

Dublin City Council

Audit Committee

**Minutes of Meeting held on 12th May, 2016 at 8.00 a.m.
in the Richard O'Carroll Room, City Hall**

Attendance:

Members

Mr. Brendan Foster, Dublin Chamber of Commerce, Chairperson (BF) (Chair)
Prof. Marann Byrne, Dublin City University (MB)
Ms. Louise Ryan, Trinity College Dublin (LR)
Mr. Johnny McElhinney, Docklands Business Forum (JMCE)
Councillor Noeleen Reilly (Cllr. Reilly)
Councillor Nial Ring (Cllr. Ring)
Councillor Naoise O Muiri (NOM)

Officials:

Ms. Kathy Quinn, Head of Finance (KQ)
Mr. Hugh Fitzpatrick, Head of Internal Audit (HF)
Ms. Mary Pyne, Head of Human Resources and Corporate Services (MP)
Mr. Vincent Norton, Executive Manager, Chief Executive's/Corporate Services (VN)
Ms. Martina Mc Loughlin, Staff Officer, Internal Audit

Mr. Norman Thompson, Graduate Accountant, Finance Department

Apologies:

Mr. Owen Keegan, Chief Executive, Dublin City Council

1. Minutes of Audit Committee Meeting held on 11th February, 2016.

Hugh Fitzpatrick informed the members that the Annual Report of the Audit Committee in respect of the year ending 31st December 2015, was noted by the City Council at its meeting held on 7th March, 2016.

B. Foster referred to the importance of carrying forward outstanding items, until they were concluded.

The minutes were agreed.

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

No conflict of interest declared by members.

3. Updates, from M. Pyne, Head of Human Resources & Corporate Services on:

- **Protected Disclosures Act, 2014 &**
- **Review of Risk Management in DCC**

Protected Disclosures Act, 2014:

Written update from MP, circulated with the Agenda, was noted.

MP: Corporate Services Department are about to roll out a communication programme to all DCC staff, including a notice in First Post (DCC's internal newsletter). Communication is very important in the context of DCC's large workforce. Protected Disclosures procedures need to be very clear as to what is a valid Protected Disclosure as opposed to other grievance complaints, which are dealt with under their own "policy and procedures". Department of Public Expenditure & Reform have issued guidelines and the Local Government Management Agency have also issued an "interim policy and procedures document" as this is a sectoral approach to the Protected Disclosures Act. It was noted that DCC's Designated Officer was a member of a "Working Group" set up within the LGMA to address this issue.

The Audit Committee felt that the Protected Disclosures Quickguide (one page summary produced by MP and her staff was very good.

Review of Risk Management in DCC:

MP: Written update circulated with the agenda was briefly referred to and the fact that a Workshop will be held on the 24th May, facilitated by Ernst & Young (E&Y), with Senior Managers. This will be of a practical nature to identify the key risks in each area of the Organisation. In response to a query from the Chairperson as to the timing for completion of the review by E&Y, MP replied that while the Workshop on the 24th May should take DCC a good distance in that regard, a further Workshop may be necessary, but she is hopeful that a new Corporate Risk Register can be in place before the end of June.

BF praised the fresh & strategic approach being undertaken by DCC with E&Y. He noted that the preparation and approving of a Risk Register(s) was an executive function and said that the A.C. will be satisfied when the process is completed.

MP suggested that the Chair could meet again with her and E&Y if it was considered necessary. BF indicated that he would be happy to do so, if required.

4. Proposed amendment to Protocol, in respect of "Protected Disclosures" and DCC's Audit Committee

HF referred to the "Protocol" agreed by the Audit Committee in February. MP has since suggested a slight amendment to same and she met with the Chairperson, who recommends the proposed amendment to the A.C. HF explained the precise amendment which is recommended, in order to avoid any possible confusion as to how "Protected Disclosures" are to be dealt with in DCC. The Committee agreed to adopt the amended "Protocol".

5. Familiarisation Session – "An Overview of Dublin City Council"

Vincent Norton, Executive Manager, Chief Executive's/Corporate Services Department gave a presentation on the above, in terms of how the City Council operates, the role of the Executive and of the elected Council, the Committee Structures, the range of services provided by Dublin City Council, etc.

There was a query about how Councillors filter issues raised at local level through to City Council meetings. Members were informed that this can be done in a number of ways, for

example: (1) A special meeting of the full Council can be convened on any specific issue (this is done quite often) and (2) A breviate of the five Area Committees and other Committee meetings, (with the exception of the Audit Committee meetings), are listed on the agenda for the monthly meetings of the City Council and issues may be raised under the breviate reports, if necessary.

BF thanked VN, on behalf of AC, for giving the presentation and said it was very worthwhile and much appreciated.

6. Internal Audit report, R02/2016 – Review of the Procedures and Processes in place for the Calculation and Payment of Superannuation Benefits in Dublin City Council

HF presented the Audit Report and explained why the subject had been selected for audit. A very significant amount is spent annually on the payment of Superannuation Benefits, €80.7M and €85.4M in 2013 and 2014 respectively. The audit only showed up one significant system error and in the context of the very heavy workload in this area, particularly in 2013 due to the Voluntary Redundancies/Early Retirement Scheme introduced by the Government, which saw a similar take-up by DCC employees under that Scheme, to the number of retirements that would usually occur per annum. Main issues found in the course of the audit relate to tightening of internal controls in relation to segregation of duties and formal approval to the payment of Superannuation Benefits.

KQ answered a query from Cllr. Ring in relation to the implications for the payment of superannuation benefits for former DCC employees/DCC employees working for Irish Water under the Service Level Agreements. **Audit Report noted.**

7. Updates, by the Chief Executive on:

- **Review of the City Council's approach to risk taking/insurance by Willis Ltd.**
- **A Value for Money review of Irish Public Bodies by price Waterhouse Cooper**

Review of the City Council's approach to risk taking/insurance by Willis Ltd.

CE sent an update to the Members, informing them that a draft is due in the next two weeks.

Value for Money review of Irish Public Bodies by Price Waterhouse Cooper

KQ and HF briefly outlined the background to this Review. BF felt that the short update from the C.E. was not very informative, insofar as it was written using insurance industry terms and said that hopefully the final report on the Review will address the key issues.

Action 1 CE to further update the Committee on these two issues.

8. Community Gain Fund, Waste to Energy Facility, Ringsend

KQ explained the background to this dispute. It is a matter of interpretation. DCC Executive is satisfied that its interpretation is correct, insofar as it was set out in the EIS for the Waste to Energy Project as clearly 3% of the Construction Cost of the Project, versus the interpretation by the other party to the disagreement as 3% of the Capital Project Cost. This has been debated at length at the Environment SPC and the Finance SPC. An Bord Pleanala when asked to adjudicate, stated that it is a matter for the Planning Authority to interpret as it is a condition of the planning permission and thus, essentially is a question of planning enforcement.

The issue was also debated at the City Council meeting held last Monday (9th May), and the Council were informed by the Chief Executive that the only means of challenging the interpretation by the Planning Authority, on how the amount of the Community Gain Fund was to be calculated would be by way of a judicial review. The Committee, having read the correspondence submitted to them, decided that this issue was not within their area of

responsibility or remit and, therefore, it would not be appropriate to comment in any way on the subject matter.

Action 2 HF to convey the view of the Audit Committee to the Environment SPC.

9. (a) Resignation of Prof. Marann Byrne from the Audit Committee
(b) Consideration of the nomination of Mr. Nathy Walsh to fill the vacancy

(a) The Chairperson, on behalf of the Committee and the staff of the Finance Department, thanked Prof. Byrne for her very valuable contribution to the work of the Audit Committee and wished her the very best for the future. (Prof. Byrne is resigning from DCU, the body that nominated her for membership to the A.C. and, therefore, she has also decided to resign from the Committee). Prof. Byrne, in turn, thanked the Committee and DCC staff and said that she had learned a great deal during her time as a member.

(b) HF explained the background to this nomination from the I.P.A. (they had nominated a person back in 2014, but that individual is no longer available for nomination). In his place, and highly recommended, is Mr. Nathy Walsh. The Chairperson proposed his nomination and the A.C. agreed. HF to forward the Committee's recommendation in this regard to the Corporate Policy Group, and if endorsed by it following consultation with the Chief Executive, the appointment would then be submitted to the City Council for formal approval.

Action 3 HF to forward (a) Prof. Byrne's formal letter of resignation to the Lord Mayor (in compliance with the procedure set out in the Local Government (Audit Committee) Regulations 2014 in that regard and (b) Confirmation of the Audit Committee's endorsement of the nomination of Mr. Nathy Walsh (by the I.P.A.) to the Corporate Policy Group.

10. A.O.B.

Next meeting: 15th September, 2016 at 8am. This meeting will include consideration of the Audited Annual Financial Statement for the year ended 31st December 2015 and the Local Government Auditor's Report on the Annual Financial Statement (AFS).

The meeting concluded at 9.15 a.m.



Brendan Foster, Chairperson

Date: 15.9.2016

Appendix A

Actions agreed at this Audit Committee Meeting

Action 1: The Chief Executive to advise the Audit Committee on the outcome of the following two reports:

- (1) Review of the City Council's approach to risk taking/insurance by Willis Limited and
- (2) A Value for Money review of Irish Public Bodies by Price Waterhouse Cooper

Action 2 ***Calculation of the Community gain fund, WTE Project, Ringsend*** HF to convey the view of the Audit Committee to the Environment SPC.

Action 3: HF to forward (a) Prof. Byrne's formal letter of resignation to the Lord Mayor (as provided for in the Audit Committee Regulations and (b) Confirmation of the Audit Committee's endorsement of the nomination of Mr. Nathy Walsh (by the I.P.A.) to the Corporate Policy Group.

Appendix B

Actions agreed at previous Audit Committee meetings but still to be dealt with to date, to be carried forward to the May, 2016 meeting.

Action 4: Agreed at the February, 2015 meeting. Review of recommendation implementation report will be submitted to the Audit Committee in due course. **(HF)**

