



**Annual Report of the Audit Committee to the City Council in respect
of the year ended 31st December 2019**

Following the election of a new City Council in May 2019 it was necessary to re-establish the Audit Committee. The process, which can be quite a lengthy one, in relation to the appointment of the external members, involves the seeking of nominations, the assessment of the nominees by the Corporate Policy Group in consultation with the Chief Executive and the submission of a formal recommendation on the membership for approval by the Elected Council. The City Council formally re-established and approved the membership of the Audit Committee, at its monthly meeting held on the 7th October 2019. The membership of the Committee is as follows:

Ms. Louise Ryan, Trinity College Dublin (Chairperson).
Mr. Johnny Mc Elhinney, Dublin Docklands Business Forum.
Mr Nathy Walsh, Institute of Public Administration.
Professor Diarmuid Hegarty, Dublin Chamber of Commerce.
Councillor Naoise O Muirí.
Councillor Mary Fitzpatrick.
Councillor Nial Ring.

Five of the seven members of the previous Audit Committee continue to be members of the present Audit Committee. I, as Chairperson, very much welcome this, because it ensures and affords continuity and a high level of experience of Dublin City Council, its complexities and the huge range of services that it provides.

I would like to take this opportunity to thank (a) Mr. Brendan Foster who previous chaired the Audit Committee for his dedication, commitment and very valuable input into that Committee and (b) former Councillor Catherine Carney Boud for her work on the Committee.

It is recognised that Audit Committees play a crucial role in the governance framework of local authorities, particularly in the context of increased public sector accountability. They have an independent role in advising the Council on financial reporting processes, internal control, risk management and audit matters as part of the systematic review of the control environment and governance procedures of the local authority.

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

The role and responsibilities of the Audit Committee are set out under Section 59 (2) of the Local Government Reform Act 2014. Section 59(2) of that Act states as follows:

- (2) 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 that year. This report is prepared in compliance with those requirements.

Audit Committees activities during 2019

The Committee met on just two occasions, due to the dissolution of the previous Audit Committee with the demise of the Council (elected for the period 2014-2019).

Work Programme and annual review of Audit Committee's Charter.

The 2019 Work Programme and the Audit Committee's Charter were approved by the City Council at the January 2019 Council meeting. Similarly the New Committee's Work Programme for 2020 and reviewed Charter was approved by the City Council at the December 2019 Council meeting.

This is a requirement under Regulation 8 and 9 respectively of the local Government (Audit Committee) Regulations 2014.

Reports submitted to, considered and noted by the Audit Committee

The Audit Committee considered and noted the following reports in 2019:

3 Reports prepared by the Local Government Audit Services (LGAS)

- An Overview of Commercial Rates in Local Authorities, December 2018
- An Overview of Pension Income and Costs in Local Authorities, December 2018
- Progress Rpt. No.8 - Progress on the implementation of the recommendations contained in VFM Report No. 30, December 2018

2 Reports produced by the National Oversight and Audit Commission (NOAC)

1. NOAC report: Report No. 21 – Local Authority Satisfaction Survey 2019
2. NOAC report: Report No. 22 – Local Authority Performance Indicator Report 2018

Reports from Internal Audit.

- Review of Business Continuity Planning for the Traffic Signal Control System – Sydney Coordinated Adaptive Traffic System (SCATS)
- Software Asset Management Review
- Review of the Policies and Procedures in place in relation to Garda Vetting for new staff and Retrospective Vetting of Existing Staff dealing with Children and Vulnerable Adults.

A number of other audit reports from 2019 were held back for submission to the Audit Committee in 2020, due to the fact that the Committee only met on two occasions in 2019.

Consideration of the Audited Annual Financial Statement for the year ended 31st December 2018, and the Local Government Auditor's Report on the AFS by the Audit Committee at its meeting held on the 7th November 2019.

Prior to the consideration of the reports, a presentation was given by Victor Leonov, Acting Head of Financial Accounting on the basis, format and key components of the Annual Financial Statement.

Ms. Ita Howe, Principal local Government Auditor was present at the meeting to present her report as was Mr. Owen Keegan Chief Executive.

Among the issues raised in the report and discussed at the meeting were:

- 1) Government Debtors: The significant amount owed primarily by the Department of Housing, Planning and Local Government was of concern to the Committee
- 2) Arrears of Housing Rents: Proposal to tackle problem was discussed and actions in that regard were requested by the Audit Committee.
- 3) Housing Loans: Position noted
- 4) Fixed Asset Housing Register: Proposal to reconcile the Housing Register with the Fixed Asset Register was discussed and the Audit Committee asked to be kept informed of progress made by the working group over the coming months in relation to this issue.
- 5) Affordable Housing: Loans outstanding, position noted.
- 6) Dissolution of the Temple Bar Cultural Trust and the Dublin Docklands Development Authority and their transfer to DCC – position noted.

All other queries raised by the Members in relation to these reports were satisfactorily dealt with by the Principal Local Government Auditor, the Chief Executive and the Head of Finance.

The following actions were requested by the Audit Committee in relation to this item.

Action 1: The Committee's concerns in relation to the level of Government Debtors to be noted, including the requirement for a defined plan setting out the cashflow impact of increasing debtor balances, and submitted to the Department of Housing, Planning and Local Government (DHP&LG).

Action 2: The Committee requested a report from Housing Management be brought to a future meeting of the A.C. outlining a targeted plan to tackle the level of rent arrears.

Action 3: The Committee to be kept informed of progress made by the working group over the coming months in relation to reconciling the Fixed Asset Register to the Housing Register.

The Audit Committee's formal report to the City Council on its consideration and findings of both the audited AFS and the Principal Local Government Auditor's Report on the AFS for 2018 was submitted to the City Council at the December 2019 council meeting and duly noted by the council.

This is a requirement under Section 121(3) of the Local Government Act 2001 (as amended by Section 60 of the Local Government Reform Act 2014.)

The previous Audit Committee engaged with Senior Management in relation to the non-implementation (for a number of years) of recommendations made in a specific Internal Audit report and the new Audit Committee will follow this matter until satisfactorily dealt with by Management.

Training of Audit Committee Members

At my request, on behalf of the Audit Committee, a training session was organised by the Head of Finance and the Head of Internal Audit for the 27th November 2019. This session covered the role and functions of an Audit Committee, the organisational structures within Dublin City Council both at (1) Executive/Admin. Level and (2) the Elected Council i.e. Committees, etc. and the role of the Executive viz. a viz. the Elected Council (Reserved and Executive Functions).

Article 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".

As the new Audit Committee was only established in October 2019 this review has been deferred until 2020.

In conclusion, the Audit Committee would like to thank the management and staff of Dublin City Council for their support and co-operation during 2019. The Committee would also like to thank the Head of Finance and all the staff in Internal Audit for their input and assistance.

Resolution:

That Dublin City Council notes the content of Report No. 86/2020.

Louise Ryan

**Chairperson,
Dublin City Council Audit Committee.**

19th February 2020