

Report in the Public Interest prepared by Grant Thornton for the Audit of Accounts 2013/14 and 2014/15: Governance Issues

SUMMARY

- 1.1 On 16 June 2016, Grant Thornton published their Public Interest Report in respect of governance issues reported in the Council's Annual Governance Statements for 2013/14 and 2014/15.
- 1.2 Grant Thornton has reported on "identified failures of governance at Derby City Council in the management of major projects and in relation to Member conduct; specifically in relation to:
 - The implementation of Job Evaluation;
 - The delivery of the Webhelp project;
 - The operation of the Taxi Licensing function;
 - The implementation of the HRIS payroll project; and
 - Overall governance: Member and officer arrangements".
- 1.3 In their Audit Findings Report for the year end 31 March 2015, presented to Audit and Accounts Committee in September 2015, Grant Thornton advised of their intention to undertake a Public Interest investigation pursuant to the Audit Commission Act 1998. This was directly as a result of the concerns expressed in the Council's Annual Governance Statements. As a result, the Council has had qualified accounts for the two financial years 2013/14 and 2014/15.
- 1.4 In accordance with provisions of the Audit Commission Act 1998, the report needs to be considered by a public meeting of Full Council within one month of publication.

RECOMMENDATION

- 2.1 To consider the Public Interest Report published by Grant Thornton on 16 June 2016.
- 2.2 To consider the Action Plan prepared in response to the recommendations and to authorise the Chief Executive, the Director of Governance and the Director of Finance to take all steps necessary to ensure progress against the Action Plan.

- 2.3 To delegate monitoring of progress against the Action Plan to the Audit and Accounts Committee.

REASONS FOR RECOMMENDATION

- 3.1 The Council is required to comply with the statutory provisions of the Audit Commission Act 1998.

SUPPORTING INFORMATION

4.1 Role of the External Auditor

Grant Thornton was the Council's appointed External Auditor until the year ended 31 March 2015. Before granting a certificate, the External Auditor must assess both the financial accounts and the state of governance of the Council. Due to concerns reported to Audit and Accounts Committee in the Annual Governance Statements of 2013/14 and 2014/15, the Council's accounts have been qualified.

- 4.2 Grant Thornton has undertaken a public interest investigation pursuant to the Audit Commission Act 1998 and the Council has co-operated fully with the investigation ensuring that full access has been given to all necessary papers, access to Officers and external organisations for the purposes of interviews as required.

- 4.3 Since 1 April 2015, Ernst Young have been appointed as the Council's External Auditor.

4.4 Role of Audit and Accounts Committee

Audit and Accounts Committee has a constitutional responsibility for the receipt of reports in respect of the Council's financial position and its governance status. The Council is required to prepare an Annual Governance Statement to sit alongside the accounts to deliver an assessment as to the robustness and legality of its decision making.

4.5 Public Interest Report

Once issued, the Council is required via the Audit Commission Act 1998, to ensure the report is placed in a prominent place on the Council's website and that a public Full Council meeting is convened within one months of its publication to enable its contents to be considered.

- 4.6 Twelve recommendations have been proposed by Grant Thornton and an Action Plan has been prepared in response to the same. Progress against the recommendations has been made.

OTHER OPTIONS CONSIDERED

5.1 There are no other options for the Council to consider in respect of this matter.

This report has been approved by the following officers:

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| Legal officer Financial officer Human Resources officer Estates/Property officer Service Director(s) Other(s) | Janie Berry, Director of Governance and Monitoring Officer Martyn Marples, Director of Finance and s151 Officer Paul Robinson, Chief Executive and Head of Paid Service |
| For more information contact: Background papers: List of appendices: | Janie Berry 01332 643616 janie.berry@derby.gov.uk Annual Governance Statement 2013/14 Annual Governance Statement 2014/15 Audit Findings for Year End 31 st March 2015 prepared by Grant Thornton Appendix 1 – Implications Appendix 2 – Report in the Public Interest Audit of Accounts 2013/14 and 2014/15: Governance Issues prepared by Grant Thornton (16 th June 2016) |

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| IMPLICATIONS |
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Financial and Value for Money

- 1.1 None directly arising from the report. However, the authority is required to fund the fees incurred by Grant Thornton, currently estimated to be around £110,000.

Legal

- 2.1 The Council is required to comply with the provisions of the Audit Commission Act 1998 as detailed within the report.

Personnel

- 3.1 Members and Officers must comply with the Council's Constitution and all have a responsibility to ensure the governance of the Council's decision making is robust.

IT

- 4.1 Not applicable

Equalities Impact

- 5.1 Not applicable

Health and Safety

- 6.1 Not applicable

Environmental Sustainability

- 7.1 Not applicable

Property and Asset Management

- 8.1 Not applicable

Risk Management and Safeguarding

- 9.1 The Council has a statutory responsibility to ensure that vulnerable people in the City are not placed at risk.

Corporate objectives and priorities for change

- 10.1 The Council must act with integrity and transparency in its decision making and all aspects of its governance.

