

**LOCAL GOVERNMENT AUDIT SERVICE**  
(Seirbhis Iniucha Rialtais Aitiuil)

Statutory Audit Report

to the

Mayor and Members

on

The Accounts of

South Dublin County Council

for the

Year Ended 31 December 2006

Peter F. Christian  
Local Government Auditor  
31<sup>st</sup> March, 2008

## SOUTH DUBLIN COUNTY COUNCIL

Draft

### 1 INTRODUCTION

- 1.1 I have completed the statutory audit of the accounts of South Dublin County Council for the year ended 31<sup>st</sup> December 2006. My audit opinion on the Annual Financial Statement is stated on page 5 of the statement.

This report is issued in accordance with Section 120 of the Local Government Act, 2001.

### 2 FINANCIAL POSITION OF THE COUNCIL FOR 2006

- 2.1 The Income and Expenditure Account recorded a surplus of €4,668,211 after net transfers to Reserves of €4,840,423. A summary of the transfers is set out in note 15 of the Annual Financial Statement.

The corresponding figures for 2005 recorded a surplus of €610,068 after net transfers to reserves of €4,610,623.

- 2.2 The Balance Sheet, with corresponding figures at 31<sup>st</sup> December 2005, is summarised as follows:

	<u>31/12/2006</u>	<u>31/12/2005</u>
	<u>€ m.</u>	<u>€ m.</u>
Fixed Assets	3,250.4	3,172.9
Work in Progress, etc.	238.3	188.2
Long Term Debtors	184.6	181.8
Net Current Assets	<u>110.9</u>	<u>114.1</u>
	3,784.2	3,657.0
Less; Long Term Creditors	<u>203.7</u>	<u>185.2</u>
Net Assets	<u>3,580.5</u>	<u>3,471.8</u>

### 3 COMMERCIAL WATER CHARGES

- 3.1 The collection performance in this area was poor with a collection percentage of 64%. The collection percentages for 2005 was 73% and the figure for 2004 was 90%. However, the percentage for 2005 is not comparable with the other figures as in that year there was a change in accounting procedure and five quarters were accrued in the year to accrue charges up to 31<sup>st</sup> December 2005. That highlights the drop in collection in 2006. Attention should be paid to these

debtors and I suggest that procedures to quickly identify accounts in arrears and a policy to follow up on those accounts should be implemented.

#### 4 HOUSING RENTS

- 4.1 The figures for housing rents in the collection account summary detailed in appendix 7 of the AFS is an amalgamation of figures from two different computer systems. The accrual and write off figures have been taken from the housing rents Ingres system and the receipts figure is from the financial accounting Aggresso system. This is an incorrect method for recording the collection details as the arrears figure at year end is not represented by a listing of individual debtors. The figures should come from the Ingres system and the receipts from the Ingres system should be reconciled to the receipts from the Aggresso system. That reconciliation was not completed for the year under audit.

#### 5 PLANNING and DEVELOPMENT CONTRIBUTIONS

- 5.1 In the Annual Financial Statement these receipts are treated on a cash basis and a total of €42.5m was received. The balance on the development levies fund at 31<sup>st</sup> December 2006 as set out in note 11 was €69.5m.

The planning records of the council are currently maintained on the APAS computer system which is a system for the management of the council's planning process and is not a financial system. It does not produce a listing of outstanding debtors at a particular date. Our audit examined the current system for following up on arrears and found that it was being efficiently run by the council staff. However, there are control and procedure issues in its operation that need to be addressed. There is also the consideration that in 2007 and subsequent years these contributions will be treated on an accruals basis with debtors being brought into the accounts.

I understand that negotiations are ongoing in relation to the introduction of a new computerised system for this activity.

#### 6 UNFUNDED CAPITAL EXPENDITURE

- 6.1 Included in the Balance Sheet under "Other Balances", which are analysed in note 11 to the accounts, are totals for unfunded project and non-project balances as follows:

	31/12/2006	31/12/2005
	<u>€M.</u>	<u>€M.</u>
Project Balances	96.7	105.9
Non Project Balances	<u>19.5</u>	<u>13.5</u>
	<u>116.2</u>	<u>119.4</u>

Included in the above figures are a number of accounts where the balance has been unchanged over a number of years and I would ask that these be investigated and funding identified.

## 7 ACCOUNTING MATTERS

- 7.1 In finalising the bank reconciliation for the year end, some of the correcting entries were posted to the 2006 year accounts and others were posted to the 2007 year accounts. As a result there are two material errors in the accounts;
- (a) The bank investments were understated by €2m. and the cash at bank overstated by that amount.
  - (b) Planning contributions of €1.119m. received in December 2006 were posted to the accounts in 2007.

As these errors affect balance sheet items and do not affect the income and expenditure, I have not asked that the accounts for the year under audit be adjusted. The amounts will be processed in the 2007 accounts. Attention should be paid to the year end effect of correction postings.

There are holding accounts in deferred income, housing rents and housing loans which are not being investigated and corrected as quickly as they should. These reconciliations should be done on a continuous basis.

## 8 ACKNOWLEDGEMENT

- 8.1 I wish to record my appreciation of the courtesy and co-operation extended to me and my colleagues by the County Manager and his staff.

Peter F Christian  
Local Government Auditor  
31<sup>st</sup> March 2008