COMHAIRLE CONTAE ÁTHA CLIATH THEAS
SOUTH DUBLIN COUNTY COUNCIL



MEETING OF SOUTH DUBLIN COUNTY COUNCIL

Monday, February 8th, 2021

Headed Item HI 11

**Audit Committee report to Council on its consideration of the audited financial statement 2019 and auditor’s report.**

**REPORT:**

1. **Introduction**

At the Audit Committee meeting held on 16th December 2020, 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 2019. 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.

1. **Non-adjusting post balance sheet event – COVID 19**

The Committee noted the inclusion of an Emphasis of Matter paragraph and acknowledged that the accounts were not qualified as a result of the uncertainty surrounding the impact of COVID-19.

1. **Financial Standing**

The net surplus for the year in the amount of €4k after transfers to reserves of €34.8m was noted by the committee. The committee noted the significant movements during the year in the finances in the following areas; the decrease in Work in Progress of €33.8m, and the increase in Bank Investments of €50m.

1. **Income Collection**

The Local Government Auditor highlighted the yield from Rates, Rents & Annuities and Housing Loans all improved in 2019. The committee noted the improvement in 2019.

The Committee noted the decrease of €0.7m in specific doubtful arrears for rates in 2019.

With respect to rates collection figures, the Committee noted the Chief Executive’s response in relation to the positive impact that several rates waiver schemes introduced by the government would have on the 2020 collection figures

The Local Government Auditor highlighted that the collection yield for housing rents “remains poor at 76%”. The Committee noted the Chief Executives response outlining the impacts that COVID-19 has had on the collection of housing rents and the ongoing work of the Debt Management Unit to engage with rent customers and assist tenants in devising repayment plans to address arrears.

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 the sectoral nature of the issue outlined by the Chief Executive and welcomed the development of housing systems during 2020 and exploration of the use of the Councils Financial System to enhance the management of Housing Loans.

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

1. **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.

1. **Capital Account**

It was noted that capital expenditure decreased from €123m in 2018 to €111m in 2019.

The Local Government Auditor highlighted that there were residual balances carried forward for jobs where there had not been activity. The committee acknowledged the Chief Executive’s response confirming the debit balance relates to a decision to consolidate outstanding voluntary housing job balances and the potential for this to be funded by a claim submitted to the Department of Housing, Local Government and Heritage (DHLGH).

With respect to the administration and oversight of funding provided to Approved Housing Bodies the auditor highlighted the importance of addressing outstanding issues from previous audits given the increase of expenditure through these bodies. The Committee noted the response of the Chief Executive outlining the work that has begun in reconciling historical CLSS projects and the implementation of outstanding VFM report recommendation including the use of the new integrated housing system.

1. **Fixed Assets / Property Register**

The Committee noted the progress being made with the reconciliation of the fixed assets register to other property records.

The Local Government Auditor highlighted that the need for a comprehensive property register for all Council property was raised at previous audits and the development of a geographic information system to map Council land acquisitions and disposals had commenced. The Audit Committee noted that limited progress in the input of historical acquisition and disposal data has been made, and acknowledged the Chief Executive’s response regarding the progress being made with development of a bespoke geographic mapping and dataset systems and cross referencing system with the Agresso financial system.

1. **Loans Payable**

The Committee noted the Chief Executives assurance that a reconciliation of differences between the Housing Finance Agency and Council records had been undertaken and would be concluded shortly.

1. **Procurement**

The Committee noted the framework in place to support staff compliance with procurement requirements and that the auditor’s findings were consistent with the results of compliance checks carried out by the Council’s Procurement Unit.

The Committee noted that there was still a significant level of non-compliance and that the auditor identified, that in some instances the relevant procurement information was not recorded correctly in the financial system, and that some contracts had also been extended past their maximum expiry date.

The Committee acknowledged the Chief Executive’s response that work is ongoing to address areas of non-compliance and that progress will be demonstrated through the compliance checks undertaken by the Procurement Unit.

1. **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, and that South Dublin District Heating CLG was incorporated in October 2019.

1. **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.

1. **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 notes the continuing 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.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_