

Dublin City Council

Audit Committee

**Minutes of Meeting held on 7th December, 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)
Ms. Louise Ryan, Trinity College Dublin (LR)
Mr. Johnny McElhinney, Docklands Business Forum (JMCE)
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. Mary Pyne, Head of Human Resources & Corporate Services (MP)
Mr. Fintan Moran, Head of Management Accounting, Finance Department (FM)
Ms. Martina Mc Loughlin, Staff Officer, Internal Audit

1. Minutes of Audit Committee meeting held on 14th September, 2017.

The minutes were agreed.

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

No conflict of interest declared

3. Update from Ms. Mary Pyne, Head of Human Resources and Corporate Services on the Review of Risk Management, Report 4/2017

MP informed the Members that a Crisis Management Review is underway, following hurricane Ophelia. DCC, in particular the Environment & Transportation Department, is examining DCC's capacity to deal with such events. An update on the lessons, processes learned will be presented to the Risk Steering Group (RSG) in January, 2018,

General Data Protection Regulations (GDPR) is recognised as a corporate risk. The Law Agent, Terence O'Keeffe, has been appointed as the Data Protection Officer and has set up a Privacy Management programme. He has recruited a Senior Solicitor, Audrey O'Hara, to head this up. The deadline for compliance is 25th May, 2018. This is a standing item on the agenda for Risk Steering Group meetings.

KQ stated that in relation to IT, external assistance has been procured to progress a compliance programme.

The potential impact of Brexit on DCC suppliers is also recognised as a corporate risk, for discussion at the RSG meeting in January 2018. The Heads of Departments will outline the risks for their Departments.

MP advised that Departmental Risk Registers will be reviewed in Jan. 2018. Ernst & Young are working, initially with Environment & Transportation Department, then with Housing & Community Services Department, to reduce the numbers of risks held.

It was noted that the Ernst & Young engagement has concluded.

The committee welcomed that focus would be given to how risks were escalated and how Departmental risks were linked to Corporate risks.

It was agreed that the E&T Department Risk Register would be submitted to the AC, when available.

The AC agreed that MP does not need to attend future AC meetings, unless a specific issue arises and requested that Terence O'Keeffe and/or Audrey O'Hara give a presentation on the GDPR to the AC, maybe at the June meeting.

Action 1: Arrange to submit a copy of Environment & Transportation Department's Risk Register to the AC, on completion of that Department's review with Ernst & Young (as a sample of a Risk Register for the AC)

Action 2: Presentation to be given by Terence O'Keeffe and/or Audrey O'Hara on the General Data Protection Regulations (possibly at the June 2018 meeting)

4. Familiarisation Session: Review of the Authority's Financial and Budgetary Reporting Practices and Procedures.

Mr. Fintan Moran, Head of Management Accounting, gave a presentation on Dublin City Council's financial and budgetary process. He outlined the statutory framework governing this process; the budget planning process; the impact of the Local Property Tax; drafting the budget; the political and consultative process and the financial reporting/budgetary control framework.

Queries were raised in relation to pensions, and whether DCC are increasing staff numbers and on the allocation of funding. KQ informed the Members that there has been a staff reduction of approx. 24% and the funding of pension costs is a major issue.

BF thanked FM, on behalf of the AC, for giving the presentation and said it was very informative.

5. The breakdown of Transfer Note 14, Annual Financial Statement 2016

This was for information purposes for the Members, following the Consideration of the Audited Annual Financial Statement for the year ended 31st December 2016 and the Local Government Auditor's Report on the AFS, at the September meeting.

The AC noted this item.

6. To agree the Audit Committee's Work Programme for 2018, Report No.6/2017

HF advised the Committee that a reference to a recommendation by NOAC in Report No. 7, Local authority Rates Collection 2013-2014, which was included in the AC's Work Programme for 2017, was a once-off requirement. He asked the Members if they were in favour of deleting this from the 2018 Work Programme. The Members agreed with this proposal.

HF will send the report on the Work Programme to the City Council meeting in January 2018, for adoption.

Action 3: HF to forward the Audit Committees Work Programme to the City Council meeting, to be held in January 2018, for adoption.

7. Annual review of the Audit Committee's Charter, Report No.7/2017

HF informed the Committee that following a meeting between BF, KQ and the Chairperson of the Financial Performance Sub-Group, National Oversight and Audit Commission (NOAC), in relation to the functions of the AC, it might be advisable to remove the following from the AC Charter:

"This will incorporate a review and consideration of all aspects of the financial cycle within Dublin City Council from budget preparation and adoption, monitoring of income and expenditures through to the completion of the annual financial statements"

The Members agreed with the deletion of this item from the Charter, as it was too prescriptive and encroaches on the role/function of the Executive.

HF also suggested an amendment in relation to the wording under "Protected Disclosures (Whistleblowing)" Article 10 as follows:

The wording "will arrange to put in place a protocol" to be replaced with "a protocol has been put in place"

The Members agreed to this amendment.

The revised Charter will be forwarded to Council for formal approval.

Action 4: HF to forward revised AC Charter to City Council meeting, to be held in January 2018, for adoption.

8. Preparation of the report of the Audit Committee in accordance with Regulation 15. (1) Detailing:- its consideration and findings for the year 2017 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 the AC at the next meeting.

Action 5: HF to draft annual report of the Audit Committee, in accordance with Regulation 15, for submission to the AC at the next meeting.

9. Internal Audit Report No. R05/2017: Review the Efficiency and Value for Money of the System to Manage and Repair Voids.

HF gave a brief overview of the audit, which related to work carried out on "Voids" during 2015, and stated that there had been further improvements made by the Housing in relation to the management of voids since then.

The Committee noted that the rating given on this report was "weak", due to the Framework Agreement breaches, but that the level of activity on refurbishment of voids was impressive. The Committee queried current procurement practices and in particular noted the absence of activity data to support an analysis of performance and efficiency. In view of a similar gap having been highlighted in the 2015 Audit Report on the Joinery Workshop audit, the Committee declined to view the report as complete. They want further information in relation to the work carried out by Direct Labour, i.e. figures in relation to cost and time for DL work against the same for work carried out by Contractors.

The Members agreed that a form of wording to reflect the AC view be drafted and forwarded to the Chief Executive, Owen Keegan. This would include the required measures being completed within a certain timeframe, with a report to come back to the AC by mid-2018.

Action 6: Submit AC's concerns to the Chief Executive re lack of clarity around Direct Labour element of this report, not possible to compare cost of works or time involved for Direct Labour work against work carried out by Contractors, due to the absence of accurate costing of DL work. To report back to AC by mid-2018.

10. Internal Audit Unit - Draft Annual Audit Plan for 2018, Report No.8/2017

BF outlined briefly that the 2018 Plan comprises the outstanding audits from 2017, new audits and audits to be outsourced. He also referenced resources in the IA unit. He informed the Committee that they can make suggestions in relation to audits, either to delete audits from the Plan or propose audits.

It was agreed that the Members would further consider the draft Audit Plan, that IA would continue working on items brought forward from 2017 and that the final audit plan would be confirmed at the March meeting. Members may submit areas for inclusion.

11. Report from Motor Taxation Office, following an investigation of irregularities in relation to the payment and receipting of arrears of motor tax, by a former cashier. (Control Weakness), Report No. 9/2017

BF said this was an internal matter, which had been investigated and is being dealt with.

12. Freedom of Information request from Mr. John Burke, RTE, Copies of Audits completed from the 1st January 2017

The AC noted this.

13. Schedule of meetings of the Audit Committee for 2018

Suggested dates: 8th March, 14th June, 20th September, 13th December.
Members agreed with these dates, provisionally.

14. A.O.B.

HF informed the Members that Mr. Richard Murphy, the Principal Local Government Auditor, is moving to South Dublin County Council. He is being replaced from the 1st January 2018 by Ms. Ita Howe, who will be assigned by the Director of the LGAS, as "Principal Local Government Auditor, for Dublin City Council. The AC wished him well and asked that this be conveyed to him..

Cllr. O Muiri requested that AC papers/info.pack be uploaded to Mod.Gov

Action 7: HF to forward the good wishes of the Audit Committee to Richard Murphy, on his move to South Dublin County Council.

Action 8: Audit Committee papers/information packs to be uploaded to Mod.Gov from now on.

Next meeting: 8th March, 2018.

The meeting concluded at 9.30 a.m.



Brendan Foster, Chairperson

Date: 8.3.2018

Appendix A

Actions agreed at this Audit Committee Meeting

- Action 1:** Arrange to submit a copy of Environment & Transportation Department's Risk Register to the AC, on completion of that Department's review with Ernst & Young (as a sample of a Risk Register for the AC)
- Action 2:** Presentation to be given by Terence O'Keeffe and/or Audrey O'Hara on the General Data Protection Regulations (possibly at the June 2018 meeting)
- Action 3:** HF to forward the Audit Committees Work Programme to the City Council meeting in January, 2018 for adoption.
- Action 4:** HF to forward revised AC Charter to City Council meeting in January, 2018 for adoption.
- Action 5:** HF to draft annual report of the Audit Committee, in accordance with Regulation 15, for submission to the AC at the next meeting.
- Action 6:** Submit AC's concerns to the Chief Executive re lack of clarity around Direct Labour element of this report, not possible to compare cost of works or time involved for Direct Labour work against work carried out by Contractors. To report back to AC by mid-2018
- Action 7:** HF to forward the good wishes of the Audit Committee to Richard Murphy, on his move to South Dublin County Council.
- Action 8:** Audit Committee papers/information packs to be uploaded to Mod.Gov from now on.