



# Audit Progress Report

North Yorkshire Council and North Yorkshire Pension Fund –Year ending 31 March 2026

March 2026

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Audit progress

# Audit progress

## Purpose of this report

This report updates the Audit Committee on the progress made in delivering our external audit responsibilities for North Yorkshire Council and North Yorkshire Pension Fund.

- Section 1 outlines the current audit status and highlights the key areas under review as part of our ongoing risk assessment and gives an update on additional fees relating to historic objections.
- Section 2 provides updates on developments during the current year, along with forthcoming accounting and other relevant issues.

## Audit for the year ended 31 March 2025

We issued a disclaimed opinion on the Council accounts and an unqualified opinion on the Pension Fund accounts on 24 February 2026. We obtained sufficient audit evidence for in-year income and expenditure and most balance sheet items but the assurance gaps in relation to usable reserves and prior year comparators were deemed to be pervasive matters for our audit opinion.

We have not issued our certificate for 2024/25 as we have not yet received confirmation from the National Audit Office that no further work will be required by us to support their whole of government accounts audit.

## Audit for the year ended 31 March 2026

We will carry out our formal planning of the 2025/26 in the period March to April 2026. We have held meetings with officers to discuss the outcome of the 2024/25 audits and the planned timing of work for 2025/26.

We intend to bring our audit plans for the Council and Pension Fund to the meeting of the Audit Committee on 22 June 2026.

We will agree a timetable for our work with your teams using the national backstop timetable for the 2025/26 year (as set out below).

| 2025/26 key event | Date            |
|-------------------|-----------------|
| Draft accounts    | 30 June 2026    |
| Audited accounts  | 31 January 2027 |

We plan to implement a new data ingestion tool for the 2025/26 audit. The tool standardises and simplifies the previous way that we obtain ledger data from the Council. It is an industry standard tool. We will be meeting with officers early in 2026 to discuss how we will deploy the tool.

# Audit update

## Timetable

The backstop date for 2025/26 is 31 January 2027. We will agree a timetable with the finance team to complete audit fieldwork and report our findings to the Audit Committee ahead of the backstop date.

### Planning and Risk assessment

#### March 2026

Planning visit and updating our understanding of the Council

Initial opinion and value for money risk assessments

Considering proposed accounting treatments and accounting policies

Developing the audit strategy and planning the audit work to be performed

Agreeing timetable and deadlines

Risk assessment analytical procedures

Determination of materiality

### Completion

#### October 2026

Final review and disclosure checklist of financial statements

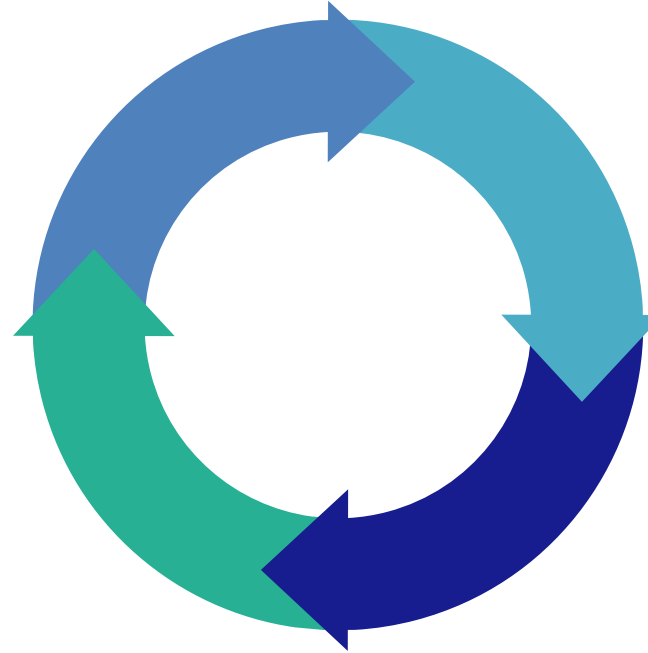
Final Partner review

Agreeing content of letter of representation

Reporting to the Audit Committee

Reviewing subsequent events

Signing the independent auditor's report



### Interim

#### March – April 2026

Documenting systems and controls

Performing walkthroughs

Substantive testing of transactions M1-M10 where resources permit

Discussions with the Council's property valuation expert

Testing of IT general controls

Reassessment of audit plan and revision if necessary

### Fieldwork

#### July – September 2026

Receiving and reviewing draft financial statements

Delivering our audit strategy starting with significant risks and high-risk areas including detailed testing of transactions, account balances and disclosures

Value for money work

Communicating progress and issues

# Audit progress

## Fees update

We previously reported additional audit fees in our Scarborough Borough Council Annual Auditor's Report 2020/21, additional legal costs have resulted in increased fees, as set out below.

| Objection           | Previously reported fees | Total fees |
|---------------------|--------------------------|------------|
| Whitby Harbour      | 138,103                  | 134,479    |
| Scarborough Harbour | 66,077                   | 92,543     |

Note: the fee adjustments are subject to PSAA approval

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National Publications

# National publications

|                                    | Publication/update  | Key points  |
|------------------------------------|---|---|
| <b>National Audit Office (NAO)</b> |   |   |
| 1                                  | NAO Report: Using data analytics to tackle fraud and error  | The NAO has published its report which examines how well-placed government is to seize the opportunity offered by old and new data analytics technologies to tackle fraud and error. <b>For information only.</b>   |
| 2                                  | NAO report: Improving local areas through developer funding                                       | The NAO has published its report Improving local areas through developer funding which is a return to this topic since its 2019 report now that the current government has chosen not to implement a previously proposed mandatory infrastructure levy which would have largely replaced the current system. <b>For information only.</b>                         |
| 3                                  | Publication of Local Audit Reset and Recovery Implementation Guidance (LARRIG) 06                 | The C&AG has approved and published the Local Audit Reset and Recovery Implementation Guidance (LARRIG) 06. <b>For information only.</b>  |
| 4                                  | NAO report: Home to school transport  | The NAO has published its report 'Home to school transport' which looks at spending on, and delivery of, home to school transport by local authorities in England. <b>For information only.</b>   |
| 5                                  | NAO Good practice Guide – Financial management in government: reporting for decision making       | The NAO has produced this good practice guide for finance leaders in government departments and other public bodies. <b>For information only.</b>   |
| 6                                  | NAO report: Managing children's residential care  | The NAO has published its report Managing children's residential care which assesses the Department for Education's (DfE) response to challenges faced by local authorities in placing looked-after children in cost-effective, high-quality residential care in England. <b>For information only.</b>  |
| 7                                  | NAO publication: Implementation of climate-related reporting in central government annual reports | The NAO has published its report 'Implementation of climate-related reporting in central government annual reports' which examined the progress central government has made implementing Task Force on Climate-related Financial Disclosures (TCFD) reporting. <b>For information only.</b>   |
| 8                                  | NAO Audit insights: Good practice in annual reporting   | The NAO has published its report Good practice in annual reporting which showcases leading examples of good practice for annual reporting from different sectors. <b>For information only.</b>  |
| 9                                  | NAO report: Unlocking land for housing  | The NAO has published its report Unlocking land for housing which assesses whether the Ministry for Housing, Communities & Local Government's (MHCLG) programmes to increase the supply of suitable land for housing development are effectively supporting the government's ambitions to build the right homes in the right places. <b>For information only.</b> |

# National publications and technical updates

## NAO

### 1. NAO Report: Governance and decision-making on mega-projects

The NAO has published a report which examines how well-placed government is to seize the opportunity offered by old and new data analytics technologies to tackle fraud and error. The report sets out:

- case studies of how the private sector and government are already using data analytics to tackle fraud and error; and
- lessons from these case studies, and the NAO's discussions with those involved in implementing them, about the strategic challenges

Link: <https://www.nao.org.uk/reports/using-data-analytics-to-tackle-fraud-and-error/>

### 2. NAO report: Improving local areas through developer funding

The NAO has published its report Improving local areas through developer funding which is a return to this topic since its 2019 report now that the current government has chosen not to implement a previously proposed mandatory infrastructure levy which would have largely replaced the current system.

This report assesses whether the MHCLG is overseeing an effective and efficient system of developer contributions that delivers the intended benefits.

The report is made up of the following parts:

- Part One sets out how the system works and MHCLG's oversight of it;
- Part Two examines challenges within the system; and
- Part Three assesses MHCLG's actions to make the system more effective at delivering the intended benefits.

Link: [Improving local areas through developer funding - NAO report](#)

# National publications and technical updates

## **3. Publication of Local Audit Reset and Recovery Implementation Guidance (LARRIG) 06: Special considerations for rebuilding assurance for specified balances following backstop-related disclaimed audit opinions**

The C&AG has approved and published Local Audit Reset and Recovery Implementation Guidance (LARRIG) 06.

This LARRIG, endorsed by the FRC, sets out guidance to auditors where the auditor's opinion on the prior year financial statements has been disclaimed because of backstop arrangements included in the Accounts and Audit (Amendment) Regulations 2024. Its purpose is to assist auditors in the process of rebuilding assurance for specific classes of transactions, account balances and disclosures which warrant special consideration beyond the general principles set out in LARRIG 05.

Link: [LARRIG 06](#)

## **4. NAO report: Home to school transport**

The NAO has published its report 'Home to school transport' which looks at spending on, and delivery of, home to school transport by local authorities in England. The report builds on the NAO's 2024 report 'Support for children and young people with special educational needs' and the 2025 report 'Local government financial sustainability' which noted the increase in home to school transport costs. In 2023-24, local authorities spent £2.32 billion transporting an estimated 520,000 children and young people to school or college.

The report concludes that for the children and young people who rely on it to get them to school and college each day, local-authority-provided transport is an invaluable service. Without it, many may struggle to access or continue with their education. When first introduced, it was predominantly a service for children in rural areas. Following changes in legislation, the number of children and young people assessed as having special educational needs increased, with implications for home to school transport.

Link: [Home to school transport - NAO report](#)

## **5. NAO Good practice Guide – Financial management in government: reporting for decision making**

The NAO has produced this good practice guide for finance leaders in government departments and other public bodies. It sets out insights and good practice on how information can be reported to make better financial management decisions.

Link: [Financial management in government: reporting for decision-making - NAO insight](#)

# National publications and technical updates

## 6. NAO report: Managing children's residential care

The NAO has published its report *Managing children's residential care* which assesses the Department for Education's (DfE) response to challenges faced by local authorities in placing looked-after children in cost-effective, high-quality residential care in England. The report:

- describes the characteristics of looked-after children, and how the current residential care system works in terms of costs and outcomes;
- examines the underlying reasons behind increasing residential care costs; and
- assesses DfE's understanding, approach and response to supporting local authorities to meet their statutory duty to house looked-after children.

The report concludes that the cost of supporting looked-after children in residential care almost doubled between 2019-20 and 2023-24, to £3.1 billion. And, with these vulnerable children not always receiving the support they need, the residential care system is not delivering value for money. A shortage of places for some looked-after children, particularly those with more complex needs, has driven cost increases.

The demand for places, along with a largely private provider-led market has led to local authorities competing for places and providers charging higher fees. The estimated annual spend per child in a children's home has increased from an average of £239,800 in 2019-20 to £318,400 in 2023-24 in real terms – and more children are living in residential care settings that are not best suited to their needs.

DfE recognises the scale of the challenge and has started to respond. Alongside investing in preventative care and fostering to reduce residential care demand, it is progressing legislation to improve financial oversight of private providers and encouraging local authorities to collectively commission places. These measures are taking time to implement with, for example, draft legislation introduced in December 2024.

To ensure these changes deliver a residential care system that works, DfE needs to improve its understanding of the system, set out what it wants the market to look like and support local authorities to make effective decisions.

[Managing-childrens-residential-care](#)

## 7. NAO publication: Implementation of climate-related reporting in central government annual reports

The NAO has published its report 'Implementation of climate-related reporting in central government annual reports' which examined the progress central government has made implementing Task Force on Climate-related Financial Disclosures (TCFD) reporting. The scope of the review includes an early look at the potential value it might have, and risks to its efficiency and effectiveness. This report draws out learning from the early phases of implementation, with a view to informing the phases to come. This report sets out:

- climate-related reporting in the UK
- progress so far implementing TCFD-aligned reporting in central government
- the experience of central government bodies preparing TCFD-aligned reporting.

[Implementation-of-climate-related-reporting-in-central-government-annual-reports](#)

# National publications and technical updates

## 8. NAO Audit insights: Good practice in annual reporting

The NAO has published its report Good practice in annual reporting which showcases leading examples of good practice for annual reporting from different sectors.

In addition, organisations in the public sector may find the guide that the NAO shares with bodies it audits helpful which sets out how reporting and auditing requirements have changed over recent years, and practical actions that organisations can take to support transparent, timely, and clear annual reporting.

[Good practice in annual reporting](#)

## 8. NAO report: Unlocking land for housing

The NAO has published its report Unlocking land for housing which assesses whether the Ministry for Housing, Communities & Local Government's (MHCLG) programmes to increase the supply of suitable land for housing development are effectively supporting the government's ambitions to build the right homes in the right places. These programmes include activities such as capacity support, funding for infrastructure, land assembly, or viability gap funding; they are aimed at 'unlocking' sites. The report examines whether MHCLG:

- has unlocked land to deliver the right homes in the right places
- is learning and innovating to improve the productivity of its land unlocking programmes
- alongside Homes England, is putting in place an approach to unlock the right land in the right places to support future housing target

The report concludes that since 2016-17, MHCLG has allocated £10.5 billion of funding to unlock land for housing, through a variety of programmes that utilise different funding types, including grants, loans and equity investments. MHCLG expects that this funding will have been spent on unlocking land by March 2034. This land will provide the capacity for building 713,000 homes, with homes expected to be built on this land for decades to come.

MHCLG monitors the status of unlocking land activity for the projects it helps fund, it also knows how many homes have been built by housing developers on the land it has helped to unlock across the majority of its funds. However, it did not set out to track how many homes have been built on land unlocked by the Home Building Funds and the Brownfield, Infrastructure and Land Fund but is now working with Homes England to do so on these funds.

To be able to fully demonstrate value for money on these programmes, MHCLG needs to continue to monitor housebuilding over the long term and should consider what further measures it can take to embed monitoring of housebuilding across all its programmes.

MHCLG and Homes England have ongoing evaluations and have drawn on an understanding of what works in their existing programmes to evolve their intervention strategies. Efforts include implementing ongoing engagement instead of set bidding periods, maintaining continuous pipelines of projects, and offering a more flexible mix of funding options. It has also revised its assessment criteria to better account for non-monetisable benefits to facilitate more investment in areas of lower land values.

MHCLG aims to establish the new National Housing Delivery Fund to bring together all the funding for unlocking land and set up a housing bank, as a subsidiary of Homes England, from 1 April 2026. To be able to demonstrate value for money and be successful, MHCLG will need to swiftly build on the work it has started and set out its long-term ambitions, provide clarity about its investment priorities to the market and decision-makers in local authorities, and to have a clear articulation and management of risk.

[Unlocking land for housing](#)

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