

Galway City Council Audit Committee Report

**To The Members of Galway City Council
From Galway City Council Audit Committee**

Topic: Audit Committee Report (pursuant to section 121 of the Local Government Act¹)

¹As amended by Section 60 of the Local Government Act 2014

Date 3rd May 2024

The Audit Committee was provided with the 2022 annual financial statements and the statutory auditor's report in April 2024.

Two of the Independent members of the Committee resigned in the last quarter 2023 and it was quarter 1 2024 before new appointments were available, hence the delay in meeting to review the AFS 2022 with the Auditor.

The Audit Committee considered the statement, the auditor's opinion to the members in the statement, the statutory audit report for year ended 31st December 2022, the management letter and management responses and further deliberated on the issues outlined at our meeting on 3rd April 2024.

In overall terms, the auditor's opinion is that the annual financial statement (AFS) of Galway City Council for 2022 represents fairly the financial position of the Council at 31st December 2022 and its income and expenditure for that year. In the statutory audit report, Ms Mary Keaney, the local government auditor asserted that she had "sufficient evidence to give reasonable assurance that the financial statement is free from material misstatement whether caused by fraud or error".

Ms Keaney, who conducted the audit, attended the Audit Committee meeting on 3rd April 2024, at which she provided further clarifications on the audit undertaken, evidence obtained, the report findings and the overall audit opinion. The Committee's private deliberations with the auditor included a review of management responses to audit findings and related matters.

In welcoming the detailed responses and actions underway and proposed, the Committee agreed to monitor the position at its subsequent meetings in 2024 in conjunction with actions committed for implementation as part of internal audit reviews. The Committee's 2024 work programme and the work of internal audit will take into account the statutory auditor's report and related matters.

Based on these deliberations, the material within the reports and documents and clarifications sought and provided by the local government auditor and the Chief Executive, the Committee consider that the following areas be brought to the attention of the Council:

- Fixed assets including Housing Stock Reconciliation

The auditor expressed concern in relation to the management of council property and on the accuracy and completeness of fixed asset record keeping. A national project across the local government sector is ongoing to update the Council's Property Interest Register and

weaknesses and deficiencies are being identified and addressed. So far 75% of Council Assets have been registered and preparatory work on the remaining 25% has commenced. The Committee were pleased to see that the Housing Stock reconciliation, outstanding at the end of the year, had been completed by 3rd April 2024.

- Legacy borrowing obligations and capital balances

As in previous years, there remains significant unfunded capital balances across a range of areas including housing and non-housing areas. The Council, like many other local authorities, did not benefit significantly from the Land Aggregation Scheme at a national level and obligations in these areas continue to be met from current resources. There are several initiatives underway including engagement with the Department and other strategies to deal with aspects of these balances.

- Local Authority companies - Subsidiaries and related parties

Similar to other local authorities, the sector has utilised a range of corporate structures and entities to progress various policy initiatives across the city. At this juncture, ensuring that the interests of the authority continue to be safeguard and that there is clarity on roles, responsibilities and obligations, needs to be considered as governance requirements evolve and circumstances relating to these entities change.

- Policies and procedures

The auditor noted the challenges to ensure policies and procedures continue to be refreshed and updated across the organisation. The Committee noted that the position of Internal Auditor had recently been filled, having been vacant for a period in 2023, which will facilitate the promotion and development of improved governance through updating and implementing of policies and procedures. This work may also necessitate prioritising additional resources and subject matter expertise over the short to medium term.

The Committee is available to clarify any matters if required.

Signed



Dermot Byrne
Audit Committee Chairperson

3rd May 2024