



Westmeath County Council – Audit Committee

Annual Report - 2016

Approved by Audit Committee on 27th February 2017

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1. Introduction

Under the provisions of the Audit Committee Charter for Westmeath County Council and in compliance with regulation 15 of S.I. 244 of 2014 Local Government (Audit Committee) Regulations 2014, the Audit Committee is required to prepare an Annual Report within three months of the end of each calendar year. It must provide such advice and make such recommendations, if any, to the Council as the committee considers appropriate. The report details the Committees' considerations and findings for the year 2016 in relation to all matters within its authority. It also includes the annual review of its own effectiveness as required under regulation 13 (1) of S.I. 244 of 2014 Local Government (Audit Committee) Regulations 2014.

This is the current Committee's third annual report and covers the period 1st January 2016 to 31st December 2016, during which time the Committee met formally on four occasions. The Audit Committee considered its various functions in addition to audit planning, review of audit reports, findings and recommendations.

2. Functions of the Audit Committee

The role of The Audit Committee is an advisory one without executive powers. The Committee operates under a charter and it conducts its business in the strictest confidence. Westmeath County Council approved the Audit Committee Charter in October 2016 and the membership of the committee complies with the Local Government (Audit Committee) Regulations 2014.

In accordance with the Local Government Reform Act 2014 the functions of an Audit Committee are as follows;

- To review the financial and budgetary reporting practices and procedures within Westmeath County Council,
- To foster the development of best practice in the performance by the Council of its internal audit function.
- To review any Audited Financial Statement, Auditor's Report or Auditor's Special Report in relation to Westmeath County Council and assess any actions taken within the Council by the Chief Executive in response to such statement or report and to report to the Council on its findings.
- To assess and promote efficiency and value for money with respect to the Council's performance of its functions,
- To review annually systems which are operated by the Council for the management of risks.

In addition the Local Government (Audit Committee) Regulations 2014 stipulate that:

- The Audit Committee shall operate in accordance with a written charter that shall be adopted by Westmeath County Council with or without amendment. It must be reviewed annually by both the Audit Committee and Westmeath County Council.
- The Audit Committee must prepare an Annual Work Programme that shall be adopted by Westmeath County Council with or without amendment.
- Separate meetings must be held at least annually between the Audit Committee and
 - (a) The Chief Executive,
 - (b) The Local Government Auditor, and
 - (c) The Internal Auditor.

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- The Committee must ensure that procedures are in place whereby employees of Westmeath County Council may in confidence raise concerns about possible irregularities in financial reporting or other financial matters.
- The Audit Committee must prepare its report in accordance with section 121 of the Local Government Act 2001 and submit same to Westmeath County Council (Audited AFS and Auditor's Report).
- An Annual Report must be prepared by the Audit Committee within three months of the expiration of each calendar year. It must include its considerations and findings during the year and a review of its own performance. The Chairperson must send the report to the Chief Executive and to the local authority.

Under the Audit Committee Charter the Audit Committee holds a series of regular meetings at which it receives reports and presentations covering the full range of its functions.

3. Membership of the Committee

In 2015, the Committee consisted of five members, comprised of two Elected Members of the Council and three external members, including the Chairperson. However, in 2016 Alan Shaw replaced former councillor Peter Burke who was elected to the Dáil in February 2016.

The current membership of Westmeath County Council Audit Committee is as follows:

- Ms. Anne O'Keeffe, Chairperson, Retired Director of the Office for Local Authority Management,
- Ms. Claire Fox, Audit Manager, Kinnear & Co., Chartered Accountant,
- Ms. Teresa McCourt, Retired Manager of Westmeath Citizens Information Service,
- Cllr. John Shaw, elected member of Westmeath County Council,
- Mr. Alan Shaw, Audit & Business Advisory Director, Russell Brennan Keane.

4. Role and Responsibility of Internal Audit

The role and responsibility of Internal Audit as outlined in the Internal Audit Charter is as follows:

Internal Audit is an independent, objective, assurance and consulting activity designed to add value and improve the Local Authorities' operations. It helps the Local Authority achieve its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

5. Role of Management

The role of management in Westmeath County Council is also set out in the Internal Audit Charter, which indicates that management is responsible for:

- Adoption and implementation of good governance in all activities,
- Establishment of an effective control environment within the organisation,
- Review and maintenance of effective internal controls,
- Compliance with risk management policy including the maintenance of integrated risk management structures,
- Prevention and detection of fraud and irregularities and resolution of any such situation,
- Achievement of value for money,

- Support the work of internal audit including the provision of information, responding in a timely manner to audit queries and appropriate implementation of audit recommendations.

6. Meetings

The First **Annual Report** of the current Committee was presented to the members of Westmeath County Council at the March 2015 Council meeting.

The Second **Annual Report** of the Audit Committee, which is in respect of 2015, was presented to the members of Westmeath County Council at the February 2016 Council meeting.

This report, which is the **2016 Annual Report** of the Audit Committee, is to be presented to the members of Westmeath County Council at the March 2017 Council meeting.

The Committee held four meetings in 2016 as follows:

- 22nd February 2016
- 23rd May 2016
- 12th September 2016
- 5th December 2016

See [Appendix 1](#) for a synopsis of these aforementioned meetings.

7. Annual review of Performance and Effectiveness

In accordance with regulation 13(1) of S.I. 244 of 2014 Local Government (Audit Committee) Regulations 2014 the Audit Committee is obliged to undertake an annual review of its own effectiveness and shall report to Westmeath County Council on its findings. In carrying out a review it's important to compare the activities as outlined in Appendix 1 with the functions of the Audit Committee to ensure all the duties of the Committee were adequately carried out. A summary of the activity under each heading is detailed as follows:

Function 1: To review the Council's financial and budgetary reporting practices and procedures.

Activity during 2016: Mr Declan Keating; Financial Accountant, had made a detailed presentation at the September 2015 meeting that dealt comprehensively with budgetary reporting, practices and procedures. The members had a discussion and it was noted that there were no notable changes to the practices and procedures in the interim.

Jimmy Dalton, Head of Finance submitted the unaudited AFS 2015 for discussion at the May meeting. He highlighted key issues and dealt with any relevant queries. He also confirmed that the AFS was presented at the council meeting held on 21st March 2016.

Function 2: To foster the development of best practice in the performance by the Council of its Internal Audit function.

Activity during 2016: Considered and approved Internal Audit Charter, Strategic Internal Audit Plan 2015-2017, and Internal Audit Plan 2017. Considered a progress report on Internal Audit Plan 2016, at the May meeting. Audits, follow-up audits and cash counts were on the agenda for meetings during the year and the Committee examined and discussed the relevant findings, recommendations and management responses. The committee also met separately with the Internal Auditor in September.

Function 3: To review any Audited Financial Statement, Auditor's Report or Auditor's Special Report in relation to Westmeath County Council and assess any actions taken within the Council by the Chief Executive in response to such statement or report and to report to the Council on its findings.

- **Activity during 2016:** The committee produced its report for 2014 in compliance with S121 Local Government Act 2001 (as amended by S60 of the Local Government Reform Act 2014). The report was presented at the February 2016 Council meeting.

Mr Jimmy Dalton, Head of Finance, attended the May 2016 meeting and presented a detailed report on Housing Loans as a follow up to issues previously raised in an audit report.

The committee considered the Audited AFS 2015 in December 2016 along with the Auditor's report and management letter. The Committee met the Local Government Auditor separately prior to the December meeting. He also attended the meeting, while the AFS 2015 was being discussed.

A follow up process, relating to implementation of recommendations has been initiated and incorporated into the Annual Work Programme 2017.

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

- **Activity during 2016:** The 2016 Internal Audit Plan included an audit on "Adherence to Control of Expenditure CEO 32/2014, along with Procurement Policy & Implementation". The National Oversight Audit Commission (NOAC) was also discussed, particularly in relation to the Public Spending Code and its interaction with the LA sector in that regard. NOAC issues were on the agenda for each meeting and the committee considered reports that were issued throughout the year, with particular emphasis on issues or data relating to Westmeath County Council.

Function 5: To review annually systems that are operated by the Council for the management of risks.

- **Activity during 2016:** The Head of Finance presented the Risk Register at both the May and December meetings. He also elaborated on any risks that were either amended or removed since previous review and dealt with any queries raised. He explained that the Risk Register is considered by the Management Team twice during the year.

In addition to the foregoing the Audit Committee:

- Operated in accordance with its Charter and reviewed same during the year.
- Prepared a Work Programme which was adopted by Westmeath County Council.
- Held a separate meeting with the Chief Executive in February 2016.
- Ensured that procedures are in place to deal with Protected Disclosures in both the WCC Anti Fraud and Corruption Policy and Contingency Plan and the WCC Protected Disclosures Interim Policy and Procedure.

This review is incorporated into the Audit Committee's Annual Report produced in accordance with regulation 15 (1) of S.I. 244 of 2014 Local Government (Audit Committee) Regulations 2014.

7.1 Conclusion

Based on the activity outlined above the Audit Committee is satisfied that it has carried out all of its functions and obligations as required. Senior staff engaged with the Committee in an open and transparent manner and submitted very informative and helpful presentations. Reports and documents were presented to and approved by Westmeath County Council where appropriate. Internal Audit reports, plans and other documents were considered at each meeting. The Committee is satisfied with the arrangements in place to assist it in advising the Council on Financial and Budgetary processes, Internal Audit, Annual Financial Statement and Auditor's Report, Value for Money and Risk Management.

8. Acknowledgements

The Committee would like to thank the Chief Executive, Internal Auditor and senior colleagues for their co-operation and assistance during 2016. In addition, the Committee would like to acknowledge Jimmy Dalton, Head of Finance, who was Committee Secretary, for his ongoing commitment to the work of the committee. Thanks also to Patricia Mulvaney who carried out the administrative work relating to the Audit Committee meetings.

Anne O'Keeffe

Signed:

Anne O'Keeffe
Chairperson,
Westmeath County Council Audit Committee

Date: 27th February 2017

Appendix 1 – Synopsis of meetings held during 2016

Meeting held on 22nd February 2016

1. Meeting with Chief Executive

The Audit Committee met separately with the Chief Executive in accordance with regulation 11(2) (c) of S.I. 244 of 2014 Local Government (Audit Committee) Regulations 2014.

2. Consider and approve Audit Committee Report (AFS 2014 – Audit Report) pursuant to S121 of the Local Government Act 2001 (as amended by S60 of the Local Government Reform Act 2014).

The members considered and approved a report following a discussion on its contents. It was further agreed that the report would be circulated with Council documents on Wednesday 24th February 2016.

3. Consider and approve Draft Audit Committee Annual Report 2015

The members considered and approved the Audit Committee Annual Report 2015 and agreed for it to be presented at the February 2016 Council Meeting.

4. Review of Internal Audit Reports (T & S and JIS Reports)

Aidan Bass, Internal Auditor presented both reports to the committee and answered any queries that arose. In relation to the T & S Report he mentioned there were 29 recommendations which Management agreed to implement. Anne O’Keeffe, Chairperson suggested that items pertaining to the elected members be considered by the Corporate Policy Group.

5. Review of Internal Audit Charter

A draft Internal Audit Charter was presented by Aidan Bass who highlighted some amendments from the previous version. The committee approved the Charter and agreed it should be reviewed every two years.

6. AOB

Jimmy Dalton, Head of Finance informed the members that a letter from NOAC re Public Spending Code – Quality Assurance Report was receiving his attention.

Meeting held on 23rd May 2016

1. Review of Draft Annual Financial Statement (AFS) 2015

Jimmy Dalton presented the AFS for 2015 (Unaudited). He highlighted the key issues and dealt with any queries that arose. He also informed the members that the AFS was presented to the Members at the council meeting held on 21st March, 2016.

2. Report on Housing Loans

Jimmy Dalton submitted a detailed presentation on Housing Loan Statistics and explained some of the trends and analysis of arrears, in response to queries raised by the committee members. He also presented Shared Ownership data in accordance with Department Circular: Housing 14-2016.

3. NOAC letter and Report on Performance Indicators 2014

Jimmy Dalton referenced the four main points of a letter issued by NOAC in relation to Performance Indicators 2014. He advised the members that he was responsible for the financial performance indicators and he addressed them. He also pointed to an error in the comparative figure quoted for 2014 which was 62% and not 54% as stated.

4. Review of Risk Register and associated procedures

Jimmy Dalton advised the members that the Management Team were discussing the Risk register on the afternoon of the AC meeting and he would email the AC of the outcome. He also stated that Risk Management would be discussed at the next meeting.

5. Review of Internal Audit Report (Purchase to Pay process)

Aidan Bass submitted the audit report for consideration of the AC. He highlighted the more significant findings and recommendations contained in the report and answered any queries that arose.

6. Review of progress on Internal Audit Plan 2016

Aidan Bass presented the Internal Audit Plan 2016 and went through the activities contained therein. He updated the members on progress to date regarding each item on the plan.

7. Review of Budgetary reporting practices and procedures.

It was noted that this issue was covered comprehensively by Declan Keating, Financial Accountant at the September 2015 meeting and there were no notable changes to the practices and procedures in the interim.

Meeting held on 12th September 2016

1. Meeting with Internal Auditor

The Audit Committee met separately with Mr. Aidan Bass, Internal Auditor in accordance with regulation 11(2) (b) of S.I. 244 of 2014 Local Government (Audit Committee) Regulations 2014.

2. Review of WCC Annual Report 2015

Billy Coughlan, Administrative Officer presented the 2015 Annual Report and explained that the members of WCC adopted it in June 2016. He outlined the legislative requirements surrounding the report and answered any queries that arose. The members noted that the report is complying with the requirement that it should be in the same format as the Corporate Plan 2015-2019.

3. Review of Internal Audit Report (Fire Safety Certificates)

Aidan Bass presented the report and highlighted some of the significant issues contained in the report. There was a lengthy discussion and any queries raised were also dealt with by him.

4. Review of Follow up Internal Audit Report (Burial Grounds)

Aidan Bass presented a second follow up report on Burial Grounds and fielded some queries from the members on a number of issues.

5. Annual review of Audit Committee Charter.

The Committee were briefed on the contents of the Audit Committee Charter which outlines the roles and functions of the Audit Committee. Aidan Bass told the members they were obliged to review it annually and that the adopted charter would be presented to the members of WCC at the October meeting for their approval.

6. NOAC issues; (WCC QA Report – Public Spending Code, NOAC – Rates Collection Report and Financial Performance of LAs.

Jimmy Dalton presented both reports produced by NOAC. He also circulated the Finance Performance Indicators showing Westmeath at 79.4% for 2015, which was just below the national average of 80.1%. He drew the members attention to Appendix A which demonstrated the cumulative general balance and income for 2014 for each authority.

He also submitted WCC's Quality Assurance Report 2015 which was submitted to NOAC in compliance with the Public Spending Code and was published on 31st May, 2016.

Meeting held on the 5th December 2016

1. Meeting with Local Government Auditor.

The Audit Committee met separately with Mr Daragh McMahon, Local Government Auditor Executive in accordance with regulation 11(2) (a) of S.I. 244 of 2014 Local Government (Audit Committee) Regulations 2014.

2. Review of Annual Financial Statement (AFS) 2015 together with Audit Report and Management Letter.

Mr Daragh McMahon went through the Audited AFS, Audit Report and Management letter and answered any queries raised by the members. Jimmy Dalton also expanded on some of the issues raised. He also advised the committee that an action plan was being put in place to ensure all the recommendations were implemented by the Management Team.

Anne O'Keeffe, Chairperson commented that the matters identified were important and they would receive appropriate review and monitoring from the Audit Committee.

3. Review of Risk Register and associated procedures

Updates in relation to the Risk Register which included amendments to existing risks along with risks added or deleted were circulated to the members. The Register currently contains 71 risks, with two new risks added. All amendments were explained by Jimmy Dalton who also dealt with a number of queries relating to PL and EL claims.

The members noted that the Risk Register is reviewed twice each year by the Management Team.

4. Internal Audit Reports (3 no. cash counts)

Aidan Bass presented 3 no. cash counts and highlighted some issues that arose during the process. He also answered any queries that were raised by the AC members.

5. Review and consider the Audit Committee Annual Work Programme 2017

A draft Plan was submitted by Aidan Bass and some discussion followed. On the proposal of Claire Fox an item relating to the Audit Report and Management Letter was added to the May and December meetings. The Programme was amended and adopted and is to be presented at the January meeting of WCC.

Jimmy Dalton suggested that the report pursuant to Section 121 of LG Act 2001 be presented at the March meeting of WCC. He offered assistance to the Chairperson in producing the report. He also suggested that the AC Annual Report would also be submitted to the March meeting of WCC.

6. Consider and approve Draft Internal Audit Plan 2017

Aidan Bass, Internal Auditor submitted the draft plan for 2017 and went through each item contained in the plan. He also explained the link to the 2015-2017 Strategic Plan and suggested some amendments to it as some items were no longer relevant. The members considered and adopted both the Strategic Plan 2015-2017 and the Internal Audit Plan 2017.

7. NOAC

A press release from NOAC was circulated to the members prior to the meeting. It advised that a report on Performance Indicators in Local Authorities 2015, had been published. Jimmy Dalton also submitted a separate document outlining WCC data contained in the report and brought some issue to the attention of the members.