

KILDARE COUNTY COUNCIL

Audit Committee Annual Report 2022



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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 2022 is as follows:

- Chairman, Dr. Moling Ryan
- Mr. Ken Conway
- Ms. Deirdre Coghlan-Murray
- Ms Aislinn O Gorman
- 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 Pauline O Connor, Staff Officer, Corporate Services.

Section 3 – Schedule of Meetings

The Audit Committee met on four occasions in 2022 as follows:

- Thursday 10 March 2022
- Tuesday 31 May 2022
- Tuesday 6 September 2022
- Thursday 10 November 2022

This is the fourteenth 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 fourteenth 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 Committee was particularly pleased with the appointment of Mr. Paul Quinn as internal auditor, particularly as the position had been vacant for all of 2021. It is appropriate to acknowledge the role and input of two senior officials, Ms Fiona Millane and Ms Barbara Sweeney who provided supervisory cover during the lengthy period in which the position was vacant. I would also like to note the significant input of the internal audit team who were always 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 was, of course, the added challenge of dealing with the organisational issues associated with COVID-19 and the Audit Committee was diligent in monitoring and reviewing its impact. Great credit is due to all those involved in the internal audit process as well as management in ensuring there was effective and verified oversight and continuing organisational efficiency despite the considerable difficulties faced.

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 continuing work is required to quantify and demonstrate that value for money is being achieved. The reports published by NOAC continue to be an important reference source in comparing the performance of Kildare County Council with what is being achieved by other County Councils and the Committee was very pleased with this verified comparative performance.

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 2023.

I attended, by invitation, the meeting of the Council on the 30 May 2022. This 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 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 and we are further satisfied that the internal audit service is providing a valuable contribution to the overall control environment in the Council and that its recommendations are appropriately addressed by management.

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 2021

The Internal Audit Annual Report for 2021 was presented to the Committee at its meeting held on the 10th of March 2022 by Ms. Fiona Millane, Financial Accountant.

The report was prepared by the Audit Team and it provided an overview of the operation and activities of the Internal Audit Department in 2021. Ms Millane confirmed that eight audits were completed and advised that the Head of Internal Audit was due to be appointed in the near future.

The Audit Committee considered the work of the Internal Audit Unit to be of a consistently high standard and managed to produce an appropriate body of work.

Section 7: Internal Audit Plan 2022

The Internal Audit Plan for 2022 was presented to the Audit Committee on the 10th of March 2022. The plan included six audits brought forward from 2021. In addition, there were eight audits scheduled for 2022. As agreed by the Audit Committee in 2021, the annual stock takes in stores and motor tax will no longer require a full audit report; they are now classified as in-depth checks/verifications and will not be included as stand-alone audits. It was also confirmed that the audit on Social Inclusion Community Activation Programme (SICAP) will be outsourced. The Plan was presented to the Management Team and was approved. Subsequently, the Audit Committee agreed the audits outlined in the Internal Audit Plan 2022.

Section 8: Briefings from Senior Management

During the year the Committee met with Chief Executive, Sonya Kavanagh and members of the Senior Management Team including:

- Ms Fiona Millane, Financial Accountant
- Ms Barbara Sweeney, Financial Accountant
- Mr Paul Quinn, Head of Internal Audit and Corporate Governance Unit
- Mr Joe Boland, Director of Services, Water and Environment
- Ms. Siobhan Scully, Senior Executive Officer, Housing
- Ms Paula O'Brien, Senior Executive Officer, Community

Throughout 2022, The Audit Committee was briefed and updated on the following, which had been identified as areas of priority:

- Annual Financial Statement 2021
- Public Spending Code Audit Report – Kerdiffstown Landfill Remediation Project
- Public Spending Code Audit Report – Homelessness Expenditure
- Departmental Risk Registers
- Business Continuity updates
- Property Interest Register and implementation of PIR system
- National Service Indicators – NOAC Performance Indicator Report 2021

- 2022 Budget
- Local Government Auditor's report on the Annual Financial Statement.

Section 10: Audit Committee Objectives for 2022 and Related Outcomes

I. Annual Financial Statement (AFS) 2021

The Annual Financial Statement of Kildare County Council for the financial year ending 31st December 2021 was presented by Ms Barbara Sweeney, Financial Accountant. The outcome was deemed to be positive.

Once again, the Council recorded a surplus which came to €123k, and the cumulative deficit decreased to €48k. It is noted that this surplus is a result of funding received from the government.

The following was also noted:

- The collection rate for Commercial Rates in 2021 was 82% compared to a collection rate of 70% in 2020.
- In 2021, over 51% of rate payers received a rates covid waiver amounting to €15m whereas in 2020 over 80% of rate payers received a rates covid waiver amounting to €22m
- 2020 Re-start grants of €26m were paid in 2021, these grants were no longer offered in 2022
- Rents/Annuities collection for 2021 was 93% compared to a collection rate of 92% in 2020
- Housing Loans collection had increased to 69% compared to a collection rate of 62% in 2020
- The Council continued to advance the capital programme during 2021.
- The Council continued works on various projects with those of the Kerdiffstown site and the Sallins By Pass being the primary ones.

II. Public Spending Code Audit Report – Revenue and Capital Projects

On the 31st of May, 2022, the Audit Committee was presented with, and considered, Kildare County Council's Annual Public Spending Code Audit Report.

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 (Capital) – Kerdiffstown Landfill Remediation Project
- Public Spending Code In-Depth Check (Revenue) – Homelessness Expenditure

The Audit Committee agreed that both reports were excellent and approved of the processes in place.

III. Departmental Risk Registers

During 2022, The Audit Committee met with Director of Services along with other Council officials who presented the departmental risk registers for the following areas:

- Corporate Risk Register
- ICT & Finance Risk Register
- Housing Risk Register

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 transparency and understanding to the risks identified.

In 2023 The Audit Committee will meet with representatives to review the departmental risk registers for the following areas:

- Corporate Risk Register
- IT (Cyber Security)
- Health and Safety

Risk Management Policy and the Corporate Risk Register

On the 31st March 2022, Mr Joe Boland, Director of Services presented the Corporate Risk Register to the Audit Committee.

The following was noted:

- The Risk Management Group had taken on board recommendations from the Audit Committee.
- The final Risk Management Policy has been produced which looks at key issues arising from Management Team and Full Council
- Cyber security - Training in this area had been carried out by the IT Department and strong contingency support has been put in place.
- The Ukrainian Crisis was noted. Apart from seeking to accommodate displaced people from Ukraine, it was important to clarify Kildare County Council's role. Mr Boland commented on public expectation in terms of service delivery and the local authority's ability to respond noting that frequently the issue of staff resources arises
- Mr Boland spoke about financial sustainability, financial risks with withdrawal of Covid-19 assistance and external shocks such as inflation. He also discussed overruns of capital projects in context of cost inflation and confirmed there were several mitigations in place
- The area of workforce planning was discussed, highlighting its importance regarding the right staff, right skills at the right time as well as reskilling staff

IV. Business Continuity Group Progress Reports

The Committee was advised that as of 31st of May, 2022 that the Business Continuity Group dealing with Covid 19 related issues was disbanded.

V. Property Interest Register and Implementation of new PIR System

At their meeting on the 6th of September, Ms Paula O'Brien, Senior Executive Officer briefed the Audit Committee on the Property Interest Register and Implementation of the new PIR System. This is a central database which will register all properties in ownership of Kildare County Council (historical and current). It was confirmed that the database will contain accurate mapping and will be compatible with other software. A project coordinator had been appointed to work full time on this project.

VI. National Service Indicators – NOAC Performance Indicator Report 2021

On the 10th of November 2022 a summary of the findings of the NOAC National Performance Indicator Report 2020 was presented to the Audit Committee.

This was the eighth annual report produced by NOAC.

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

VII. Briefing on the 2022 Budget

On the 10th of November 2022, the Committee was briefed on the proposed budget for 2023.

The following was noted:

- An increase in budgets and grants from 2022
- LPT income noted at €19,283,322; this includes the 10% variation to be retained by the MDs but does not include the €6,194,481 that will be used in Housing as ‘self-funding’ of expenditure that would previously have been grant funded
- Kildare has seen an increase in population of 11% between the 2016 and 2022 census, yet the increase in LPT (before any variation) was just €600,000
- Approximately 61% of Kildare’s income comes from local sources and 34% from the Exchequer
- Income from goods and services and grants amounts to €116.7m
- The budgeted expenditure estimate for 2023 is €199m, which is distributed across 8 divisions, with approximately 55% of revenue expenditure utilised in Housing and Roads
- Over €1.5m of additional energy costs have been identified which will be recouped
- Housing rents have significantly increased in income, noting a requirement to ringfence rental income for the housing function

VIII. **Local Government Auditors Report on the 2021 Annual Financial Statement**

On the 10th of November 2022, the Local Government Auditor, Mr. Eamon Daly discussed his audit report on the Annual Financial Statement 2021 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 comprehensive, 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

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

- Stores Annual Stock-take Audit Report 2022
- Motor Tax Annual Stock-take Audit Report 2022
- Recoupable Bonds Audit Report
- Internal Process for Handling Notifications of Errors Audit Report
- Rates Audit Report
- Review the Impact of Covid 19 on Service Delivery Audit Report
- Mobile Phones 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.

The Committee welcomed the appointment of Mr Paul Quinn as Head of Internal Audit and Corporate Governance Unit.

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 2022 we delivered effectively on the statutory functions of the Committee, as set out in the Local Government Reform Act 2014.