



Comhairle Cathrach na Gaillimhe
Galway City Council

**Audit Committee Annual Report
for the year ended
31st December 2023**

3rd May 2024

Galway City Council Audit Committee Annual Report 2023

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Chairperson's Statement

As Independent Chair of the Audit Committee for the Council, I am pleased to present the Committee's annual report for 2023 and to acknowledge the work and commitment of the members of the Committee, the Internal Audit Unit and Council management and staff. The Audit Committee is an important part of the overall control assurance framework within the Council and this report reviews the work of the Audit Committee (AC) in 2023 and outlines the manner in which the AC has sought to deliver on its key governance functions. As is the norm, the Committee met with the Local Government Auditor on 4th April 2024 to consider her statutory audit report for 2022 and other relevant issues.

As required by the legislation, a separate report in relation to the 2022 statutory audit report has also been prepared for tabling at the Council meeting.

The AC has an independent role in the provision of assurance to the Council and this includes oversight responsibilities for the consideration of the adequacy and effectiveness of the internal control systems, control environment and control procedures, financial reporting, monitoring compliance with governance procedures within the Council, reviewing the effectiveness of Internal Audit Unit and providing advice and professional guidance in relation to the development of the Unit.

The AC met on a total of three occasions in 2023. In addition to the agenda items covering all aspects of the Committee's role and work programme, the Chief Executive, Directors of Service and management were invited and provided detailed briefings and presentations on a range of relevant issues impinging on control and governance issues within the Council. These engagements informed the work of the Committee and our understanding of the wider control environment within the organisation.

Before concluding, I would like to especially acknowledge and thank Mr Aidan Horan who acted as Chairperson in 2023 and Mr Niall Bradley, former Chairperson and Committee member, both of whom resigned during the last quarter 2023, for their knowledge, dedication, commitment and stewardship of the Committee. I wish them well for the future.

On behalf of the Committee and on my own behalf, I would like to thank all those who prepared reports and documentation for our deliberations. We thank the Head of Finance and the Internal Audit Unit for their work and delivery of the audit programme and in servicing the needs of the Committee over the year. We would also like to acknowledge the contributions and assistance received from the senior management team and wider management and staff. I would like to thank the former Chief Executive Mr Brendan

McGrath for his support of the committee, providing detailed briefings ensuring the work of the committee could progress efficiently. We wish him well in his retirement.

Finally, on a personal level, I would like to sincerely thank colleague members of the Audit Committee for the wisdom, insights, experience and valued judgements on the wide range of issues that we examined in 2023.



**Dermot Byrne,
Audit Committee Chairperson**

3rd May 2024

2023 AUDIT COMMITTEE ANNUAL REPORT SUMMARY

MEMBERSHIP

1. Cllr Martina O Connor, member of Galway City Council
2. Cllr Declan McDonnell, member of Galway City Council
3. Ms Katrina Murphy, non-executive member
4. Mr Niall Bradley, non-executive member (resigned September 2023)
5. Mr Aidan Horan, non-executive member
(Chairman – resigned September 2023)
6. Ms Deirdre Bane, non-executive member (appointed Feb 2024)
7. Mr Dermot Byrne, non-executive member, Chairperson
(appointed Feb 2024)

MEETINGS

17th January 2023

4th April 2023

6th June 2023

AUDIT COMMITTEE WORK PROGRAMME HIGHLIGHTS

- **Internal Audit and Control**
 - Review and approval of 2023/2024 annual audit plan, scoping papers and monitoring of progress with completion of audits throughout the year.
 - Internal audit activity and reviews undertaken consistent with the audit plan agreed included the required public spending code audits as well as spot checking activity and follow up reviews.
 - Review and discussion around audit report findings, management responses and recommendations with follow up with directorates as necessary.
 - Ongoing review of audit recommendations trackers.

- Consideration of resourcing issues and options to address delivery of the internal audit work programme including use of external service provider on some topic areas.
- **Stakeholder interactions**
 - Interaction with the Local Government Auditor to discuss the 2022 statutory audit report and areas within the management letter and other relevant matters.
 - Interaction with the Chief Executive to discuss audit report issues, areas of concern to the Committee and also the level and quality of management engagement with the Committee and Internal Audit.
 - Presentations from Directorates in relation to internal control, risks and uncertainties and relevant internal audits completed or in progress as well as possible audits that could be scoped for future periods.
 - The Chief Executive's monthly report to Council and update on financial position and performance are regular agenda items.
- **Risk Management**
 - Management updates on risk management process and implementation arrangements and presentations on the corporate risk register and some directorate level risk reports.
- **Miscellaneous**
 - Local Government Audit – VFM reports and also NOAC reports circulated during the year.
 - Update on 2024 Budget process and the National Revaluation Programme.
 - OPR Review.

1.0 Introduction

Under the provisions of the AC charter for the Council the Committee is required to produce an annual report. This report includes details on audit committee activities, audit assignments undertaken and amplify, as considered appropriate, on risk management, control and assurance concerns of the Committee.

The membership of the Committee for 2023 was as follows:

- Cllr Martina O Connor, member of Galway City Council
- Cllr Declan McDonnell, member of Galway City Council
- Ms Katrina Murphy, non-executive member
- Mr Niall Bradley, non-executive member (Resigned September 2023)
- Mr Aidan Horan, non-executive member
(Chairman – Resigned September 2023)

In accordance with the regulations, the Audit Committee comprises five members, three external members (including the Chairperson) and two elected members and this annual report from the Chairperson was approved by the Committee at its meeting on 3rd May 2024.

This annual report covers the period from the 1st January 2023 to 31st December 2023 during which time the Committee met formally on three occasions. In addition to the formal Committee meetings there was ongoing engagement with Management throughout the year.

2.0 Role of the Audit Committee

The role and functions of the Audit Committee reflect the provisions of relevant legislation and regulations and additional obligations are included in the Local Government Reform Act 2014. The functions as outlined in Section 59 of the Local Government Reform Act 2014 are included as an appendix.

3.0 Role and Responsibility of the Internal Audit (IA) Unit

Internal auditing is an independent and objective appraisal activity that is guided by a philosophy of adding value to improve the operations of the Council. It helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance process.

The agreed audit plan for 2023, the work programme, timeframes and the use of audit resources were monitored by the Committee at each meeting.

4.0 Role of Management

Management within the Council have the key responsibility and accountability for the:

- adoption and implementation of good governance arrangements
- establishment of an effective control environment
- review and maintenance of effective internal controls
- compliance with risk management policy including the establishment and maintenance of integrated risk management structures
- prevention and detection of fraud and irregularities and resolution of any such situation
- support of the work of internal audit including the provision of information, responding in a timely manner to audit queries and appropriate implementation of audit recommendations.

5.0 Review of 2023 Audit Committee Activities

Committee meetings

The Audit Committee met formally on three occasions and at each meeting detailed reports, documentation and presentations were provided.

The initial part of each meeting is for Chairperson's business and the AC members meet without the executive present. This allows the Committee to deliberate on matters arising on the agenda, the contents of meeting documentation and also provides an opportunity to discuss additional relevant issues.

Throughout the year, the Chief Executive, members of the management team and senior colleagues were formally invited to meet the Committee. The focus of these engagements was on business priorities, key risks and uncertainties and how these were being addressed, audit report findings and recommendations as well as the nature and extent of interaction with IA. The Committee acknowledge the level and quality of engagement and note the challenges in the turnaround of reports with management comments. The committee also received regular updates on issues facing the authority.

Areas reviewed included developments in the risk management system and reporting, Directorate activities within Corporate, HR, IT and Corporate Governance as well as

Directorate activities within the Climate, Environment, Recreation, Amenities and Transport areas. The Head of I.T. attended and gave an update to the committee on Cyber Security including the top risks within GCC, results of gap analysis in CIS controls and the increase in cyber resilience across the organisation. The Committee also received an update on the Property Interest Register. At each meeting the committee received regular updates on financial position and performance from the Head of Finance including trends and evolving budgetary and financial risk areas.

Updates were presented to the Committee on the 6 month progress report on planning from the Office of the Planning Regulator (OPR) and the NOAC scrutiny report.

In addition the committee received updates on progress with the development at Crown Square, including costs and due diligence.

Work in relation to the risk management system continues to evolve and the meetings with the Chief Executive, Directors and management colleagues provide the opportunity to review progress in this area. These interactions continued as a standing item on the AC agenda for 2023.

Final audit reports, incorporating management comments were provided to the AC as well as to the auditee, relevant senior and line management. Final audit reports and minutes of AC meetings are also made available to the Local Government Auditor.

Internal Audit Plan

Progress in implementing the internal audit plan was monitored by the AC with regular progress reports furnished by IAU.

The post of Internal Auditor was vacant for a period during 2023 and following a lengthy recruitment process was filled in quarter 1, 2024.

Audits in 2023 were completed with a combination of the Internal Auditor and the external contractor engaged to carry out such work.

Outstanding Internal Audit Recommendations

The committee acknowledges that the absence of a full time Internal Auditor for a large part of 2023 had implications for the completion of the 2023/2024 programme. Work by the outsourced audit firm continues as does work by colleagues in the IAU, and this work is being overseen by the Head of Finance on an interim basis.

The successful appointment of an Internal Auditor in quarter 1 2024 will help progress outstanding audits and recommendations.

Risk Management

In 2023, the Committee was updated on the work in relation to embedding a risk management culture and integrating risk management across the Council. Updated risk registers were presented during the year. In 2024, progress on addressing key risks and uncertainties and the updating of risk registers will remain a regular Audit Committee agenda item.

Local Government Auditor

In accordance with the AC Charter, the Committee met with the Local Government Auditor (LGA) on 3rd April 2024. At that meeting, the 2022 AFS and the statutory auditors report, management letter and related matters were discussed with the LGA without the executive present. Following this meeting the Committee met with the Chief Executive on the 3rd May 2024 and this engagement formed the basis for the S121 report which is being separately sent to the Council.

6.0 Audit Committee Effectiveness Review

Consistent with the obligations of Statutory Instrument 244 of 2014 (Local Government Audit Committee Regulations) the Committee is required to review its own effectiveness, and the general work of the Committee in the context of its mandate. In 2023, it was anticipated that an external professional provider would assist the committee in undertaking the effectiveness review and lessons learnt or areas for improvement could be implemented. Although this external review was not undertaken it is anticipated that it will take place in the near future.

7.0 Assurance arrangements

The AC, IA and the LGA are key elements of the overall control and assurance framework within the Council. The IA and AC are key elements of “the third line of defence” after the first line - individual line management and staff; and the second line - the business risk and control functions within each Division / unit. Providing clarity and ensuring greater understanding and appreciation of the differing assurance roles and control responsibilities within these three lines is an ongoing priority for the Committee.

The Committee wish to emphasise the importance of maintaining the investment in internal audit expertise while acknowledging the availability of external expertise to support the work of the unit.

8.0 Acknowledgements

The Committee would like to thank the Chief Executive, Directors, senior management and other colleagues for their co-operation and assistance during the year. In addition the Committee would particularly like to acknowledge the work of Sharon Lawless, IA and Helen Kilroy, Head of Finance and members of her team in supporting the committee.

9.0 Conclusion

This annual Audit Committee report outlines the progress made in 2023 across all areas of the Committee's functions.

The Audit Committee looks forward to assisting and supporting the City Council in the forthcoming year by delivering effectively on its mandate through its interactions with senior and line management, internal and external audit.

Appendix

AUDIT COMMITTEE STATUTORY FUNCTIONS

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| Functions of the Audit Committee <i>(Section 59 Local Government Reform Act 2014)</i> |
| To review financial and budgetary reporting practices and procedures within the local authority that has established it. |
| 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 to report to that authority on its findings. |
| 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. |