



Comhairle Chontae Uíbh Fhailí
Offaly County Council

Offaly County Council

AUDIT COMMITTEE

ANNUAL REPORT

2022

CONTENTS

Section 1 **Introduction**

Section 2 **Chairman's Statement**

Section 3 **Role of the Audit Committee**

Section 4 **Key Duties 2022**

Section 5 **Activities 2022**

Section 6 **Conclusions**

Section 1 **Introduction**

Section 5 of the Local Government (Business Improvement Districts) Act 2005 provides for the establishment of Audit Committees in Local Authorities and **Circular Fin 11/07** of 23 May 2007 also refers. The Local Government (Audit Committee) Regulations **2014 (SI 244)** outline the role and responsibilities of Local Government Audit Committees.

Offaly County Council's Audit Committee was established by way of resolution of the Council in October 2007 and the external members were approved by the Council on the nomination of the County Manager following consultation with the Cathaoirleach.

The current members of the Audit Committee are as follows:

Mr. Peter Scully, Chairman
Mr. Brian Gunning
Ms. Connie Hanniffy
Mr. Michael Loughnane
Mr. Eugene Mulligan

The committee was supported and assisted in 2022 by Mr. Mark Connolly Head of Finance, Mr Evan Fennell SEO, Mr Barry Loughlin Head of Internal Audit & Mr Colm Kelly Staff Officer

During the course of 2022, the Audit Committee held meetings on the following dates:

9th March 2022
8th June 2022
28th September 2022
7th December 2022

The Audit Committee Annual Report for 2021 and Report to Council on 2020 Annual Financial Statement and Local Government Auditor's Report, were presented to the members of the Council by Mr Peter Scully Audit Committee Chair, on the 28th of March 2022.

Section 2

Chairman's Statement

It gives me great pleasure to present the Annual Report of Offaly County Council's Audit Committee for the year ended 31st December 2022.

The Audit Committee has a role in promoting good accounting practices, ensuring better and more informed decision-making, and improving the focus on value for money throughout the organisation. It also supports the work of the Internal Audit Unit and advises the Chief Executive in relation to the operation and development of that unit. Our role, therefore, is advisory rather than supervisory.

We are satisfied that Offaly County Council is well governed, well managed and that there exists a culture that is conducive to pursuing greater efficiencies, value for money and reforms of a kind that will benefit the people of County Offaly. We received full co-operation and support from the Chief Executive and her staff in relation to all aspects of our work. We had productive meetings with the Local Government Auditor and Chief Executive during the year. We commend efforts to date of the Head of Finance to compile a balanced budget, in light of the current and future challenges faced by the Council.

We note that further progress was made in recent years in reducing the revenue deficit, albeit by a reduced amount in 2022, compared with previous budgeted reductions. We wish to acknowledge the achievement in 2022 of continuing the annual reduction of the deficit in spite of the macroeconomic challenges the Council currently face, and urge continuation of this process to its conclusion.

The Audit Committee welcomed the appointment of a Qualified Internal Auditor to the Internal Audit Function midway through the year, we commend the work of the acting auditor in ensuring the work plan stayed on course prior to this appointment.

The new Head of Internal Audit has made good progress within the function regarding the updating of audit charters, adding to the recently developed Internal Audit Strategic Plan and audit universe for Offaly County Council.

Good progress was made this year regarding the number of audits completed by year end. The agreed Audit Plan for 2022 was completed and important recommendations and improvements were implemented by management throughout OCC. The committee will continue to seek feedback on the implementation of recommendations by owners from Internal Audit. The committee received comprehensive updates during 2022 from all Directors of Service of the council which greatly assisted the fulfilling of our role.

In expressing thanks to all members of staff who facilitated our work during the year, I wish to thank in particular Mr Mark Connolly Head of Finance, Mr Evan Fennell SEO, Mr Barry Loughlin Internal Auditor and Mr Colm Kelly Staff Officer for their invaluable support to our Committee.

I wish also to acknowledge the keen interest, commitment and valuable contributions of all members of our Committee. I commend their adaptability to virtual platforms throughout the year and look forward to continuing to fulfil our work programme in 2023.

Peter Scully
Chairman

Section 3 **Role of the Audit Committee**

The Audit Committee has an independent role in advising the Council on financial reporting processes, internal audit, risk management and audit matters, as part of the systematic review of the control environment and governance procedures of the Council. The Committee also has a role in promoting good accounting practices, ensuring better and more informed decision-making, and improving the focus on value for money throughout the organisation. It will also support the work of the Internal Audit Unit and advise the Chief Executive in relation to the operation and development of the unit. The Audit Committee has no executive functions, nor powers. It has no role in the detailed audit process or in the signing off of audit reports. Neither does it have any responsibility of involvement in the review and approval (on behalf of management) of Annual Financial Statements.

The key duties of the Audit Committee as outlined in the Audit Committee Charter are:

- To review the 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 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 authority.
- To assess and promote efficiency and value for money with respect to the Local Authority's performance of its functions.
- To review systems that are operated by the Local Authority for the management of risks.
- 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.

Section 4 **Activities Undertaken in 2022 to Fulfil Key Duties**

The Committee met on 4 occasions in 2022. Audit Committee Meetings were attended by the following:

- Chief Executive
- Head of Finance
- Directors of Services
- Local Government Auditor
- SEO Corporate Services

At their meetings the Committee considered and received briefings on:

- Offaly County Council's Annual Financial Statement 2021
- Offaly County Council's Annual Report 2021
- Quarterly updates on Local Government Audit Service Statutory Auditor's Reports
- Quarterly updates on Internal Audit Plan progress
- Internal Audit Reports
- Internal Audit Recommendation Tracking System.
- Internal Audit Charter 2022
- Internal Audit Risk register
- Internal Audit Strategic Plan

- Internal Audit Plan for 2022/2023
- Audit Committee Work Plan 2022/23
- Offaly County Council's Public Spending Code Quality Assurance Report 2021
- Monthly Management Reports to Council

The Committee presented the following to the Council at its meeting on March 28th 2022:

- Audit Committee Annual Report 2021
- Audit Committee Report to Council on 2020 Annual Financial Statement and Local Government Auditor's Report
- Audit Committee Charter 2022
- Audit Committee Work Plan 2022
- Internal Audit Plan 2022

Review of the processes surrounding the LA budget, in year budget monitoring and adoption of the AFS.

As part of the Audit Committee Work Plan, an update on financials to the latest quarter was provided at each meeting. The Committee met with the Head of Finance in March 2022 and were briefed on current spending and economic challenges.

The Committee also met with the Chief Executive in March 2022 and in private with the Local Government Auditor in September 2022.

Section 5 Internal Audit Activity 2022

At their final meeting held in December 2022, the Committee considered the content of the Internal Audit Plan for 2023. This plan sets out the details of audits to be carried out during the year ahead. The Committee was satisfied that the content of the plan takes into consideration the 3 year Internal Audit Strategic plan, advice from the Local Government Auditor and Audit Committee on areas of potential risk for the coming year.

All audits that were included in the 2022 plan were completed and therefore there were no audits to carry forward to the 2022 Audit Plan.

At their meetings, the Committee received progress reports on the plan, and were kept informed of any deviations as they occurred throughout the year.

The Internal Audit unit completed both non-discretionary audits during the year; Social Inclusion Community Activation Programme audit and the Public Spending Code.

As part of their work programme Internal Audit staff also reviewed the Internal Audit Charter, Internal Audit manual procedure and the IA functions compliance with the IIA standards set out by the Institute of Internal Auditors.

The Function also created an Internal Audit Risk Register which was shared and approved by the Audit Committee.

Collaboration on audit topics took place within the Local Government Internal Auditor's Network both regional and national and staff participated in training and continued professional development activities.

The Committee noted the work undertaken during the year and offered advice intended to support the important role performed by Internal Audit.

The Audit Committee considered the following Internal Audit Reports/reviews in 2022:

- GDPR Review
- SICAP 2021 Review
- Town and Village Renewal Scheme

- Motor Tax stock Review
- Disability Access Grants review
- Development Contributions Review
- Follow up audits (Burial Grounds, Cash audit & Machinery Yard)
- Public Spending Code Quality Assurance Report 2021
- Public Spending Code Quality Assurance In-depth Check Reports:
 - Revenue Programme – Roads - Local Improvement Scheme
 - Capital Project – Bog Road Portarlinton Turn Key Housing

Section 6 **Conclusions**

During the course of 2022, Offaly County Council’s Audit Committee carried on the work programme set out at the beginning of the year. Reflecting; the members were satisfied with reporting and co-operation from the Chief Executive and staff of Offaly County Council and welcomed the continuation of a good working relationship.

Signed by: _____
Mr Peter Scully
Chairperson
Offaly County Council Audit Committee

Date: 09th March 2023.