



Comhairle Cathrach
& Contae Luimnigh

Limerick City
& County Council

Seirbhísí Corparáideacha,
Comhairle Cathrach agus Contae Luimnigh,
Ceanncheathrú Chorparáideach,
Cé na gCeannaithe,
Luimneach

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Date: 23 September 2022

To: The Mayor and Each Member of Limerick City and County Council

AUDIT & RISK COMMITTEE ANNUAL REPORT 2021

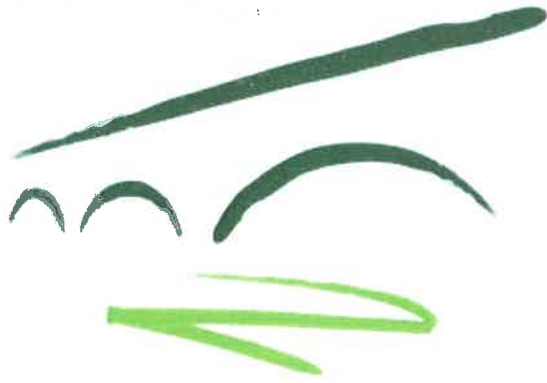
A Chomhairleoir, a chara,

In accordance with Section 15 of the Local Government (Audit Committee) Regulations, 2014, the Audit Committee is required to prepare a report detailing its considerations and findings for the year just expired in relation to all matters within its authority, duties and functions and send same to the Local Authority for consideration.

I attach, therefore, for your consideration, the Chairperson of Limerick City and County Council Audit & Risk Committee Annual Report 2021.

Is mise le meas,

Laura Flannery,
SEO – Corporate Services, Governance & Customer Services.



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Limerick City
& County Council

Limerick City & County Council
Audit Committee Annual Report
2021

1. Introduction

Section 122 of the Local Government Act 2001 (as amended) and the Local Government (Audit Committee) Regulations 2014 provide for the establishment of Audit Committees in Local Authorities. The establishment and operation of Limerick City and County Council's Audit Committee has been carried out in compliance with the above legislation.

2. Membership of the Audit Committee

In accordance with Section (3) of the Local Government (Audit Committee) Regulations 2014, where the total revenue expenditure by a local authority in 2013 exceeded €150m, the membership of an audit committee shall consist of seven members and shall include not less than four external members, not more than three serving or retired elected members and three or more persons having knowledge or experience in finance, auditing or accounting. Appointment of members of an audit committee is a reserved function.

The following were members of the Audit Committee for Limerick City and County Council during 2021:

Members	
Tony O'Brien (Chairperson)	Principal - Irida Consulting Limited
Dr. Brid Quinn	Retired - Lecturer in Public Administration University of Limerick
John Coady	Retired - Vice President of Administration & Finance Mary Immaculate College
Emmet Devereux	Director of Government & Regulatory Affairs Cook Medical
Councillor John Egan	Municipal District of Cappamore-Kilmallock
Councillor John Sheehan	Municipal District of Newcastle West
Councillor Brigid Teefy	Municipal District of Cappamore-Kilmallock

3. Acknowledgements

Dr. Pat Daly Chief Executive, Mr. Sean Coughlan Head of Finance and Director of Support Services, Mr. James Clune Senior Executive Officer (SEO) Corporate Services, Ms. Laura Flannery, SEO Corporate Services*, Tom O'Callaghan, Secretary to the Audit Committee, Ms. Bronwyn Hayes, Internal Auditor, and Siobhan Carroll, Assistant Staff Officer, Corporate Services, Governance and Customer Services attended at meetings and supported the work of the Audit Committee.

* Laura Flannery replaced James Clune as SEO from the June Audit Committee meeting onwards.

During 2021, the following lists those who attended meetings of the Audit Committee, at the request of the committee, to review the management of risk, value for money, and efficiency in their directorates and deliver specific updates:

- Aoife Duke, Director, Sarah Newell A/Senior Executive Planner, Elaine O'Connor A/Senior Executive Officer and Suzie Clifford Administrative Officer from Housing Development
- Vincent Murray, Director of Economic Development
- Esther Lane, Procurement Officer and Edel Cousins, Staff Officer, Corporate Services, Governance and Customer Services

Limerick City and County Council provides resources to facilitate the Audit Committee's operation. The Committee acknowledges and appreciates the support of the Council, the Chief Executive and his staff in its work.

4. Roles of the Audit Committee

The functions of the Audit Committee are as prescribed by Section 122 of the Local Government Act 2001 (as amended) and expanded in the Audit Committee Charter. These are:

1. *To review the financial and budgetary reporting practices and procedures within the local authority:*

- This incorporates review and consideration of all aspects of the financial cycle within Limerick City & County Council from budget preparation and adoption, monitoring of income and expenditures through to the completion of the annual financial statements.
- The audit committee reviews financial management and reporting arrangements in addition to reviewing existing financial policies, procedures, controls and protocols, as it considers necessary.

2. *To foster the development of best practice in the performance by the local authority of its internal audit function.*

The Audit Committee:

- Reviews with management and the internal auditor the charter, activities, staffing and organisational structure of the internal audit function, its compliance with relevant professional standards and brings any recommendations to the attention of the Chief Executive. In this regard, the Committee seeks to ensure that no limitations are placed on the work of the internal auditor's unit.
- Approves the audit plan and monitors its implementation.
- Reviews audit reports, findings, recommendations, and management responses.
- Reviews, on an ongoing basis, the audit engagement process.

3. *To review any audited financial 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 report its findings to the local authority:*

To fulfil this function the Audit Committee:

- Reviews with management and the external auditors the results of the statutory audit.
- Reviews with management and the external auditors the management letter and all matters required to be communicated to the committee under generally accepted auditing standards.
- Reports to Council on its findings.

4. *To assess and promote efficiency and value for money with respect to the local authority's performance of its functions:*

The Audit Committee:

- Reviews management's arrangements to ensure and demonstrate economy, efficiency and effectiveness across the organisation.
- Requests special reports from management or internal auditors as considered appropriate.

5. *To review systems operated by the local authority for the management of risks to fulfil this function the Audit Committee:*

The Audit Committee:

- Evaluates the scope and effectiveness of the framework established by management to identify, assess, monitor and effectively manage risk.

- Reviews the corporate risk management policy and receives presentations from management on corporate, directorate, divisional and sectional risk registers.

6. To review the findings and recommendations of the National Oversight and Audit Commission (NOAC) and the response of the Chief Executive to these and take further action as appropriate:

Here, the Audit Committee:

- Reviews the relevant findings of NOAC and ensures that its work programme takes NOAC's findings and recommendations into account.
- Requests special reports from management or internal audit as considered appropriate.

The Committee wishes to advise the Members that it sought to carry out these functions as fully as required.

5. Activities

5.1 Declarations of Interest

At the commencement of each meeting of the Audit Committee, the Chair offered those present an opportunity to declare an interest with regard to any of the items due for discussion. No declarations were made during the course of meetings of the Audit Committee held in 2021.

5.2 Meetings

The following table shows a list of Audit Committee meetings held in 2021 and the attendance of the Audit Committee Members at same.

	12/02/21	16/04/21	18/06/21	24/09/21	8/12/21
Tony O'Brien	✓	✓	✓	✓	✓
Brid Quinn	✓	✓	✓	✓	✓
John Coady	✓	✓	✓	✓	✓
Emmett Devereux	x	✓	x	✓	✓
Councillor John Egan	✓	x	x	✓	x
Councillor John Sheehan	✓	✓	✓	x	x
Councillor Brigid Teefy	✓	✓	x	✓	✓

6. Review of Effectiveness of the Audit Committee

Within the limitations suffered as a result of the Covid-19 pandemic, the Committee was satisfied with its defined role, functions and responsibilities; together with the resources and skills provided by, and to it. The Committee was also satisfied with the scope and scale of the activities carried out by it in conjunction with the Council's own Internal Audit function and external services providers. A summary of activities is as follows:

6.1 Audit Committee Work Programme 2021

The draft Audit Committee Work Programme 2021 was circulated and agreed during the meeting held in February 2021. This was reviewed and adopted at the Full Council Meeting held in March 2021. The Committee continually verifies that its work is being performed in line with the Work Programme.

6.2 Review of Financial and Budgetary Reporting Practices

Financial Update / AFS 2020 update

The Head of Finance and Director of Support Services provided updates throughout the year and made a presentation to the Audit Committee based on the AFS for 2020. The presentations noted the following:

- Although it was a challenging year, the AFS 2020 showed a small surplus of income over expenditure but this was dependent on government supports.
- Revenue for 2021 is showing an increase in comparison to 2020;
- In relation to rates, further to the nine-month waiver that applied in 2020, a further three-month waiver was under consideration. This new scheme would be more limited with a focus on the leisure and retail sectors.
- Rates waiver will be scaled back during 2021, while rate arrears have increased.
- Rates demands totalling €60m will be issued during the year.
- It was noted the collection of commercial rates had increased from 68% in 2014 to 88% in 2020.
- The Council would receive €4m from a national allocation of €137m towards Covid-19 impacts.
- Management highlighted that the Council had completed all agreed municipal works;
- Other financial challenges include Capital Projects matched funding / Irish Water / Climate Change.
- It was noted that a further Business Support Scheme was in preparation.

- Post Covid-19 issues were a concern for the Council including vacancy, income reduction and increased costs.
- The Council received additional support which was around €30m;
- All expenditure headings were now under review with a prudent approach to be adopted to same
- The Council's cash flow position was currently satisfactory. An overdraft, primarily associated with the HAP Shared Services Centre, was in place. All Local Authorities were struggling to collect income. The Council recorded a significant reduction in standing orders/ direct debits that would have to be addressed

6.3 Local Government Auditor's Statutory Audit Report for the Year ended 2020

The Local Government Auditor attended the Audit Committee meeting in December 2021 and presented her report. The Committee welcomed the Auditor's opinion on the Annual Financial Statement, which was unqualified and the assurance from the Auditor that the financial statements were free from material misstatement, whether caused by fraud or other irregularity or error.

The Audit Committee noted:

- The contents of the Statutory Audit Report for Limerick City & County Council for the year ended 31st December 2020.
- Members discussed areas of concern raised by the Auditor.
- The Deputy Chief Executive and Director, Support Services stated that there had been a re-organisation of Directorates earlier in the year and the Housing and Regeneration Directorates had been strengthened significantly. A centralised Requisitions Unit had also been set up which was having a positive effect.

6.4 Review of Audit Committee Training Needs

Committee members were satisfied they held the necessary experience required. During the meeting held in February 2021, details of the IPA training course entitled, Audit Committee Member Training was circulated and was to be provided on dates in February and June 2021. It was agreed that Audit Committee members would be contacted by email to establish whether they were interested in attending on either date.

6.5 Internal Audit

Internal Audit Planning

The Strategic Internal Audit Plan 2021-2022 was circulated and agreed at the Audit Committee meeting held in February.

Internal Audit Reports

The Committee considered and approved the following reviews, materials and internal audit reports throughout 2021:

- Review of HAP Shared Service Centre
- Follow up review of outstanding recommendations (4th Feb 2021)
- Third Party Contract Management Report
- Compliance with Public Spending Code 2019
- Compliance with Public Spending Code 2020

Deloitte undertook a Payroll audit, and a Health and Safety Management Audit which are awaiting sign off. Deloitte also commenced a GDPR Monitoring and IT Security follow up review towards the end of the year. An IT Governance and a SICAP audit were also completed during 2021 and due to be finalised in 2022.

The Internal Auditor also updated the Audit Committee on the Compliance Checks being undertaken by Internal Audit unit.

7. Covid-19 Impact and Return to Workplace Update

The Senior Executive Officer confirmed that appropriate safety measures for staff working in offices continue to be in effect and all safe working practices remain in force. The Council continued to follow National Guidelines issued on returning to the workplace.

8. Budget 2022

The Head of Finance presented details of the Council's Budget during the meeting held on 8th December 2021 and noted the following:

- It was noted that it is a challenging Budget;
- There will be no commercial rates increase;
- Biggest expenditure in Housing and Building with significant housing projects coming on stream, significant expenditure also in Roads and Economic Development;

- HAP has contributed €1.2m to Local Authority;
- King John's Castle to be transferred to Council. Propose to put management structure in place;
- The Fire Services Department is a major cost for the Council;
- The budget restored for Festivals and Events;
- There has been an increase in Members salary;

9. Governance Issues

Governance Presentation given in December 2021

The Procurement Officer and Staff Officer, Corporate Services, Governance and Customer Services joined the meeting in December 2021 for this item.

The Senior Executive Officer, Corporate Services, Governance and Customer Services stated that a comprehensive training guide on Corporate Governance would be rolled out to all staff. An overview of the presentation was given to the Committee.

In response to Members, the Deputy Chief Executive and Director, Support Services and the Senior Executive Officer, Corporate Services, Governance and Customer Services stated that the Accounts Payable process had been strengthened and the Requisitions Oversight Unit was a very positive element.

10. Conclusion

As is evident from the extent of the activities set out above, the Audit Committee continued to engage actively in carrying out its functions as set out in Section 122 of the Local Government Act 2001 (as amended) and in the Audit Committee Charter.

A substantial number of review, communication, presentation and follow-through procedural changes and amendments have been agreed as a result of the Audit Committee's interaction with, and oversight of, a wide range of operations within Limerick City and County Council. Implementation of these changes will be monitored by the Audit Committee on an on-going basis.

The Committee is also aware that a number of initiatives within the overall governance framework of the organisation are at the early stages of development and implementation. The Committee looks forward to seeing evidence of continued engagement in all spheres of LCCC with the development and implementation of the organisation's governance framework.

Considering the issues dealt with during 2021 and based on the information provided by Internal Audit, the Local Government Auditor, Management and individual Directorates, the Committee is satisfied that a robust governance environment exists within Limerick City and County Council and that Management continues to be committed to the ongoing enhancement and improvement of governance processes and procedures.

11. Acknowledgements

To the Members of Limerick City and County Council:

As Chair of your Audit and Risk Committee, I wish, on behalf of the Committee, to express particular appreciation to Dr. Pat Daly, Chief Executive, Sean Coughlan, Director of Support Services, James Clune, SEO Corporate Services, Laura Flannery, SEO Corporate Services, Tom O'Callaghan, Secretary to the Audit Committee, Bronwyn Hayes, Internal Auditor, Siobhan Carroll, Assistant Staff Officer Corporate Services, Aoife Duke, Director Housing Development, Sarah Newell A/Senior Executive Planner, Elaine O'Connor A/Senior Executive Officer, Suzie Clifford Administrative Officer Housing Development, Vincent Murray, Director of Economic Development, Esther Lane, Procurement Officer and Edel Cousins, Staff Officer, Corporate Services, who attended meetings throughout the year for their support, their commitment to the Council and for the quality of their presentations and submissions made to us during the year.

We also wish to commend all the Council staff for their dedication and ability to adapt to the extraordinary working conditions that were encountered during the year, and we express our fullest confidence in the services that the Council continued to provide to people of Limerick City and County during 2022.

Yours truly



Tony O'Brien

Chair – Audit and Risk Committee