

# North Yorkshire Council

## Audit Committee

Minutes of the meeting held on Monday, 16 March 2026 commencing at 1.30 pm at County Hall, Northallerton.

Committee Members: Councillor Cliff Lunn in the Chair plus Councillors George Jabbour, Alyson Baker, Philip Broadbank, David Chance, Neil Swannick, Peter Wilkinson, Mr David Marsh, Mr David Portlock and Buckley.

Officers present: Gary Fielding (Corporate Director – 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), and David Smith, Senior Democratic Services Officer.

Other Attendees: Cath Andrew (Senior Manager at Forvis Mazars), Daniel Clubb (Assistant Director – Counter Fraud at Veritau), Max Thomas (Chief Executive at Veritau), and Stuart Cutts (Assistant Director – Audit Assurance at Veritau).

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**Copies of all documents considered are in the Minute Book**

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### **244 Apologies for absence**

Apologies for absence were received from Councillors Andy Brown and Felicity Cunliffe-Lister. Councillor Michelle Donohue-Moncrieff joined the meeting virtually. It was highlighted that she could take part in the discussion but could not propose, second, amend or vote on any motions.

### **245 Exclusion of the public**

Members agreed to exclude the public from Item 3b on the basis that it was likely 'information relating to any individual' and 'information relating to the financial or business affairs of any particular person (including the authority holding that information)', as described in paragraphs 1 and 3 of Part 1 of Schedule 12A of the Local Government Act 1972, would be discussed.

### **246 Minutes of the meeting held on 15 December 2025**

Karen Iveson, Assistant Director Resources, provided an update on Minute 229 – Charter Trustees Finance Report. She clarified that, although the Audit Committee had approved the accounts at its previous meeting, subsequent advice confirmed that the Town Councils should be the bodies formally signing off the accounts. As a result, the accounts had been removed from the North Yorkshire Council website, and the Town Councils had been informed of the revised position.

Following this update, the minutes of the meeting held on 15 December 2025 were approved as a correct record and signed by the Chair.

### **247 Confidential minutes of the meeting held on 15 December 2025**

The Committee moved into exempt session to enable discussion of a specific point within the confidential minutes. A query was raised as to whether this point could instead be discussed under the public Item 11 of the agenda, and it was confirmed that it could, as it did not refer to any exempt information.

The confidential minutes of the meeting held on 15 December 2025 were approved as a correct record and signed by the Chair.

#### **248 Declarations of interest**

Councillor David Chance declared an interest in Item 11 as he had been Chair of the Audit Committee and a member of the Cabinet at Scarborough Borough Council when the decision was taken.

Councillor Michelle Donohue-Moncrieff declared an interest in Item 11 as she had been a Councillor on Scarborough Borough Council at the time the decision was taken.

Both Councillors confirmed that they would leave the meeting during consideration of Item 11.

#### **249 Public questions or statements**

One public statement had been received. The individual who submitted the statement was unable to attend the meeting due to illness, and the statement was therefore dealt with in his absence.

Question from James Corrigan:

This report identifies a list of lessons to be learned from this fiasco. A suggestion has been made that certain elected members put pressure on officers to progress the Waterpark.

Why hasn't this Audit Committee considered whether there was a connection between the following issues all under the former Scarborough Borough Council.

1. The Loan to Benchmark/Waterpark
2. Whitby Harbour and Scarborough Harbour ringfencing of income – Carried out correctly up to 1989- why did it change?
3. The purchase of Pavillion House and the former Comet building in Scarborough at a premium over market value for no apparent benefit to the Town
4. The purchase of the former Shakespeare Public House and the former newsagent at St Helen's Square Scarborough for no apparent benefit to the Town
5. The purchase of the Travelodge Hotel in Scarborough at an eye watering price and subsequently Travelodge entering a CVA
6. Allowing Sheffield International Venues to surrender their leases of Scarborough Spa and Whitby Pavillion without a dilapidation settlement and leaving the Council to pick up the cost

I believe that all these issues cannot be attributed to pressure from elected members.

I could go on, but I am limited to 3 minutes. These items have cost this Council significant sums to the detriment of the council tax payers.

My question Chairman, any one of these issues could be considered a serious mistake, for all of these to occur was it

- An unfortunate set of coincidences

or

- Something else that you need to investigate.

Response to James Corrigan:

Thank you for your question.

The Waterpark scheme has provided an opportunity to consider a broad range of aspects of such schemes. The issues raised in the question all pre-date the creation of North Yorkshire Council (NYC), noting that NYC has had to fund the impact of the demise of Alpmare and restatement of the harbour reserves for both Scarborough and Whitby. Officers believe the lessons learned are sufficiently wide ranging from Alpmare, as set out in the report tabled today, and no further reviews into such historic issues are likely to enhance future decision making.

## **250 Progress on issues raised by the Committee**

Karen Iveson, Assistant Director Resources, introduced the report and drew attention to the Treasury Management training session scheduled for 7 May at 10.00am. She confirmed that the invitation had been extended to Members of the Executive as well as all councillors. In response to a query from Councillor Jabbour about whether the session could be recorded for those unable to attend, it was confirmed that the training would be recorded.

A query was raised regarding whether NYNet remained on track to be formally wound down by the end of the month. Karen confirmed that this was still the case.

### **Resolved**

That the report is noted, with no further actions required from its content.

## **251 External Audit Progress Report (NYC and NYPF)**

Cath Andrew, Senior Manager at Forvis Mazars, introduced the report and explained that the Audit Strategy Memorandum was not available due to delays in issuing the 2024/25 audit opinion. She noted that the progress report provided an update on current work and a timeline for planned activity.

A query was raised as to whether the certificate for the 2024/25 audit had now been issued. Cath confirmed that no further update had been received. She added that the National Audit Office (NAO) did not always inform auditors formally, and that this issue affected all local government audits.

A query was raised about the disclaimed opinion for 2024/25, specifically whether the opening balances for the 2025/26 audit were now satisfactory and, assuming officers delivered what was required, whether a clean audit opinion could reasonably be expected for 2025/26. Cath stated that no guarantees could be given prior to the audit. She explained that the balance sheet issues in the previous year related to comparative income and expenditure and the analysis of the use of reserves. She reported that additional guidance had since been received from the NAO, and that both she and Mark Kirkham, Partner at Forvis Mazars, were hopeful that this would resolve the issues for the opening balances for 2025/26.

Officers confirmed that they were content with the timetable proposed for the external audit.

A query was raised regarding the fees update, which indicated additional fees relating to Whitby Harbour and Scarborough Harbour. Assurance was sought that these fees would be subject to verification before being signed off and paid. Karen Iveson, Assistant Director Resources, confirmed that this was the case and that the matter would be discussed with External Audit.

### **Resolved**

That the progress report is noted.

## **252 Counter Fraud Framework**

Daniel Clubb, Assistant Director – Counter Fraud at Veritau, introduced the report and confirmed that the Council continued to follow the relevant national guidance in developing its counter fraud arrangements. He highlighted the key areas of interest that focus work and mitigate fraud risks.

A query was raised regarding social care fraud, specifically whether random checks were undertaken or whether activity was solely based on information received. It was confirmed that investigative work in this area was reactive and based on concerns reported by officers through their day-to-day work.

A query was raised regarding blue badge fraud and the National Parking Day of Action, including how the initiative is conducted and the extent of Internal Audit involvement. It was explained that, as part of the National Parking Day of Action, Internal Audit works with the parking service to undertake reviews of blue badges, working alongside parking enforcement teams to identify and investigate potential misuse. It was noted that Internal Audit have helped to prosecute individuals for serious or repeated offences. It was suggested that one of the strongest deterrents was the publicity surrounding such cases which raised awareness and discouraged misuse.

### **Resolved**

- a) That the results of the annual fraud risk assessment and actions in the counter fraud development plan are noted.
- b) That the 2026/27 counter fraud work plan is approved.
- c) That the updated Whistleblowing Policy is approved and will take effect from 6 April 2026.

## **253 2026/27 Internal Audit Work Programmes**

Stuart Cutts, Assistant Director – Audit Assurance at Veritau, introduced the report. He

noted that, at the December meeting, the Audit Committee identified several areas they wished to be considered for inclusion in the Internal Audit Work Programme. He explained that all proposed audits were assessed against risk, and this approach had informed the selection of the planned audits.

Stuart reported that the preparation of the plan had involved excellent engagement with officers across the Council. He highlighted that Annex B set out the proposed audits using a “do now, do next, do later” structure. Audits marked “do now” were identified as priorities for delivery in Quarter 1, while those marked “do later” were scheduled for completion towards the end of 2026.

In discussion, the following points were made.

- Members asked why the audit of council-owned companies was listed as “do later” rather than earlier in the programme. Stuart explained that Internal Audit were awaiting the completion of actions arising from previous audit work before undertaking a further review. He confirmed that officers would be contacted over the coming months to follow up those actions, after which the next audit would be scheduled.
- Members highlighted that children’s safeguarding appeared under the “do later” category and asked whether adult safeguarding was included within that work. The Committee stressed that safeguarding failures could have serious consequences and therefore asked whether the children’s safeguarding audit could be brought forward. Stuart confirmed that an audit of adult safeguarding was already in fieldwork stage, with a draft report recently issued and discussions ongoing with officers regarding the key findings. He noted that children’s safeguarding was planned for the second half of the forthcoming year.
- A query was raised concerning the timing of the Kex Gill audit, which was listed as “do next.” Members questioned whether it was premature to undertake the review if final project costs were not yet known. Gary Fielding, Corporate Director Resources, advised that the project was nearing completion. While final costs would not be available until later, the intention was to capture early learning that could be applied to future major schemes. He described the review as an interim opportunity to identify lessons at an early stage, with the option of returning to the project at completion should a further review be required.

## **Resolved**

The Committee unanimously approved the 2026-27 Internal Audit Work Programme.

## **254 Internal Audit and Counter Fraud Progress Report**

Stuart Cutts, Assistant Director – Audit Assurance at Veritau, introduced the internal audit element of the report.

A query was raised about the limited assurance opinion for the Human Resources audit. Stuart explained that the review involved detailed analysis and had identified one critical finding and five significant findings. Senior officers had responded promptly with agreed actions to improve areas such as sickness absence, probationary periods, and mandatory training.

In discussion, Members asked about the audits still marked as “in progress,” and whether these would be completed as part of the 2025/26 plan or carried into 2026/27. Stuart confirmed that all remaining audits would be finished to support the 2025/26 audit opinion. Work was underway to complete many of them by the end of April, with finalisation expected in May. He noted that several draft reports had already been produced in recent

weeks.

Daniel Clubb, Assistant Director – Counter Fraud at Veritau, introduced the counter fraud element of the report and highlighted key sections for Members.

In discussion, a query was raised about how the Council promoted counter fraud outcomes as a deterrent. Daniel explained that the team sought opportunities to publicise cases, working with the Council’s communications team to issue press releases and publish information. He noted that there had been no prosecutions in the period, but that prosecutions were publicised when they occurred.

It was noted that 470 referrals had been received, 79 cases investigated, 72 investigations completed, and 5 verifications completed, but the remaining referrals were queried. Daniel explained that all referrals were triaged on receipt, with many found not to relate to fraud – for example, mistaken reports or allegations disproved at triage. Some referrals were passed to the Department for Work and Pensions (DWP) for state benefit matters, with joint working where both organisations had an interest. He added that a small number of referrals were still in the process of being assigned to officers.

Max Thomas, Chief Executive at Veritau, introduced the information governance section of the report. He noted that the number of Freedom of Information requests and Subject Access Requests continued to rise each year, and that the complexity of those requests was also increasing.

### **Resolved**

That the Committee notes the progress made in delivering the 2025/26 Internal Audit programme of work and the other assurance-related services provided by Veritau.

## **255 Scarborough Waterpark Internal Audit Review**

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Councillors David Chance and Michelle Donohue-Moncrieff left for the duration of this item.

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The Chair reminded Members that at the meeting held on 15 December 2025, it had been agreed that officers would produce a report stating the views of the Committee, together with recommendations of lessons that could be learned.

Gary Fielding, Corporate Director – Resources, introduced the report. He explained that the document captured the points raised by Members at the December meeting and reflected these within the lessons-learned section. He invited Members to confirm that it represented a fair and accurate summary of the issues discussed.

In discussion, a query was raised regarding the accounting of the outstanding debt and whether it had been written off, and, if so, who had authorised the write-off. Officers reiterated the position reported in December 2025: the debt had not been written off at that time because the Council wished to pursue recovery, but a full provision had been made in the accounts to reflect the risk of non-recovery. The decision to make that provision had been reported to the Executive through the quarterly monitoring process. Officers clarified that the value of the debt corresponded to the loan amount, less an estimate of any potential recovery value.

Officers then provided an update: the debt was now confirmed as irrecoverable and would therefore be written off. It was emphasised that this would not have an unexpected

financial impact because the Council had already made provision for it. The formal write-off would be included in the out-turn report (Q4 Revenue Budget Monitoring) for Executive consideration. Officers confirmed that, should circumstances change and any realistic prospect of recovery arise in future, the Council would of course pursue it.

Members sought clarification on what had changed since the December meeting in terms of recoverability. Officers advised that although there had previously been a very slim possibility of partial recovery, the company's status had since changed and developments in court proceedings meant that the Council would not receive payment. It was confirmed that legal counsel had confirmed that recovery was no longer possible.

### **Resolved**

- a) The Committee confirmed that the report accurately reflected discussions to date.
- b) The Committee recommended to the s151 Officer and Monitoring Officer that the lessons learned as set out in the report are incorporate into decision making and commercial contracting arrangements.

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Councillors David Chance and Michelle Donohue-Moncrieff rejoined the meeting after this item.

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## **256 Statement of Final Accounts 2024/25**

John Raine, Head of Finance – Corporate and Technical, introduced the report, which provided a brief update on the 2024/25 Statement of Accounts. He reminded Members that a near-final draft of the accounts had been presented to the Committee in December 2025. At that time, the accounts had not been finalised, and the Committee had delegated authority to the Chair and the Corporate Director – Resources to approve them, subject to no further material changes.

John confirmed that the accounts were finalised during January and February 2026, and that the Chair and Corporate Director had signed them off with no material amendments required. The final Statement of Accounts was published on 24 February 2026.

### **Resolved**

- a) That the Committee notes the signing and publication of the final Statement of Accounts for North Yorkshire Council and North Yorkshire Pension Fund for 2024/25.
- b) That the Committee notes the signing of the Statement Of Responsibilities for the Statement Of Accounts for North Yorkshire Council and North Yorkshire Pension Fund for 2024/25.

## **257 Accounting Policies**

John Raine, Head of Finance – Corporate and Technical, introduced the report, which provided an update on the accounting policies to be applied in the preparation of the 2025/26 Statement of Final Accounts. He explained that the report outlined changes arising from the updated Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice and highlighted any implications for the Council's accounting policies for the coming year.

John reported that the principal change for 2025/26 related to the valuation of land and

buildings, with the updated Code requiring annual indexation for property categories not subject to a full revaluation within the year. He noted that the impact on the Council would be minimal, as this approach was already broadly followed as part of established good practice. He also referred to potential future changes anticipated for 2026/27 and beyond, including proposed updates to the treatment of infrastructure assets, where the continuation of the statutory override would limit the impact on the Council.

He further highlighted the timetable for the 2025/26 Statement of Accounts, confirming the intention to publish draft accounts by the end of May/early June, report them to the June meeting of the Audit Committee, and work towards completion of the external audit between July and September. He acknowledged that the implementation of the new finance system could present scheduling challenges, but this remained the intended plan.

Members asked whether the external auditors had sufficient resources to deliver the audit within the proposed timetable. In response, officers confirmed that this had been discussed with the External Audit team, who had indicated that they were able to meet the planned timescales.

Members also drew attention to CIPFA's proposal to separate the Local Government Pension Scheme (LGPS) pension fund accounts from those of the administering authority. It was noted that previous Member challenge on this issue had helped raise its profile nationally, and Members welcomed the progress now being made.

### **Resolved**

That the Committee notes:

- a) The changes to accounting policies for 2025/26.
- b) The potential changes to the SOFA and accounting policies which are in the pipeline for future years (2026/27 onwards).
- c) The Statement of Accounts Timetable for 2025/26.

## **258 Risk Management Progress Report**

Chris Clark, Risk Manager, introduced the report. He explained that the document was the culmination of risk management activity over the year, drawing together the work undertaken across service and directorate risk registers. He outlined how directorate-level risks informed the development of the corporate risk register and described the process used to align risks across the organisation.

He highlighted that the report provided a summary of changes to the risk profile over the year, including the addition of a new risk relating to the children's care market, improved positions for both the climate change and SEND timing-in-budget risks, and a worsening ranking for the information governance and security risk.

He noted that it had been agreed that risk management should feature within the Member induction programme. An initial draft of a short introductory document had therefore been prepared to ensure that all Members – not only those on the Audit Committee – had a baseline understanding of the Council's risk management arrangements.

### **Resolved**

That the Committee

- a) Notes the updated Corporate Risk Register and the links between Directorate Risk Registers and the Corporate Risk Register.

- b) Notes the positive outcome of the audit of risk management and the overview of risk management for members.

## **259 Assessment of effectiveness of governance arrangements - Resources and Central Services**

Gary Fielding, Corporate Director – Resources, introduced the report, explaining that it presented the outcome of the annual review of governance arrangements within Resources and Central Services. He noted that the directorate plays a central role in the Council's corporate governance framework, and the report set out the range of activity undertaken over the year. Gary highlighted movements in key risks, noting the upward trend in information governance and cyber security risks due to increased external threats and ongoing pressures within customer services linked to major systems changes.

Members referred to a training session on cyber security, in which it had been suggested that the information governance and cyber security risk was assessed as red and was likely to remain at that level. The Member noted that the summary within the papers indicated a movement from red to amber, and sought clarification on the discrepancy. Officers explained that a recent update to the Risk Register showed the risk position increasing again. Officers indicated that the difference between the risk ratings in the papers was likely due to timing, with documents having been produced at different stages of the update cycle. They confirmed that cybersecurity remained a high-priority area.

### **Resolved**

That the Committee notes.

- a) The review of the effectiveness of governance arrangements in Resources and Central Services.
- b) The Directorate Risk Register for Resources and Central Services.

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Councillor Peter Wilkinson left the meeting at 2:30pm.

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## **260 Annual Partnership Governance Report**

Will Boardman, Head of Strategy and Performance, introduced the report, explaining that it provided the annual overview of the Council's partnership governance arrangements and assurance that appropriate oversight was in place for the partnerships of greatest significance to the Council.

He noted that the report focused on partnerships where governance was critical to achieving outcomes or where the Council had a material strategic, statutory or financial role. No major governance concerns had been identified through this year's review. The Committee's attention was drawn to forthcoming work, including a governance review of the Yorkshire Bathing Water Partnership and the ongoing review of the Health and Wellbeing Board's membership and function, with further updates expected over the next six months.

During discussion, Members asked how partnership performance was monitored, particularly where the Council's contribution was primarily officer time, not a financial contribution. It was also queried whether all the partnerships listed continued to be worthwhile and how oversight of that was maintained. Officers explained that directorates

were responsible for monitoring each partnership's activity and outcomes, assessing whether arrangements continued to represent value for money. Where concerns arose, governance reviews or alternative approaches would be considered.

Members also queried whether the total number of partnerships had increased or reduced in recent years. Officers advised that there had been a small number of additions since the previous year, while some former district-level partnerships had ceased following Local Government Reorganisation as local arrangements evolved under a single council.

### **Resolved**

That the Committee notes the report and the Register of Significant Partnerships.

## **261 Business Continuity Annual Report**

Matt Robinson, Head of Resilience and Emergencies, introduced the report, outlining the statutory framework and summarising the Council's current business continuity documentation and critical activities. It was reported that compliance levels had increased to 90% for Business Impact Analyses and 69% for Incident Management Plans, and work continued to support full completion across all services. Reference was made to work undertaken with services such as North Yorkshire Highways, Align and NYnet to gain assurance over their business continuity arrangements. Members were briefed on how these services identified critical activities, recovery requirements and dependencies. The Committee was informed about the programme of cyber exercises. A denial-of-access exercise had been undertaken with the Management Board, simulating loss of laptop access, and further exercises were being rolled out to reinforce awareness of cyber-related impacts. Finally, a summary was provided of incidents over the past year that had required business continuity considerations, illustrating the range of challenges that could affect Council operations.

Members highlighted the need to prepare for situations where a cyber incident involves demands for payment in return for restored access. The Head of Resilience and Emergencies noted the point and confirmed that it would be taken away for consideration.

### **Resolved**

That the Committee notes the report.

## **262 Treasury Management and Capital Strategies**

Karen Iveson, Assistant Director – Resources, introduced the report, explaining that both strategies had already been considered as part of the Council's budget-setting process, but this item provided the Audit Committee with the opportunity to scrutinise the strategies in detail. Members were advised that any issues arising from the discussion would be reported back to the Executive and, where necessary, amendments would be brought forward.

Members asked whether it was correct that the Council had not taken out new borrowing and clarification was sought on whether new borrowing was anticipated within the medium-term forecast. Officers confirmed that the Council had not undertaken new borrowing and was currently using internal cash, cash flow and reserves. While prudential borrowing remained an available option, there was no current intention to take this up, particularly given the revenue pressures associated with borrowing costs.

It was acknowledged that forecasting as far ahead as 2029 was challenging given global

uncertainty, and that projections beyond a relatively short timeframe were inevitably subject to a high degree of uncertainty. Officers advised that professional guidance required longer-term forecasting as a matter of good practice and highlighted that the key issue was ensuring the Council was prepared to respond to whatever circumstances arose.

### **Resolved**

That the 2026/27 Treasury Management and Capital Strategies are noted.

### **263 Work programme**

It was noted that an updated work programme, setting out the items for 2026/27, would be included within the papers for the June meeting.

Members asked that all the scheduled meeting dates be recirculated.

The work programme was noted.

### **264 Any other items**

It was noted that Gary Fielding, Corporate Director of Resources and Section 151 Officer, would be leaving North Yorkshire Council before the next meeting of the Audit Committee. The Committee thanked Gary for his work, support and regular attendance at Audit Committee meetings, and wished him well for the future.

### **265 Date of next meeting**

Treasury Management Training – 7 May 2026 at 10:00am on Microsoft Teams  
Audit Committee – 22 June 2026 at 1:30pm in the Brierley Room

The meeting concluded at 2.49 pm.