



**Annual Report of the Audit Committee to the City Council for the year ended 31st
December 2022**

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 Muirí.

Councillor Nial Ring.

Councillor Daryl Barron, (replaced Councillor Daithí De Roiste, Councillor Barron's membership was approved by the City Council at its meeting held on the 5th October 2022).

Role and Functions of the Audit Committee

Audit Committees play a crucial role in the governance framework of local authorities. 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;

- (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 2022

The Committee held four meetings in 2022 on the 10th March, 9th June, 15th September and 1st December. Meetings were held remotely in March, June and September and a hybrid meeting was held in December. The Committee also met separately with the Principal Local Government Auditor and the Head of Internal Audit during the year.

Annual Work Programme and Review of Audit Committee Charter

The Audit Committee Annual Work Programme 2022 and review of the Audit Committee's Charter were approved by the City Council at the Council meeting on 10th January 2022. The Committee's Annual Work Programme for 2023 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 9th January 2023. This is a requirement under Regulations 8 and 9 respectively of the Local Government (Audit Committee) Regulations 2014.

Reports considered in 2022

The Audit Committee considered and noted the following reports in 2022:

Internal Audit Reports

1. Report no. R12/2021 – Review of Procurement in Dublin Fire Brigade.
2. Report no. R13/2021 – Review of Corporate Health and Safety.
3. Report no. R01/2022 Recommendation Implementation for Internal Audit Reports Quarter 4 2021 and Outstanding Legacy Items.
4. Report no. R02/2022 – Review of Declarations of Interest.
5. Report no. R03/2022 - Review of Parking Permit applications
6. Report no. R04 /2022 Recommendation Implementation for Internal Audit Reports Quarter 1 2022 and Outstanding Legacy Items
7. Report no. R05/2022 - Review of Orders of the Chief Executive in relation to delegations to employees.
8. Report no. R06/2022 - To examine and review Business Continuity measures in place in Dublin City Council.
9. Report no. R07/22- Public Spending Code In-Depth Check on the O'Devaney Gardens Housing Project (Capital)
10. Report no. R08/22 - Public Spending Code In-Depth Check on the Dublin District Heating Project (Capital)

11. Report no R09/22 - Public Spending Code In-Depth Check on the Homeless Services Programme (Revenue)
12. Report no. R10/22- Recommendation Implementation for Internal Audit Reports Quarter 2 2022 and Outstanding Legacy Items
13. Report no. R13/22 – Review of Recommendation Implementation for Internal Audit Reports Q3 and Outstanding Legacy items.

The Audit Committee has engaged with Senior Management in relation to the implementation 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 2021, and the Local Government Auditor's Report on the AFS.

The Local Government Auditor presented her statutory report to Audit Committee at the December meeting. The Audit Committee noted the Emphasis of Matter paragraph in the Local Government Auditor's report in relation to Covid 19 and the continued impacts on the finances of local authorities during 2021 of the Covid-19 outbreak and the emergency measures taken to mitigate it.

During the presentation of the report the following issues were, inter alia, comprehensively discussed and dealt with by the Audit Committee.

Rents and Annuities

The Audit Committee noted net rent and annuities arrears at the end of 2021 is €36.8m including Traveller accommodation arrears of €910k, RAS arrears of €1.2m and homeless arrears of €1.67m. Various strategies being implemented by management to reduce arrears were noted. The Audit Committee discussed the recoverability of categories of debt and once again noted that deduction at source for social welfare recipients would make a significant difference to arrears levels.

Rates

The Audit Committee noted collection yield of 87% reflecting an improvement of 3% on 2020. Rates arrears increased by 4% to €38.1m, primarily related to the office sector which did not qualify for the commercial rates waiver in 2021. The Audit Committee were advised that collection rates have improved and are practically back to 2019 levels and performance on debt collection remains a priority for the Rates Office.

Loans

The Audit Committee noted 2% improvement on the collection yield for Housing Loans and ongoing efforts to assess options, including restructuring of €16.5m shared ownership loans which are in arrears.

Debtors

The Audit Committee noted the Local Government Auditors report on the systems in place to manage debtors and the management response to improve the debtor collection process. The Committee welcomed the recommendation for a more systemised approach to bad debt provisioning and noted management's commitment to prioritise this in 2023.

Fixed Assets

Work to reconcile the Fixed Assets Register to the Property Interest Register was and address issues raised by the Local Government Auditor were noted.

Development Contributions

The Audit Committee were advised by the LGA that good progress was being made in relation to the management and collection of development contributions owing to Dublin City Council.

Dublin Waste to Energy Facility

The Audit Committee noted the outstanding balance for the Waste to Energy facility and were advised of the reducing level of debt outstanding as income is generated from the activities of the facility.

Procurement

The Audit Committee noted the issues raised by the PLGA in relation to procurement and the number of contracts across all departments which are not compliant with the Procurement Directives, and noted that it is critical that Oracle's Financial Management System controls are implemented to ensure an integrated approach to procurement and purchasing.

Road Opening Licences

The value of related road opening licence deposits held by DCC was noted.

Other Issues

All other queries raised by the Audit Committee were satisfactorily addressed by the Principal Local Government Auditor, the Chief Executive and the Deputy Chief Executive.

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 2021 is submitted for consideration to the City Council at their meeting on January 9th. 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. Four of the seven 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 reflect independence from management. When considering their overall assessment of their performance all of the members who responded to the survey assessed the overall performance of the Audit Committee as very good.

In conclusion, the Audit Committee would like to thank the management and staff of Dublin City Council for their support and co-operation during 2022. The Committee would also like to thank the Deputy Chief Executive and all the staff in Internal Audit for their input and assistance.

Louise Ryan

Chairperson

15th December 2022