

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



## **MEETING OF SOUTH DUBLIN COUNTY COUNCIL**

**Monday, November 11<sup>th</sup> 2024**

### **Headed Item No.9**

#### **Audit Committee report to Council on its consideration of the audited Annual Financial Statement 2023 and auditor's report.**

#### **REPORT:**

##### **1. Introduction**

At the Audit Committee meeting on 30th October 2024, the Principal Local Government Auditor attended to review and discuss his audit report concerning the Council's Annual Financial Statement for 2023. South Dublin County Council's Head of Finance was also present to provide additional information as needed. Questions raised by committee members were addressed by the Auditor and/or the Head of Finance, and the committee was satisfied with the responses provided.

The issues highlighted by the Auditor were reviewed and discussed by the committee, along with the Chief Executive's responses included in the audit report. In line with Section 60 of the Local Government Act 2014, I outline below the Committee's report on the key issues examined and our overall conclusions.

## **2. Financial Standing**

The committee acknowledged a net surplus of €55k for the year, following transfers to reserves totalling €55.2m. The committee also observed notable financial changes throughout the year in the following categories: a €47 million increase in bank investments and an increase of €11 million in long term creditors.

## **3. Income Collection**

The Local Government Auditor summarised the collection yields from Commercial Rates, Rents & Annuities and Housing Loans in 2023 and the committee noted these figures.

In relation to the commercial rates collection figures, the Local Government Auditor explained how the collection percentage is not directly comparable with the previous year due to the accounting treatment of the Rates Waiver scheme. The committee welcomed the increase in rates collected along with the decrease in year-end debtors. 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 further improve on this collection rate.

The Local Government Auditor stated that while the collection yield for housing rents showed improvement, it remains poor at 78% and that every effort should continue to be made to address the level of arrears which remains high. He noted that a significant proportion of the arrears related to RAS and Leasing with differential rent accounts arrears not increasing significantly.

The committee noted the Chief Executive's response outlining that the Debt Management Unit continues to assist customers with rent arrears, leading to an increased collection in 2023, and that the procedures for the collection of RAS and Leasing arrears will be reviewed.

The committee noted the increase in the collection percentage for housing loans in 2023 and the corresponding decrease in arrears at year end.

The committee acknowledged the response from the Chief Executive stating that the new housing loans system and the work of the Debt Management Unit has improved the collection of housing loans and reduced the arrears. The committee also welcomed the anticipation of further improvements for 2024.

The Local Government Auditor highlighted the increase in gross debtors from €82m to €128m at year end 2023, this is mostly attributable to a significant increase in government debtors.

The committee noted the increase and the response from the Chief Executive in relation to the increase being driven by the high level of activity in the housing capital programme in 2023 and required engagement with government departments to ensure prompt payment of outstanding claims.

## **4. Capital Account**

The Local Government Auditor confirmed the significant increase in capital expenditure from €151m in 2022 to €238m in 2023 and the increase in capital income (including transfers from revenue) from €219m in 2022 to €320m in 2023.

The committee noted these increases and welcomed the overview of activity in relation to capital projects during 2023.

## **5. Development Contributions**

The Local Government Auditor summarised the government circular 04/2023 referring to the Temporary Time-Limited Waiver in respect of Development Contributions and stated the end of year short-term debtors outstanding of €22.4m. This was noted by the committee.

## **6. 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 all new AHB properties delivered in 2023 and 2024 have been entered onto the AHB register and that a historic review is ongoing in relation to the capturing of earlier properties from various housing capital schemes.

## **7. Fixed Assets**

The committee noted the increase in fixed assets from €3,415m in 2022 to €3,456m at the end of 2023.

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 and the prioritisation of this work as an area of focus.

## **8. Loans Payable**

The committee noted the breakdown of loans payable by the Council at year end 2023 and the Chief Executive's response clarifying the position in relation to the bridging finance value.

## **9. 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 overall compliance levels from the auditor's testing while noting that there remains room for improvement.

The committee acknowledged the Chief Executive's response addressing any non-compliance issues identified by the Local Government Auditor along with the proposals for enhanced governance in the area.

## **10. 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.

## **11. 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 2023.

## **12. 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.

## **13. Statement of Internal Financial Control**

The Local Government Auditor summarised the new requirement in relation to the publishing of a Statement of Internal Financial Control as part of the local authority's Annual Report and that this statement has been included in the 2023 report for South Dublin County Council. This was noted by the committee.

## **14. Ethics Declarations**

The committee noted that the auditor confirmed that the annual ethics declarations were received for all council members and designated staff for 2023 as required by legislation.

## **15. 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 active advancements being made in addressing ongoing 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.