

COMHAIRLE CONTAE ÁTHA CLIATH THEAS
SOUTH DUBLIN COUNTY COUNCIL



South Dublin County Council

Audit Committee

2020 Annual Report

Circulation List

Danny Mc Loughlin, Chief Executive
Members of South Dublin County Council

Date: 16 February 2021

Section 1: Chairperson's Statement

I am pleased to present the second annual report of the current audit committee to the elected members of South Dublin County Council and the Chief Executive.

The appointment of South Dublin County Council's current Audit Committee was ratified by the Council at its meeting held on 8th July 2019. The term of the committee is concurrent with that of the elected Council and will terminate on 31st May 2024.

The Local Government (Audit Committee) Regulations 2014 require the Audit Committee to submit a report to Council and the Chief Executive within three months of the end of the year on its activities and findings in the previous calendar year.

The 2020 annual report reflects the activities of the current Audit Committee during what was a challenging year for everybody both individually and collectively.

The current committee met on four occasions during 2020 to execute its work programme:

- 10th June
- 16th September
- 28th October
- 16th December

Our aim over the term of the committee is to contribute to enhancing the corporate governance structure in place in South Dublin County Council.

On behalf of the Committee I would like to thank the Chief Executive, members of the Management Team and those officers who attended meetings to present and discuss reports which were a valuable contribution to the work of the Committee.

I would like to thank the members of the Audit Committee for their contribution during 2020, particularly the way that the Committee responded to meetings being conducted remotely. I would like to formally welcome Martin Nolan to the Committee and thank Karen O'Donoghue for her work on the Committee up to June 2020.

I would also like to thank the staff of Internal Audit for their work in supporting the Audit Committee and the coverage of work they were able to deliver during 2020 with the support of their colleagues across the Council.

Elis Quinlan
Chair of the Audit Committee

Section 2: Membership of the Audit Committee

The Audit Committee comprises of seven members, four of which are external to the organisation and three serving elected representatives.

The composition of the Committee in 2020 was as follows:

1. **Eilis Quinlan**, (Chair) Quinlan & Co Chartered Accountants
2. **Ann Horan**, Chairperson of the Health Products Regulatory Authority (HPRA)
3. **George Kennington**, Partner Audit, Crowe Horwath
4. **Karen O'Donoghue***, Senior Management Accountant, Tallaght Hospital (AMNCH)
5. **Martin Nolan***, Director of Compliance and Professional Standards, Relate Software.
6. **Councillor Emer Higgins***
7. **Councillor Francis Noel Duffy***
8. **Councillor Ed O'Brien***
9. **Councillor David McManus***
10. **Councillor Gus O'Connell***

* During 2020 Martin Nolan replaced Karen O'Donoghue, and Councillors David McManus and Gus O'Connell replaced Councillors Emer Higgins and Francis Noel Duffy. The committee retained a formal membership of 7 during the year.

The following is a schedule of attendance at meetings by the members:

Member	Meetings attended (eligible)
Eilis Quinlan	4 (4)
Ann Horan	4 (4)
George Kennington	3 (4)
Karen O'Donoghue	1 (1)
Martin Nolan	3 (3)
Cllr David McManus	3 (4)
Cllr Gus O'Connell	3 (4)
Cllr Ed O'Brien	3 (4)

The Committee's report on their consideration of the audited Annual Financial Statement 2019 and the Auditor's report, was not presented to the Council by the Chair in 2020 due to the delays in the finalisation and presentation of the documents to the Authority. The Council will be provided with this report in 2021.

Section 3: Role of the Committee and Operating Framework

The Audit Committee plays a crucial role in the governance framework of South Dublin County Council and is independent in the carrying out of its functions. The Committee provides an independent assessment of the activities of management in relation to the control environment, risk management, financial reporting, financial management and internal audit. By reporting directly to Council, the committee maintains its independence from the executive.

The statutory functions of the committee are as follows:

- To review the financial and budgetary reporting practices and procedures
- To foster the development of best practice in the performance of the Internal Audit function
- To review the audited financial statement, auditor's reports and assess any actions taken by the Chief Executive in response to such statements or reports and report its finding to the Council
- To assess and promote efficiency and value for money with respect to the organisation's performance of its functions.
- To review systems that are operated by SDCC for the management of risk
- To review the findings and recommendations of the National Oversight and Audit Commission (NOAC) and the Chief Executive's response to issues raised

The roles and responsibilities of the Committee are set out in the Audit Committee Charter. The Charter was reviewed by the Committee at its meeting held on 16th December 2020. The Committee's work programme to the 31st December 2021 was also reviewed at the meeting. The programme of works takes cognisance of the statutory functions of the audit committee as set out in the Local Government Reform Act 2014 and the Committee is satisfied that their responsibilities will be discharged through the implementation of the work programme.

Section 4: Principal Matters Considered by the Audit Committee in 2020

The Audit Committee did not meet until June 2020 due to earlier meetings being postponed. In line with the Audit Committee Standing Orders, meetings were conducted online using Microsoft Teams during 2020.

The Audit Committee Annual Report 2019 was reported to the Council at its meeting in May 2020. The report was presented by the Director of Corporate Performance and Change Management (CPCM), as COVID-19 restrictions meant the Chair of the Audit Committee was unable to attend the meeting.

The Audit Committee considers progress against its Annual Work Programme, the Annual Internal Audit Plan, and the findings and actions in final Internal Audit Reports at each meeting throughout the year.

There are also ad-hoc and cyclical issues that the Committee considers at its meetings. Further details in this regard are outlined below.

Audit Committee Meeting 10th June

Among the issues and topics covered at the June meeting were:

- The Committee noted the Annual Service Delivery Plan and commended its breadth and detail.
- The national Public Spending Code Quality Assurance report was noted by the Committee.
- The Committee received the report of the Internal Auditor providing an overview of SDCC's position in relation to the National Integrity Index.
- The Chief Executive provided a verbal report to the committee addressing several key areas:
 - The resumption of the external audit
 - Action being undertaken to address Previous Management Letter recommendations,
 - The establishment of a debt management unit, and the plans to introduce a new integrated housing system,
 - Emerging risks to Health and Safety of employees and financial risk due to the pandemic, and the action to mitigate these risks including the performance of Business Continuity procedures.
 - The financial outlook for 2021.

Audit Committee Meeting 16th September

Among the issues and topics covered at the September meeting were:

- Progress against actions from External Audit Management Letters.
- Consideration of the NOAC Local Satisfaction Survey. This included the Director of CPCM advising the Committee that SDCC were in the process of procuring a specific satisfaction survey for the Council that would more robustly assess the perceptions and satisfaction of citizens in South Dublin through a more extensive analysis and larger population sample.
- The Committee agreed a new process for follow-up of Internal Audit recommendations aimed at enhancing visibility of actions and ensuring that long standing issues are addressed.
- The Head of IT presented on the ongoing work regarding the ISO 27002 audit. The Head of IT also presented the result of a recent phishing exercise that had been conducted by the Council.

Audit Committee Meeting 28th October

This meeting was added to the standard calendar of the Audit Committee to ensure that the Committee could fulfil its statutory duty to hold 4 meetings per year.

Among the issues and topics covered at the October meeting were:

- The Committee reviewed its effectiveness through the results of consultation undertaken with the Committee Members. The results are outlined further on page seven of this report.
- The Director of CPCM briefed the Audit Committee on the ways in which South Dublin County Council is assessed and appraises itself in terms of providing value for money.
- The Committee considered the Council's Risk Management Policy and Procedures and discussed a potential future audit of the policy and procedures.
- A report on historic audit recommendations was considered as part of the new follow-up procedures agreed in September.

Audit Committee Meeting 16th December

Among the issues and topics covered at the December meeting were:

- The Committee considered the arrangements in place across the Authority regarding Protected Disclosures.
- The Committee approved the Audit Committee Charter, Standing Orders, and Annual Work Programme.
- The Committee approved the Strategic Audit Plan 2021-2024, aligning the period of the plan to the term of the Committee and approving the intention for Internal Audit to work more closely with the Head of ICT in formulating an ICT Audit Strategy for the Council. The Committee noted concerns with the delay in the receipt of the IT Security report from a third party across 2019 and 2020.
- The Internal Audit Plan for 2021 was approved, along with the Internal Audit Charter and Internal Audit Warrant.
- The Head of Finance presented an overview to the committee in relation to the financial position of the organisation, adopted budget for 2021 and the 3-year capital programme.
- The meeting was attended by Mr Richard Murphy, Local Government Auditor, who presented the audit of the Annual Financial Statement (AFS) 2019 and auditor's report. The Audit Committee considered the AFS 2019 and Auditor's Report. The Report of the Committee was scheduled to be approved in January 2021 and to be reported to the Council in February 2021

Audit Committee Training

Induction training for Audit Committee members was provided by the Institute of Public Administration (IPA). This was attended online by Councillor McManus and Martin Nolan.

In addition, Ann Horan also attended online training from the IPA regarding the oversight of state bodies.

The training needs of the committee and of individual members will be reviewed on an ongoing basis in addition to any training needs identified as part of the assessment of the Committee's effectiveness and performance.

The Committee will request briefings from Management as necessary to ensure the Committee has an overview on key priority areas and the management of risks in the organisation.

Audit Committee's Assessment of its Effectiveness & Performance

The Committee formally reviewed its effectiveness in October 2020. The Internal Auditor presented the results of a self-evaluation exercise which led to the Committee agreeing that the induction of new members required some formalisation regarding introductory meetings and documentation, as well as agreeing the introduction of an annual meeting between the Chair and Chief executive to discuss the operation of the Committee and any other relevant issues. This meeting was held on 21 December 2020 with the Chair and Chief Executive enjoying candid discussion on the work of the Committee during 2020.

Section 5: Conclusion

The Committee has exercised its duties and functions during 2020, responding effectively to the unique challenges that the year presented.

Where necessary the Committee has considered and implemented changes to improve the way in which its duties are discharged, working closely with the Internal Auditor who acts as Secretary to the Committee.

The Committee has not been advised by Management of any materially adverse instances occurring in the financial and operational management of Council activities and has nothing to report to the Council arising from its work during 2020.

Eilis Quinlan
Chairperson
SDCC Audit Committee