



Comhairle Contae Chill Dara
Kildare County Council

Audit Committee

Annual Report 2016

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Section 1: Introduction

The Audit Committee is a statutory Committee of the Council appointed under Section 89 of the Local Government Reform Act 2014.

The members of the Audit Committee during 2016 were:

- Mr. Denis Doherty, Chairperson
- Ms. Suzanne Healy (resigned October 2016)
- Mr Charlie Carri
- Mr Ken Conway (appointed April 2016)
- Ms. Audrey Kilgallon (Appointed November 2016)
- Councillor Teresa Murray
- Councillor Mark Stafford
- Councillor Paul Ward

The committee was supported and assisted by Ms. Sonya Kavanagh, Director of Services, Economic Development, Enterprise and Corporate Services, Ms Paula Comerford, Staff Officer, Corporate Services and Ms. Jackie Sweeney, A/Staff Officer, Corporate Services.

During 2016, the Audit Committee met on the following dates:

- 8 March 2016
- 24 May 2016
- 26 July 2016
- 11 October 2016
- 6 December 2016

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

Section 2: Chairpersons Statement

Statement by the Chairperson of Kildare County Council's Audit Committee

On behalf of our Committee, I am pleased to present the eight 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 unqualified.

Our Committee relies heavily on the work of the Internal Auditor and his 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 he 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 these functions continue to receive the attention their importance merits. We recommended and it has been agreed that the risk management and internal audit functions will 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. Our Committee is satisfied that there continues to be a strong

emphasis on achieving value for money and that progress made in earlier years is being maintained. Having regard to the emphasis on value for money in our revised terms of reference, our Committee will be devoting time to considerations of value for money on an on going basis.

During the year our Committee was well served and supported by Ms Sonya Kavanagh, Ms Jackie Sweeney and Ms Paula Comerford.

In our judgment, Kildare County Council continues to be well governed and well managed. Our Committee continues to receive the full support and co-operation of the Chief Executive and the staff of the Council. The secretarial support supplied was, as always, of the highest standard.

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

The Audit Committee's Charter was reviewed in 2016 and adopted by the committee on 26 July 2016. The Charter was adopted by the members of Kildare County Council at their meeting on 24 October 2016. The Charter sets out the role, functions and membership of the committee. It also deals with matters such as the holding of meetings, working procedures and reporting structure. A copy of the Audit Committee Charter is attached hereto at Appendix 1.

Section 5: Internal Audit and Checking Section Annual Report 2015

The Internal Auditor presented the Internal Audit and Checking Section Annual Report 2015 to the committee at its first meeting of the year. The report contained the details and status of 21 audits carried out over the course of 2015.

Section 6: Internal Audit Plan 2016

In preparing the Internal Audit Plan for 2016 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 was considered and approved by the Audit Committee at its meeting on 8 March 2016.

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:

- Head of Finance/ Accountant
- Director of Services - Corporate, Human Resources and ICT
- Director of Services - Water and Environmental Services
- Senior Executive Officer/Administrative Officer - Housing

During 2016 the committee was briefed and updated on the following areas, which had been identified as areas of priority.

- Risk Management
- Property Interest Register
- Procurement
- Value for Money
- Voluntary Housing
- Part V Register
- Public Spending Code
- Protected Disclosures Policy
- National Service Indicators

Section 8: Audit Committee Objectives for 2016 and Related Outcomes

Risk Management

Having regard to the Committee's function to 'review systems that are operated by the local authority for the management of risks', Mr. Joe Boland, Director of Services,

presented the Risk Management Policy, Corporate Risk Register and Departmental Risk Registers to the committee at the October meeting, as follows;

Risk Management Policy

The Committee was briefed on and considered the current risk management policy, which sets out how to ensure that the culture, processes and structures within the organisation are directed towards the effective management of potential risks and opportunities. The Committee emphasised the importance of continuing to prioritise the pursuit of this objective in the public interest and in maintaining the reputation of the Council.

Corporate Risk Register/Departmental Risk Registers

The Corporate Risk Register reflects the ten most significant risks facing the Council in terms of potential likelihood and impact. Mr. Boland reviewed each risk individually and noted the updates to the register for 2016.

The committee also considered the review for 2016 of the Departmental Risk Registers. The committee recommended that the Internal Auditor should have regard to the Corporate Risk Register when drafting the Internal Audit plans in the future.

Property Interest Register

The Property Interest Register [PIR] Project Team was established in 2009 in order to develop and maintain an up-to-date register of council owned properties. The Audit Committee has taken an active interest in this project from its initiation. It is proving to be an example of how a difficult and complex responsibility can be organised and managed when it is well described, planned, resourced, managed and prioritised over time.

The committee received an update report at their July meeting and noted the continuing progress in the capturing of assets to a projected figure of 3000 by the end of 2016. The committee acknowledged this as a 'significant milestone' for the project.

Part V Register - Housing

The Part V Register Action Plan for 2016 and progress report were circulated to and considered by the committee at the March meeting.

Voluntary Housing

An update report on the Voluntary Housing Scheme was presented to the committee by Mr. Mark McLoughlin, Administrative Officer, Housing Department in March. It was confirmed that 13 recommendations from the Local Government Audit Service along with items identified in an internal audit were being considered by the Housing Department. The recommendations and current implementation status were outlined to the committee. The committee noted and acknowledged the progress made in relation to the scheme.

Protected Disclosures Policy

The committee was presented with a report on the interim policy currently in place in Kildare County Council with regard to the receipt of protected disclosures. As of July 2016, it was confirmed that no disclosures had been made to Kildare County Council. The committee advised that the council update its policy and procedures to ensure its obligations under legislation are met in this regard. It was confirmed to the committee that policy documents and training will be provided by the LGMA in early 2017. In the meantime, the interim policy is to be updated and a form is to be made available to simplify the procedure for those wishing to make a protected disclosure.

National Performance Indicators

NOACs report entitled 'Performance Indicators in Local Authorities 2014' was presented to the committee, in compliance with the Audit Committee's obligation to oversee the report. The report provides an overall view of where Kildare County Council's performance is strong and, in turn, on areas where improved performance can be targeted. The Committee requested that the information in the report be analysed for the purpose of identifying where Kildare County Council ranks in the various tables contained in the report. That information will assist the Council and the Committee in identifying priorities in the short term and in making comparisons over time.

The 2015 report was circulated to the committee members in November 2016 for consideration.

Public Spending Code

The committee was presented with, and considered, Kildare County Council's Annual Quality Assurance Report for 2015 confirming its on-going compliance with the Public Spending Code. The purpose of this report is to present the results of each of the 5 steps in the Quality Assurance exercise and to report on compliance with the requirements of the Public Spending Code.

Procurement

The committee was briefed on the draft Corporate Procurement Plan 2016-2019 and were updated on expenditure across works, services and goods at the March meeting. The devolved model of procurement now in operation in Kildare County Council was outlined to the committee. The draft plan is still under consideration and has not yet been adopted.

Value for Money

As a statutory function of the committee 'to assess and promote efficiency and value for money with respect to the local authority's performance of its functions', the Committee suggested that a firm focus be placed on this issue in 2017. Studies in this regard would highlight if value for money was indeed being achieved or if compliance with procurement processes was merely being met.

Financial Reports

The Head of Finance briefed the committee at intervals during the year in relation to the financial position of the Council and kept the committee informed of emerging and developing financial issues

At the meeting in March the Head of Finance briefed the Committee on the Annual Financial Statement 2015 outlining main areas of expenditure i.e. Housing, Roads, Water & Environment.

Financial Out-turn 2015

The committee considered the financial out-turn for 2015 at their meeting in May. They were informed by Ms. Barbara Sweeney, Accountant, that the out-turn on the revenue account for 2015 showed a surplus of €246,138 after transfers to reserves were taken into account. The accumulated deficit was further reduced in 2015 with a closing deficit figure of €1.2 million at the end of 2015.

The committee noted with satisfaction that the overall collection rate had improved in 2015 but housing loan collection rates remained low. The Committee noted with approval the efforts of the Finance Department to improve the debt collection rates in all areas.

Meeting with Local Government Auditor

The Committee met with the Local Government Auditor and discussed his audit report on the Annual Financial Statement 2015 at the October meeting. The Committee noted with satisfaction that the Local Government Report is unqualified. The Committee values these annual meetings, 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 presentation to the full council. This was presented and noted at the full council meeting in November.

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 2016 the newly appointed Internal Auditor Mr. Shane O'Keeffe, was introduced to the committee. The committee were presented with the Internal Audit and Checking Section Annual Report for 2015 detailing the key findings and status of 21 audits carried out over the course the year with 8 reports completed, 3 at draft report stage, 3 audits commenced before year end and 7 reports not commenced by year end. The report also outlined additional works carried out by the Internal Audit Section.

The Internal Audit Plan for 2016 was considered and approved by the Audit Committee at their March meeting.

Internal Audit Charter

The Internal Audit Charter was reviewed in 2016 and adopted by the committee members on 26 July 2016. 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.

Progress Report 2016

During the year the Committee received detailed briefings and considered the following audit areas:

- Environment – Churchtown Cemetery
- Procurement 2015
- CORE Payroll
- Review of Council Roads Depots
- Taking on Charge of Housing Developments
- Newbridge Stores Stock Take Report 2015
- Fuel Controls & Interim Stock Take of Stores
- Transfer of Town Councils to Kildare County Council
- Review of Civil Defence Audit Recommendations 2012
- Compliance with Service Level Agreements
- Governance of Grant Funded Organisations

At the final meeting of the year the Internal Auditor presented the Internal Audit Progress Report to the Committee. He confirmed, that of the 16 audits listed, 11 were finalised, 2 were with Management Team for approval, 1 was ongoing and 1 was to be commenced in 2017. The remaining audit report was presented to the committee at that meeting.

During the year the Audit Committee discussed the implementation of Internal Audit's recommendations throughout the organisation and placed strong emphasis on the timely follow up of Internal Audit recommendations. The committee were advised that a strong emphasis will continue to be placed on the importance of the Audit

Committee attaches to full co-operation with Internal Audit and in particular to the implementation of audit recommendations.

The Committee is satisfied that the resources of internal audit are deployed to good effect and that the Council's internal audit practice is evolving in keeping with general good internal audit practice.

Section 9: Conclusion

There is a very good working relationship between the Committee, the Chief Executive and staff of Kildare County Council, a view shared by the Chief Executive, Mr. Peter Carey when he met with the committee in December. 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.