Comhairle Contae Fhine Gall

Fingal County Council

Fingal County Council Audit Committee

Chairperson's Annual Report

2014



Circulation List

Paul Reid, Chief Executive

Members of Fingal County Council

Date: 27th March, 2015

FINGAL COUNTY COUNCIL
AUDIT COMMITTEE

ANNUAL REPORT 2014

Introduction

Fingal County Council Audit Committee 2014 – 2019 was established under the Local Government Reform Act 2014. The Elected Members of the Audit Committee were appointed by Fingal County Council at its meeting of the 9th June 2014, and the External Members of the Audit Committee were appointed by Fingal County Council at its meeting of the 8th September 2014.

Mr. Donagh Waters was elected as Chairperson of the Audit Committee at its inaugural meeting held on the 29th September 2014.

The External Members are:

1. Donagh Waters (Chairperson)
2. Dearbhla Fitzsimons
3. Dominic Kenna
4. Noreen Fahy

The Elected Members are:

1. Cllr. Cian O'Callaghan
2. Cllr. Kieran Dennison
3. Cllr. Jack Chambers



During the course of 2014 the Audit Committees held the following meetings:

- Meeting of 20th January 2014 (previous Committee)
- Meeting of 28th April 2014 (previous Committee)
- Meeting of 29th September 2014 (Inaugural Meeting – current Committee)
- Meeting of 17th November 2014 (current Committee)
- Meeting of 8th December 2014 (current Committee)

The issues dealt with at these meetings include the following:

- Schedule of Audit Committee Meetings
- Schedule of Programme of Work & Presentations
- Annual Report 2013 of Audit Committee
- Audit Committee Charter
- Audit Plan 2014
- Annual Budget 2014 Briefing
- Review of Audit Reports
- Briefing Sessions
- Risk Management
- Review of Annual Financial Statement
- Review of Statutory Audit Report
- Meeting with Senior Management
- Meeting Local Government Auditor
- Internal Audit Unit Charter

New Audit Committee members also attended induction training at the Institute of Public Administration on 3 October 2014.

Role of the Audit Committee

The Audit Committee's role is to support the elected Council by providing an independent assessment of the activities of management in controlling the local authority and the quality of the risk management, financial reporting, financial management and internal audit. The results of this assessment should be reported to and considered by the Council. In so doing, the Audit Committee should identify any matters in respect of which it considers that action or improvements are needed and make recommendations as to the steps to be taken.

Within the organisational structure, the Audit Committee's position in reporting directly to the Council maintains its independence from the executive. Each member of the committee has a specific role to play in ensuring that the committee maintains its independence and objectivity. In discharging its role, the Audit Committee should act in a collective manner.

It is important to note that, in any context, the operations of the Audit Committee do not diminish the statutory duties and responsibilities imposed on the local authority, be it the Council of elected members or the Chief Executive under any other statute.



Functions

The functions of the Audit Committee are as prescribed by section 59 of the Local Government Reform Act 2014, as follows:

a) To review the financial and budgetary reporting practices and procedures within Fingal County Council:

b) To foster the development of best practice in the performance by Fingal County Council of its internal audit function:

c) To review any financial statement auditor's report or auditor's special report in relation to Fingal County Council and assess any actions taken within the Council by its chief executive in response to such a statement or report and to report to the Council on its findings:

d) To assess and promote efficiency and value for money with respect to Fingal County Council's performance of its functions:

e) To review systems that are operated by Fingal County Council for the management of risks:

f) To review the findings and recommendations of the NOAC and the response of the Chief Executive to these and take further action as appropriate:

Internal Audit Annual Report 2013

Internal Audit presented the Annual Report 2013 to the committee at their first meeting of the year on 20th January 2014. This Report was considered and noted by the Council at the Council Meeting held on 10th February 2014.



Briefing Sessions from Senior Management

Senior management made a number of presentations to the Committee during 2014; in addition Internal Audit issued a number of Reports. The issue of Reports, and presentations made to the Committee, was designed to enhance the Committee's overall knowledge of the Council.

The Committee met with several members of the Senior Management Team and during the year including:

- Mr. Paul Reid, Chief Executive
- Mr. Des Bruton, A/Head of Finance
- Mr. Conor Molony, Financial Management Accountant
- Mr. Peter Caulfield, Head of Corporate Affairs, HR & IT
- Mr. Garry O'Brien, A/Director of Services, Environment & Water Services.

The Committee received regular briefings during 2014, in the following areas, which had been identified as areas of priority:

- Corporate Governance
- Value for money initiatives
- Internal Controls
- Risk Management



Corporate Governance

Further to the Committee's corporate governance role, the following reports were brought to their attention for review:

a) Annual Budget 2014

b) Internal Audit Unit-2014 Audit Plan

c) Budgetary Review Year to Date 2014

d) Report by Local Government Auditor on the 2013 Audit

e) Update on Corporate Governance Review-Deloitte

During 2014, significant reforms commenced in the Local Government Sector, underpinned by the Local Government Reform Act 2014. The reforms in the main revolve around increased transparency and accountability in relation to the provision of all services as well as an enhanced democratic process. The Local Government Reform Act 2014 makes provision for the establishment, by Ministerial Order, of a body to be known as the National Oversight and Audit Commission ('NOAC').

As part of the reform process, Fingal County Council sought external, expert assistance and advice on Internal Control, Processes & Procedures, Risk Management and Corporate Governance (see above under e).

This review, which is still ongoing at end of 2014, is to assess and make recommendations on Fingal County Council's executive functions specifically in relation to the following:

- Internal audit processes, controls and structures. This is examining the current Internal Audit function and related processes and procedures having regard to the provisions of the Local Government (Audit Committee) Regulations 2014 S.I 244/2014 and the Guidance for Audit Committees in Local Authorities published by the Department of the Environment, Community and Local Government in June 2014.

- The effective functioning of the Audit Committee and relevant support processes.

- Policies and practices in place to support strong internal controls in relation to financial processes, for example, delegations of authorities, Chief Executive's Orders, appropriate approvals etc.,

- Risk Management Process and Procedures in place to:
  -Assess and agree risk appetite,
  -Identify strategic and operational and financial risks,
  -Developing and reviewing of a Risk Log and appropriate mitigation measures.

- The establishment and oversight of Management Companies to support the ongoing functioning of the various Council bodies and organisations:-
  -This is reviewing the appointment of Company Directors to such bodies and to provide clarity on roles and responsibilities.



Financial Reports

Mr. Des Bruton briefed the Committees during (2014) on the financial position of the organisation. Mr. Bruton presented the Annual Budget 2014 to the previous Committee at the January meeting. Mr. Bruton presented a Financial Report to the current Committee at the September meeting. This presentation outlined the current position regarding the Council's income and expenditure on Budget 2014. Mr. Bruton stated that the overall budgetary position was healthy. The Report by Mr. Bruton also dealt with the Capital Programme 2015 – 2017. Finally Mr. Conor Molony, Financial Management Accountant presented the Report on the Annual Financial Statement for 2013 to the Committee.

Mr. Patrick J Healy, Principal Local Government Auditor presented his Report on the organisation's Annual Financial Statements 2013 to the Committee at the November meeting. The Annual Financial Statements 2013 received an unqualified audit opinion. The Auditor stated that the financial statements reflected a true and fair view of the Council's financial position.

Section 121 (3) of the Local Government Act 2001, as amended by Section 60 of the Local Government Reform Act 2014, requires the Audit Committee to report to the Council on its consideration of the audited Annual Financial Statement and the Statutory Audit Report. This Report, by the Chairperson, was presented to the Members at the Council Meeting held on 8th December 2014.



Value for Money

Value for money initiatives and efficiencies continued to be a high priority for the Committee during 2014. Internal Audit carried out work in the following areas to achieve this aim:

- Final Audit Report on Elmgreen

Audits are ongoing in other areas with respect to VFM.

Internal Controls

The Audit Committee supports the Internal Audit Unit in its role in carrying out examinations of the effectiveness of internal controls and associated risk.

Risk Management

Professional Audit standards require Internal Audit to monitor and evaluate the effectiveness of the organisation's Risk management processes. Risk management relates to how an organisation sets objectives, identifies, analyzes, and responds to those risks; risks that could potentially impact its ability to realise its objectives. Audits and investigations carried out by Internal Audit incorporate risk management into its assessments and form part of the audit approach. It is envisaged that a comprehensive Risk Register incorporating all Council departments will be completed during 2015.

Conclusion

The Audit Committee welcomes the significant progress made in a number of areas during 2014. The Audit Committee is conscious that a number of initiatives are currently underway which have the objective of improving the effectiveness of the Internal Audit function and improvements in the governance area generally.

The good working relationship already established between the Audit Committee and the Chief Executive, and the staff of Fingal County Council continued. The members were satisfied with the reports and updates presented to them during the course of the year.

The successful trial practice of inviting respective Heads of Function / Directors of Service to attend Audit Committee Meetings will continue. This facilitates discussion on the principal risks facing each service, and the relevant respondent risk mitigation activity. This new development is regarded as an important step in extending the role and remit of the Audit Committee. It has also facilitated a forum where the individual Head of Function or Director of Services can comment on relevant Audit Reports and the recommendations contained therein.

Having considered the Audit Committee's performance during 2014, I am satisfied that it has performed effectively. The Audit Committee has recently agreed a comprehensive Work Programme for 2015, taking cognisance of the various statutory functions of the Audit Committee as set out in the Local Government Reform Act, 2014.

On behalf of the Audit Committee I wish to thank the Chief Executive and his staff for their cooperation and support during the Committee's term to date. We would also like to thank the Secretary to the Committee and the staff of Internal Audit for their support and work during the year. I would also like to take this opportunity to thank the members of the Audit Committee for their commitment and look forward to working with them over the term of the Committee.

Signed: _____

Donagh Waters,
Chairperson,
Audit Committee

Date: 27/3/15

Appendix 1

Audit Committee Members and Record of Meeting Attendance

Name	Organisation/Background
Donagh Waters (Chairperson)	Partner at McInerney Saunders, Chartered Accountants & Auditors, Swords.
Dominic Kenna	Principal at Kenna & Co., Registered Auditors & Certified Public Accountants, Dublin 15.
Dearbhla Fitzsimons	Internal Audit Manager at Trocaire, Maynooth
Noreen Fahy	Senior Finance Specialist at IPA, Dublin 4.
Cllr. Cian O'Callaghan	Member of Fingal County Council
Cllr. Kieran Dennison	Member of Fingal County Council
Cllr. Jack Chambers	Member of Fingal County Council

Schedule of attendance at Committee meetings in 2014:

Elected Members	29.9.14	17.11.14	8.12.14
Cllr. Cian O'Callaghan	Yes	Yes	Yes
Cllr. Kieran Dennison	Yes	Yes	Yes
Cllr. Jack Chambers	Yes	Yes	Yes
External Members			
Donagh Waters	Yes	Yes	Yes
Dominic Kenna	Yes	Yes	Yes
Dearbhla Fitzsimons	Yes	Yes	Yes
Noreen Fahy	Yes	Yes	Yes