

Dublin City Council

Audit Committee

**Minutes of Meeting held on 20th September, 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 Naoise O Muiri (Cllr. O Muiri)
Deputy Lord Mayor Councillor Cathleen Carney Boud (DLM)

Officials:

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

Apologies:

Lord Mayor Councillor Nial Ring (LM)

1. Minutes of Audit Committee meeting held on 12th July, 2018.

The minutes were agreed.
HF updated the Members in relation to the actions listed in the minutes. Actions outstanding, and responses outstanding to actions, will be discussed at the next meeting.

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

No conflict of interest was declared

3. Consideration of the Audited Annual Financial Statement for the year ended 31st December 2017 and the Local Government Auditor's Report on the Annual Financial Statement (AFS).

BF welcomed and thanked the Principal Local Government Auditor, Ita Howe, for attending. He confirmed with the Members that they had read and considered Ms. Howe's report and the full AFS.

Ms. Howe dealt with all of the issues raised in her report and the following were among the issues which were queried by the Committee and dealt with by Ms. Howe/Ms. Quinn.

Statement of Financial Position

A credit balance of €23.2M on General Revenue Reserve at the end of 2017 was noted.

Government Debtors

The increase in government debtors to €136m (of which €126.1 was owed by the Department of Housing Planning and Local Government) was discussed. The Head of Finance informed the Members that most of it related to expenditure on Housing/Homelessness and that the position had improved since the end of 2017.

Local Property Tax

Ms. Howe and Ms. Quinn explained that the LPT had essentially replaced the Local Government Fund and other sources of funding from central government and consequently does not provide DCC with any significant level of additional funding than heretofore.

Income Collection

The various sources of income collection were discussed, queries dealt with and positions noted.

Bad Debt Provisions

Ms. Howe stated that essentially Dublin City Council was well provisioned in relation to same.

Capital Account

The improvement in the closing balance was noted which can be attributable to:

- Increase in development contributions receipts
- Reserves
- Monies received from Dublin Waste to Energy Ltd.

Unfunded Debit Balances

Ms. Ita Howe advised that the position had improved since the previous year, reduced from €45m to €24.6m. In response to a query from the Members, Ms. K. Quinn outlined a number of reasons that result in unfunded debit balances.

Fixed Assets

The issue of concern relating to non reconciliation of the Fixed Assets Register with the figure in Note 1 of the AFS for Housing was discussed at length and Ms. Ita Howe said that she was satisfied with the Chief Executive's response as to how this matter would be addressed before next year's audit.

NW queried the €33.2M revaluation of housing fixed assets, as set out in Note 1 to the AFS. KQ to provide a report to all A.C. Members

Procurement

The issues raised in relation to this matter were discussed and the Chief Executive's responses noted. However in relation to public procurement of legal services, specifically in respect of the engagement of Barristers, the Committee requested additional information, by way of a management report, to enable it to further consider this matter.

With regard to the reference of the extension of contracts without undertaking a re-tendering process, Members were of the opinion that Dublin City Council should have sufficient staff capacity and expertise to ensure that new contracts are approved and ready to commence upon the expiration of the previous contract. Position regarding the other contracts listed in the report to be kept under review by the A.C.

BF thanked IH and said the report was very thorough & detailed.

Action 1: KQ to provide information in relation to the revaluation of housing fixed assets.

Action 2: Report to be provided to the Members in relation to the public procurement of legal services, specifically in relation to the engagement of Barristers

Action 3: A.C. to keep public procurement procedures under review, in relation to specific contracts listed in the PLGA's report

4. Preparation of the report of the Audit Committee to the City Council, following its consideration of the Audited AFS and Local Government Auditor's report (in compliance with Section 60 of the Local Government Reform Act 2014).

The Audit Committee are required under legislation to consider the audited AFS and the Local Government Auditor's report and to produce a report on their findings. They are required to submit this report to the next practicable meeting of City Council. It was agreed that a report would be drafted by HF, approved by BF, and submitted to the City Council at its meeting to be held on 1st October next.

BF also requested that the report be circulated to the Members, following his approval of same.

Action 4: AC report on the AFS to be submitted to the City Council meeting, to be held on 1st October next.

Action 5: AC report on the AFS to be circulated to the Members, following approval by BF

5. Internal Audit report R07/18: A Review of Dublin City Council's Development Contributions

HF gave an overview of the report and its main findings. He said that a lot of work had been done to improve the interface between "APAS" (Planning System) and the "Oracle" Financial Management System. He informed the Committee that Senior Management in the Planning & Property Development Department have (1) accepted all of the recommendations and (2) committed to implement same.

The Committee commended the report for its comprehensiveness and level of detail.

6. Audit Report No. 08/2018: Review of stock procedures at the Public Lighting and Electrical Services Depot, Marrowbone Lane

HF explained the reason for this audit report, as it was not contained in the 2018 Annual Audit Plan.

In response to a query from the Members, HF informed the Committee as to the I.A. Units experience to date with "outsourcing of some audits".

7. Two NOAC reports:

- **Report No.17 – Internal Audit in Local Authorities**
- **Report No.18 – Local Authority Satisfaction Survey 2018**

HF informed the Members that there were some errors in the NOAC reports, including a reference to professional qualifications within DCC's I.A. Unit. The Report misrepresents the actual situation as the questionnaire on which the report was based related only to the "Head of Internal Audit"

HF said he had contacted NOAC, requesting that errors be rectified, but this had not happened.

NOAC also recommend the adoption of the Standards of the Institute of Internal Auditors. KQ informed the Committee that the future structure of audit services is being discussed at CCMA meetings.

8. A.O.B.

The Committee noted the Environment & Transportation Risk Register.

Next meeting: 13th December, 2018.

The meeting concluded at 9.30 a.m.



Brendan Foster, Chairperson

Date: 13. 12. 2018

Appendix A

Actions agreed at this Audit Committee Meeting

- Action 1:** KQ to provide a report to all A.C. Members in relation to the revaluation of housing fixed assets, as set out in Note 1 to the AFS
- Action 2:** Report to be provided to the Members in relation to the public procurement of legal services, specifically in relation to the engagement of Barristers
- Action 3:** A.C. to keep public procurement procedures under review, in relation to specific contracts listed in the PLGA's report
- Action 4:** AC report on the AFS to be submitted to the City Council meeting, to be held on 1st October next.
- Action 5:** AC report on the AFS to be circulated to the Members, following approval by BF

Appendix B

Actions agreed at previous Audit Committee meetings, to be carried forward to the December, 2018 meeting.

7th December, 2017

Action 6: Housing Voids report: 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

8th March, 2018

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.

12th July, 2018

Action 5: KQ to raise the issue of the format of PSC reports at the CCMA meeting