

# HOUSES OF THE OIREACHTAS COMMISSION

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## AUDIT COMMITTEE FIRST MEETING [2013]

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**26 March 2013 at 12 noon  
Room 2, Leinster House**

### MINUTES

#### Members Present

Mr. Eddie Sullivan (Chairperson)	Mr. John Browne, T.D.
Mr. Seán Fleming, T.D.	Mr. Kevin Humphreys, T.D.
Mr. Cyril Maybury	Mr. Bryan O'Sullivan
Mr. Alan Murphy	

Apologies were received from:

Mr. Peter Mathews, T.D.

Also in attendance were:

Ms. Adrienne Harrington, Office of the Commission and Secretary General.  
Ms. Lena Quinn, Internal Auditor.  
Ms. Karen Kehily, Accountant, Finance Unit, for items 4, 5 and 6.  
Ms. Anne-Marie O'Regan, Management Information Framework Unit, for item 5.  
Mr. Pat Fannin, Secretary to the Committee.

The meeting convened at 12 noon and adjourned at 1.40pm.

The Committee welcomed Mr Kevin Humphreys T.D. to the Audit Committee who was appointed by the Houses of the Oireachtas Commission in place of Mr. Michael McCarthy, T.D.

The Committee was briefed in relation to an audit by the Revenue Commissioners of the Houses of the Oireachtas Commission. The auditors were on site during March and the Committee will be briefed on any further developments at the June 2013 meeting.

#### **1. Minutes of previous meeting**

The Minutes of the meeting on 18 December 2012 were agreed.

#### **2. Matters arising**

An update on phase II of the Records Management project was provided to the Committee.

#### **3. Comptroller and Auditor General**

Mr John Crean, Deputy Director, and Andrea Hayes, Senior Auditor, Office of the Comptroller and Auditor General, presented a report in relation to the external audit of the Commission's Annual Accounts 2011.

Mr Crean advised that the accounts properly present the receipts and expenditure of the Houses of the Oireachtas Commission for the year ended 31<sup>st</sup> December 2011. He referred to the management letter sent by the C&AG to the Service which identified issues that occurred during the audit and

the Service's management response to these. There were 10 significant audit findings: one rated high, six rated medium, and three rated low.

In presenting details of the audit findings, Mr Crean confirmed that the Office of the Comptroller and Auditor General had no significant concerns in relation to the accounts of the Houses of the Oireachtas Commission.

The Committee members discussed difficulties in allocating expenditure to programmes due to dispersal of activities across functions and stated that any reforms in this area should be practical. Members of the Committee welcomed the proposal to include a summary income and expenditure account for the bar and restaurant, in the accounts.

#### **4. Suspense Account Balances**

A previous internal audit report in October 2011 recommended that full reconciliation of suspense accounts is completed on a monthly basis. Ms Kehily provided an update in relation to reconciliation of suspense accounts and presented details in relation to writing off historical balances. The Committee was advised that the Management Advisory Committee agreed that 3 separate historical balances be written off in the 2012 Appropriation Account.

The Committee discussed the resolution of legacy accounting issues and sought confirmation that there were no other outstanding matters in relation to the Commission's accounts and that the use of suspense accounts was absolutely necessary. It was confirmed that the accounts are now in order, that suspense accounts are essentially holding accounts related to payment of salaries, taxes etc., and that reconciliation of suspense account balances is undertaken on a monthly basis.

In relation to the arrangements regarding energy provision in Government buildings, the members of the Committee asked whether it was appropriate that the Houses of the Oireachtas Commission has responsibility for some of the energy costs of certain Government Departments. The Committee also requested further information on the Service's policy on recoupment of some overpayments.

#### **5. Risk Materialisation Report**

In considering the risk materialisation report for the period from November 2012 to January 2013, the Committee noted that there were certain sections that did not reply to the request to report any materialised risks or near misses and requested that this be followed up by the Service. It was confirmed that the Management Advisory Committee is pursuing this matter.

#### **6. Internal Audit Report on Assets Register**

Ms Quinn presented details of the Internal Audit of the Fixed Assets Register (non-ICT) which was undertaken to provide assurance that the overall framework and systems are effective. In considering the report, the Committee noted that the Service's policy on the registration of assets is in accordance with Public Financial Procedures and Department of Finance guidelines and that most categories of equipment appear to be comprehensively recorded, and testing and research identified that certain categories were as comprehensively recorded. There are ten recommendations, all of which are accepted by management.

The Committee raised issues such as where responsibility lies for heritage assets, why sound and translation equipment was not previously included on the assets register and Service depreciation policies.

The Committee noted the report.

## **7. Audit of PABX telephone system**

The Committee agreed to defer this item until the June 2013 meeting.

## **8. Implementation of Audit Recommendations**

Ms Quinn presented details of the review of implementation of audit recommendations. The report focussed on 27 recommendations that remained to be implemented in October 2012 and an additional 21 recommendations from 4 reports that now fall due for monitoring. The overall position is that 22 of these recommendations are implemented and 26 recommendations are being implemented. 14 of 27 recommendations stated as being implemented in October 2012 are now implemented and 13 are being implemented.

It was noted that following consideration of the report by the Management Advisory Committee, a further amount of detailed work was carried out with regard to the recommendations and this work identified that five further recommendations are almost implemented and a further 12 are expected to be completed by the end of Quarter 2, 2013.

The Committee challenged the procedures relating to ensuring that audit recommendations are implemented and the cross checks which the Service uses to achieve this were discussed. In particular recommendations relating to the procedure for online processing of overtime claims, security arrangements for internal databases and the use of Service Level Agreements were queried by the Committee. The Committee was also informed that the Bar and Restaurant would be audited in Quarter 3.

## **9. Audit Committee Charter**

The Committee noted the review of the Internal Audit charter and agreed the following two changes to the charter:

- i) The replacement of Paragraph 9 with the following paragraph:  
“The Unit adopts a combination of risk and systems based approach to its audits supplemented, where appropriate, by the use of transaction-testing, vouching and other verification methods.”; and
- ii) The inclusion of the following paragraph:  
“The Internal Audit Unit will implement the Internal Audit Standards issued in November 2012, by the Department of Public Expenditure and Reform and will report progress to the Secretary General and the Audit Committee each year.”

## **10. Annual Report 2012**

The Committee noted the draft Annual Report 2012 which will be included as an Appendix to the Commission’s Annual Report due to be published in June 2013.

## **11. Any other business**

- i) The Committee was advised that Lena Quinn, Internal Auditor, is attending meetings of the Heads on Internal Audit Forum which is considering how and when compliance with various aspects of the proposed Internal Audit standards should be achieved.
- ii) An Internal Audit is being carried out on contract extensions during 2011 and 2012. The audit will assess internal controls, compliance with relevant policies and procurement guidelines and availability of documentation.

**12. Next meeting**

The next meeting is scheduled for Tuesday 25<sup>th</sup> June 2013.

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Eddie Sullivan, Chairman,

25<sup>th</sup> June 2013