



Comhairle Contae Chill Dara
Kildare County Council

Audit Committee

Annual Report 2019

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Section 1: Introduction

The Audit Committee is a statutory committee of the council appointed under Section 59 of the Local Government Reform Act 2014.

The members of the Audit Committee for the first half of 2019 were:

- Mr. Denis Doherty, Chairperson
- Mr. Charlie Carri
- Mr. Ken Conway
- Ms. Audrey Kilgallon
- Councillor Teresa Murray
- Councillor Mark Stafford
- Councillor Paul Ward

A new council was elected in June 2019 and a new committee was formed. The members of the Audit Committee for the second half of 2019 were:

- Dr. Moling Ryan, Chairperson
- Mr. Charlie Carri
- Mr. Ken Conway
- Ms. Deirdre Coghlan-Murray
- Councillor Seamie Moore
- Councillor Nuala Killeen
- Councillor Mark Stafford

The Committee was supported and assisted by Mr. Tadhg McDonnell, Director of Services, Housing and Corporate Services and Ms. Angela Quinn, A/Staff Officer, Corporate Services. Ms. Annette Aspell, took up position of Director of Services, Housing and Corporate Services in December 2019, and replaced Tadhg McDonnell in the role of Secretary to the Audit Committee.

During 2019, the Audit Committee met on the following dates:

- 5 March 2019

- 9 April 2019
- 22 October 2019
- 7 November 2019
- 3 December 2019

This is the eleventh annual report of the Audit Committee to the elected members of Kildare County Council.

Section 2: Chairpersons Statement

On behalf of our Committee, I am pleased to present the eleventh Annual Report of the Audit Committee.

Our role is advisory rather than supervisory. We provide an independent view of the budgetary and financial reporting processes; the internal controls and the internal audit function; efficiency and value for money; and the management of risks. The aim of our work is to contribute to enhancing the corporate governance function of Kildare County Council.

The role of the Audit Committee is set out in our report.

Our Committee met with the Local Government Auditor and discussed with him our respective and complementary roles. Our Committee noted with satisfaction that the Local Government Auditor's report was again unmodified.

Our Committee relies heavily on the work of the Internal Auditor and her team to enable us to satisfy ourselves that the financial systems and controls in use are fit for purpose. The Internal Auditor has been most responsive to our suggestions and advice and the valuable work of the team she leads has enabled us to oversee this important aspect of our work to our satisfaction. On our part, we are mindful of the need to be supportive of the Internal Audit team so that their expertise can be deployed to best effect.

During the year, our Committee again reviewed the Council's approach to identifying and managing risks and satisfied ourselves that these functions continue to receive

the attention their importance merits. Risk management and internal audit functions now collaborate with a view to further enhancing the effectiveness of the Council in identifying and managing risks.

There has been an emphasis on pursuing value for money in a structured way for a number of years now. We are satisfied that there is a strong value for money culture in the Council but we believe that further work is required to quantify and demonstrate that value for money is being achieved. The appointment of a Procurement Officer is an important and valuable step in that regard. The reports published by NOAC are an important reference source in comparing the performance of Kildare County Council with what is being achieved by other County Councils.

Having regard to the emphasis on value for money in our terms of reference, our Committee will be devoting special attention to this aspect of our work during 2020.

My predecessor attended, by invitation, the meeting of the Council on the 25 March 2019. It afforded him an opportunity to brief the members on the work of the Committee and to answer members' questions.

The term of office of the Audit Committee expired in May 2019 in line with the 2019 Local Elections held on 24 May 2019. At the annual meeting of the Council held on 7 June 2019, Councillors Seamie Moore, Mark Stafford and Nuala Killeen were appointed to the Audit Committee. At the monthly meeting of the Council held on 23 September 2019, Dr. Moling Ryan, Ms. Deirdre Coghlan-Murray, Mr. Ken Conway and Mr. Charlie Carri were appointed to the Audit Committee. The new committee held their first meeting on 22 October 2019.

During the year our Committee was very well served and supported by Mr. Tadhg McDonnell and Ms. Annette Aspell, Director of Services, and Ms. Angela Quinn.

I wish to acknowledge the commitment of the members of the Committee to the work involved. They are generous in giving of their time and expertise.

I wish also to acknowledge the support and co-operation our Committee has received at all times from the Chief Executive and his staff.

In our judgment, Kildare County Council continues to be well governed and well managed.

Section 3: Role of the Audit Committee

The statutory functions of the audit committee, as set out in the Local Government Reform Act 2014, are:

- To review financial and budgetary reporting practices and procedures within the local authority that has established it;
- To foster the development of best practice in the performance by the local authority of its internal audit function;
- To review any audited financial statement, auditor's report or auditor's 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;
- To assess and promote efficiency and value for money with respect to the local authority's performance of its functions; and
- To review systems, which are operated by the local authority for the management of risks.

Section 4: Audit Committee Charter

Our Committee reviewed the Charter at our meeting in November 2019. No amendments to the charter were identified at this time and the Audit Committee Charter was adopted by the Committee on 7 November 2019. The Audit Committee Charter is required to be adopted by the local authority under Regulation 8, S.I. No. 244/2014 – Local Government (Audit Committee) Regulations 2014. It is proposed to list the Audit Committee Charter on the agenda of the plenary council meeting to be held on Monday, 30 March 2020. A copy of the Audit Committee Charter is attached hereto at Appendix 1.

Section 5: Internal Audit Annual Report 2018

The Internal Audit Annual Report for 2018 was presented by Ms. Fiona Millane, Acting Head of Finance to the Audit Committee at our meeting held in March 2019. The

report was prepared by Mr. Shane O’Keeffe and it provided an overview of the workings of the Internal Audit Department in 2018. The report confirmed the completion of 9 audits and stated that 3 audits were carried forward to 2019, these included Payroll (overtime and value for money), Corporate Governance and Superannuation. The Internal Auditor recommended taking superannuation off the audit list as it is now being operated through MyPay.

Our Committee judged the work of the Internal Audit Unit to be of a uniformly high standard and amounted to a substantial and relevant body of work produced by the unit.

Section 6: Internal Audit Plan 2019

In preparing the Internal Audit Plan for 2019 the Internal Auditor met with each Director of Services and agreed priority areas. The plan was presented to the Management Team and was approved. The Internal Audit Plan 2019 was presented to the Audit Committee at its meeting on 5 March 2019.

Section 7: Briefings from Senior Management

During the year the Committee met with the Chief Executive and several members of the Senior Management Team including:

- Financial Management Accountants and Acting Head of Finance
- Director of Services – Housing and Corporate Services
- Director of Services - Water and Environmental Services
- Ms. Tracy Keogh, Senior Staff Officer, Property Interest Register and Communications.

During 2019 the Committee was briefed and updated on the following areas, which had been identified as areas of priority.

- Stocktake of the machinery yard
- Development of the Property Interest Register
- Value for Money Policy and Annual Implementation Plan
- Public Spending Code Audit Report 2018 – Revenue and Capital Projects

- Anti-Fraud and Corruption Policy Review and Update
- Corporate Risk Register and Departmental Risk Registers
- Travel and Subsistence Audit Report
- National Service Indicators – NOAC Performance Indicator Report 2018

Section 8: Audit Committee Objectives for 2019 and Related Outcomes

Machinery Yard Stocktake

At the March meeting Ms. Fiona Millane, provided our Committee with an overview on the Machinery Yard stocktake. The report confirmed that no high-risk findings were identified. Some minor housekeeping issues were identified, and it was agreed with Internal Audit and the Stores staff that these will be addressed.

Update on the Development of the Property Interest Register (PIR)

Also, at the March meeting, our Committee met with Ms. Tracy Keogh. Ms. Keogh provided us with an update on the significant progress made by the PIR team. The PIR team are dedicated to actively identifying council property and checking that it corresponds with the Finance Departments records.

Value for Money Policy and Implementation Plan

At the April meeting our Committee discussed the topic of Value for Money and the Implementation Plan. The Audit Committee's remit is to ensure the Council can demonstrate how value for money and efficiencies are being achieved. The work of Internal Audit and the Audit Committee places emphasis on the requirement to demonstrate value for money.

The appointment of a dedicated Procurement Officer has proven to be a step in the right direction. The Committee advised that there is a need to develop an approach for assessing value for money and Kildare County Council has been good in its approach, but a continued sustained effort will be required in order to satisfy the value for money obligations of the Council and the committee.

Public Spending Code Audit Report 2018 – Revenue and Capital Projects

At the October meeting our Committee was presented with, and considered, Kildare

County Council's Annual Public Spending Code Audit Report 2018. The value of the projects selected for in-depth review each year is subject to the following criteria:

Capital Projects: Projects selected must represent a minimum of 5% of the total value of all Capital Projects on the Project Inventory.

Revenue Projects: Projects selected must represent a minimum of 1% of the total value of all Revenue Projects on the Project Inventory.

The two projects examined by Internal Audit were:

- 19.2 Public Spending Code In Depth Check 2018 – Provision of Public Lighting
- 19.3 Public Spending Code In Depth Check 2018 – Athy Community Library Project

Anti-Fraud and Anti-Corruption Policy Review and Update

At the October meeting our Committee was presented with the Anti-fraud and Anti-corruption Policy document. Information on the Protected Disclosures policy currently in place is available on the council website and I was advised that this information was circulated in December to all Council staff and elected members.

Corporate Risk Register and Departmental Risk Registers

At the December meeting the Committee Mr. Boland presented the Committee with a copy of the Kildare County Council Corporate Risk Register and the Risk Management Policy document. He stated that the system of risk management was extensively updated recently in light of the recommendations of 2 internal audit reports and that management had looked at other systems (Viclarity in particular) but concluded that the existing system was more appropriate given the very complex nature of local government functions. The intention is that the corporate risk register encompasses a broader strategic approach, while the more detailed risks are included in the Departmental Registers.

The Committee discussed the Risk Register and agreed that we would like to see the Departmental Registers. It is expected that a representative from each Department will attend a meeting with the Audit Committee in 2020.

Travel and Subsistence Audit Report

Ms. Mairead Sweeney presented the Travel and Subsistence Audit Report to our Committee at the December meeting. We were briefed on the audit objectives and provided a summary of the findings. Ms. Sweeney confirmed there have been significant improvements in areas of weakness identified in the 2017 and 2018 Travel and Subsistence audits. Ms. Sweeney advised our Committee that her audit opinion is that she can provide moderate assurance that the council have in place adequate controls and procedures for claiming travel and subsistence.

Our Committee agreed that the level of accountability provided in the report was excellent.

National Service Indicators – NOAC Performance Indicator Report 2018

At the December meeting Ms. Annette Aspell presented our Committee with a report summarising the findings in the NOAC National Performance Indicator Report 2018. This was the fifth annual report produced by NOAC.

Our Committee judged the report to be valuable in assessing the council's value for money approach and for comparing the performance of Kildare County Council with that of other local authorities. However, our Committee will consider Value for Money more in depth when we review this item in 2020.

Financial Reports

The Financial Accountants and Acting Head of Finance briefed our Committee at intervals during the year in relation to the financial position of the Council and kept us informed of emerging and developing financial issues.

Preliminary Outturn Financial Report 2018

Our committee considered the projected financial out-turn for 2018 at their meeting in March. Ms. Fiona Millane advised the committee that Kildare County Council is in a good financial position, that there were increases in the collection of rates and rents

with a substantial increase in the collection of housing loans repayments. This large increase is mostly related to the restructuring of loans and the introduction of the Mortgage to Rent scheme. Ms. Millane advised there is also a large increase in capital spend from €77 million in 2017 to €143 million in 2018 – this is due to a number of road works projects including the upgrade of the M7/N7 and to the acquisition of houses.

Meeting with Local Government Auditor

In November, the Committee met with the Local Government Auditor and discussed his audit report on the Annual Financial Statement 2018. Our Committee noted with satisfaction that the audit report was unmodified and congratulated all concerned in the management and administration of the Council's financial affairs.

The Audit Committee values these annual meetings with the Auditor, which provide a useful link between the Committee and the internal and statutory auditors. They are also valuable in considering and identifying areas of mutual interest. In the course of its work, the Audit Committee has regard to the reports of the Local Government Auditor. The Audit Committee is obliged to prepare a report on the Local Government Auditor's Report on the Annual Financial Statement for 2018 for presentation to the full council. The report was presented and noted at the full Council meeting in November 2019. The Committee complemented the Local Government Auditor on conducting and reporting on his audit so promptly.

Internal Audit

Updates on the Internal Audit function is a standing item on the agenda of all meetings of the Audit Committee. At the first meeting of 2019, Ms. Fiona Millane provided the Committee with an update on the Internal Audit Function in the absence of Mr. Shane O'Keeffe who resigned from his position of Internal Auditor in January 2019. Ms. Millane informed our Committee that the Council received sanction from the Department of Housing, Planning and Local Government to regrade the Internal Audit position to grade VIII, analogous to Financial/Management Accountant. This is due to increased duties in this role including the management of Section 48 checks; these relate to grants from LEADER and were previously managed by Pobal. Furthermore, a new Staff Officer commenced duties in Internal Audit to manage the Section 48 checks.

Our Committee welcomed Ms. Mairead Sweeney who was subsequently appointed in the position of Internal Auditor.

Internal Audit Charter

The Internal Audit Charter was reviewed in 2020 and adopted by the Committee on 25 February 2020. The Committee reviewed the Charter in May 2018. The charter sets out the role and responsibilities of the Internal Audit Section along with management's responsibilities and reporting arrangements. A copy of the Internal Audit Charter is attached hereto at Appendix 2.

Internal Audit Plan 2019

At the meeting in October the Internal Auditor presented our Committee with an update on the status of the Internal Audit Plan for 2019. The Audit Committee is satisfied that the resources of internal audit are deployed to good effect and that the Council's internal audit practice is of a high standard and is evolving in keeping with general good internal audit practice.

Assessment of the Effectiveness of the Audit Committee

Members of the Committee completed a questionnaire, derived from a questionnaire developed by the Institute of Public Administration, in late 2017. A further review was conducted in late 2018. The results of that review were considered at the meeting held in April. All present at the April meeting agreed that there is a learning curve to be addressed and that training should be a priority for the new Audit Committee. The current committee considered training requirements at its meeting in October and it was agreed that training should be organised towards the end of 2020 after the committee have been in place for a twelve-month period.

Section 9: Conclusion

There is a very good working relationship between the Committee, the Chief Executive and his staff. The Committee receives all the support and information it requires to fulfil its remit and is satisfied it will continue to be able to fulfil its role in the overall governance arrangements of the Council into the future.