



WATERFORD CITY & COUNTY COUNCIL

AUDIT COMMITTEE

ANNUAL REPORT 2019

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INTRODUCTION

Section 122 of the Local Government Act 2001 provided a legal basis for the existence of Audit Committees. The Local Government Reform Act 2014 gives statutory effect to the *Action Programme for Effective Local Government* and re-states the legislative provisions relating to Audit Committees.

In December 2014 pursuant to the Local Government (Audit Committee) Regulations 2014, Waterford City & County Council's Audit Committee was re-established for the five year term of the new Council.

The members of the Audit Committee during 2019 were as follows:-

Mr. Padraic Doherty (Chairperson)

Mr. Tom Egan

Ms. Nora Widger

Clr. Eddie Mulligan (to May 2019)

Clr. Eamonn Quinlan

Clr. Thomas Phelan

The committee was supported and assisted by:-

Mr. Bernard Pollard, Head of Finance

Mr. Bryan O'Kane, A/Head of Finance (to April 2019)

Ms. Hilda Fitzgerald, Internal Audit

CHAIRPERSON STATEMENT

It gives me pleasure to present this Annual Report of the Audit Committee for 2019.

The delay in this report being issued to Council due to the Covid 19 restrictions.

The Audit Committee plays a crucial role in the governance framework of Waterford City & County Council, particularly in the context of increased accountability.

The Audit Committee has an independent role in advising Waterford City & County Council on

- financial reporting processes,
- internal control,
- risk management
- audit matters.

Good corporate governance aids better-informed decision-making; accountability for stewardship and control of resources; the efficient use of these resources to deliver quality services and better outcomes for citizens. The existence of an independent Audit Committee is recognised internationally as an important feature of good corporate governance.

The Audit Committee has a role in promoting value for money throughout the organisation. It also supports the work of the Internal Auditor and advises the Chief Executive in relation to the operation and development of same.

Over the past 2 years the committee has asked directorates to present their risk registers to us in our meetings. This has proved a useful guide to our work and recommendations for areas for the Internal Audit function. We have also observed that the quality of thinking towards risks has improved.

The Audit Committee received the full co-operation and support of the Chief Executive and Staff in 2019 in relation to all aspects of our work. The Audit Committee also wishes to thank the members of Waterford City & County Council for their continuing support.

I am happy to discuss any part of this report or indeed the function of the committee with any council member.

This report also includes as an appendix the Audit Committee Charter which outlines the purpose of the Audit committee. I would urge you to read this as it outlines the framework from within which the Committee performs its duties.

Finally, I wish to thank all the members of the committee for their interest, commitment and valuable contributions throughout the year

Signed :

Padraic Doherty

Audit Committee Chairperson

Date: 8th June 2020.

Audit Committee Activities:

The Committee met on 5 occasions during 2019:

- 22nd February 2019
- 12th April 2019
- 28th June 2019
- 18th October 2019
- 6th December 2019*

* *additional meeting with James Moran, Local Government Auditor on this same date.*

There are five Audit Committee meetings each year with each meeting lasting for 3/3 ½ hours. There is also the general preparation, pre reading and follow ups which also take up 2-3 hours per meeting. There is a draft agenda and pre reads circulated in advance of each meeting which allows members the opportunity to have items included in the final agenda.

The meetings focus on matters arising from previous meetings, Internal Audit reports, NOAC reports, VFM studies and directorate presentations as required.

Internal Audit:

Consideration of the work carried out by the Internal Audit function formed a critical part of the Audit Committee's work during 2019.

The Committee was presented with full reports of the following audits completed by the Internal Audit unit.

- *Internal Audit review of statutory annual quality assurance report to NOAC.*
- *Report on Management of Corporate issued Mobile Phones, Laptops and Smart Devices*
- *Report - Fire Charges - Incident Recording, Invoicing and Collection*
- *Low Value Purchase Card – compliance test with LVPC policy and procedures*

The reports assessed the extent to which Waterford City & County Council had in place policies, procedures and controls in place in relation to the activities under review, identify weaknesses and risks in relation to the integrity of these controls, make recommendations where required and follow up on implementation of same.

Audit Committee members (Training)

Two committee members attended a half-day training session delivered by the I.P.A. on the 25th October 2019.

Reporting and Presentations:

The following reports were presented to and discussed by the committee:

- The Councils Annual Report 2018.
- Public Spending Code – 2019 submission to NOAC.
- VFM Report – Progress Report No. 8 – progress on recommendations made in VFM report no. 30
- VFM Report – An Overview of Pension Income and Costs in Local Authorities December 2018
- VFM Report – An Overview of Commercial Rates in Local Authorities December 2018
- VFM Report – Overview of Interest only Loans in Local Authorities
- VFM Report - Overview of Capital Unfunded Balances in Local Authorities.
- NOAC Satisfaction Survey.
- The Head of Finance gave an overview of the 2018 audited financial statements and auditor's report which were deliberated at the meeting.

The following staff members presented to the committee:

- Michael Walsh, Chief Executive addressed the committee members
- Mr. Ivan Grimes, Director of Services, Housing, Community and Emergency Services provided an update on the Risk Register and an overview of directorate/review of risks.
- Mr. Fergus Galvin, Director of Services, Roads, Water and Environment provided an overview of the directorate/review of risks.
- Mr. Kieran Kehoe, Director of Services, Corporate, Culture, HR & IS Directorate provided an update on the Risk Register and an overview of directorate/review of risks.
- Ms. Catherine Horan, Head of Information Systems and Data Protection Officer updated the committee on GDPR and presented on IT/cyber risks.
- The Local Government External Auditor, James Moran, addressed the Committee with his findings of his annual audit.

Other

- Audit Committee Annual Report 2018 prepared.
- Audit Committee Charter 2019 approved.
- Internal Audit Charter approved.
- The Internal Audit Plan for 2018 was reviewed.
- The Internal Audit Plan for 2019 was approved.
- Risk Register
- Risk Management Policy
- Public Spending Code – Technical Reference update

PRIORITIES FOR 2020

Risk Register

The committee will have a presentation from the Director of Housing, Ivan Grimes on the corporate risk register.

Internal Audit Plan

The information gathered through Internal Audit reports provides the committee with significant insight into the management and operations of the Council. See the Internal Audit plan for further information on specific areas for review in 2020.

Directorate Presentations

The Committee will continue to have updates and reviews with Senior Directors as appropriate during 2020. Directors will be asked to summarise their risk register items and plans to mitigate risks to acceptable levels.

Internal Audit Report Recommendation Reviews

The Committee will review the adherence and adoption of Internal Audit Report recommendations on an ongoing basis in 2020. The recommendations report to include details of when the report was presented to the committee.

Appendix 1

Internal Audit Plan 2019

The Internal Audit Plan for 2019 is as follows:

Audit Committee

Support the work of the Audit Committee throughout 2019.

- Arrange four meetings (minimum) plus any additional as required.
- Arrange presentations from senior staff to the Committee as required.
- Arrange briefings from Chief Executive and LG Auditor.
- Ensure Audit Committee Charter for 2019 is in place.
- Ensure Audit Committee Annual Work programme report is brought to council in a timely manner.

Audit areas/topics

Topic/Area	Proposed Dates
<i>NOAC – Public Spending Code</i>	<i>Q1</i>
<i>SICAP</i>	<i>Q1/2</i>
<i>Leader – Article 48 checks</i>	<i>Q1/2</i>
<i>Vacant Properties Listing(Rates)</i>	<i>Q1</i>
<i>Corporate issued mobile phones/laptops</i>	<i>Q1</i>
<i>Fire Service (review of billing Q1)</i>	<i>Q1</i>
<i>Rates - Income Collection</i>	<i>Q2/3</i>
<i>Procurement Compliance</i>	<i>Q2/3</i>
<i>Fraud & Corruption Policy</i>	<i>Q2</i>
<i>Regional Sports Centre</i>	<i>Q2</i>
<i>Williamstown Golf Course</i>	<i>Q2</i>
<i>Fuel (controls)</i>	<i>Q3</i>
<i>GDPR (compliance)</i>	<i>Q3</i>
<i>Civil Defence (carried over from 2018)</i>	<i>Q3</i>
<i>Refundable Deposits Commenced</i>	<i>Q3</i>
<i>Leases (carried over from 2018) Commenced</i>	<i>Q4</i>
<i>VFM Report 29 (carried over from 2018) Commenced</i>	<i>Q4</i>
<i>Waterford Treasures</i>	<i>Q4</i>
<i>Motor Tax Stock Take</i>	<i>Q4</i>
<i>Follow-Up of Internal Audit Recommendations</i>	<i>Ongoing</i>
<i>Internal Compliance Programme</i>	<i>Ongoing</i>

Appendix 2

Internal Audit Plan 2020

Internal Audit Plan In accordance with Waterford City & County Council's Internal Audit Charter, the annual Internal Audit Plan sets out the areas which Internal Audit shall address in the forthcoming year 2020.

The Internal Audit Plan for 2020 is as follows:

Audit Committee - Support the work of the Audit Committee throughout 2020.

- Arrange five meetings (minimum) plus any additional as required.
- Arrange presentations from senior staff to the Committee as required.
- Arrange briefings from Chief Executive and LG Auditor.
- Ensure Audit Committee Charter for 2020 is in place.
- Ensure Audit Committee Annual Work programme report is brought to council in a timely manner.

Audit areas/topics

Undertake the following audits:

Topic/Area	Proposed Dates
<i>NOAC – QA Public Spending Code</i>	<i>Q1</i>
<i>SICAP</i>	<i>Q1</i>
<i>Procurement Compliance</i>	<i>Q1</i>
<i>Fraud & Corruption Policy</i>	<i>Q2</i>
<i>Regional Sports Centre</i>	<i>Q2</i>
<i>Fuel (controls)</i>	<i>Q2</i>
<i>Civil Defence (carried over from 2018)</i>	<i>Q2</i>
<i>GDPR (compliance)</i>	<i>Q3</i>
<i>Rates - Income Collection</i>	<i>Q3</i>
<i>Refundable Deposits Commenced</i>	<i>Q3</i>
<i>Leases (carried over from 2018) Commenced</i>	<i>Q4</i>
<i>VFM Report 29 (carried over from 2018) Commenced</i>	<i>Q4</i>
<i>Waterford Treasures</i>	<i>Q4</i>
<i>Motor Tax Stock Take</i>	<i>Q4</i>
<i>Follow-Up of Internal Audit Recommendations</i>	<i>Ongoing</i>
<i>Internal Compliance Programme</i>	<i>Ongoing</i>

Appendix 3 – Audit Committee Charter



Audit Committee Charter

2020

The charter is based on the SI 244, Audit Committee Regulations 2014, the statutory obligations within relevant Local Government legislation, Audit Committee Guidance June 2014 as well as guidance and good practice as outlined in various professional and authoritative codes and reports

PURPOSE

As part of the governance arrangements that operate within Waterford City & County Council, the audit committee has an independent role to advise the Council on financial reporting processes, internal control, risk management and audit matters.

FUNCTIONS

The functions of the audit committee are as prescribed by section 59 of the Local Government Act 2014:

To review the financial and budgetary reporting practices and procedures within the local authority:

- This will incorporate a review and consideration of all aspects of the financial cycle within Waterford City & County Council from budget preparation and adoption, monitoring of income and expenditures through to the completion of the annual financial statements.
- The audit committee may request reviews of financial management and reporting arrangements in addition to auditing existing financial policies, procedures and protocols as it considers necessary.

To foster the development of best practice in the performance by the local authority of its internal audit function:

- Review with management and the internal auditor the charter, activities, staffing and organisational structure of the internal audit function, its compliance with relevant professional standards and bring any recommendations to the attention of the Chief Executive. In this regard, the Committee should ensure that no limitations are placed on the work of the internal audit unit.
- Approve the audit plan and monitor its implementation
- Review audit reports, findings and recommendations and management responses
- Review , on an ongoing basis, the audit engagement process

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 report its findings to the authority:

- Review with management and the external auditors the results of the statutory audit.
- Review with management and the external auditors the management letter and all matters required to be communicated to the committee under generally accepted auditing standards.
- Report to Council on its findings at the next practicable meeting of Council.

To assess and promote efficiency and value for money with respect to the local authority's performance of its functions:

- Review management's arrangements to ensure and demonstrate economy, efficiency and effectiveness across the organisation.
- Request special reports from management or internal audit as considered appropriate.

To review systems that are operated by the local authority for the management of risks:

- Evaluate the scope and effectiveness of the framework established by management to identify, assess, monitor and effectively manage risk.
- Review the corporate risk management policy and receive presentations from management on corporate, directorate, divisional and sectional risk registers.

To review the findings and recommendations of the National Oversight and Audit Commission (NOAC) and the response of the Chief Executive to these and take further action as appropriate:

- Review the relevant findings of NOAC and ensure that its work programme takes NOAC's findings and recommendations into account.
- Request special reports from management or internal audit as considered appropriate.

3 COMPOSITION AND OPERATION OF AUDIT COMMITTEE

3.1 Membership

The audit committee is established by resolution of the Council upon nomination by the Corporate Policy Group and following consultation with the Chief Executive. The term of the committee is concurrent with that of the current Council which commenced on 1st June 2019 and will terminate on 31st May 2024.

The Chairperson of the committee shall be selected by its members and shall be one of the external members.

3.2 Induction Process and Training Requirements

It is the duty of the Chairperson to ensure that the training needs of the audit committee and of individual members are reviewed on an annual basis and reported to the Chief Executive and Council. Where training needs are identified, the Chief Executive will facilitate the provision of such training, where practicable.

3.3 Meetings

The committee will ordinarily meet on a quarterly basis and may hold additional meetings if required. Meetings will normally be held in the Maritana Room, Menapia Building, The Mall, Waterford at times and dates which will be agreed by the committee and the Secretary.

The quorum necessary for the transaction of business shall be **3** members. In the absence of the Chairperson, those present shall select a chairperson for the meeting.

The committee members are expected to attend in person. A member may be disqualified if he or she attends less than 75% of the meetings per year and the absence is not due to an acceptable reason such as illness of force majeure.

The committee may invite the Chief Executive, members of management, internal and external audit, or others to attend meetings and provide information, as necessary.

Minutes will be prepared and a copy shall be forwarded to the Chief Executive. Minutes will be approved at the next meeting of the audit committee.

3.4 Working Procedures and Access

The committee will adopt its own working procedures, which may include as necessary the commissioning of independent professional expertise following consultation with the Chief Executive and by resolution of the Council.

Each year the committee will develop a detailed annual work programme and this will be provided to the Council at the start of each year.

The committee will have access to documents or other data and information as it reasonably requires in order to discharge its functions.

The Chief Executive will ensure that staff facilitate the committee in relation to briefings required by them in a timely and efficient manner.

The local government auditor and the head of internal audit may communicate with the committee as they consider necessary. The local government auditor or the head of the internal audit unit may, with the agreement of the Chairperson of the committee, request a meeting to discuss a matter of exceptional importance.

4 INDEPENDENCE

The committee shall be independent in the performance of its functions and responsibilities and shall not be subject to direction or control from any other party. The committee is accountable to the Council.

5 CONFIDENTIALITY

The agendas, papers, reports, documentation and discussions of the committee are confidential and will contain sensitive material and information necessary to allow members to carry out their duties. Members and those in attendance shall not, without the approval of the Chairperson, discuss matters arising with third parties or directly or indirectly disclose to these parties information obtained in the course of their duties, either during the term of their membership or at any time afterwards.

6 MEDIA PROTOCOL

Members will forward all queries, requests for interviews or comments from the media or outside parties immediately to the Secretary of the committee.

7 CONFLICT OF INTEREST PROCEDURES

All possible conflicts of interest are to be notified to the Chief Executive prior to the first meeting of the committee. If the personal circumstances of a member changes in any way that may result in a conflict of interest for them in the exercise of their audit committee duties then they are to immediately declare the circumstances to the Chairperson of the Audit Committee. Declaration of interests will be a standing agenda item.

The Committee members will adhere to the code of conduct for the Committee

8 REVIEW OF PERFORMANCE AND EFFECTIVENESS

The Audit Committee will undertake an annual review of its own performance and effectiveness and will report to Council on its findings.

Where the assessment highlights the need for improvement in the role, operational processes or membership of the committee, it is the duty of the Chairperson to take action to ensure that such improvements are implemented. The Chairperson, in consultation with the Chief Executive, will decide on appropriate training and/or actions required to improve the performance and effectiveness of the committee.

9 REPORTING

The committee will prepare an annual report within three months of the expiration of each calendar year of operation

The committee will report to the Council on its consideration of the audited Annual Financial Statement, Auditor's Report or Auditor's Special Report at the next practicable meeting of the Council

10 PROTECTED DISCLOSURES (WHISTLEBLOWING)

The committee shall ensure that procedures are in place whereby employees may in confidence raise concerns about possible irregularities in financial reporting or other financial matters

11 QUALIFIED PRIVILEGE

Members of the audit committee are entitled to qualified privilege in relation to any statements made by them at any meeting that they attend under the Local Government (Audit Committee) Regulations 2014 or in their capacity as a member of the audit committee.

12 REVIEW OF THE AUDIT COMMITTEE CHARTER

The audit committee charter will be subject to annual review by the committee and Council

Signed By:  Date: 31/01/20
Chairperson
Waterford City & County Council Audit Committee

Signed By:  Date: 31/01/20
Chief Executive
Waterford City & County Council

Appendix 4 - Audit Committee Report to Council on the 2018 Annual Financial Statement and Local Government Auditors Report

Waterford City & County Council

Audit Committee Report to Council on the 2018 Annual Financial Statement and Local Government Auditors Report

(Section 121 of the Local Government Act 2001 as amended by section 60 of the Local Government Reform Act 2014)

The audit committee was provided with a copy of the **2018** audited financial statement and auditor's report. The audit committee considered the financial statement and the auditor's report and deliberated on the key issues outlined at a meeting on **6th December 2019**.

The auditor's opinion is that the annual financial statement presents fairly, in accordance with the Accounting Code of Practice and Accounting Regulations, the financial position of the Council at **31st December 2018** and its income and expenditure for the year then ended.

The local government auditor who conducted the audit attended at the meeting on **6th December 2019** and provided further clarifications on the report findings and the overall audit opinion. The committee's deliberations included discussions with the Head of Finance and the Internal Auditor.

Based on these deliberations, the Committee consider that the following areas be brought to the attention of the Council:

- **Income Collection**

As outlined in the Auditor's Report an improvement in collections needs to continue to ensure Council can deliver effective services.

- **Other**

There are a number of points around reconciliation and procurement processes outlined that we understand have been addressed or are in the process of being completed. Our committee will seek assurance that such work is completed.

The committee wish to confirm that the reports' contents, management responses and follow up actions outlined will inform the audit committee's work programme and specific audit reviews which may be undertaken in the future.

Members of the Audit Committee will attend a plenary council meeting on July 9th to clarify such issues as may be necessary in this audit committee report.

Signed

Padraic Doherty

Audit Committee Chairperson

Date: 8th June 2020