

Kilkenny County Council

Audit Committee

Annual Report 2018

Chairperson's Statement

This is the fifth and final annual report of the current Audit Committee. A new committee will be established once a new council is formed in June this year. It has been a 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 over the past five years.

I am very pleased to introduce the 2018 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 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 management of the Council and the Audit Committee.

The list of Internal Audit Assignments presented to the committee in 2018 are listed underneath. The committee reviewed the findings of the of the audit reports and were satisfied with managements actions to deal with the issues raised.

Low Value Purchase Cards

Chief Executive Orders

Journal Transfers

Planning Fees

Fire Charges Invoicing and Collection

Housing Grants

Vacant Rates Properties

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

Parking Permits

Directors Business Cards

Pay Parking Machines

Meetings of the Audit Committee

The Committee met on four occasions during 2018. The attendance record for each member was as follows:

| Member | 6th April | 4th Sept | 9th Oct | 4th Dec |
|-------------------------|-----------|----------|---------|---------|
| Dr. Sean Brady(Chair) | ✓ | ✓ | X | ✓ |
| Ms. Maura Joyce | ✓ | ✓ | ✓ | X |
| Mr. Joe Allen | ✓ | ✓ | ✓ | ✓ |
| Cllr. Fidelis Doherty | X | X | ✓ | ✓ |
| Cllr. Andrew McGuinness | ✓ | ✓ | ✓ | ✓ |

Presentations from Management

Mr. Martin Prendiville, Head of Finance, made a presentation to the Audit Committee at the meeting of 5th March 2018.

Ms. Tim Butler, Director of Services for Corporate, HR, Roads and Water Services made a presentation to the Audit Committee at the meeting of 28th May 2018.

Mr. Sean McKeown, Director of Services for Planning, Economic Development, Tourism, Environmental Services, Veterinary Services & Recreation/Amenity Services made a presentation at the meeting of 3rd December, 2018.

Mr. Jason Clerkin, Chief Executive, Kilkenny Abbey Quarter Development Ltd & Tony Lauhoff, Senior Engineer presented a visual overview of the Abbey Quarter Master Plan at the meeting of 3rd December 2018.

The Audit Committee met with Ms. Colette Byrne, Chief Executive at the meeting of 17th September.

The Audit Committee met with the Mr. Gerard McMorrow, Local Government Auditor on the 17th September 2018.

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.

Financial and budgetary management reporting

The Council's total gross revenue expenditure for 2018 was €84.6million while income is estimated to balance same – at present the Annual Financial Statement is in draft format. Capital expenditure is estimated at €48.2 million.

As reported previously, the Council operates standard local government financial management systems, Agresso, and accrual accounting practices.

The Council must operate within its annual budget and achieve income targets while at the same time provide 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 organization. The operation of the monthly management account reporting, through accountable line managers, is central to the good financial control in place. It is also noted by the committee that individual service areas carry out a review of expenditure and income on a monthly basis.

Risk Register

The Council first prepared a Risk Register in 2006 and since then has regularly updated the document. The Risk Register is an internal document prepared to identify the main risk areas facing the Council and to put measures in place to mitigate against the risks. Risks can be financial, physical, political, legal, or, reputational. The Risk Register is an important document for review by the Management Team and at Service Review Meetings. The committee reviewed the high level risks at the December meeting.

Work Priority for 2019

Income Risk

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

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.

Internal Audit Plan

The information gathered through Internal Audit reports provides the committee with significant insight into the management and operations of the Council. Audits of SICAP, Procurement Compliance and Housing acquisitions will be among the areas examined in 2019.

Conclusion by Chairperson

We remain satisfied that Kilkenny County Council has proper governance procedures in place. We received full cooperation from Colette Byrne, Chief Executive and her staff in relation to all aspects of our work. We particularly thank Tim Butler, Director of Services and Michael Leahy, Internal Auditor, for their support to the committee.

I wish to reserve a special word of thanks to my Audit Committee colleagues for their contributions since the setting up of this committee in 2014. 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

Sean Brady

Chairman of Kilkenny County Council Audit Committee