

NORTH YORKSHIRE COUNTY COUNCIL**AUDIT COMMITTEE****24 September 2015****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 2014/15 in advance of the Audit Committee being asked to approve them.

2.0 Background

- 2.1 On 25 June 2015 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 draft 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 24 September 2015.
- 2.2 The Members Working Group was agreed as consisting of the Chairman and Vice-Chairman of the Audit Committee and Mr David Portlock.
- 2.3 On 16 July 2015 the Audit Committee considered the draft Statements of Final Accounts (SoFA) for 2014/15. Again, a number of issues were identified at the meeting and it was agreed that they would be pursued outside of the meeting and fed into the review by the Members Working Group.
- 2.4 This report provides a summary of the Members Working Group review of the SoFA for 2014/15 which incorporate the AGS. Wider information has been used in order to form the views contained in this report, notably the

Directorate Statements of Assurance 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 2014/15, 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 2014/15

1. Issue – a number of areas identified in the draft Directorate Statements of Assurance required update to reflect developments that have occurred between their drafting and the Audit Committee meeting on 24 September 2015. For example, the submission for devolution has been made in line with the deadline of 4 September 2015 and elements of the Care Act have been delayed (resulting in this issue being removed from the HAS Statement of Assurance).

Action taken – updates have been made where there has been further development.

2. Issue – some of the content in the Directorate Statements of Assurance was written in a way that was unhelpful to a reader who was not well versed in day to day business of the Council.

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 read more clearly. It is noted, however, that in some cases the level of explanation would possibly be too long for inclusion in the Statements of Assurance so further explanation may be required in some areas. A revised set of Directorate Statements of Assurance have been shared with the Members Working Group and Section 7 of the AGS has also been updated to include those areas taken from the Statements of Assurance which it is felt warrant attention within the AGS.

Action taken - In addition, further improvements are to be sought for 2015/16 in a spirit of continuous improvement.

Statements of Final Accounts 2014/15

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

Action taken – explanations provided and no further action required.

2. Issue – the extent to which the Health & Wellbeing Board exercises control over / impacts upon Council resource and decision making (including the impact of the Better Care Fund) was raised and whether there was sufficient focus on the risks and implications on the Council, its governance and its finances.

Action taken – The Statement of Assurance for Management Board has been amended and it features as part of Section 7 of the AGS :-

“Seeking opportunities to maximise efficiency and improve effectiveness with local partners whilst dealing with the added complexity of decision making and accountability (e.g. Health and Wellbeing Boards, LEPs, any outcome from devolution).”

In addition, conversations have taken place with the external auditor to explore the issue further. It is considered that the issue is sufficiently addressed but it remains a key governance risk (albeit with some potential operational opportunities). It will continue to be monitored closely and will be subject to external auditor attention again relating to the 2015/16 financial year.

3. Issue – a number of typos / simple errors were identified.

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

4.0 Conclusions of the Member Working Group regarding the Statements of Account and the Annual Governance Statement for 2014/15

- 3.1 The Members Working Group is satisfied that all appropriate actions have been taken and satisfactory explanations have been provided where required.
- 3.2 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.

4.3 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 2014/15 are approved.

Members Working Group
11 September 2015