



Comhairle Chontae Uíbh Fhailí
Offaly County Council

Offaly County Council

AUDIT COMMITTEE

ANNUAL REPORT

2023

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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 2023 by Ms. Anna Marie Delaney Chief Executive, Mr. Thomas Mawe Act. Head of Finance, Ms. Sharon Kennedy, Mr. Tom Shanahan, Ms Ann Dillon, Mr Evan Fennell SEO, Mr. Barry Loughlin Head of Internal Audit & Ms Tammy Dunne Staff Officer

During the course of 2023, the Audit Committee held meetings on the following dates:

9th March 2023
15th June 2023
13th September 2023
5th December 2023

The Audit Committee Annual Report for 2023 and Report to Council on 2022 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 TBC.

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 2023.

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 the Head of Finances efforts in compiling a balanced budget for 2024 and welcome the increased LPT allocation which will assist Offaly County Council with rising interest rate costs while also ensuring that services badly affected by inflation and rising fuel and energy costs will continue to provide a high level of output.

Regarding the Annual Financial Statements, we note and appreciate the progress that has made over the last number of years in reducing the revenue deficit, with a further reduction of €425K made in 2023. We wish to acknowledge the achievement in 2023 regarding the reduction of the deficit despite the macroeconomic challenges faced by the Council and would urge continuation of this process to its conclusion.

The Audit Committee would like to thank the efforts of Mr Colm Kelly who left the internal audit department during the year for pastures new while also welcoming Ms Tammy Dunne into the Internal Audit Function to work alongside the Head of Internal Audit. It is important to note that the internal audit function is currently staffed at 1.5 full time employees with the Head of Internal Audit meeting with the Chief Executive on a quarterly basis and presenting audit reports to the Management Team and Audit Committee at regular intervals during the year.

The 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 2023 was almost completed except for one audit which will require the assistance of an external expert due to the technical nature of the audit. We note that 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 2023 from all Directors of Services except for Housing who is scheduled to attend the audit committee in Q1 2024. We acknowledge and appreciate the updates 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 Ms Anna-Marie Delaney Chief Executive, Mr Thomas Mawe / Mr Mark Connolly Head of Finance, Mr Barry Loughlin Head of Internal Auditor, Mr Colm Kelly/Ms Tammy Dunne Staff Officer and all the Director of Services for their invaluable support. I also wish to acknowledge the keen interest, commitment, and valuable contributions of all members of our committee. I commend their continued engagement throughout the year and look forward to continuing to fulfil our commitments until the end of our term in mid-2024.

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 2023 to Fulfil Key Duties**

The Committee met on 4 occasions in 2023. Audit Committee Meetings were attended by the following:

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

At their meetings the Committee considered and received briefings on:

- Offaly County Council's Annual Financial Statement 2022
- Offaly County Council's Annual Report 2022
- 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 2023
- Internal Audit Risk register
- Internal Audit Strategic Plan

- Internal Audit Plan for 2023/2024
- Audit Committee Work Plan 2023/24
- Offaly County Council's Public Spending Code Quality Assurance Report 2022
- Monthly Management Reports to Council

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

- Audit Committee Annual Report 2022
- Audit Committee Report to Council on 2022 Annual Financial Statement and Local Government Auditor's Report
- Audit Committee Charter 2023
- Audit Committee Work Plan 2023
- Internal Audit Plan 2023

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 2023 and were briefed on current spending and economic challenges.

The Committee also met with the Chief Executive in March 2023 and in private with the Local Government Auditor in December 2023.

Section 5 Internal Audit Activity 2023

At their final meeting held in December 2023, 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.

Internal audit were unable to complete all the audits included in the 2023 audit plan. Unfortunately, due to the complexity of the Cybersecurity Audit and the need to acquire an independent expert the audit will need to be carried into the 2024 Audit Plan. Internal Audit also noted that while both the Midland Retrofitting Scheme and Greenway audits were completed the presentation of the reports was delayed due to the restructuring of the management team. These reports are on the agenda for the management team meeting in February and the first audit committee meeting in March 2024.

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 monitored the 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.

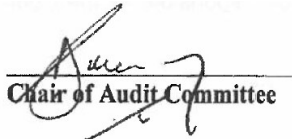
The Committee noted the work undertaken during the year and offered advice intended to support the important role performed by Internal Audit.

The Audit Committee considered the following Internal Audit Reports/reviews in 2023:

- SICAP 2022 Review
- Motor Tax stock Review
- Midland Retrofit Programme
- Greenway
- Development Contributions Review
- Follow up audits (LVP Cards, Burial Grounds, Cash audit & Machinery Yard)
- Public Spending Code Quality Assurance Report 2022
- Public Spending Code Quality Assurance In-depth Check Reports:
 - Revenue Programme – Roads – Homeslessness Services
 - Capital Project – Clara/Raheen Housing Development

Section 6 **Conclusions**

During the course of 2023, 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.



Chair of Audit Committee

Date: 14th February 2024

Mr Peter Scully
Offaly County Council Audit Committee