

COMHAIRLE CONTAE ÁTHA CLIATH THEAS **SOUTH DUBLIN COUNTY COUNCIL**



MEETING OF SOUTH DUBLIN COUNTY COUNCIL

Monday, October 8th 2018

Headed Item H – 1 (12)

Audit Committee report to Council on its consideration of the audited financial statement 2017 and auditor's report.

REPORT:

1. Introduction

At the Audit Committee meeting held on 12th September, the Principal Local Government Auditor was in attendance to review and discuss his audit and report in respect of the Council's Annual Financial Statement 2017. Where questions were posed by committee members, these were responded to by the Auditor and the committee were satisfied with the responses.

Issues highlighted by the Auditor were discussed and considered by the Committee along with the Chief Executive's responses to those issues raised. In accordance with Section 60 of the Local Government Act 2014, I set out hereunder the Committee's report in respect of the key issues considered by the committee and our overall conclusions.

2. Key issues Raised by the Auditor & Discussed By the Audit Committee

2.1 Financial Standing

The net surplus for the year in the sum of €35,104 after transfers to reserves of €34.2m was noted by the committee. The main movements in the finances were in respect of fixed assets, trade debtors & prepayments and bank investments.

2.2 Income Collection

The committee noted the improvements in the collection rates in the areas of Rates and Rents.

The Local Government Auditor's concerns in relation to the housing loans system was discussed with the auditor and the Head of Finance. The Committee took into account that this is an issue across the Dublin local authorities and that the key issue is identifying a new system that would be adaptable and flexible to meets the needs of various complex loans being administered by the local authorities.

2.3 Debtors and Provision for Doubtful Debts

The Committee noted that the auditor was satisfied with the level of bad debt provision but that a rebalancing of the provision for the individual categories should be carried out. The Committee noted that Finance will carry out an analysis of each category of debtor.

3. Transfer of Water & Sewerage Functions to Irish Water

The Committee noted that the transfer of water and sewerage functions to Irish Water is an on-going process and that the Council continues to deliver services on behalf of the company under a service level agreement.

4. Capital Account

It was noted that the increase in capital expenditure occurred mainly in the housing area and that progress continued during the year on the reconciliation of the capital balances.

The Auditor also noted the work being undertaken to ensure the Council fulfils its oversight role under the various housing schemes.

5. Fixed Assets / Property Register

The Committee noted the significant improvement in the reconciliation of the fixed assets register to other property records and the on-going updating and improving of existing property systems pending the development of a new national property management system.

6. Loans Payable

The Committee noted the auditor's concern in relation to bridging loans which were used initially to fund the costs of affordable housing on a short term basis. As these houses were not sold due to the recession the loans have become long term and are paid on an interest only basis. It was noted that this is a national issue which will require funding in the future.

7. Contributions & Bonds

The committee noted the improvement in the income from development contributions which reflects the increase in the activity in the construction area. While the auditor raised an issue with regard to the adequacy of the financial Contributions System, the Committee were assured by management that the new system is still under development and further enhancements have been specified to the system developer. Once fully operational the bonds will be incorporated into the new system.

8. Procurement

The Committee noted the measures and frameworks in place to support staff comply with procurement requirements. The rollout of milestone 4, upgrade on the financial management system, includes a procurement functionality which facilitates improved analysis and monitoring of procurement spend. While the auditor identified some issues with the recording of procurement information (mainly around the time of the upgrade), the committee were assured by management that staff have been fully briefed on the use of this functionality.

9. Local Authority Companies

The Committee noted that the audited financial statements for the four companies the Council has an interest in were made available to him late in his audit. The Head of Finance informed the Committee that the companies have the same year-end as the Council and need time to complete their own audits. He also advised that he will write to the companies requesting their statements by the end of May each year.

10. Governance

The auditor referred to the on-going work of Internal Audit and the Audit Committee and expressed satisfaction with the level of activity and quality of Internal Audit reports, the findings of which he took into account, where appropriate, during the course of his audit.

The auditor also referred to the Councils' risk management policy and risk register which includes risks at both corporate and departmental levels. Risks are rated and relevant mitigation actions are recorded as appropriate against the risks. No issues were identified by the auditor.

The Committee noted that the auditor confirmed that the annual ethics declarations were received for all council members and designated staff as required by legislation.

11. Conclusion

Having considered the Local Government Auditor's report and discussed the various issues with him, the Audit Committee is satisfied with the level of improvement that has taken place over the last few years in the areas of governance, improved processes and systems and acknowledges the progress made particularly in relation to legacy issues.

The Committee will continue to monitor progress on outstanding issues at its quarterly meetings as part of their work programme by receiving and considering updates from Management.
