

Dublin City Council

Audit Committee

**Minutes of Meeting held on 8th December, 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)

Officials:

Mr. Owen Keegan, Chief Executive (OK)
Ms. Kathy Quinn, Head of Finance (KQ)
Mr. Hugh Fitzpatrick, Head of Internal Audit (HF)
Ms. Mary Pyne, Head of Human Resources & Corporate Services (MP)
Ms. Martina Mc Loughlin, Staff Officer, Internal Audit

Apologies:

Councillor Noeleen Reilly (Cllr. Reilly)
Ms. Louise Ryan, Trinity College Dublin (LR)

1. Minutes of Audit Committee Meeting held on 15th September & 17th November, 2016.

Both sets of minutes were agreed. It was also agreed to keep items, still requiring action, listed on the Appendix.

HF informed the Committee that the City Council, at its meeting held on 5th December, 2016 noted the contents of the AC report and adopted the Annual Financial Statement (AFS) for 2015 and the Local Government Auditor's Report on the Accounts of Dublin City Council for 2015.

2. Standing Item on the agenda – Any Conflict of Interest of A.C. Members

No conflict of interest declared.

3. Update on Report No. 11/2016 from the Chief Executive on:

- Review of the City Council's approach to risk taking/insurance by Willis Ltd. and
- A Value for Money review of the Irish Public Bodies by Price Waterhouse Cooper

The Chief Executive, at the request of the Chairperson, set the context for this report. In explaining how the item came to be on the agenda, he referred to the fact that in 2015 the Internal Audit Unit had completed a report on whether Irish Public Bodies Mutual Insurance Ltd. was providing Value for Money in respect of DCC's insurance arrangements. The report was inconclusive, due to (a) a lack of information forthcoming from I.P.B. and (b) incomplete relevant claims history data within the Central Claims Section of DCC. At the same time of that report, the Office of Government Procurement and the CCMA decided to review the arrangements that L.A.'s, Education and Training Boards, etc. had with I.P.B. (Price Waterhouse Cooper engaged)

He added that the operational and reporting arrangements for the Central Claims Section had been revised following an earlier input from Legalwise on how claims were being handled within DCC, and in 2015 he engaged Willis Towers Watson to undertake a review of DCC's approach to risk transfer/insurance. The Chief Executive then went down through his report in detail and explained the rationale behind the proposed changes to be implemented from the 1st January, 2017. He informed the Members that at present DCC was essentially "Self-Insuring" on the basis that a relatively low premium is being paid, but there is a huge excess of €500,000 in respect of each claim, before IPB become liable to pay out, (for Public Liability, Employer's Liability, Employee professional indemnity and an excess of €325,000 for Property, excluding social housing). The new arrangements he said, would result in a significantly higher premium, but would essentially be "Ground Up" cover (i.e. no or little excess).

In relation to the question of Public Procurement and the "Teckal Exemption", he stated that the Office of Government Procurement were satisfied that the exemption applies.

He then dealt with a number of questions from the Members in relation to staff, future costs etc. and at the end of the discussion, the Committee agreed that the question of I.P.B. Mutual Insurance Ltd. providing Value for Money, had now been addressed and it noted the Chief Executive's report.

4. Update from M. Pyne, Head of Human Resources & Corporate Services on:

- Review of Risk Management in DCC

Mr. Foster welcomed Ms. Pyne to the meeting. She referred to her written update and the Corporate Risk Register (CRR) which has been signed off by the Chief Executive (copies of both documents were circulated at the meeting). She then briefly discussed the risks identified under the headings: Strategic, Preventable and External. She explained that the next stage of the process is to put the "actions piece" in place. One of the issues raised, during the discussion which followed, was how matters of concern could be escalated to the CRR. Cllr. O Muiri gave two specific examples and Ms. Pyne undertook to (1) raise the two issues at the next meeting of the Risk Steering Group (scheduled for the 17th January 2017) and (2) to further update the A.C. in due course.

Mr. Foster said that he was satisfied that the process was advancing and he thanked her on behalf of the Committee for her attendance.

Action 1: Mary Pyne to report back in due course.

5. Audit Report No. 7/2016: Provision of Audit Services in the Area of Information System Security

Outsourced report, carried out by Ward Solutions. The AC felt it was a comprehensive & detailed report. In summary, I.S. Departments Policies & Procedures in place in relation to control of and security of data on DCC's mobile phones and tablets are robust.

Report noted.

6. Internal Audit Report R06/16 – Review of Recommendation Implementation for Internal Audit reports for the period 2011-2014

Overall compliance rate of 87%. One report on DCC properties leased/licensed to Community Groups reduced the compliance rate, as a large number of the recommendations were not implemented. This was due to movement of key staff and upgrading of the Oracle System, etc. The Assistant Chief Executive now in charge of this area has confirmed that all outstanding issues will be resolved by June 2017

BF: disappointing that one report reduces the overall implementation percentage, which otherwise would have been 98%.

7. Report No. 8/2016: To agree the Audit Committee's Work Programme for 2017

HF informed the Committee that a reference to a recommendation by NOAC in Report No. 7, Local authority Rates Collection 2013-2014, had to be included in their Work Programme. A.C. approved the Work Programme.

HF will send the report on the Work Programme to the City Council meeting in January, 2017, for adoption.

Action 2: HF to forward Work Programme to City Council meeting in January, 2017 for adoption.

8. Report No. 9/2016: Annual review of the Audit Committee's Charter

HF said two minor changes needed to be made to the Charter, i.e. the name of the room where the meetings are held, i.e. now the "Richard O'Carroll Room" and the Finance & Emergency Strategic Policy Committee to be amended to Finance Strategic Policy Committee. The revised Charter will then be forwarded to Council for formal approval.

Action 3: HF to forward revised AC Charter to City Council meeting in January, 2017 for adoption.

9. Report No. 10/2016: Internal Audit's draft annual Audit Plan for 2017

HF explained that the audit on the use of the LVP cards used up a lot of time in 2016. IA will be down 2 staff for most of 2017, but it is hoped that a vacancy at Grade 6 Accountancy level will be filled.

The audit on Fixed Assets is nearly finished. Motor Tax and PSC audits will be done in 2017. There is a sum in next year's I.A. budget to outsource some audits. Some significant audits being carried forward.

HF asked the AC to look at the draft audit plan and perhaps to prioritise some of them, in light of the reduced staff available in 2017. To be discussed at next meeting. It was noted that unplanned/unanticipated demands by Senior Management/Protected Disclosures etc., can also impact on the I.A.'s resources.

10. Preparation of the Audit Committee's report in accordance with Regulation 15
(1) Detailing:- its consideration and findings for the year 2016 in relation to all matters within its authority, duties and functions and (ii) a review of its performance in accordance with Regulation 13 and any issues impairing that performance.

HF to draft report for submission to AC at next meeting.

Action 4: HF to draft report of the Audit Committee, in accordance with Regulation 15, for submission to AC at the next meeting.

11. Familiarisation Sessions – Ideas for future sessions

BF suggested that this item be raised under AOB from now on.

12. Schedule of meetings

BF informed the Committee that he will be taking up the position as President of Dublin Chamber of Commerce from January, 2017. He will liaise with HF & KQ re dates, after he has checked his engagements for the Chamber of Commerce. Dates then to be confirmed with Members.

Action 5: Dates of meetings for 2017 to be confirmed with Members.

13. Training needs (Members)

To be raised under AOB from now on.

BF and HF to attend Breakfast Briefing in the I.P.A. on the 9th December, "Audit Committees – Rising Expectations".

14. AOB

No items raised.

The meeting concluded at 9.30 a.m.


Brendan Foster, Chairperson

Date: 9.3.2017

Appendix A

Actions agreed at this Audit Committee Meeting

- Action 1:** Mary Pyne to report back in due course on the Review of Risk Management in DCC.
- Action 2:** HF to forward the Audit Committees Work Programme to the City Council meeting in January, 2017 for adoption.
- Action 3:** HF to forward revised AC Charter to City Council meeting in January, 2017 for adoption.
- Action 4:** HF to draft annual report of the Audit Committee, in accordance with Regulation 15, for submission to the AC at the next meeting.

Appendix B

Actions agreed at previous Audit Committee meetings but still to be dealt with to date, to be carried forward to the next meeting of the A.C.

- 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:** Further update from the C.E. on the position regarding the use of LVP cards in the Homeless Services Section.

Actions 1, 2 & 3 agreed at the A.C. meeting held on the 17th November, 2016.

