



Derby City Council

AUDIT & ACCOUNTS COMMITTEE **18th July 2017**

ITEM 7

Report of the Director of Governance &
Monitoring Officer

Recommendations made under s24 Local Audit & Accountability Act 2014 by Ernst & Young

SUMMARY

- 1.1 On 27th June 2017, Ernst & Young, the Council's External Auditor, issued the Council with Recommendations pursuant to s24 Local Audit & Accountability Act 2014 (hereafter referred to as a Statutory Recommendation).
- 1.2 In accordance with the Local Audit & Accountability Act 2014, the Statutory Recommendation will be presented to a meeting of Full Council on 19th July 2017.
- 1.3 The purpose of this report is for the Audit and Accounts Committee to be formally notified of the receipt of the Statutory Recommendation, pending the decisions of Full Council on 19th July 2017.

RECOMMENDATION

- 2.1 To note the receipt of the Recommendations made under s24 Local Audit & Accountability Act 2014
- 2.2 To note that the said Statutory Recommendation is to be presented to a meeting of Full Council on 19th July 2017.

REASONS FOR RECOMMENDATION

- 3.1 The Council is required to adhere to the statutory requirements prescribed by Local Audit & Accountability Act 2014.

SUPPORTING INFORMATION

Role of the External Auditor

- 4.1 Ernst & Young were appointed as the Council's External Auditor on 1st April 2015. Prior to this the Council's External Auditor was Grant Thornton. Before granting a certificate, the External Auditor must assess both the financial accounts and the state of governance of the Council. As detailed within successive reports to Audit and Accounts Committee, the accounts for the year end 2015/2016, are proposed to be presented to the Audit & Accounts Committee for formal consideration in September 2017. This in turn has delayed the Council's publication of the Accounts for 2016/2017.
- 4.2 As a result of the Council's failure to meet the prescribed statutory publication dates for the above mentioned accounts, Ernst & Young has issued the Statutory Recommendation.

Role of Audit & Accounts Committee

- 4.3 Audit & Accounts Committee has a constitutional responsibility for the receipt of reports in respect of the Council's financial position and its governance status.

Statutory Recommendation

- 4.4 Once issued, the Council is required via the Local Audit & Accountability Act 2014, to ensure that a public Full Council meeting is convened within one month of its publication to enable its contents to be considered.
- 4.5 Two formal recommendations have been made including a number of observations. An Action Plan has been prepared in response.

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:

Legal officer Financial officer Human Resources officer Estates/Property officer Service Director(s) Other(s)	<p>Janie Berry, Director of Governance & Monitoring Officer Mark Taylor, Interim Director of Finance & s151 Officer</p> <p>Paul Robinson, Chief Executive & Head of Paid Service Christine Durrant, Strategic Director of Communities and Place</p>
For more information contact: Background papers: List of appendices:	<p>Janie Berry 01332 643616 janie.berry@derby.gov.uk Audit & Accounts Committee – 28th September 2016:</p> <ul style="list-style-type: none"> • Statement of Accounts 2015/2016 Progress Report; • Ernst & Young Progress Report for year ended 31st March 2016, dated 23rd September 2016; <p>Audit & Accounts Committee – 30th November 2016:</p> <ul style="list-style-type: none"> • Statement of Accounts 2015/2016 Progress Report; • Ernst & Young Updated Progress Report for year ended 31st March 2016, dated 18th November 2016; <p>Audit & Accounts Committee – 29th March 2017:</p> <ul style="list-style-type: none"> • Update on 2015/16 and 2016/17 Statement of Accounts <p>Appendix 1 – Implications Appendix 2 – Recommendations made under s24 Local Audit & Accountability Act 2014 from Ernst & Young dated 27th June 2017</p>

IMPLICATIONS

Financial and Value for Money

- 1.1 The Council will be required to fund the fees incurred by Ernst & Young, for the preparation of the Statutory Recommendation.

Legal

- 2.1 The Council is required to comply with the provisions of s24 Local Audit & Accountability Act 2014, 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 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 A significant number of changes have already been made to the way in which the asset valuation programme has been competed for the 2016/2017 programme which respond to a number of the issues identified by the external auditors.

Risk Management and Safeguarding

- 9.1 None directly arising from this report

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 financial management and governance arrangements.