processes in place pre-April 2023 (before NYC became responsible for the

³ Please refer to annex C for the definitions of other opinions used by Veritau. Note that annual opinions use the same definitions as those given for individual audit engagements.

scheme), similar problems have been identified with other schemes. The successful delivery of capital schemes requires effective project and budget management processes to be in place and for these processes to be applied consistently. Veritau has worked with officers to support capital scheme improvement actions with applicability for all schemes which focus on improving guidance, introducing training and embedding the application of expected requirements included those as documented in the Financial Procedure rules, and elsewhere. Three actions are planned to be completed by September 2025. Project management training is planned for completion by 31 March 2026.

Information security

Further improvements are required to ensure the Council's IT networks are protected from external threats and to ensure compliance with the Council's data protection policies. The threat of cyber-attacks has increased with many councils, schools, NHS bodies and other agencies suffering incidents in the last year. Ongoing work has also identified the need to further improve compliance with the Council's data protection policies. There have also been a number of serious data security breaches in the year, including 8 incidents that have required reporting to the Information Commissioner's Office.

Annex A: Internal Audit work in 2024/25

Final reports issued

Audit	Reported to Committee	Opinion
Early years providers	June 2025	No opinion given
Benefits	June 2025	Substantial Assurance
Information security compliance reviews	June 2025	Reasonable Assurance
IT disaster recovery	June 2025	Reasonable Assurance
Climate change	June 2025	Reasonable Assurance
Risk management	June 2025	Substantial Assurance
Children leaving care	June 2025	Reasonable Assurance
Payroll	June 2025	Substantial Assurance
Governance arrangements	June 2025	Substantial Assurance
Adult social care stage one discussion process	June 2025	Substantial Assurance
Harbours	June 2025	Reasonable Assurance
School audit (Risedale School)	June 2025	Reasonable Assurance
Cash handling at leisure centres	June 2025	Reasonable Assurance
Claro Road project review	June 2025	No opinion given
Purchasing cards	March 2025	Reasonable Assurance
Schools themed - ring fenced funding	March 2025	Reasonable Assurance
Business continuity	March 2025	Reasonable Assurance
Health and Social Care personal bank accounts	March 2025	No opinion given
Power of Attorney and Court of Protection	March 2025	Substantial Assurance
IT access controls	March 2025	Reasonable Assurance
Procurement Act – preparedness assessment	March 2025	Substantial Assurance
School audit (Wheatcroft CP School)	March 2025	Limited Assurance
School audit (Overdale CP School)	March 2025	Reasonable Assurance
School follow-up audit (East Ayton Primary School)	March 2025	No opinion given
NY Pension Fund – investments	March 2025	Substantial Assurance
Early years payments	December 2024	Reasonable Assurance
NY Pension Fund – expenditure	December 2024	Substantial Assurance

Audit	Reported to Committee	Opinion
NY Pension Fund – income	December 2024	Substantial Assurance
ICT asset management	December 2024	Substantial Assurance
2 x school follow up audits (Hutton Rudby Primary School and Fairburn CP School)	December 2024	No opinion given
Schools themed audit – business continuity	September 2024	Limited Assurance
CCTV office review	September 2024	Reasonable Assurance
Revenue budget monitoring	September 2024	Reasonable Assurance
Housing rents	September 2024	Reasonable Assurance
Contract management -waivers	September 2024	Reasonable Assurance
ICT governance	September 2024	Reasonable Assurance

Audits in progress

Audit	Status
Scarborough Waterpark	Draft report issued
Creditors	Draft report issued
Bank reconciliations and suspense accounts	Draft report issued
Adult direct payments	Draft report issued
Revenues	Draft report issued
HAS financial assessments	Fieldwork completed
Mandatory Training	Fieldwork completed
Housing Rents	Fieldwork completed
Schools themed audit – purchasing	Fieldwork completed
Liberty Protection Safeguards	Fieldwork completed
Performance Management	Fieldwork close to completion
Council companies	Fieldwork close to completion
Arrangements for Social Care	Fieldwork in progress
Contract management - unaccompanied asylum-seeking children	Fieldwork in progress
Customer complaints	Fieldwork in progress
Management of external funding	Fieldwork in progress
Housing stock	Fieldwork in progress
Children’s Direct Payments (Education)	Fieldwork in progress

Other work completed in 2024/25

Internal audit work has been undertaken in a range of other areas during the year, including those listed below.

- Follow up of agreed management actions
- Consultative engagements, including:
 - ▲ Financial management system replacement project (data analysis)
 - ▲ A review of the recently introduced purchase to pay processes
 - ▲ Grant schemes including UK shared prosperity fund
 - ▲ Reviewing the new control arrangements for personal bank accounts
- Grant certification work:
 - ▲ Bus Subsidy Operators Grant
 - ▲ Changing Places - 6 separate scheme reviews
 - ▲ Future High Streets Fund - Hambleton
 - ▲ Heritage Action Zone - 3 separate scheme reviews
 - ▲ Library Improvement Fund - Scarborough
 - ▲ Local Enterprise Partnership (LEP) growth hub
 - ▲ Local Transport Plan
 - ▲ Pooling Housing Capital Receipts return
 - ▲ Supporting Families Programme – covering 4 separate time periods
- Provision of support and advice
- Completing financial appraisals
- Certifying Scarborough and Harrogate Charter Trustee annual returns

Obtaining updates on the control and risk management arrangements of the Council within the 11 key assurance areas for our annual opinion.

Annex B: Summary of key issues from audits finalised since the last report to the committee

System /area	Opinion	Area reviewed	Date issued	Comments	Management actions agreed
Claro Road project review	No opinion given	<p>The Claro Road depot project was a scheme specified and procured by Harrogate Borough Council (one of the former NY councils). Approval was given for work to commence in February 2023. As work on the scheme progressed it became apparent that the costs would exceed the approved budget.</p> <p>The audit reviewed the causes of the projected overspend on the project. The aim of the audit was to help NYC to improve wider project management controls and to feed into the lessons learnt process.</p>	March 2025	<p>A number of areas of improvement covering project management, decision making, governance, project documentation, budgeting, and working with consultants were identified.</p> <p>The three most senior members of the project team left between March and October 2023. Roles and responsibilities for key project management tasks were then not assigned following these changes.</p> <p>Project documentation failed to record in sufficient detail how key decisions were considered, made, and who made them, as well as how risks were identified and controlled. Consequently, it was unclear who specifically, and on what basis, made many of the key decisions.</p> <p>There was a lack of clarity about the total budget for the scheme. No document set out all the approved costs by type, both in the initially agreed contract or in subsequent variations. Budget monitoring was also not carried out effectively.</p> <p>Formal approval of additional work was carried out by the scheme consultant and not</p>	<p>3 significant priority actions were agreed.</p> <p>Responsible officer(s):</p> <p>Head of Project Management, Assistant Director Resources (Corporate) and Head of Procurement.</p> <p>We will review the council's project management guidance to ensure it provides clarity for scheme governance, roles, responsibilities, and decision making.</p> <p>Project management training will be rolled out and be made mandatory for those involved in medium/high risk projects. Budget</p>

System /area	Opinion	Area reviewed	Date issued	Comments	Management actions agreed
				by the council. The council had also not effectively defined or managed the working relationship with the consultant.	<p>manager training will be reviewed.</p> <p>More detailed council arrangements around the use and management of consultants will be documented, and shared throughout the Council.</p> <p>Three actions are planned to be completed by September 2025. Project management training is planned for completion by 31 March 2026.</p>
Cash Handling at Leisure Centres	Reasonable Assurance	<p>At the time of our fieldwork, NYC was in the process of bringing together leisure services into the in-house operation, Active North Yorkshire.</p> <p>Our work reviewed whether:</p>	March 2025	<p>The sites reviewed operated with different cash handling procedures and systems. However, the Council had plans to standardise these processes.</p> <p>Across all three sites, tills were operated accurately throughout the day, with clear procedures in place for end-of-day reconciliations. All three sites used till systems with pre-programmed entries for centre activities, which significantly reduces</p>	<p>3 significant and 3 moderate priority actions were agreed.</p> <p>Responsible officer(s):</p> <p>Head of Sport and Active Wellbeing</p> <p>Process notes will be reviewed, with</p>

System /area	Opinion	Area reviewed	Date issued	Comments	Management actions agreed
		<ul style="list-style-type: none"> tills were operating accurately and securely, with transactions appropriately recorded and authorised cashing up and end-of-day procedures were conducted consistently and effectively, cash was accounted for, securely stored, and recorded to the general ledger there was adequate segregation of duties cash payment methods were appropriate and secure methods were encouraged for large payments. <p>The audit covered cash handling procedures and systems at three sites.</p>		<p>the risk of human error by minimising the need for manual input.</p> <p>One centre did not have a documented process for investigating cash discrepancies. Other improvements to processes were also highlighted.</p> <p>Some issues related to documenting and reconciling the cash floats were found at the three sites.</p> <p>Safe access was well controlled across all three sites, with only authorised personnel in suitably senior positions permitted access.</p> <p>Segregation of duties was generally maintained across all three sites, with access controls in place to limit responsibilities based on staff roles. Some improvements were however recommended.</p> <p>Officers were aware of the risks associated with large cash payments and are trained to promote more secure payment methods for such transactions.</p>	<p>discrepancy processes extended where needed and a cash security policy implemented across all sites.</p> <p>Standardised and regular management checks will be introduced for float counts.</p> <p>The controls hierarchy will be reviewed to ensure appropriate access rights for till systems are assigned to the correct delegated levels.</p> <p>All actions were due to be completed by the end of May 2025, and were in the process of being followed up at the time of writing this report.</p>

System /area	Opinion	Area reviewed	Date issued	Comments	Management actions agreed
School audit (Risedale School)	Reasonable assurance	A review of financial and business processes within the school.	March 2025	A number of findings were raised relating to the business and financial management of the school. These have been reported to the school's head teacher, central finance staff, governors, and the local authority.	All actions were due to be completed by the end of May 2025, and were in the process of being followed up at the time of writing this report.
Harbours	Reasonable Assurance	<p>We reviewed the controls and processes in place to ensure:</p> <ul style="list-style-type: none"> the accurate recording of health and safety incidents, proactive and reactive monitoring and inspections, fault reporting and their appropriate management. all income due to the Council is promptly collected and accurately accounted. <p>The audit reviewed operations specifically at Scarborough and Whitby harbours. The audit did not include the review of compliance with the Port</p>	April 2025	<p>Responsibility for health and safety is clearly assigned to the Harbour Master who holds appropriate qualifications.</p> <p>The harbours service has procedures and guidance for the completion of routine maintenance inspections.</p> <p>High risk areas identified in the service risk register are included in the inspection regime.</p> <p>Completed inspections and defects identified are recorded in a service spreadsheet tracker. Defects identified through inspections are not always being appropriate logged. Records did not demonstrate defects had been addressed or any follow-up action taken and recorded for those which were outstanding.</p> <p>Fees and charges for harbour users are approved each financial year. The service does not currently have a completed master record of periodical income due for each of</p>	<p>3 significant, 5 moderate, and 1 opportunity priority actions were agreed.</p> <p>Responsible officer(s):</p> <p>Deputy Harbour Master and Ports Business Manager.</p> <p>The newly implemented Harbour Management Meeting will include defects as a standing agenda item. Information will be updated to include the date reported, date repaired and closure date. Meeting actions will be logged to provide tracking of outstanding</p>

System /area	Opinion	Area reviewed	Date issued	Comments	Management actions agreed
		Marine Safety Code and associated reporting, and instead focussed on local arrangements for maintenance.		<p>the harbour locations, and we found significant variations in the expected and actual income posted for several budget areas.</p> <p>The process for raising invoices with accounts receivable (AR) is sufficiently documented and provides information relating to the detail required to be prepared and sent to AR to raise an invoice. However, invoices are not always being raised in the required timeframes. Officers were unclear on the processes for invoicing for fishing dues.</p> <p>Harbours are not receiving aged debt reports. These are not pursued resulting in outstanding balances totalling £156k at the time of the audit.</p>	<p>defects and other items discussed.</p> <p>On periodic income we currently capture expected income at source for Whitby and we will implement the same process to capture expected income at Scarborough and Filey.</p> <p>The procedures manual is to be updated to ensure it reflects the ways of working (for harbours and finance) in respect of invoicing and work to enable timely invoice requests are made.</p> <p>Quarterly meetings will be held with Accounts Receivable to review debts and agree appropriate recovery action.</p> <p>All actions are planned to be completed by the end of July 2025.</p>

System /area	Opinion	Area reviewed	Date issued	Comments	Management actions agreed
Adult Social Care: Stage one discussion process	Substantial Assurance	<p>A Stage One discussion should take place for all permanent Residential and Nursing Placements. The scheme of delegation is a support mechanism for practitioners and managers, providing a clear rationale for the decision-making process.</p> <p>We reviewed the controls that ensure:</p> <ul style="list-style-type: none"> Stage One discussions have been appropriately completed and documented for all permanent residential and nursing placements, and authorisations were in line with the Scheme of Delegation. Placements requiring assistant director and director-level sign off were supported by a Scheme of Delegation 	April 2025	<p>Stage one discussions are completed for all new and increased value permanent residential and nursing placements.</p> <p>Our review of a sample of authorised Stage One discussions confirmed that, overall, stage one case notes were being recorded and supporting documents completed appropriately. However, there was some non-compliance with the process, in particular one case was missing key supporting documents.</p> <p>The cases had been authorised correctly and appropriate consideration given of the Care Act during decision making.</p> <p>None of the cases we tested were declined for financial reasons. Where further information or funding confirmation was required, interim decisions had been recorded.</p> <p>A sample of cases were reviewed for appropriate scheme of delegation approval during October and November 2024. There was evidence of completion of the necessary paperwork for all, except one of the cases.</p> <p>There were two cases where consideration forms were not completed and approved in a timely manner.</p>	<p>2 moderate priority actions were agreed.</p> <p>Responsible officer: Assistant Director Adult Social Care</p> <p>The process has now reverted to authorisation at Team Manager level with the Assistant Director completing sampling of cases. Case notes will sit with Team Managers solely avoiding any future issues on incomplete records.</p> <p>A new 'pathway for practice' scrutiny has been introduced. The long-term aim is for this to reduce timescales for consideration and approval of these cases and allow for Scheme of Delegation to be used solely for what it is intended for, financial authorisations.</p>

System /area	Opinion	Area reviewed	Date issued	Comments	Management actions agreed
		Funding Consideration Form and these complied with the Scheme of Delegation.			Both actions are planned to be implemented by 31 October 2025.
Governance arrangements	Substantial Assurance	<p>We reviewed the controls to ensure:</p> <ul style="list-style-type: none"> The Constitution and schemes of delegation comply with relevant legislation with suitable processes to ensure they are reviewed and remain up to date. Key, executive and non-executive decisions taken by Councillors and officers are made in line with the Constitution and schemes of delegation, and decision records are made publicly available (where not confidential/exempt). Guidance and training on the decision-making process is provided to Councillors and 	April 2025	<p>The Constitution is compliant with relevant legislation, outlining adequate processes for decision-making at the council. It has been subject to regular review since it was adopted in April 2023.</p> <p>However, not all schemes of sub-delegation have been reviewed since their publication in April 2023. The Constitution does not clearly define frequency and responsibility for review or whether schemes should be published.</p> <p>Key decisions were found to have been taken by individuals with appropriate delegated authority, decisions records had been published and were included in the forward plan. However, not all notices required by the Constitution for urgent decisions or private meetings were available or published on the Council website.</p> <p>There is suitable guidance available on the Council's intranet regarding the Constitution and decision-making processes. Training, support and advice is provided to officers across the directorates and to Councillors by Legal & Democratic Services on an ad-hoc or</p>	<p>2 moderate and 2 opportunity priority actions were agreed.</p> <p>Responsible officer(s): Assistant Director Legal Operations Head of Democratic Services and Scrutiny</p> <p>Schemes of sub-delegation will be reviewed and published for the start of the financial year. They will then be updated as and when required, or at least annually.</p> <p>Reminders will be sent to staff about the process for publishing notices for urgent decisions and private meetings.</p>

System /area	Opinion	Area reviewed	Date issued	Comments	Management actions agreed
		<p>officers, is kept up to date and remains accessible.</p> <ul style="list-style-type: none"> Committee reports are appropriately prepared and approved, and contain clear information on the implications of the decisions. Suitable call in arrangements and processes are in place to enable effective scrutiny of decisions made by Councillors. 		<p>by-request basis. Guidance and a checklist to aid report writing are available to officers.</p> <p>There is a corporate reporting template in place which includes mandatory consideration of legal, financial and equalities implications. However, there is no version control or review dates for this.</p>	<p>All actions were due to be completed by the end of April 2025, and were in the process of being followed up at the time of writing this report.</p>
Payroll	Substantial Assurance	<p>We reviewed the controls in place to ensure</p> <ul style="list-style-type: none"> the payroll run is complete and accurate, conducted correctly, and includes relevant exception reporting and receives suitable authorisation. changes to payroll are applied correctly including accurate 	May 2025	<p>There is an established and documented process in place for conducting the pay run supported by appropriate policies, documents and checklists.</p> <p>The pay run processes were being followed each month. However, evaluation of the process for a sample of months identified that some pay run elements were not always signed and dated by administrative officers and that some reports that are no longer required remained on the checklist.</p>	<p>One moderate priority action was agreed.</p> <p>Responsible officer(s): Corporate and Partners payroll manager</p> <p>Payroll Team Leaders will review the processes included in the run sheets and remove any tasks no longer required.</p>

System /area	Opinion	Area reviewed	Date issued	Comments	Management actions agreed
		processing of starters, leavers, travel claims, maternity pay, and sick pay.		<p>Testing confirmed that a suite of reports, including exception reports, are run each month to allow a comprehensive check of the payroll to be carried out.</p> <p>Anomalies are checked or investigated, although on occasion it is not always possible to check every anomaly due to the volume of data generated. In those instances, certain anomalies are prioritised for checking. A salary difference report is run each month, and this is used to identify any high percentage differences between the previous and current pay received by an employee, which are then checked.</p> <p>A review of the processes for new starters, leavers, mileage claims, maternity and sickness payments confirmed that they had been completed in a timely manner and in line with the agreed procedure, and that documents were retained for future reference in personnel case notes. Testing identified that, where overpayments had been made, the recovery process had been initiated appropriately in the cases observed.</p>	<p>Payroll Team Leaders will remind all staff of the need to sign off task sheets.</p> <p>The action was due to be completed by the end of May 2025, and were in the process of being followed up at the time of writing this report.</p>
Children Leaving Care	Reasonable Assurance	The Council has set out what care leavers can expect to receive from the	May 2025	The Council's pathway plan template was reviewed against relevant guidance and found to cover all the key expected areas.	<p>1 significant priority and 5 moderate priority actions was agreed.</p> <p>Responsible officer:</p>

System /area	Opinion	Area reviewed	Date issued	Comments	Management actions agreed
		<p>Council in terms of support.</p> <p>We reviewed the Council's arrangements in place to ensure:</p> <ul style="list-style-type: none"> Care leavers had an up-to-date pathway plan that was compliant with relevant policies and procedures. Care leavers were provided with a personal adviser, and reasonable steps were taken to maintain contact. All purchasing card expenditure was approved, made in accordance with relevant financial procedures, and was appropriate to the circumstances of the service user. 		<p>Pathway plans were in place for all individuals tested.</p> <p>Some improvements could be made to the completion of the pathway plans. Some plans did not contain sufficient detail around goal setting. Some sections were blank, and it was unclear whether these were blank as not being required, or left incomplete for other reasons.</p> <p>All young people sampled had a personal adviser assigned. There had been regular in-person visits by personal advisers to young people in the service.</p> <p>There were no equalities monitoring to mitigate the risks of discrimination and reduced accessibility to services for young people with protected characteristics.</p> <p>The Leaving Care Service produce performance information but did not provide evidence of reporting to the Performance Board.</p> <p>All purchase card payments reviewed were in line with allowable areas of spend per the Councils financial offer to care leavers. In one instance a payment of £942 was in excess of the card limit.</p>	<p>Team Manager Leaving Care.</p> <p>The service is in the process of improving the paperwork pulled from the system that is given to young people. This will help to ensure information not required in the plan is omitted.</p> <p>The service will take advice and ensure equalities monitoring is set up as per other services within CYPS.</p> <p>Regarding the purchase card transaction - discussions will take place with Exchequer on how these transactions have been made and we will implement controls to mitigate the risk of this happening again in the future.</p> <p>All actions are planned to be completed by 30 September 2025.</p>

System /area	Opinion	Area reviewed	Date issued	Comments	Management actions agreed
Risk Management	Substantial Assurance	<p>We reviewed the Council's systems and processes to ensure:</p> <ul style="list-style-type: none"> • arrangements are in place for identifying, managing and reporting risks, in line with corporate requirements. • staff involved in risk management are aware of, and comply with, their responsibilities. • actions to reduce and mitigate risks are clearly assigned to responsible officers and progress is monitored. 	May 2025	<p>There are suitable arrangements in place for identifying, assessing, recording and reporting risks. These requirements are clearly detailed in the Council's risk management procedures.</p> <p>Risk management processes were reviewed in a number of directorates. We found appropriate support and challenge was provided regarding risk analysis. Key risks had been escalated.</p> <p>Key processes were being undertaken in line with policy and procedures.</p> <p>All risks included within risk registers reviewed had identified mitigating actions, responsible officers and timescales for implementation. Actions appeared suitable to help to mitigate risks. There was evidence of actions being monitored and updated at risk register reviews, including the use of percentage completion rates.</p> <p>Elected Members are not currently provided with information on risk management at the Council as part of their induction.</p>	<p>1 moderate priority action has been agreed.</p> <p>Responsible officer: Risk manager</p> <p>An overview of risk management within the Council will be developed for inclusion in the Member Induction that is being prepared for the May 2027 Council elections.</p> <p>This action is expected to be completed by 31 October 2025.</p>

System /area	Opinion	Area reviewed	Date issued	Comments	Management actions agreed
Climate Change	Reasonable Assurance	<p>The Council's Climate Change Strategy covers three key themes of mitigation, adaptation and supporting nature. It sets out key arrangements to manage, monitor and report on strategy delivery including a Climate Change Action Plan.</p> <p>Our work reviewed arrangements to ensure:</p> <ul style="list-style-type: none"> • suitable and effective monitoring and reporting arrangements are in place to support strategy delivery • the Climate Change Action Plan is in place, up to date, is supported by directorate and service-level plans, and aligns to ISO Net Zero Guidelines. • consideration of climate change is embedded in the council's decision-making process, risk 	June 2025	<p>We found the council has monitoring and reporting arrangements in place which support the delivery of the strategy.</p> <p>Climate change is included on the Council's corporate risk register which highlights the importance of the issue to the council, its directorates and the public, and the challenges of achieving carbon neutrality by 2030.</p> <p>Both the strategy and delivery pathway (action plan) documents were mainly in-line with the Net Zero guidelines although further detail could be added in some areas. The strategy covers the council's long term and short-term goals regarding climate change and its approach to becoming Net Zero by 2030.</p> <p>The main area for improvement was the lack of climate change related KPIs currently in place. Data reported by the Council is not set against any targets meaning it is difficult to accurately assess progress. Whilst the climate change strategy and delivery pathway exist; these are not aligned to KPI's.</p> <p>Climate change consideration was evident within all levels of the Council's decision-making process. Strategy officers within each directorate help ensure climate change is</p>	<p>1 significant priority and 3 moderate priority actions were agreed.</p> <p>Responsible officer:</p> <p>Climate Change Strategy Manager</p> <p>The Climate Change Strategy Manager will liaise with the Transformation team regarding the roll out of KPIs in relation to the Climate Change Strategy which will include KPIs such as Waste Recycling Figures and Electric Vehicle Charging Roll out. A dashboard style of reporting will be considered for the Transport, Economy, Environment and Enterprise Overview and Scrutiny committee.</p> <p>A section on climate change will be written for the new induction module, which will be</p>

System /area	Opinion	Area reviewed	Date issued	Comments	Management actions agreed
		registers and promoted through training for officers and Councillors.		<p>part of discussion and decision making, and climate change is considered as part of every project proposal.</p> <p>Online climate change training is available via the learning zone to all staff and Members within the council. The training is not mandatory and there was currently a lack of training available for staff regarding how to appropriately assess potential climate change impacts and to correctly complete the climate change impact assessments.</p> <p>Two other improvements were highlighted regarding directorate climate change action plan reporting and spreadsheet reporting to the Transport, Economy, Environment and Enterprise Overview and Scrutiny committee were made.</p>	<p>mandatory training for all new starters. Support will also be made available for staff who require assistance with the production of climate change impact assessments.</p> <p>The Climate Change Strategy Manager will liaise with the transformation team regarding the performance management tool that will assist in the creation of uniform climate change action plans for the directorates.</p> <p>All actions are planned to be completed by 31 October 2025.</p>

System /area	Opinion	Area reviewed	Date issued	Comments	Management actions agreed
IT disaster recovery	Reasonable Assurance	<p>We reviewed the Council's arrangements to ensure:</p> <ul style="list-style-type: none"> disaster recovery roles and responsibilities are clearly documented and updated, with assigned alternatives identified across the IT network plans are in place to ensure the recovery of systems and data within the Council's recovery time objective following an incident backups are taken in line with the Council's recovery objectives, data is available for restoration and backups are stored securely lessons learned from a recent cyber-attack have been incorporated within Council policy and procedures. 	June 2025	<p>The Council has an incident management plan and disaster recovery plan that covers all areas of information security framework ISO 27001 and IT service management framework ISO 20000.</p> <p>The Council's backup schedule takes into account the criticality of the data before being backed up. Business critical data is backed up every 24 hours. There is a full log of backups and alerts are received if there are any issues when taken. The Council has layers of security controls in place to protect the backups from malicious actors and malware such as ransomware. Whilst the Council has tested restoring individual servers from backups, they have not carried out a full service back up.</p> <p>The incident management plan was followed during a high-profile incident in the first quarter of 2024. Lessons learnt have been enacted and these actions should help to reduce the chance of a similar incident from occurring again.</p> <p>The Council has high-level incident response plans in place. However, there is a lack of detailed incident response playbooks to support those plans.</p>	<p>1 significant priority and 1 moderate priority action was agreed.</p> <p>Responsible officer: Head of Technology Architecture & Infrastructure</p> <p>The need to be able to test full-service back-ups has been identified.</p> <p>Technology is waiting for an environment to be built to allow for testing. Once built, a testing program will be introduced for those services deemed business critical.</p> <p>Incident response playbooks will be created for critical areas.</p> <p>Both actions are planned to be completed by 31 December 2025.</p>

System /area	Opinion	Area reviewed	Date issued	Comments	Management actions agreed
Information security compliance reviews	Reasonable assurance	<p>Unannounced audit visits were made to NYC offices. The visits are intended to assess the extent to which personal and sensitive data is being held and processed securely. The visits also consider general security and the security of assets, particularly mobile electronic devices and other portable equipment.</p> <p>We visited three separate sites between March and May 2025.</p>	June 2025	<p>In two of those visits, we found no instances of personal and/or sensitive information being left unsecured. All cupboards and key cabinets were secured, and desks were clear. We also did not find any instances of unsecured assets (laptops, phones, tablets etc).</p> <p>At the third visit, documents containing personal or sensitive data and physical assets have not been adequately secured. Keys and badges were also found which presented potential security risks.</p>	<p>1 significant priority action was agreed.</p> <p>Responsible officer: Head of Information and Cyber Security</p> <p>We will engage and work with Property/Facilities Officers, resident staff, and business leads with responsibilities and accountabilities, to:</p> <ul style="list-style-type: none"> • improve the secure environment, • provide tailored learning • manage risks <p>A delivery plan will be agreed, and we will provide an update report to Corporate Information Governance Group in November 2025.</p>

System /area	Opinion	Area reviewed	Date issued	Comments	Management actions agreed
Benefits	Substantial Assurance	<p>We reviewed the Council's arrangements to ensure:</p> <ul style="list-style-type: none"> Applications for Housing Benefit and Council Tax Reduction are processed promptly and accurately. Payments are made promptly Procedures exist to minimise the number of overpayments Effective monitoring of the calculation of entitlements, overpayments and adjustments is undertaken 	June 2025	<p>Monthly reporting to management helps to monitor the speed of applications. The time to process new claims and changes in circumstances in 2024/25 were in line with council targets.</p> <p>Appropriate system controls were in place ensuring National Insurance Numbers should only be included in more than one claim in appropriate circumstances.</p> <p>Expected internal checks to assessments and adjustments had been undertaken and were supported by appropriate records.</p> <p>Testing showed payments being made in line with expected timescales.</p> <p>Overpayments were subject to regular monitoring and document types which are likely to create an overpayment being prioritised and being assessed first.</p>	No management actions.
Early Years provider checks (Spring Term)	No opinion	<p>The council is required by the Childcare Act to ensure all eligible children can take up their funded childcare place free of charge at any childcare provider who chooses to be registered for funding.</p> <p>Our work reviewed a sample of invoices from</p>	June 2025	<p>Two providers met both the compliance and best practice standards. A further three were found to be compliant with the minimum requirements, but did not demonstrate best practice.</p> <p>The remaining providers were found to not be compliant with the minimum expected requirements; namely, that they did not adequately split the funded and non-funded</p>	<p>1 significant priority, 2 moderate priority actions and 1 opportunity action were agreed.</p> <p>Responsible officer: Head of Finance – Schools, Early Years & High Needs</p>

System /area	Opinion	Area reviewed	Date issued	Comments	Management actions agreed
		across ten early years providers to assess compliance with both government and council requirements.		hours so that parents can clearly see how these have been applied.	<p>A formal warning letter will be issued to providers where invoicing was not compliant with the requirements of the North Yorkshire Early Years Funding Agreement. A follow up compliance check will be undertaken with providers where significant concerns have been identified.</p> <p>Guidance and briefings will continue to be provided to early years providers on the required format and content for invoices.</p> <p>Actions are planned to be completed by 31 October 2025.</p>

Annex C: Assurance audit opinions and finding priorities

Audit opinions

Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit. Our overall audit opinion is based on four grades of opinion, as set out below.

Opinion	Assessment of internal control
Substantial assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Reasonable assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited assurance	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

*There are circumstances when it is not appropriate to give an opinion/assurance level on completed work, for example on project and other targeted support, consultancy, grant certification and follow up work. In these instances a 'No opinion' will be given.

Finding ratings

Critical	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Significant	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Moderate	The system objectives are not exposed to significant risk, but the issue merits attention by management.
Opportunity	There is an opportunity for improvement in efficiency or outcomes but the system objectives are not exposed to risk.

Annex D: Internal Audit Quality Assurance and Development Arrangements

1.0 Background

Ongoing quality assurance arrangements

Veritau maintains appropriate ongoing quality assurance arrangements designed to ensure that internal audit work is undertaken in accordance with relevant professional standards. From April 2025 those standards are the Global Internal Audit Standards in the UK Public Sector. Quality assurance arrangements include:

- ▲ the maintenance of a detailed audit procedures manual
- ▲ the requirement for all audit staff to conform to a Code of Ethics and Standards of Conduct Policy
- ▲ the requirement for all audit staff to complete annual declarations of interest
- ▲ detailed job descriptions and competency profiles for each internal audit post
- ▲ regular operational 121 meetings for all auditors, to review progress with audit engagements, and formal 121s that include discussion of overall performance
- ▲ induction programmes, training plans and associated training activities
- ▲ attendance on relevant courses and access to e-learning material
- ▲ the maintenance of training records and training evaluation procedures
- ▲ membership of professional networks
- ▲ agreement of the objectives, scope and expected timescales for each audit engagement with the client before detailed work commences (audit specification)
- ▲ the results of all audit testing and other associated work documented in a structured format using our audit management system – K10 Vision
- ▲ file review by senior auditors and audit managers and sign-off at each stage of the audit process
- ▲ the ongoing investment in tools to support the effective performance of internal audit work (for example data interrogation software)
- ▲ post audit questionnaires (customer satisfaction surveys) issued following each audit engagement
- ▲ regular client liaison meetings to discuss progress, share information and evaluate performance.

On an ongoing basis, completed audit work is subject to internal peer review by a Quality Assurance group. The review process is designed to ensure audit work is completed consistently and to the required quality standards. The work of the Quality Assurance group is overseen by an Assistant Director. Any key learning points are shared with the relevant internal auditors and audit managers. The

Head of Internal Audit will also be informed of any general areas requiring improvement. Appropriate mitigating action will be taken where required (for example, increased supervision of individual internal auditors or further training).

Annual self-assessment

On an annual basis, the Head of Internal Audit will seek feedback from each client on the quality of the overall internal audit service. This includes surveys targeted at senior officers and chairs of audit committees. The Head of Internal Audit also undertakes an annual self-assessment against internal audit standards. A hybrid approach to self-assessment has been taken this year, as a result of the change in the internal audit standards regime from April 2025. Further information about this year's approach is set out below. As part of ongoing performance management arrangements, managers and auditors assess current skills and knowledge against the competency profiles for internal audit roles. Where necessary, further training or support will be provided to address any development needs.

The Head of Internal Audit and other members of the internal audit management team also participate in various professional networks and obtain information on operating arrangements and relevant best practice from other similar audit providers for comparison purposes.

The results of annual client surveys, self-assessment against the standards, professional networking, and ongoing quality assurance and performance management arrangements are used to identify any areas requiring further development or improvement. Actions required are reflected in Veritau business plans, the Veritau internal audit strategy, and individual personal development plans as appropriate. Any specific changes needed to address conformance with professional standards are reported to the Audit Committee as part of the annual report of the Head of Internal Audit. The report also summarises other development activity planned to enhance the delivery of the service. Information gathered for quality assurance and development purposes is also used to evaluate overall conformance with internal audit standards.

External assessment

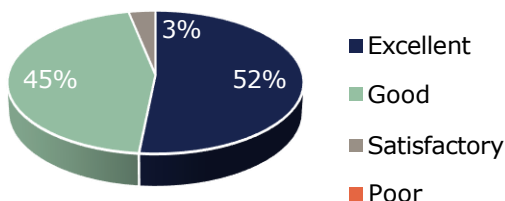
At least once every five years, arrangements must be made to subject internal audit working practices to external assessment to ensure the continued application of professional standards. The assessment should be conducted by an independent and suitably qualified person or organisation and the results reported to the Head of Internal Audit. The outcome of the external assessment also forms part of the overall reporting process to each client. Any specific areas identified as requiring further development and/or improvement will be incorporated into current development plans.

2.0 Customer satisfaction survey 2025

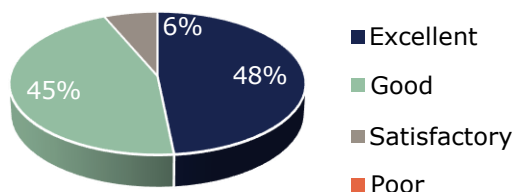
In March 2025 we asked clients for feedback on the overall quality of the internal audit service provided by Veritau during the preceding year. Where relevant, the survey also asked questions about counter fraud and information governance services. A total of 188 surveys (2024 – 173) were issued to senior managers in client organisations. A total of 32 responses were received representing a response rate of 17% (2024 – 10%). Respondents were asked to rate the different elements of the audit process as either excellent, good, satisfactory or poor.

Respondents were also asked to provide an overall rating for the service. The results of the survey are set out in the charts below. These are presented as percentages, for consistency with previous years. However, it is recognised that the relatively low number of respondents means that the percentage for each category is sensitive to small changes in actual responses (1 respondent represents about 3%).

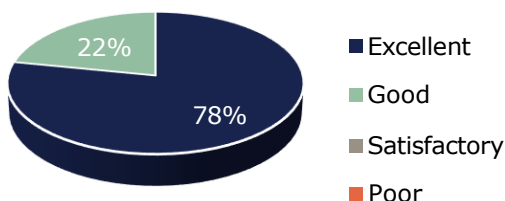
Quality of audit planning / coverage



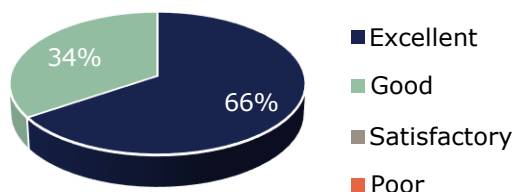
Provision of advice / guidance



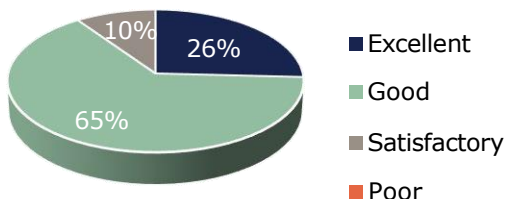
Staff conduct & professionalism



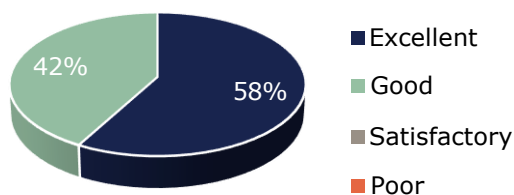
Ability to establish positive rapport



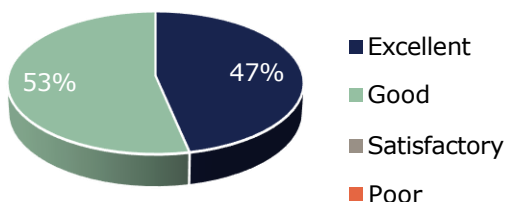
Knowledge of area being audited



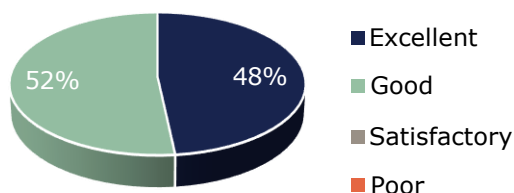
Minimising disruption for area being audited



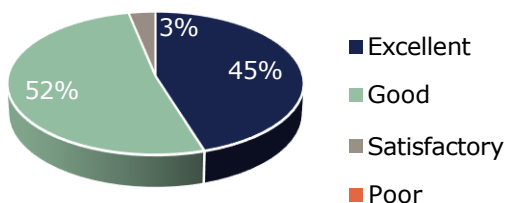
Communication of issues during audit



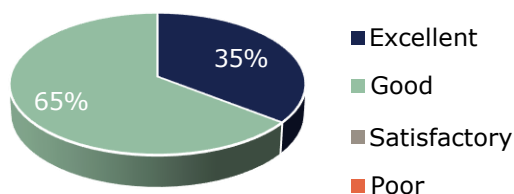
Quality of feedback at end of audit



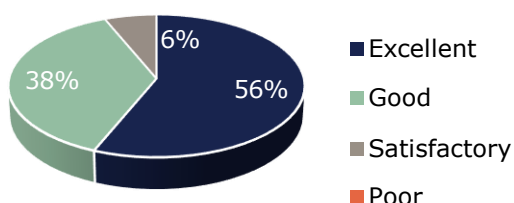
Accuracy / format / length / style of report



Relevance of audit opinions & conclusions



Overall rating for the Internal Audit service



The overall ratings in 2025 were:

	2025		2024	
Excellent	18	56%	7	44%
Good	12	38%	8	50%
Satisfactory	2	6%	1	6%
Poor	0	0%	0	0%

The feedback shows that the majority of respondents continue to value the service being delivered.

3.0 Self-assessment against audit standards 2025

The Accounts and Audit Regulations 2015 require internal auditors working in local government to take into account public sector internal auditing standards or guidance. Up to 31 March 2025, the relevant standards were the Public Sector Internal Audit Standards (PSIAS). CIPFA (who are responsible for setting internal audit standards for local government) have adopted new standards that apply from 1 April 2025. These are the Global Internal Audit Standards in the UK Public Sector – or GIAS (UK Public Sector)⁴. Internal auditors working in local government are expected to apply the new standards from April 2025.

In previous years Veritau has used a checklist published by CIPFA to assess conformance with the PSIAS. This is no longer appropriate following the change in standards. However, no equivalent checklist for assessment against the new standards has yet been published. For the self-assessment undertaken in April 2025, we have used documentation published by the Institute of Internal Auditors to prepare for the introduction of the new standards. This highlights areas of the GIAS that are changing and where updates to current arrangements may need to be made. We have also considered any changes required by the introduction of the new Application Note. We intend to undertake a further full

⁴ The GIAS (UK Public Sector) comprises the Institute of Internal Auditors' Global Internal Audit Standards (GIAS) and the Internal Audit Standards Advisory Board's Application Note: Global Internal Audit Standards in the UK Public Sector (referred to as the Application Note). The Application Note interprets the GIAS for the UK public sector.

assessment against the new standards later in 2025/26, once further guidance on assessing conformance is available.

The self-assessment has identified two actions required to address areas of partial conformance with the standards. These were:

- ▲ To update current internal audit charters to address various requirements of the new standards. For example, the need to set out the internal audit mandate and to clarify the roles of senior managers and the Audit Committee in championing the role of internal audit.
- ▲ To introduce a new survey of chairs of audit committees (or equivalent) to address requirements for the committees to provide input on internal audit performance.

A new charter has been prepared and is included as part of the agenda for the current committee, for approval. A survey of chairs of audit committees has been issued. However, the survey is still open and responses are still being received. Once complete, the results will be analysed and any actions required will be addressed as part of ongoing development plans.

The self-assessment has highlighted a number of other actions that are not required to comply with the standards – but which will help to improve the service. These will be taken forward as part of our existing internal audit strategy. Further information on development activity is included below.

4.0 External Assessment

As noted above, the PSIAS required the Head of Internal Audit to arrange for an external assessment to be conducted at least once every five years to ensure the continued application of professional standards. This requirement continues under the GIAS (UK Public Sector). The assessment is intended to provide an independent and objective opinion on the quality of internal audit practices.

An external assessment of Veritau’s internal audit working practices was undertaken in summer 2023, by John Chesshire, an approved reviewer for the Chartered Institute of Internal Auditors. The report concluded that Veritau internal audit activity ‘generally conforms’ to the PSIAS⁵ and, overall, the findings of the review were very positive. The feedback included comments that the internal audit service was highly valued by its member councils. Key stakeholders felt confident in the way Veritau had established effective working relations, both in our approach to planning, and the way we engage flexibly with our clients throughout the internal audit process, at both strategic and operational levels.

The outcomes from the external assessment were reported to this committee in October 2023. The assessment was based on the PSIAS. Many of the requirements under the new standards are the same or similar, and we can

⁵ PSIAS guidance suggests a scale of three ratings, ‘generally conforms’, ‘partially conforms’ and ‘does not conform’. ‘Generally conforms’ is the top rating.

therefore continue to place reliance on the previous report. However, a further external assessment against the new standards will need to be carried out in the next three years.

5.0 Development plans

Overall, the internal audit services provided by Veritau continue to meet the requirements of professional standards. However, we recognise that the pace of change in local government and the wider public sector mean that there is a need to continually review and update aspects of our service to ensure it stays up to date and continues to deliver good value.

We first introduced an internal audit strategy in 2021. The strategy identified priorities for developing the service and actions to deliver continuous improvement. As a result of that we have changed many aspects of the service in the last four years. Key successes include:

- ▲ audit planning – we have become better at defining the areas we need to focus on (including council specific risks and objectives) and we've introduced new arrangements for capturing and assessing information on the council's operations
- ▲ work planning – introducing flexible arrangements that help us focus upcoming audits on areas that are most important and allow us to change course quickly when priorities change
- ▲ reporting – ensuring that key information is available to clients to understand audit priorities and outcomes
- ▲ implementation of a new audit management system (K10) – the new system uses the latest technology, offers improved functionality, and is supporting development activity across a range of areas.

We have also tried a few things which did not deliver the expected outcomes. We have used the experience gained to improve core audit activities and ways of working.

The latest strategy (2025 to 2027) was adopted in January 2025. It sets out areas we are prioritising for development over the next three years. These include the following:

- ▲ focussing on the development of high value assurance techniques and expertise. For example, the use of data analytics to provide increased understanding of clients' operations and the use of artificial intelligence tools to increase efficiency and insights. Developing our knowledge of opportunities and risks associated with AI will also help us to support client adoption of new technologies.
- ▲ further development of systems for planning, prioritising and reporting audit work to ensure work is targeted to the areas of highest importance for our clients, our internal processes are as efficient as they can be, and the clarity and usefulness of reports is maximised.

- ▲ use of the new K10 audit system to improve functionality for the delivery of audit work and the production of management information. We want to use the system to streamline follow up activity, and further develop internal management processes. This will help us to better understand and manage audit workflows, improve service delivery, and inform performance management arrangements.

To achieve these priorities, we have focused actions in the following key areas:

- ▲ embedding a strategic approach to work programme development and the use of the audit opinion framework
- ▲ redesigning and modernising our audit working practices (including assignment planning and reporting)
- ▲ further developing our use of data analytics
- ▲ developing our key performance indicators and the measures of added value

Quality assurance group

The internal audit quality assurance group has recently reported on their 2024/25 activities. They were aiming to assess how well core audit practices had been adopted and applied using the new K10 system by looking at a sample of completed audit files. They found that overall, core working practices had translated well to the new system. Strengths included the following:

- ▲ the completeness of files and file review processes – information expected to be on file was included and files had been signed off by relevant supervisors.
- ▲ good documentation of engagement with officers when planning individual audits and agreement of the scope and objectives of work.
- ▲ good use of new system functionality to record the systems audited and linked to this, the tests to be undertaken.
- ▲ assignment of the priorities to issues found and overall opinions were in line with expectations, and key findings were well documented.

A few areas requiring improvement were found. These included:

- ▲ the need to better document the analysis and conclusions reached during the planning stage of each audit, and discussions with clients at the end of each audit
- ▲ improvements needed to cross referencing documents within the system between related pieces of work – this may require a review of current system set up and training
- ▲ a need to better document conclusions directly within K10, to increase the efficiency of report generation from the system.

These issues have been flagged for further action through system development, whole team training and feedback to individual auditors where required.

Improvement actions identified during self-assessment

As noted above, we have identified a number of areas for improvement while undertaking the annual self-assessment. These do not represent non-conformance with standards but will help us to improve the service. Continuous improvement actions identified included the following:

- ▲ review existing auditor competency profiles to ensure adequate coverage of the auditor competencies identified in the GIAS
- ▲ strengthen the analysis of outcomes from routine training delivered, to ensure it met objectives and any further action or training required was identified
- ▲ undertake additional training for auditors on professional scepticism
- ▲ ensure routine training delivered clearly highlights links to the relevant professional standards being covered
- ▲ review coverage of value for money considerations in the audit manual, and ensure adequate coverage in routine training
- ▲ review the presentation of annual conclusions to assess whether different approaches could present clearer insights

These actions will be integrated into the internal audit strategy action plan.

6.0 Overall conformance with standards

Based on the overall outcomes from quality assurance and development planning arrangements, the Head of Internal Audit considers that the internal audit service conforms to Global Internal Audit Standards in the UK Public Sector.



North Yorkshire Council Internal Audit Charter



April 2025

1 Purpose and commitment to professional standards

- 1.1 The purpose of the internal audit service is to strengthen North Yorkshire Council's ability to create, protect, and sustain value by providing the Audit Committee and senior management with independent, risk-based, and objective assurance, advice, insight, and foresight.
- 1.2 The internal audit service enhances North Yorkshire Council's
 - successful achievement of its objectives
 - governance, risk management, and control processes
 - decision-making and oversight
 - reputation and credibility with its stakeholders
 - ability to serve the public interest.
- 1.3 North Yorkshire Council's internal audit service is most effective when:
 - Internal auditing is performed by competent professionals in conformance with The Institute of Internal Auditors' Global Internal Audit Standards (UK public sector).
 - The internal audit service is independently positioned, with direct accountability to the Audit Committee.
 - Internal auditors are free from undue influence and committed to making objective assessments.
- 1.4 North Yorkshire Council can expect to see its internal audit service demonstrate integrity, competence, and due professional care, align with its strategies, objectives, and risks, demonstrate quality and continuous improvement, be insightful, proactive, and future-focused, communicate effectively, and contribute to organisational improvement.
- 1.5 North Yorkshire Council's internal audit service will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards in the UK Public Sector and Topical Requirements. The chief audit executive will report annually to the Audit Committee and senior management regarding the internal audit service's conformance with the standards, which will be assessed through a quality assurance and improvement programme.

2 The internal audit mandate

- 2.1 There is a statutory duty on the council to undertake an internal audit of the effectiveness of its risk management, control and governance processes. The Accounts and Audit Regulations 2015 also require that the audit takes into account public sector internal auditing standards or guidance. The Chartered Institute of Public Finance and Accountancy (CIPFA) is responsible for setting standards for proper practice for local government internal audit.

- 2.2 CIPFA has determined that the Global Internal Audit Standards are a suitable basis for the practice of internal auditing in UK local government, subject to interpretations and requirements set out in its application note¹. Taken together, the Global Internal Audit Standards and the application note represent proper practice for internal audit in local government. This charter sets out how internal audit at North Yorkshire Council will be provided in accordance with this proper practice.
- 2.3 The charter should be read in the context of the wider legal and policy framework which sets requirements and standards for internal audit, including the Accounts and Audit Regulations, the application note, the code of practice², and the council's constitution, regulations and governance arrangements.

3 Definitions

- 3.1 The Global Internal Audit Standards define internal auditing as follows:

"Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."

- 3.2 The Global Internal Audit Standards include reference to the roles and responsibilities of the "board" and "senior management" in relation to the governance of internal audit. Each organisation is required to define these terms in the context of its own governance arrangements. For the purposes of the Global Internal Audit Standards in the UK Public Sector (hereon in referred to as the "GIAS (UK public sector)") these terms are defined as follows at North Yorkshire Council.

"Board" – the Audit Committee fulfils the responsibilities of the board in relation to internal audit standards and activities.

"Senior Management" – in the majority of cases, the term senior management in the GIAS (UK public sector) should be taken to refer to the Corporate Director of Resources in their role as Chief Finance Officer. This includes all functions relating directly to overseeing the work of internal audit. In addition, senior management may also refer to any other director of the council individually (including the Chief Executive, and Deputy Chief Executives) or collectively as the Council's Management Board) in relation to GIAS (UK public sector) requirements for:

- internal audit to have direct and unrestricted access to senior management for reporting purposes
- consulting on risks affecting the council for audit planning purposes
- approving the release of information arising from audit work to any third party.

- 3.3 The GIAS (UK public sector) also refer to the "chief audit executive". This is taken to be the Head of Internal Audit (Veritau).

¹ Application Note: Global Internal Audit Standards in the UK Public Sector

² CIPFA Code of Practice for the Governance of Internal Audit in Local Government

4 Scope of internal audit activities

- 4.1 The scope of internal audit work will encompass the council's entire control environment³, comprising its systems of governance, risk management, and control.
- 4.2 The scope of audit work also extends to services provided through partnership arrangements, irrespective of what legal standing or particular form these may take. The Head of Internal Audit, in consultation with all relevant parties and taking account of audit risk assessment processes, will determine what work will be carried out by the internal audit service, and what reliance may be placed on the work of other internal and external providers of assurance and advisory services auditors.

5 Responsibilities and objectives

- 5.1 The Head of Internal Audit has the responsibility to:
- At least annually, develop a risk-based internal audit work programme that considers the input of the Audit Committee and senior management. Discuss the work programme with the Audit Committee and senior management, and submit the programme to the Audit Committee for review and approval.
 - Communicate the impact of resource limitations on the internal audit work programme to the Audit Committee and senior management.
 - Review and adjust the internal audit work programme, as necessary, in response to changes in North Yorkshire Council's business, risks, operations, programs, systems, and controls.
 - Communicate with the Audit Committee and senior management if there are significant interim changes to the internal audit work programme.
 - Ensure internal audit engagements are performed, documented, and communicated in accordance with the GIAS (UK public sector) and relevant laws and/or regulations.
 - Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the Audit Committee and senior management periodically and for each engagement, as appropriate.
 - Ensure the internal audit service collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the GIAS (UK public sector) and to fulfil the internal audit mandate.
 - Develop, implement, and maintain a quality assurance and improvement programme that covers all aspects of the internal audit service. The programme will include external and internal assessments of the internal audit service's conformance with the GIAS (UK public sector), as well as performance measurement to assess the internal audit service's progress toward the achievement of its objectives and promotion of continuous improvement.

³ For example, the work of internal audit is not limited to the review of financial controls only.

- Communicate with the Audit Committee and senior management about the internal audit service's quality assurance and improvement programme, including the outcomes of internal assessments and external assessments.
- Identify and consider trends and emerging issues that could impact North Yorkshire Council and communicate to the Audit Committee and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the internal audit service.
- Ensure adherence to North Yorkshire Council's relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the GIAS (UK public sector). Any such conflicts will be resolved or documented and communicated to the Audit Committee and senior management.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the Head of Internal Audit cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the Audit Committee.

5.2 In addition to the responsibilities set out above, to meet the requirements for the practice of internal auditing in local government, the Head of Internal Audit is also required to provide an annual report to the Audit Committee. The report will be used by the committee to inform its consideration of the council's annual governance statement. The report will include:

- the Head of Internal Audit's opinion on the adequacy and effectiveness of the council's framework of governance, risk management, and control
- any qualifications to the opinion, together with the reasons for those qualifications (including any impairment to independence or objectivity)
- any particular control weakness judged to be relevant to the preparation of the annual governance statement
- a summary of work undertaken to support the opinion, including any reliance placed on the work of other assurance providers
- an overall summary of internal audit performance and the results of the internal audit service's quality assurance and improvement programme
- a statement on conformance with the GIAS (UK public sector).

5.3 In undertaking this work, the responsibilities of the internal audit service will include:

- providing assurance to the board and senior management on the effective operation of governance arrangements and the internal control environment operating at the council⁴
- objectively examining, evaluating and reporting on the probity, legality and value for money of the council's arrangements for service delivery

⁴ Where third parties place reliance on the assurance provided then they do so at their own risk.

- reviewing the Council’s financial arrangements to ensure that proper accounting controls, systems and procedures are maintained and, where necessary, make recommendations for improvement
 - helping to secure the effective operation of proper controls to minimise the risk of loss, the inefficient use of resources and the potential for fraud and other wrongdoing
 - acting as a means of deterring all fraudulent activity, corruption and other wrongdoing; this includes conducting investigations into matters referred by councillors, officers, and the public and reporting findings of those investigations to the relevant officers and councillors as appropriate for action
 - advising the Council on relevant counter fraud and corruption policies and measures.
- 5.4 The Head of Internal Audit will ensure that the service is provided in accordance with proper practice as set out above and in accordance with any other relevant standards – for example council policy and legal or professional standards and guidance.
- 5.5 In undertaking their work, internal auditors should have regard to:
- the purpose of internal auditing, and standards as set out in the GIAS (UK public sector) and reflected in this charter
 - the codes of any professional bodies of which they are members
 - standards of conduct expected by the Council
 - the Committee on Standards in Public Life’s *Seven Principles of Public Life*.

6 Organisational independence

- 6.1 It is the responsibility of corporate directors and service managers to maintain effective systems of risk management, internal control, and governance. Auditors will have no responsibility for the implementation or operation of systems of control and will remain sufficiently independent of the activities audited to enable them to exercise objective professional judgement.
- 6.2 Audit advice and recommendations will be made without prejudice to the rights of internal audit to review and make further recommendations on relevant policies, procedures, controls and operations at a later date.
- 6.3 The Head of Internal Audit will put in place measures to ensure that individual auditors remain independent of areas they are auditing for example by:
- rotation of audit staff
 - ensuring staff are not involved in auditing areas where they have recently been involved in operational management, or in providing consultancy and advice⁵.

⁵ auditors will not be used on internal audit engagements where they have had direct involvement in the area within the previous 12 months

7 Accountability, reporting lines, and relationships

- 7.1 Internal audit services are provided under contract to the Council by Veritau⁶. Staff undertaking internal audit work are employed directly by Veritau. The Corporate Director of Resources acts as client officer for the contract and is responsible for overall monitoring of the service.
- 7.2 In its role in providing an independent assurance function, Veritau has direct access to councillors and senior managers and can report uncensored to them as considered necessary. Such reports may be made to:
- the Council, Executive, or any committee (including the Audit Committee)
 - the Chief Executive
 - the Deputy Chief Executives
 - the Corporate Director of Resources (Chief Finance Officer)
 - the Monitoring Officer
 - Other corporate directors, directors, assistant directors, heads of service or service managers.
- 7.3 The Corporate Director of Resources (Chief Finance Officer) has specific responsibilities for ensuring that the Council has effective systems of risk management and internal control. The role includes a responsibility to ensure that the Council has put in place arrangements for effective internal audit. In recognition of the importance of the relationship between the Chief Finance Officer and internal audit (recognised in the standards), a protocol has been drawn up setting out the relationship between them. This is included in appendix 1.
- 7.4 The Head of Internal Audit will report independently to the Audit Committee on:
- the proposed allocation of audit resources
 - any significant risks and control issues identified through audit work
 - their annual opinion on the Council's control environment.
- 7.5 The Head of Internal Audit will informally meet in private with members of the Audit Committee, or the committee as a whole as required. Meetings may be requested by committee members or the Head of Internal Audit.
- 7.6 The Audit Committee will oversee (but not direct) the work of internal audit. This includes commenting on the scope of internal audit work and approving the annual audit plan. The committee will also protect and promote the independence and rights of internal audit to enable it to conduct its work and report on its findings as necessary⁷.

⁶ The contract is with Veritau Public Sector Limited – a company limited by guarantee. The Council is a member of the company along with a number of other local authorities.

⁷ The relationship between internal audit and the Audit Committee is set out in more detail in appendix 2.

8 Fraud, consultancy services and non-audit services

- 8.1 The primary role of internal audit is to provide audit assurance services to the Council. However, the service is also required to undertake fraud investigation and other consultancy work to add value and help improve governance, risk management and control arrangements.
- 8.2 The prevention and detection of fraud and corruption is the responsibility of corporate directors and service managers. However, all instances of suspected fraud and corruption must be notified to Veritau, who will agree the course of action to be taken in consultation with the relevant corporate director and other advisors (for example human resources). Where appropriate, cases of suspected fraud or corruption will be investigated by Veritau.
- 8.3 Veritau also carry out other consultancy related work where this is of value to the Council. This is generally at the request of Council officers. It includes, for example, advice on designing efficient and effective processes. The scope of consulting work will be agreed with the relevant corporate director or service manager. Consulting work will only be carried out where it represents good value, there are sufficient resources and skills within Veritau to undertake the work, and where it does not compromise the assurance role or the independence of internal audit. Details of all significant consultancy assignments completed will be reported to the Audit Committee.
- 8.4 Where Veritau provides non-audit services (for example information governance), appropriate safeguards are in place to ensure audit independence and objectivity are not compromised. These safeguards include the work being performed by a separate team with different line management arrangements.
- 8.5 Veritau also has responsibility for facilitating and co-ordinating the completion of the Annual Governance Statement of the Council. Whilst providing these services does not impact on the independence or performance of internal audit, additional safeguards are in place to protect independence and support conformance with professional standards. Overall responsibility for the preparation of the Annual Governance Statement lies with the Corporate Director of Resources (s151 officer) and the Assistant Director Resources (deputy s151 officer). The Annual Governance Statement is also subject to review and sign off by the Corporate Governance Officers Group (CGOG) and the Council's Management Board, before being approved by the Council's Audit Committee.
- 8.6 The Head of Internal Audit will report any instances where audit independence or objectivity may be compromised to the Corporate Director of Resources and the Audit Committee. The Head of Internal Audit will also take steps to limit any actual or perceived impairment that might occur (for example by arranging for the audit of these services or functional activities to be overseen externally).

9 Resourcing

- 9.1 As part of the audit planning process the Head of Internal Audit will review the resources available to internal audit, to ensure that they are appropriate and sufficient to meet the requirement to provide an opinion on the Council's control

environment. Where resources are judged to be inadequate or insufficient, recommendations to address the shortfall will be made to the Corporate Director of Resources and to the Audit Committee.

10 Rights of access

- 10.1 To enable it to fulfil its responsibilities, the Council gives internal auditors employed by Veritau the authority to:
- enter all Council premises or land, at any reasonable time
 - have access to all data, records, documents, correspondence, or other information - in whatever form - relating to the activities of the Council
 - have access to any assets of the Council and to require any employee of the Council to produce any assets under their control
 - be able to require from any employee or councillor any information or explanation necessary for the purposes of audit.
- 10.2 Corporate directors and service managers are responsible for ensuring that the rights of Veritau to access premises, records, and personnel are preserved, including where the Council's services are provided through partnership arrangements, contracts or other means.

11 Review

- 11.1 This charter will be reviewed periodically by the Head of Internal Audit. Any recommendations for change will be made to the Corporate Director of Resources and the Audit Committee, for approval.

Relationship between the Corporate Director of Resources (the Chief Finance Officer) and internal audit

- 1 In recognition of the statutory duties of the council's Corporate Director of Resources in their role as Section 151 Officer, this protocol has been adopted to form the basis for a sound and effective working relationship between the Corporate Director and internal audit.
- (i) The Head of Internal Audit (HoIA) will seek to maintain a positive and effective working relationship with the Corporate Director.
 - (ii) Internal audit will review the effectiveness of the Council's systems of control, governance, and risk management and report its findings to the Corporate Director (in addition to the Audit Committee).
 - (iii) The Corporate Director will be asked to comment on those elements of internal audit's programme of work that relate to the discharge of their statutory duties. In devising the annual audit plan and in carrying out internal audit work, the HoIA will give full regard to the comments of the Corporate Director.
 - (iv) The HoIA will notify the Corporate Director of any matter that in the HoIA's professional judgement may have implications for the Corporate Director in discharging their statutory responsibilities.
 - (v) The Corporate Director will notify the HoIA of any concerns that they may have about control, governance, or suspected fraud and corruption and may require internal audit to undertake further investigation or review.
 - (vi) The HoIA will be responsible for ensuring that internal audit is provided in accordance with proper practice.
 - (vii) If the HoIA identifies any shortfall in resources which may jeopardise the ability to provide an opinion on the council's control environment, then they will make representations to the Corporate Director, as well as to the Audit Committee.
 - (viii) The HoIA will report to the Corporate Director (and the Audit Committee) any instances where internal audit independence or objectivity is likely to be compromised, together with any planned remedial action.
 - (ix) The HoIA will report to the Corporate Director (and the Audit Committee) any instances where audit work has not conformed to the GIAS (UK public sector). This includes the reasons for non-conformance and the possible impact on the audit opinion.
 - (x) The Corporate Director will champion the role of internal audit in providing independent, risk-based assurance on the operation of the council's systems of governance, risk management, and internal control, and in helping the council to achieve its objectives. The Corporate Director will also protect and promote the independence and rights of internal audit to enable it to conduct its work effectively and to report as necessary.

Relationship between the Audit Committee and internal audit

- 1 The Audit Committee plays a key role in ensuring that the council maintains a robust internal audit service and it is therefore essential that there is an effective working relationship between the committee and internal audit. This protocol sets out some of the key responsibilities of internal audit and the committee.
- 2 The Audit Committee will seek to:
 - (i) raise awareness of key aspects of good governance across the Council, including the role of internal audit and risk management
 - (ii) ensure that adequate resources are provided by the Council to ensure that internal audit can satisfactorily discharge its responsibilities
 - (iii) protect and promote the independence and rights of internal audit to conduct its work properly and to report on its findings as necessary.
- 3 Specific responsibilities in respect of internal audit include the following.
 - (i) oversight of, and involvement in, decisions relating to how internal audit is provided.
 - (ii) approval of the internal audit charter.
 - (iii) consideration of the annual report and opinion of the Head of Internal Audit (HoIA) on the Council's control environment.
 - (iv) consideration of other specific reports detailing the outcomes of internal audit work.
 - (v) consideration of reports dealing with the performance of internal audit and the results of its quality assurance and improvement programme.
 - (vi) consideration of reports on the implementation of actions agreed as a result of audit work and outstanding actions escalated to the Committee in accordance with the approved escalation policy.
 - (vii) approval (but not direction) of the indicative annual internal audit work programme.
- 4 In relation to the Audit Committee, the HoIA will:
 - (i) attend its meetings and contribute to the agenda
 - (ii) ensure that overall internal audit objectives, work programmes, and performance are communicated to, and understood by, the committee
 - (iii) provide an annual summary of internal audit work and an opinion on the council's control environment including details of unmitigated risks or other issues that need to be considered by the committee
 - (iv) establish whether anything from the work of the committee requires consideration of the need to change the internal audit work programme or vice versa

- (v) highlight any shortfall in the resources available to internal audit or any instances where the independence or objectivity of internal audit work may be compromised (and make recommendations to address these to the committee)
 - (vi) report any significant risks or control issues identified through audit work which the HoIA feels necessary to specifically report to the committee. This includes risks which management are failing to address but which the HoIA considers are unacceptable for the council
 - (vii) report any actual or attempted interference in the performance or reporting of internal audit work
 - (viii) participate in the committee's review of its own remit and effectiveness
 - (ix) discuss the outcomes of the quality assurance and improvement programme, and consult with the board on how external assessment of the internal audit service will be conducted (required once every five years).
- 5 The HoIA will informally meet in private with members of the Audit Committee, or the committee as a whole as required. Meetings may be requested by committee members or the HoIA.

NORTH YORKSHIRE COUNCIL

AUDIT COMMITTEE

23 JUNE 2025

INFORMATION GOVERNANCE ANNUAL REPORT

Report of the Corporate Director – Resources

1.0 PURPOSE OF THE REPORT

- 1.1 To provide an update on information governance matters, developments in the Council's information governance arrangements, details of related performance and compliance with relevant legislation.

2.0 BACKGROUND

2.1 Information governance is the framework established for managing, recording, protecting, using and sharing information assets in order to support the efficient and effective delivery of services. The framework includes management structures, policies and processes, technical measures and action plans. It helps to ensure information is handled securely and correctly, and provides assurance to the public, partners, and other stakeholders that the Council is complying with all statutory, regulatory and best practice requirements. Information is a key asset for the Council along with money, property and human resources, and must therefore be protected accordingly. Information governance is however the responsibility of all employees.

2.2 The Council must comply with relevant legislation, including:

The Data Protection Act 2018 (DPA 2018)
The UK General Data Protection Regulation (UK GDPR)
Privacy and Electronic Communications Regulation (PECR)
Freedom of Information Act 2000
Environmental Information Regulations 2004
Regulation of Investigatory Powers Act 2000

2.3 In respect of information governance, the Audit Committee is responsible for:

- reviewing all corporate policies and procedures in relation to information governance
- overseeing the implementation of information governance policies and procedures throughout the Council

2.4 Information governance has been identified as a high-risk area on the corporate risk register. This is in part due to the potential consequences should the Council suffer a serious data breach which, as well as regulatory action (including the possibility of financial penalties), the Council could suffer financial losses from data subjects seeking legal redress, and significant reputational damage.

3.0 ROLES AND RESPONSIBILITIES

3.1 The Council's information governance framework includes a number of specific roles, as follows:

Senior Information Risk Owner (SIRO)

The Corporate Director - Resources has been designated as the Senior Information Risk Owner (SIRO) with specific responsibility for ensuring risks relating to information governance are managed effectively. The SIRO reports on the Council's management of information risks to Management Board and the Audit Committee. The Assistant Chief Executive - Legal & Democratic Services has been designated as the Deputy SIRO.

Corporate Information Governance Group (CIGG)

The Corporate Information Governance Group (CIGG) exists to support the SIRO in the discharge of those responsibilities. CIGG provides overall direction and guidance on all information governance matters. CIGG meets every two months and reviews and updates the information governance strategy and policy framework, monitors information risks and emerging issues, develops and coordinates action plans and oversees related activities.

Data Protection Officer (DPO) – Veritau

All public authorities are required to appoint a Data Protection Officer (DPO). The DPO monitors and reports on compliance and provides independent advice on data protection matters. The DPO also advises on data protection impact assessments and acts as the first point of contact for the Information Commissioner's Office (ICO) and data subjects. Veritau is the Council's Data Protection Officer.

Information & Cyber Security Team

The Information & Cyber Security team, hosted in the Technology Service, comprises three functions: Data Governance, Information Security and a Cyber Security Operations Centre ('Cyber SOC').

- The Data Governance team works with service areas to provide information governance and assurance; and supports the organisation in ensuring the quality and accuracy of its data. The team embeds information governance policies and shares information management best practice. This includes providing support with the preparation and maintenance of information asset registers, Data Protection Impact Assessments (DPIAs) and information sharing agreements. The team supports services to mitigate the risk of data breaches. The team also delivers relevant training to service teams.
- The Information Security team works with service areas and Technology Service colleagues to identify, evaluate, and mitigate digital and physical information risks, and to achieve and sustain relevant information security compliance standards (e.g., ISO 27001). The team provides organisational guidance on access controls and permissions to the Council's ICT network,

technology infrastructure and ICT systems and applications. The team also delivers relevant training to service teams, including regular email phishing tests.

- The Cyber SOC team works with service areas and Technology Service colleagues to identify, evaluate and mitigate cyber threats, and to manage the organisational response to cyber incidents. The team researches, compiles, and acts on internal and external cyber intelligence with and from trusted partners. The team is focused on optimising organisational cyber resilience and embedding a swift and effective response to cyber security incidents.

Veritau Information Governance Team

As well as acting as Data Protection Officer, the Information Governance team within Veritau manages all Freedom of Information and Data Subject requests received by the Council. The team coordinates responses, provides general advice and guidance, reviews the application of exemptions, and responds to complaints concerning these legislative duties. The team chairs the Multi Agency Information Sharing Protocol group and investigates all serious data breaches. The team also works with the Data Governance team to ensure the policy framework is kept up to date, raises awareness of data protection obligations, and responds to any emerging issues.

4.0 POLICY FRAMEWORK / COMPLIANCE WITH UK-GDPR / DPA 2018

4.1 The information governance policy framework continues to be reviewed and updated to comply with the UK GDPR, the DPA 2018 and to reflect the latest best practice guidance issued by the ICO.

4.2 The Information Governance and Management Strategy has been updated. The current priorities include raising awareness of information governance responsibilities and good practice across the Council, embedding procedures to better understand and manage information assets and risks, and the utilisation of new technologies and innovations to improve security and service delivery. The strategy also aims to develop policies and processes to support improved information and records management across the Council.

4.3 Key actions completed in the year and other developments have included:

- delivery of data protection training and workshops as part of our ongoing work with individual services
- piloting the use of redaction software for subject access requests
- delivery of bespoke e-learning modules in relation to data protection and information security
- reviewing and updating all privacy notices in preparation for a new embedded design allowing easier access and management
- reviewing any new agreements for supplies and services to ensure they properly reference the UK-GDPR

- working with relevant service areas in respect of any information sharing initiatives, to ensure all activity is being carried out in line with the relevant legislation
- engaging with the Information Commissioner’s Office (ICO), Department for Digital, Culture, Media & Sport, and the technology sector to contribute to policy formation around the use of Artificial Intelligence (A.I.) and Machine Learning
- preparing for the possible future implementation of the Data (Use and Access) Bill which was introduced to Parliament in October 2024, and keeping informed of developments with the Bill and how it could possibly affect the Council.

5.0 DATA BREACHES

5.1 Council employees are required to report all information security incidents (personal data breaches) to Veritau, including any near misses. The incidents are assessed, given a risk rating, and then investigated.

5.2 Low or very low risk incidents are unlikely to result in harm but usually indicate a breach of procedure or policy, whilst increasing risk awareness; moderate incidents represent actual disclosure, but harm is unlikely to be serious; and high or very high incidents are sufficiently serious to require self-reporting to the ICO and potentially the data subjects. Near miss incidents are where there has been a failure of security safeguards, but no breach of confidentiality, data integrity, or availability has actually taken place.

5.3 The number of reported personal data security incidents in the year to 31 March 2025 was as follows:

2024 / 25							
Quarter	Very high	High	Moderate	Low	Very low	Total	Near Miss
Q1	3	0	11	62	24	100	41
Q2	0	4	7	74	15	100	41
Q3	1	3	10	51	33	98	48
Q4	1	0	11	63	35	110	38
Total	5	7	39	250	107	408	168

5.4 The equivalent number of personal data security incidents reported in 2023/24 was as follows:

2023 / 24							
Quarter	Very high	High	Moderate	Low	Very low	Total	Near Miss
Q1	1	1	25	55	21	103	37

2023 / 24							
Quarter	Very high	High	Moderate	Low	Very low	Total	Near Miss
Q2	1	0	22	58	22	103	28
Q3	0	1	13	47	19	80	25
Q4	0	2	20	61	25	108	27
Total	2	4	80	221	87	394	117

5.5 The overall number of breaches reported has increased, however this may reflect the numerous system and process changes employees are experiencing following the local government reorganisation. The reported breaches will continue to be monitored to identify any specific trends or issues.

5.6 8 data breaches were reported to the ICO in 2024/25, as follows:

Case Number	Type of breach	ICO Decision (received)
202404965	Unauthorised access	ICO investigation ongoing. Veritau and NYC continue to assist with the ICO's enquiries.
202403258	Unauthorised access	No further action – recommendations provided by ICO (November 2024)
202403031 – No Breach	N/A - after further information was received the case was reassessed as 'no breach'	The breach was found to have been caused by another organisation. The ICO also determined that no further action was needed. Relevant service area informed (October 2024)
202403551	Lost / misplaced data	No further action – recommendations provided (January 2025)
202402429	Unauthorised disclosure	No further action – recommendations provided (August 2024)
202400070	Cyber incident – data processor	No further action (August 2024)
202400104	Cyber incident – data processor	No further action (May 2024)

Case Number	Type of breach	ICO Decision (received)
202400271	Incorrect email recipient	No further action – recommendations provided (June 2024)

5.7 As in previous years, information security has been highlighted as a significant control issue by the Head of Internal Audit and included in the Annual Governance Statement. The causes are varied but work is ongoing to reduce the frequency and impact of data breaches.

6.0 LOCAL GOVERNMENT REORGANISATION (LGR)

6.1 A significant amount of work was undertaken in 2022/23 to ensure that the new North Yorkshire Council would be compliant with the UK-GDPR and Data Protection Act 2018. This work has continued in 2024/25, and has included:

- continuing to raise awareness of the Data Governance and Information Governance teams across the Council to ensure better understanding of their respective responsibilities
- working with individual services to help provide a consistent approach to Data Protection compliance
- as services have been brought inhouse (e.g. Brimhams Active) work has been undertaken to bring processes in line with the Council's policy framework
- working with the York and North Yorkshire Combined Authority to support the establishment of the Combined Authority
- improving the Council's processes for managing requests for information. This has included running awareness campaigns, delivering a programme of training sessions across various service areas and hosting regular service/directorate meetings to help better coordinate responses.

7.0 CYBER SECURITY

7.1 The impact of a significant cyber-attack against the Council as well as making systems unavailable could result in a significant data breach. The threat to the public sector continues with councils, schools and other public sector organisations seeing an increase in the number of attempted attacks. Successful attacks elsewhere have led to the loss of services to residents and potential data losses. It has been reported that the cost of recovery for one of the councils affected in recent years was in excess of £10m.

7.2 To mitigate this risk, the Technology Service has invested in and continues to maintain a number of technical measures to minimise the likelihood of a successful attack and to reduce the impact if one occurs.

7.3 The Council proactively monitors cyber threats through the use of security software and acting on intelligence received from trusted partner organisations e.g. National Cyber Security Centre (NCSC), Yorkshire & Humber Warning, Advice & Reporting Point (YHWARP) and Regional Organised Crime Unit (YHROCU). This monitoring

has proved effective with the Information & Cyber Security team successfully identifying and blocking threat activity from various national and international locations.

- 7.4 Due to the complex nature and realities of cyber-attacks, these technical measures cannot guarantee that the Council will not fall victim to a cyber incident, and our employees have an important role to play. The Technology Service therefore provides regular advice and guidance to staff through training, intranet updates and key messages. Revised eLearning training has been released to update employees on how to work securely. Regular simulations are also carried out to improve their ability to identify phishing emails and to understand what actions they should take if they receive one.
- 7.6 The Technology Service continues to maintain its ISO 27001 certification, which is an internationally recognised framework for Information Security ensuring that the Confidentiality, Integrity, and Availability of data is maintained. The Service has also achieved ISO/IEC 20000 certification which relates to best practice for IT service management (ITSM). This helps organisations to evaluate how effectively they deliver managed services, measure service levels, and assess their performance.

8.0 MICROSOFT 365 IMPLEMENTATION

- 8.1 As part of the Microsoft 365 implementation, the Council has delivered the ability to classify documents (email, word, excel etc) using the Government Security Classification Scheme (Official-Sensitive, Official, Not Protectively Marked). Classification has been improved to make it easier for the end user to understand and use, and where possible the classification is automated based on the content of the document.
- 8.2 We are also leveraging functionality within Microsoft 365 to categorise documents, allowing us to put in place retention and deletion policies which support one of the UK-GDPR requirements of storing data for no longer than is necessary for the purposes for which it was processed. Work is ongoing in this area with the Data Governance team working with service areas to identify key document retention periods and to embed and automate this functionality within the Microsoft 365 environment.
- 8.3 We are in the process of developing a document migration strategy to identify, categorise and migrate all of the Council's legacy electronic and physical documents to Microsoft 365 or NYC Archives. This includes the identification and removal of ROT (Redundant, Obsolete and Trivial) information, which is no longer required, which may result in non-compliance with data protection legislation and is costly in terms of electronic storage. This strategy will make it easier for end users to find the information they need and will help expedite FOI and SAR information requests.
- 8.4 The above developments will enable us to start using Data Loss Prevention (DLP) within Microsoft 365, which will help reduce the likelihood of a serious data breach occurring. For example, DLP functionality can automatically block sensitive information being sent to a non-approved email address, or prevent a sensitive document from being unlawfully shared, edited or printed.

8.5 As we migrate emails and documents into the Microsoft 365 environment, other functionality will be rolled out to further improve our ability to manage information securely and effectively.

9.0 IMPLICATIONS

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

10.0 RECOMMENDATION

10.1 Members are asked to note the Council's information governance arrangements and activities during the year.

Report prepared by Max Thomas, Head of Internal Audit (Veritau) and Greg Harper, Head of Information & Cyber Security (NYC)

GARY FIELDING
Corporate Director – Resources

County Hall
Northallerton

10 June 2025

Background Documents: Relevant reports considered by the Corporate Information Governance Group

NORTH YORKSHIRE COUNCIL

AUDIT COMMITTEE

23 JUNE 2025

ANNUAL COUNTER FRAUD REPORT

1.0 PURPOSE OF THE REPORT

- 1.1 To provide a summary of the counter fraud work undertaken in 2024/25 for North Yorkshire Council, together with the related outcomes.

2.0 BACKGROUND

- 2.1 Fraud is a significant risk to the public sector. Annual losses due to fraud and error are estimated to be as high as £81 billion in the United Kingdom. North Yorkshire Council engages Veritau to deliver a counter fraud service. The service helps the Council to mitigate fraud risk, investigate suspected fraud, and to take appropriate action when it is detected.
- 2.2 Details of the counter fraud activities undertaken in 2024/25 and the outcomes from this work are contained in the Counter Fraud Annual Report which is attached at **appendix 1**. The report details levels of savings achieved by the Council as a result of counter fraud work. The report also provides the Committee with information about whistleblowing concerns raised with Veritau during the year.

3.0 RECOMMENDATION

- 3.1 Members are asked to note the counter fraud work undertaken during the year.

DANIEL CLUBB
Assistant Director – Corporate Fraud

Report prepared and presented by Daniel Clubb, Assistant Director – Corporate Fraud

Veritau - Assurance Services for the Public Sector
County Hall
Northallerton

5 June 2025

Background Papers:
None.

Appendices:
Appendix 1: Counter Fraud Annual Report 2024/25



COUNTER FRAUD ANNUAL REPORT 2024/25

Date: 23 June 2025

Appendix 1

Page 72

CONTENTS

- 3** Background
- 3** Key Performance Figures
- 4** Analysis of Results
- 5** Whistleblowing
- 6** Counter Fraud Management
- 8** Appendix A: Counter Fraud Activity



Daniel Clubb
Assistant Director -
Corporate Fraud



Max Thomas
Head of
Internal Audit



BACKGROUND

- 1 Fraud is a significant risk to the public sector. Fraud is the most common offence in the UK, accounting for 41% of all crime¹. The National Audit Office estimates that fraud and error cost the taxpayer between £55 and £81 billion in 2023/24 and that only a fraction of this was detected². Financial loss due to fraud can reduce a council's ability to support public services and can result in reputational damage.
- 2 Veritau provides a corporate fraud service to North Yorkshire Council which aims to prevent, detect and deter fraud and related criminality. We use qualified criminal investigators to support departments with fraud prevention, proactively identify issues through data matching exercises, and investigate suspected fraud. To deter fraud, offenders face a range of outcomes, including prosecution in the most serious cases.
- 3 The counter fraud team also plans and takes part in counter fraud campaigns (eg the National Fraud Initiative), undertakes fraud awareness activities with staff and the public, and maintains and updates the Council's counter fraud framework and associated policies.
- 4 This report provides the Audit Committee with a summary of counter fraud activity completed in 2024/25. It also details whistleblowing reports received and the types of concerns that have been reported.



KEY PERFORMANCE FIGURES

- 5 Protecting public money and recovering incorrectly obtained funds is a priority for the Council. Veritau helped the Council to achieve £240.7k in counter fraud savings in 2024/25.
- 6 The counter fraud team received and triaged 439 referrals of suspected fraud during the year. This included reports from the public, council employees, external agencies, and issues identified through proactive exercises. The team completed 114 investigations, and 47% of these cases resulted in a positive outcome³.
- 7 As a result of investigative work, warnings were issued to 18 people in respect to claims for council tax or NNDR reductions/discounts, incorrectly obtaining council funding, and providing false information to support a housing application. Two applications for school places were declined after investigations found the erroneous home addresses had been provided.
- 8 A detailed summary of performance can be found in annex A, below.

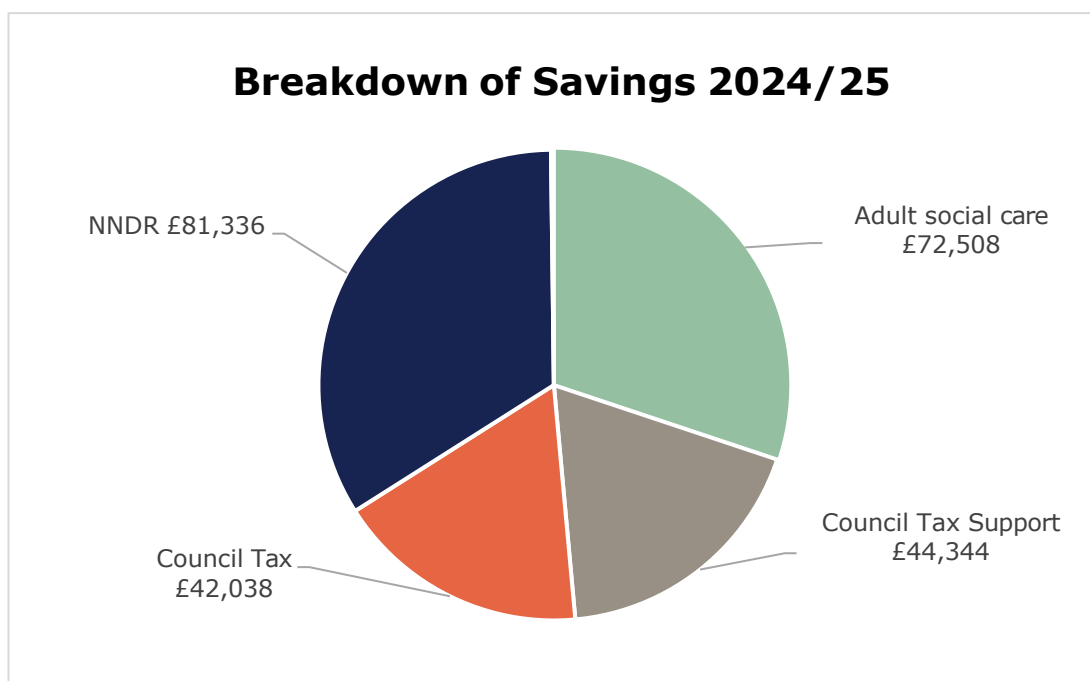
¹ [Progress combatting fraud \(Forty-Third Report of Session 2022-23\)](#), Public Accounts Committee, House of Commons

² [An overview of the impact of fraud and error on public funds](#), National Audit Office

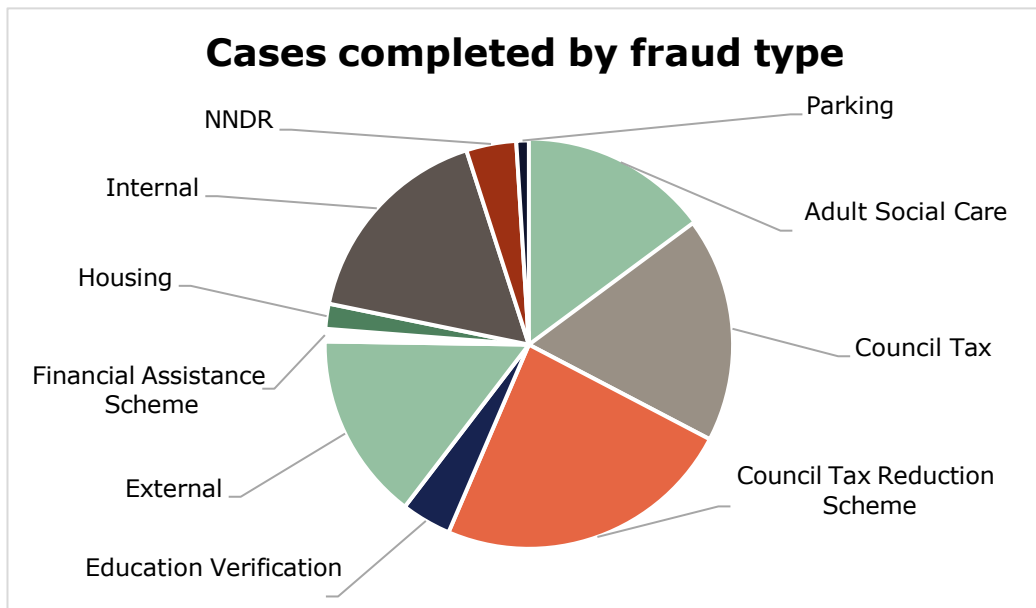
³ Actual outcomes vary by case type but include, for example, benefits or discounts being stopped or amended, sanctions, prosecutions, or management action taken.

ANALYSIS OF RESULTS

- 9 Veritau has an annual target of £225k to achieve in fraud related savings. The savings for 2024/25 comprise the repayment of debt following investigative work, a maximum of one year's future savings if an investigation has stopped an ongoing fraud that would otherwise have continued, and the prevention of any one-off payments that would have been made without our intervention. The chart below shows the areas where savings were achieved.



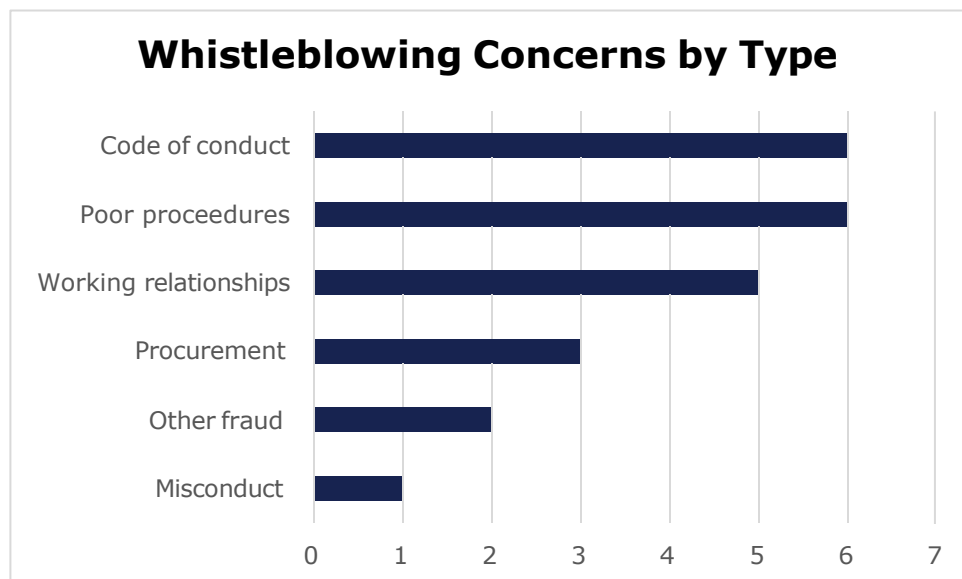
- 10 The following chart details the range of services that Veritau supported through investigative work in 2024/25. Council Tax, NNDR, and Council Tax Reduction Scheme investigations continue to be a significant portion of the team's work.



WHISTLEBLOWING

- 11 North Yorkshire Council's whistleblowing process provides employees with an outlet to raise concerns about potential wrongdoing taking place within the Council. Veritau has overall responsibility for managing the policy. The counter fraud team works with Council officers within Human Resources to ensure that all concerns raised are dealt with appropriately. Awareness of the policy is regularly raised with all Council employees including annual publicity for World Whistleblowers' Day in June. Two e-learning modules were rolled out in 2024/25; one aimed at all staff to raise awareness of the policy and process, and a second module to highlight the role and responsibilities of managers in the whistleblowing process.
- 12 Veritau logged 23 concerns raised through whistleblowing channels during the year, however, on review not all reports met the criteria for whistleblowing⁴. Reports received were either shared with the appropriate service for action or investigated by the team depending on the nature of the concern. Where issues were substantiated, outcomes included updates and improvements to procedures.
- 13 The following figure details the categories of whistleblowing reports received in 2024/25.

⁴ For example, some matters related to individual grievances covered by the Council's Resolving Issues at Work Process.



COUNTER FRAUD MANAGEMENT

- 14 Veritau undertakes a range of non-investigative activity to support the development of counter fraud arrangements at the Council.
- 15 North Yorkshire Council entered its second year of operation in 2024/25. Continuing to develop relationships with staff across the authority and raising awareness of fraud amongst Council employees and the public is an important function of the counter fraud team. Information about the Council's whistleblowing policy was published to all employees in June 2024. Cybercrime is also a high-risk area for the council. In October 2024, as part of Cyber Security Awareness Month, Veritau worked alongside the Council's communications team to raise awareness amongst all employees of the threat of cybercrime, how to spot it, and how to prevent it from happening.
- 16 Training has also been provided to social care managers, staff working in the Direct Payments team, social care staff, and HR colleagues. The training covered how the Council is affected by fraud, the role of the counter fraud team, different fraud types, how council employees can identify other signs of fraud and report them, and how to spot false or forged documents. The counter fraud team also ran a counter fraud workshop at the annual school bursar conference.
- 17 In March, Veritau produced an updated Counter Fraud Plan for the Council. It considered fraud risks to the authority and included a development plan for activities in 2025/26. An update to the Counter Fraud and Corruption Policy was also approved by the Committee as part of a review of the fraud policy framework.
- 18 The counter fraud team is an active participant in regional and national counter fraud groups. Veritau represented the Council in May 2024 at a meeting with the Public Sector Fraud Authority leadership team and Baroness Neville-Rolfe, Minister of State (Cabinet Office) for the last

government. The meeting focussed on sharing best practice and increased collaboration between local authorities and government to combat public sector fraud⁵. Veritau is also a member of the Yorkshire and Humber Counter Fraud Group and Tenancy Fraud Forum.

- 19 Veritau participated in and chaired a national Fighting Fraud and Corruption Locally (FFCL) working group examining issues surrounding adult social care fraud. The group published a national report and toolkit designed to encourage and help councils to examine and address adult social care fraud⁶. The team has presented the findings to local authority and counter fraud professional at a number of national and regional events.
- 20 Veritau shared alerts on fraud threats identified by partners in the counter fraud community, including the National Anti-Fraud Network (NAFN). "Career polygamy" has been a high profile topic nationally. This type of fraud occurs when someone illicitly works full time for multiple organisations at the same time. The team provided regular intelligence to the Council's Human Resources Department about individuals who are found to be polygamously working for other organisations.
- 21 The team maintains a fraud reporting telephone number and a dedicated email address⁷. Council employees and members of the public are encouraged to report any concerns they have about fraud affecting the Council.

⁵ ["Trailblazing" councils save millions working with government counter fraud squad](#), HM Government

⁶ [Adult Social Care Fraud Toolkit](#), Fighting Fraud and Corruption Locally Board

⁷ Any person who wishes to report fraud against the North Yorkshire Council can call 0800 9179 247 or email counter.fraud@veritau.co.uk

APPENDIX A: COUNTER FRAUD ACTIVITY 2024/25

The table below shows the success rate of investigations and levels of savings achieved through counter fraud work in 2024/25.

	2024/25 (Actual: Full Yr)	2024/25 (Target: Full Yr)
Amount of actual savings (quantifiable savings - eg repayment of loss) identified through fraud investigation	£240,700	£225,000
Covid-19 grants savings ⁸	£72,435	n/a
% of investigations completed which result in a successful outcome (eg payments stopped or amended, sanctions, prosecutions, and properties recovered)	47%	30%

Caseload figures for the period are:

	2024/25 (Full Year)
Referrals received	439
Number of cases under investigation ⁹	103
Number of investigations completed	114
Number of verification cases completed ¹⁰	4

⁸ Composed of recovery of incorrectly obtained funding and transfer of outstanding recovery to central government following mandated Council action

⁹ As at the end of each financial year on 31 March 2025

¹⁰ Verification cases are reviews of applications for Right to Buy and school places

Summary of counter fraud activity

Activity	Work completed
Data matching	<p>The 2024/25 National Fraud Initiative (NFI) data matching exercise began this year. Checks were made to ensure that the Council met government data matching requirements and best practice. Data held by the Council was securely sent to the Public Sector Fraud Authority (PSFA) in October 2024. Further data was submitted to PSFA in January 2025 as part of the annual Council Tax Single Person Discount exercise. Matches from both exercises are currently being reviewed by the counter fraud team and relevant services.</p>
Fraud detection and investigation	<p>The counter fraud team promotes the use of criminal investigation techniques and standards to respond to any fraud perpetrated against the council. Activity completed in 2024/25 included the following:</p> <ul style="list-style-type: none"> • Adult Social Care fraud – The counter fraud team completed 15 investigations in this area. Savings of £72.5k were calculated over the year. • Council Tax Reduction Scheme – The team investigate allegations of abuse of the scheme. This includes joint investigations with the Department for Work Pensions where state benefits are also in payment. Twenty-four investigations were completed in this area, with warnings being issued to seven individuals for incorrectly obtaining reductions. A total of £44.3k in savings was identified in this area over the course of the year. • Council Tax fraud – Nineteen investigations were concluded relating to council tax liabilities. Incorrect claims for Single Person Discount accounted for 79% of the cases investigated. Work in this area helped the Council achieve £42k in savings. • Housing fraud – Two investigation were completed in 2024/25. One resulted in an individual being issued a warning for providing false information on behalf of family members when applying for housing. • Internal fraud – Veritau completed 15 investigations into potential internal fraud or misconduct. Outcomes included helping services strengthen controls to prevent future issues and providing information for disciplinary processes.

Activity	Work completed
	<ul style="list-style-type: none"> • External or third party fraud – Fifteen investigations relating to attempted frauds against the Council by third parties were completed. One person was issued with a warning for incorrectly continuing to receive funding that they were not entitled to. Other cases resulted in advice to services to help strengthen controls. • Parking fraud – One investigation relating to an application for a disabled parking badge was completed. Fraud was not substantiated. • Education verification – The counter fraud team works with Council officers to investigate and deter false applications for school places. Four applications for school places were verified in 2024/25. In two cases, the home address used for a school place was found to be misstated resulting in school placements being declined. • Covid-19 related fraud – There are no ongoing investigations relating to Covid-19 related fraud, however the Council continues to recover money and be protected from financial loss as a result of previous investigations instigated for former district and borough councils.

This page is intentionally left blank

NORTH YORKSHIRE COUNCIL

AUDIT COMMITTEE

23 JUNE 2025

ASSESSMENT OF EFFECTIVENESS OF GOVERNANCE ARRANGEMENTS – CHILDREN AND YOUNG PEOPLE'S SERVICES

REPORT OF THE CORPORATE DIRECTOR – CYPS

1.0 PURPOSE OF THE REPORT

- 1.1 To inform members of the results of the annual review of governance completed by the Children and Young People's Service Directorate. The review has compared the governance arrangements which have operated within the Directorate over the last year to the Council's expected principles of good governance as set out in the local code of governance.
- 1.2 To provide details of the updated Risk Register, and the management of key risks for the Children and Young People's Service Directorate.

2.0 BACKGROUND

- 2.1 The Accounts and Audit Regulations (2015) require the Council to conduct a review, at least annually, of the effectiveness of its internal control systems and to report the results as part of the Annual Governance Statement.
- 2.2 The Council has approved and adopted a local code of corporate governance which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government (2016). Annual reviews of the effectiveness of each Directorate's governance arrangements are undertaken and reported in accordance with the Audit Committee's agreed work programme.
- 2.3 This is the first report in this format on the Directorate's governance arrangements. It covers the period from May/June 2024 through to May 2025. The format and content will be refined in future years following engagement with the Audit Committee through this and other directorate reports. The intention in this report is to provide an assessment of the effectiveness of established governance arrangements in the CYPS directorate.
- 2.4 To deliver effective and efficient services the directorate must have a solid foundation of good governance and sound financial management. The directorate has a broad range of governance arrangements in place as well as a strategic monitoring and oversight role to ensure good governance is in place within local authority maintained schools.
- 2.5 The directorate aims to ensure that governance arrangements are proportionate and focused to enable services to deliver value for money across all of our activity. We will continue to amend and improve our governance arrangements in that regard. For

example, in recent years, the directorate has established additional governance arrangements for contract management, climate change and capital delivery to strengthen and co-ordinate our oversight and actions. These – and other governance arrangements - are not static, but evolve incrementally to respond to emerging requirements or gaps as well as other changes within the council or from external issues.

2.6 In carrying out an annual assessment of effectiveness of the directorate's governance arrangements, we have considered:

- Outcomes and overall performance with regard to our statutory obligations and organisational objectives;
- Consideration of the directorate's governance arrangements with regard to the principles, sub-principles, actions and evidence contained within the agreed North Yorkshire Council Local Code of Corporate Governance. The seven key principles include:
 - Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
 - Principle B: Ensuring openness and comprehensive stakeholder engagement
 - Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits
 - Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes
 - Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it
 - Principle F: Managing risks and performance through robust internal control and strong public financial management;
- Assurance from external inspection and regulators as well as from internal audit reports;
- The strategic risks identified through the Directorate Risk Register and the internal control frameworks that the directorate has in place to manage those risks.

3.0 ASSESSMENT OF EFFECTIVENESS

3.1 **Being Young in North Yorkshire**¹ is the North Yorkshire Safeguarding Children Partnership Strategy for children and young people living in North Yorkshire. This sets out the principles, goals, priorities and areas of focus for North Yorkshire and statutory partners in relation to children and young people. The strategy is overseen by the North Yorkshire Safeguarding Children's Partnership Executive Board – progress on the strategy is reported on annually via the partnership's annual report².

3.2 The directorate continues to demonstrate sound financial management; although there are clear budgetary pressures, the issues have been transparently identified and communicated to directorate leaders, Members and other stakeholders through quarterly corporate performance and financial reporting. Demand-led financial pressures particularly in SEND, children's social care and Home to School Transport continue to present financial and operational challenges and the directorate is

¹ https://safeguardingchildren.co.uk/wp-content/uploads/2021/09/NYSCP_BYinNY_2025-28_FINAL_.pdf

² <https://safeguardingchildren.co.uk/Resources/north-yorkshire-safeguarding-children-partnership-annual-report-2023-2024/>

developing a response to those issues through service plans and transformation approaches.

- 3.3 The directorate works in a highly regulated area and regularly monitors and manages performance to meet national and local standards. Performance is reported to directorate leaders and Members, including Executive Members, Scrutiny, and Area Committees. Performance remains strong in a number of key service areas when benchmarked against other local authorities. Financial benchmarking through section 251 statutory returns show that North Yorkshire compares favourably to upper-tier and regional comparators on spending per head of population across most spending areas.
- 3.4 The directorate conforms with legislation, procedure rules and professional standards. Data on a number of school-related inclusion indicators (e.g. EHE, exclusions, EHCPs etc) shows increasing pressures within the education system which has given rise to a requirement for an increased local authority response. The directorate has transparently reported on these issues as well as developing a range of management actions to impact on the systemic issues, and reduce the financial pressure stemming from required interventions and obligations from the local authority. For example, as management action has started to improve the timeliness of assessment for pupils potentially requiring an Education Health and Care Plan, the number of complaints has been reduced.
- 3.5 Complaints, alongside FOIs and Ofsted complaints are regularly monitored. The directorate engages well with procurement processes for both revenue and capital. Delivery of capital projects is closely monitored through the CYPS capital delivery board reporting by exception into the Corporate Capital Board. Headline capital schemes (for example, a new primary school in Northallerton) have been delivered on time and on budget.
- 3.6 Key partnerships, including Schools Forum, the North Yorkshire Safeguarding Children Partnership, SEND Partnership Board, Healthy Child Board and Youth Justice Board are considered to be operating effectively.
- 3.7 Members have been supported to engage with a number of policy, service and financial issues through Members' seminars as well as through the work of committees and individual correspondence. The directorate has evidenced strong stakeholder engagement (for example, through staff surveys, school closures, changes in policy). The directorate is open and clear in terms of financial pressures, proposed budget reductions and mitigating actions. For over ten years, the directorate has undertaken the biennial Growing Up in North Yorkshire survey providing rich data from over 15,000 pupils from across North Yorkshire to inform service delivery.
- 3.8 Senior finance and HR colleagues are 'outposted' as part of the Children and Young People's leadership arrangements and help to provide corporate 'glue' to achieving effective governance arrangements.
- 3.9 The table below summarises the external inspections which provide assurance around the directorate's performance:

Service area(s)	Inspection and inspectorate	Findings/report
Children's services <i>July 2023</i>	Inspection of North Yorkshire local authority children's services (Ofsted) – July 2023	Outstanding in all categories including in Overall effectiveness
Multi-agency <i>March 2025</i>	Joint targeted area inspection – response to unborn children and children aged 0 to 7 years who are victims of domestic abuse (Ofsted/CQC/HMIC/HMIP)	
SEND <i>May 2024</i>	Area SEND inspection of North Yorkshire Local Area Partnership (Ofsted/CQC)	The local area partnership's arrangements lead to inconsistent experiences and outcomes for children and young people with special educational needs and/or disabilities (SEND). The local area partnership must work jointly to make improvements. This was the middle of three potential outcomes.
Adult Learning and Skills Service <i>February 2023/ May 2025</i>	Further education and skills inspection report (Ofsted)	Good in 6 out of 7 domains. Requires improvement in overall effectiveness. Full re-inspection in May 2025 – awaiting publication.
Children's Services <i>Various</i>	Inspection of Children's Homes and Children's Resource Centres	Good in four out of five establishments. Requires Improvement in one children's home.

3.10 In the reporting period between the June 2024 CYPS report on Internal Governance issues and this report, Internal Audit have reported on nine audits specifically related to Children and Young People's Service. Whilst the reports have identified some improvements, management actions to address those points have been developed. In agreement with Internal Audit colleagues, the directorate arranged for thematic audits to be undertaken across local authority maintained schools as well as risk-based individual school audits. In the last year, thematic audits have included: ring-fenced funding and business continuity. Thematic audits typically involve multiple schools on specific issues enabling a broader cross-section of schools to be included in audit testing than would be the case in a simple rolling cycle of individual full school audits.

DIRECTORATE RISK REGISTER AND INTERNAL CONTROL FRAMEWORK

3.11 The **Directorate Risk Register** (DRR) is the end product of a systematic process that initially identifies risk at Service Unit level and then aggregates these via a sieving process to Directorate level. A similar process sieves Directorate level risks

into the Corporate Risk Register. The DRR is presented and approved and at the Children and Young People’s Leadership Team meeting.

3.12 The Risk Prioritisation System uses a 5x5 risk assessment ranging from very low to very high in terms of both **likelihood** and **impact**: once the likelihood and impact for a risk have been assessed, the risk scoring is calculated. The following table shows the scoring, assessment and suggested required actions:

Colour	Score	Assessment	Required Action
	1 – 2	Very Low (tolerate)	Risk should not appear in risk register.
	3 – 4	Low (tolerate)	Regular monitoring, action plan not essential, acceptable just to maintain current controls.
	5 – 9	Medium (treat)	Frequent monitoring, action plan required.
	10-12	Medium High (treat)	Frequent monitoring, action plan required to prevent from becoming a red risk.
	15 – 16	High (treat)	Constant monitoring, action plan required and escalation to next level for consideration / inclusion.
	20 – 25	Very High (treat / terminate)	Constant monitoring, action plan required and escalation to next level with request for inclusion. Consider terminating activity (if an option) where score cannot be reduced by risk mitigation.

The DRR represents the principal risks that may materially impact on the performance and financial outcomes of the Directorate. The detailed DRR is shown at **Appendix A** and shows a range of risks, and the risk reduction actions which have been put in place to minimise them. A summary of the DRR is also attached at **Appendix B**.

3.13 Some of the key risk issues for the Directorate are summarised below:

(a) SEND and High Needs

The directorate’s financial position has been driven by sustained rising demand for services and uncertainty over national reforms. Throughout 2024/25, we have refreshed the High Needs programme to identify mitigating actions to reduce the financial pressure. The SEND Partnership Board provides a multi-agency forum to deliver the SEND Strategy. The CYPS Programme Board monitors the High Needs transformation plan and regular updates on high needs funding issues are reported to the North Yorkshire Schools Forum and the High Needs Funding sub-group of the Schools Forum.

The local authority has continued to make prudent provision through a ‘mirror-reserve’ for the cumulative Dedicated Schools Grant High Needs Block

overspend. The statutory override is due to expire by March 2026 and the directorate, alongside most other local authorities, awaits the Government's proposals around SEND reform, LA financial deficits and the statutory override. At the point this paper was published, the unsustainable national funding provision for SEND represents one of the key financial risks to the Council's medium-term sustainability.

- (b) Social Care – caseload management remains a key priority for the directorate to ensure a quality Strengths in Relationships practice model. However, demand has increased particularly around caring for children with a complexity of health and social care needs. Supply-side factors, in a saturated market, have resulted in significant price pressures. Further development of internal accommodation is planned to help address demand and affordability challenges.
- (c) School Funding – as at 1st May 2025, nine local authority maintained schools are subject to a Notice of Financial Concern. With a tight funding settlement for 2025-26, the local authority will continue to support, challenge and, where necessary, intervene to ensure that schools continue to remain financial sustainable.
- (d) Capital Funding – building and/or expanding school provision in areas of need has been undertaken aimed at mitigating pressures, particularly around sufficiency and school place planning and SEND. Challenges exist to balance plans for new capital developments with limited availability of funding, condition of the school estate and rising costs.

4.0 FINANCIAL IMPLICATIONS

4.1 There are no direct financial implications as a result of this report.

5.0 LEGAL IMPLICATIONS

5.1 There are no direct legal implications as a result of this report.

6.0 EQUALITIES IMPLICATIONS

6.1 There are no direct equalities implications as a result of this report.

7.0 CLIMATE CHANGE IMPLICATIONS

7.1 There are no direct climate change implications as a result of this report.

8.0 REASONS FOR RECOMMENDATIONS

8.1 This report has highlighted a number of existing sources of assurance that help to determine the effectiveness of governance arrangements in practical terms. The review concludes that:

- the directorate has not experienced any major governance failures during the last year.
- the Risk Register has been working well and senior managers have actively engaged with the detailed review.
- Internal Audit have undertaken a number of reviews to provide assurance. Although improvements have been identified in some areas, these are not regarded as significant.

- There are no major gaps or weaknesses identified when considering the outcomes and practical implementation of the North Yorkshire Local Code of Corporate Governance

8.2 This high-level review concludes that the governance arrangements operating in the Directorate over the last year have met the Council's expected principles of good governance, as set out in the Council's local code of governance.

9.0 RECOMMENDATION

9.1 That the Committee:

- (i) note the review of the effectiveness of governance arrangements in the Children and Young People's Directorate; and
- (ii) provide feedback and comments on the CYPS Directorate Risk Register

APPENDICES:

- Appendix A – Directorate Risk Register – Detailed
- Appendix B – Directorate Risk Register – Summary

BACKGROUND DOCUMENTS:

None

Sir Stuart Carlton
Corporate Director – Children and Young People's Services
County Hall
Northallerton

23rd June 2025

Report Author – Howard Emmett, Assistant Director – Resources
Presenter of Report - Howard Emmett, Assistant Director - Resources

This page is intentionally left blank

CYPS Directorate

Risk Register: **Annual review (Apr 2025) – detailed**

Next Review Due: **October 2025**

Report Date: **15th May 2025 (cpc)**

Phase 1 - Identification								
Ref.	CYP_2	Title	SEND High Need Budget		Risk Owner	CD CYPS	Risk Manager	CYPS AD Incl
Risk Description	Risk of further increased pressure on the budget given the current legislative framework, increased demand for specialist provision up to age 25 and budget reduction pressure resulting in negative impact on DSG, poor service performance and criticism.				Risk Group	Performance	Linked Risk(s)	CRR_16; YIN_2
Phase 2 - Current Assessment								
Current Control Measures								
Experienced team and leaders; awareness of Schools Forum; robust data available; management of out-of-authority placements spend; implementing Personal Learning Pathways; Schools Forum approved funding framework; FE network; central contracting and commissioning service; local transition groups in place; budget reviewed incl. roles and responsibilities; revised Resource Allocation System weightings; extra actions identified outside of the plan (eg. profile raising with schools and settings, buffering the spend across the year, reprofiling PRS and EMS); use of top up funding for children with SEN support to reduce need for stat assmnt request; Independent review of decision making carried out; new funding model for the PRS embedded and reviewed; Capital programme to increase special school capacity								
Current Probability	VH	Current Impact	VH	Current Risk Score	25	Current Risk Category	Very High	
Phase 3 - Risk Mitigation Plan								
Reduction Action					Action Manager	Due Date and status	Date Completed	
RR_CYP_1	Continue to ensure the Schools Forum is aware of the funding risks and challenges it faces; provision of more detailed information to schools via headteacher briefings				CYPS AD Incl	30-Sep-2025		
RR_CYP_10	Carry out review of sufficiency in services for provision of SEND including development of capital programme; work will continue on the efficiency aspects				CYPS AD Incl	30-Apr-2026		
RR_CYP_11	Ensure that service dashboards reflect the criteria for each of the key inspection areas and are monitored on a regular basis				CYPS AD C&F; CYPS AD E&S; CYPS AD Incl	31-Aug-2025		
RR_CYP_12	Ensure pre inspection readiness within CYPS for the inspections of LA services, and for schools within the inspection window by continual monitoring of performance and identifying areas for further improvement by assessing their impact (ongoing); dashboards will help improve this area; responding to OFSTED findings through review of local area plans				CYPS AD C&F; CYPS AD E&S; CYPS AD Incl; RES AD (HE)	31-Aug-2025		
RR_CYP_2	Continue to work towards the Strategic Plan aims of early identification of children with SEN and provision of timely support and services (included those that are jointly commissioned) to meet that need thereby reducing the requirement for more costly interventions later; this will be an element of the High Needs Block strand under the transformation agenda; also published local area strategy which includes the early identification work;				CYPS AD Incl; CYPS Incl HoSEND	30-Sep-2025		
RR_CYP_3	Continue to build local capacity to cope with need, undertaking the work needed to reshape SEND provision in North Yorkshire so that it is fit for purpose and addresses the gaps in provision, underpinned by the strategic plan (capital plan agreed April 2023 with a long term target of 350 extra places first starting from Sept 2025); additional High needs provision capital allocations (HNPCA) spend to be agreed at CYPLT				CYPS AD Incl	30-Sep-2025		
RR_CYP_4	Work to maintain contributions from HAS and Health on a case by case basis as part of the new transitions process; good case by case work being carried out; further work being carried out to develop an agreed standard tool				CYPS AD Incl	30-Sep-2025		
RR_CYP_5	Complete the work around quality assurance and contract management for out of county placements and then rolling out and embedding; included within transformation work				CYPS AD Incl	30-Sep-2025		

Page 91

CYPS Directorate

Risk Register: **Annual review (Apr 2025) – detailed**

Next Review Due: **October 2025**

Report Date: **15th May 2025 (cpc)**

RR_CYP_6	Continue to progress the good work with partners to build choice at post 16 and post 19; progress made but ongoing work continues; review carried out with Adult learning, further work to do with external partners	CYPS AD Incl	30-Sep-2025		
RR_CYP_8	Embed and review the targeted mainstream provision that replace the EMS model; nine provisions established; about to embark on a further campaign to attract new schools; thirteen in place and working towards a further four	CYPS AD Incl	30-Sep-2025		
RR_CYP_85	Carry out a SEND and High Needs programme board (Monthly) feeding into a deep dive into High Needs and SEND each quarter (Incl DBV)	CYPS AD Incl; RES AD (HE)	30-Apr-2026		
RR_CYP_90	Deliver the High Needs and SEN Programme of transformation (eg. Digital EHCP, SEND Capital Programme, Inclusion Hub remodelling and better data management) and Disabled Children's Service savings to achieve financial sustainability	CYPS AD C&F; CYPS AD Incl	30-Apr-2026		
RR_YIN_25	Implement plan to ensure we have adequate Ed Psych support including external provision, whilst working on recruiting staff to substantive posts; review the effectiveness of the EPS hybrid model introduced to address capacity issues and improve timeliness; being supported by international recruitment; principal EP in place	CYPS AD Incl	30-Sep-2025		
RR_YIN_64	Implement better use of systems and data including, establishing data sharing agreements and obtaining SEN partnership agreement on key data and data sets	CYPS AD Incl	30-Sep-2025		

Phase 4 - Target Risk Assessment

Target Probability	VH	Target Impact	H	Target Risk Score	20	Target Risk Category	Very High
---------------------------	----	----------------------	---	--------------------------	-----------	-----------------------------	-----------

Phase 5 - Fallback Plan

Fallback Plan

Redirection of resources from areas that have achieved savings

Page 92

CYPS Directorate

Risk Register: **Annual review (Apr 2025) – detailed**

Next Review Due: **October 2025**

Report Date: **15th May 2025 (cpc)**

Phase 1 - Identification								
Ref.	CYP_3	Title	Children in care and those on the edge of care		Risk Owner	CD CYPS	Risk Manager	CYPS AD C&F
Risk Description	Failure to ensure that arrangements for children in care and those on the edge of care provide sufficient support for those with multiple and complex needs (including work on step down from Tier 4 cases and those not receiving 25 hours of education); that the service supports the regionalised adoption service; and ensures sufficient foster carers are recruited including for UASC; all this in the light of current economic uncertainty, increased cost of living and workforce pressures; failure to do so results in poorer outcomes for young people, the need for high cost interventions / placements and reputational damage				Risk Group	Performance	Linked Risk(s)	CRR_2; YCF_2
Phase 2 - Current Assessment								
Current Control Measures								
Best practice and scrutiny forum monitoring of external placements; Young people's accom strategy; Financial scrutiny; enhanced CYPLT scrutiny; monitoring of permanency planning; maximise use of adoption and SGO; foster carer recruitment campaign; independent identification of foster carer training needs; commissioning strategy; F&F policy embedded; effective budget monitoring; Permanence Strategy; Adoption and Fostering Strategy; exceptional placement panel (with EPP review forum chaired AD); pooled budget; national innovation programme No Wrong Door; complex needs pathway; short breaks guidance; unaccompanied asylum seekers pathway reviewed, procedures in place including agreed Home Office funding; commissioning and contract teams processes reviewed; pathways for step down from tier 4 developed; clinicians in prevention, social work, children in care and leaving care teams; PIPA team; new assessment tool for foster carers piloted; interpretation services including for asylum seekers in place; Family Finding training rolled out; delivery of systemic practice across the service; network meetings always take place prior to any children in care admissions; worked with YJS to review the partnership decision making arrangements to reduce the likelihood of high cost secure and remand cases; Transitions pathway to HAS; monitoring of adoption plans and placements through CAPG; NWD post OFSTED action plan completed; resettlement panel								
Current Probability	H	Current Impact	H	Current Risk Score		16	Current Risk Category	High
Phase 3 - Risk Mitigation Plan								
Reduction Action					Action Manager	Due Date and status		Date Completed
RR_CYP_13	Continue to provide sufficiency of placements; action plan in place to recruit more carers; scoping out additional capacity for children's home over the coming years for those with complex needs. Project in place for the additional capacity for children's homes, looking at DfE match funding. Likely to be combination of purpose built facility and / or reusing housing stock. Went to CYPLT in Dec and Mgt Brd in Jan (likely 2 yr programme if build involved); awaiting final Mgt Board approval				CYPS C&F HoPS	31-Aug-2025		
RR_CYP_14	Target recruitment for unrelated foster carers to ensure we increase in house foster carers to meet need and reduce external cost;				CYPS C&F HoPS	31-Aug-2025		
RR_CYP_15	Continue to monitor and seek to strengthen the challenge to drift in children and young people's care plans effective care planning and discharge planning as well as assuring ourselves that permanence plans are progressed in a timely way; care proceeding meetings take place; also need to ensure timely referral to the Transitions to HAS pathway				CYPS C&F HoCP&FR	31-Aug-2025		
RR_CYP_17	Continue to review all children in care cases to consider discharge options via the weekly best practice and scrutiny meetings and monthly care proceedings meetings; also developing a Return Home panel to oversee those children who have been in care long term and where we could achieve a change in plan to Return Home to Family				CYPS C&F HoCP&FR	31-Aug-2025		
RR_CYP_18	Continue to work through the virtual Professional Development Academy to consolidate activities around recruitment, retention and succession planning for the whole service				CYPS C&F HoEP	31-Aug-2025		
RR_CYP_19	Ensure we are recruiting sufficient suitably experienced staff to NWD hubs; scoping up a resilience staffing model for NWD and CRC and pop up emergency placements				CYPS C&F HoEP	31-Aug-2025		

Page 3 of 3

CYPS Directorate

Risk Register: **Annual review (Apr 2025) – detailed**

Next Review Due: **October 2025**

Report Date: **15th May 2025 (cpc)**

RR_CYP_20	Continue rolling recruitment campaign supported by resourcing solutions to mitigate against retention issues, including hearing feedback from existing and former staff around what works and what could be improved, looking at wellbeing areas and the feedback from a number of service specific staff surveys to help inform recruitment and retention work	CYPS C&F HoCP&FR	31-Aug-2025		
RR_CYP_21	Continue to embed the practice model in particular the area of reunification for CiC and the process to follow. Partnership working with agencies, legal and CAFCASS to understand our reunification process	CYPS C&F HoCP&FR	31-Aug-2025		
RR_CYP_23	Continued liaison via foster carer association chairs meeting to ensure effective ongoing communication, response to concerns and management of overall relationship with foster carers	CYPS C&F HoPS	31-Aug-2025		
RR_CYP_24	Work with housing services to redevelop the young people's pathway, Phase 1 Jan 25, bringing in homelessness prevention workers and Phase 2 procurement of accommodation by Jan 26	CYPS C&F HoPS	31-Jan-2026		
RR_CYP_25	Work with the National Transfer Scheme and dispersal centre to ensure sufficient placement resources to meet increased demand for UASC (increase in capacity of accommodation and support through purchase or lease of properties, contracts and procurement exercises for support); capacity increased by c50 but more beds needed, project group working on identifying properties and matching grant funding for this	CYPS C&F HoPS	31-Aug-2025		
RR_YCF_22	Ensure UASC arriving via the National Transfer Scheme are brought into our care in a timely fashion and place in appropriate accommodation; for those in adult hotels disputing age and initial visit should take place with 1 or 2 working days and consideration of age assessment completed; progressing but still work to do in this area, some capacity issues with advocates and interpreters	CYPS C&F HoPS	31-Aug-2025		
RR_YCF_38	Complete the Edge of Care review report, this will then move on to the delivery of an action plan including ringfencing of staff for outreach work, some changes to commissioned services to ensure effective delivery and review of early help offer	CYPS C&F HoPS	30-Sep-2025		
RR_YCF_39	Establish the Reducing Children in Care Board and embed new processes for overseeing those situations where children are at risk of being accommodated or have entered care and have a plan of reunification.	CYPS C&F HoCP&FR	31-Aug-2025		
RR_YCF_47	Refresh the workforce strategy and the recruitment retention and succession planning strategy and design a wellbeing strategy	CYPS C&F HoEP	30-Sep-2025		
RR_YCF_48	Ensure that we make Children's Continuing Care (CCC) referrals in to Health for Continuing Health Care provision for children with complex needs and those stepping down from tier 4 provision	CYPS C&F HoCP&FR; CYPS C&F HoDC&YPS; CYPS C&F HoS	31-Aug-2025		

Page 94

Phase 4 - Target Risk Assessment

Target Probability	H	Target Impact	H	Target Risk Score	16	Target Risk Category	High
---------------------------	---	----------------------	---	--------------------------	----	-----------------------------	------

Phase 5 - Fallback Plan

Fallback Plan

Increase reliance on commercial market to meet supply and demand

CYPS Directorate

Risk Register: **Annual review (Apr 2025) – detailed**

Next Review Due: **October 2025**

Report Date: **15th May 2025 (cpc)**





Phase 1 - Identification								
Ref.	CYP_4	Title	Safeguarding Arrangements		Risk Owner	CD CYPS	Risk Manager	CYPS AD C&F
Risk Description	Failure to have a robust approach to Safeguarding in place results in risk to vulnerable children and families and not protecting them from harm.				Risk Group	Safeguarding	Linked Risk(s)	YCF_3
Phase 2 - Current Assessment								
Current Control Measures								
North Yorkshire Safeguarding Children Partnership website; regularly reviewed procedures; monthly performance data for monitoring; audit regime; manager authorisation of all assessments; LCS; missing and at risk of exploitation multi-agency procedures and Specialist Social Worker roles to support practitioners ; training strategy; clear supervision process which is audited on a regular basis; Multi Agency Screening Team (MAST); Mgt file audit of case files; monitoring and management of performance against agreed targets in the SMT action plan; Front Door Health Check completed by peer authority; Group Manager and Specialist Social Workers to oversee and support practice in relation to Contextual Safeguarding; daily performance management through dashboards by managers; system BCP in case of failure; monthly monitoring of child protection plans and repeat child protection plans (by HoS and Group Mgrs)								
Current Probability	H	Current Impact	H	Current Risk Score	16	Current Risk Category	High	
Phase 3 - Risk Mitigation Plan								
Reduction Action					Action Manager	Due Date and status		Date Completed
Page 95	RR_CYP_12	Ensure pre inspection readiness within CYPS for the inspections of LA services, and for schools within the inspection window by continual monitoring of performance and identifying areas for further improvement by assessing their impact (ongoing); dashboards will help improve this area; responding to OFSTED findings through review of local area plans			CYPS AD C&F; CYPS AD E&S; CYPS AD Incl; RES AD (HE)	31-Aug-2025		
	RR_CYP_27	Continuation of Heads of Service monitoring where managers will visit locations to observe and review practice; teams continue to be involved in the planning to make these more effective;			CYPS C&F SMT	31-Aug-2025		
	RR_CYP_29	Use and further development of performance dashboards to support individual managers including development of managing upwards reports (in place for SG) which support management and ownership of performance; a number of SG dashboards are used by team managers and there is a monthly performance board; a "single view" dashboard is being worked towards but BI capacity is limiting progress			CYPS C&F HoSG	31-Aug-2025		
	RR_CYP_30	Continue to ensure compliance with Children and Families' and Partnership's procedures - ongoing			CYPS C&F HoSG	31-Aug-2025		
	RR_CYP_31	Manage the risk of children not in full time education; notification system in place for those chronically or persistently absent, targeted support to EHE - ongoing			CYPS C&F HoSG	31-Aug-2025		
	RR_CYP_32	Ensure that service dashboards reflect the criteria for each of the key inspection areas and are monitored on a regular basis			CYPS AD C&F; CYPS AD E&S; CYPS AD Incl	31-Aug-2025		
	RR_CYP_33	Continue to feed into review of EDT arrangements (adult lead) as required; project group being set up to progress actions from recent review; review is still ongoing			CYPS C&F HoSG	31-Aug-2025		
	RR_CYP_34	Continue to use a range of tools and resources such as continued rolling recruitment campaigns including international recruitment, development of internal career pathways, providing an attractive employment offer and ensuring that pay is as competitive as possible, to manage the rising demand from increased referrals and greater difficulties in recruitment and retention			CYPS AD C&F	31-Aug-2025		

CYPS Directorate

Risk Register: **Annual review (Apr 2025) – detailed**

Next Review Due: **October 2025**

Report Date: **15th May 2025 (cpc)**

RR_YCF_23	Contribute to the review of the Disabled Children's Service and consider potential impact on future caseload projections; creating trainee social work posts to support the capacity and succession planning within teams going forward			CYPS C&F HoSG	31-Aug-2025		
RR_YCF_31	Continue to monitor and report on issues caused by delayed contact from the customer contact centre;			CYPS C&F HoSG	31-Aug-2025		
RR_YCF_40	Review the process for receipt of Public Protection Notice (PPN)			CYPS C&F HoSG	31-Aug-2025		
RR_YCF_41	Increasing social work capacity and reviewing the training offer to equip people with the knowledge and skills required to be effective in their roles			CYPS C&F HoEP	30-Sep-2025		
Phase 4 - Target Risk Assessment							
Target Probability	H	Target Impact	H	Target Risk Score	16	Target Risk Category	High
Phase 5 - Fallback Plan							
Fallback Plan							
Carry out necessary review of approach, target underperforming areas and take on lessons learned from any serious case reviews							

CYPS Directorate

Risk Register: **Annual review (Apr 2025) – detailed**

Next Review Due: **October 2025**

Report Date: **15th May 2025 (cpc)**

Phase 1 - Identification								
Ref.	CYP_5	Title	Schools Organisation and Capital Funding for places		Risk Owner	CD CYPS	Risk Manager	CYPS AD E&S; RES AD (HE)
Risk Description	Failure to assess and manage the combined effects of changes in the national school policy and capital funding for places framework, demographics (both rising and falling as a result of housing market changes) and national and local political circumstances, resulting in a fragmentation of the network of services for children, growing numbers of unsustainable and/or failing schools, insufficient school places, fragmentation due to academisation, increased public dissatisfaction, and loss of confidence in the Council as local authority.				Risk Group	Strategic	Linked Risk(s)	YIN_10
Phase 2 - Current Assessment								
Current Control Measures								
Consistent monitoring of forecast numbers; Links with developers over major housing developments; Cross-directorate "Team Around the School" approach; Work with the Schools Forum; Keep up to date with current publications, email, etc; Reg review of DfE and other critical websites; Liaison with other LAs; Early assessment of resource implications on new development; Advocacy of NYC case for funding; involvement in appropriate national conferences; participation in DfE priorities when possible; collaboration guidance and toolkit; review of planning areas to explore the level of need; framework for prioritisation of school organisation issues; briefings provided for elected Members and Schools Forum; liaison with Education and skills Funding Agency (ESFA), DfE and Regional Director; GEMS statement; Basic Need programme updated								
Current Probability	H	Current Impact	H	Current Risk Score	16	Current Risk Category	High	
Phase 3 - Risk Mitigation Plan								
Reduction Action					Action Manager	Due Date and status	Date Completed	
RR_CYP_35	Continue to work with and use effective lobbying channels to achieve a fairer funding outcome for North Yorkshire on both revenue and capital e.g. Educational Building and Development Officers Group (EBDOG)				CYPS AD Incl; RES AD (HE)	31-Aug-2025		
RR_CYP_36	Continue arrangements to co-ordinate support for the process of academisation, to ensure smooth transfer of schools.				CYPS AD Incl	31-Aug-2025		
RR_CYP_37	Continue to encourage, support and build capacity to enable schools to work collaboratively to seek to ensure continued viability, financial sustainability and delivery of strong and sustained outcomes for pupils, with a small and rural school focus				CYPS AD Incl; RES AD (HE)	31-Aug-2025		
RR_CYP_38	Continue to work with Schools where increasing the physical capacity is required to meet the need for increased provision in early years, mainstream or high needs, noting the competing demands for increasingly scarce funding.				CYPS AD Incl; RES AD (HE)	31-Aug-2025		
RR_CYP_39	Work to establish links with the newly established NYC planning teams to maximise developer contributions				CYPS AD Incl	31-Aug-2025		
RR_CYP_40	Ensure full corporate understanding of the funding position and competing demands; working with property colleagues to establish a comprehensive analysis of the true cost of the maintenance backlog position				CYPS AD Incl	31-Aug-2025		
RR_CYP_41	Ensure that education requirements are fully considered as part of a consistent approach corporately to infrastructure funding, including CIL; Develop a long term approach to a corporate replacement for IDSG				CYPS AD Incl	31-Aug-2025		
RR_CYP_43	Continue to exploit opportunities for free schools through central programmes where appropriate and available				CYPS AD Incl; RES AD (HE)	31-Aug-2025		

Page 97

CYPS Directorate

Risk Register: **Annual review (Apr 2025) – detailed**

Next Review Due: **October 2025**

Report Date: **15th May 2025 (cpc)**

RR_CYP_44	Maintain constructive relationships with the Regional Director through regular meetings and receive their practical support	CYPS AD Incl	31-Aug-2025		
RR_CYP_45	Work with the Property team to mitigate risks to deliver the 2024/2025 capital plans to ensure school place sufficiency and no depreciation of the estate. Mindful of additional uncertainty caused by e.g. Inflationary pressures and their potential impact on supply chain stability and costs and ongoing work around property compliance	CYPS AD Incl	31-Aug-2025		
RR_CYP_86	Review school condition to inform maintenance plans to avoid loss of disruption to school places or impact on health and safety; ongoing	CYPS AD Incl; RES AD (HE)	30-Sep-2025		
RR_CYP_91	Resolve any known federation compliance and funding issues (currently five), including through statutory processes where required	CYPS AD Incl	30-Apr-2026		
RR_YES_66	Develop a contract expiry plan that identifies all the critical tasks, including involvement of schools and academies where appropriate	CYPS AD Incl	31-Oct-2024		31-Oct-2024
RR_YES_67	Establish building condition of PFI schools, prior to expiry	CYPS AD Incl	31-Oct-2024		31-Oct-2024
RR_YES_68	Establish ongoing service contract requirements for PFI expiry schools	CYPS AD Incl	31-Mar-2026		
RR_YES_70	Establish the potential financial impacts of the PFI expiry process for NYC	CYPS AD Incl	30-Sep-2025		

Phase 4 - Target Risk Assessment

Target Probability	M	Target Impact	H	Target Risk Score	12	Target Risk Category	Medium High
---------------------------	---	----------------------	---	--------------------------	-----------	-----------------------------	-------------

Phase 5 - Fallback Plan

Fallback Plan
Fundamental review of school organisation, increased intervention in schools, increased withdrawal of financial delegation, imposition of Interim Executive Boards to replace Governing Bodies,

Page 8 of 16

CYPS Directorate

Risk Register: **Annual review (Apr 2025) – detailed**

Next Review Due: **October 2025**

Report Date: **15th May 2025 (cpc)**

Phase 1 - Identification								
Ref.	CYP_6	Title	Schools Funding Challenges		Risk Owner	Chief Exec	Risk Manager	CD CYPS
Risk Description	Inadequate revenue and capital funding available for good quality schools, maintenance of school infrastructure and to ensure the sustainability of small rural schools in particular small secondary schools; poor financial management or failure to act in a timely manner by governors/head teachers DfE impose further restrictions on LA financial freedoms, results in potential accumulated deficits. Lack of investment in special provision such as special schools results in potential increased costs.				Risk Group	Resources	Linked Risk(s)	
Phase 2 - Current Assessment								
Current Control Measures								
Support challenge and intervention framework in place; survey of all schools to benchmark their position on issues such as staff reduction, increased class sizes and commercial activities; licenced deficits; recovery plans, financial benchmarking; primary and secondary finance conferences; individual discussions with schools; Schools Forum engagement; governor briefings; Lobbying of Govt and MPs regarding schools' financial position carried out; outcome of schools survey benchmarking at Schools Forum completed, encourage a larger take-up for a further regional survey in order to provide 'real' information to Govt; continual engagement with Ministers and in consultations; business case for special provision across the County developed;								
Current Probability	H	Current Impact	H	Current Risk Score	16	Current Risk Category	High	
Phase 3 - Risk Mitigation Plan								
Reduction Action					Action Manager	Due Date and status		Date Completed
RR_CYP_46	Ensure regular monitoring at management board and CYPS Overview and scrutiny committee of financial challenges for schools to highlight the present financial position to ensure immediate and emerging challenges are addressed. (ongoing)				CD CYPS; RES AD (HE)	30-Apr-2026		
RR_CYP_47	Continue to lobby Ministers, local MP and through F40 Group (ongoing)				CD CYPS	30-Apr-2026		
RR_CYP_48	Continue to deploy finance staff into schools with the biggest financial challenges to undertake financial consultancy to ensure schools balance their budget within 3 years. Commission and undertake SRMA deployments for North Yorkshire LA maintained schools.				RES AD (HE)	30-Apr-2026		
RR_CYP_49	Embed an approach to integrated curriculum and financial planning and support and encourage collaboration and federation where appropriate. Explore further collaboration opportunities for schools to achieve efficiencies.				RES AD (HE)	30-Apr-2026		
RR_CYP_50	Monitor high needs capital allocations and business cases for special provision				CYPS AD Incl; RES AD (HE)	30-Apr-2026		
RR_CYP_51	Regular review of the financial position of schools in light of the cost of living/inflation issues. Particularly work with schools that are financially challenged where notices of financial concern have been issued				RES AD (HE)	30-Apr-2026		
RR_CYP_85	Carry out a SEND and High Needs programme board (Monthly) feeding into a deep dive into High Needs and SEND each quarter (Incl DBV)				CYPS AD Incl; RES AD (HE)	30-Apr-2026		
Phase 4 - Target Risk Assessment								
Target Probability	M	Target Impact	H	Target Risk Score	12	Target Risk Category	Medium High	
Phase 5 - Fallback Plan								

Page 9 of 9

CYPS Directorate

Risk Register: **Annual review (Apr 2025) – detailed**

Next Review Due: **October 2025**

Report Date: **15th May 2025 (cpc)**

Fallback Plan

Consider Schools reorganisation and financially sustainable educational arrangements

CYPS Directorate

Risk Register: **Annual review (Apr 2025) – detailed**

Next Review Due: **October 2025**

Report Date: **15th May 2025 (cpc)**

Phase 1 - Identification								
Ref.	CYP_10	Title	Educational Outcomes		Risk Owner	CD CYPS	Risk Manager	CYPS AD E&S
Risk Description	Failure to ensure positive educational outcomes for children and young people together with appropriate support for schools to be good or outstanding, results in lower achievement levels for pupils, and NY children's life chances being determined by geography or family circumstances rather than being in their own hands.			Risk Group	Performance	Linked Risk(s)	YES_4	
Phase 2 - Current Assessment								
Current Control Measures								
Detailed analysis of data; annual performance review and target settings (categorisation as part of risk based approach); core offer to all LA maintained and an enhanced offer for cat 3 and 4 schools; School Improvement strategy including monitoring groups for vulnerable children; alternative models of school leadership including mergers and federations; specific targeted interventions delivered for underperforming areas (reading and maths at KS2)								
Current Probability	M	Current Impact	H	Current Risk Score	12	Current Risk Category	Medium High	
Phase 3 - Risk Mitigation Plan								
Reduction Action					Action Manager	Due Date and status	Date Completed	
RR_CYP_12	Ensure pre inspection readiness within CYPS for the inspections of LA services, and for schools within the inspection window by continual monitoring of performance and identifying areas for further improvement by assessing their impact (ongoing); dashboards will help improve this area; responding to OFSTED findings through review of local area plans			CYPS AD C&F; CYPS AD E&S; CYPS AD Incl; RES AD (HE)	31-Aug-2025			
RR_CYP_32	Ensure that service dashboards reflect the criteria for each of the key inspection areas and are monitored on a regular basis			CYPS AD C&F; CYPS AD E&S; CYPS AD Incl	31-Aug-2025			
RR_CYP_74	Alongside the virtual school head, continue to implement plans to further improve education outcomes for vulnerable children and strategic work to improve outcomes for Children in Need and Children subject to a Child Protection Plan			CYPS AD E&S; CYPS Virtual School Head	31-Aug-2025			
RR_CYP_75	Priority Education Investment area work continues DfE funded opportunity for identified schools and academies to work with a MAT partner on their improvement priorities with focus on outcomes and attendance			CD CYPS	31-Aug-2025			
RR_CYP_76	Continue to prioritise, embed and further develop internal and external partnership work within the Council and under the Y&NYCA umbrella to establish stronger links with HE, FE, colleges, businesses and employers through the skills agenda; stronger links developed, appropriate representation on NEET forums			CYPS AD E&S; CYPS E&S HoALSS	31-Aug-2025			
RR_CYP_77	Ensure we implement a clear, rigorous QA process for all school improvement activity including where partners have been commissioned to deliver support within TSH and NLE (can still be comm through TSI initiative), setting the standards and recording and evaluation protocols to be adhered to; an established internal QA process monitors and evaluates the effectiveness of the advisory teams work with schools and settings			CYPS AD E&S	31-Aug-2025			
RR_CYP_78	Review the performance of small schools and develop best practice approaches; small school network developed and principal advisor appointed, training offer to be developed; increased allocation of core improvement activity; small school strategy group incl financial and strategic planning have developed an engagement framework for small schools this is being implemented			CYPS AD E&S	31-Aug-2025			
RR_CYP_79	Continue the evaluation of the school improvement service to ensure it remains fit for purpose and meets schools at their point need			CYPS AD E&S	31-Aug-2025			



Page 101

CYPS Directorate

Risk Register: **Annual review (Apr 2025) – detailed**

Next Review Due: **October 2025**

Report Date: **15th May 2025 (cpc)**

RR_CYP_80	Continue to work with colleagues across CYPS and key stakeholders to revisit the strategic approach to early years and development of approaches that deliver significant impact through the Transformation Work			CYPS AD E&S	31-Aug-2025		
RR_YES_61	Target support and challenge of areas of underperformance that includes curriculum (reading writing and foundation subjects) disadvantaged pupils, SEND and Early Years			CYPS AD E&S	31-Aug-2025		
Phase 4 - Target Risk Assessment							
Target Probability	L	Target Impact	H	Target Risk Score	8	Target Risk Category	Medium
Phase 5 - Fallback Plan							
Fallback Plan							
Continually review via internal mechanisms and challenge Programmes and Strategies in order to ensure better educational outcomes							

CYPS Directorate

Risk Register: **Annual review (Apr 2025) – detailed**

Next Review Due: **October 2025**

Report Date: **15th May 2025 (cpc)**

Phase 1 - Identification								
Ref.	CYP_8	Title	CYPS Change and Transformation		Risk Owner	CD CYPS	Risk Manager	RES AD (HE)
Risk Description	Failure to maintain a strong culture of continuous improvement including supporting capacity within CYPS to deliver key transformational work (eg. HTS Transport and SEN programmes) together with the delivery of savings targets and addressing national funding and policy changes, resulting in insufficient resources at critical moments, increased demand pressures, operational bottlenecks, ineffective planning, and overspending.				Risk Group	Financial	Linked Risk(s)	
Phase 2 - Current Assessment								
Current Control Measures								
Strong platform for Workforce development including culture around innovation and change; leadership capacity and experience in place; regular review and restructures carried out when necessary; ability to address further challenges relating to changes in policy; authority well engaged and connected to national agenda and therefore better placed to be proactive in positive planning; previous experience of successful delivery of financial challenges faced; strong collaborative working with colleagues such as Finance, Performance and HR; direct involvement of ADs with transformation work strands; detailed financial planning; cost budget monitoring based on risk assessment of all service areas; collective responsibility for budget; training of budget managers and support staff; guidance materials; maximum use of technology enhanced procurement profile; data system review; forward procurement plan regularly reviewed; Business Partner approach adopted to ensure service decisions include a full assessment of financial implications; consider and respond to any issues arising from the Staff Surveys;								
Current Probability	M	Current Impact	H	Current Risk Score	12	Current Risk Category	Medium High	
Phase 3 - Risk Mitigation Plan								
Reduction Action	Action Manager	Due Date and status	Date Completed					
RR_CYP_55	Maintain leadership of programme and project activity and ensure regular monitoring and report to CYPLT of progress on all transformation work; ensure regular scheduled reviews of Directorate resource requirements to support programme takes place; ensure link to planning of workforce capacity (ongoing)	CD CYPS; CYPS Prog Board	30-Apr-2026					
RR_CYP_56	Engage and continue to deliver the transformational programmes across the directorate and ensure managers have the right skills, attitude and technology for delivering services (ongoing)	CYPS HoHR	30-Apr-2026					
RR_CYP_57	Retain focus on budgetary high risk areas of concern for monitoring processes and systems including projects with temporary funding (ongoing)	RES AD (HE)	30-Apr-2026					
RR_CYP_58	Ensure strong continued budget management by staff at all levels within the Directorate and encourage use of budget management tools including e forecasting (ongoing).	RES AD (HE)	30-Apr-2026					
RR_CYP_87	Review Home to School transport policy to reduce discretionary elements (review in March) - Revised policy agreed at Full Council July 2024	CYPS AD Incl	31-Jul-2024		31-Jul-2024			
RR_CYP_90	Deliver the High Needs and SEN Programme of transformation (eg. Digital EHCP, SEND Capital Programme, Inclusion Hub remodelling and better data management) and Disabled Children's Service savings to achieve financial sustainability	CYPS AD C&F; CYPS AD Incl	30-Apr-2026					
RR_CYP_92	Embed the revised HTS transport eligibility requirements and work through the HTST for SEND element of the CYPS Savings and Transformation Programme (incl. reviews of Medical PAs, high cost taxis and solo travellers)	CYPS AD Incl	30-Apr-2026					
RR_CYP_93	Identify suitable areas for future budget savings plan and engage constructively in Corporate budget and planning framework	CYPLT	30-Nov-2025					
Phase 4 - Target Risk Assessment								
Target Probability	L	Target Impact	H	Target Risk Score	8	Target Risk Category	Medium	

Page 103

CYPS Directorate

Risk Register: **Annual review (Apr 2025) – detailed**
Next Review Due: **October 2025**
Report Date: **15th May 2025 (cpc)**

Phase 5 - Fallback Plan
Fallback Plan
Re-prioritise CYPS Spending plans and strategic approaches

CYPS Directorate

Risk Register: **Annual review (Apr 2025) – detailed**

Next Review Due: **October 2025**

Report Date: **15th May 2025 (cpc)**

Phase 1 - Identification								
Ref.	CYP_9	Title	Information Governance and Health and Safety		Risk Owner	Chief Exec	Risk Manager	CD CYPS
Risk Description	Failure to ensure that good and safe governance arrangements in respect of data security and health and safety are in place throughout the Directorate resulting in potential Corporate Manslaughter, increased cost/claims, fines/prosecution, criticism and damage to the Council's reputation.				Risk Group	Legislative	Linked Risk(s)	YIN_12
Phase 2 - Current Assessment								
Current Control Measures								
<p>Info Gov: Issues, concerns, major breaches discussed at CYPS Leadership Team; quarterly information governance reports presented to CYPS Leadership Team, CYPS Risk Management Group established where reports and updates are presented to Service Group reps; Assistant Directors raising profile at SMT meetings; review of hard copy communications undertaken, Business Support undertake double checking process for outgoing sensitive mail, move to secure electronic communications where possible; Strategic Support data governance team; DPIAs in place; CYPS privacy notice completed and published; mandatory data protection training as part of induction process for new starters and all staff complete updated training when required;</p> <p>H&S: Policy docs; Training; guidance documents; financial investment (e.g. asbestos fund); designated staff; traded service with schools; Conditions survey; tech fire audits; legionella monitoring; Radon monitoring and mitigation; glazing filming; health and safety inspections of live construction sites; all strategic planning staff trained in construction site safety; Directorate level risk management action plan; thorough reporting and investigation of accidents and incidents; 'incident news' newsletter; revised asbestos guidance High Risk areas: Performance management systems; risk reduction procedures in conjunction with HANDS; continuing work with Outdoor Learning Service on Health and Safety; OL centres independent Bi-annual inspection and accreditation by AALA and LOTC Gold standard; safeguarding advice provided to schools; review of planning and accountability in OLS carried out; themed audits of high risk areas; AD led Directorate risk management group; construction in schools risk events held;</p>								
Current Probability	M	Current Impact	H	Current Risk Score	12	Current Risk Category	Medium High	
Phase 3 - Risk Mitigation Plan								
Reduction Action					Action Manager	Due Date and status	Date Completed	
RR_CYP_60	Establish closer working relationship with the Data Governance team to identify standards, priorities and reporting (Info Gov)				CYPLT	31-Dec-2025		
RR_CYP_61	Continue to review and update the information asset registers in line with policy guidelines (Info Gov)				CYPLT	30-Apr-2026		
RR_CYP_62	Implement new and / or revised information governance actions agreed at Corp Info Gov Group as appropriate for the Directorate (ongoing) (Info Gov)				CYPLT	30-Apr-2026		
RR_CYP_63	Continue work on converting paper based communications to electronic communications (Info Gov)				CYPLT	30-Apr-2026		
RR_CYP_64	Continue to complete Data Protection Impact Assessments (DPIA) for any changes to processes or implementation of new systems. (ongoing) (Info Gov)				CYPLT	30-Apr-2026		
RR_CYP_65	Continue to complete Information Sharing Agreements when sharing data externally (Info Gov)				CYPLT	30-Apr-2026		
RR_CYP_66	Continue to report breaches immediately, investigate all information breaches thoroughly and take action against individuals as appropriate. (Info Gov)				CYPLT	30-Apr-2026		
RR_CYP_67	Work with property (compliance) to ensure that service requirements are clear, SLA's in place and roles and property responsibilities are clearly defined in relation to new and existing services.				CYPS AD Incl	30-Sep-2025		
RR_CYP_68	Work to continue to embed and communicate use of the new Education, Childcare and Children's Social Care Emergency Plan template and associated guidance; considering further briefings with headteachers				CYPS AD Incl	30-Sep-2025		

page 105

CYPS Directorate

Risk Register: **Annual review (Apr 2025) – detailed**

Next Review Due: **October 2025**

Report Date: **15th May 2025 (cpc)**

RR_CYP_69	Ensure clarification and identification of where lone working is taking place and roll out of lone working devices, consultation on formal risk assessment, risk management and controls.	CYPS AD Incl	30-Sep-2025		
RR_CYP_70	Develop a legislative framework around CYPS premises to reduce financial risk and support compliance in higher risk areas of operation such as Children's Residential and UASC.	CYPS AD Incl	30-Sep-2025		
RR_CYP_71	Ensure effective training, delivery, and storage of operational and activity risk assessments within CYPS.	CYPS AD Incl	30-Sep-2025		
RR_CYP_72	Ensure resourcing of appropriate service specific training. This is to include but not limited to dealing with violence, aggression, and risk management around YP behaviours of distress.	CYPS AD Incl	30-Sep-2025		
RR_CYP_89	Provide a half yearly report outlining data breach and health and safety incidents to CYPLT	CYPS AD Incl	30-Apr-2026		
RR_YES_65	Further develop the BCP training offer for schools / head teachers	CYPS AD Incl	30-Sep-2025		
RR_YIN_61	Ensure review of higher risk, operational safety arrangements documentation broadly within CYPS directorates and specific to outdoor education centres, ensure consultation, fit for purpose and suitably stored.	CYPS AD Incl	30-Sep-2025		
RR_YIN_62	Review risk management systems around YP that are entitled to educational provision however are accessing EOTAS to include home settings and travel.	CYPS AD Incl	30-Sep-2025		
RR_YIN_63	Re-writing guidance for incident report safety arrangements, across the Directorate so staff know what is expected of them. This will be done in a staged approach, starting with higher risk areas.	CYPS AD Incl	31-Dec-2025		

Phase 4 - Target Risk Assessment

Target Probability	L	Target Impact	H	Target Risk Score	8	Target Risk Category	Medium
--------------------	---	---------------	---	-------------------	----------	----------------------	--------

Phase 5 - Fallback Plan

Fallback Plan
Info Gov: More rigorous intensive information governance training for staff & following ICO procedures. H&S: Review processes and procedures and potentially stop risk taking activities

Risk Reduction Action Status Key	
Symbol	Meaning
	The risk reduction action is overdue for completion or review.
	The risk reduction action is approaching its expected completion or review date.
	The risk reduction action is on target.
	The risk reduction action has been completed.

CYPS Directorate

Risk Register: **Annual review (Apr 2025) – summary**

Next Review Due: **October 2025**

Report Date: **15th May 2025 (cpc)**

Risk Trend	Risk	Description	Risk Owner	Risk Manager	Curr Prob	Curr Imp	Current Risk Score	Current Category	Targ Prob	Targ Imp	Target Risk Score	Target Category	FB Plan?
■	CYP_2 SEND High Need Budget	Risk of further increased pressure on the budget given the current legislative framework, increased demand for specialist provision up to age 25 and budget reduction pressure resulting in negative impact on DSG, poor service performance and criticism.	CD CYPS	CYPS AD Incl	VH	VH	25	Very High	VH	H	20	Very High	✔
■	CYP_3 Children in care and those on the edge of care	Failure to ensure that arrangements for children in care and those on the edge of care provide sufficient support for those with multiple and complex needs (including work on step down from Tier 4 cases and those not receiving 25 hours of education); that the service supports the regionalised adoption service; and ensures sufficient foster carers are recruited including for UASC; all this in the light of current economic uncertainty, increased cost of living and workforce pressures; failure to do so results in poorer outcomes for young people, the need for high cost interventions / placements and reputational damage	CD CYPS	CYPS AD C&F	H	H	16	High	H	H	16	High	✔
■	CYP_4 Safeguarding Arrangements	Failure to have a robust approach to Safeguarding in place results in risk to vulnerable children and families and not protecting them from harm.	CD CYPS	CYPS AD C&F	H	H	16	High	H	H	16	High	✔
■	CYP_5 Schools Organisation and Capital Funding for places	Failure to assess and manage the combined effects of changes in the national school policy and capital funding for places framework, demographics (both rising and falling as a result of housing market changes) and national and local political circumstances, resulting in a fragmentation of the network of services for children, growing numbers of unsustainable and/or failing schools, insufficient school places, fragmentation due to academisation, increased public dissatisfaction, and loss of confidence in the Council as local authority.	CD CYPS	CYPS AD E&S; RES AD (HE)	H	H	16	High	M	H	12	Medium High	✔

CYPS Directorate

Risk Register: **Annual review (Apr 2025) – summary**

Next Review Due: **October 2025**

Report Date: **15th May 2025 (cpc)**

Risk Trend	Risk	Description	Risk Owner	Risk Manager	Curr Prob	Curr Imp	Current Risk Score	Current Category	Targ Prob	Targ Imp	Target Risk Score	Target Category	FB Plan?
■	CYP_6 Schools Funding Challenges	Inadequate revenue and capital funding available for good quality schools, maintenance of school infrastructure and to ensure the sustainability of small rural schools in particular small secondary schools; poor financial management or failure to act in a timely manner by governors/head teachers DfE impose further restrictions on LA financial freedoms, results in potential accumulated deficits. Lack of investment in special provision such as special schools results in potential increased costs.	Chief Exec	CD CYPS	H	H	16	High	M	H	12	Medium High	✔
■	CYP_10 Educational Outcomes	Failure to ensure positive educational outcomes for children and young people together with appropriate support for schools to be good or outstanding, results in lower achievement levels for pupils, and NY children's life chances being determined by geography or family circumstances rather than being in their own hands.	CD CYPS	CYPS AD E&S	M	H	12	Medium High	L	H	8	Medium	✔
■	CYP_8 CYPS Change and Transformation	Failure to maintain a strong culture of continuous improvement including supporting capacity within CYPS to deliver key transformational work (eg. HTS Transport and SEN programmes) together with the delivery of savings targets and addressing national funding and policy changes, resulting in insufficient resources at critical moments, increased demand pressures, operational bottlenecks, ineffective planning, and overspending.	CD CYPS	RES AD (HE)	M	H	12	Medium High	L	H	8	Medium	✔
■	CYP_9 Information Governance and Health and Safety	Failure to ensure that good and safe governance arrangements in respect of data security and health and safety are in place throughout the Directorate resulting in potential Corporate Manslaughter, increased cost/claims, fines/prosecution, criticism and damage to the Council's reputation.	Chief Exec	CD CYPS	M	H	12	Medium High	L	H	8	Medium	✔

Page 108

Risk Register: **Annual review (Apr 2025) – summary**
Next Review Due: **October 2025**
Report Date: **15th May 2025 (cpc)**

Risk Trend Key	
Symbol	Meaning
↑	Risk ranking has worsened since the last review.
▬	Risk ranking is the same as at last review.
↓	Risk ranking has improved since the last review.
new	Risk is new or has been significantly altered since the last review.

This page is intentionally left blank

North Yorkshire Council

Audit Committee

23 June 2025

Corporate Governance

Report of the Corporate Director, Strategic Resources

1.0 PURPOSE OF THE REPORT

- 1.1 To review and approve the updated Local Code of Corporate Governance for North Yorkshire Council.
- 1.2 To provide an update on the Annual Governance Statement including changes made to reflect recently issued CIPFA/SOLACE guidance.
- 1.3 To review and approve the Annual Governance Statement for 2024/25 for North Yorkshire Council.

2.0 BACKGROUND

- 2.1 The standard for local authority governance in the UK is set out in the best practice guidance; CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016. The Framework defines the principles that should underpin the governance of an organisation and provides a structure to assist individual authorities with their approach to the development of appropriate governance arrangements. Local authorities should review their existing governance arrangements against these Principles and develop and maintain an up-to-date Local Code of Corporate Governance.
- 2.2 The Terms of Reference of the Audit Committee set out the Committee's responsibilities in respect of Corporate Governance as follows:
 - (i) to assess the effectiveness of the authority's Corporate Governance arrangements
 - (ii) to review progress on the implementation of Corporate Governance arrangements throughout the authority
 - (iii) to approve the Annual Governance Statement for both the Council and the North Yorkshire Pension Fund
 - (iv) to liaise, as necessary, with the Standards and Governance Committee on any matter(s) relating to the Codes of Conduct for both Members and Officers
 - (v) to work with the Standards and Governance Committee to promote good ethical standards within the Council

(vi) to review the arrangements in place for ensuring good governance in the Council's key partnerships and owned companies.

2.3 In relation to (i), (ii) and (vi) above, an annual report is submitted as set out in the Programme of Work, and item (iii) is considered as part of the report relating to the Statement of Accounts. The Committee also receives regular reports on the outcome of internal audit work and the annual report of the Head of Internal Audit, which includes an opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control. In addition, governance issues may also be addressed as part of other reports and presentations to the Committee, including the annual update reports from each of the Corporate Directors.

2.4 In May 2025, new guidance from CIPFA/SOLACE covering the annual review of governance and the preparation of the Annual Governance Statement was published. The guidance forms an addendum to the existing 2016 'delivering good governance in local government: framework'. The guidance applies to UK local government statements from 2025/26 onwards.

3.0 LOCAL CODE OF CORPORATE GOVERNANCE

3.1 The Local Code of Corporate Governance is a statement of the principles that the Council will follow in developing its corporate governance framework. It also describes the key components of that framework and how they will be monitored and reviewed. The Code applies to all the Council's functions and services. It has also been written to conform to the CIPFA/SOLACE Delivering Good Governance in Local Government Framework.

Framework Principles

3.2 The Principles that are reflected in the Local Code, with links to the Annual Governance Statement, are as follows:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;
- B. Ensuring openness and comprehensive stakeholder engagement;
- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits;
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes;
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it;
- F. Managing risks and performance through robust internal control and strong public financial management;

- G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

To achieve good governance, each local authority should be able to demonstrate that its governance structures conform with the core and sub-principles contained in the CIPFA/SOLACE Framework guidance.

Updates to the Local Code

- 3.4 The Local Code is reviewed on an annual basis. The review ensures that key changes to the corporate governance framework (whether driven by external forces such as legislative changes or by internal factors) are reflected in the current Local Code. The Local Code has recently been reviewed and updated. The revised version takes account of the updated CIPFA/SOLACE guidance and is attached at **Appendix A**.
- 3.5 The changes to the Code are intended to more clearly describe the Council's corporate governance framework and show how the Council's arrangements meet the core and sub-principles contained in the CIPFA/SOLACE Framework guidance.
- 3.6 Subject to approval, the revised Local Code will be referred to the Chief Executive Officer, the Leader of the Council, the Deputy Leader and Executive Member for Finance and Resources, the Corporate Director of Resources and the Assistant Chief Executive Legal and Democratic Services for collective formal approval. The local code is the starting point for the Council to be able to evaluate the operational effectiveness of the core governance arrangements it has in place.

4.0 ANNUAL GOVERNANCE STATEMENT

- 4.1 In May 2025 new guidance from CIPFA/SOLACE covering the annual review of governance and the preparation of the Annual Governance Statement (AGS) was published. The guidance applies to UK local government statements from 2025/26 onwards.
- 4.2 An updated assurance framework has recently been agreed by Corporate Governance Officers Group (CGOC) which will help to align the 2025/26 directorate reporting to the Audit Committee to the new CIPFA/SOLACE guidance. The assurance framework will provide evidence that the key components of the Local Code are operating as expected in each Directorate and support the preparation of the 2025/26 AGS.
- 4.3 The format and content of the 2024/25 AGS has also been reviewed and updated alongside the review of the Local Code of Corporate Governance. The May 2025 CIPFA/SOLACE guidance recommends that the AGS should not include extensive description of the different aspects of the authority's governance arrangements, as these should normally be available in the local code. The 2024/25 AGS therefore contains less description of the Council's existing governance arrangements and consequently, the document is shorter compared to previous versions. The 2024/25 AGS is included as part of the Council's final accounts, which is being presented as a separate item to this committee.

4.4 An annual review of governance has been undertaken relating to 2024/25 which provides an assessment of the effectiveness of the Council's existing governance arrangements. Those matters identified as significant governance issues or control weaknesses have been highlighted in section 6 of the draft AGS.

5.0 FINANCIAL IMPLICATIONS

5.1 There are no financial implications

6.0 LEGAL IMPLICATIONS

6.1 There are no legal implications

7.0 EQUALITIES IMPLICATIONS

7.1 There are no equalities implications

8.0 CLIMATE CHANGE IMPLICATIONS

8.1 There are no climate change implications

9.0 RISK MANAGEMENT IMPLICATIONS

9.1 Risk management is an element of the Council's corporate governance framework. Effective risk management processes are therefore important to ensuring the achievement of the Council's objectives.

10.0 RECOMMENDATIONS

10.1 That the Local Code of Corporate Governance (Appendix A) for the authority be recommended for approval by the Chief Executive Officer (under paragraph 5.15 of the Officers' Delegation Scheme), in consultation with the Leader of the Council, the Executive Member for Finance and resources, the Corporate Director of Resources and the Assistant Chief Executive Legal and Democratic Services

10.2 That the Annual Governance Statement for 2024/25 be recommended by the approval by the Chair of the Audit Committee.

Appendices: Appendix A – Local Code of Corporate Governance

Gary Fielding
Corporate Director – Resources
County Hall
Northallerton

Report prepared and presented by Max Thomas, Head of Internal Audit

Veritau - Assurance Services for the Public Sector
County Hall
Northallerton

5 June 2025



Local Code of Corporate Governance

Introduction

Corporate governance is about the systems, policies, processes, and values by which local authorities operate and by which they engage with and are held accountable to their communities and stakeholders. It means carrying out activities in accordance with the law and proper standards, and ensuring that public money is used well and properly accounted for.

This is North Yorkshire Council's Local Code of Corporate Governance. We have adopted this Code to set out our governance arrangements and demonstrate our commitment to good corporate governance in line with the principles set out in the CIPFA/SOLACE *Delivering Good Governance in Local Government Framework* (2016). Our Code should be read in conjunction with our Annual Governance Statement, which reviews the effectiveness of our governance arrangements and identifies areas for improvement each year.

Principles

The *Delivering Good Governance* framework identifies seven key principles to follow, and our Code demonstrates how we meet each of them:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rules of law.
- B. Ensuring openness and comprehensive stakeholder engagement.
- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes.
- E. Developing the Council's capacity, including the capability of its leadership and the individuals within it.
- F. Managing risks and performance through robust internal control and strong public financial management
- G. Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

Policy statement on corporate governance

Our policy is to incorporate the principles of corporate governance into all aspects of our business activities to ensure that stakeholders can have confidence in the decision-making and management processes of the Council, and in the conduct and professionalism of its Members, officers and agents in delivering services. To this end, the Council will report annually on its intentions, performance, and financial position, as well as on the arrangements in place to ensure good governance is always exercised and maintained.

The principles set out in this policy will also apply to the North Yorkshire Pension Fund. Any company in which the Council has a substantive equity holding will also be expected to comply with these principles.

Monitoring and review

Our Code will be monitored and reviewed annually by the Corporate Governance Officer Group, alongside the preparation of the Annual Governance Statement. The Code will be reported to the Audit Committee.

Date of review: April 2025

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law		
Sub-principles	To achieve this, North Yorkshire Council will:	This is evidenced by:
<ul style="list-style-type: none"> • Behaving with integrity • Demonstrating strong commitment to ethical values • Respecting the rule of law 	<ul style="list-style-type: none"> • To achieve this, North Yorkshire Council will: • Conduct its activities in a manner which promotes high ethical standards and good behaviour which will foster openness, support and mutual respect. • Ensure that systems and processes for financial administration, financial control and protection of the Council’s resources and assets are designed in conformity with appropriate ethical standards and monitor their continuing effectiveness in practice. This includes compliance with CIPFA’s Statement on the Role of the Chief Financial Officer in Local Government (2015). • Develop a set of shared values which will underpin an ethos of good governance, supported by compliance with legislation, procedure rules and all relevant professional standards. • Support the Standards and Governance Committee to promote and maintain high standards of Member conduct. It develops initiatives to promote high ethical standards, is involved in ensuring the training of all Members on standards, and determines any complaints that Members may have breached the Members’ Code of Conduct referred to it by the Monitoring Officer. The Committee also has a role in assisting, where requested, in the designation and handling of persistent and/or vexatious complaints/complainants. • Publish a twice-yearly Standards bulletin, circulated to Members, Officers, certain other authorities and published on the Council’s website. • Where the Council works in partnership it will continue to uphold its own ethical standards, as well as acting in accordance with the partnership’s shared values and aspirations. • Where the Council has established owned/controlled companies it will put appropriate governance arrangements in place including a governance framework and a register of interests. 	<ul style="list-style-type: none"> • Standards and Governance Committee • Codes of Conduct – Councillors' code of conduct and Officers’ Code of Conduct • Standards bulletin • Complaints, comments and compliments process • Unacceptable Complainant Behaviour Policy • Our role, structure and objectives including our values, behaviours and ambitions • The Council’s Constitution • The Council Plan • Council strategies, policies and procedures • Fraud investigation, anti-money laundering and whistleblowing policies • Member and staff induction and training • Staff employment procedure rules • Procurement policy • Financial procedure rules

Principle B: Ensuring openness and comprehensive stakeholder engagement		
Sub-principles	To achieve this, North Yorkshire Council will:	This is evidenced by:
<ul style="list-style-type: none"> • Openness • Engaging comprehensively with institutional stakeholders • Engaging stakeholders effectively, including individual citizens and service users 	<ul style="list-style-type: none"> • Clearly identify its stakeholders, to ensure that relationships with these groups continue to be effective. • Maintain effective channels of communication which reach all groups within the community and other stakeholders, offering a range of consultation methods. The Council has a Communications Strategy and an Engagement Promise that are regularly reviewed and updated. • Publish a Council Plan and an annual Statement of Final Accounts to inform stakeholders and services users of the previous year’s achievements and outcomes. • Publish a Medium-Term Financial Strategy and consulting each year on the Annual Revenue Budget and its impact on Council Tax. • Provide a variety of opportunities for the public to engage effectively with the Council including: attending meetings, opportunities to ask questions at meetings, written consultations and surveys. • Present itself in an open and accessible manner to ensure that Council matters are dealt with transparently, in so far as the need for confidentiality allows. • Maintain a Freedom of Information Act Publication Scheme and arrangements to respond to requests for information from the public. • Operate Access to Information Procedure Rules to ensure local people and stakeholders can exercise their rights to express an opinion on decisions, and can understand what decisions have been made and why. • Ensure the lawful and correct treatment of personal information through a Data Protection policy framework that follows the principles set out in the <i>Data Protection Act 2018</i> and the <i>UK General Data Protection Regulation</i>. • Maintain a Council website that provides access to information and services and opportunities for public engagement. 	<ul style="list-style-type: none"> • Strategies, plans and policies • Engagement Promise • Council Plan • Statement of Final Accounts • Freedom of Information Act Publication Scheme • Medium Term Financial Strategy • Transparency, freedom of information and data protection • Our responsibilities and commitments under GDPR • Council website • Data North Yorkshire • Equality, Diversity, and Inclusion Policy Statement • Online council tax information • Our role, structure and objectives

Principle B: Ensuring openness and comprehensive stakeholder engagement		
Sub-principles	To achieve this, North Yorkshire Council will:	This is evidenced by:
	<ul style="list-style-type: none"> Conformance with the requirements of the Local Government Transparency Code and the Equality, Diversity, and Inclusion Policy Statement. 	<ul style="list-style-type: none"> Consultations and engagement

Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits		
Sub-principles	To achieve this, North Yorkshire Council will:	This is evidenced by:
<ul style="list-style-type: none"> Defining outcomes Sustainable economic, social and environmental benefits 	<ul style="list-style-type: none"> Develop a clear vision and purpose, identify intended outcomes and ensure that these are clearly communicated to all stakeholders of the organisation, both internal and external. In doing so, the Council will report regularly on its activities and achievements, and its financial position and performance. Keep its corporate strategies, objectives and priorities under constant review, so as to ensure that they remain relevant to the needs and aspirations of the community. Aim to deliver high quality services which meet the needs of service users. Delivery may be made directly, via a subsidiary company, in partnership with other organisations, or by a commissioning arrangement. Measurement of service quality will also be a key feature of service delivery. Monitor the cost effectiveness and efficiency of its service delivery. Ensure that timely, accurate and impartial financial advice and information is provided to assist in decision making and to ensure that the Council meets its policy and service objectives and provides effective stewardship of public money in its use. Ensure that the Council maintains a prudent financial framework; keeps its commitments in balance with available resources; monitors income and expenditure levels to ensure that this balance is maintained and takes corrective action when necessary. Ensure compliance with CIPFA's Code on Prudential Framework for Local Authority Capital Finance and CIPFA's Treasury Management Code. Monitor and regularly report on performance through the Performance Management Framework and system. 	<ul style="list-style-type: none"> Council Plan Statement of Final Accounts Corporate strategies, objectives and priorities, policy and service objectives – Strategies, plans and policies Performance Management Framework – Executive Performance Reports Climate Change Strategy and Action Plan Corporate Complaints Procedure Procurement and Contract Management Strategy. Risk Management Policy Capital programme Capital investment strategy

Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits		
Sub-principles	To achieve this, North Yorkshire Council will:	This is evidenced by:
	<ul style="list-style-type: none"> • Develop a Climate Change Strategy and Action Plan. • Seek to address any concerns or failings in service delivery by adhering to and promoting its Corporate Complaints Procedure. • Comply with the Public Services (Social Value) Act 2012 ensuring that economic, social, and environmental impact of policies are included in everything it does, linking economic and social growth with maximising the value obtained from money spent. 	<ul style="list-style-type: none"> • Record of decision making and supporting materials - Councillors, committees and meetings • Planning policy

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes		
Sub-principles	To achieve this, North Yorkshire Council will:	This is evidenced by:
<ul style="list-style-type: none"> • Determining interventions • Planning interventions • Optimising achievement of intended outcomes 	<ul style="list-style-type: none"> • Have a formal Constitution which details the decision making processes and the procedures required to support the transparency and accountability of decisions made. • Establish and implement robust planning and control cycles that cover strategic and operational plans, priorities and targets. • Carry out consultations to ensure a robust decision-making process for service improvement or termination or otherwise, in order to prioritise competing demands within limited resources. • Publish a Council Plan which provides the key ambitions for the Council, key strategies, high level outcomes and priorities for the next four years. • Establish appropriate key performance indicators (KPIs) to identify how the performance of services and projects is to be measured. • Publish an annual Statement of Final Accounts including an Annual Governance Statement to inform stakeholders and services users of the previous year's achievements and improvements for the following year • Establish a medium term business and financial planning process to deliver strategic objectives which is reviewed regularly. • Maintain an effective Performance Management Strategy and system. 	<ul style="list-style-type: none"> • Constitution • Council Plan including KPIs and performance monitoring • Statement of Final Accounts including Annual Governance Statement • Performance Management Strategy • Staff Engagement Strategy • Strategies, plans and policies • Public Consultations • Council minutes, agendas and reports • Risk Management Policy

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes		
Sub-principles	To achieve this, North Yorkshire Council will:	This is evidenced by:
	<ul style="list-style-type: none"> • Maintain a Staff Engagement Strategy. • Maintain a Communications Strategy. • Conduct public consultations on key decisions/changes to policy. 	

Principle E: Developing the entity’s capacity, including the capability of its leadership and the individuals within it		
Sub-principles	To achieve this, North Yorkshire Council will:	This is evidenced by:
<ul style="list-style-type: none"> • Developing the entity’s capacity • Developing the capability of the entity’s leadership and other individuals 	<p>The Council recognises that the people who direct and control the organisation must have the right skills. Therefore, it will:</p> <ul style="list-style-type: none"> • Develop the capacity and capability of the Council and its Members and Officers through training and development. • Recruit senior officers with the appropriate balance of knowledge and experience. • Maintain Partnership Governance procedures and guidance and carry out regular reviews of partnerships and their outcomes. • Organise Member and employee induction programmes. • Scheme of Delegation for Members and Officers. • Continue with further organisational development. • Continue to develop a Workforce Plan that addresses issues such as recruitment, succession planning, flexible working and other people management issues including an online recruitment and induction process, and online learning on leading and managing remote teams • Carry out regular appraisals which incorporate service improvement and personal development plans. • Provide career structures to encourage staff development. • Regularly review job descriptions and person specifications and use these as the basis for recruitment. 	<ul style="list-style-type: none"> • Partnership Governance procedures and guidance • Schemes of Delegation for Members and Officers in the Constitution • Performance Management Strategy • Apprenticeship schemes • Audit Committee • Statement of Final Accounts • Council minutes, agendas and reports • Strategies, plans and policies • Risk Management Policy • Planning policy • Council plan • Our role, structure and objectives

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it		
Sub-principles	To achieve this, North Yorkshire Council will:	This is evidenced by:
	<ul style="list-style-type: none"> • Encourage a wide variety of individuals and organisations to participate in the work of the Council, including through a Volunteer Strategy. • Ensure regular review and improvement of "Health Assured" for employees which includes health assessments, counselling, emotional support and fitness advice. • Provide Apprenticeship schemes. • Ensure compliance with the CIPFA Statement on the <i>Role of the Chief Financial Officer</i>. • Ensure conformance with the CIPFA <i>Code of Practice for the Governance of Internal Audit in UK Local Government</i> on the role of the Head of Internal Audit. 	<ul style="list-style-type: none"> • Induction programme • Human resource policies

Principle F: Managing risks and performance through robust internal control and strong public financial management		
Sub-principles	To achieve this, North Yorkshire Council will:	This is evidenced by:
<ul style="list-style-type: none"> • Managing risk • Managing performance • Robust internal control • Managing data • Strong public financial management 	<ul style="list-style-type: none"> • Maintain a Risk management Policy and procedures. • Maintain a reporting and monitoring framework for communicating risks. • Support decision-making through risk registers at Corporate, Directorate and Service levels as well as one off major projects. • Risk Registers with clear risk owners include consideration of objectives and contribute to service plans and performance. • Maintain a Corporate Performance Management Strategy and system including greater use of performance dashboards • Always support the Executive with professional advice that addresses all relevant legal, financial, risk and resourcing issues. • Provide quarterly Performance and Financial reports to Executive & Scrutiny Board. • Provide a year-end report on Performance / Financial out-turn to Executive & Scrutiny Board. 	<ul style="list-style-type: none"> • Risk Management Policy • Corporate Performance Management Strategy • Our risks in North Yorkshire • Overview and Scrutiny Committee • Executive Committee • Fraud investigation and whistleblowing • Audit Committee • Information Governance policy

Principle F: Managing risks and performance through robust internal control and strong public financial management		
Sub-principles	To achieve this, North Yorkshire Council will:	This is evidenced by:
	<ul style="list-style-type: none"> • Ensure comprehensive recording of all decisions taken and the reasons for those decisions. • Ensure there is an effective scrutiny function and framework, supported by named officers, that enables decisions by the Executive to be challenged or influenced by the rest of the Council's Members. • Maintain a Local Code of Corporate Governance as well as an Annual Governance Statement • Comply with the <i>Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA 2014)</i> through a Counter Fraud Policy and Strategy including a Fraud Prosecution Policy, and an Anti-Money Laundering Policy and Procedures. The Counter Fraud Strategy is aligned with the national Fighting Fraud and Corruption Strategy. • Include independent co-opted members on the Audit Committee • Ensure compliance with data protection and access to information legislation and best practice through the Information Governance policy framework. • There is an Audit Charter with an adequately resourced internal audit and counter fraud function • Governance arrangements allow the CFO direct access to the Audit Committee and External Auditor • Ensure the provision of clear, well presented, timely, complete and accurate information and reports to budget managers and senior officers on the budgetary and financial performance of the Council • Ensure the Council's governance arrangements allow the CFO to bring influence to bear on all material decisions • Ensure that advice is provided on the levels of reserves and balances in line with good practice guidance • The Council's arrangements for financial and internal control and for managing risk are addressed in annual governance reports by Corporate Directors to the Audit Committee 	<ul style="list-style-type: none"> • Information Sharing Protocol • Business Continuity framework • Emergency Response Plan / Command and Control structure • Constitution • Council minutes, agendas and reports • Our responsibilities and commitments under GDPR • Statement of Final Accounts including Annual Governance Statement • Business Continuity • Local Resilience Forum • Community Emergency Plans

Principle F: Managing risks and performance through robust internal control and strong public financial management		
Sub-principles	To achieve this, North Yorkshire Council will:	This is evidenced by:
	<ul style="list-style-type: none"> • The Council puts in place effective internal financial controls covering codified guidance, budgetary systems, supervision, management review and monitoring, physical safeguards, segregation of duties, accounting procedures, information systems and authorisation and approval processes • Business Continuity framework. • Emergency Response Plan / Command and Control structure. 	

Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability		
Sub-principles	To achieve this, North Yorkshire Council will:	This is evidenced by:
<ul style="list-style-type: none"> • Implementing good practice in transparency • Implementing good practices in reporting • Assurance and effective accountability 	<ul style="list-style-type: none"> • Meet the requirements of the Local Government Transparency Code • Maintain a Council website that provides access to information and services and opportunities for public engagement. • Make meetings of the Council and its Committees open to the public, broadcast live and publish recordings on the internet (except where, for example, personal or confidential matters are being discussed) • Have a formal Constitution which details the decision making processes and the procedures required to support the transparency and accountability of decisions made. • Have an Engagement Promise setting out in simple terms how everyone who lives or works in the county or uses the Council’s services can influence decisions. • Have a properly constituted Standards and Governance Committee, an Audit Committee with several independent co-opted members and an effective scrutiny function. • Maintain an Audit Charter with an adequately resourced internal audit function which conforms to the <i>Global Internal Audit Standards (UK public sector)</i> and professional best practice. 	<ul style="list-style-type: none"> • Council website • Data North Yorkshire • Councillors, committees and meetings • Constitution • Engagement Promise • Standards and Governance Committee • Audit Committee • Counter fraud and corruption policy • Equality Impact Assessments • Data Protection Impact Assessments • Climate Impact Assessments

Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability		
Sub-principles	To achieve this, North Yorkshire Council will:	This is evidenced by:
	<ul style="list-style-type: none"> • Maintain an effective counter fraud and corruption policy framework and an adequately resourced counter fraud function. • Ensure that its governance arrangements allow the CFO direct access to the Audit Committee and External Auditor. • Ensure the provision of clear, well presented, timely, complete and accurate information and reports to budget managers and senior officers on the budgetary and financial performance of the Council. • Ensure the Council's governance arrangements allow the CFO to bring influence to bear on all material decisions. • Ensure that advice is provided on the levels of reserves and balances in line with good practice guidance. • Ensure the Council puts in place effective internal financial controls covering codified guidance, budgetary systems, supervision, management review and monitoring, physical safeguards, segregation of duties, accounting procedures, information systems and authorisation and approval processes. • Ensure the Council's arrangements for financial and internal control and for managing risk are addressed in annual governance reports by Corporate Directors to the Audit Committee. • Publish an annual Statement of Final Accounts together with the Annual Governance Statement which will show any significant improvements required. • Complete Equality Impact Assessments, Data Protection Impact Assessments and Climate Impact Assessments for any proposed changes in policy or service delivery. 	<ul style="list-style-type: none"> • Authority monitoring reports • Statement of Final Accounts including Annual Governance Statement • Strategies, plans and policies • Stronger communities programme

Contact details and further information

Further details of the Council's Corporate Governance arrangements can be obtained on the Council's website www.northyorks.gov.uk or by contacting the Corporate Director of Resources.

Finally, if you have any concerns about the way in which the Council, its Members, Officers or agents conduct its business, or believe that elements of this Code are not being complied with, please contact one of the following Officers as appropriate. Your enquiry will be treated confidentially, and a response made following investigation of the facts in each case.

(i) Chief Executive (Head of Paid Service)

Richard Flinton
North Yorkshire Council
County Hall
Northallerton
North Yorkshire DL7 8AL
Tel: 01609 532444
Email: richard.flinton@northyorks.gov.uk

(ii) Corporate Director of Resources (Section 151 Officer)

Gary Fielding
North Yorkshire Council
County Hall
Northallerton
North Yorkshire DL7 8AL
Tel: 01609 533304
Email: gary.fielding@northyorks.gov.uk

(iii) Assistant Chief Executive Legal and Democratic Services (Monitoring Officer)

Barry Khan
Legal and Democratic Services
North Yorkshire Council
County Hall
Northallerton DL7 8AL
Tel: 01609 532173
Email: barry.khan@northyorks.gov.uk



Audit Strategy Memorandum
North Yorkshire Council - Year ending 31 March 2025

June 2025

Audit Committee
North Yorkshire Council
County Hall
Racecourse Lane
Northallerton
DL7 8AD

12 June 2025

Dear Audit Committee Members,

Audit Strategy Memorandum – Year ending 31 March 2025

We are pleased to present our Audit Strategy Memorandum for Council for the year ending 31 March 2025.

This report summarises our audit approach, including the significant audit risks and areas of key judgement we have identified, and provides details of our audit team. In addition, as it is a fundamental requirement that an auditor is, and is seen to be, independent of an audited entity, the section of the report titled '*Confirmation of our independence*' summarises our considerations and conclusions on our independence as auditors.

Two-way communication with you is key to a successful audit and is important in:

- Reaching a mutual understanding of the scope of the audit and our respective responsibilities;
- Sharing information to assist each of us to fulfil our respective responsibilities;
- Providing you with constructive observations arising during the audit process; and
- Ensuring that we, as external auditors, gain an understanding of your attitude and views in respect of the internal and external operational, financial, compliance, and other risks facing North Yorkshire Council which may affect the audit, including the likelihood of those risks materialising and how they are monitored and managed.

With that in mind, this report, which has been prepared following our initial planning discussions with management, facilitates a discussion with you on our audit approach. We welcome any questions, concerns, or input you may have on our approach or role as auditor.

This report also contains appendices that outline our key communications with you during the audit, and forthcoming accounting issues and other issues that may be of interest to you.

Providing a high-quality service is extremely important to us and we strive to provide technical excellence with the highest level of service quality, together with continuous improvement to exceed your expectations. If you have any concerns or comments about this report or our audit approach, please contact me on 07747 764529.

This report was prepared solely for the use and benefit of Audit Committee and to the fullest extent permitted by law Forvis Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk.

Yours faithfully


Mark Kirkham (Chartered Accountant)

Mark Kirkham

Forvis Mazars

Contents

- 01 Engagement and responsibilities summary
- 02 Your audit team
- 03 Audit scope, approach, and timeline
- 04 Materiality and misstatements
- 05 Significant risks and other key judgement areas
- 06 Value for money arrangements
- 07 Audit fees and other services
- 08 Confirmation of our independence

- Appendix A – Key communication points
- Appendix B – Current year updates, forthcoming accounting and other issues

Page 129

This document is to be regarded as confidential to North Yorkshire Council. It has been prepared for the sole use of Audit Committee as the appropriate group charged with governance. No responsibility is accepted to any other person in respect of the whole or part of its contents.

01

Engagement and responsibilities summary

Engagement and responsibilities summary

We are appointed to perform the external audit of North Yorkshire Council (the Council) for the year to 31 March 2025. The scope of our engagement is set out in the Statement of Responsibilities of Auditors and Audited Bodies, issued by Public Sector Audit Appointments Ltd (PSAA) available from the PSAA website: [Statement of responsibilities of auditors and audited bodies from 2023/24](#). Our responsibilities are principally derived from the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (NAO), as outlined below.

Audit opinion

We are responsible for forming and expressing an opinion on whether the financial statements are prepared, in all material respects, in accordance with the Code of Practice on Local Authority Accounting.

Our audit does not relieve management or the Audit Committee, as Those Charged With Governance, of their responsibilities.

The Corporate Director Resources is responsible for the assessment of North Yorkshire Council's ability to continue as a going concern. As auditors, we are required to obtain sufficient, appropriate audit evidence regarding, and conclude on:

- a) whether a material uncertainty related to going concern exists, and
- b) the appropriateness of the Corporate Director Resources use of the going concern basis of accounting in the preparation of the financial statements.

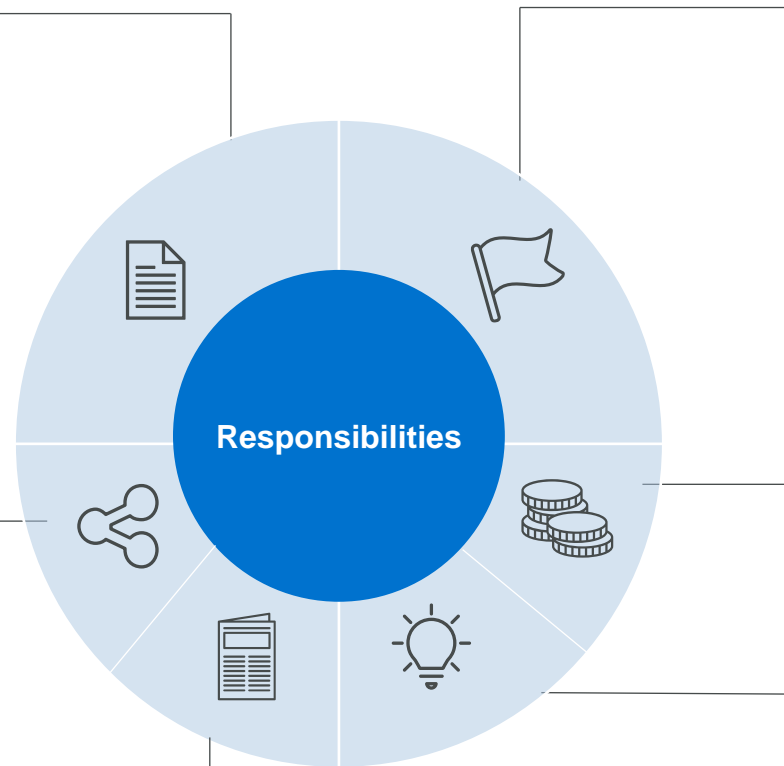
Internal control

Management is responsible for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

We are responsible for obtaining an understanding of internal control relevant to our audit and the preparation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.

Whole of Government Accounts

We report to the NAO on the consistency of the North Yorkshire Council's financial statements with its Whole of Government Accounts (WGA) submission.



Fraud

The responsibility for safeguarding assets and for the prevention and detection of fraud, error, and non-compliance with law or regulations rests with both you and management. This includes establishing and maintaining internal controls over asset protection, compliance with relevant laws and regulations, and the reliability of financial reporting.

As part of our audit procedures in relation to fraud, we are required to inquire of you and key management personnel, on their knowledge of instances of fraud, and their views on the risks of fraud and on internal controls that mitigate those risks. In accordance with International Standards on Auditing (UK), we plan and perform our audit to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether due to fraud or error. Our audit, however, should not be relied upon to identify all such misstatements.

Value for money arrangements

We are also responsible for forming a view on the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources.

Wider reporting and electors' rights

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounts of the North Yorkshire Council and consider objections made to the accounts. We also have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom.

02

Your audit team

Your audit team

Mark Kirkham
Engagement Lead

Page 133

Mark.Kirkham@mazars.co.uk
+44 (0)7747 764529

Cath Andrew
Senior Manager

Cath.Andrew@mazars.co.uk
+44 (0)7815 878116

Ellie Horsley
Manager

Ellie.Horsley@mazars.co.uk
+44 (0)7971 973689

Alphy Dominic
Team Leader

Alphy.Dominic@mazars.co.uk
+44 (0)7721 982991

03

Audit scope, approach, and timeline

Audit scope, approach, and timeline

Risk-based Approach



Page 135

Audit scope, approach, and timeline

Audit scope

Our audit approach is designed to provide an audit that complies with all professional requirements.

Our audit of the financial statements will be conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit methodology, and in accordance with Code of Audit Practice. Our work is focused on those aspects of your business which we consider to have a higher risk of material misstatement, such as those impacted by management judgement and estimation, application of new accounting standards, changes of accounting policy, changes to operations, or areas found to contain material errors in the past.

Audit approach

Our audit approach is risk-based, and the nature, extent, and timing of our audit procedures are primarily driven by the areas of the financial statements we consider to be more susceptible to material misstatement. Following our risk assessment where we assess inherent risk factors (subjectivity, complexity, uncertainty, change and susceptibility to misstatement due to management bias or fraud), we develop our audit strategy and design audit procedures to respond to the risks we have identified.

If we conclude that appropriately-designed controls are in place, we may plan to test and rely on those controls. If we decide controls are not appropriately designed, or we decide that it would be more efficient to do so, we may take a wholly substantive approach to our audit testing where, in our professional judgement, substantive procedures alone will provide sufficient appropriate audit evidence. Substantive procedures are audit procedures designed to detect material misstatements at the assertion level and comprise tests of detail (of classes of transaction, account balances, and disclosures), and substantive analytical procedures. Irrespective of our assessed risks of material misstatement, which takes account of our evaluation of the operating effectiveness of controls, we are required to design and perform substantive procedures for each material class of transaction, account balance, and disclosure.

Our audit has been planned and will be performed to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. The concept of materiality and how we define a misstatement is explained in the *'Materiality and misstatements'* section of this report.

The diagram on the next page outlines the procedures we perform at the different stages of our audit.

Audit scope, approach, and timeline

Page 137



Audit scope, approach, and timeline

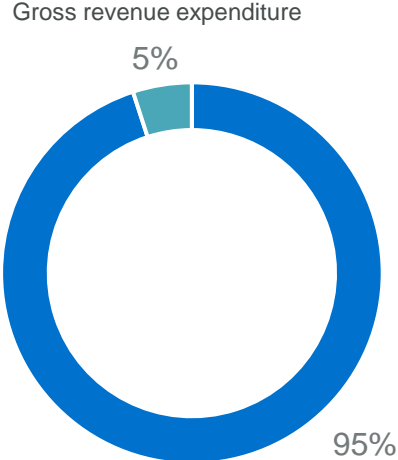
Group audit approach

The preliminary scope of our group audit is based on our analysis of the risks we have identified at group level. When scoping our audit, we have considered quantitative criteria (the contribution of each of the group’s consolidated components to the group financial statements); qualitative criteria (the risks of material misstatement of the group financial statements that consolidated components may present individually at component level); and we have assessed the risk of material misstatement across the group’s consolidated components in aggregate.

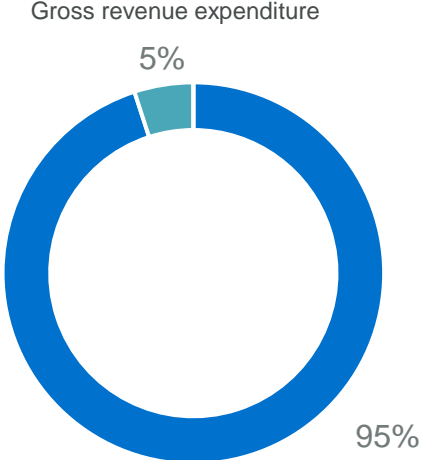
The nature and extent of audit work we plan to perform on the consolidated components is set out below.

Component name	%	Location	Auditor	Scope
North Yorkshire Council	94.6%	Northallerton	Forvis Mazars	An audit of the financial information.
Yr Waste Limited	2%	Northallerton	PWC	An audit of one or more account balances, classes of transactions or disclosures.
NY Highways Ltd	2.6%	Northallerton	BHP LLP	An audit of one or more account balances, classes of transactions or disclosures.
NYNet Ltd	0.8%	Harrogate	No Auditor	An audit of one or more account balances, classes of transactions or disclosures.

24-25 – Initial % of group



23-24 – Initial % of group



- Full audit
- Audit of specific account balance(s) and/or disclosure(s)

Audit scope, approach, and timeline

Follow up on significant deficiency in internal control

Set out below is the significant deficiency in internal control that we identified during our prior period audit. During the course of the audit, we will request that you and management provide us with evidence of the progress made to address the deficiency. We will report an update on the progress made for each significant deficiencies in internal control detailed below in our Audit Completion Report.

Description of deficiency

Officers were initially unable to provide a detailed log of the changes between the published draft financial statements and the final financial statements.

Potential effects

There is a risk that the final financial statements do not accurately reflect the audited balances.

04

Materiality and misstatements

Materiality and misstatements

Definitions

Materiality is an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole.

Misstatements in the financial statements are considered to be material if they could, individually or in aggregate, reasonably be expected to influence the economic decisions of users based on the financial statements.

Materiality

We determine materiality for the financial statements as a whole (overall materiality) using a benchmark that, in our professional judgement, is most appropriate to entity. We also determine an amount less than materiality (performance materiality), which is applied when we carry out our audit procedures and is designed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Further, we set a threshold above which all misstatements we identify during our audit (adjusted and unadjusted) will be reported to Audit Committee.

Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on a consideration of the common financial information needs of users as a group and not on specific individual users.

An assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:

- have a reasonable knowledge of business, economic activities, and accounts;
- have a willingness to study the information in the financial statements with reasonable diligence;
- understand that financial statements are prepared, presented, and audited to levels of materiality;
- recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement, and consideration of future events; and
- will make reasonable economic decisions based on the information in the financial statements.

We consider overall materiality and performance materiality while planning and performing our audit based on quantitative and qualitative factors.

When planning our audit, we make judgements about the size of misstatements we consider to be material. This provides a basis for our risk assessment procedures, including identifying and assessing the risks of material misstatement, and determining the nature, timing and extent of our responses to those risks.

The overall materiality and performance materiality that we determine does not necessarily mean that uncorrected misstatements that are below materiality, individually or in aggregate, will be considered immaterial.

We revise materiality as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.

Materiality and misstatements

Materiality (continued)

For the group financial statements, we consider that gross revenue expenditure is the key focus of users of the financial statements. We have therefore determined our initial materiality levels using 2% of gross revenue expenditure as the benchmark.

For the single entity financial statements, we consider that gross revenue expenditure is the key focus of users of the financial statements. We have therefore determined our initial materiality levels using gross revenue expenditure as the benchmark.

We expect to set a materiality of 2% of gross revenue expenditure for the group financial statements, and a materiality of 2% of gross revenue expenditure for the single entity.

As set out in the tables alongside, based on the prior year financial statements we anticipate overall materiality for the year ended 31 March 2025 to be in the region of £34.6m (£34.6m in the prior year), and performance materiality to be in the region of £20.7m (£17.3m in the prior year).

For the single entity financial statements, we anticipate overall materiality for the year ended 31 March 2025 to be in the region of £34.5m (£34.5m in the prior year), and performance materiality to be in the region of £20.7m (£17.2m in the prior year).

We will continue to monitor materiality throughout our audit to ensure it is set at an appropriate level.

Group financial statements

	2024-25 £'000s	2023-24 £'000s
Overall materiality	34,588	34,558
Performance materiality	20,735	17,279
Clearly trivial	1,037	1,037
Specific materiality – Senior Officer Remuneration (including exit packages)	50	50

Council's single entity financial statements

	2024-25 £'000s	2023-24 £'000s
Overall materiality	34,500	34,500
Performance materiality	20,700	17,250
Clearly trivial	1,035	1,035
Specific materiality – Senior Officer Remuneration (including exit packages)	50	50

Materiality and misstatements

Misstatements

We will accumulate misstatements identified during our audit that are above our determined clearly trivial threshold.

We have set a clearly trivial threshold for individual misstatements we identify (a reporting threshold) for reporting to Audit Committee and management that is consistent with a threshold where misstatements below that amount would not need to be accumulated because we expect that the accumulation of such amounts would not have a material effect on the financial statements.

Based on our preliminary assessment of overall materiality, our proposed clearly trivial threshold is £1.044m, based on 3% of overall materiality. If you have any queries about this, please raise these with Mark Kirkham.

Each misstatement above the reporting threshold that we identify will be classified as:

- **Adjusted:** Those misstatements that we identify and are corrected by management.
- **Unadjusted:** Those misstatements that we identify that are not corrected by management.

We will report all misstatements above the reporting threshold to management and request that they are corrected. If they are not corrected, we will report each misstatement to Audit Committee as unadjusted misstatements and, if they remain uncorrected, we will communicate the effect that they may have individually, or in aggregate, on the financial statements and on our audit opinion.

Misstatements also cover qualitative misstatements and include quantitative and qualitative misstatements and omissions relating to the notes of the financial statements.

Reporting

In summary, we will categorise and report misstatements above the reporting threshold to Audit Committee as follows:

- adjusted misstatements;
- unadjusted misstatements; and
- disclosure misstatements (adjusted and unadjusted).

05

Significant risks and other key judgement areas

Significant risks and other key judgement areas

Following the risk assessment approach set out in the *'Audit scope, approach, and timeline'* section, we have identified the risks of material misstatement in the financial statements. These risks are categorised as significant, enhanced, or standard. The definitions of these risk ratings are set out below.

Significant risk

A risk that is assessed as being at or close to the upper end of the spectrum of inherent risk, based on a combination of the likelihood of a misstatement occurring and the magnitude of any potential misstatement. As required by auditing standards, a fraud risk is always assessed as a significant risk.

Enhanced risk

An area with an elevated risk of material misstatement at the assertion level, other than a significant risk, based on factors/ information inherent to that area. Enhanced risks require additional consideration but do not rise to the level of a significant risk. These include but are not limited to:

- key areas of management judgement and estimation uncertainty, including accounting estimates related to material classes of transaction, account balances, and disclosures but which are not considered to give rise to a significant risk of material misstatement; and
- risks relating to other assertions and arising from significant events or transactions that occurred during the period.

Standard risk

A risk related to assertions over classes of transaction, account balances, and disclosures that are relatively routine, non-complex, tend to be subject to systematic processing, and require little or no management judgement/ estimation. Although it is considered that there is a risk of material misstatement, there are no elevated or special factors related to the nature of the financial statement area, the likely magnitude of potential misstatements, or the likelihood of a risk occurring.

Significant risks and other key judgement areas

Audit risks and planned responses

In this section, we have set out the risks that we deem to be significant and enhanced, and our planned response. An audit is a dynamic process, and should we change our view of risk and/ or our approach to address those risks during our audit, we will report this to Audit Committee.

Significant risks

	Risk name	Fraud	Error	Judgement	Risk description	Planned response
1	Management override of controls	●	○	●	<p>This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur.</p> <p>Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>The unpredictable way in which such override could occur means there is a risk of material misstatement on all audits.</p>	<p>We plan to address the management override of controls risk by carrying out audit work on:</p> <ul style="list-style-type: none"> • accounting estimates; • journal entries; and • significant transactions outside the normal course of business or otherwise unusual.
2	Net defined benefit liability / (asset) valuation	○	●	●	<p>The financial statements contain material pension entries in respect of the retirement benefits. The calculation of these pension figures, both assets and liabilities, can be subject to significant volatility and includes estimates based upon a complex interaction of actuarial assumptions. This results in an increased risk of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • critically evaluate the Council's arrangements relevant controls for making estimates in relation to pension entries within the financial statements; • challenge the reasonableness of the Actuary's assumptions that underpin the relevant entries made in the financial statements, using an expert commissioned by the National Audit Office; • critically assess the competency, objectivity and independence of the Actuary; • liaise with the auditors of the Pension Fund to gain assurance that the overall IAS19 procedures and controls in place at the Pension Fund are operating effectively; and • agree data in the Actuary's valuation report for accounting purposes to the relevant accounting entries and disclosures in the Council's financial statements.

Page 146

Significant risks and other key judgement areas

Significant risks

	Risk name	Fraud	Error	Judgement	Risk description	Planned response
3	Valuation of property, plant and equipment	○	●	●	<p>The financial statements contain material entries on the Balance Sheet as well as material disclosure notes in relation to the Council's holding of PPE.</p> <p>Although the Council employs a valuation expert to provide information on valuations, there remains a high degree of estimation uncertainty associated with the revaluation of PPE as a results of the significant judgements and number of variables involved. We have therefore identified the revaluation of PPE to be an area of risk.</p>	<p>We plan to address this risk by carrying out the following procedures:</p> <ul style="list-style-type: none"> consider the Council's arrangements for ensuring that PPE values are reasonable; challenge the reasonableness of the valuations provided by the Council's valuer using other sources of data; assess the competence, skills and experience of the valuer and the instructions issued to the valuer; and where necessary, perform further audit procedures on individual assets to ensure the basis of valuations is appropriate.
4	Risk of fraud in revenue recognition	●	●	●	<p>Based on our knowledge and planning discussions we have concluded that we can rebut the presumption of the revenue recognition audit risk for the Council's grant income.</p> <p>We see the risk of fraud in revenue recognition as being principally in relation to overstatement and specific to the cut-off assertion.</p>	<p>We will evaluate the design and implementation of any controls the Council has in place which mitigate the risk of income being recognised in the wrong year.</p> <p>In addition, we will undertake a range of substantive procedures including:</p> <ul style="list-style-type: none"> testing year end income (March, April, May) and year end receivables to ensure they relate to 2024/25; testing receipts in the pre and post year end period to ensure they have been recognised in the right year; testing year end receivables to confirm they exist and are recorded at the correct value.

Page 147

Significant risks and other key judgement areas

Other considerations

In consideration of ISA (UK) 260 *Communication with Those Charged With Governance*, we would like to seek your views/ knowledge of the following matters:

- Did you identify any other risks (business, laws & regulation, fraud, going concern etc.) that may result in material misstatements?
- Are you aware of any significant communications between Audit Committee and regulators?
- Are there any matters that you consider warrant particular attention during the course of our audit, and any areas where you would like additional procedures to be undertaken?

We plan to do this by formal letter to Audit Committee which we will obtain prior to completing our audit.

Significant difficulties encountered during the course of audit

In accordance with ISA (UK) 260 *Communication with Those Charged With Governance*, we are required to communicate certain matters to you which include, but are not limited to, significant difficulties, if any, that are encountered during our audit. Such difficulties may include matters such as:

- significant delays in management providing information that we require to perform our audit;
- an unnecessarily brief time within which to complete our audit;
- extensive and unexpected effort to obtain sufficient appropriate audit evidence;
- unavailability of expected information;
- restrictions imposed on us by management; and
- unwillingness by management to make or extend their assessment of an entity's ability to continue as a going concern when requested.

We will highlight to you on a timely basis should we encounter any such difficulties (if our audit process is unduly impeded, this could require us to issue a modified auditor's report).

06

Value for money arrangements

Value for money arrangements

The framework our work

We are required to form a view as to whether the Council 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.

This will be the first audit year where we are undertaking our value for money (VFM) work under the full 2024 Code of Audit Practice (the Code). Our responsibility remains to be satisfied that the Council has proper arrangements in place, and to report in the auditor's report where we are not satisfied that arrangements are in place. Where we have issued a recommendation in relation to a significant weaknesses this indicates we are not satisfied that arrangements are in place. Separately we provide a commentary on the Council's arrangements in the Auditor's Annual Report.

A key change in the 2024 Code of Audit Practice is the requirement for us to issue our Auditor's Annual Report for the year ending 31st March 2025 to you in draft by the 30th November 2025. This is required whether our audit is complete or not. Should our work not be complete, we will report the status of our work and any findings to you to that point (and since the issue of our previous Auditor's Annual Report). Further information will be provided in Appendix A.

Specified reporting criteria

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

1. **Financial sustainability** – how the Council plans and manages its resources to ensure it can continue to deliver its services;
2. **Governance** – how the Council ensures that it makes informed decisions and properly manages its risks; and
3. **Improving economy, efficiency and effectiveness** – how the Council 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 gather sufficient evidence to support our commentary on the Council'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 Council 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.

Planning	Obtaining an understanding of the Council's arrangements for each specified reporting criteria. Relevant information sources will include: <ul style="list-style-type: none">• NAO guidance;• information from internal and external sources including regulators;• knowledge from previous audits and other audit work undertaken in the year; and• interviews and discussions.
Additional risk based procedures and evaluation	Where our planning work identifies risks of significant weaknesses, we will undertake additional procedures to determine whether there is a significant weakness.
Reporting	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 which forms part of the Auditor's Annual Report. Our commentary will also highlight: <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 Council.

Value for money arrangements

Identified risks of significant weaknesses in arrangements

The NAO's guidance requires us to carry out work at the planning stage to understand the Council's arrangements and to identify risks that significant weaknesses in arrangements may exist.

We will report any identified risks to the Audit Committee on completion of our planning and risk identification work.

Value for money arrangements

Our work to follow-up on previous recommendations

As part of our audit work in previous years we did not identify any significant weaknesses in the Council's arrangements. We did, however, identify two other weaknesses, the table below sets out the weaknesses identified, our previous recommendations and the work we intend to carry out as part of our 2024/25 audit.

Previously identified significant weakness in arrangements	Relevant reporting criteria	Our 2023-24 recommendations	Planned procedures for 2024/25
<p>Page 152</p> <p>Annual statement of accounts drafting process</p>	Governance	The Financial statements are a key accountability document following the 2023/24 process the Council needs to needs to consider whether it has sufficient capacity and capability in delivering a set of statements in line with the statutory timetable.	Review of the annual governance statement and drafting processes.
Member complaints process	Governance	Members of the Standards and Governance Committee and full Council should receive an annual report setting out the nature of complaints received, the outcomes and the timescales taken in respect of them. Key aspects of the process and broad outcomes should be reported in the Annual Governance Statement.	Review of the annual governance statement and drafting processes, including reporting of member complaints.

07

Audit fees and other services

Audit fees and other services

Fees for work as the Council's appointed auditor

Our fees (exclusive of VAT) as the Council's appointed for the year ended 31 March 2025 are outlined below.

At this stage of the audit, we are not planning any divergence from the scale fees set by PSAA as published on their website.

Area of work	2024/25 Proposed Fee	2023/24 Actual Fee
Code Audit Work	798,827	802,760*

* Includes £45,890 additional fee relating to ISA315 and objections and questions, to be agreed with the Council and PSAA.

Page 154

Fees for non-PSAA work

In addition to the fees outlined above in relation to our appointment by PSAA, we have been separately engaged by the Council to carry out additional work as set out in the table below. Before agreeing to undertake any additional work we consider whether there are any actual, potential or perceived threats to our independence. Further information about our responsibilities in relation to independence is provided in section 'Confirmation of our independence'.

Area of work	2024/25 Proposed Fee	2023/24 Actual Fee
Housing Benefit Subsidiary Assurance	TBC	TBC
Teachers' Pensions	TBC	13,000
Transport Grant	TBC	10,000

08

Confirmation of our independence

Page 155

Confirmation of our independence

Requirements

We comply with the International Code of Ethics for Professional Accountants, including International Independence Standards issued by the International Ethics Standards Board for Accountants together with the ethical requirements that are relevant to our audit of the financial statements in the UK reflected in the ICAEW Code of Ethics and the FRC Revised Ethical Standard.

Compliance

We are not aware of any relationship between Forvis Mazars and North Yorkshire Council that, in our professional judgement, may reasonably be thought to impair our independence.

We are independent of North Yorkshire Council and have fulfilled our independence and ethical responsibilities in accordance with the requirements applicable to our audit.

Non-audit and Audit fees

We have set out a summary of the non-audit services provided by Forvis Mazars (with related fees) to North Yorkshire Council, together with our audit fees and independence assessment.

We are committed to independence and confirm that we comply with the FRC's Revised Ethical Standard. In addition, we have set out in this section any matters or relationships we believe may have a bearing on our independence or the objectivity of our audit team.

Based on the information provided by you and our own internal procedures to safeguard our independence as auditors, we confirm that in our professional judgement there are no relationships between us and any of our related or subsidiary entities, and you and your related entities, that create any unacceptable threats to our independence within the regulatory or professional requirements governing us as your auditors.

We have policies and procedures in place that are designed to ensure that we carry out our work with integrity, objectivity, and independence. These policies include:

- all partners and staff are required to complete an annual independence declaration;
- all new partners and staff are required to complete an independence confirmation and complete annual ethical training;
- rotation policies covering audit engagement partners and other key members of the audit team and
- use by managers and partners of our client and engagement acceptance system, which requires all non-audit services to be approved in advance by the audit engagement partner.

We confirm, as at the date of this report, that the engagement team and others in the firm as appropriate, Forvis Mazars LLP are independent and comply with relevant ethical requirements. If at any time, however, you have concerns or questions about our integrity, objectivity or independence, please discuss these with Mark Kirkham in the first instance.

Prior to the provision of any non-audit services, I will undertake appropriate procedures to consider and fully assess the impact that providing the service may have on our independence as auditor.

Principal threats to our independence and the associated safeguards we have identified and/ or put in place are set out in Terms of Appointment issued by PSAA available from the PSAA website: [Terms of Appointment from 1 July 2021 - PSAA](#). Any emerging independence threats and associated identified safeguards will be communicated in our Audit Completion Report.

Appendices

A: Key communication points

B: Current year updates, forthcoming accounting and other issues

C: Consultations on measures to tackle the local government financial reporting and audit backlog

Appendix A: Key communication points

We value communication with Audit Committee, as a two-way feedback process is at the heart of our client service commitment. The Code of Audit Practice as well as ISA (UK) 260 *Communication with Those Charged With Governance* and ISA (UK) 265 *Communicating Deficiencies In Internal Control To Those Charged With Governance And Management* specifically require us to communicate a number of matters with you. We meet these requirements, principally, through presenting the following documents to you:

- Our Audit Strategy Memorandum;
- Our Audit Completion Report; and
- Our Auditor's Annual Report.

These documents will be discussed with management prior to being presented to you and their comments will be incorporated as appropriate.

Relevant points that need to be communicated with you at each stage of the audit are outlined below.

Key communication points at the planning stage as included in this Audit Strategy Memorandum

- Our responsibilities in relation to the audit of the financial statements.
- The planned scope and timing of the audit.
- Significant audit risks and areas of management judgement.
- Our commitment to independence.
- Responsibilities for preventing and detecting errors.
- Materiality and misstatements.
- Fees for audit and other services.

Key communication points at the completion stage to be included in our Audit Completion Report

- Significant deficiencies in internal control.
- Significant findings from the audit.
- Significant matters discussed with management.
- Significant difficulties, if any, encountered during the audit.
- Qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures.
- Our conclusions on the significant audit risks and areas of management judgement.
- Summary of misstatements.
- Management representation letter.
- Our proposed draft audit report.
- Independence.

Changes introduced by the 2024 Code of Audit Practice

The 2024 Code now requires the auditor to issue the draft Auditor's Annual Report by 30th November following each year end. For the 2024/25 audit, this means that we must issue our draft Auditor's Annual Report by 30 November 2025, whether our audit is complete or not.

In instances where our audit work is not complete by 30 November for any given year, the 2024 Code requires us to provide a summary of the status of the audit at the time of issuance and should reflect the work completed to date since we issued our previous Auditor's Annual Report. In such instances, we will issue an Interim Auditor's Annual Report to meet the 30 November deadline. On completion of any outstanding financial statement audit work or value for money arrangements work, we will re-issue the Auditor's Annual Report which will include an updated commentary on value for money arrangements.

Appendix A: Key communication points

ISA (UK) 260 *Communication with Those Charged With Governance*, ISA (UK) 265 *Communicating Deficiencies In Internal Control To Those Charged With Governance And Management* and other ISAs (UK) specifically require us to communicate the following:

Required communication	Where addressed
Our responsibilities in relation to the financial statement audit and those of management and Those Charged With Governance.	Audit Strategy Memorandum
The planned scope and timing of the audit including any limitations, specifically including with respect to significant risks.	Audit Strategy Memorandum
<p>With respect to misstatements:</p> <ul style="list-style-type: none"> • uncorrected misstatements and their effect on our audit opinion; • the effect of uncorrected misstatements related to prior periods; • a request that any uncorrected misstatement is corrected; and • in writing, corrected misstatements that are significant. 	Audit Completion Report
<p>With respect to fraud communications:</p> <ul style="list-style-type: none"> • enquiries of Audit Committee to determine whether you have knowledge of any actual, suspected, or alleged fraud affecting the entity; • any fraud that we have identified or information we have obtained that indicates that fraud may exist; and • a discussion of any other matters related to fraud. 	Audit Completion Report and discussion at Audit Committee meeting, audit planning meeting, and audit clearance meeting

Page 159

Appendix A: Key communication points

Required communication	Where addressed
<p>Significant matters arising during the audit in connection with the entity’s related parties including, when applicable:</p> <ul style="list-style-type: none"> • non-disclosure by management; • inappropriate authorisation and approval of transactions; • disagreement over disclosures; • non-compliance with laws and regulations; and • difficulty in identifying the party that ultimately controls the entity. 	<p>Audit Completion Report</p>
<p>Significant findings from the audit including:</p> <ul style="list-style-type: none"> • our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures; • significant difficulties, if any, encountered during the audit; • significant matters, if any, arising from the audit that were discussed with management or were the subject of correspondence with management; • written representations that we are seeking; • expected modifications to the audit report; and • other matters, if any, significant to the oversight of the financial reporting process or otherwise identified in the course of the audit that we believe will be relevant to Council or Audit Committee in the context of fulfilling your responsibilities. 	<p>Audit Completion Report</p>

Page 160

Appendix A: Key communication points

Required communication	Where addressed
Significant deficiencies in internal controls identified during the audit.	Audit Completion Report
Where relevant, any issues identified with respect to the Council to obtain external confirmations or inability to obtain relevant and reliable audit evidence from other procedures.	Audit Completion Report
Audit findings regarding non-compliance with laws and regulations where the non-compliance is material and believed to be intentional (subject to compliance with legislation on tipping off) and inquiry of Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements that Audit Committee may be aware of.	Audit Completion Report and Audit Committee meetings
<p>With respect to going concern, events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> • whether the events or conditions constitute a material uncertainty; • whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements; and • the adequacy of related disclosures in the financial statements. 	Audit Completion Report
<p>Communication regarding our system of quality management, compliant with ISQM (UK) 1, developed to support the consistent performance of quality audit engagements. To address the requirements of ISQM (UK) 1, our firm's System of Quality Management team completes, as part of an ongoing and iterative process, a number of key steps to assess and conclude on our firm's System of Quality Management:</p> <ul style="list-style-type: none"> • ensure there is an appropriate assignment of responsibilities under ISQM (UK) 1 and across Leadership; • establish and review quality objectives each year, ensuring ISQM (UK) 1 objectives align with the firm's strategies and priorities; • identify, review, and update quality risks each quarter, taking into consideration the number of input sources (such as FRC / ICAEW review findings, internal monitoring findings, findings from our firm's root cause analysis and remediation functions, etc.); • identify, design, and implement responses as part of the process to strengthen our internal control environment and overall quality; and • evaluate responses and remediate control gaps or deficiencies. <p>We perform an evaluation of our system of quality management on an annual basis. Our first evaluation was performed as of 31 August 2023. Details of that assessment and our conclusion are set out in our 2022/2023 Transparency Report, which is available on our website here.</p> <p>The details of our evaluation of our system of quality management as of 31 August 2024, and our conclusion, set out in our 2023/24 Transparency Report, which is available on our website here.</p>	Audit Strategy Memorandum

Appendix A: Key communication points

Required communication	Where addressed
An overview of the work to be performed at the components of the group and the nature of our involvement in the work to be performed by component auditors.	Audit Strategy Memorandum and Audit Completion Report
Instances where our review of the work of the component auditor gave rise to a concern about the quality of the component auditor’s work, and how we addressed that concern.	Audit Completion Report
Any limitations on the scope of the group audit, for example, significant matters related to restrictions on access to people or information.	Audit Strategy Memorandum and Audit Completion Report, as necessary
Fraud or suspected fraud involving group management, component management, employees who have significant roles in the group’s system of internal control or others when the fraud resulted in a material misstatement of the group financial statements.	Audit Completion Report and discussion at Audit Committee meetings, audit planning meeting, and audit clearance meeting.

Page 162

Appendix B: Current year updates, forthcoming accounting & other issues

Current and forthcoming accounting issues

New standards and amendments

Effective for accounting periods beginning on or after 1 January 2019

IFRS 16 Leases (Issued January 2016)

- IFRS 16 Leases (IFRS 16) will replace the existing leasing standard, IAS 17, and will introduce significant changes, particularly for lessees. The requirements for lessors will be largely unchanged from the position in IAS 17. Lessees will need to recognise right of use assets and associated lease liabilities for all leases (except short-life or low-value leases) as the distinction between operating leases and finance leases is removed. Subsequent to initial recognition, a service concession arrangement liability will subsequently be measured following the principles set out in IFRS 16. The introduction of this standard is likely to lead to significant work being required in order to identify all leases and service concession arrangements to which the Council are party to. There will also be consequential impacts upon capital financing arrangements at many authorities which will need to be identified and addressed. IFRS 16 was adopted by the Code of Practice on Local Authority Accounting in 2024/25.

Effective for accounting periods beginning on or after 1 January 2023

IFRS 18 Presentation and Disclosure in Financial Statements (Issued April 2024)

- IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) is a new standard that replaces IAS 1 Presentation of Financial Statements. The new standard aims to increase the comparability, transparency and usefulness of information about companies' financial performance. It introduces three key new requirements focusing on the presentation of information in the statement of profit or loss and enhancing certain guidance on disclosures within the financial statements. As IFRS 18 was only issued in April 2024 it has yet to be adopted by the Code of Practice on Local Authority Accounting in 2024/25 therefore the applicability to local government is to be determined.

Appendix B: Current year updates, forthcoming accounting & other issues

International Standard on Auditing (UK) 600 Revised - Special considerations - Audits of group financial statements (Including the work of component auditors)

ISA (UK) 600 deals with the special considerations that apply to audits of group financial statements, including those circumstances when component auditors are involved. The auditing standard has been revised. The revised standard is effective for audits of group financial statements for periods beginning on or after 15 December 2023. The revisions made to ISA (UK) 600 impact how we perform audits of group financial statements, and how we communicate our audit strategy and audit findings arising from audits of group financial statements, going forward. This page sets out the key changes made to ISA (UK) 600 and how Forvis Mazars will apply the requirements of the revised standard in practice.

Key changes

The previous ISA (UK) 600 included prescriptive requirements in respect of the audit procedures required over 'significant components' of a group, i.e., a 'full scope' audit of a significant component's financial information relevant to the group financial statements was required. Forvis Mazars defined a 'significant component' as one that contributed to the group financial statements more than 15% of the materiality benchmark selected to determine group materiality, e.g., if we had determined materiality using a profit before tax benchmark, any component that contributed more than 15% of the group's reported profit before tax would be classified as a significant component and a 'full scope' audit would be performed over that component's financial information.

ISA (UK) 600 Revised eliminates the 'significant component' concept, opting instead for consideration of risks of material misstatement at the assertion level of the group financial statements that are associated with components. This results in a group audit that is better focused on the risks of material misstatement of the group financial statements and affords greater flexibility in how we classify components and how we may design the nature and extent of audit procedures to be performed over a component's financial information, i.e., we can determine the nature and extent of the audit procedures to be performed over a component's financial information based on the specific risks relevant to the group financial statements.

ISA (UK) 600 also, however, removed the option to limit the procedures performed over a 'non-significant' component's financial information to desktop analytical procedures. We are now required to perform substantive audit procedures (or a combination of substantive audit procedures and tests of controls) over the group financial statements, including the financial information relating to components in the group, until the residual, untested balances, classes of transaction and disclosures in the group financial statements are below our group materiality. This is to ensure that aggregation risk (the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole) is addressed appropriately.

In combination, these changes may result in a change to the nature and extent of the audit procedures we perform over the financial information of components on a group audit compared to previous years and may result in components that were not previously in scope of our group audit being brought into scope going forward to ensure that we address aggregation risk appropriately.

To ensure consistency of approach, Forvis Mazars will apply the definitions set out below when performing audits of group financial statements going forward:

Key component	Material component	Non-material component
<p>Any component:</p> <ul style="list-style-type: none"> i. Which is greater or equal to 15% of the benchmark chosen for calculating group materiality (key by size); or ii. Where the specific nature or circumstance of its financial information make it likely to include significant risks of misstatement of the group financial statements (key by risk). 	<p>Any component, other than a key component, that contributes to one or more group financial statement areas an amount that is above group financial statement materiality.</p>	<p>A component, that is not a key component or a material component, that is scoped into a group audit to reduce the risk of material misstatement of the group financial statements to an acceptably low level (based on size or risk) in situations when, after assessing which components are key components and material components, the aggregate amount of a financial statement area related to un-scoped components is still above group financial statement materiality.</p>

Appendix B: Current year updates, forthcoming accounting & other issues

International Standard on Auditing (UK) 600 Revised - Special considerations - Audits of group financial statements (including the work of component auditors)

Key changes (continued)

Definition of ‘component’ - The definition of ‘component’ has been revised to “an entity, business unit, function or business activity, or some combination thereof, determined by the group auditor for the purposes of planning and performing audit procedures in a group audit”.

This provides clarity on how components may be identified in a group audit and may result in a change to how we identify components on a group audit compared to previous years. For example, we may group separate legal entities (e.g., subsidiaries) in a group based on common characteristics (such as common management, common information systems, and common geographical locations) and treat those components as a single component, when appropriate to do so.

Common controls - The definition of ‘group-wide’ controls has been removed and we are instead required to consider ‘common controls’, being controls that operate in a common manner for multiple entities or business units.

This may assist us in grouping separate legal entities, business units, functions, or business activities in a group into a single component for the purposes of a group audit; or it may result in us grouping specific account balances or classes of transaction recorded by individual legal entities, business units, functions, or business activities into a single population for the purposes of our audit procedures.

For audits where we are adopting a controls-based audit strategy, this may result in efficiencies, as we can rely on a single control for the purposes of the audits of more than one component where that control is common to those components.

Definition of ‘engagement team’ - The definition of ‘engagement team’ has been revised to include component auditors. While this change may seem inconsequential, it forms part of the overall changes intended by ISA (UK) 600 Revised to enhance two-way communication between the group auditor and component auditors during a group audit. This will result in enhanced direction and supervision of component auditors by the group auditor during a group audit.

Calculation of component materiality - The requirement to set overall materiality for a component has been removed. We are now only required to determine component performance materiality.

Other changes - ISA (UK) 600 Revised includes new and revised requirements and application material that better aligns the standard with recently revised standards such as ISQM (UK) 1, ISA (UK) 220, and ISA (UK) 315. The new and revised requirements also strengthen our responsibilities related to professional scepticism, planning and performing a group audit, two-way communications between the group auditor and component auditors, and audit documentation. These changes are to encourage proactive management of quality at the group engagement level and the component level; reinforce the need for robust communication and interactions during a group audit; and foster an appropriately independent and challenging sceptical mindset.

Scope of audit work to be performed over a component’s financial information - Forvis Mazars will, going forward, determine the scope of work to be performed over a component’s financial information on a group audit using the definitions set out below:

Full scope	Specific scope	Group Engagement Team Instructed Procedures
Designing and performing audit procedures on the entire financial information of a component.	Designing and performing audit procedures on one or more specified account balances, classes of transaction, and/ or disclosures of a component.	Performing specified audit procedures, as designed and instructed by the group engagement team.

Contact

Forvis Mazars

Mark Kirkham

Partner

Tel: +44 (0)7747 764529

Mark.Kirkham@mazars.co.uk

Page 166

Forvis Mazars LLP is the UK firm of Forvis Mazars Global, a leading global professional services network. Forvis Mazars LLP is a limited liability partnership registered in England and Wales with registered number OC308299 and with its registered office at 30 Old Bailey, London, EC4M 7AU. Registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at www.auditregister.org.uk under reference number C001139861. VAT number: GB 839 8356 73

© Forvis Mazars 2024. All rights reserved.

North Yorkshire Council

Audit Committee

23 June 2025

Draft Statement of Accounts 2024/25

Report of the Corporate Director Resources

1.0 PURPOSE OF REPORT

- 1.1 To consider a draft Statement of Final Accounts (SOFA) for 2024/25 in advance of the accounts being audited between June and September 2025 and being resubmitted to this Committee for formal approval on 29 September 2025.
- 1.2 To approve a Corporate Governance Working Group and its membership in order to provide further overview of the NYC SOFA for 2024/25.

2.0 SUMMARY

- 2.1. The 2024/25 Draft Statement of Accounts for North Yorkshire Council is in the process of being published in advance of the statutory 30th June 2025 deadline. This report sets out the next steps and timeline for the audit, certification and publication of the final accounts.

3.0 BACKGROUND

- 3.1. The Accounts and Audit Regulations set out the requirements and timelines for Member approval of Local Authority Accounts and one of the Terms of Reference for this Committee is to approve the Annual Statement of Accounts (SOFA).
- 3.2. The regulations set out the requirement for the Statement of Accounts (SOFA) to be certified by the Section 151 Officer (Corporate Director – Resources) and approved by Members (the Audit Committee) in advance of the certification and publication.
- 3.3 In response to mounting delays and pressures in the external audit market, the Government announced measures to tackle a worsening backlog in local audit and restore transparency and accountability over how public money is spent across England. Backstop dates cover the historic backlog and future audits through to 2027/28.
- 3.4 The backstop dates are:
 - 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
- 3.5 The NYC Draft SOFA is currently in the final stages of consolidation and officers are working to publish ahead of the Audit Committee meeting.

3.6 At this stage, there is no requirement for Member approval of a draft SOFA in advance of consideration and review by External Audit. The SOFA documents are being circulated to the Audit Committee for information and review/comment only, not formal approval.

4.0 DRAFT STATEMENT OF ACCOUNTS 2024/25

4.1 Unfortunately, due to additional pressures the NYC Draft SOFA is currently in the final stages of consolidation and officers are working to publish ahead of the Audit Committee meeting. Once certified by the Corporate Director Resources and published, the Draft SOFA will be circulated to the Committee as **Appendix D** to the report.

4.2 The format and content of the SOFA follows on from previous years and must comply with CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom 2024/25. The Code prescribes the accounting treatment and disclosures for all transactions within local authority accounts. A summary sheet giving a brief explanation of the various statements included in the SOFA is attached as **Appendix B**.

Revenue and Capital Outturn 2024/25

4.3 Revenue Budget and Capital 2024/25 outturn reports for all councils were considered by the Executive on 27 May 2025. The expenditure and funding details reported in the outturn position form the basis of the information reflected in each SOFA.

4.4 However, council budget and financial reporting arrangements are designed to fit the organisational structure of each Council and are different to the statutory year-end requirements reflected in the SOFA. Therefore, the management accounts have been reworked to fit the formal requirements of the Code. Although the presentation of the figures in the SOFA is very different, the resulting changes do not affect the overall net expenditure to be funded from Central Government Grant, Business Rates and Council Tax or the levels of working balances.

4.5 The main differences between Council management accounts and the published statutory accounts are set out at **Appendix C**.

Accounting Policies 2024/25

4.6 As reported to the Audit Committee in March 2025 the Accounting Policies for 2024/25 have been updated following changes to the CIPFA Code of Practice following the adoption of IFRS 16 in relation to accounting for leases.

4.7 There were no other key changes to the Code of Practice that impact on the Councils 2024/25 Accounting Policies.

Audit and Certification of Accounts

4.8 Whilst the amended Accounts and Audit Regulations require that the External Auditor to formally sign off the 2024/25 accounts by 26 February 2026, the audit of the Draft SOFA is expected to be undertaken between June and September 2025 which would, if completed in time, allow the final approval at the September meeting of Audit Committee.

4.9 Following the conclusion of the audit, the Corporate Director Resources must re-certify the Final version of the SOFA before it is approved by the Audit Committee. Any significant changes reflected in the Final SOFA compared with the Draft version, resulting from the audit, will be reported to Members.

- 4.10 On completion of the external audit a report from the Auditor will be submitted to the meeting of this Committee. Following consideration of the Auditor's report, the Committee will be asked to consider and approve the SOFA with the Chairman being asked to sign and date the Accounts prior to being formally signed off by the External Auditors. The Auditors' conclusion from their audit will also be reported through the Annual Audit Letter.

Annual Governance Statement

- 4.11 The NYC draft SOFA also includes the draft Annual Governance Statement (AGS). A separate report on the Annual Governance Statement is included on the agenda of this meeting.

5.0 PROPOSED SIGN-OFF ARRANGEMENTS

- 5.1 The approach taken in previous years has been to create a working group to support the Audit Committee in reviewing the SOFA and associated governance documents. Subject to the views of Audit Committee, the proposal for 2024/25 is to continue with the same approach taken in previous years and establish a Corporate Governance Working Group (the Working Group) to review the NYC Draft accounts for 2024/25.
- 5.2 It is proposed that a report from the Working Group would then be considered in advance of the NYC SOFA at the September Committee.
- 5.3 The terms of reference of the Working Group is set out at **Appendix A**.

6.0 ALTERNATIVE OPTIONS CONSIDERED

- 6.1 No alternative options were considered.

7.0 FINANCIAL IMPLICATIONS

- 7.1 There are no specific financial implications.

8.0 LEGAL IMPLICATIONS

- 8.1 There are no specific legal implications.

9.0 EQUALITIES IMPLICATIONS

- 9.1 There are no equalities implications.

10.0 CLIMATE CHANGE IMPLICATIONS

- 11.1 There are no climate change implications.

12.0 REASONS FOR RECOMMENDATIONS

- 12.1 Member approval is required to sign off the audited SOFA in order to fulfil the obligations of those charged with the council's governance (i.e. the Audit Committee).

13.0 RECOMMENDATIONS

- i) That Members approve the creation and membership of the Corporate Governance Working Group as set out in **paragraphs 5.1 – 5.3 and Appendix A**;
- ii) That members consider the draft Statement of Final Accounts for 2024/25 in advance of the accounts being audited and resubmitted to the Audit Committee on 29 September 2025 (**Appendix D**).

APPENDICES:

- Appendix A – Governance Working Group Membership and Terms of Reference
- Appendix B – Statement of Accounts: Brief Explanation of Contents
- Appendix C – Main Differences Between the Management Accounts and the Published Statutory Accounts
- Appendix D – NYC Draft SOFA 2024/25 (To Follow)

BACKGROUND DOCUMENTS:

CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2024/25

Gary Fielding
Corporate Director – Resources
County Hall
Northallerton
June 2025

Report Author – John Raine Head of Corporate and Technical Finance

Note: Members are invited to contact the author in advance of the meeting with any detailed questions.

Corporate Governance Working Group

Membership

Subject to nominations, the following Audit Committee Members are:

TBC

Terms of Reference

To consider the Statement of Final Accounts for North Yorkshire Council for 2024/25 and make recommendations to Audit Committee.

Meeting Frequency

To be determined and subject to the audit completion reports received.

STATEMENT OF FINAL ACCOUNTS
Brief Explanation of Contents

(a) Narrative Statement

The purpose of this statement is to act as a guide to the most significant matters impacting on the Council's finances. It gives provides commentary on the Councils financial performance and value for money in its use of resources.

(b) Independent Auditor's Report

The report explains the auditors' responsibilities in relation to the Statement of Accounts. It also expresses an opinion on the Accounts and shows how this opinion was reached. The report also gives a value for money opinion in terms of the arrangements for securing economy, efficiency and effectiveness, (currently not included in draft SOFA).

(c) Statement of Responsibilities for the Statement of Accounts

This statement outlines the Council's responsibilities for the Accounts under local government legislation and any other requirements. It also details the legal and professional responsibility for the Accounts of the Corporate Director – Finance and Central Services (i.e. Section 151 officer).

(d) Statement of Accounting Policies

This statement explains the principles, bases, conventions and rules applied by the Council in preparing the Statement of Accounts.

(e) Expenditure and Funding Analysis

This statement demonstrates how the funding available to the Council for the year has been used in providing services in comparison with those resources consumed or earned by the Council

(f) Comprehensive Income and Expenditure Statement

This shows the Net Cost of the Services provided by the Council and how this has been financed from general government grants and local tax payers. This Statement shows the accounting cost in the year of providing services in accordance with specified accounting principles, rather than the amount to be funded from taxation.

(g) Movement in Reserves Statement

This Statement shows the movement in the different reserves held by the Council over the year. The Statement is analysed into usable reserves, those that can be applied to fund expenditure or reduce local taxation, and other unusable reserves.

(h) Balance Sheet

This is a statement of the overall financial position of the Council at the end of the year and shows the Balances and Reserves at the Council's disposal, its long term indebtedness and the fixed and net current assets employed in its operations.

(i) Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the financial year. The Statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

(j) Notes to the Core Financial Statements

These notes provide further details and explanation of the figures included in the Core Financial Statements.

(k) Group Accounts

The Council conducts some of its activities through partnerships and separate undertakings. Some of these are not directly reflected in the statements (e) – (i) above due to legal and regulatory reasons. These Group Accounts are required to present a full picture of the Council's economic activities and financial position in order to aid the primary financial statements.

(l) North Yorkshire Pension Fund Accounts

The Accounts show the income and expenditure of the North Yorkshire Pension Fund together with the financial position of the Fund on 31 March.

(m) Annual Governance Statement

This statement sets out the framework within which financial control and corporate governance is managed and reviewed by the Council and the main components of the system. It also reports on significant identified weaknesses and the actions undertaken to rectify these.

MAIN DIFFERENCES BETWEEN THE MANAGEMENT ACCOUNTS AND THE PUBLISHED STATUTORY ACCOUNTS

1.0 CAPITAL CHARGES

In the SOFA, the Council is required to adopt CIPFA's Capital Accounting Regulations which means that each service has to reflect a depreciation charge for the assets they use (land, building, plant and machinery etc.) Adjustments are also made for the following other types of capital charge:

- impairment of non-current (fixed) assets
- revaluation losses from the revaluation of property
- changes in the market value of Investment Properties
- amortisation of intangible assets
- revenue expenditure from capital under statute (capital expenditure that does not result in a Council asset)

These capital charges replace the minimum revenue provision (MRP) for debt repayment which is included in the management accounts, and charged against the Council's budget requirement. The MRP is therefore not charged to the Comprehensive Income and Expenditure Statement. Similarly, capital expenditure which is funded directly by the General Fund (funded by Council Tax, General Revenue Grant and Business Rates) is not charged to the Comprehensive Income and Expenditure Statement.

Capital charges are off-set by capital grants and contributions (which are used to fund expenditure on non-current (fixed assets)). These contributions are credited in full to the Comprehensive Income and Expenditure Statement in the year where the terms and conditions of these contributions have been satisfied but this treatment does not impact on the management accounts of the Council. Where the conditions of these capital grants have not been met at year-end, the grant is held in the balance sheet as 'Capital Grant Unapplied'.

2.0 TRANSFERS TO AND FROM RESERVES

Transfers into, and expenditure funded from, reserves are not considered part of the net cost of services and are therefore not reflected at all within the Income and Expenditure Statement.

3.0 EMPLOYER'S PENSION FUND CONTRIBUTIONS AND ADJUSTMENTS INVOLVING THE PENSION FUND RESERVE

Accounting for retirement benefits (IAS 19) requires that employer's contributions to pension schemes, reflected in service accounts should only consist of 'current service' costs. As the actual contributions made to the North Yorkshire Pension Fund by the Council include an element of back-funding to recover the Pension Fund deficit, the service expenditure figures reported in the SOFA have to be adjusted to reflect the current service cost as calculated by the Fund actuary.

In addition, the Comprehensive Income and Expenditure Statement also includes, as part of operating expenditure, the net impact of the notional return (Council share) of the Pension Fund assets and the increase in accrued future pension liabilities.

The required changes also reflect the inclusion of the attributable share of Pension Fund assets and liabilities in the Council's Balance Sheet. This reflects the Council's commitment

to the Pension Fund but does not mean however that legal title or obligation has passed from the trustees of the Pension Fund to the employer.

4.0 COUNCIL TAX AND BUSINESS RATES (COLLECTION FUND) ACCOUNTING

The Council's Income and Expenditure Statement includes the Authority's share of the carried forward Council Tax and Business Rates Collection Fund surpluses and/or deficit. This is in place of the estimated sums at the previous year end that have been paid over to the Council during the year and used for Budget/Council Tax setting purposes in future years.

5.0 HOLIDAY AND FLEXI PAY ACCRUAL

The Council has to charge the Income and Expenditure Statement with an estimate of accrued and untaken Annual Leave and Flexi Leave at 31 March. This figure includes a substantial figure for untaken Teacher's (and other schools-based staff) holiday pay, in relation to the days worked and taken as holiday in the Spring Term at each school. This adjustment is purely notional and does not impact on the Council's budget requirement or level or working balances (GWB).

6.0 GAINS AND LOSSES ON THE DISPOSAL ON NON-CURRENT (FIXED) ASSETS

An example of this would be where a School acquires Academy status and there is an automatic transfer of the ownership of the Land and Building of the school premises to the School's Board of Governors for nil value. Such a notional loss does not, however, impact on the day to day management accounts or level of general working balances.

7.0 OTHER DIFFERENCES

Certain other transactions such as interest earned and paid, precept payments to other bodies etc. are not considered as part of the net cost of services and are required to be shown as separate items below service expenditure totals in the Income and Expenditure account. Similarly some Government Grants and Funding sources are required to be shown as overall general funding, rather than being included in the Income and Expenditure Statement as Service income.

This page is intentionally left blank

NORTH YORKSHIRE COUNCIL

AUDIT COMMITTEE

23 JUNE 2025

AUDIT COMMITTEE REVIEW OF EFFECTIVENESS

Report of the Corporate Director – Resources

1.0 PURPOSE OF THE REPORT

- 1.1 To present the results of the recent self-assessment survey of the Committee's effectiveness and to seek members views on whether changes are required to the Committee's current operating practices.

2.0 BACKGROUND

- 2.1 The Audit Committee forms an important part of the Council's overall framework of corporate governance, risk management and control. The Committee provides independent assurance to those charged with governance that the framework remains adequate. It also oversees the Council's financial reporting and the preparation of the annual governance statement. As such the Committee contributes to the effective management of the Council's services and helps to ensure the Council is accountable to its residents, communities and stakeholders.
- 2.2 Best practice guidance on audit committees in local government, published by the Chartered Institute of Public Finance and Accountancy (CIPFA), recommends that audit committees should complete a periodic self-assessment of their effectiveness. The guidance includes a checklist to support the self-assessment process. Completion of the checklist is intended to highlight those areas of the Council's governance arrangements where the Audit Committee has made a positive impact. The outcomes are also intended to help to support the preparation of the audit committee's future work programme, training plans and the annual report.

4.0 REVIEW OF AUDIT COMMITTEE EFFECTIVENESS

- 4.1 At the Audit Committee meeting held on 9 December 2024, Members agreed to issue a questionnaire to gather views about the functioning of the Committee and its effectiveness.
- 4.2 The questions in the survey were based on the CIPFA guidance but also reflected the Committee's terms of reference. The survey was sent to all the Members of the Committee as well as those officers who regularly attend meetings. The deadline for responses was 31 March 2025.
- 4.3 The results of the survey are attached as **appendix 1**. The individual responses have been kept confidential.

5.0 IMPLICATIONS

- 5.1 This report is for information only. There are no local member, financial, human resources, legal, equalities or climate change implications.

6.0 RECOMMENDATION

Members are asked to:

- 6.1 note the results of the self-assessment survey of the Committee's effectiveness.
- 6.2 consider if any changes are required to the Committee's current operating practices or whether a more in-depth review would be beneficial.

GARY FIELDING
Corporate Director – Resources

County Hall
NORTHALLERTON

4 June 2025

Background Documents:



None



Appendices:




Appendix 1: results of the Audit Committee's self-assessment survey

North Yorkshire Council




Audit Committee Survey

1. The role and purpose of the Audit Committee is understood and accepted across the Council				
Answer Choices			Response Percent	Response Total
1	Always		0.00%	0
2	Mostly		87.50%	7
3	Occasionally		12.50%	1
4	Rarely		0.00%	0
5	N/A		0.00%	0
			answered	8
			skipped	1




2. The Audit Committee supports the Council in meeting the requirements of good governance				
Answer Choices			Response Percent	Response Total
1	Always		50.00%	4
2	Mostly		50.00%	4
3	Occasionally		0.00%	0
4	Rarely		0.00%	0
5	N/A		0.00%	0
			answered	8
			skipped	1

3. Those charged with governance and in leadership positions within the Council have a good understanding of the role and purpose of the Audit Committee				
Answer Choices			Response Percent	Response Total
1	Always		50.00%	4
2	Mostly		37.50%	3
3	Occasionally		0.00%	0
4	Rarely		0.00%	0
5	N/A		12.50%	1
			answered	8
			skipped	1



4. The Audit Committee escalates issues and concerns promptly to those in governance and leadership roles

Answer Choices			Response Percent	Response Total
1	Always		50.00%	4
2	Mostly		37.50%	3
3	Occasionally		0.00%	0
4	Rarely		12.50%	1
5	N/A		0.00%	0
			answered	8
			skipped	1

5. Meetings of the Committee are effective with a good level of discussion and engagement from all members

Answer Choices			Response Percent	Response Total
1	Always		25.00%	2
2	Mostly		50.00%	4
3	Occasionally		25.00%	2
4	Rarely		0.00%	0
5	N/A		0.00%	0
			answered	8
			skipped	1

6. Audit Committee members demonstrate a good understanding of the Committee's role and purpose

Answer Choices			Response Percent	Response Total
1	Always		0.00%	0
2	Mostly		62.50%	5
3	Occasionally		37.50%	3
4	Rarely		0.00%	0
5	N/A		0.00%	0
			answered	8
			skipped	1

7. Audit Committee members have sufficient skills, experience and resources to undertake their duties effectively

Answer Choices		Response Percent	Response Total
1	Always	0.00%	0
2	Mostly	75.00%	6
3	Occasionally	25.00%	2
4	Rarely	0.00%	0
5	N/A	0.00%	0
		answered	8
		skipped	1



8. The knowledge, skills and training needs of the Audit Committee members are periodically evaluated

Answer Choices		Response Percent	Response Total
1	Always	37.50%	3
2	Mostly	37.50%	3
3	Occasionally	0.00%	0
4	Rarely	12.50%	1
5	N/A	12.50%	1
		answered	8
		skipped	1





9. Additional training and support is provided to Audit Committee members where this is identified as a need

Answer Choices		Response Percent	Response Total
1	Always	50.00%	4
2	Mostly	12.50%	1
3	Occasionally	25.00%	2
4	Rarely	0.00%	0
5	N/A	12.50%	1
		answered	8
		skipped	1



10. The Audit Committee maintains constructive working relationships with those officers who regularly attend Committee meetings

Answer Choices			Response Percent	Response Total
1	Always		87.50%	7
2	Mostly		12.50%	1
3	Occasionally		0.00%	0
4	Rarely		0.00%	0
5	N/A		0.00%	0
			answered	8
			skipped	1



11. The Audit Committee's discussions enhance the quality of management's decision making

Answer Choices			Response Percent	Response Total
1	Always		25.00%	2
2	Mostly		37.50%	3
3	Occasionally		12.50%	1
4	Rarely		0.00%	0
5	N/A		25.00%	2
			answered	8
			skipped	1



12. Audit Committee meetings allow sufficient time for the discussion of substantive matters

Answer Choices			Response Percent	Response Total
1	Always		62.50%	5
2	Mostly		37.50%	3
3	Occasionally		0.00%	0
4	Rarely		0.00%	0
5	N/A		0.00%	0
			answered	8
			skipped	1



13. Audit Committee meetings remain focused on key governance, risk and audit issues

Answer Choices			Response Percent	Response Total
1	Always		12.50%	1
2	Mostly		87.50%	7
3	Occasionally		0.00%	0
4	Rarely		0.00%	0
5	N/A		0.00%	0
			answered	8
			skipped	1

14. The size and composition of the Audit Committee is appropriate for its purpose

Answer Choices			Response Percent	Response Total
1	Always		71.43%	5
2	Mostly		28.57%	2
3	Occasionally		0.00%	0
4	Rarely		0.00%	0
5	N/A		0.00%	0
			answered	7
			skipped	2

15. Audit Committee papers are concise and relevant, with key issues and priorities clearly explained

Answer Choices			Response Percent	Response Total
1	Always		12.50%	1
2	Mostly		87.50%	7
3	Occasionally		0.00%	0
4	Rarely		0.00%	0
5	N/A		0.00%	0
			answered	8
			skipped	1

16. Audit Committee members focus on the council's key priorities and risks rather than immaterial issues

Answer Choices		Response Percent	Response Total
1	Always	0.00%	0
2	Mostly	87.50%	7
3	Occasionally	12.50%	1
4	Rarely	0.00%	0
5	N/A	0.00%	0
		answered	8
		skipped	1



17. Audit Committee members understand their role and responsibilities, and avoid discussing issues outside of the Committee's remit

Answer Choices		Response Percent	Response Total
1	Always	0.00%	0
2	Mostly	87.50%	7
3	Occasionally	0.00%	0
4	Rarely	12.50%	1
5	N/A	0.00%	0
		answered	8
		skipped	1




18. Audit Committee meetings focus on improvement, ensuring key agenda items are addressed

Answer Choices		Response Percent	Response Total
1	Always	25.00%	2
2	Mostly	75.00%	6
3	Occasionally	0.00%	0
4	Rarely	0.00%	0
5	N/A	0.00%	0
		answered	8
		skipped	1




19. The Audit Committee maintains a non-political approach to discussions throughout

Answer Choices		Response Percent	Response Total
1	Always		50.00%
2	Mostly		50.00%
3	Occasionally		0.00%
4	Rarely		0.00%
5	N/A		0.00%
		answered	8
		skipped	1





20. The Audit Committee engages with a wide range of officers regarding the Council's governance arrangements, audit findings, risks and action plans

Answer Choices		Response Percent	Response Total
1	Always		62.50%
2	Mostly		25.00%
3	Occasionally		12.50%
4	Rarely		0.00%
5	N/A		0.00%
		answered	8
		skipped	1





21. The Audit Committee regularly makes recommendations for the improvement of the Council's governance, risk and control arrangements

Answer Choices		Response Percent	Response Total
1	Always		0.00%
2	Mostly		50.00%
3	Occasionally		37.50%
4	Rarely		12.50%
5	N/A		0.00%
		answered	8
		skipped	1



22. The Audit Committee’s recommendations have traction with those in leadership roles

Answer Choices			Response Percent	Response Total
1	Always		37.50%	3
2	Mostly		25.00%	2
3	Occasionally		12.50%	1
4	Rarely		0.00%	0
5	N/A		25.00%	2
			answered	8
			skipped	1




23. The relationship between the Audit Committee and the Council’s executive and scrutiny functions is effective

Answer Choices			Response Percent	Response Total
1	Always		25.00%	2
2	Mostly		37.50%	3
3	Occasionally		0.00%	0
4	Rarely		12.50%	1
5	N/A		25.00%	2
			answered	8
			skipped	1



24. The Audit Committee has an appropriate dialogue with the external auditor regarding issues that arise during the course of the annual audit

Answer Choices			Response Percent	Response Total
1	Always		62.50%	5
2	Mostly		37.50%	3
3	Occasionally		0.00%	0
4	Rarely		0.00%	0
5	N/A		0.00%	0
			answered	8
			skipped	1




25. The Audit Committee meets privately with the external auditors and the Head of Internal Audit at least annually

Answer Choices			Response Percent	Response Total
1	Always		75.00%	6
2	Mostly		12.50%	1
3	Occasionally		0.00%	0
4	Rarely		12.50%	1
5	N/A		0.00%	0
			answered	8
			skipped	1



26. The Audit Committee understands and effectively discharges its responsibilities in respect of the Council's Financial Statements and Annual Governance Statement, providing adequate challenge and seeking explanations from officers where necessary

Answer Choices			Response Percent	Response Total
1	Always		50.00%	4
2	Mostly		50.00%	4
3	Occasionally		0.00%	0
4	Rarely		0.00%	0
5	N/A		0.00%	0
			answered	8
			skipped	1

27. The Audit Committee understands and effectively discharges its responsibilities for overseeing the Council's treasury management arrangements

Answer Choices			Response Percent	Response Total
1	Always		37.50%	3
2	Mostly		50.00%	4
3	Occasionally		0.00%	0
4	Rarely		12.50%	1
5	N/A		0.00%	0
			answered	8
			skipped	1

28. The Audit Committee understands and effectively discharges its responsibilities in respect of internal and external audit, counter fraud and risk management

Answer Choices			Response Percent	Response Total
1	Always		62.50%	5
2	Mostly		37.50%	3
3	Occasionally		0.00%	0
4	Rarely		0.00%	0
5	N/A		0.00%	0
			answered	8
			skipped	1

NORTH YORKSHIRE COUNCIL

AUDIT COMMITTEE

23 JUNE 2025

APPOINTMENT OF INDEPENDENT CO-OPTED MEMBER

Report of the Chair of the Audit Committee

1.0 Purpose of the report

- 1.1 To consider the appointment of an independent co-opted member to the Audit Committee.

2.0 Background

- 2.1 The Constitution allows for the appointment of up to three independent co-opted members to the Audit Committee. The positions are non-voting, and the members must not be affiliated to any political party. The Chartered Institute of Public Finance and Accountancy (CIPFA) recommends the appointment of at least two independent members to provide audit committees with appropriate technical expertise and knowledge¹.
- 2.2 The usual term of appointment for the co-opted member is four years from 31 July in the year that the Council has elections.
- 2.3 A recruitment exercise was conducted in August 2023 to select suitable candidates for the period up to 31 July 2027. During this exercise, only two applications were received. Mr David Marsh and Mr David Portlock were re-appointed to the independent co-opted member positions at the Full Council meeting on 15 November 2023.

3.0 Appointment

- 3.1 On 28 March 2025, Democratic Services were contacted by an individual who expressed an interest in serving as an independent co-opted member of the Audit Committee. The vacancy has been publicly visible on the Council's website since it became open in 2022.
- 3.2 As only two applications were received during the recruitment exercise conducted in August 2023, it was proposed that, subject to suitability, the individual be appointed to serve until the conclusion of the current term on 31 July 2027 without the Council initiating a new recruitment process. While a new recruitment exercise could be undertaken, it is considered unlikely to yield additional applications and would result in a delay to the appointment.

¹ CIPFA Position Statement: Audit Committees in Local Authorities and Police 2022

- 3.3 The individual has submitted an application form and is scheduled to attend a suitability interview on 18 June 2025 with the Chair of the Audit Committee, Mr David Portlock, Independent Co-opted Member, and Karen Iveson, Assistant Director – Resources. The outcome of this process will be reported verbally by the interview panel at the Audit Committee meeting on 23 June 2025.
- 3.4 Subject to suitability, the Audit Committee would recommend to Full Council that, at its meeting on 16 July 2025, the individual is appointed as an independent co-opted member of the Audit Committee.

4.0 Term of appointment

- 4.1 If appointed, it is proposed that the individual's term be aligned with the existing terms of other independent co-opted members and the Council's electoral cycle. Accordingly, subject to agreement by Members, the term of appointment would run from 1 August 2025 to 31 July 2027, following the Council elections in May 2027.

5.0 Recommendation

- a) That Members of the Audit Committee consider whether to recommend to Full Council the appointment of the individual as an independent co-opted member of the Audit Committee for the period from 1 August 2025 to 31 July 2027.

Councillor Cliff Lunn
Chair of the Audit Committee

County Hall
NORTHALLERTON

30 May 2025

Background Documents:

None.

AUDIT COMMITTEE - PROGRAMME OF WORK 2025/26

	ANNUAL WORKPLAN	MARCH 25	JUNE 25	SEPT 25	NOV 25	DEC 25	MARCH 26
	Audit Committee Agenda Items						
	Training for Members (as necessary)						
A	Annual Internal Audit Plan	x				x	x
	Counter Fraud Policy Framework / Fraud Strategy / Risk Assessment / Work plan	x					x
	Annual Report of Head of Internal Audit		x				
	Annual Counter Fraud Report		x				
	Annual Information Governance Report		x				
	Internal audit and counter fraud progress reports	x		x			x
B	<i>External Annual Audit Plans (NYC & NYPF)</i>		x				x
	<i>Annual Reports / Letters of the External Auditors (ISA 260)</i>	x		x			
	<i>External Audit Progress Update (as necessary)</i>						
C	Statement of Final Accounts/Update (including AGS and letter of representation)		x	x			
	Report of member working group on NYCC + NYPF 22/23			x			
	Chairman's Annual Report			x			
	Audit Committee - terms of reference / effectiveness		x			x	
	Changes in Accounting Policies	x					x
	<i>Corporate Governance – review of Local Code and AGS</i>		x				
	<i>Risk Management (inc Corporate risk register) – annual report</i>	x					x
	<i>Directorate risk register – Children and Young People's Services</i>		x				
	<i>Directorate risk register – Health and Adults Services</i>					x	
	<i>Directorate risk register – Environment</i>			x			
	<i>Directorate risk register – Community Development</i>					x	
	<i>Directorate risk register – Central Services</i>	x					x
	<i>Partnership Governance – annual report</i>	x					x
	<i>Review of Finance./Contract/Property Procedure Rules</i>			x			
	<i>Business Continuity – annual report</i>	x					x
	<i>Procurement and Contract Management – update report</i>						x
<i>Treasury Management – Executive February</i>	x					x	
<i>Commercial Governance Review</i>			x	x		x	
Motions from Council (as required)							
D	<i>Work Programme</i>	x	x	x		x	x
	<i>Progress on issues raised by the Committee (inc Treasury Management)</i>	x	x	x		x	x
E	Agenda planning / briefing meeting						
	Audit Committee Agenda/Reports deadline						
	Audit Committee Meeting Dates	17/03	23/06	29/09	24/11	15/12	16/03

Page 191

- A = Internal Audit
- B = External Audit
- C = Statement of Final Accounts / Governance
- D = Other

Agenda Item 15

This page is intentionally left blank