

STATUTORY AUDIT REPORT

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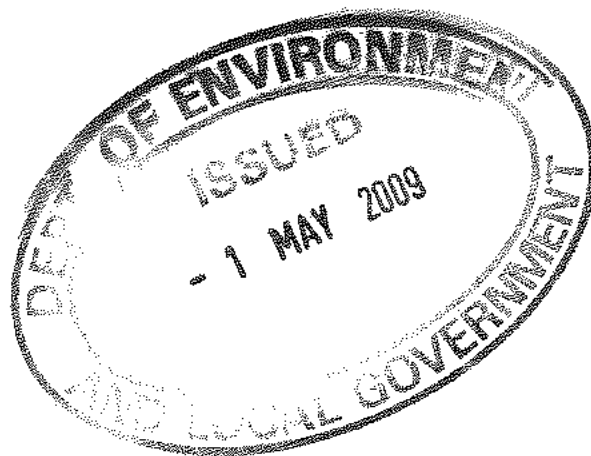
MEMBERS

on

THE ACCOUNTS OF

SOUTH DUBLIN COUNTY COUNCIL

FOR YEAR ENDED 31 DECEMBER 2007



Comhshaol, Oidhreachta agus Rialtas Áitiúil
Environment, Heritage and Local Government

SOUTH DUBLIN COUNTY COUNCIL

1. INTRODUCTION

- 1.1 I have completed the statutory audit of the accounts of South Dublin County Council for the year ended 31st December 2007. 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 2007

- 2.1 The Income and Expenditure Account recorded a deficit of €768,082 after net transfers to Reserves of €8,319,153. A summary of the transfers is set out in note 15 of the Annual Financial Statement.

The corresponding figures for 2006 recorded a surplus of €4,668,211 after net transfers to reserves of €4,840,423.

- 2.2 The Balance Sheet, with corresponding figures at 31st December 2006, is summarised as follows:

	<u>31/12/2007</u>	<u>31/12/2006</u>
	<u>€ m.</u>	<u>€ m.</u>
Fixed Assets	3,364.6	3,250.4
Work in Progress, etc.	334.7	238.3
Long Term Debtors	191.8	184.6
Net Current Assets	<u>106.0</u>	<u>110.9</u>
	3,997.1	3,784.2
Less; Long Term Creditors	<u>221.5</u>	<u>203.7</u>
Net Assets	<u>3,775.6</u>	<u>3,580.5</u>

3. COMMERCIAL WATER CHARGES

- 3.1 The percentage collection for these charges as noted in appendix 7 was 52% which is a further reduction in the percentage collection recorded in recent years. The main reason for the reduced collection in the year was the late issue of invoices. The invoices for the second half of 2007 were issued in 2008. This problem resulted from difficulties with the collection and verification of the readings from the new metering systems. I understand that progress has been made in addressing these difficulties since 2007.

- 3.2 As provided for in Section 120(4) of the Local Government Act 2001, the matters contained in the audit report were presented to the county manager for his comments.

The county manager commented as follows.

“A regional project to install and/or replace meters for non-domestic water consumers commenced in late 2006 and was rolled out during 2007/8. The project was complicated and required significant co-ordination between customers, contractor and water authority so meter reading schedules for the council were delayed during 2007/8. Further delays were encountered, on a once off basis, as the new meters were matched and confirmed to the existing customer accounts. The 2007 bills were issued late as a result but the project is now substantially complete and will provide South Dublin with greatly improved water traffic data as well as a speedy facility to collect billing data via drive by electronic meter reading.”

4 DEVELOPMENT CONTRIBUTIONS

4.1 Development Contribution Debtors

In a movement towards the full disclosure of these debtors, a figure of €14.3m representing the debtors for 2007 development contributions was brought into the accounts of South Dublin County Council. It was intended that the debtors figure would be made up of commencement notices issued in 2007 that had not been paid by 31st December 2007. However in extracting the listing from the APAS computer system used by the council's planning department a proper cut off of receipts was not applied. The listing was extracted in 2008 and the receipts for the early part of that year were taken as receipts for 2007. The inclusion of this debtors figure does not directly affect the Income and Expenditure account of the council as the corresponding credit is posted to “other balances” in the balance sheet, which is detailed in note 11 to the accounts. Care must be taken in the extracting this debtors figure in future years.

4.2 The county manager commented as follows.

“A new accounting policy was introduced in 2007 relating to the recognition and treatment of debtors arising from the development contribution scheme. These transactions had previously been accounted for on a cash basis and guidelines relating to the cut-off process were incorrectly applied. As a result some contributions due at 31 December 2007 but collected early in 2008 were inadvertently omitted from debtors in the 2007 balance sheet. Cut off procedures have been reviewed to ensure that this does not recur.”

5 HOUSING RENTS

- 5.1 Due to the method by which the housing rent collection was recorded in appendix 7 of the 2006 AFS, the figures for 2007 are again an amalgamation of figures from two different computer systems. The ingres system on which the rent accounts are kept and the agresso system on which the accounts of the council are recorded. The closing balance at 31/12/07 is from the ingres system and in future the figures for appendix 7 will come from that system with a reconciliation between the ingres system receipt and the agresso system receipts. That reconciliation was completed in 2007.
- 5.2 The county manager commented as follows.
“Significant changes in procedures have been implemented during 2007/8 to ensure regular reconciliation and correction is carried out between the housing rents system receipts and the general ledger. A project plan and work programme is also in place to implement Agresso rents during 2009. This will introduce an improved internal control environment for financial aspects of the rents process and reduce the requirement to combine data from a range of systems in order to provide important management information.”

6 INTERNAL AUDIT

- 6.1 The internal audit unit completed an extensive programme of work in the year including reports which were completed by external consultants. Early in 2008 an audit committee was established and its inaugural meeting was held on 21st February. This audit committee will facilitate and assist the development of the internal audit unit, which the council needs as part of its management function.

7 PROCUREMENT

- 7.1 It was noted during audit testing that the council's procurement procedures had not been completely followed in all purchases. These procedures must be fully operated throughout the whole organisation.
- 7.2 The county manager commented as follows.
“South Dublin County Council recently adopted a Statutory Strategic Corporate Procurement Plan (CPP) 2009-2011 in accordance with the National Public Procurement Policy Framework. The plan was agreed following consultation with an interdepartmental multi-disciplinary working group. A review of the Council's procurement activity was also undertaken with particular emphasis on

purchasing/procurement procedures. The outcome was a decision to move from operational purchasing on a departmental basis to strategic purchasing on an organizational basis, this is intended to support improved compliance and the achievement of greater efficiencies.”

8 ACKNOWLEDGEMENT

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



Peter F. Christian,
Local Government Auditor
31st March 2009