

Dublin City Council

Audit Committee

**Minutes of Meeting held on 17th November, 2016 at 8.00 a.m.
in the Richard O'Carroll Room, City Hall**

Attendance:

Members

Mr. Brendan Foster, Dublin Chamber of Commerce, Chairperson (BF) (Chair)
Mr. Johnny McElhinney, Docklands Business Forum (JMcE)
Mr. Nathy Walsh, Institute of Public Administration (NW)
Councillor Nial Ring (Cllr. Ring)
Councillor Naoise O Muiri (Cllr. O Muiri)
Councillor Noeleen Reilly (Cllr. Reilly)

Officials:

Mr. Owen Keegan, Chief Executive
Ms. Kathy Quinn, Head of Finance (KQ)
Mr. Hugh Fitzpatrick, Head of Internal Audit (HF)
Mr. Richard Murphy, Principal Local Government Auditor
Ms. Martina Mc Loughlin, Staff Officer, Internal Audit

Apologies:

Ms. Louise Ryan, Trinity College, Dublin

**1. Chief Executive's Report - update on Internal Audit Report R05/16
(Review of the use of Low Value Purchase (LVP) Cards by the Homeless Services Section)**

Mr. Keegan stated, as outlined in his report, that some work had been done on clearing the backlog of reconciliation work on the expenditure incurred by way of the LVP cards, but that there was still a significant backlog in that regard to be tackled. In response to a query in relation to the timeframe for completion of that work, he advised the Committee that the official in charge of that task had estimated by the end of February 2017. He then dealt with the other recommendations in the audit report which he said were being addressed, e.g.

- (a) 3 additional Clerical Officers are being assigned to the Homeless Services Section and an Accountant was appointed within the past 2 weeks.
- (b) The issue of individual cards to staff has become an I.R. matter and will be dealt with by way of the Lansdowne Road Agreement
- (c) Public procurement of accommodation service providers was under review.

The Chief Executive committed to update the Committee on further progress in March 2017.

Mr. Foster thanked the Chief Executive, (who then left the meeting), for his attendance and report.

2. **Consideration of the Audited Annual Financial Statement for the year ended 31st December 2015 and the Local Government Auditor's Report on the Annual Financial Statement (AFS).**

Mr. Foster welcomed and thanked the Principal Local Government Auditor, Richard Murphy for attending. He confirmed with the Members that they had read, considered and reviewed Mr. Murphy's report and the full AFS. He invited Mr. Murphy to discuss his report.

Mr. Murphy apologised for the delay in producing the AFS. This was due to staff changes, including a new Head of Local Government Audit Services. He referred in the first instance to page 9 of the audited AFS for 2015, where he states in his unmodified opinion that "the AFS has been prepared in accordance with the Code of Practice and Accounting Regulations for Local Authorities, and it presents fairly the financial position of Dublin City Council at the 31st December, 2015". The following were some of the issues dealt with in detail by him:

(1) Interest of Local Authority in Companies and Joint Ventures – Non Consolidation of Assets:

In relation to the Temple Bar Cultural Trust, Ms. Quinn informed the Committee that there was legislation due in 2017 to disband the Trust.

(2) Unfunded Capital Balances:

This was discussed at some length and the Committee agreed that the Finance Strategic Policy Committee should be asked to review DCC's policy on this matter.

Action 1: Ms Quinn to refer same to the Finance SPC for its consideration

(3) Unsold Affordable Housing Units:

Position noted.

(4) Waste to Energy at Poolbeg – Dublin District Heating Project:

Ms. Quinn informed the Committee that the unfunded investment figure in RM's report related to the provision of the necessary infrastructure (pipes etc.) and that the amount will be substantially recouped when the project is up and running.

(5) Ballyfermot Leisure Centre:

Final settlement, following arbitration was noted. The Committee agreed that the Head of Finance should raise this matter with Senior Management to consider if a different type of contract, (than the one used in this case), could be used to prevent similar claims in the future. It was noted, however, that the contract entered into was not peculiar to DCC, but was used nationally.

Action 2: Ms. Quinn to raise the matter with Senior Management.

Finally Mr. Murphy stated that some errors were identified, but they were not material. Preparatory work for the 2016 audit will commence in January.

3. **Preparation of the report of the Audit Committee to the City Council following its consideration of the Audited AFS and Local Government Auditor's report (in compliance with Section 60 of the Local Government Reform Act 2014).**

BF asked Hugh Fitzpatrick to outline the Audit Committee's role in relation to the AFS. Mr. Fitzpatrick stated that their role was covered under legislation, which required the Committee to consider the audited AFS and the Local Government Auditor's report and to produce a report on their findings. They were required to submit this report to the next practicable meeting of City Council. It was agreed that a report would be drafted by HF, agreed with BF, and submitted to the City Council meeting to be held on 5th December, 2016.

Action 3: AC report to be submitted to the City Council meeting, to be held on 5th December, 2016.

BF had informed the Committee at the start that they could discuss the 2 reports with RM in the absence of staff, if they so wished. This was not deemed necessary by the Committee.

4. Any Other Business

The Audit Committee were informed of a presentation being given by the IPA on 9th December next for members, entitled "Audit Committees – Meeting Rising Expectations". The brochure to be circulated to the members for their information. Places to be booked if required.

The meeting concluded at 9.15am

A handwritten signature in black ink, appearing to read 'BF 2016', written over a horizontal line.

**Brendan Foster,
Chairperson.**

Date: 8.12.2016.

Appendix A

Actions agreed at this Audit Committee Meeting

- Action 1:** The list of Unfunded Capital Projects, which is appearing year after year on the AFS and Local Government Auditor's Report, should be referred to the Finance Strategic Policy Committee in the context of asking it to consider/review generally DCC's policy in relation to same. **(KQ)**
- Action 2:** The Head of Finance should review with Senior Management the type of contract that was used for the Ballyfermot Leisure Centre project, to consider if a different type of contract could be used in future to prevent similar claims arising from projects in the years ahead. However, it was noted that this type of contract was not peculiar to DCC, but was one being used nationally. **(KQ)**
- Action 3:** AC report on the audited AFS and the L.G. Auditor's report to be submitted to the City Council meeting, to be held on 5th December, 2016. **(HF)**