



Audit Committee Annual Report 2017

The Audit Committee is a statutory committee established in accordance with Section 59 of the Local Government Reform Act 2014. In the case of Dublin City Council there are seven members on the Committee who are as follows:

- Mr. Brendan Foster, Dublin Chamber of Commerce (Chairperson)
- Mr. Johnny McElhinney, Docklands Business Forum
- Councillor Naoise O Muirí
- Councillor Noeleen Reilly
- Councillor Nial Ring
- Ms. Louise Ryan, Trinity College Dublin
- Mr. Nathy Walsh, Institute of Public Administration.

The role of the Audit Committee is to support the Elected Council by providing an independent assessment of the activities of Management in controlling the City Council and the quality of the risk management, financial reporting, financial management and internal audit.

The functions of an Audit Committees are clearly defined and set out in Section 59(2) of the Local Government Reform Act 2014.

The functions of an audit committee are –

- (a) To review financial and budgetary reporting practices and procedures within the local authority that has established it,
- (b) To foster the development of best practice in the performance by the local authority of its internal audit function,
- (c) To review any audited financial statement, auditors' report or auditors' special report in relation to the local authority and assess any actions taken within that authority by its Chief Executive in response to such a statement or report and to report to that authority on its findings,
- (d) To assess and promote efficiency and value for money with respect to the local authorities performance of its functions, and
- (e) To review systems that are operated by the local authority for the management of risks.

Audit Committees are also required under Regulation 15 of the Local Government (Audit Committee) Regulations 2014 to prepare an annual report, within three months of the expiration of each calendar year, on its activities and findings during the previous year, which should also include the Committee's assessment of its own effectiveness and performance. This report has been prepared and is being submitted, for your consideration, in compliance with the above referred to Regulation.

Audit Committees activities during 2017:

The Committee met on four occasions in 2017: March, June, September and December. The Audited Annual Financial Statement (AFS) for 2016 and the Principal Local Government Auditor's (PLGA) Report on the AFS was considered by the Committee at the September meeting. Mr. Richard Murphy, Principal Local Government Auditor was in attendance at that meeting. All of the issues contained in the PLGA's report were discussed and a number of them were discussed at length e.g. (A) Transfers to/from Reserves (B) Level of expenditure on Homeless Services (C) Risk Management and (D) Fixed Assets. The Audit Committee duly submitted its report (as required under the relevant legislation) to the City Council on its considerations of the audited AFS and PLGA's report. The City Council noted that report, at the October City Council meeting.

The Committee also reported to the City Council (April 2017 Council meeting), as required by the Audit Committee Regulations 2014, on its activities during the year 2016.

Reports/Updates:

The Committee once again reviewed its "Charter" at the December 2017 meeting and a minor change was made to it. The revised Charter was formally adopted by the City Council at the January 2018 Council meeting.

The Committee agreed its "Work Programme" for 2018, which was also formally, approved by the City Council at the January 2018 Council Meeting.

Two "Familiarisation Sessions" were held for the Committee Members during the year, the first by way of a presentation given by Mr. Fintan Moran, Head of Financial Accounting on a "Review of the Authority's Financial and Budgetary Reporting Practices and Procedures and the second by way of a presentation titled "Planning Dublin City" given by Mr. John O'Hara, Dublin Planning Officer (at the December and September Committee meetings respectively).

Copies of reports issued by the National Oversight and Audit Commission in 2017, were circulated to the Members by the Secretary to the Committee and were listed for discussion at the next meeting of the Audit Committee following their circulation, if deemed appropriate by the Chairperson.

The Audit Committee received an update from Ms. Mary Pyne, Assistant Chief Executive, Human Resources & Corporate Services, on the review of "Risk Management within DCC" at the December meeting. She also updated the Committee in relation to "GDPR" and the Committee has requested a comprehensive update from the Law Agent post the implementation date of the 25th May 2018 of these regulations coming into force. i.e. at the June 2018 meeting of the Audit Committee.

Internal Audit Unit:

Mr. Hugh Fitzpatrick, Head of Internal Audit and Secretary to the Audit Committee attended three of the four meetings of the Committee. He was unavailable to attend the fourth meeting. The following Audit Reports were submitted to the Audit Committee during the year:-

- (a) Annual Motor Tax Stock-take 2016. Audit Report R01/2017
- (b) In-Depth Check of DCC's regulatory Compliance in relation to Salary Expenditure on Sick Pay. Audit Report R02/2017
- (c) In-Depth Check of the Appraisal Stage of the Dominick Street East Side Regeneration Project. Audit Report R03/2017.
- (d) In-Depth Check of the Implementation Stage of the Dolphin House Phase 1 Project. Audit Report R04/20175N
- (e) Review the Efficiency and Value for Money of the system in place to manage and repair Voids. Audit Report R05/2017

The Head of Internal Audit presented a draft Audit Plan for 2018 to the Committee at the December meeting. The Committee decided to list the draft Audit Plan for the first meeting in 2018 in order to further consider the draft Plan.

Internal Audit, as a matter of course, annually review the implementation rate of recommendations contained in previous years Internal Audit Reports and formally report findings to the Audit Committee.

The Committee is extremely concerned at the sharp decline in compliance in relation to the recommendation implementation rate achieved for some audit reports, in one case none of the twenty (20) recommendations had been implemented when reviewed two years later.

This concern has been formally raised with the Chief Executive. The Audit Committee views this diminution of the governance environment to be totally unacceptable and have asked that the matter is urgently addressed by the Chief Executive and his Senior Management Team.

Regulation 13(1) of the Local Government (Audit Committee) Regulations 2014 states as follows:

"The Audit Committee shall undertake annually a review of its own effectiveness and shall report to the Local Authority on its findings".

The Audit Committee has reviewed its own performance and effectiveness in relation to (A) Legislative requirement, (b) Audit Committee Charter (c) the Audit Committee's Work Programme for 2017. (D) Risk Management (E) Review of the Authority's Financial and Budgetary reporting practices and procedures and (F) Engagement with the National Oversight and Audit Commission (NOAC).

I, as Chairperson, on behalf of the Audit Committee met with Mr. Pat Buckley Chairperson, Financial Performance Sub-Group of NOAC in August 2017 to discuss and to clarify the role of "Audit Committees" as a follow up to an earlier letter sent by him to the Chairperson of each Local Authority Audit Committee. Ms. Kathy Quinn, Head of Finance accompanied me at the meeting. Subsequently, I formally responded to his letter on behalf of the Audit Committee (having first agreed the wording of the response with the other Members).

I, as Chairperson on behalf of the Members wish to state that we are satisfied that the Audit Committee has complied fully with all of its obligations and carried out all of its functions satisfactorily.

The Members of the Audit Committee completed their annual return, as provided for in the A.C. Charter, and "Any Conflict of Interest", is a standing item on the agenda for meetings of the Committee.

Mr. Owen Keegan, Chief Executive attended the March meeting of the Committee

Attendance and participation by Members at our meetings was very satisfactory.

In conclusion, on behalf of the Committee I wish to thank the management and staff of Dublin City Council for their support and co-operation during 2017. The Committee particularly wishes to thank the Head of Finance and all the staff in Internal Audit for their input, advice and assistance.

Brendan Foster,
Chairperson,
Audit Committee.
27th March 2018.