

**NORTH YORKSHIRE COUNTY COUNCIL****AUDIT COMMITTEE****25 September 2014****Review of Statement of Final Accounts (incorporating Annual Governance Statement)****Report from Audit Committee Members Working Group****1.0 Purpose of the Report**

1.1 To advise members of the Audit Committee on:

- i. Issues identified by the Members Working Group in reviewing the draft Statements of Final Accounts (SoFA) and the draft Annual Governance Statement (AGS);
- ii. Actions taken as a result of issues being identified;
- iii. Offering an opinion on the draft SoFA and draft AGS for 2013/14 in advance of the Audit Committee being asked to approve them.

**2.0 Background**

2.1 On 26 June 2014 the Audit Committee considered a report which provided an overview on Corporate Governance. This included a draft Annual Governance Statement (AGS) and a full suite of Statements of Assurance from each of the Corporate Directors and one for the whole County Council. A number of issues were identified at that meeting and it was agreed that a Members Working Group be convened to give detailed consideration to the draft AGS and that a report would be presented to the full Audit Committee on 25 September 2014.

2.2 The Members Working Group was agreed as consisting of the Chairman and Vice-Chairman of the Audit Committee and to be supplemented by Cllr David Chance and Mr David Portlock.

2.3 On 17 July 2014 the Audit Committee considered the draft Statements of Final Accounts (SoFA) for 2013/14. Again, a number of issues were identified at the meeting and in subsequent correspondence. These issues have also been reviewed by the Members Working Group.

2.4 This report provides a summary of the Members Working Group review of the SoFA for 2013/14 which incorporate the AGS. Wider information has been

used in order to form the views contained in this report, notably the Directorates Statements of Assurance provided which have fed into the AGS together with associated working papers relating to the production of the draft SoFA.

### **3.0 Key Areas Identified**

- 3.1 To assist the Audit Committee's understanding, the Members Working Group comments separately on the AGS and the SoFA for 2013/14, whilst recognising that both ultimately feature in the same document. This section also identifies the action that has taken place and / or will take place.

#### Annual Governance Statement 2013/14

1. Issue – a number of areas identified in the draft Directorate Statements of Assurance may require update to reflect developments that have occurred between their drafting and the Audit Committee meeting on 25 September 2014. One example is the Waste PPP on which the County Council will make a decision on 24 September 2014.

Action taken – a full review of the Directorate Statements of Assurance has taken place by the Management Board and necessary updates have been made. In the case of the Waste PPP, two alternative wordings have been drafted and it will be necessary to delete one of these alternatives following the decision made by County Council on 24 September 2014.

2. Issue – some of the actions proposed in the Directorate Statements of Assurance appeared vague with the possibility that it would be more difficult to assess whether or not the necessary action had taken place.

Action taken – a full review of the Directorate Statements of Assurance has taken place and the Statements have been amended in some areas to make them 'SMARTer'. In some cases it is not possible to provide firmer detail as it is dependent upon other factors. A revised set of Directorate Statements of Assurance have been shared with the Members Working Group and the amendments that impact upon Section 7 of the AGS have also been reflected accordingly.

Action for future years – increased focus to ensure that Directorate Statement of Assurance are as 'SMART' as possible.

## Statements of Final Accounts 2013/14

1. Issue – a number of detailed questions were submitted and explanations were provided.

Action taken – explanations provided and no further action required on these particular areas.

2. Issue – some of the information relating to Veritau’s financial performance appeared inconsistent (page 107 of the draft SoFA).

Action taken – explanation provided - information in draft SoFA is correct, but a change in wording has been made in order to clarify the position and is incorporated in the SoFA presented to the Audit Committee on this agenda.

Action for future years – this issue will be considered in more detail to see whether there are ways of making it more understandable for the reader.

3. Issue – a number of typos / simple errors were identified (for example page 175 and a reference to “2012/13”)

Action taken – these have now been corrected and are incorporated within the SoFA presented to the Audit Committee on this agenda.

4. Issue – a query has been raised as to whether or not the County Council has entered into any compromise payments in 2013/14 as part of employee termination packages.

Action taken – this issue has been reviewed by the Assistant Chief Executive Business Support. It has been identified that the position for compromise agreements in 13/14 was as follows –

- For schools there were 73 such payments with the average payments being approximately £10k
- For non schools there were 12 again with an average payment of £10k and 5 of the 12 being less than £5k

### **4.0 Conclusions of the Member Working Group regarding the Statements of Account and the Annual Governance Statement for 2013/14**

- 4.1 The Members Working Group is satisfied that all appropriate actions have been taken and satisfactory explanations have been provided where required.

- 4.2 The decision of the County Council re Waste PPP on 24 September 2014 may have an impact on the Annual Governance Statement for 2013/14.
- 4.3 No further issues have been identified up to the date of this report. However, it should be noted that the Members Working Group has not been made aware of the findings of the County Council's External Auditors.
- 4.4 Subject to the above, the Members Working Group recommends to the Audit Committee that the Statements of Final Accounts and the Annual Governance Statement for 2013/14 are approved.

Members Working Group

10 September 2014