

# Kilkenny County Council

## Audit Committee

### Annual Report 2015

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#### Chairperson's Statement

This is the second annual report of the Audit Committee 2014 – 2019 of the Council. It is a great privilege to serve as Chairman of the committee and I compliment my fellow committee members on their hard work, vigilance and professional input into the work of the committee and look forward to continue to work with them over the next 3 years.

It has been a time of great change for the management of Kilkenny County Council. John Mulholland has departed to become the Chief Executive of Laois County Council. Directors John McCormack and Philip O'Neill have retired. On behalf of the Audit Committee I wish them all the best in their futures and thank them for their cooperation in the past.

On behalf of the Audit Committee I look forward to working with Colette Byrne , the new Chief Executive, and Directors Maria Melia and Mary Mulholland. We wish them well for their careers in Kilkenny County Council.

I am very pleased to introduce the Annual Report of the Kilkenny County Council Audit Committee on behalf of the membership of the Audit Committee and to present it to the Chief Executive, the Cathaoirleach and Members of Kilkenny County Council.

The committee has received full cooperation and the necessary assistance from the staff of the Council and the Local Government Auditing service to conduct its affairs in a satisfactory manner.

#### Membership

The composition of the Committee is as follows:

**Dr. Sean Brady**, Chairman of the Committee. Dr Brady is a Director of the Irish National Stud and formerly Managing Director of Minch Malt and Irish Sugar.

**Cllr. Fidelis Doherty**. Local Electoral Area - Piltown

**Cllr. Andrew McGuinness**. Local Electoral Area - Kilkenny City East

**Dr. Maura Joyce**. Dr. Joyce trained as auditor with Coopers and Lybrand. Maura worked for Avonmore for many years in senior positions (now Glanbia).

**Mr. Joe Allen.** Mr. Allen is a former Principal Officer of the Department of Environment, Community, and Local Government.

### **Role of Committee**

Audit committees play a crucial role in the governance framework of local authorities. They have an independent role in advising the Council on financial reporting processes, internal control, risk management and audit matters.

### **Statutory Functions**

The statutory functions of audit committees are:

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

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

To review any audited 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 function

To review systems that are operated by the local authority for the management of risk.

### **Internal Audit Plan**

Each year a new plan of work for Internal Audit is designed and prepared based on risk evaluation and on consultation with the management of the Council and the Audit Committee.

The list of Internal Audit Assignments carried out in 2015 is as follows:

Machinery Yard – Vehicle Hire and Purchase

Housing Assistance Payments

Bank Reconciliation

Public Spending Code – In Depth Review of Capital and Revenue Projects

- 1) Construction of 10 Units at Gaol Road Kilkenny – consisting of 7 no. 1 bed units and 3 no. 2 bed units
- 2) Construction of 6 Units at Rosehill, Kells Road, Kilkenny – consisting of all 3 bed units
- 3) Capital Assistance Scheme (CAS) – Provision of 5no. units at Brooke House, Thomastown.  
Service Provider – Camphill Communities of Ireland

- 4) Capital Assistance Scheme (CAS) – Provision of 12 no. units at Friary Walk, Callan. Service Provider – Cluid

Kilkenny County Council also hosted the Annual Audit Committee Workshop for the South East.

### **Meetings of the Audit Committee**

The Committee met on four occasions. It fulfilled its statutory requirement to meet the Chief Executive, the Head of Finance and the Local Government Auditor in the year.

Two meetings of the committee had full attendance .The other two meetings each had one member unable to attend.

### **Presentations from Management**

Mr. Martin Prendiville, Head of Finance, made a presentation to the Audit Committee at the meeting of 2<sup>nd</sup> March 2015.

Mr. John McCormack, Director of Services for Housing made a presentation to the Audit Committee at the meeting of 26<sup>th</sup> May 2015.

Ms. Colette Byrne, Chief Executive was introduced to the Committee at the meeting of the 4<sup>th</sup> September 2015.

### **Internal Audit Development**

The Internal Audit department is a function of the Corporate Services Directorate. It is the responsibility of Internal Audit to give assurance to the Chief Executive on the existence, adequacy and effectiveness of the Council's internal controls and risk management systems.

The Committee acknowledges the level of training and development provided by the Council to assist the Internal Auditor. The Committee is of the view that further human resources support would benefit the internal audit function.

### **Financial and budgetary management reporting**

The Council's total gross revenue expenditure for 2015 is estimated at €64.5 million while income is estimated to balance same. Capital expenditure is estimated at €25.1 million.

The Council operates standard local government financial management systems and accrual accounting practises, Agresso. This is currently being upgraded with Agresso MS 4. The Council undertakes quarterly management of accounts reporting in accordance with the recommendations of the Local Government Audit Service.



The Council endeavors to operate within its annual allocation and to achieve income targets while at the same time providing a good standard of public and community services. To this end it is noted that the Council implements continuous financial control and audit systems to monitor the performance of the organisation, its flows of funds, all income and expenditure. The operation of the quarterly management of accounts reporting through accountable line managers is central to the good financial control in evidence in the year under review. It is also noted by the committee that individual service areas carry out a review of expenditure and income on a monthly basis.

## **Priorities for 2016.**

### **Upgrade of Financial Management System**

The Financial Management System is being upgraded to *Agresso MS 4*. This is on target to be completed by the end of September 2016.

### **Income Risk**

The Council faces continuing pressures in generating income and managing debtors, this major risk requires close monitoring by the committee.

### **Review Risk Register**

A major review of the Risk Register is underway. An updated register will be issued in early 2016.

### **Budgetary Controls**

Controls of over budget expenditure are key to the efficient operation of the Council. The Committee will continue to require quarterly updating of the budgetary position of the Council and provide advice and commentary as necessary.

### ***Procurement***

*The committee recommends that an increased emphasis needs to be put on the general approach to the administration of procurement.*

### **Internal Audit Plan**

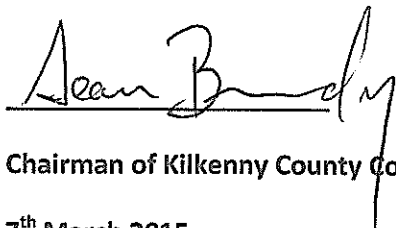
The information gathered through Internal Audit reports provides the committee with significant insight into the management and operations of the Council.

## **Conclusion by Chairperson**

We remain satisfied that Kilkenny County Council has proper governance procedures in place. We received full cooperation from the John Mulholland, Chief Executive and his staff in relation to all aspects of our work. Full cooperation has been continued by Colette Byrne since her arrival as Chief Executive. This We particularly thank Simon Walton, Director of Services and Niall McCabe, Internal Auditor for their excellent support to our committee.

I wish to reserve a special word of thanks to my colleagues for their contributions. The level of commitment brought by the members in the oversight of the governance of Kilkenny County Council has been of a very high order and has benefitted the people of Kilkenny.

**Dr Sean Brady**

A handwritten signature in black ink that reads "Sean Brady". The signature is written in a cursive style and is positioned above a horizontal line.

**Chairman of Kilkenny County Council Audit Committee**

**7<sup>th</sup> March 2015**

