

## LOUTH COUNTY COUNCIL

### **Audit Committee:**

Minutes of the Meeting of Louth County Council Audit Committee held via MS Teams on Thursday, 27<sup>th</sup> January 2022, at 9 a.m.

**Present:** Mr. Richard Bowden  
Mr. Billy Doyle  
Cllr. Conor Keelan

**In attendance:** Mr. Bryan Coughlan, A/Director of Services attending for Joe McGuinness  
Ms. Gráinne Tuomey, Meetings Administrator  
Mr. Paddy McCabe, Local Government Auditor  
Ms. Helen Divilly, A/Head of Information Systems

**Apologies:** Ms. Irene McCausland  
Cllr. Paula Butterly  
Mr. Joe McGuinness

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### **1. Minutes**

It was agreed to defer the adoption of the minutes of 11<sup>th</sup> November, 2021 on account of the fact that, of the Members present, no two had been present at that meeting.

It was also agreed to again defer the adoption of the minutes of the meetings held on 30<sup>th</sup> September, 2021.

### **2. Matters arising**

Richard Bowden, Chair advised of the following items under Matters Arising:

1. Training opportunity - Joe McGuinness, Director of Services is to be asked to pursue opportunities for training and forward to the Committee in 2022.
2. Budgetary information - Richard Bowden is to talk to Bernie Woods, Head of Finance regarding a revised budget synopsis for inclusion in the induction pack.
3. The Audit Committee is to revisit the issue of recommendations made and the procedure by which such recommendations are adopted or otherwise by the executive.

4. Vacant Dwellings Audit - Joe McGuinness, Director of Services had been asked, by the Chair to follow up with the housing section on the lack of response to Internal Audit enquiries.

The Chair noted that a number of items required to be dealt with at or by the next meeting, namely:-

- a. Standing Orders (SOs) for the Audit Committee.
- b. Local Authority KPIs from NOAC

### **3. Audit Tracker Review**

It was agreed to defer this item until the next meeting to allow time to examine the document properly and for proper discussion with all Committee members.

It was remarked that the tracker is an important component of the Audit Committee's assessment of the audit and risk infrastructure within the Council.

It was agreed that the focus for this review should predominantly target RED areas.

The apparently slow time frame for the production of internal audits was mentioned. The Chair requested that an update on the progress of the Internal Audit Programme is sought from the auditors, for review at the next Committee meeting.

### **4. Meeting with external auditor Paddy McCabe and review of his reports**

Paddy McCabe was welcomed to the meeting, thanked for his report and queried on the following items of his report:

6.3 Funding of Debit Balances - Committee Members were advised there is no timeline for funding of debit balances, but balances are required to be funded. For instance, surplus amounts on development contributions and grants can be used to fund or reduce debit balances. The only option where no grant funding or development contributions are available is to make provision for funding within the Council's budget.

This has the effect of reducing the Council revenue and defraying funds from use on other services. There is also the option of a loan but the auditor had not seen this option chosen by the Council.

There is no timeline to pay unfunded debit balances and no sanction applies whilst debit balances remain unpaid.

7.1 Acquisition of Housing Units via Compulsory Purchase Order Process (CPO) – Members queried the difference in the amounts approved for funding from the Department for CPO versus the expenditure.

Members were advised that while valuations are made on derelict properties the true cost of purchasing and restoring properties to turnkey condition was often higher. In that regard the auditor noted that the Council had accrued in excess of €2m in income over the approved budgetary costs receivable from the Department. The Council has been involved in a CPO process and the current projection is that full cost of purchasing and restoring units will be €6.5m greater than the approved budget allocated. The Council was one of the few authorities to use this scheme. The Chair voiced his concern that there was exposure of a substantial magnitude in this area.

Councillor Keelan commented that in his experience, the CPO process is considered very good, that it is a way to bring back derelict sites into stock for social housing which is very welcomed and praised both locally and nationally.

Billy Doyle remarked that the building area rate of inflation has gone through roof and questioned the status of discussions on recoverability of overspend.

Paddy McCabe advised Members that the report set out the position at the end of 2020 and he will look again at this area in the 2021 Audit. He is aware of the Council's ongoing discussions with the Department.

13.3 Internal Audit - The Chair, asked Paddy McCabe if he had any comment on the service provided by the internal auditing firm. Paddy McCabe remarked that Internal Audit was an important control, but suggested that employing an internal service provider or internal auditor with knowledge of the public service sector and experience of its systems might provide a better alternative.

9. Development Contributions / Cash Bonds - The Chair queried if the Council's control over the recovery of development contributions is weak and why the recovery of contributions was not linked to house or site title transfer which could assist the Council recover outstanding contributions from builders when money was available as opposed to seeking recovery subsequently.

Paddy McCabe referred to a Circular from the Department relating to Development Contribution Guidelines and he noted the Chief Executive comments in that regard.

8.2 Loans Borrowed for the Acquisition of Land - Responding to queries on loans borrowed for acquisition of land, Paddy McCabe advised members that the Housing Department are proactive in trying to recoup money from the Department. Until housing schemes are approved on lands and loan monies recouped through grant funding the loan capital and interest are payable from the Council own resources. This can have a

knock-on effect on funding for other services which are normally funded from internal capital receipts (ICRs).

As it stood, funding due in 2021 on four loans would amount to €1.39m on principal repayment alone, which required to be funded from ICR.

Other items discussed with the Auditor included returns to the Ethics Register outside of timeframe and the delay of implementation of a procurement module within the financial management system which became operational in 2017.

The Committee thanked Paddy McCabe for his attendance and his report and hoped to see him later on in the year.

## **5. Internal Audit**

Billy Doyle commented on a point raised by the Chair during Paddy McCabe's attendance, of concern regarding the efficacy of the internal audit process. He noted similar comments in previous reports and commented that oversight and monitoring effectiveness of the internal audit process cuts to heart of the role of the Committee. He remarked that incomplete audits and tardiness in the implementation of recommendations arising from internal audit has been an issue for the last 6 years and wondered whether this might be a resource issue or an appetite issue within the Council. He suggested that there needs to be a significant review of the internal audit process. Is it fit for purpose?

The Chair noted that the frequent change of internal audit providers, over which the Committee has no control, affects continuity and impacts on the knowledge base accumulated.

Billy Doyle suggested that the Committee have to be guided on an outcomes basis. Is the internal audit process fit for purpose? If resources are problem the Committee needs to highlight it.

## **6. Formulating Standing Orders, Review of Draft**

Billy Doyle advised he hadn't had an opportunity to read this document due to work pressures and would like to defer it for the next meeting. The Chair stated he was happy to defer the matter and noted a number of minor observations:

- 1 weeks-notice is required for the agenda. This means the agenda should be released to members on a Wednesday for a meeting the following Thursday week
- 3 days clear notice is required to amend an agenda.
- Mention in the SOs of 'shall supply a public notice to media' - was queried
- Quorum of three as stated, needs to be amended to include at least one elected and one non-elected member
- SOs once approved by the Committee require to be approved at Council prior to adoption

Billy Doyle suggested that the Audit Committee was already heavily governed by legislation and queried the need for standing orders and the legislative basis to document.

Gráinne Tuomey, Meeting Administrator advised that the reference to the Council was correct as all Audit Committee minutes once adopted were brought to full Council. It was her understanding that all committees relating to the Council were required to adopt Standing Orders but the legislation would be checked and committee advised.

The Chair suggested that the Standing Orders complements the legislative and administrative requirements and sets out a framework for the composition and conduct of Committee meetings.

It was decided to defer approval.

## **7. ICT Controls and Access Rights IA report**

Helen Divilly, A/Head of Information Systems (HIS) was admitted and welcomed to the meeting. Helen gave background information of her time in the role and her previous experience in the I.T. Department. A breakdown of staff numbers was given to the Committee on request, and the committee advised of a submission made to an external consultant reviewing the work force plan for extra IT staff. A requirement for a specific purpose Cyber Security Officer along with several other staff was cited by Ms. Divilly.

The Committee was advised that the post of permanent HIS has been advertised by the Public Appointments System for the third time in a number of years. This was a joint competition with a number of other local authorities advertising for the same post.

Queried as to why it was difficult to recruit and retain post holders, Helen stated that in her opinion, other entities within the public sector offer roles at same grade with less responsibility.

The Committee noted that there were four items of high risk in the Internal Audit report and suggested that this highlighted a major under resourcing of a critical service and should feature for inclusion and mention on the audit tracker review, at the next meeting. It was noted that this was a "Limited Assurance Report", the lowest level available to the auditors on their scale. Billy Doyle questioned that this was not the first ICT audit that has come through in last number of years, with a very low level of audit assurance.

#### **8. AC Member and Committee Review of Effectiveness**

Members were advised to submit the self-review to Joe McGuinness.

The Chair advised that there were three individual letters/reports to issue to Council which he would draft. The Chair stated that while it was his intention that any letter going to Council would first be approved by the Committee, he did not think such approval was mandatory. The legislation around approval of same is to be checked.

#### **9. NOAC KPI Reports**

This item was deferred to the next meeting.

#### **10. NOAC Review of Corporate Plans**

This item was deferred to the next meeting.

#### **11. AOB**

The proposed date for the next meeting was given as Thursday 24th February 2022.

Concern was expressed by the Chair over the numbers in attendance at meetings as the composition of the Committee was only 5 people and he hoped that attendance figures would improve.

The Chair requested the attendance of the Chief Executive at the next meeting and Bryan Coughlan, A/Director of Services undertook to deliver our request to her.

Confirmed at Meeting held on: 24-02-2022

Chairman: Ronald Bowden

Meetings Administrator: Alison