

Dublin City Council

Audit Committee

**Minutes of Meeting held on 1st June, 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)
Ms. Louise Ryan, Trinity College Dublin (LR)
Mr. Nathy Walsh, Institute of Public Administration (NW)
Councillor Nial Ring (Cllr. Ring)
Councillor Noeleen Reilly (Cllr. Reilly)
Councillor Naoise O Muiri (Cllr. O Muiri)

Officials:

Ms. Kathy Quinn, Head of Finance (KQ)
Mr. Hugh Fitzpatrick, Head of Internal Audit (HF)
Ms. Martina Mc Loughlin, Staff Officer, Internal Audit

1. Minutes of Audit Committee Meeting held on 9th March, 2017.

The minutes were agreed.

HF updated the A.C. on the following actions, which were agreed at the March 2017 meeting.

Action 1: Ms. Eileen Gleeson, Director of the Homeless Services Executive, will further report on the position regarding the use of LVP cards at the September meeting of the A.C.

Action 2: HF has informed Mr. Richard Murphy, Principal Local Government Auditor, of the Committee's decision in relation to future annual Motor Taxation Stock-takes.

Action 3: Letter from HF to the City Council via the Lord Mayor, conveying the concerns of the A.C. regarding the impact of the Public Spending Code on the Audit Plan for 2017, was noted by the City Council at the April Council meeting. A similar memo was sent by HF to the Chief Executive, who has responded to the effect that funding is available to outsource a number of audits on the Audit Plan, if required.

Action 4: Annual Report for 2016 from the A.C. to the City Council was noted at the April Council meeting.

Action 5: Decision of the A.C. regarding a request from a County Councillor was conveyed to him by K.Q.

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

No conflict of interest declared.

3. Internal Audit Reports, as required under the Public Spending Code (PSC)

Before the Audit Committee considered each of the “In-Depth Check” Reports (prepared as part of DCC’s “Quality Assurance Return” to the National Oversight and Audit Commission), HF at the request of BF, briefly explained the requirements of the Public Spending Code. He said that this is the third year that the PSC has applied to Local Authorities and that a Quality Assurance Return which consists of the following, must be submitted by the end of May in respect of the previous year.

- (1) An Inventory of all Revenue & Capital Expenditure, in excess of €0.5M, (Programmes & Projects) has to be drawn up, setting out the different range of spending, i.e. value bands, life cycle stages, etc.
- (2) Public information on the Council’s website of all procurements in excess of €10M
- (3) Completion of the 7 Checklists contained in the PSC
- (4) A more in-depth check (audit reports) of a small number of projects/programmes based on criteria established within the PSC
- (5) Completion of a report for NOAC, generated through compliance with steps 1-4 above.

He also explained the basis for selecting the three chosen “In-Depth Check” reports.

3(A). In-Depth Check of DCC’s Regulatory Compliance in Relation to Salary Expenditure on Sick Pay (Report R02/2017)

HF presented the report, stating the level of Sick Pay entitlement had been significantly reduced under the Public Service Management (Sick Leave) Regulations 2014, effective from the 31st March, 2014. There was, he said, provision to extend payment of sick leave if certain criteria are met, under the “Critical Illness Protocol”. Generally, he explained, sick leave is being monitored well by the individual Departments and subsequently payment of which is controlled by the H.R. Department, but a number of areas for improvements were identified and are set out in the recommendations. Implementation of those recommendations has been agreed with the Head of Financial Accounting and the Assistant Chief Executive, H.R. Department.

The following comments/observations, inter alia, were made by the A.C. Members.

“Finding – satisfactory. The number of manual interventions required in the process is of some concern, albeit, it is noted that no errors were found when checking a sample selection of sick pay calculations”. Tightening up of some aspects were welcomed and HF, following a request from a Member, confirmed that the implementation of the recommendations would be re-visited.

3(B). In-Depth Check of the Appraisal Stage of the Dominick Street East Side Regeneration Project (Report R03/2017)

HF presented the report by way of a short summary. Some of the comments made by the Members included the following:

- (1) Unit costs were high
- (2) Concerns at the wording “appears to have been conducted in compliance with the PSC”

- (3) KQ, in response to the first comment, said that the build would be of a very high quality and the benefit to the community was not always economic.
- (4) HF, in responding to the second comment, stated that this wording was used, as although the Multi-Criteria Analysis (MCA) and Cost Effectiveness Analysis (CEA) were ultimately described by the Department of Public Expenditure & Reform (DPER) as “robust”, that a number of criticisms had been made by them in that regard. The Project was subsequently also approved for funding by the Dept. of Housing, Planning, Community & Local Government. He further explained the template/format of the In-Depth Check reports were as set out in the Guidelines for Compliance by Local Authorities, approved by DPER.

BF said that the Committee had to examine the reports presented to them critically and that they couldn't feel constrained. He agreed that some of the comments made by DPER in relation to the MCA and CEA and its ultimate approval were contradictory.

3(C). In-Depth Check of the Implementation Stage of the Dolphin House Phase 1 project (Report R04/2017)

HF presented the report by way of a short summary. The main finding in the review of the project, he said, was that ongoing costs (Maintenance costs) were not taken into account in the Appraisal stage.

The A.C. were very concerned at this omission, as in its view, DCC should have a robust methodology and robust governance in place for Capital Projects (Standard Model for such projects) regardless of whether the PSC ever applied to Local Authorities.

KQ and HF informed the Committee that the Corporate Project Support Office had been re-established and is up and running now for a number of months. They have started to provide training on the PSC to relevant staff within the different Departments and a Corporate Projects Governance Board, chaired by the Chief Executive, is also in place.

While the Committee welcomed this, it sought re-assurance from the Senior Management Team that “good governance” is in place for Capital Projects and Compliance with the PSC to address any “knowledge gaps” within Departments.

Action 1: The issue of including ongoing costs for Capital Projects is to be raised by KQ at Senior Management Team (SMT) meeting. A formal SMT response will be considered at the next AC meeting.

4. A.O.B.

Development Contributions

HF informed the AC that the next two audits being re-started after the necessity to suspend work in order to meet the requirements of “In-Depth Checks” for the PSC are Housing Voids & Development Contributions, and it's hoped to bring them to the next meeting.

Cllr. Nial Ring raised a query re the Development Contributions audit, on the inclusion of the issue of Developers making a financial contribution instead of units for social housing. It was confirmed by KQ that this matter was not within the audit scope. She suggested that Cllr. Ring directly submit his concerns for consideration.

Familiarisation Sessions

The Committee were asked to consider if there was any familiarisation sessions that would be informative.

The Chairman suggested a presentation, which had been made to the Dublin Chamber of Commerce by Mr. J. O'Hara, Acting Dublin City Planning Officer, would be useful for the AC. It was also suggested that a presentation could be made by the Corporate Project Support Office (CPSO) later in the year.

Action 2: Arrange presentation by John O'Hara, Acting Dublin City Planning Officer, to the Audit Committee

It was agreed that a presentation that focused on making the PSC format clearer to the AC, would be useful.

Action 3: Circulate document re PSC – Guidelines for Compliance by Local Authorities

It was proposed by Councillor Nial Ring that the report given by the Chief Executive on Service Delivery Plan should be circulated to the members of the AC, for information purposes.

Action 4: Circulate Service Level Report of the Chief Executive

Next meeting: 14th September, 2017.

The meeting concluded at 9.00 a.m.



Brendan Foster, Chairperson

Date: 14.9.2017.

Appendix A

Actions agreed at this Audit Committee Meeting

- Action 1:** The issue of including ongoing costs for Capital Projects is to be raised by KQ at Senior Management Team (SMT) meeting. A formal SMT response will be considered at the next AC meeting.
- Action 2:** Arrange presentation by John O'Hara, Acting Dublin City Planning Officer, to the Audit Committee
- Action 3:** Circulate document re PSC – Guidelines for Compliance by Local Authorities
- Action 4:** Circulate Service Level Report of the Chief Executive

Appendix B

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

Actions agreed at the Audit Committee meeting held on 9th March, 2017, to be carried forward to the September, 2017 meeting of the A.C.

- Action 1:** Eileen Gleeson to report back on the reconciliation of payments for 2015 & 2016 at the September meeting. **(EG)**
- Action 3:** K.Q. to raise the matter (recent change in guidelines for the application of the PSC on Local Authorities) with the CCMA. **(KQ)**

