



Comhairle Contae Chill Dara
Kildare County Council

Audit Committee

Annual Report 2017

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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 2017 were:

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

The committee was supported and assisted by Mr. Tadhg McDonnell, Director of Services, Housing and Corporate Services, Ms. Jackie Sweeney, Staff Officer, Corporate Services and Ms. Anita Clarke, Staff Officer, Corporate Services.

During 2017, the Audit Committee met on the following dates:

- 28 February 2017
- 23 May 2017
- 25 July 2017
- 10 October 2017
- 5 December 2017

This is the ninth 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 ninth 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 special attention to this aspect of our work during 2018.

During the year our Committee was very well served and supported by Mr. Tadhg McDonnell, Director of Services, Ms. Jackie Sweeney & Ms. Anita Clarke.

The members of the Audit Committee are very committed to the work involved and are generous in giving of their time and expertise. As Chairperson of the Committee, I wish to acknowledge their valuable contributions and to express my appreciation for same.

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 members of Kildare County Council at their meeting on 24 October 2016 adopted the Charter. 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 2016

The Internal Auditor presented his report to the Committee and gave an overview of the workings of the Internal Audit Department in 2016 in terms of the audit approach, audit status, staffing, miscellaneous work etc. The report contained the details and status of 17 audits carried out during 2016.

Section 6: Internal Audit Plan 2017

In preparing the Internal Audit Plan for 2017 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 and was considered and approved by the Audit Committee at its meeting on 28 February 2017.

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
- Director of Services - Transportation & Public Health and Safety
- Director of Services - Water and Environmental Services
- Director of Services - Economic, Community & Cultural Development (inc. HR)

- Senior Executive Officer - Corporate Services
- Head of Information Systems & Procurement
- Chief Fire Officer

During 2017 the committee was briefed and updated on the following areas, which had been identified as areas of priority.

- Protected Disclosures Policy
- Value for Money Report no; 30 - Estate Management
- IT Security
- Public Spending Code - Quality Assurance Report 2016
- Audit Committee Self-Assessment

Section 8: Audit Committee Objectives for 2017 and Related Outcomes

Protected Disclosures Policy

At the Audit Committee's meeting in February, Ms. Sonya Kavanagh, Director of Services provided the committee with a document confirming the establishment of a dedicated section on the staff intranet to inform staff of the policy and procedure in place for making a protected disclosure. It was also noted that the policy and procedures are published on the Council's website. Mr. Tadhg McDonnell, Director of Services advised the committee that Ms. Maura McIvor, Senior Executive Officer was appointed as the designated officer to receive such disclosures and that a form had been made available to simplify the process.

The Committee welcomed the improvements in the arrangements that were introduced.

IT Security

Mr. Bernard Higgins, Head of Information Systems, attended the meeting in May to report on and discuss the IT security arrangements in place in the Council. Mr Higgins described the arrangements in place in Kildare County Council aimed at

dealing with IT security risks. He described the training arrangements in place to raise awareness of the risks and the need to comply with best practice.

The Committee complimented Mr Higgins on the arrangements that are in place, on the level of awareness of the risks involved, the need to keep up to date with good practice in the sector and the need to be constantly vigilant of the risks involved.

Public Spending Code – Quality Assurance Report 2016

The Audit Committee was presented with, and considered, Kildare County Council's Annual Quality Assurance Report for 2016 confirming its on-going compliance with the Public Spending Code. A change to the methodology for reporting on project inventory was discussed. The Internal Auditor presented 3 reports required as part of the quality assurance process. In depth checks were required for capital and expenditure projects in addition to a revised, more comprehensive template for submitting such reports.

Procurement

In October, the council advertised the position of a Procurement Officer with the skill set to monitor the procurement process in the council. In the interim, the budget holders remained responsible for procurement.

Value for Money

The Internal Auditor presented the committee with his report on Value for Money at the October meeting. The Committee considered the Internal Auditor's report to be helpful and reviewed the committee's core function requiring it 'to assess and promote efficiency and value for money with respect to the local authority's performance of its functions'. A worthwhile discussion took place with the Chief Executive at the December meeting. The Committee recommended and it was accepted that, on an ongoing basis, - the Internal Audit work programme would have regard to the work being undertaken in identifying and managing risks.

Annual Assessment of Effectiveness of Audit Committee

The committee is required to carry out a 'Self-Evaluation' assessment on its effectiveness annually. The Internal Auditor circulated a questionnaire to the

members during November 2017 and he used the format published by the Institute of Public Administration. The Internal Auditor presented the results of the self-evaluation assessment to the Audit Committee at the meeting on the 27 February 2018. The members considered the findings of the questionnaire and a decision was taken to format the self-evaluation questionnaire in the future to more closely align it with the committee's specific requirements. The committee agreed that the self-evaluation assessment is a worthwhile process and the Chairperson thanked the Internal Auditor for correlating the questionnaire.

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 held on 23 May 2017, the Head of Finance briefed the committee on the Annual Financial Statement for 2016 and outlined the report's key features.

Financial Out-turn 2016

The committee considered the financial out-turn for 2016 at their meeting in July. The Committee noted with satisfaction that the out-turn on the revenue account for 2016 showed a surplus of €240,000. The accumulated deficit figure at the end of 2016 was €959,000.

Meeting with Local Government Auditor

In July, the Committee met with the Local Government Auditor and discussed his audit report on the Annual Financial Statement 2016. The Committee noted with satisfaction that the audit report was unqualified and congratulated all concerned in the management and administration of the Council's financial affairs.

The 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 2016 for

presentation to the full council. The report was presented and noted at the full council meeting in November 2017. 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 2017, the Internal Auditor presented the Internal Audit Plan for 2017 to the committee. He confirmed that in compiling the list of audits to be carried out he took into account the Corporate Risk Register, the views of the Chief Executive and Directors of Services, input from the Audit Committee and the Local Government Auditor and previous Audit Plans for 2014/2015/2016. 13 audits, across all directorates, were scheduled for 2017. The Internal Audit Plan for 2017 was considered and approved by the Audit Committee at the February 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 2017

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

Housing Grants Administration
Control of Horses, Dog Licences & Dog Pound
Annual Stock Take 2016- Stores and Motor Tax
Travel & Subsistence
Fire Safety Certificates
Development Control Inspections
Ethics Register and Conflicts of Interest
Housing Purchase Loans (Applications)
Local Enterprise Office

Public Spending Code - Revenue Audit

Public Spending Code - Capital Audit

Two audits scheduled for 2017 will be undertaken in 2018.

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 was advised that a strong emphasis will continue to be placed on the implementation of audit recommendations.

Internal Audit Plan 2018

At the meeting in December the Internal Auditor presented the Internal Audit Plan 2018 to the committee. The plan was considered and approved by the committee.

The 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.

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.