



Comhairle Contae Chill Dara
Kildare County Council

Audit Committee

Annual Report 2018

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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 2018 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. Anita Clarke, Staff Officer, Corporate Services and Ms. Angela Quinn, A/Staff Officer, Corporate Services.

During 2018, the Audit Committee met on the following dates:

- 27 February 2018
- 22 May 2018
- 24 July 2018
- 9 October 2018
- 13 November 2018
- 4 December 2018

This is the tenth 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 tenth 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 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 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 2019.

I was pleased to attend, by invitation, the meeting of the Council on the 30th. April 2018. It afforded me an opportunity to brief the members on the work of our Committee and to answer member's questions.

During the year our committee was very well served and supported by Mr. Tadhg McDonnell, Director of Services, Ms. Anita Clarke & Ms. Angela Quinn.

The term of office of our Committee will expire in 2019, when local elections take place. 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

The current Audit Committee's Charter adopted by the Committee on 26 July 2016. The members of Kildare County Council at their meeting on 24 October 2016 adopted the charter, which 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. Our Committee reviewed the Charter at our meeting in May 2018. A copy of the Audit Committee Charter is attached hereto at Appendix 1.

Section 5: Internal Audit and Checking Section Annual Report 2017

The Internal Auditor presented his report to the Audit Committee and gave an overview of the workings of the Internal Audit Department in 2017. It dealt with the audit approach, audit status, staffing, miscellaneous work etc. The report contained the details and status of 18 audits carried out during 2017.

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 2018

In preparing the Internal Audit Plan for 2018 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 27 February 2018.

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
- Financial Management Accountant
- Director of Services - Transportation & Public Health and Safety
- Director of Services - Water and Environmental Services
- Ms. Niamh Bennett – Procurement Officer
- Mr. David Creighton – A/Senior Architect

During 2018 the Committee was briefed and updated on the following areas, which had been identified as areas of priority.

- Stock take of the machinery yard
- Fire Services Invoicing
- Value for Money Policy and Implementation Plan
- Value for money
- Public Spending Code - Quality Assurance Report 2017
- Risk Register
- Travel and Subsistence Audit Report
- National Service Indicators

Section 8: Audit Committee Objectives for 2018 and Related Outcomes

Stock Take Machinery Yard

At the February meeting Mr. Niall Morrissey, Director of Services for Transportation and Public Health and Safety briefed and updated the Committee on the stock take carried out on the Machinery Yard in 2017. He informed the committee that the Department of Transport have agreed to build a Salt Park on the site the council have selected for the new machinery yard. It was agreed that he would keep the committee updated on its progress.

Fire Services Invoicing

The Internal Auditor brought to the attention of the Committee one particular finding in the Fire Services audit. At present, Kildare County Council does not levy charges for attendance at Road Traffic Accidents by Kildare Fire Services. The Internal Auditor informed the Committee there is a potential loss of income and he recommended that Fire Services should levy a charge for attendance at road traffic accidents in the future as the monies collected could be offset against the costs of running Kildare Fire Services. Mr. Niall Morrissey, Director of Services stated it was not the practice of Kildare County Council to levy charges as these accidents can involve emotive situations. He stated that Kildare County Council could not apply any new charges until the new Gartan System is fully functional. The RTA charge will be subject to review of the revised Fire Services Charges Executive Order in 2019.

Value for Money Policy and Implementation Plan

The 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 Audit Committee places emphasis on the requirement to demonstrate value for money. At the July meeting Ms. Niamh Bennett, Procurement Officer delivered a presentation to the Audit Committee on the Procurement procedures and the Procurement Corporate Plan 2018-2021 approved by the Management Team in July 2018, which incorporates value for money. She informed the committee that she plans to set up help clinics and provide advice to the staff of Kildare County Council. The Committee welcomed the appointment of the Procurement Officer and were supportive of the approach she outlined.

Mr. David Creighton, A/Senior Architect presented and gave an overview of the Capital Works Management Framework to the Committee. He explained that Kildare County Council manage the entire procurement process i.e. they design the tenders and award the contract: the Clerk of Works is responsible for checking the work when the contract is awarded.

The Committee agreed to give further consideration, with the executive, to their statutory obligation 'to assess and promote value for money with respect to the local authority's performance of its functions.

Value for Money

At the February meeting, it was agreed that the Finance Department would report to the Audit Committee specifically on Value for Money for capital and revenue projects. It was decided that once the quarterly reports are completed and issued to the Department of Environment, Heritage and Local Government, the Council and the Head of Finance would appraise the Audit Committee.

The Internal Auditor advised he would be commencing new audits specifically in relation to Value for Money on overtime, advertising, travel and subsistence and he intends to examine Value for Money in 2019.

Public Spending Code – Quality Assurance Report 2017

The Audit Committee was presented with, and considered, Kildare County Council's Annual Quality Assurance Report for 2017. 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, 18.4 Public Spending Code – Social Housing Leasing and 18.5 Public Spending Code – NRO M7 Osberstown Interchange & R407 Sallins Bypass.

Risk Register

The Internal Auditor gave an overview of the Risk Register audit. The Internal Audit team met with the Chief Executive and Mr. Joe Boland, Director of Services and later with the IPB who assisted the council to determine how it could best manage risk. It was recommended that a job description be drawn up for role of the 'Risk Co-

ordinator'. The role and the policy are to be reviewed annually. The Internal Auditor recommended that in future there should be explicit linkage with the Risk Register and the Corporate Plan. He informed the Committee there is a new advisory group being established to discuss how the council is assessing risk and it is being lead by Mr. Joe Boland, Director of Services.

Travel and Subsistence Audit Report

At the November meeting the Internal Auditor presented his report on Travel and Subsistence to the Committee. The Internal Auditor advised the members that a revised policy titled 'Kildare Local Authority Travel Policy & Procedure 2018' was circulated to all staff and is available on the Council's intranet. Furthermore, the Travel System was amended to allow insurance details for staff to be updated and to include an alert where insurance has expired. The Resident Engineer's allowance is now being paid through payroll and is subject to relevant deductions.

The Committee considered the report and it was agreed that travel and subsistence costs and arrangements would be audited for the first quarter of 2019 and the results of the audit will be presented to the Audit Committee in May 2019.

National Service Indicators

At the December meeting Mr. Tadhg McDonnell presented the Committee with reports prepared by Housing, Roads Transportation and Public Safety, Water Services and Environment, Library Services and Planning in relation to the NOAC Report no. 19 – National Performance Indicators 2017. This was the fourth annual report produced by NOAC. Mr. Tadhg McDonnell then gave an overview to the committee of the findings in each report.

The Committee judged the reports 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.

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.

Preliminary Outturn Financial Report 2017

The committee considered the projected financial out-turn for 2017 at their meeting in February. The Head of Finance advised the committee that an anticipated surplus of between €150,000 and 200,000 would be realised and that the accumulated deficit would be reduced to €959,000.

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 2017. The 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 2017 for presentation to the full council. The report was presented and noted at the full Council meeting in November 2018. 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 2018, the Internal Auditor presented the Internal Audit Plan for 2018 to the committee. He informed the committee that Internal Audit planned to conduct twelve audits including three compulsory audits on Public Spending Code for Revenue and Capital projects plus the Stock-take 2018 (Stores and Motor Tax) audits. The Internal Audit Plan for 2018 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 on 26 July 2016. 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.

Progress Report 2018

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

- Fuel controls and interim stock take of Stores
- Recoupment of Insurance following damage to public infrastructure
- Review of Protected Disclosures Policy and Protected Disclosures Annual Report June 2018
- Part 8 Planning Proposals
- Group Water Schemes
- Pay Parking Machine Thefts

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 2019

At the meeting in December the Internal Auditor presented the Internal Audit Plan for 2019, which was approved by the Committee.

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 will be considered in 2019.

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.