

LOUTH COUNTY COUNCIL

Audit Committee:

Minutes of the Meeting of Louth County Council Audit Committee held in the Setanta Room, County Hall, Dundalk on Thursday, 30th June, 2022, which commenced at 9.15a.m.

Present: Mr. Richard Bowden
Mr. Billy Doyle
Cllr. Paula Butterly
Cllr. Conor Keelan

In attendance: Mr. Joe McGuinness, Director of Services
Ms. Gráinne Tuomey, Meetings Administrator

Apologies: Ms. Irene McCausland

1. Minutes

On the proposal by Billy Doyle and seconded by Conor Keelan the minutes of the meeting of 28th April 2022 were approved.

2. Matters arising

The Committee requested that its gratitude be conveyed to Bernie Woods, Head of Finance, for the budget synopsis she drafted. It was decided to include this document in the Audit Committee Induction Pack.

The Chair advised that he had spoken to Aidan Horan in relation to how the Committee may discharge its responsibilities with regard to evaluating Value for Money and consideration of NOAC reports. The Chair awaited an email from him but in the absence of same he summarized the conversation as follows –

- Legislation is weak in the area of Value for Money assessment
- It is common for an Audit Committee to have issues around interpreting its obligations in the area of assessing and promoting Value for Money

- It was suggested, that it may be helpful, should Directors of Services, while engaged in reporting to the Committee, report on Value for Money initiatives within their remit
- It would be useful if NOAC reports elicit a level of response or comment from the executive.

In conclusion, in the absence of receiving an e mail from Aidan Horan, it was agreed that the Chair provide a memorandum on the conversation to Committee Members. The Chair requested Director of Services, Joe McGuinness to come back with any observations and suggested that in future Directors of Services whilst reporting on their directorate risk registers be invited to comment on any recent NOAC reports pertaining to their remit and on Value for Money initiatives that they undertake.

Joe McGuinness confirmed to the Committee that he had contacted NOAC to query the number of responses they receive relating to reports issued and was advised by NOAC that they do not receive any. He further clarified that there was no legal requirement for the Executive to respond to NOAC on foot of any report received. The committee noted 'an element of disconnect' between what happens in practice and their responsibility to review NOAC responses by the CEO, see SI.244 of 2014 Regulation 9 (f).

The Committee noted the excellent presentation by the Internal Auditor on his report on the internal audit on the Vacant Dwellings Unit.

The Committee were advised on a change to the 2022 Internal Audit Plan which reduced the number of Audits to 5, 2 of which are statutory and the other 3 on selected systems or areas.

The Director advised that he is to check that personal indemnity insurance exists for all Committee Members and noted that the Elected Members are insured as Councillors.

The Committee requested that the AFS for 2021 be provided to members.

Arising from the review of a previous Internal Audit Report, the percentage of expenditure made by Low Value Purchase Card (LVPC) versus overall expenditure in a given expense category was requested, so as to put the level of expenditure through LVPC in context.

3. Conflict of Interest

There were no declarations of Conflicts of Interest made by Committee Members.

4. Consideration of Statutory Reports

There were no statutory reports presented to the Committee.

5. Internal Audit reports were deferred to later in the meeting to the arrival of the Internal Auditor – See item 5 of the agenda below.

6. Consideration of NOAC Reports completed

Following discussion on the NOAC report received on 'A guide for Audit Committees on the impact of Covid 19 on the control environment in Local Authorities' the Committee requested that the Director within whose remit, the report lay, may provide

- An overview on the Report as issued
- Any actions taken or to be taken on foot of report
- Copy of the Risk Register as an addendum

It was further considered that the level of detail in the report was a matter for the Executive.

7. Local Government Audit Committee Charter Review

Joe McGuinness provided the amended charter based on decisions taken at the last meeting and noted the change of the title to read 'Audit Committee Charter' as this is more appropriate.

On the proposal by Billy Doyle and seconded by Paula Butterly the Audit Committee Charter was approved.

The Charter will go to full Council in September.

The Chair stated that whilst in practice it appears that the focus of an Audit Committee was on identifying weaknesses in order to encourage improvements, nevertheless it was important that the Committee also express appreciation for the work done by Louth County Council. To this end, the Chair wanted it noted that the support received from the Chief Executive Joan Martin, Joe McGuinness Director of Service, Gráinne Tuomey and all the staff was of a very high quality and it assisted the Committee greatly in executing its statutory functions.

5. (Agenda item 5) Consideration of completed Internal Audit reports deferred from earlier in the meeting

The Committee commented on the high quality of internal audit reports received and particularly the format, which set out the positive strengths at outset of report.

Joe McGuinness advised that there is a short timeframe between completion of the AFS and the requirement to have a Public Spending Code Audit completed by 31st May as required by DPER. The short time frame was noted as a barrier to the conduct of the audit and a request was made of the Executive to see if the sampling can commence prior to the AFS completion. This would be referred to Bernie Woods Director of Finance for examination

Vincent Teo gave the Committee a briefing on the Vacant Dwellings Audit as presented and remarked that Louth County Council performed highest of four Local Authorities that he has audited. While controls are in place and are being managed well, he recommends consolidation of controls to one area such as iHouse.

The Committee queried why was the term 'Reasonable Assurance' used and were advised that this was the second highest rating possible, ranking below 'substantial assurance' which would only be given where all recommendations made were rated as low risk.

The Auditor reported that while his team experienced difficulty getting information, once it was obtained. it demonstrated controls were in place and he highlighted this on pages 8 and 9 of the report.

The Chair noted it was positive indicator to see audit recommendations being endorsed without challenge or change by the Executive.

In relation to the Public Spending Code Audit, Vincent Teo reminded the committee of the severe lockdowns and restrictions resulting from Covid restrictions, and that the report, which is sent to NOAC, looks substantially at procurement. The committee were advised of an obligation to complete sampling on 5% of capital project expenditure and 1% of current expenditure. The internal auditors performed a 3yr rolling average sampling in Louth of 12% capital expenditure and 5% current expenditure. The inference being the greater the percentage sample the more accurate the report should be.

The Committee members were advised of coordination between the Executive and Internal Auditor on suggested improvements to maintenance of procurement records, and Joe McGuinness advised that as part of the process, internal audits are reviewed by Senior Management Team and template documents are being created to assist future procurement compliance. Issues raised included Specialised Product which may only be

available from a sole supplier and Business Cases not on file where the work performed may be dictated and funded by another body. In which instance the other body, should set the Business Case.

It was noted that the 2022 Audit Plan was amended to create a more achievable plan.

The committee requested the Internal Auditor to prepare a report on implementation of outstanding recommendations of previous audits, including a tracking timeline.

The committee thanked Vincent Teo of Crowleys, Internal Auditor, for his time and looked forward to meeting him again before year end.

8. Consideration of Audit Tracker Listing

The Committee complimented Joe McGuinness on the clarity and layout of the Audit Tracker he provided. Joe McGuinness advised that the tracker was updated to May 2022.

It was agreed to await the Internal Auditor report on the tracker pending further discussion.

The next meeting was agreed to be held in person on 22nd September 2022. Joe McGuinness was requested to report at the September meeting on VFM as it applied to his Directorate.

The meeting concluded.

Confirmed at Meeting held on: 6th Oct 2022

Chairman: Richard Bowden

Meetings Administrator: [Signature]