



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

SUMMARY

- 1.1 On 27 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) which appears at Appendix 2 of this Report.
- 1.2 Ernst and Young has reported two recommendations; Recommendation One relates to a number of control observations which were initially reported to Audit and Accounts Committee By Ernst and Young in September 2016. Recommendation Two relates to the inadequate arrangements for the closedown of the financial statements which resulted in the Council being unable to achieve the 30th June 2016 deadline for the publication of the draft financial statements as set out in the CIPFA Code of Practice on Local Authority Accounting.
- 1.3 An Action Plan has been drawn up in response the Statutory Recommendation which appears at Appendix 3 of this Report.
- 1.4 In accordance with the Local Audit & Accountability Act 2014, the Statutory Recommendation needs to be considered by a public meeting of Council within one month of publication.

RECOMMENDATION

- 2.1 To consider the Statutory Recommendation issued by Ernst and Young on 27 June 2017.
- 2.2 To consider the Action Plan prepared in response to the Statutory Recommendation and to authorise the Chief Executive, the Strategic Director of Communities and Place, the Director of Finance and the Director of Governance in consultation with the Leader of the Council and the Cabinet Member for Finance and Governance to take all steps necessary to ensure positive progress and delivery against the Action Plan.
- 2.3 To delegate monitoring of positive progress and delivery against the Action Plan to the Audit and Accounts Committee.

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 now proposed to be presented to the Audit & Accounts Committee for formal consideration in September 2017 as opposed to the statutory requirement of 30 September 2016. This in turn has delayed the Council's publication of the Accounts for 2016/2017 until December 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 which appears at Appendix 3 of this Report.

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)	Janie Berry, Director of Governance & Monitoring Officer Mark Taylor, Interim Director of Finance & s151 Officer Paul Robinson, Chief Executive & Head of Paid Service Christine Durrant, Strategic Director of Communities and Place
For more information contact: Background papers: List of appendices:	<p>Janie Berry 01332 643616 janie.berry@derby.gov.uk</p> <p>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</p> <p>Appendix 2 – Recommendations made under s24 Local Audit & Accountability Act 2014 from Ernst & Young dated 27th June 2017</p> <p>Appendix 3 – Action Plan in response to the Statutory Recommendation</p>

IMPLICATIONS

Financial and Value for Money

- 1.1 The potential cost to deliver the action plan is being assessed and will be met by reserves. The current year Revenue budget makes no provision for these unplanned costs.

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 valuations programme has been completed for the 2016/2017 programme, which respond to a number of the issues identified by the external auditors. Further actions are proposed within the detailed Action Plan appended to this report.

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.