



**Annual Report of the Audit Committee,
in respect of the year ending 31st December, 2016.**

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

The Committee consists of seven members (four external and three Councillors). The members are:

Mr. Brendan Foster, Dublin Chamber of Commerce (Chairperson)
Mr. Johnny McElhinney, Docklands Business Forum
Councillor Naoise O Muirí
Councillor Noeleen Reilly
Councillor Nial Ring
Ms. Louise Ryan, Trinity College Dublin
Mr. Nathy Walsh, Institute of Public Administration.

Mr. Walsh's appointment to the Committee was approved by the City Council at its meeting held on 13th June 2016. He replaced Professor Marann Byrne, Dublin City University, who resigned on 12th May 2016.

The functions of an Audit Committees are clearly defined and set out in Section 59(2) of the Local Government Reform Act 2014. 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 the previous year, which should also include the Committee's assessment of its own effectiveness and performance. This report has been prepared and is being submitted, for your consideration, in compliance with the above referred to Regulation.

Audit Committees activities during 2016:

The Committee met on five occasions in 2016: February, May, September, November and December. The meeting in November was a "special meeting" to consider the Audited Annual Financial Statement (AFS) for 2015 and the Principal Local Government Auditor's report on the AFS. Mr. Richard Murphy, Principal Local Government Auditor was in attendance at that meeting. All of the issues referred to in the PLGA's report were discussed and a number of them were discussed in great detail, e.g. (A) Interest of L.A.s in Companies and Joint Ventures, (B) Unfunded Capital Balances, (C) Contract for the construction of the Ballyfermot Leisure Centre, and, (D) Commercial Rates. All questions raised by the Committee were dealt with to its satisfaction by either or both Mr. Murphy/Ms. Kathy Quinn, Head of Finance. The Head of Finance agreed, at the request of the Committee, to refer the following two specific issues (a) Form of Contract Agreements being used for capital projects

(as was used in the case of the Ballyfermot Leisure Centre) and (b) unfunded capital balances, for consideration to the Senior Management Team and to the Finance Strategic Policy Committee respectively. The Audit Committee duly submitted its report (as required under the relevant legislation) to the City Council on its considerations of the audited AFS and PLGA's report. The City Council noted that report, at the December City Council meeting.

The Committee also reported to the City Council (March 2016 Council meeting), as required by the Audit Committee Regulations 2014, on its activities during 2015.

Protected Disclosures:

The Committee, at the February meeting, agreed a Protocol to cater for instances whereby employees (if they so wish) may in confidence raise concerns directly with the Chairperson of the Audit Committee, about possible irregularities in financial reporting or other financial matters. The Audit Committee's Charter had previously been amended and the amended Charter approved by the City Council, to include such a provision. No such disclosures were made to the Chairperson in 2016.

Reports/Updates:

The Committee once again reviewed its "Charter" at the December meeting and some minor changes were made to it. Revised Charter was formally adopted by the City Council at the January 2017 Council meeting.

The Committee agreed its "Work Programme" for 2017, which was also formally, approved by the City Council at the January 2017 Council Meeting.

A "Familiarisation Session" was held for the Committee Members at the meeting in May. A presentation on "An Overview of Dublin City Council" in the context of how the City Council operates, the role of the "Executive" and the "Elected Council", the Committees structure within DCC and the range of services provided by the Council was presented by Mr. Vincent Norton, the then Executive Manager, Corporate Services Department. The Committee Members (particularly the External Members) found the session very worthwhile and informative.

Copies of reports issued by the National Oversight and Audit Commission in 2016, were circulated to the Members by the Secretary to the Committee and were listed for discussion at the next meeting of the Audit Committee following their circulation, if deemed appropriate by the Chairperson.

The Audit Committee received a number of updates from Ms. Mary Pyne, Assistant Chief Executive, Human Resources & Corporate Services, on the review of "Risk Management within DCC", which was being carried out during 2016 with the assistance of EY, Consultants. The Committee requested Ms. Pyne to further report back to them on the matter, in due course (in 2017).

In 2015 the Committee requested the Chief Executive to submit further updates, on the following issues, in 2016:

- (A) Review of the City Council's approach to risk taking/insurance, by Willis Towers Watson, and,
- (B) A "Value for Money" reviews of Irish Public Bodies, by Price Waterhouse Cooper.

The Chief Executive attended the December Audit Committee meeting and presented final reports in respect of these two items. Following a lengthy discussion during which the Chief

Executive dealt with all questions asked by the Members, the Committee decided that both matters had now been concluded satisfactorily and noted the reports.

Internal Audit Unit:

Mr. Hugh Fitzpatrick, Head of Internal Audit Unit is also Secretary to the Audit Committee, and in that capacity, he attended all meetings of the Committee in 2016. The following Audit Reports were submitted to the Audit Committee during the year:-

- (a) Annual Motor Tax Stocktake 2015.
- (b) Review of Procedures and Processes in place for the Calculation and Payment of Superannuation Benefits in DCC.
- (c) In-Depth Quality Assurance Review – Forbes Street Pedestrian and Cyclist Bridge.
- (d) In-Depth Quality Assurance Review - Check DCC's Regulatory Compliance for Superannuation Benefits Payments.
- (c) & (d) Part of DCC's return to N.O.A.C. – requirement under the Public Spending Code.
- (e) Review on the use of Low Value Purchase (LVP) Cards by the Homeless Services Section.
- (f) DCC – Mobile Controls and Policy Assessment Report – (Mobile Phones and Tablets).

The Head of Internal Audit presented a draft Audit Plan for 2017 to the Committee at the December meeting. The Committee decided to defer signing off on the draft plan to enable the Members time to consider the priority of the items on the draft plan, as resources within the internal Audit Unit will be somewhat depleted during 2017. The Committee will further consider this matter at its first meeting in 2017. It was noted by the Committee that there was funding provided for, in the 2017 Budget for Internal Audit, to engage external assistance for a number of audits, if necessary.

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”.

The Audit Committee has reviewed its own performance and effectiveness in relation to (A) Legislative requirement, (b) Audit Committee Charter, and (c) the Audit Committee's Work Programme for 2016, and it is satisfied that it has complied fully with all of its obligations and carried out all of its functions satisfactorily. The Committee approved its Work Programme for 2017, at the December meeting, when it also reviewed and amended the A.C. Charter. Separate reports were submitted to the City Council in relation to these two items and formally approved by the Council (January 2017 Council meeting).

The Members of the Audit Committee completed their annual return, as provided for in the A.C. Charter, and “Any Conflict of Interest”, is a standing item on the agenda for meetings of the Committee.

No further training was identified for, or requested, by the A.C. Members, apart from my attendance at an I.P.A. briefing on “Audit Committee – Rising Expectations”, in December, at which I was accompanied by the Head of Internal Audit.

As previously stated, the Head of Internal Audit attends our meetings, as does Ms. Kathy Quinn, Head of Finance. Mr. Owen Keegan, Chief Executive, attended the November and December meetings of the Committee.

Attendance by members of the A.C. was very satisfactory and the vacancy which arose in May 2016, due to a resignation, was speedily and efficiently filled.

In conclusion, on behalf of the Committee I wish to thank the management and staff of Dublin City Council for their support and co-operation during 2016. The Committee particularly wishes to thank the Head of Finance and all the staff in Internal Audit for their input, advice and assistance.

Brendan Foster,
Chairperson,
Audit Committee.
10th March 2017.