



Annual Report of the Audit Committee to the City Council in respect of the year ended 31st December 2021

Introduction and Membership

The Audit Committee is a statutory committee established in accordance with Section 59 of the Local Government Reform Act 2014. The current Audit Committee was established following local elections in May 2019. The City Council approved the membership of the 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 Muiri.
Councillor Nial Ring.
Councillor Dáithí De Róiste, (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.)

Role and Functions of the Audit Committee

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:

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 2021

The Committee held four meetings in 2021; 11th March, 3rd June, 23rd September and 2nd December. Due to public health restrictions these meetings were held remotely. The committee also met separately with the Chief Executive of Dublin City Council and the Principal Local Government Auditor.

Annual Work Programme and Review of Audit Committee Charter

The Audit Committee Annual Work Programme 2021 and review of the Audit Committee's Charter were approved by the City Council at the Council meeting on 11th January 2021. The Committee's Annual Work Programme for 2022 and annual review of the Audit Committee Charter has been submitted and recommended for adoption by the City Council at its meeting to be held on the 10th January 2022. This is a requirement under Regulations 8 and 9 respectively of the Local Government (Audit Committee) Regulations 2014.

Reports considered in 2021

The Audit Committee considered and noted the following reports in 2021:

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

1. Report No: 26 NOAC Performance Indicators Report 2019
2. Report No: 27 Public Spending Code - Local Authority Quality Assurance Report 2019
3. Report No. 44 – Local Authority Performance Indicator Report 2020

Internal Audit Reports

1. R04/2020 In-Depth Check of the Appraisal, Planning & Incurring Expenditure Stages of the Phase 2 Volumetric Rapid Build Housing (Bundle 1) Project.
2. R05/20 Review of Recommendation Implementation for Internal Audit reports 2016-2018 inclusive and follow-up of outstanding recommendations made in previous years.
3. R06/2020 To review compliance with all Procurement Requirements in Dublin City Public Libraries and Archive Services & Memo no. M02/2021 - Petty Cash in Dublin City Public Libraries and Archive Services.
4. R01/2021 Review of Procedures in Relation to the Controls and Policies in Place to Mitigate against Fraudulent Payment of Invoices.
5. R02/21 Review of Recommendation Implementation for Internal Audit reports 2019 and update on outstanding recommendations made in previous years.
6. R03/2021 Review the process for collection and reconciliation of cash from on-street Parking Meters.
7. R04/2021 First Quarterly Review of Recommendations.
8. R05/2021 In-Depth Check of the Clontarf to City Centre Cycle Route under the Public Spending Code.
9. R06/2021 To examine and review corporate compliance of the requirements of GDPR in Dublin City Council.

10. R07/2021 In-Depth Check of St. Theresa's Gardens under the Public Spending Code.
11. R08/2021 In-Depth Check of River Wad Flood Defence Project under the Public Spending Code.
12. R09/2021 Recommendation Implementation for Internal Audit Reports Quarter 2 2021 and Outstanding Legacy Items
13. R11/2021 Recommendation Implementation for Internal Audit Reports Quarter 3 2021 and Outstanding Legacy Items
14. Review of Round Room 200 Exhibition

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.

Consideration by the Audit Committee of the Audited Annual Financial Statement for the year ended 31st December 2020, and the Local Government Auditor's Report on the AFS.

The Local Government Auditor presented her statutory report to Audit Committee at the September meeting. 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 both financial years 2020 and 2021. During the presentation of the report the following issues were, inter alia, comprehensively discussed and dealt with by the Audit Committee.

Housing Rents

The collection rate remained at 73% in 2020, the rent arrears figure increased from an opening balance of €31.6m to a closing balance of €34.1m in 2020.

Housing Loans.

The collection performance of Housing Loans remained constant in 2020 compared to 2019 at 75%.

Development Contributions and Reconciliations

A working group has been established and there is a commitment to provide resources to resolve issues in the area.

Dublin Fire Brigade

New time and attendance management system has gone out to tender.

Dublin Docklands Development Authority

Transfer to Dublin City Council. Noted that item remains unresolved.

Procurement

Concerns in relation to procurement and in particular the absence of accountable procurement personnel within each department to strengthen governance and compliance.

Road Opening Licences

The value of related deposits held by DCC.

Homeless Service Level Agreements

Contracts and arrangements managed by the DHRE that are subject to Service Level Agreements (SLA).

Priory Hall Remedial Works

Analysis provided on remedial works at Priory Hall.

Other Issues

Other queries raised by the Audit Committee were also satisfactorily addressed by the Principal Local Government Auditor 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 2020 was submitted to the City Council at its meeting held on the 4th October 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.)

Review of Performance and Effectiveness

Regulation 13 (1) of the Local Government (Audit Committee) Regulations 2014 states; "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. 5 of the 7 members responded. All those that responded agreed that the Audit Committee deals with appropriate issues, that the Audit Committee conducts its business in a professional manner with meetings that are well organised and well run and that the actions of the Audit Committee reflected independence from management. When considering their overall assessment of their performance 4 of the 5 members who responded to the survey assessed the overall performance of the Audit Committee as "very good". One member assessed the performance of the committee as "fair".

In conclusion, the Audit Committee would like to thank the management and staff of Dublin City Council for their support and co-operation during 2021. The Committee would also like to thank the Head of Finance, the Head of Internal Audit and all the staff in Internal Audit for their input and assistance.

Louise Ryan

Chairperson

Dublin City Council Audit Committee.

17th December 2021.