

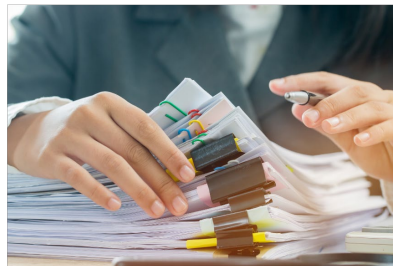


KILDARE COUNTY COUNCIL

THE AUDIT COMMITTEE

ANNUAL REPORT

2021



Contents

Section 1: Introduction	3
Section 2: Membership	3
Section 3: Schedule of Meetings	3
Section 4: Chairperson’s Statement	4
Section 5: Role of the Audit Committee	6
Section 6: Internal Audit Annual Report 2020	6
Section 7: Internal Audit Plan 2021	7
Section 8: Internal Audit Strategic Plan 2021-2025	7
Section 9: Briefings from Senior Management	7
Section 10: Audit Committee Objectives for 2021 and Related Outcomes	8
Section 11: Progress Report 2020	11
Section 12: Internal Audit	12
Section 13: Internal Audit Charter	12
Section 14: Conclusion	12

Section 1: Introduction

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

Section 2: Membership

The composition of the Audit Committee for 2021 is as follows:

- Chairman, Dr. Moling Ryan
- 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 Ms. Annette Aspell, Director of Services, Housing and Corporate Services and Ms. Angela Quinn, Staff Officer, Corporate Services and Ms Pauline O Connor, Staff Officer, Corporate Services.

Section 3 – Schedule of Meetings

The Audit Committee met on four occasions in 2021 as follows:

- Tuesday 23 March 2021
- Tuesday 22 June 2021
- Tuesday 28 September 2021
- Thursday 11 November 2021

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

Section 4: Chairperson's Statement

I am pleased as Chairperson to present the thirteenth Annual Report of the Audit Committee of Kildare County Council.

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. We noted with satisfaction that the Local Government Auditor's report was again unmodified.

Our Committee relies heavily on the work of the Internal Audit and Corporate Governance Unit to enable us to satisfy ourselves that the financial systems and controls in use are effectively operating and fit for purpose. The position of Internal Auditor was vacant for all of 2021 and its filling is only now imminent. This, together with the impact of the pandemic, placed considerable pressure on the team and the senior officials, Ms Fiona Millane and Ms Barbara Sweeney, providing supervisory cover. Nonetheless, the team managed to be responsive to our suggestions and advice and their work 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 continued attention to this aspect of our work during 2022.

I attended, by invitation, the meeting of the Council on the 26th of April 2021. It afforded me an opportunity to brief the members on the work of the Committee and to answer members' questions.

During the year our Committee was very well served and supported by Ms. Annette Aspell, Director of Services, and Ms. Angela Quinn and, more recently, Ms Pauline O'Connor.

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 staff.

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

Dr Moling Ryan
Chairperson of Audit Committee

Section 5: 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.
- To review systems, which are operated by the local authority for the management of risks.

Section 6: Internal Audit Annual Report 2020

The Internal Audit Annual Report for 2020 was presented to us at our meeting held on the 23rd of March 2021 by Ms. Fiona Millane, Financial Accountant.

The report was prepared by the Audit Team and it provided an overview of the workings of the Internal Audit Department in 2020. Ms Millane advised the Audit Committee that this was a particularly difficult year for the Internal Audit unit as Internal Audit were not considered an essential service for the duration of 3 months of the year. Also, account needs to be taken of the fact that the Head of Internal Audit and Corporate Governance resigned during 2020 and the position was not subsequently filled. Despite this, 12 audits were completed and brought to the Committee during 2020 and 2021.

The Audit Committee judged the work of the Internal Audit Unit to be of a consistently high standard and amounted to a substantial and relevant body of work produced, noting that the Internal Audit unit had 9 months of the year to work on audits.

Section 7: Internal Audit Plan 2021

The Internal Audit Plan for 2021 was presented to the Audit Committee on the 23rd of March 2021. The plan included four audits brought forward from 2020. In addition, there were twelve audits scheduled for 2021. The Plan was presented to the Management Team and was approved. Subsequently, the Audit Committee agreed the audits outlined in the Internal Audit Plan 2021.

Section 8: Internal Audit Strategic Plan 2021-2025

Ms. Fiona Millane, Financial Accountant briefed the Committee on the Internal Audit Strategic Plan on the 23rd of March 2021. This is a multiannual plan that sets out the medium-term direction of the Internal Audit and Governance unit. The role of the Internal Audit unit is not solely to identify any shortcomings, omissions, or failings, it has an important function to aid in approving and assisting the Council to develop its processes.

The Committee agreed the plan and noted that this report sets a framework for the incoming Internal Auditor.

Section 9: Briefings from Senior Management

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

- Ms Fiona Millane, Financial Accountant.
- Ms Barbara Sweeney, Financial Accountant.
- Ms Sonya Kavanagh, Director of Services, Economic, Community, Cultural Development and Human Resources and Training.
- Mr Joe Boland, Director of Services, Water and Environment.
- Ms. Annette Aspell, Director of Services, Housing and Corporate Services

Throughout 2021, The Audit Committee was briefed and updated on the following, which had been identified as areas of priority:

- I. Departmental Risk Registers
- II. Risk Management Policy 2021 and the Corporate Risk Register
- III. Business Continuity Group Progress Reports
- IV. Annual Financial Statement 2020
- V. Briefing on 2022 Budget

- VI. Property Interest Register and implementation of new PIR system
- VII. Public Spending Code Audit Report 2020 – Revenue and Capital Projects
- VIII. National Service Indicators – NOAC Performance Indicator Report 2020
- IX. Local Government Auditor’s report on the 2020 Annual Financial Statement.

Section 10: Audit Committee Objectives for 2021 and Related Outcomes

I. Departmental Risk Registers

During 2021, The Audit Committee met with Director of Services along with other council officials who presented the departmental risk registers for the following areas:

- Water Services and Environment.
- Corporate Services
- Economic, Community & Cultural Development and Human Resources and Training

The Audit Committee found the above presentations valuable, and it allowed a more in- depth understanding of the final compilation of the Corporate Risk Register.

The Audit Committee suggested recommendations which we believe will improve clarity and understanding to the risks identified.

In 2022 The Audit Committee will meet with representatives to review the departmental risk registers for the following areas.

- Roads
- Housing
- Finance
- Corporate Risk Register

II. Risk Management Policy 2021 and the Corporate Risk Register.

On the 22nd of June 2021 the Risk Management Policy 2021 and the Corporate Risk Register was presented to the Audit Committee by Mr Joe Boland, Director of Services. Mr. Boland confirmed that the 2021 Risk Management cycle is now complete. It was observed that there is value in distinguishing between low and high risks and categorising the prioritisation of extreme risks; Covid-19 and Cyber-attacks being notable ones. In reference to the specification of 3-5 years it was requested by the Audit Committee that detail be included on the register as to how the Council

monitors risks and how progress is recorded. It was noted that there is value in considering the register as a dynamic document

III. Business Continuity Group Progress Reports:

The Audit Committee was updated on the progress of the Business Continuity Group throughout the year. The Audit Committee is satisfied that the Business Continuity Group was focused on the pandemic and ensured that the Council continued to provide its essential services, whilst maintaining a safe working environment for staff.

IV. Annual Financial Statement (AFS) 2020

The Annual Financial Statement for 2020 was presented by Ms Barbara Sweeney, Financial Accountant. The outcome of this presentation was positive, considering the impact of Covid – 19 would have on the Annual Financial Statement.

Once again, the Council recorded a surplus which in 2021 was €163k, and the cumulative deficit at the end of 2021 is €171k. It is noted that this surplus is a result of funding received from the government.

The loans collection has held at a rate of 62%, while the rates collection was 70%.

The following was also noted:

- The council received €26 million in restart grants, a stimulus package and assistance with trading online vouchers.
- The loss of income for pay parking was paid by government and the Council were able to allocate the budgeted 2020 amounts to each MD.
- The Council received funding for the cost of laptops, restructuring, advertising, hiring more vehicles due to staff not being able to travel together under the current Covid-19 guidelines.

V. Briefing on the 2022 Budget

On the 28th of September 2021, the Committee were briefed on the budget for 2022. It was advised there will be no increase to the LPT baseline for 2022.

VI. Property Interest Register and Implementation of new PIR System

At their meeting on the 23rd of March, it was noted by the Committee that the software currently used to record the Property Interest Register is no longer supported and there are plans being made to replace same. It was confirmed procurement for the PIR system is proceeding with a view to it being put in place within the first half of 2022.

VII. Public Spending Code Audit Report 2020 – Revenue and Capital Projects

On the 22nd of June, 2021, the Audit Committee was presented with, and considered, Kildare County Council's Annual Public Spending Code Audit Report 2020.

The value of the projects selected for in-depth review each year is subject to the following criteria:

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

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

The two projects examined by Internal Audit were:

- Public Spending Code In-Depth Check 2020 – Public Spending Code – Prosperous Town Park.
- Public Spending Code In-Depth Check 2020 – Libraries Book Fund.

The Audit Committee agreed that both reports were exceptional and approved of the process in place.

VIII. National Service Indicators – NOAC Performance Indicator Report 2020

On the 11th of November 2021 a summary of the findings of the NOAC National Performance Indicator Report 2020 was presented to the Audit Committee.

This was the seventh annual report produced by NOAC.

It was noted that this gives a good basis on which to examine comparative performance between local authorities.

Barbara Sweeney, Financial Accountant, stated that Kildare County Council have over 5000 rate payers of which 38 % were approved for Restart Grants. She acknowledged the work of the Rate Section and Revenue Collectors and anticipated that this assisted businesses greatly during the pandemic.

Ms Annette Aspell, Secretary of the Audit Committee noted that Kildare County Council performed well overall and had improved its position.

IX. Local Government Auditors Report on the 2020 Annual Financial Statement

On the 11th of November 2021, the Local Government Auditor, Mr. Eamon Daly discussed his audit report on the Annual Financial Statement 2020 with the Audit Committee.

The Audit Committee noted with approval that the audit report was again unmodified. We noted the auditor's report to be a thorough, insightful document that addressed a considerable number of areas.

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.

Section 11: Progress Report 2020

During the year our committee received detailed briefings and considered the following audit areas.

- Stores and Annual Stock-take Audit Report 2021
- Motor Tax Annual Stock-take Audit Report 2021
- Procurement Audit
- Derelict Sites Audit (Income process and procedure)
- Rebuilding Ireland Home Loan Audit Report
- Community Grants Audit Report

During the year our 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. We were informed that staff across the organisation recognised the

recommendations proposed and were extremely supportive and helpful during the auditing process.

Section 12: Internal Audit

Updates on the Internal Audit function is a standing item on the agenda of all meetings of the Audit Committee.

In the absence of a Head of Internal Audit, Ms. Fiona Millane and Ms. Barbara Sweeney kindly provided updates on the Internal Audit function to the Audit Committee throughout the year.

At our meeting on 11th of November 2021 it was noted that progress is being made towards recruiting a new Internal Auditor. There was a good response to the recent recruitment campaign.

The Committee acknowledged the work of the executive and staff of the Internal Audit unit in ensuring the work continued effectively despite the absence of a permanent head of the Internal Audit function.

Section 13: Internal Audit Charter

The Internal Audit Charter was reviewed in 2020 and adopted by the Committee on the 25 February 2020. 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.

Section 14: Conclusion

The Audit Committee is satisfied that throughout the course of our work in 2021 we delivered effectively on the statutory functions of the Committee, as set out in the Local Government Reform Act 2014.