

Dublin City Council

Audit Committee

**Minutes of Meeting held on 13th December, 2018 at 4p.m.
in the Mansion House, Dawson Street**

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)
Lord Mayor Councillor Nial Ring (LM)
Councillor Naoise O Muiri (Cllr. O Muiri)
Deputy Lord Mayor Councillor Cathleen Carney Boud (DLM)

Officials:

Mr. Owen Keegan, Chief Executive (OK)
Ms. Kathy Quinn, Head of Finance (KQ)
Mr. Brendan Kenny, Deputy Chief Executive, Housing & Community Services Dept. (BK)
Mr. Hugh Fitzpatrick, Head of Internal Audit (HF)
Ms. Martina Mc Loughlin, Staff Officer, Internal Audit

1. Minutes of Audit Committee meeting held on 20 September, 2018.

The outstanding Actions from previous meetings were discussed and will be kept on the minutes, until resolved.

The minutes were agreed.

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

No conflict of interest was declared.

JMcE informed the Committee that his Company have been appointed to Dublin City Council Culture Company CLG. The Committee noted this.

**3. The non-implementation of recommendations contained in
(1) Audit Report No. R03A/15 - Review of Joinery Workshop and
(2) Audit Report No. R06/14 - Review of DCC Properties Leased/Licensed to Community Groups in the Central Area
and the response, dated 5th October, 2018 from the Chief Executive in relation to these matters.**

Re Audit Report No. R03A/15 - Review of Joinery Workshop

BK apologised to the Members for the lack of implementation and follow-up. He said that the housing/homeless crisis has had an impact on his Department, in terms of time and resources. He committed to personally following up on the recommendations and will forward a strong

response in the next few months. The Committee expressed their appreciation, but were anxious to receive a definitive response.

A discussion ensued on the outstanding issue in relation to Housing Voids, i.e. the comparison between the cost of works carried out by Direct Labour as against the cost of works carried out by Contractors. OK said that the backlog has been cleared and it was necessary to engage Contractors for this. He confirmed that there will be no change in approach in the short term. OK said that there were factors other than VFM. Expenditure on housing is highly volatile, there has been a doubling of the budget for voids and it's easier to engage Contractors than to recruit more General Operatives. Also, some areas are specialist and DCC couldn't deal with this element, it needs Contractors.

BF said the issue of Value for Money was a matter for the Executive

HF stated that outstanding recommendations will be picked up under the Review of Implementation of Recommendations, 2019

Re Audit Report No. R06/14 - Review of DCC Properties Leased/Licensed to Community Groups in the Central Area

BK confirmed that good progress was being made

Action 1: BK to forward a response to the AC re the implementation of Recommendations for R03A/15 - Review of Joinery Workshop and R06/14 - Review of DCC Properties Leased/Licensed to Community Groups in the Central Area

4. Co-Sourced Audit Report: R06-2018 - Review of Drivers Records

HF confirmed that this is a report carried out by Deloitte and that it was given a rating of "needs improvement"

A number of issues came to the fore, including photocopies of drivers' licences being accepted sometimes and that there was no system to raise an alert when licences were due to expire.

There is no mechanism to capture penalty points. One of the recommendations by Deloitte was that an annual declaration be provided by drivers and that a procedures manual for Drivers be updated.

The Committee were surprised that no points were recorded, given the large number of Drivers involved. They queried what were the consequences for DCC of unlicensed drivers and if this was a disciplinary issue.

KQ said they weren't insured and she would check with HR re enforcement if drivers don't have driving licences.

HF said DCC couldn't get access to check if a driver had penalty points.

Action 2: KQ to check with Human Resources re the issue of enforcement, if drivers don't have driving licences.

5. Co-Sourced Audit Report: R11-2018 - Review of Procurement within DFB

This is also a Deloitte report, which has a rating of "unsatisfactory". HF informed the Committee that Deloitte's original rating was "needs improvement", but IA requested that it be changed to "unsatisfactory", given the issues uncovered during the audit.

Tests were carried out on a sample of 21 suppliers, of which 11 showed breaches of non-compliance with procurement and 3 had Purchase Orders approved after goods were invoiced.

The Members were very surprised and found it difficult to comprehend the lack of compliance with the procurement process. They were not happy with the conditional response given by Management. They queried was this issue included on the Risk Registers.

The Chief Executive, responding to the Members, said it was worrying, but did not agree that it was a resource issue. KQ said the procurement process is complex, but is the same everywhere and there is a lot of help available.

The Members requested that a letter be drafted by HF, to be cleared by BF, and sent to the A/Chief Fire Officer outlining the Committee's concerns.

HF informed the Members that Procurement compliance within Dublin Fire Brigade is on the 2019 Audit Plan for review.

Action 3: HF to draft letter to the A/Chief Officer outlining the Members concerns re the lack of compliance with procurement, for approval by the Chair of the AC.

6. Report No.2/2018: To agree the Audit Committee's Work Programme for 2019

The Members agreed the programme, while noting that the current Committee only have one meeting in 2019, as a new Audit Committee will be established following the Local Elections to be held in May 2019.

HF will send the report on the Work Programme to the City Council meeting in January 2019, for adoption.

Action 4: HF to forward the Audit Committees Work Programme to the City Council meeting, to be held in January 2019, for adoption.

7. Report No.3/2018: Annual review of the Audit Committee's Charter (copies attached - current 2018 Charter and proposed 2019 Charter)

The Members agreed the Charter.

The Charter will be forwarded to Council for formal approval.

Action 5: HF to forward the AC Charter to the City Council meeting, to be held in January 2019, 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 2018 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 (copy of Text of Regulations 13 and 15 attached)

HF to draft report for submission to the AC at the next meeting.

Action 6: HF to draft annual report of the Audit Committee, in accordance with Regulation 15, for submission to the AC at the next meeting.

9. Report No.4/2018: Internal Audit Unit - Draft Annual Audit Plan for 2019.

HF outlined briefly that the 2019 Plan comprises six (6) audits carried forward from 2018, a number of new audits and four (4) audits to be outsourced. He also referenced resources in the IA unit.

He summarised the process for selection of audits, which involves meeting with each Assistant Chief Executive and discussing their Risk Registers and also consultation with the Principal Local Government Auditor and the Chief Executive.

HF mentioned the SICAP requirement, which comes under the Department of Rural and Community Development. Currently this is not listed on the IA Audit Plan.

The Members voiced their concerns to the Chief Executive about the impact of the Public Spending Code on IA resources.

OK agreed that this was not an unreasonable observation and committed to talking to the HoF.

Action 7: The Chief Executive to discuss with the Head of Finance the current resources in the Internal Audit unit.

10. Two NOAC Reports:

Rpt. No. 19: Local Authority Performance Indicator Report 2017 and

Rpt. No. 20: PSC, Local Authority Quality Assurance Report 2017

The Committee noted the 2 reports.

11. To agree the number of meetings and dates of same, for meetings of the Audit Committee prior to the date of the Local Elections (scheduled for Friday, 24th May 2019)

The Committee agreed the date for the first meeting, i.e. Thursday 14th March, 2019. Further meetings have not been scheduled, as the Local Elections due to be held in May, 2019 will necessitate the establishment of a new Audit Committee.

12. A.O.B

NOM queried if any Protected Disclosures had been received recently?

HF confirmed that there hadn't.

BF mentioned that a number of FOI requests had been received by the IA unit.

Next meeting: 14th March, 2019.

The meeting concluded at 5pm.


Brendan Foster, Chairperson

Date: 14.3.2019

Appendix A

Actions agreed at this Audit Committee Meeting

- Action 1:** BK to forward a response to the AC re the implementation of Recommendations for R03A/15 - Review of Joinery Workshop and R06/14 - Review of DCC Properties Leased/Licensed to Community Groups in the Central Area
- Action 2:** KQ to check with Human Resources re the issue of enforcement, if drivers don't have driving licences.
- Action 3:** HF to draft letter to the A/Chief Officer outlining the Members concerns re the lack of compliance with procurement, for approval by the Chair of the AC.
- Action 4:** HF to forward the Audit Committees Work Programme to the City Council meeting, to be held in January 2019, for adoption.
- Action 5:** HF to forward the AC Charter to the City Council meeting, to be held in January 2019, for adoption.
- Action 6:** HF to draft annual report of the Audit Committee, in accordance with Regulation 15, for submission to the AC at the next meeting.
- Action 7:** The Chief Executive to discuss with the Head of Finance the current resources in the Internal Audit unit.

