

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



MEETING OF SOUTH DUBLIN COUNTY COUNCIL

Monday, December 11th, 2023

Headed Item No.13

Audit Committee report to Council on its consideration of the audited Annual Financial Statement 2022 and auditor's report.

REPORT:

1. Introduction

At the Audit Committee meeting held on 25th of October 2023, 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 2022. South Dublin County Council's Head of Finance was also in attendance to provide further information to the committee as required. Where committee members posed questions, these were responded to by the Auditor and/or the Head of Finance 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 in the audit report 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 committee acknowledged a net surplus of €45k for the year, following transfers to reserves totalling €41.9m. The committee also observed notable financial changes throughout the year in the following categories: a €53 million increase in bank investments and a total decrease of €11 million in creditors and accruals.

3. Income Collection

The Local Government Auditor summarised the collection yields from Commercial Rates, Rents & Annuities and Housing Loans in 2022. The committee noted the figures for 2022.

In relation to the commercial rates collection figures, the Local Government Auditor explained how the collection percentage is not comparable with previous years due to the accounting treatment of the Rates Waiver scheme. Had the grant income been treated as collected and not waived the collection would be 91%. The committee noted the Chief Executive's response stating that the Council will continue to proactively engage with its customers to maximise its collection and improve on this collection rate.

The Local Government Auditor stated that while the collection yield for housing rents showed improvement, it remains poor at 77% and that the level of arrears at year end should be addressed as soon as possible.

The committee noted the Chief Executive's response outlining that the Debt Management Unit has improved its procedures, leading to reduced rent arrears in 2022. The unit is continuing to collaborate with tenants to address arrears, with legal action for repossession being pursued in twenty-two cases where tenants have not cooperated.

The committee noted the decrease in the collection percentage for housing loans in 2022 and the corresponding increase in arrears at year end. The Local Government Auditor again raised concerns in relation to the system for recording and accounting for housing loans in 2022.

The committee acknowledged the response from the Chief Executive stating that there is a new housing loans system in place in 2023 which aims to modernise collection procedures and assist the Debt Collection Unit in working constructively with borrowers to address and reduce arrears outstanding.

The Local Government Auditor highlighted the small decrease in gross debtors from €84.3m to €82.2m at year end 2022, including those from the main income collections. The committee welcomes this decrease and notes the details provided by both the LGA and the Chief Executive in relation to the work of the Debt Management Unit.

4. Capital Account

The Local Government Auditor confirmed the increase in capital expenditure from €103m in 2021 to €151m in 2022 and the increase in capital income (including transfers from revenue) from €138m in 2021 to €219m in 2022.

The committee noted these increases and welcomed the overview of activity in relation to capital projects during 2022.

5. Voluntary Housing and Approved Housing Bodies

The Local Government Auditor referred to the Approved Housing Bodies (AHB) register which records relevant details of housing units funded by various government housing schemes. The LGA stated that there are currently variations and gaps between the internal Council system in relation to the maintenance of these records.

The committee noted the Chief Executive's response stating that a review is ongoing in relation to the capturing of information from various housing capital schemes to ensure all AHBs within the Council's administrative area are present on the AHB register and within the organisation's housing system.

6. Fixed Assets

The committee noted the increase in fixed assets from €3,408m in 2021 to €3,415m at the end of 2022.

The Local Government Auditor again highlighted the need for a comprehensive property register for all Council property and outlined the progress made by the Economic, Enterprise and Tourism Development directorate. The committee noted the Chief Executive's response further detailing the significant progress being made in updating the register with all relevant information.

7. Loans Payable

The committee noted the breakdown of loans payable by the Council at year end 2022 and the Chief Executive's response clarifying the position in relation to the bridging finance value.

8. Procurement

The committee noted the framework in place to support staff compliance with procurement requirements and the auditor's findings in relation to contract management and purchase to pay procedures.

The committee welcomes the increase in compliance levels from the auditor's testing while noting that there remains room for improvement including the filling of the vacant position of procurement officer.

The committee acknowledged the Chief Executive's response updating the position in relation to the filling of the permanent procurement officer post and addressing any non-compliance issues identified by the Local Government Auditor.

9. Local Authority Companies

The Local Government Auditor detailed the five companies in which the Council has an interest and noted that all five companies are limited by guarantee. The most recent financial statements for these companies were noted in the Council's Annual Finance Statement.

10. Governance & Propriety

The Local Government Auditor gave an overview of the Internal Audit function referring to the staff makeup of the unit and its productivity during the year. He highlighted the significant role that Internal Audit has in providing the Chief Executive with assurance in relation to the governance of the organisation.

The auditor also highlighted the activity of the Audit Committee during 2022.

11. Risk Management

The Local Government Auditor 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. This was noted by the committee.

12. Ethics Declarations

The committee noted that the auditor confirmed that the annual ethics declarations were received for all council members and designated staff for 2022 as required by legislation.

13. Conclusion

After reviewing the report from the Local Government Auditor and engaging in discussions with him, the Audit Committee is satisfied with the progress achieved in recent years regarding governance enhancements, process and system improvements, and acknowledges the ongoing advancements made in addressing long-standing issues.

The Audit Committee expressed certain reservations about specific ongoing matters previously outlined in this report and has taken note of the proposed actions to tackle these issues. The committee intends to maintain oversight of unresolved issues as part of their work plan, which includes receiving and reviewing updates from management.