



27th March, 2024

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

AUDIT & RISK COMMITTEE ANNUAL REPORT 2023

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 2023.

Is mise le meas,

Laura Flannery
Senior Executive Officer
Corporate Services, Governance & Customer Services



Comhairle Cathrach
& Contae Luimnigh

Limerick City
& County Council

Limerick City & County Council
Audit & Risk Committee Annual Report

2023

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 & Risk 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 and Risk Committee for Limerick City and County Council (LCCC) during 2023:

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
Emmett 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, Sean Coughlan Deputy Chief Executive and Director of Support Services, Laura Flannery, SEO Corporate Services, Edel Langan, Internal Auditor and Edel Cousins, Staff Officer, Corporate Services, Governance and Customer Services attended at meetings and supported the work of the Audit and Risk Committee.

During 2023, the following lists those who attended meetings of the Audit and Risk 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:

- Martin Curran, Senior Staff Officer, Newcastle West Municipal District Office
- Sean McGlynn, Acting Senior Engineer, Active Travel and Mairead Corrigan, Administrative Officer, Active Travel
- Hugh McGrath, Senior Engineer, Travel and Transport Strategy, and Paudraig Prendiville, Fleet Manager Roads, Traffic and Cleansing
- Paul Ryan, Senior Staff Officer, Innovate Engine DAC
- Kieran Lehane, Director of Service National and Regional SSC, Jean O'Grady, Senior Executive Officer HAP and Suzanne Goggin, Management Accountant HAP

In addition, the Committee met with the Local Government Auditor to review the Audit Report of the Annual Financial Statement (AFS) for LCCC for year ended 31 December 2022.

Limerick City and County Council provides resources to facilitate the Audit and Risk 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, regular 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.
- Monitors progress on implementation of any recommendations.
- 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 and Risk 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 the Audit and Risk Committee meetings held in 2023.

5.2 Meetings

The following table shows a list of Audit and Risk Committee meetings held in 2023 and the attendance of the Audit and Risk Committee Members at same.

	03/03/2023	04/07/2023	22/09/2023	08/12/2023
Tony O'Brien	✓	✓	✓	✓
Brid Quinn	✓	✓	✓	✓
John Coady	✓	✓	✓	✓
Emmett Devereux	✓	✓	✓	x
Councillor John Egan	✓	✓	✓	✓
Councillor John Sheehan	x	✓	✓	✓
Councillor Brigid Teefy	x	✓	✓	✓

6. Review of Effectiveness of the Audit and Risk Committee

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 service providers. A summary of activities is as follows:

6.1 Audit Committee Work Programme 2023

The draft Audit Committee Work Programme 2023 was circulated and agreed during the meeting held on 3rd March 2023. This was reviewed and adopted at the Full Council Meeting held on 27th March 2023. 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 2022 update

The Head of Finance and Director of Support Services provided updates throughout the year to the Audit and Risk Committee based on the AFS for 2022. The following was noted during the year:

- The Deputy Chief Executive informed the Members that it had been a positive year for the Council. He outlined the following key points:
 - ❖ Division A - Housing (excl. HAPSSC)
 - Differential rent income up €1.3m on budget
 - Own resource Housing Grants up €0.285m on budget
 - ❖ Division B - Housing Roads Transportation and Safety
 - Local and Regional Road income up €690k on budget
 - Public Lighting Maintenance had an additional cost of €250k
 - ❖ Division D – Development Management
 - Provision of €3.5m for Opera Development
 - Ukraine Response – additional expenditure of €714k which is fully funded
 - ❖ Division H – Miscellaneous Services
 - Provision of €4.6m relating to outcome of windfarm appeals
 - DHLGH income support for loss of income from Global revaluations of €1.2m
 - ❖ Division J – Central Management Costs
 - Provision of €2m for Corporate Buildings Health and Safety works
- He informed the Members that the commercial rates were one of the highest in the Country at 92% collection rate. This collection rate reflects the following:
 - Support Schemes approved by the Council
 - Work done by the Rate Collection Staff; engagement with rate payers/structure payment plans
 - Covid Rates Waiver for Quarter 1

- The Deputy Chief Executive also gave a summary of the recent LPT review during the meeting held in September 2023. He explained the metrics used and the equalisation fund which supports smaller Local Authorities. The proposal is to provide a minimum increase to each Local Authority baseline.
- The Deputy Chief Executive confirmed in the Audit and Risk Committee meeting held in December 2023 that the budget for 2024 has been adopted.

6.3 Local Government Auditor's Statutory Audit Report for the Year Ended 2022

The Local Government Auditor attended the Audit and Risk Committee meeting in December 2023 and presented his 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 and Risk Committee noted:

- The contents of the Statutory Audit Report for Limerick City & County Council for the year ended 31st December 2022.
- Members discussed areas of concern raised by the Auditor.
- The members will continue to monitor progress in these areas in 2024.

6.4 Review of Audit and Risk Committee Training Needs

Committee members were satisfied they held the necessary experience required.

Discussions were held around future training events and the Chair urged Committee members to avail of any available training. One member also attended the Audit Committee Member training session delivered by the IPA.

6.5 Internal Audit

Internal Audit Planning

The Strategic Internal Audit Plan 2023 was circulated and agreed at the Audit and Risk Committee meeting held on 2nd December 2022. Deloitte provided updates at various meetings throughout 2023 in relation to the progress on the plan.

Internal Audit Reports

The Committee considered and approved the following internal audit reports completed by Deloitte and LCCC's Internal Audit team throughout 2023:

- Payroll, Travel & Subsistence Review
- Internal Financial Controls - Budgeting
- Differential Rental Income
- Machinery Yard Review
- Follow Up Review
- Public Spending Code
- Limerick Twenty Thirty Strategic Development DAC
- Cyber Security
- Internal Financial Controls Review – LCCC Subsidiary: Innovate Engine DAC
- Resource Planning and Deployment Processes
- Low Value Purchase Cards Review
- Spot Check Review on an Individual Supplier

The Internal Auditor also updated the Audit and Risk Committee on the Compliance Checks undertaken by Internal Audit unit during the year.

No significant issues that require reporting to the Council were identified.

7. Covid-19 Impact and Return to Workplace Update

Appropriate safety measures for staff working in offices continue to be in effect and all safe working practices remain in force. Blended working arrangements remained in place during 2023.

8. Budget 2024

The Head of Finance reported nothing significant in relation to the budget, other than the items flagged as part of the AFS2022 update.

9. Governance

Mandatory Financial Governance training was rolled out to all staff members in Quarter 4, 2022 to create awareness of controls and processes relating to fraud. As part of this, staff were made aware of a new Governance Framework that was established and approved in September 2022. This Governance Framework document outlines the requirements and responsibilities on employees.

The Financial Governance training and Governance Framework document provide staff with a clear and comprehensive summary of the principal aspects and elements of corporate governance within LCCC including the Fraud and Corruption policy. The framework provides Directors and Senior Managers with much of the guidelines needed to understand their duties, roles and responsibilities with respect to Governance. Directors are asked to revisit the Framework document on an annual basis to confirm their staff have been kept up to date. The LGMA are developing a sector-wide governance framework.

It was further noted that since the implementation of the central Requisitions Oversight Unit, improvements have been noted in the procurement and the purchase to pay cycle.

10. Conclusion

As is evident from the extent of the activities set out above, the Audit and Risk 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 reviews, communications, presentations and follow-through procedural changes and amendments have been agreed as a result of the Audit and Risk 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 and Risk Committee on an on-going basis.

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 2023 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, Laura Flannery, SEO Corporate Services, Edel Langan, Internal Auditor, Edel Cousins, Staff Officer Corporate Services, James Clune, Head of HR, Pat Murnane, Financial Accountant, Rebecca Moore, Staff Officer, Housing Support Services, Paudraig Prendiville,

Fleet Manager, Machinery Yard, David Conway, CEO, Limerick 2030 DAC, Jim Dore, Head of ICT, Alan Dooley, Head of Digital Services, Gordon Daly, Director of Economic Development, Enterprise, and Tourism, Martin Curran, Senior Staff Officer, Newcastle West Municipal District Office, Sean McGlynn, Acting Senior Engineer Active Travel and Mairead Corrigan, Administrative Officer, Active Travel, Hugh McGrath, Senior Engineer Roads, Paul Ryan, Senior Staff Officer, Innovate, Kieran Lehane, Director of Service National and Regional SSC, Jean O'Grady, Senior Executive Officer HAP and Suzanne Goggin, Management Accountant HAP 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 2023.

Yours truly,



Tony O'Brien

Chair – Audit and Risk Committee