

Kilkenny County Council

Audit Committee

Annual Report 2020

Chair's Statement

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.

This is the second annual report of the Audit Committee 2019 – 2024 to the Council. I am honoured to serve as Chair 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.

The Covid-19 pandemic that struck in early 2020 presented an unprecedented challenge to Kilkenny County Council. I would like to acknowledge the work carried out by the council members and staff in providing support and essential services to the people of Kilkenny during this challenging time.

Membership

The composition of the Committee is as follows:

Dr. Sean Brady, Chair of the Committee. Dr Brady is a Director of the Ornuia and formerly Managing Director of Minch Malt and Irish Sugar.

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

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

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. Covid-19 had an impact on the completion of the Internal Audit Plan in 2020. Internal Audit staff were redeployed to cover essential services in other areas of the council during the first lockdown period. The list of Internal Audit Assignments carried out in 2020 included as follows:

- Public Spending Code – In Depth Review of Capital and Revenue Projects
 - 1) Housing Development at Crokershill
 - 2) Housing Loans
- HR Exit Process
- Social Housing Acquisitions
- Amenity Grants
- Payroll Process

Meetings of the Audit Committee

The Committee met on four occasions during 2020. Due to the Covid-19 restrictions in place, the final three meetings of the year were held remotely using Microsoft Teams. The attendance record for each member was as follows:

Member	2nd March	6th July	28th Sept	7th Dec
Dr. Sean Brady(Chair)	✓	✓	✓	✓
Ms. Maura Joyce	x	✓	✓	✓
Mr. Joe Allen	✓	✓	✓	✓
Cllr. Fidelis Doherty	✓	✓	✓	✓
Cllr. Andrew McGuinness	x	✓	✓	✓

Presentations from Management

Mr. Martin Prendiville, Head of Finance, made a presentation to the Audit Committee at the meeting of 2nd March 2020, 6th July 2020 and 7th December 2020.

Ms. Tim Butler, Director of Services for Corporate, HR, Roads and Water Services made a presentation to the Audit Committee at the meeting of 6th July 2020.

Mr. Sean McKeown, Director of Services for Environment, Planning and Economic Development made a presentation at the meeting of 28th September 2020.

The Audit Committee met with the Local Government Auditor on the 7th December 2020 in accordance with Local Government (Audit Committee) Regulations 2014 Sections 9(c) and 11 (2)(a).

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 2020 is estimated at €114.7m. At present the Annual Financial Statement is in draft format. Capital expenditure is estimated at €60 million.

As reported previously, the Council operates standard local government financial management systems, Aggresso, 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 Management 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.

Work Priority for 2021.

Income Risk

The committee met with the Head of Finance on three occasions in 2020. The committee raised concerns over the impact of Covid 19 on the councils income especially in the areas of Commercial Rates and Parking Fees. The committee will continue to monitor this area in the future.

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.

Conclusion by Chair

The Committee receives all the support and information it requires to fulfil its remit and is satisfied it will continue to be able to fulfil its role in the overall governance arrangements of the Council into the future. 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 and for facilitating remote meetings held in 2020.

Dr Sean Brady

Chair of Kilkenny County Council Audit Committee