

Dublin City Council

Audit Committee

**Draft Minutes of Meeting held on 9th March, 2017 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 Noeleen Reilly (Cllr. Reilly)
Councillor Naoise O Muiri (Cllr. O Muiri)

Officials:

Mr. Owen Keegan, Chief Executive (OK)
Ms. Kathy Quinn, Head of Finance (KQ)
Ms. Eileen Gleeson, Director, Dublin Region Homeless Executive (EG)
Mr. Cathal Quaid, Accountant, Homeless Finance Section (CQ)
Mr. Hugh Fitzpatrick, Head of Internal Audit (HF)
Ms. Martina Mc Loughlin, Staff Officer, Internal Audit

Apologies:

Councillor Nial Ring (Cllr. Ring)
Ms. Louise Ryan, Trinity College Dublin (LR)

1. Minutes of Audit Committee Meeting held on 8th December, 2016.

The minutes were agreed.

HF informed the Committee that the City Council, at its meeting held on 9th January 2017, agreed the amended Audit Committee Charter and Work Programme for 2017.

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

No conflict of interest declared.

3. Update on Report No. 1/2017 from the Director, Dublin Region Homeless Executive on the use of LVP cards in the Homeless Services Section

EG referred to her earlier update, which had been circulated with the agenda and further updated the Committee in relation to the following matters:-

(A) Position regarding the reconciliation of payments made by the LVP cards for the provision of emergency accommodation for families in 2015, 2016 and 2017. She

said that it may not be possible to fully reconcile all payments, particularly for parts of 2015, but that she will report further in that regard. Daily reconciliation of payments is now being done, with 100% reconciliation. It was noted that no misuse of the cards had been found. Checks and balances are now in place.

- (B) Proposal on the issuing of new cards and their use, i.e. individuals named, individuals authorised to use same, expenditure limits for each card, etc.
- (C) System for checking of accommodation usage and occupancy was outlined.
- (D) A new zonal security system is being put in place for Parkgate Hall
- (E) Staff resources is still somewhat of an issue, as it is proving difficult to recruit and keep Clerical Officers, due to the low pay scales on offer.

EG then answered a number of queries from the Members, at the end of which BF said that the Audit Committee's concerns were related to the lack of (1) controls around the use of the cards and (2) reconciliation work on the very significant level of expenditure being incurred on the LVP cards for the provision of emergency accommodation for families, but that the position seemed to be positive going forward. BF thanked EG and CQ for their update and attendance.

Action 1: Eileen Gleeson to further report back in due course on the reconciliation of payments for 2015 & 2016.

4. Internal Audit Report R01/17 – Annual Motor Tax Stock-take, 2016

BF queried why IA are still doing this annual stock-take audit. HF said that it was at the request of the Local Government Audit Service, but that he had been informed by Mr. Richard Murphy, Principal Local Government Auditor, that it need not necessarily be done by I.A., so long as it is done by staff independent of the Motor Taxation Office. The Committee decided that future annual Motor Taxation stock-takes should not be carried out by the I.A. Unit, on the basis that this area of operation is highly controlled and past audits have not generally thrown up any issues of concern of a materiality nature.

Action 2: HF to communicate to the Principal Local Government Auditor that future annual Motor Taxation stock-takes would not be carried out by the I.A. Unit, on the basis that this area of operation is highly controlled and past audits have not generally thrown up any issues of concern of a materiality nature.

5. Report No. 2/2017: Internal Audit's draft annual Audit Plan for 2017

HF explained that DCC is required to submit an annual Quality Assurance Return, under the Public Spending Code (PSC), to the National Oversight and Audit Commission by the 31st May. This year, due to a very recent change in the guidelines, as to how the PSC thresholds apply to Local Authorities, there has been a significant impact on the I.A. annual audit plan, in so far as three additional audits (in-depth checks) on capital projects to the value of €62M must now be completed, as well as the one audit planned relating to the PSC, which would have been sufficient

under the previous guidelines. He stated that the change would not impact so significantly next year, as we now know what the requirements will be.

The Committee's view was that the audit Plan for 2017 is to a large extent being dominated by the PSC requirements and that is an unsatisfactory position. These audits (PSC prescribed) are not generated from a risk based assessment and arguably will not contribute significantly to the governance and assurance framework in DCC.

The Committee approved the draft Audit Plan, subject to the deletion of the annual Motor Taxation Stock-take 2017 Audit (as decided under Item 4 of the minutes), but asked that their concerns in relation to the impact of the PSC on the Audit Plan be conveyed to the Chief Executive and to the City Council.

KQ said that she would raise with the County and City Management Association in the context of the four Dublin Local Authorities and perhaps Cork, the fact that these Authorities would have significantly higher capital expenditure (inventories) than the other Local Authorities and a consequent higher project value to audit.

Action 3: HF to draft letter to the Chief Executive and to the City Council (Lord Mayor), outlining the Committee's concerns in relation to its role in respect of the annual audit plan of the I.A. Unit. K.Q. to raise the matter (recent change in guidelines for the application of the PSC on Local Authorities with the CCMA).

6. **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.**

The draft report was agreed by the Members, for submission to the City Council.

Action 4: HF to submit report to April meeting of City Council.

7. **Schedule of meetings**

The following dates were agreed for future meetings of the AC in 2017: 1st June; 14th September and the 7th December.

8. **AOB**

- (1) K.Q. referred to a request from a County Councillor, who is a PhD student, and wished to undertake research on "Governance" and specifically DCC's audit committee. Details of this request were emailed to the Members yesterday by H.F. The request related to Audit Committee meetings and the Members time etc. over a period of almost two years. The Committee discussed the request and unanimously decided that it could not accede to the request on the basis that it would compromise the strict confidentiality principles firmly established, as to how the Audit Committee performs its function.

Action 5: KQ to convey the Committee's decision to the County Councillor.

- (2) KQ informed the Members that a Protected Disclosure had been received by Mr. Brendan Ralph, the Designated Officer within DCC. No details were disclosed to

the Committee by KQ, but she said that she was raising the matter because the Internal Audit Unit would have some role to play in dealing with the matter raised.

Training:

Chair of the AC & HoIA attended a briefing session in the IPA, "Audit Committees- Meeting Rising Expectations", on 9th December, 2016. Both found it very useful. BF said Members should raise the issue if they felt there was training or a familiarisation session that was needed.

The meeting concluded at 9.10 a.m.



Brendan Foster, Chairperson

Date: 1st June, 2017

Appendix A

Actions agreed at this Audit Committee Meeting

- Action 1:** Eileen Gleeson to further report back on the reconciliation of payments for 2015 & 2016 at a later date. **(EG)**
- Action 2:** HF to communicate to the Principal Local Government Auditor that future annual Motor Taxation stock-takes should not be carried out by the I.A. Unit, on the basis that this area of operation is highly controlled and past audits have not generally thrown up any issues of concern of a materiality nature.
- Action 3:** HF to draft letter to the Chief Executive and to the City Council (Lord Mayor), outlining the Committees' concerns in relation to its role in respect of the annual audit plan of the I.A. Unit, due to the impact of recent changes for complying with the PSC, particularly this year. **(HF)**
K.Q. to raise the matter (recent change in guidelines for the application of the PSC on Local Authorities) with the CCMA. **(KQ)**
- Action 4:** HF to submit report to April meeting of City Council. **(HF)**
- Action 5:** KQ to convey the Committees decision to the County Councillor. **(KQ)**

Appendix B

Actions agreed at the Audit Committee meeting held on 17th November 2016, to be carried forward to the June, 2017 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)**

