

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



MEETING OF SOUTH DUBLIN COUNTY COUNCIL

Monday, November 11th, 2019

Headed Item H – I (9)

Audit Committee report to Council on its consideration of the audited financial statement 2018 and auditor's report.

REPORT:

1. Introduction

At the Audit Committee meeting held on 16th October 2019, 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 2018. Where questions were posed by committee members, these were responded to by the Auditor and the Committee was 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. Financial Standing

The net surplus for the year in the amount of €39,306 after transfers to reserves of €35.3m was noted by the committee. The committee noted the significant movements during the year in the finances in the following areas; the increase in Work in Progress of €30.3m, the increase in Bank Investments of €52m and the decrease in Trade Debtors and Prepayments of €10.1m.

3. Income Collection

The committee noted the improvement in the collection of rates in 2018. The Local Government Auditor highlighted the potential impact on the Council's finances, of the substantial number of ratepayers appealing valuations, if their appeals are successful. The committee noted management's budget provision in respect of possible reductions following Valuation Tribunal appeals.

With respect to the collection of outstanding monies, the committee noted the Chief Executive's response in relation to the establishment of a Debt Management Unit, focussing on improving the collection of Housing Rents and Housing Loans in particular.

The Local Government Auditor's concerns in relation to the Housing Loans System were discussed with the auditor and the Head of Finance. The Committee acknowledged that this is an issue across the Dublin Local Authorities and welcomed the establishment of a project team, led by Fingal County Council, tasked with the procurement of a new Housing Loans System.

The committee noted that the auditor was satisfied with the calculation of doubtful debt provision.

4. 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.

5. Capital Account

It was noted that capital expenditure increased from €66m in 2017 to €123m in 2018. The increase in expenditure occurred mainly in the housing area, which rose from €46m in 2017 to €89m in 2018.

The committee acknowledged the Chief Executive's response to review residual balances on the voluntary and affordable accounts.

With respect to the Approved Housing Bodies register the auditor highlighted the importance of reconciliation of CLSS loans so the completeness and accuracy of the register can be assured.

6. Fixed Assets / Property Register

The Committee noted the significant progress made 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.

7. Loans Payable

The committee noted management's assurance to investigate and resolve the discrepancy in respect of the outstanding balance, regarding one particular Housing Finance Agency loan, as highlighted in the auditor's report.

8. Contributions & Bonds

The committee noted the progress made in addressing weaknesses in the management reports available from the Financial Contributions System. The Chief Executive's response provided assurances that further enhancements will be procured if required. The committee noted that the work completed with Development Contributions is now being replicated with Bonds.

9. Procurement

The committee noted the framework in place to support staff compliance with procurement requirements. The auditor outlined the tests carried out on a sample of procurement transactions and highlighted that in some instances the relevant procurement information was not recorded correctly in the financial system. These findings were consistent with compliance checks carried out by the Procurement Unit. The committee noted the pro-active approach adopted by Procurement, in respect of monitoring the application of good procurement practice.

10. Local Authority Companies

The committee noted that the most recent financial statements for the four companies the Council has an interest in were made available for audit.

11. 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 considered, where appropriate, during his audit.

The auditor also referred to the Council's 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.

12. 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 number of years in the areas of governance, improved processes and systems, and acknowledges the progress made in relation to legacy issues.

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