



**Annual Report of the Audit Committee to the City Council in respect
of the year ended 31/12/2020**

Introduction and Membership

The Audit Committee is a statutory committee established in accordance with Section 59 of the Local Government Reform Act 2014. Following the election of a new City Council in May 2019 it was necessary to re-establish the Audit Committee. The City Council approved the membership at its monthly meeting held on the 7th October 2019 which 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 Nial Ring.

Councillor Dáithi De Róiste, who replaced Councillor Mary Fitzpatrick following her appointment to the Seanad. Councillor De Róiste's membership was approved by the City Council at its meeting held on the 5th October 2020.

I would like to take this opportunity to thank Councillor Mary Fitzpatrick for her work on the committee.

Role and Functions of the Audit 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 functions of the Audit Committee are set out under Section 59 (2) of the Local Government Reform Act 2014 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 authority's 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 considerations and findings during that year. This report is prepared in compliance with those requirements.

Audit Committees Meetings During 2020

The Committee held four meetings in 2020. Due to public health restrictions attributed to the Covid 19 pandemic three of these meetings were held remotely and operated in accordance with the "Remote Meetings Guidelines" as approved by the Protocol Committee, on the 7th May 2020 as amended.

Annual Work Programme and Review of Audit Committee Charter

The Audit Committee Annual Work Programme 2020 and review of the Audit Committee's Charter were approved by the City Council at the January 2020 Council meeting. Similarly the Committee's Annual Work Programme for 2021 and annual review of the Audit Committee Charter was approved by the City Council at its meeting held on the 11th January 2021. This is a requirement under Regulation 8 and 9 respectively of the local Government (Audit Committee) Regulations 2014.

Reports considered in 2020

The Audit Committee considered and noted the following reports in 2020:

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

1. NOAC Report No 23 – Public Spending Code Local Authority Quality Assurance Report 2018.
2. NOAC Report No 24 – Local Authority Satisfaction Survey 2020.
3. NOAC Report No 25 – Infographic Report 2018 – 2020.

Internal Audit Reports

1. In Depth Check of the Lighting Infrastructure Upgrade Project.
2. Review of Attendance and Overtime Procedures Operated from the Public Lighting and Electrical Services Depot, Marrowbone Lane.
3. Review of Major Emergency Management.

4. In-Depth Check of the Appraisal & Planning Stages of the North City Operational Depot (NCOD).
5. In-Depth Check of Dublin City Council's Ongoing Management of Revenue Spend in Relation to Road Maintenance and Improvement.
6. Environment and Transportation Department – Intelligent Transport Systems Division - Software Asset Management Review.
7. Review of Security Systems in place for Artwork at the Hugh Lane Gallery.
8. Review of Communication Processes for Regulatory and Important Information within Dublin City Council.
9. In-Depth Check of Dalymount Park Re-Development.
10. In-Depth Check of the Delivery of Social Housing through Approved Housing Bodies, facilitated by Dublin City Council.
11. Review of Residential Parking Permits at a specific location.
12. Review of a procurement breach.

Consideration by the Audit Committee of the Audited Annual Financial Statement for the year ended 31st December 2019, and the Local Government Auditor's Report on the AFS

The Audit Committee noted the Emphasis of Matter paragraph in the Local Government Auditor's report in relation to the impacts of Covid-19 and the consequential uncertainties for FY 2020. Among the issues raised in the report and discussed at the meeting were:

- 1) Arrears of Housing Rents: The committee were advised of a number of measures which have been put in place to address the issue of rent arrears.
- 2) Housing Loans: The LGA acknowledged the increase in collection performance.
- 3) Fixed Asset Housing Register: Over the last 3 years substantial data cleansing has been undertaken to ensure that the figures reflect the current housing stock. This exercise is in its final stage.
- 4) Development Contributions: An IT solution for reconciliation is currently being explored.
- 5) Dublin Fire Brigade: Work is ongoing on the provision of a centralised integrated time and attendance system.
- 6) Dublin Docklands Development Authority: Transfer to DCC – position noted.
- 7) Procurement: The LGA raised concerns in relation to procurement, recommending a review to ensure compliance with the relevant directives and regulations.
- 8) Government Debtors: The Audit Committee requested a continuing focus on this area to reduce the balance owed to DCC.

The committee sought that information be circulated to Members on the cost of collection of housing rent arrears relative to the debt value and collection performance and also the percentage of DFB overtime in relation to the total payroll costs. It was further agreed that the value of Government Debtors at year end 2020 will be discussed at the March 2021 meeting. 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 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

2019 was submitted to the City Council at its meeting held on the 11th January 2021 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 Audit Committee have engaged with Senior Management in relation to the follow up of recommendations made in Internal Audit reports and will continue to do so until satisfactorily dealt with by Management.

Review of Performance and Effectiveness

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”.

Members of the committee were invited to partake in an anonymous survey of which 86% responded. 100% agreed that the Audit Committee deals with appropriate issues, with 14% strongly agreeing and 86% agreeing. When considering their overall assessment of their performance 29% were very satisfied and 71% satisfied. One further commentary stated that a more active pursuit of issues is beyond its remit and another felt the committee had proven to be effective in the management of challenges and issues for Dublin City Council and provided support to the work of the internal audit unit.

In conclusion, the Audit Committee would like to thank the management and staff of Dublin City Council for their support and co-operation during 2020. The Committee would also like to thank the Head of Finance and all the staff in Internal Audit for their input and assistance.

Louise Ryan,
Chairperson,
Dublin City Council Audit Committee.

20th January 2021.