

Dublin City Council

Audit Committee

Minutes of Meeting held on 8th March, 2018 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 Naoise O Muiri (Cllr. O Muiri)

Officials:

Ms. Kathy Quinn, Head of Finance (KQ)
Mr. Hugh Fitzpatrick, Head of Internal Audit (HF)
Ms. Ita Howe, Principal Local Government Auditor (IH)
Ms. Martina Mc Loughlin, Staff Officer, Internal Audit

1. Minutes of Audit Committee meeting held on 7th December, 2017.

A query was raised in relation to 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".

KQ confirmed that the Chief Executive is preparing a draft response. When this response is received, it will be issued to Members.

HF informed the Members that the AC Work Programme and Charter was approved at the January, 2018 City Council meeting.

The minutes were agreed.

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

No conflict of interest declared

3. Introduction of Ms. Ita Howe, Principal Local Government Auditor

BF welcomed IH to the meeting and wished her well in her new role. He stated that the AC is fully engaged with this process (Audit of AFS). IH responded that she was looking forward to her new role, including working with the AC, and will take any concerns raised by it, into account. She will initially be assisted by four staff and that number will increase over the coming months. She stated that she hopes to have received the AFS by the end of March and that her report will be completed by the end of July.

4. Two (2) NOAC reports: Report 13 – PSC, L.A. Quality Assurance Report 2016 & Report 14 – Performance Indicators in LA's 2016

HF gave a brief introduction to both reports, and then he specifically referred to page 4 of Report No. 13, which states that Dublin City Council was one of a number of Local Authorities that were non-compliant with the percentage requirement of the Total Revenue & Capital Inventory Value for the years 2014-2016, subjected to "In-Depth" Checks. He said that he had written to NOAC challenging this in the case of DCC, as NOAC had changed the guidelines in relation to the percentage requirements in February 2017, which was year 3 of the three year period.

He also said that he had sought clarification in relation to how NOAC will assess compliance with the percentage requirement for the 2017 Quality Assurance Return.

In relation to Report No. 14, HF informed the Committee that NOAC would like Local Authorities to assess their Performance Indicators against L.A.s of a similar size, and in particular to focus on areas where Performance Indicators may have been weak. This he said was difficult for DCC, as we are by far the largest L.A. in the country.

BF, on behalf of the Committee, asked for a short note from "Management" as to how they review and evaluate the Performance Indicators report.

Action 1: Brief note to the Audit Committee on the use of Performance Indicators, by DCC Management

5. Internal Audit Report R01/2018: Review of Recommendation Implementation for Internal Audit reports 2015, and follow-up of recommendations made in 2011-2014

HF presented the report and said that the significant decline in compliance in relation to the recommendation implementation rate was mainly attributable to (A) Audit Report No. R03A/15, as none of the twenty (20) recommendations contained in that report have been implemented and to a lesser extent, (B) the non-implementation of twenty-six (26) recommendations from fifty-four (54) recommendations (relevant for statistical purposes) contained within Audit Report R06/14 – Review of DCC Properties Leased/Licensed to Community Groups in the Central Area also contributed to the decline in the compliance rate. The primary DCC Department with responsibility for their implementation being Housing & Community Services, as Mr. Brendan Kenny is also responsible for the five Areas. The Audit Committee unanimously expressed their extreme concerns in relation to this and, while noting the Assistant Chief Executive's response, dated the 22nd December 2017, considered it to be unacceptable.

They asked that a strongly worded letter be sent on the Committees behalf to the Chief Executive requesting a response, together with a detailed implementation plan of what is proposed in relation to these recommendations. They further stated that they required this response by the end of this month. In the event of a satisfactory response not being received by the 31st March, the Committee will consider what further action to take.

Action 2: HF to submit a strongly worded letter to CE, on the AC's behalf, requesting a response, including a detailed implementation plan in relation to the recommendations, with response to be forwarded by the CE by the end of March.

6. Internal Audit Report R02/2018: In-Depth Check of the Post-Implementation (Post-Project Review) stage, per the PSC requirements

HF introduced the report by way of explaining that an "In-Depth" Review is required under the Public Spending Code (PSC) on each life cycle stage of a Project over a five year cycle, so this being year four of that cycle, it was decided to carry out a "Post-Project Review" (PPR). PPRs are required for all projects in excess of €20M and also on at least 5% of all other projects. Internal Audit, as set out in the report, was unable to identify any "Post-Project Review" which had been done on projects ended in 2016 or 2015. He did point out that only one (1) project with a value in excess of €20M had been completed and a further 49 projects with lesser values. The Committee's view was that regardless of the requirements of the PSC, that it should be best practice to carry out "Post-Project Reviews" and they were concerned that it doesn't appear to be part of the DCC culture at present. They were also appalled at the "No Response" from a number of Departments to I.A. queries in relation to this matter. This, they considered, to be totally unacceptable and should be brought to the Chief Executive's attention, together with the need for a change of culture within DCC with regard to PPRs.

KQ explained that the Capital Project Support Office (CPSO) is now operational. The CPSO does not have executive powers, it reports to a Board, which in effect is the DCC Management Team. Also, Housing & Community Services Department is not currently under the CPSO remit.

Action 3: The Committee's concerns at the findings of this Audit Report to be also conveyed to the Chief Executive.

7. Internal Audit Unit - Draft Annual Audit Plan for 2018, Report No.1/2018

HF presented the draft Plan and provided an update on each of the proposed audits. He also explained the rationale for selecting the items relating to the "In-Depth" Check Reports required as part of the Quality Assurance return to NOAC, under the Public Spending Code. The Committee asked, following a discussion on the proposed audit regarding Garda Vetting of DCC staff, that this be given priority, once the audits for the PSC had been completed. They also suggested that the scope be expanded to include a Review of Policy/Process with regard to Garda Vetting.

The Committee then confirmed its approval of the 2018 Audit Plan.

Action 4: Priority to be given to the "Garda Vetting of DCC Staff" audit, once work on the PSC has been completed. Scope of this audit to be expanded to take account of Audit Committee's request.

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

The AC approved the report, but asked that an amendment be made to include their concerns in relation to the lack of implementation of Internal Audit recommendations.

HF to draft amendment, forward to BF and NOM for agreement and then circulate amended report to other Members. Amended report to be forwarded to City Council for approval

Action 5: HF to draft amendment and, following approval of amended wording (by BF & Cllr. O Muiri), circulate the amended draft annual report to the A.C. (for comment, if none received within a few days, will be taken as agreed), and then submit it to City Council for approval.

9. Schedule of meetings of the Audit Committee for 2018

Suggested dates: 14th June, 20th September, 13th December.

Members agreed these dates.

10. A.O.B.

HF informed the Members that a Freedom of Information request was received in relation to DCC insurance.

The AC noted this.

Next meeting: 14th June, 2018.

The meeting concluded at 9.15 a.m.



Brendan Foster, Chairperson

Date: 12.7.2018

Appendix A

Actions agreed at this Audit Committee Meeting

- Action 1:** Brief note to the Audit Committee on the use of Performance Indicators, by DCC Management
- Action 2:** HF to submit a strongly worded letter to CE, on the AC's behalf, requesting a response, including a detailed implementation plan in relation to the recommendations, with response to be forwarded by the CE by the end of March.
- Action 3:** The Committee's concerns at the findings of this Audit Report, i.e. In-Depth Check of the Post-Implementation (Post-Project Review) stage, per the PSC requirements, to be also conveyed to the Chief Executive.
- Action 4:** Priority to be given to the "Garda Vetting of DCC Staff" audit, once work on the PSC has been completed. Scope of this audit to be expanded to take account of Audit Committee's request.
- Action 5:** HF to draft amendment and, following approval of amended wording (by BF & Cllr. O Muiri), circulate the amended draft annual report to the A.C. (for comment, if none received within a few days, will be taken as agreed), and then submit it to City Council for approval.

Appendix B

Actions agreed at the Audit Committee meeting held on 7th December 2017, and to be carried forward to the June 2018 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 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