

## **Fingal County Council**

### **Audit Committee Report**

**(pursuant to section 121 of the Local Government Act 2001, as amended by section 60 of the Local Government Reform Act 2014)**

Section 121 (3) of the Local Government Act 2001, as amended by Section 60 of the Local Government Reform Act 2014, requires the Audit Committee to report to the Council on its consideration of the audited Annual Financial Statement and the Statutory Audit Report.

On 20th July 2015 the Audit Committee met with the Local Government Auditor, Mr Patrick Healy, and considered and discussed the year ended 31 December 2014 audited Annual Financial Statement and Statutory Audit Report.

During our meeting Mr Healy explained that he and his team had recently completed the audit. This was Mr Healy's third annual audit of the Council. The audit was carried out in accordance with the principles and practice of Local Government Audit. The audit was concluded on 16<sup>th</sup> July 2015, when the Audit Opinion was signed by Mr Healy.

The Audit Opinion is a clean unqualified opinion, as follows:

*'In my opinion the annual financial statement, which has been prepared in accordance with the Code of Practice and Accounting Regulations for local authorities, presents fairly the financial position of the Fingal County Council at 31 December 2014 and its income and expenditure for the year then ended.'*

The Audit Committee also discussed the Statutory Audit Report with Mr Healy, who provided explanations and clarifications on his findings and on the Chief Executive's responses to his findings.

Based on the Audit Committee's discussions with Mr Healy, the Audit Committee consider that the following areas should be brought to the attention of the Council:

- **Fixed Assets**

Mr Healy expressed concerns in his Statutory Audit Report in relation to the need for a reconciliation of fixed assets between property per the Council's financial records and property per the Property Interest Register. Mr Healy acknowledges that progress has been made on this since his last report, however recommends that the reconciliation needs to be completed.

The Chief Executive's response notes that the Property Interest Register is in the process of being upgraded and when this is done it should then be possible to carry out a full reconciliation as requested by the Auditor.

- **Debt Provisioning**

The bad debt provisioning against rates debtors (84%) and rent debtors (67%) at year end appeared high in the opinion of Mr Healy and he has recommended that the Council review its basis for determining its bad debt provisions.

The Chief Executive's response notes that the level of bad debt provisioning in respect of rates will be reviewed during 2015 but that the rent provision is considered prudent and reflective of the risk attaching to the Council's rent debt profile.

- Housing Loans

The housing loans system is outside of the Agresso system and is posted to Agresso by way of journal adjustments. Mr Healy is of the view that the Agresso accounting system should become more integrated, as stand-alone systems, such as that operated in respect of Housing Loans, increase the risk of accounting error.

The Chief Executive's response notes that it is intended to evaluate the movement of the loans management system from the existing Cygnus system to Agresso during the course of 2015.

- Procurement

Mr Healy noted in his Statutory Audit Report that while a new procurement policy and procedures were introduced in May 2015, the Council's procurement plan was last updated in 2009. Mr Healy recommends that the Council needs to embed into the purchase to pay cycle compliance checking in relation to purchase procedures and that Internal Audit should include a review of procurement/tendering procedures within their work plan.

The Chief Executive's response notes that a considerable amount of work has been done to strengthen the procurement function in the last 18 months. Internal Audit will be requested to ensure procurement tendering services are included in their Audit Plan. A Corporate Procurement Plan is at final draft stage and is expected to be issued by 30.9.15.

- Internal Audit

Mr Healy is concerned that the Internal Audit function is under-resourced in the context of the size of the Council and the extent of its operations, and that consequently the output from the Internal Audit function was unsatisfactory.

The Chief Executive's response notes that a recruitment process for Head of Internal Audit has been initiated and that a review of the Internal Audit staffing structure is underway.

The Audit Committee wish to confirm that the Audited Annual Financial Statement, the Statutory Audit Report and our general discussion with Mr Healy, will inform the Audit Committee's work.

The Audit Committee will monitor the implementation of management responses to recommendations made by Mr Healy during the coming year.

Donagh Waters  
Audit Committee Chairperson  
Date: 21.8.15