

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, 16th November 2023, which commenced at 9a.m.

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

In attendance: Mr. Joe McGuinness, Director of Services
Ms. Gráinne Tuomey, Meetings Administrator
Mr. Paddy McCabe, Department Auditor
Mr. Vincent Teo, Internal Auditor

1. Minutes

On the proposal of Billy Doyle and seconded by Paula Butterly, the minutes of the meeting of 21st. June 2023 were approved.

2. Quorum Failure

It was noted that the meeting scheduled for 28th September 2023 could not proceed due to the quorum required for the meeting not being met.

3. Matters arising

A request was made that the Management Team provide a review of the overall Corporate Risk Management Strategy to the Audit Committee, as required under the Risk Management Policy, see page 5 under Risk Management Responsibilities. The Chair requested Joe McGuinness confirm when this review will be presented.

3. Conflicts of Interest

None declared.

4. Review of Statutory Report to the Members of Louth County Council – Paddy McCabe Local Government Auditor

Paddy McCabe Local Government Auditor was welcomed to the Meeting and the Chair requested that he report on the 3 main observations from his report.

Item 4.2 Peace Projects.

He advised that he had noted this item due to the difference between expenditure of €1.5m incurred by Louth County Council and the recoupment received of only €348k to date. The Committee were advised that this was outside the control of Louth County Council as funding came from SEUPB and it seemed to also mirror other border county funding.

Item 5.1 'G Factor' Provision

The Committee was advised that the G factor provision is the difference between the Rate Revaluation Amount and the possible valuation following a successful appeal. The Local Government Auditor having audited the relevant data, was of the view that there was an overstatement of the provision in the accounts and suggested management review the position.

Item 10.1 Procurement of Narrow Water Bridge

Paddy McCabe advised the Committee that in 2007 a tender for consultant services had been awarded for €1.2m. for this cross-border project. The scheme had been suspended in 2015, but then resurrected in 2021 at which stage the same consultants were retained but costs had risen to €4.7m. He mentioned he was no procurement expert but he queried whether the procurement procedures were followed. It appears that legal or procurement advice may have been obtained by Management and a discussion ensued as to whether sight of such advice could or should be made available to the Audit Committee if requested. Joe McGuinness suggested the matter be put to the Chief Executive as she was to attend the December meeting.

Regarding any legal advices obtained, the matter of whether the Audit Committee were entitled to review same was to be clarified.

The Chair asked that the Local Government Auditor Paddy McCabe provide further observations under the headings of Audit and Financial Risk for Louth County Council.

Financial Risk

Paddy McCabe advised of concerns around inflation, increasing energy and contractor costs and CPO funding, but advised that there was nothing peculiar or specific to Louth County Council in these risks. He considered that Louth was in good financial position with good controls overall. He spoke of the hard work done to recover deficit funding from the Department and of recoupment of Land Loans which significantly reduced costs.

Audit Risk

Paddy McCabe advised that nothing of a nature specific to Louth County Council, came to his mind. He noted that he received copies of the Internal Audit Reports with the management responses and these inform his work plan.

The Chair then questioned Paddy McCabe on the following items in his report:

Item 7.2 Housing Capital

When asked about the €8.8m debit balance to be resolved with the Department, Paddy McCabe advised that some of these were old balances which were slow to be addressed. He advised staff were working hard to resolve these, but this would take time and the matters was further delayed by changeover of staff in the Department. When asked if they should be written off, the Committee were advised that it was not for the Local Government Auditor to say and there was no timeline on resolving these balances and that negotiations were ongoing. Paddy McCabe considered that the Department would have to say if they were not funding specific items before write-off of these would be entertained.

Item 7.6 Miscoding of funds to Income and Expenditure rather than Capital

Paddy McCabe said the miscoding of payroll was minor and not material to the overall balance but needs to be addressed.

The Chair on behalf of the Committee, expressed satisfaction with the work performed by Paddy McCabe and of his in-depth knowledge. The Audit Committee valued Paddy McCabe's reports and the Chair thanked him for his attendance and the clarification of observations within his report. Paddy McCabe then left the meeting.

5. Finalised Internal Audit Plans

Vincent Teo Internal Auditor was welcomed to the meeting and asked for an update on the 2023 Internal Audit Plan. He advised of two ongoing audits under a new contract following a successful tender process which saw Crowleys reappointed as Internal Auditors to Louth County Council.

The two ongoing audits are on the Property Interest Register, and Health & Safety.

A follow up audit on IT will go into next year, with a Review on Interest of Shareholdings being the last internal audit of the 2023 Audit Plan. An examination of the scoping document on the Shareholdings Audit was required as Louth County Council are looking at an external review of Drogheda Port Company and Crowleys did not want an overlap.

Internal Audit Review of Debt Collection

Vincent Teo spoke of the examination of Debt Collection Policies & Procedures focused on Housing Rents and Development Contributions. He advised when considering accounting standards, auditors look to see if International Financial Reporting Standards (IFRS) 9 is met, and having examined same considered Louth County Council adheres to the accounting standard. Vincent spoke of being impressed by the debt tracking automated systems in place in Louth when compared to other Local Authorities.

He noted credit notes were being issued to correct errors in development levy invoicing arising inter alia, from a change in the company name, disparity from planning applicant to builder etc.

He recommended setting KPI for targeted Rent Collection and noted that recovery on Housing Rents is high.

Internal Audit Review of Effectiveness of Risk Management Framework

It was noted that Joe McGuinness had assumed the role of Chief Risk Officer.

Vincent Teo spoke of good Risk Management Practices embedded in Louth County Council and considered that the next step was to build risk assessment into the decision making processes of Louth County Council including ensuring that the annual Internal Audit Plan was risk based.

The Committee were advised of five categories for assessment of Risk as follows:

Assurance Level	Description
Risk Enabled	Risk Management and internal control is fully embedded into operations and continuously monitored.
Risk Managed	Enterprise-wide approach to Risk Management has been developed and communicated.
Risk Defined	Strategy and policies are defined, in place and communicated.
Risk Aware	Scattered silo-based approach to Risk Management.

Risk Naive	No formal approach developed for Risk Management.
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Vincent Teo categorised Louth County Council as Risk Defined.

The Committee were advised that Risk Assessment in Local Authorities was quite challenging as making decisions can impact on people. The Internal Auditor suggested that the Risk Appetite was not very defined in Local Authorities, whilst in a private company a Board might be more open to take risks to reduce rigidity, the LAs were confined by statutory obligations and duties.

Vincent Teo advised of the need to comply with guidance set by DPER in relation to Risk Management and the Committee were advised that if the Executive address findings in the Internal Audit Report this will see Louth County Council meet the requirements of DPER.

Following questioning and review of the report the Audit Committee noted that implementation of DPER's guidance was fundamental and Joe McGuinness confirmed he retained a copy. The general view of the Committee was that the overall categorisation as Risk Defined was generous.

6. Louth County Council Corporate Procurement Policy - Finalised

The policy as set before the Committee was noted.

7. Induction Process and Succession Planning

It was agreed that Richard Bowden would discuss items for updating with Joe McGuinness.

8. Interim Update on the Cyber Security and Business Continuity

It was agreed to defer this item.

9. Audit Committee Membership and Requirements for Attendance

On the 31st October the Chair had circulated all members with SI 244 2014 and referenced the relevant sections dealing with attendance and the requirement to assess effectiveness of the Audit Committee in exercising its function. The relevant matters were noted.

10. NOAC Overview

This item was noted by Members.

7. AOB

Richard Bowden, Chair of the Committee spoke of a NOAC workshop which he attended. Items highlighted included:

- Setting KPIs to inform Management
- Annual Scrutiny of selected Local Authorities conducted by NOAC
- Annual Seminar for CEOs and Chairs of Audit Committees (which RB had been unable to attend this year)
- NOAC is in the process of producing a report on Internal Audit in local authorities
- Louth is categorised as a medium sized Local Authority
- Longford reported on its own Internal Audit function which is carried out by a Staff member, the internal auditor draws on support from external auditors and benefits by being a member of a professional body and the Local Government Internal Auditor Network (LGIAN). Louth was one of the few local authorities in the north east and midland area not represented in the LGIAN.

Joe McGuinness suggested that a staff member might not have the vast expertise that Crowleys would have access to, and there was the risk of an individual developing their career path and leaving the role

The Chair advised he would send on the Draft Agenda for the December Meeting and suggested a similar start time for Members.

The Section 60 timeframe for reporting to Council was to be examined.

The meeting concluded.

Date:

7 Dec 2023

Chair:

Richard Bowden

Meeting Administrator:

Celia Quincey