



Local Government Audit Service

Overview of the work of the Local Government Auditors

2016



Comhshaol, Pobal agus Rialtas Áitiúil
Environment, Community and Local Government

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Foreword

This report sets out the work of the Local Government Audit Service (LGAS) in delivering on its statutory remit of providing the external audit of local government in accordance with sections 114 to 126 of the Local Government Act, 2001, as amended by the Local Government Reform Act 2014. It highlights the main findings contained in the local government auditors' statutory reports issued to the elected members of the city and county councils on the audits of the annual financial statements for 2014, which are published on the Department's website at

<http://www.environ.ie/local-government-audit-service/local-government-audit-service> .

The LGAS is committed to delivering an efficient and effective external audit service for local government, including on-going improvement in its audit procedures and reporting.

Challenges faced by the LGAS in the course of the 2014 audits included:

- The merger of town and borough councils with their respective county councils and the amalgamations of Limerick City and County, Waterford City and County and South and North Tipperary County Councils;
- Accounting issues relating the transfer of water and sewerage functions from local authorities to Irish Water; and
- The late production of the draft annual financial statements.

The priorities for the LGAS in 2016 include increased engagement with the National Oversight and Audit Commission (NOAC), in its important role overseeing local government, continued liaison and co-operation with the Office of the Comptroller and Auditor General and the further development of quality assurance in the LGAS in line with professional auditing standards.

The assistance given to the LGAS by local authority management and staff over the past year is much appreciated. Audits were completed for all city and county councils for the year ended 31 December 2014 by the end of 2015.



Richard Murphy
Acting Director of Audit
Local Government Audit Service
May 2016

Introduction

The Local Government Audit Service provides the independent external audit of local government, as established by the Minister for the Environment, Community and Local Government. Local Government Auditors are recruited following open public competitions and are all qualified accountants.

The LGAS, in its role of providing an independent scrutiny of the financial stewardship of local authorities, has continued to develop its policies and procedures to meet the requirements of the Code of Audit Practice, which takes account of the principles underpinning public sector audit. This report provides an overview of local authority finances drawing on the results of audit and the engagement with local authorities through the audit process. Further information on the organisation and role of the LGAS is included in Appendix 13.

The Local Government Act, 2001 sets out the primary duties of the auditor as follows:

“In the course of the audit of accounts of the local authority or other body, the local government auditor shall carry out such audit tests as he or she considers appropriate in order to be satisfied as to:

- (a) whether the annual financial statement is prepared in accordance with section 107 or with the accounting requirements otherwise applicable to the body concerned,
- (b) whether the annual financial statement presents fairly the financial position of the authority or other body and of its income and expenditure for the period in question,
- (c) whether the transactions of the audited body conform with the statutory or other authorisation under which they purport to have been carried out.”

In discharging their responsibilities, local government auditors must take account of matters arising from previous audit reports and management letters. Auditors should also:

- Plan the audit and allocate resources to achieve a balance of work between the various aspects of the audit, having due regard to availability of resources, and carry out cyclical reviews of financial systems;
- Take a broad and analytical view of the audit work based on an assessment of the risk of material error in the annual financial statement;
- Ensure that the audit has, as one of its aims, to assist members and management of the audited body;
- Perform the audit in a professional manner and conclude it without undue delay; and
- Develop, with the Director of Audit, measures to ensure a standard audit approach.

Audit Opinion

It is the local government auditor's main statutory duty, following completion of the financial audit, to give his/her independent audit opinion on the annual financial statement of the audited body, which has been prepared in accordance with the Code of Practice and Accounting Regulations for local authorities, as to whether it presents fairly, the financial position of the audited body and of its income and expenditure for the period under audit.

Audit Reports

In addition to the audit opinion, it is custom and practice to issue statutory audit reports covering any matter or matters which the auditor considers should be reported. The Chief Executive of a local authority is required to respond to this report and his/her comments may be included as part of the final report. This procedure has enhanced public scrutiny of local government as management responses, to address the issues raised at audit, now form part of the published audit reports.

Management Letters

In accordance with professional audit practice, an auditor may issue a management letter drawing attention to any weaknesses in financial procedures and / or internal controls identified during audit, and make appropriate recommendations. A management letter may incorporate audit memoranda already issued to functional officers and line managers during the audit. Management letters, issued in respect of city and county councils in the course of the 2014 audits, referred to accounting and financial control issues identified in the course of audit tests carried out.

Role of the Elected Members

The role of the elected members in the governance of local authorities is vital. The approval and regular monitoring of revenue and capital expenditure and the consideration of the annual financial statement and auditor's report are important functions for the council members. Members' participation on the councils' audit committee is now an integral part of the oversight of corporate governance in the councils.

Priorities for the Local Government Audit Service

Due to the increasing public scrutiny of the accountability of local government, the LGAS must meet a number of challenges arising from developments in the local government sector. These initiatives are driven by the need for improved efficiency and effectiveness in the sector and are at varying stages of implementation. The LGAS must also ensure that it carries out its remit in accordance with the highest professional standards appropriate to public sector audit. The priorities for the LGAS in 2016 include the following:

- Increased engagement with the National Oversight and Audit Commission (NOAC);
- Continued liaison and co-operation with the Office of the Comptroller and Auditor General (OCAG);
- Further development of quality assurance in the LGAS in line with professional auditing standards;
- Continued engagement with local authority audit committees; and
- Adaptation of audit procedures to take account of changes in local authorities' activities and accounting.

National Oversight and Audit Commission (NOAC)

The establishment of NOAC is provided for in the legislation introduced in 2014 and its functions are set out in a new provision (section 126(c)) inserted into the 2001 Act. The main functions include:

- to scrutinise the performance of local authorities;
- to support the development and enhancement of best practice;
- to oversee how national policy in relation to local government is implemented;
- to monitor and evaluate the implementation of public service reform; and
- to prepare reports to the Minister.

This commission, in the course of carrying out its remit, can take account of the reports prepared by the LGAS. The priorities for the LGAS in 2016 include increased engagement with NOAC in its important role overseeing local government.

Liaison and co-operation with the Office of the Comptroller and Auditor General (C&AG)

The LGAS will continue to advance liaison and co-operation with the Office of the C&AG, including a joint study on the cost and operations of motor tax offices. A co-ordinated approach to the audit of capital projects is also planned for 2016. Further discussions on areas of mutual interest, such as the application of International Standards on Auditing (ISAs) and development of TeamMate audit software, are also planned.

Quality Assurance in the LGAS

The LGAS is committed to the continued development of its audit procedures in line with professional auditing standards in order to provide an efficient and effective audit service. LGAS

audit procedures are reviewed on a regular basis in the context of the relevant ISAs. Where appropriate, audit procedures are amended to ensure compliance with the ISAs and a system of quality assurance reviews is in place. It is planned to continue to improve LGAS audit procedures during 2016 to reflect the appropriate and relevant standards.

Engagement with Audit Committee

The 2014 Act also provides for increased engagement by the auditor with local authority Audit Committees. Audit Committees are required to review any audited financial statement, auditor's report or auditor's special report in relation to the local authority and assess actions taken by its Chief Executive in response to audit findings and to report back to the relevant authority. The local government auditor will attend a meeting of the audit committee to present his or her report and clarify such issues as may be necessary in relation to the content of the report. This engagement with the auditors provides an opportunity for the members of the Audit Committee to explore issues raised in the audit reports and to review responses provided by the Chief Executive.

Under the new legislation Audit Committees are required to report to the elected members at their next practicable meeting following the Audit Committee's meeting with the auditor. The elected members may request further information on matters raised by way of report from management.

LGAS Audit Procedures due to changes in local authorities' activities and accounting

The LGAS will continue to adapt its audit procedures to reflect changes in local authority activities, including new areas of responsibilities such as Local Enterprise Offices (LEOs), Housing Assistance Payments (HAP) and Payroll Shared Services.

Arrangements for taking on the functions and accounting for the LEOs were reviewed in a number of local authorities and audit procedures have been updated to reflect these activities. The operation of the HAP system in Limerick City and County Council was reviewed and sample transactions relating to other local authorities were circulated to the relevant auditors for testing.

The operation of the Payroll Shared Services Centre was reviewed as part of the Laois County Council audit and an ISAE 3402 audit examination by a firm of external auditors is currently in progress. It is expected that a Type 1 audit report on the controls in operation will be issued soon.

Planned changes in accounting policies including the accounting for local authority companies may also have implications for the LGAS.

Financial Overview

The following is a review of some of the significant financial data included in the audited annual financial statements of the 31 local authorities for the year ended 31 December 2014. The inclusion of data for previous years allows for comparisons / trends. However it is important to note that due to the re-organisation of local authority structures in 2014 the figures for the current year include the merged town councils with the relevant 31 county councils; whereas previous years' figures included the 34 city and county councils and excluded the town councils. The amalgamations of Limerick City and County, Waterford City and County, and North and South Tipperary County Councils also have an impact on comparatives.

The financial data referred to in this review is classified under the headings shown below:

- Revenue Income and Expenditure
- Capital Programme
- Balance Sheet

The main findings from the audits of the city and county councils' annual financial statements for 2014 are as follows:¹

- Revenue Expenditure of €3,882m (excluding transfers) for 31 local authorities in 2014;
- Capital Expenditure of €1,114m for 31 local authorities in 2014;
- Reduction of €306m in Water Services Capital Expenditure in 2014;
- Reduction of €10.3bn in the net book value of Water and Sewerage Assets in 2014: and
- Increase of water-related loans payable within one year of €415m in 2014.

Further financial data, including revenue collection accounts, is also referred to under the main issues included in the local government auditors' reports. More detailed information by individual city and county council is also included in the following appendices.

Appendices
1. General Revenue Balances
2. Revenue Expenditure
3. Revenue Income
4. Capital Expenditure
5. Capital Income
6. Fixed Assets
7. Non-Mortgage Loans
8. Mortgage Loans
9. Rates Collection
10. Housing Rents Collection
11. Housing Loans Collection

¹ Figures for 2014 relate to merged authorities while figures for previous years shown relate to city and county councils only

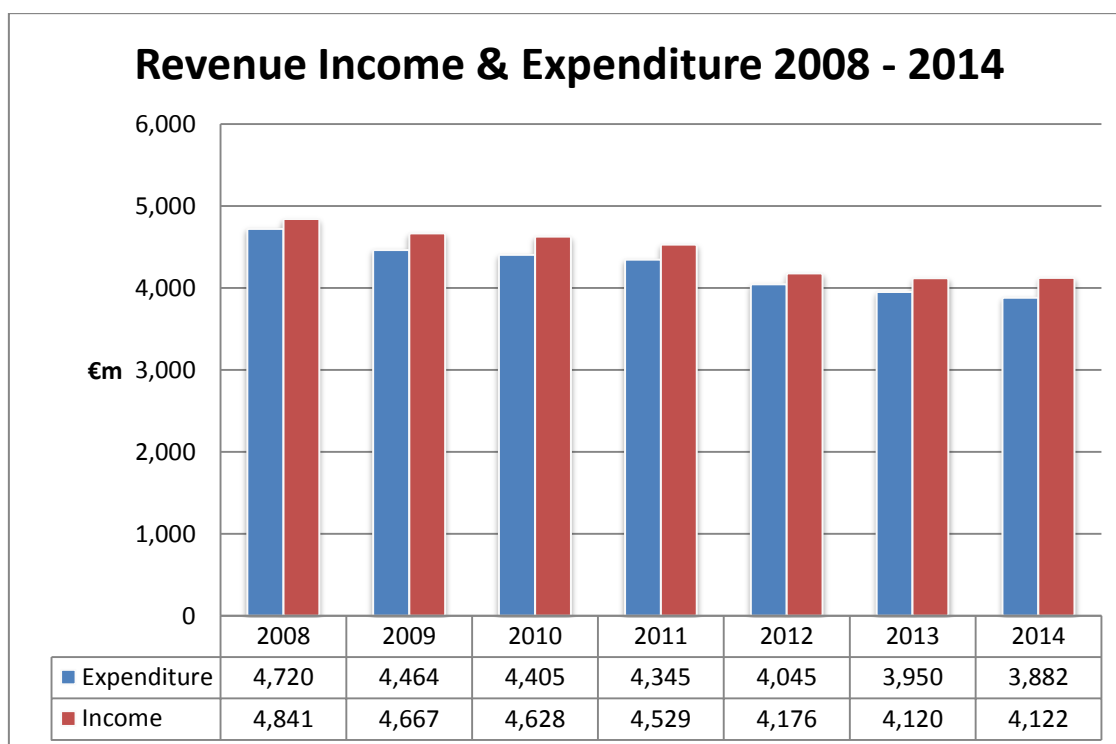
Revenue Income and Expenditure

The closing revenue balances in the 31 city and county councils totalled €3.4m (favourable) at the end of 2014, compared with an opening adverse balance of €11.2m at the beginning of the year. It is noted that ten county councils had adverse balances on their revenue account in excess of €2m at 31 December 2014.

A list of the individual balances for each of the last four years is shown in Appendix 1. Opening balances for 2014 are also shown to illustrate the impact of the merger and amalgamations of local authorities in 2014.

The revenue income and expenditure account includes the day-to-day running costs of the local authority and includes payroll, operational, administration, establishment and financial expenditure. Income includes grants and subsidies as well as charges for the provision of goods and services, including commercial rates.

The chart below shows the level of revenue income and expenditure for 2014 with comparative figures for the previous six years.²



All amounts shown are €m
(Excludes transfers to / from Reserves)

It can be seen from the above that the expenditure for 2014 showed a further decrease on the previous year. Revenue expenditure and income by local authority in 2014 is shown in Appendix 2 and Appendix 3. Expenditure in the table above excludes transfers to and from reserves of

² Figures for 2014 relate to merged authorities while figures for previous years shown relate to city and county councils only

€226m which includes €84m relating to the repayment of the principal element of non-mortgage loans and transfers to capital and other reserves of €142m. These transfers are disclosed in Note 15 to the annual financial statement and are provided for in the Code of Practice and Accounting Regulations for Local Authorities. The General Accounts Working Group is committed to developing a statement of movement in reserves for inclusion in the 2016 AFS in order to provide more information in this area.

Expenditure

A breakdown of the revenue expenditure for 2014, with comparative figures for previous years, is as follows³.

	2008	2009	2010	2011	2012	2013	2014
Housing & Building	711	663	645	687	673	668	746
Roads Transportation & Safety	1,057	848	868	872	794	798	835
Water Services	732	743	722	722	721	737	441
Development Management	309	285	255	241	235	237	284
Environmental Services	901	848	769	730	670	640	643
Recreation & Amenity	394	368	336	332	328	329	366
Agriculture, Ed, Hlth & Welfare	335	399	429	369	196	127	90
Miscellaneous Services	282	310	381	394	428	413	478
	4,720	4,464	4,405	4,345	4,045	3,950	3,882

All amounts shown are €m

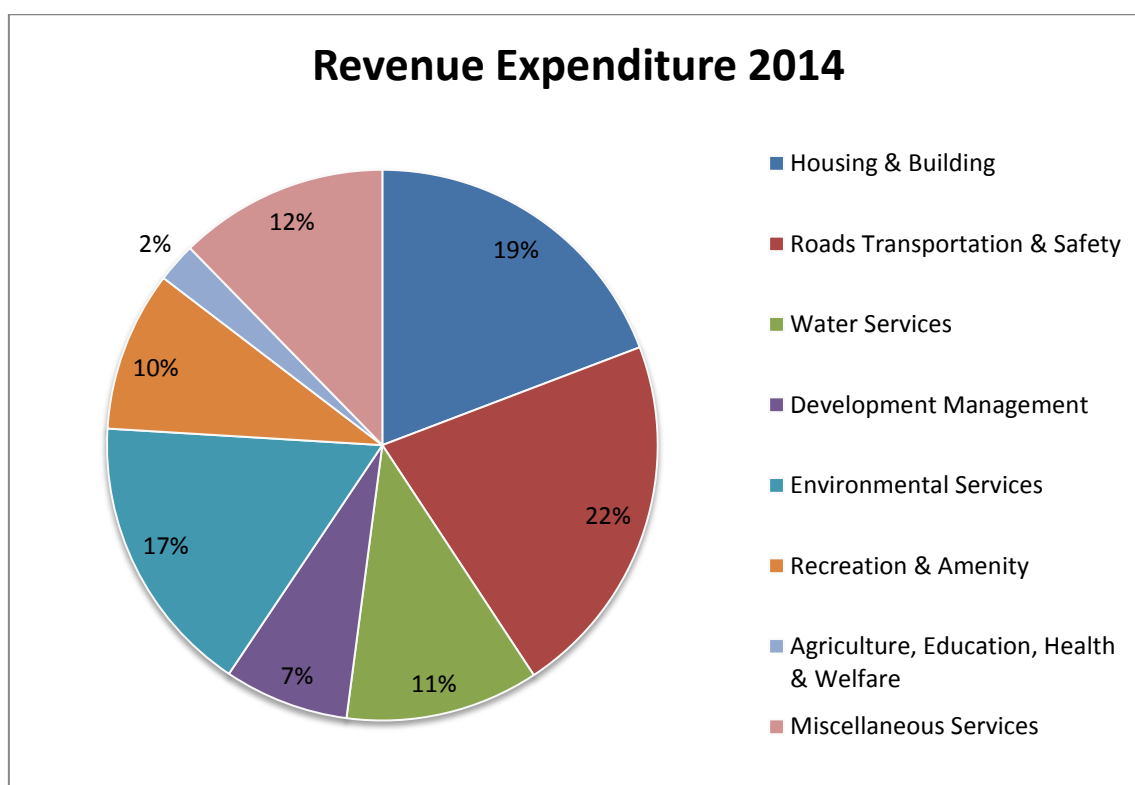
The reduction over the last three years in the expenditure on Agriculture, Education, Health and Welfare reflects the transfer of responsibility for higher education grants to Student Universal Support Ireland (SUSI).

Expenditure on Miscellaneous Services includes Administration of Rates, Agency and Recoupable Services, Motor Taxation, Local Representation / Civic Leadership, Machinery Account Profit or Loss, Operation of Morgue and Coroner Expenses, Franchise Costs, Stores Profit or Loss, Operation of Markets and Casual Trading, Weighbridges and Malicious Damage.

The most significant increases in expenditure on Miscellaneous Services in recent years relate to the Administration of Rates. This includes the write-off of bad debts, increases in the provision for bad and doubtful debts and refunds of rates. In some cases the refunds of rates on vacant properties are substantial.

³ Figures for 2014 relate to merged authorities while figures for previous years shown relate to city and county councils only

The revenue expenditure for 2014, analysed over the various divisions, is shown in the chart below.



Income

The main sources of revenue income for the major local authorities, as included in the annual financial statements for 2014, with comparative figures for previous years, are as follows:⁴

	2008	2009	2010	2011	2012	2013	2014
Income from Goods and Services	1,289	1,203	1,104	1,105	1,000	1,019	1,253
Income from Grants and Subsidies	1,155	1,106	1,191	1,165	912	826	872
Contributions from other authorities	220	212	228	185	217	226	143
Local Gov Fund - Gen Purpose Grant	917	764	694	646	582	589	281
Pension Related Deduction	0	69	82	80	76	75	74
Rates	1,193	1,240	1,253	1,272	1,314	1,310	1,500
County Charge	67	73	76	76	76	75	0
	4,841	4,667	4,628	4,529	4,176	4,120	4,122

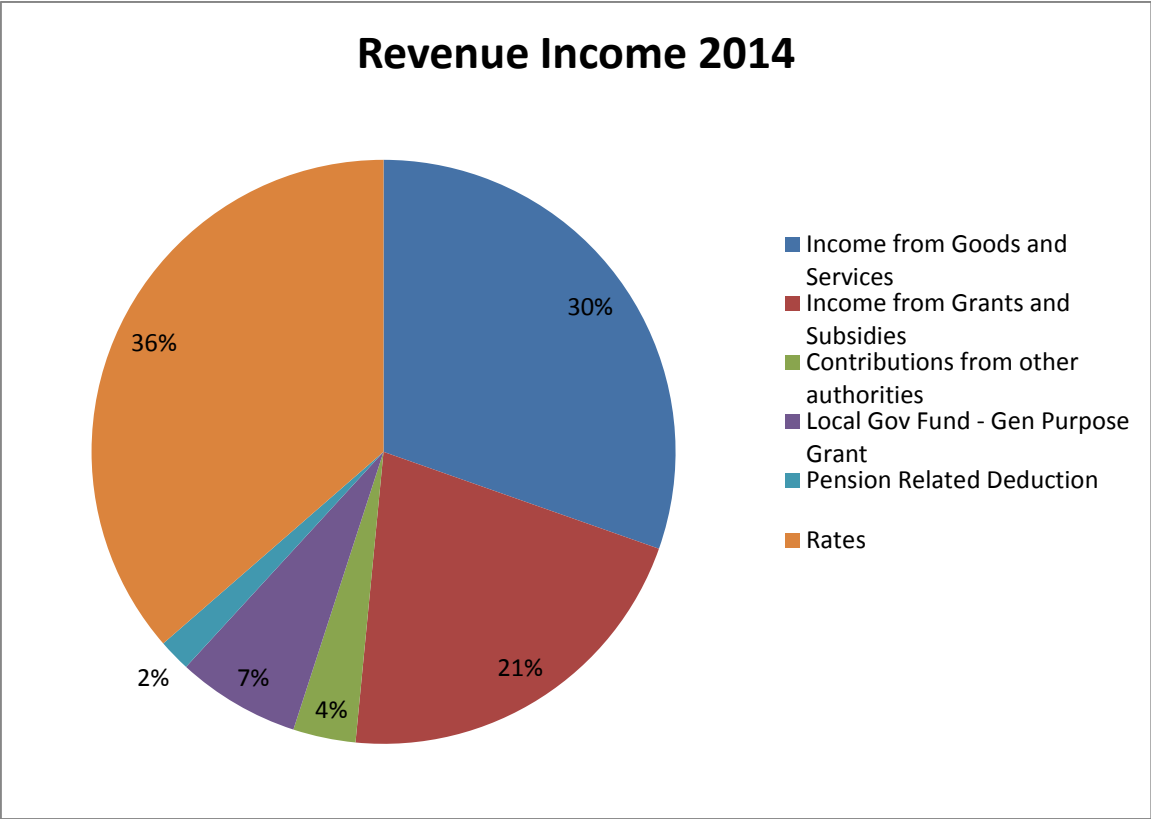
All amounts shown are €m

*Note: Rates Income is shown before the write-off of irrecoverable rates (See Appendix 9)

⁴ Figures for 2014 relate to merged authorities while figures for previous years shown relate to city and county councils only

The increase in Income from Goods and Services and the reduction in the Local Government Fund / General Purpose Grant reflects the transfer of responsibility for Water and Sewerage functions to Irish Water. The increase in Rates income is due to the inclusion of the merged authorities for 2014.

The analysis of revenue income for 2014 is included in the chart below.

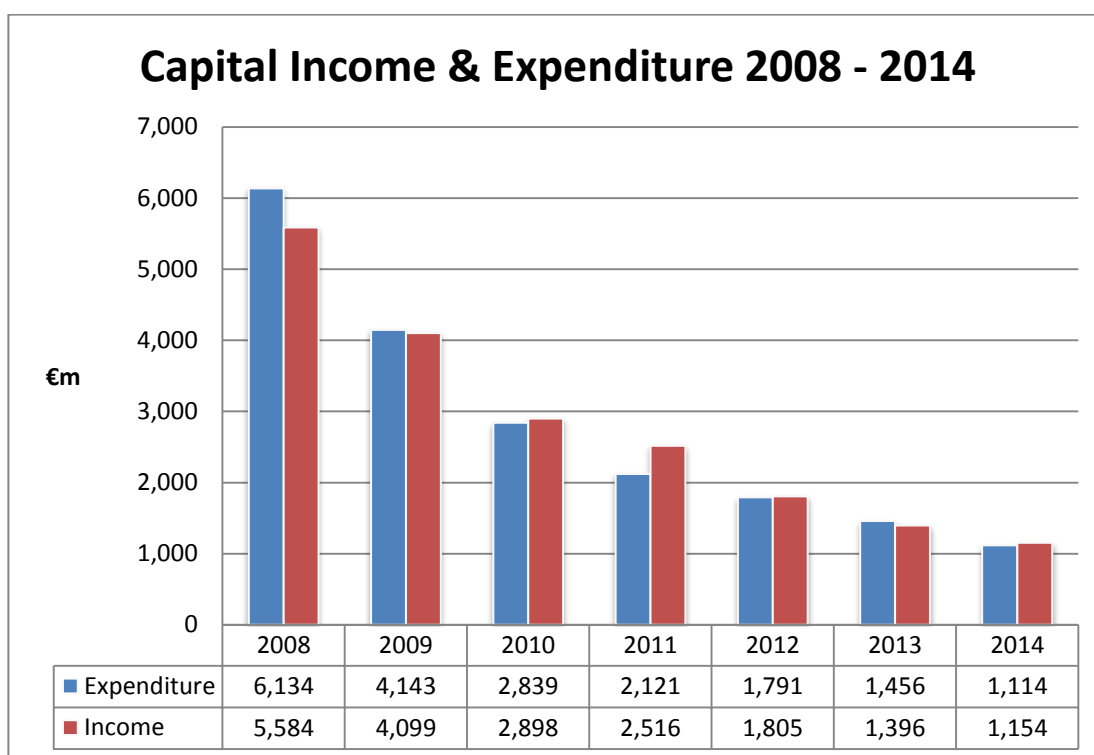


Capital Programme

The Local Government Act, 2001 requires Chief Executives to prepare and submit to the elected members a report indicating the programme of capital projects proposed by the local authority for the forthcoming year and the following two years.

The capital programme includes expenditure on the acquisition of fixed assets, infrastructure projects, work-in-progress and preliminary expenses. Total capital funding and expenditure for 2014, with comparative figures for previous years, is shown below.⁵

Capital expenditure and income by local authority is shown in Appendix 4 and Appendix 5.



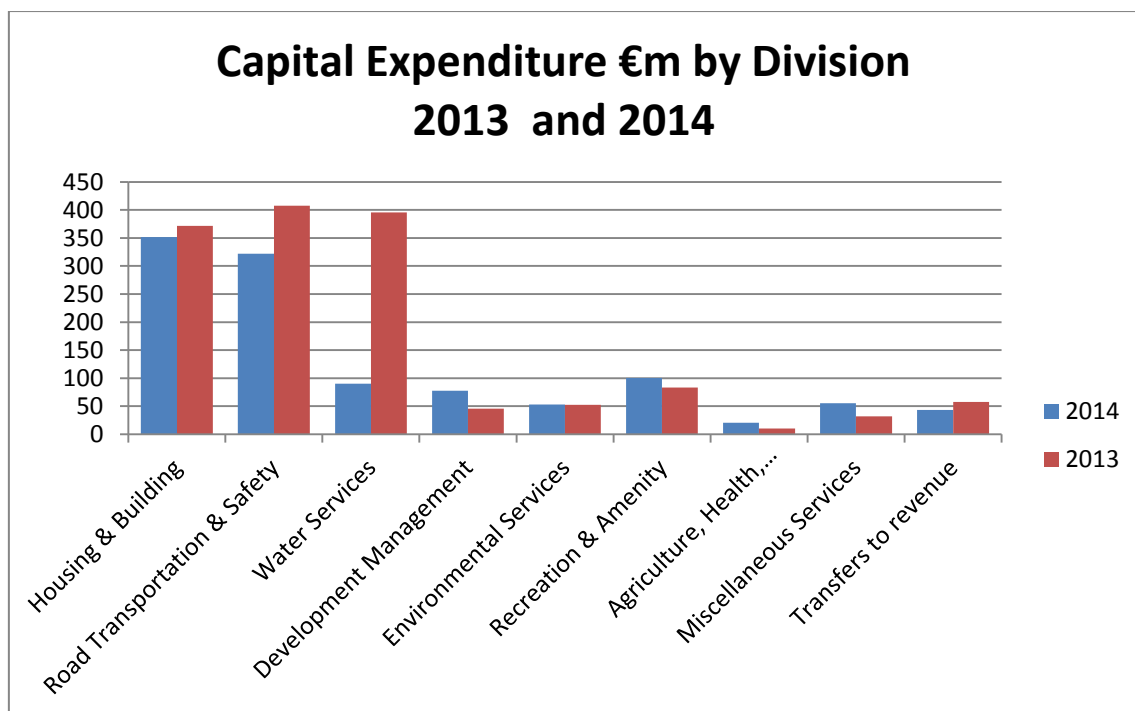
All amounts above are €m

Expenditure

The further reduction in capital expenditure in 2014, when compared to previous years, is a reflection of the reduced investment in infrastructure projects in the local government sector and also the impact of the transfer of water services to Irish Water in 2014. The significant reduction in expenditure on water services can be seen in the comparative analysis of capital expenditure by division for 2013 and 2014 in the chart below.⁶

⁵ Figures for 2014 relate to merged authorities while figures for previous years shown relate to city and county councils only

⁶ Figures for 2014 relate to merged authorities while figures for previous years shown relate to city and county councils only



All amounts above are €m

An analysis of expenditure in 2014 by type, with comparatives for the previous six years, is shown below.

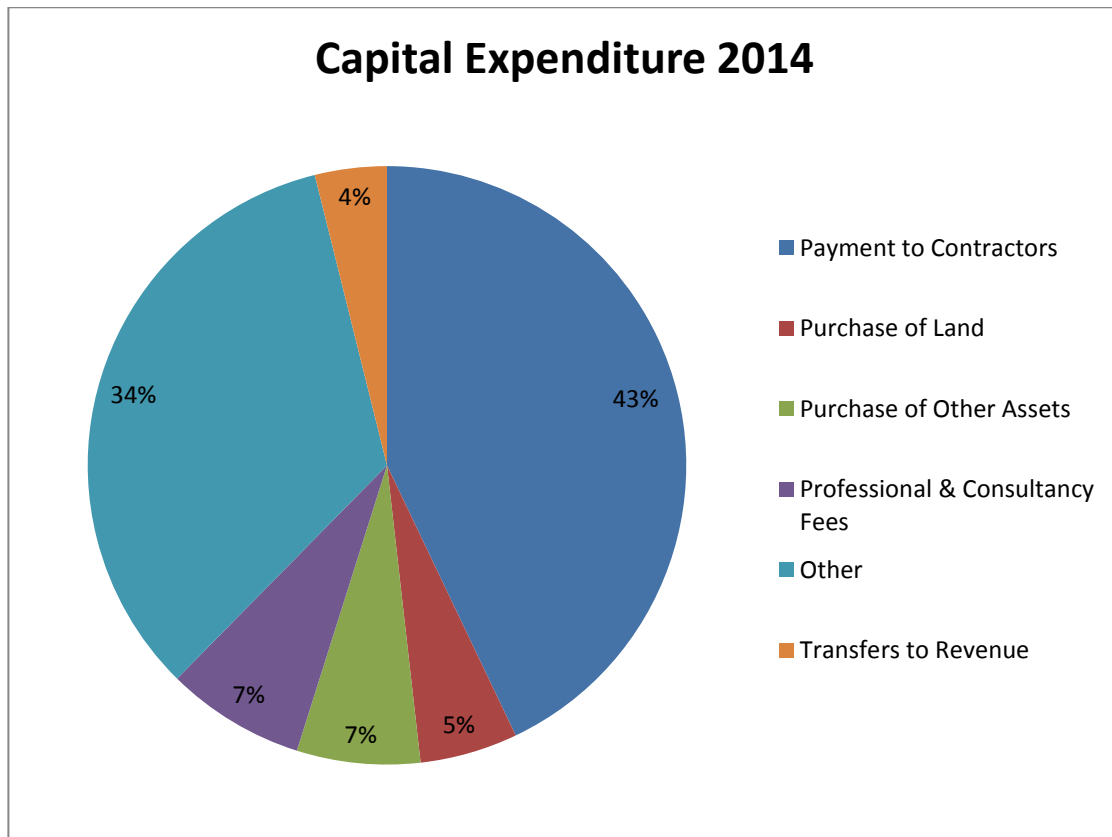
	2008	2009	2010	2011	2012	2013	2014
Payment to Contractors	3,425	2,144	1,369	933	969	760	478
Purchase of Land	530	484	308	174	110	48	59
Purchase of Other Assets	481	300	194	111	53	59	74
Professional & Consultancy Fees	353	275	188	155	119	106	84
Other	1,273	894	736	702	487	425	376
Transfers to Revenue	71	47	45	45	53	58	43
	6,134	4,143	2,839	2,121	1,791	1,456	1,114

All amounts above are €m

Transfers from capital to revenue represent the use of reserves previously provided from the revenue account for the specific purposes identified or the re-assignment of reserves for other purposes with the approval of the council members. Other capital expenditure includes the following:

- Loan Redemptions / Refinancing
- Contributions to Approved Housing Bodies
- Development Contributions due to Irish Water
- Insurances / Legal costs etc.

An analysis of the 2014 capital expenditure is shown in the chart below.



Funding

There was also a reduction in capital funding as shown in the tables below.⁷

	2008	2009	2010	2011	2012	2013	2014
Grants	3,499	2,811	1,938	1,447	1,187	925	632
Borrowings	555	487	292	561	279	97	112
Development Contributions	460	158	117	135	45	0	61
Property Disposals	299	120	58	52	30	66	52
Tenant Purchase Annuities	13	7	7	5	9	7	5
Car Parking	10	10	9	8	6	6	6
Other	583	336	307	174	139	148	114
Transfers from Revenue	165	171	170	133	109	147	171
	5,584	4,099	2,898	2,516	1,805	1,396	1,154

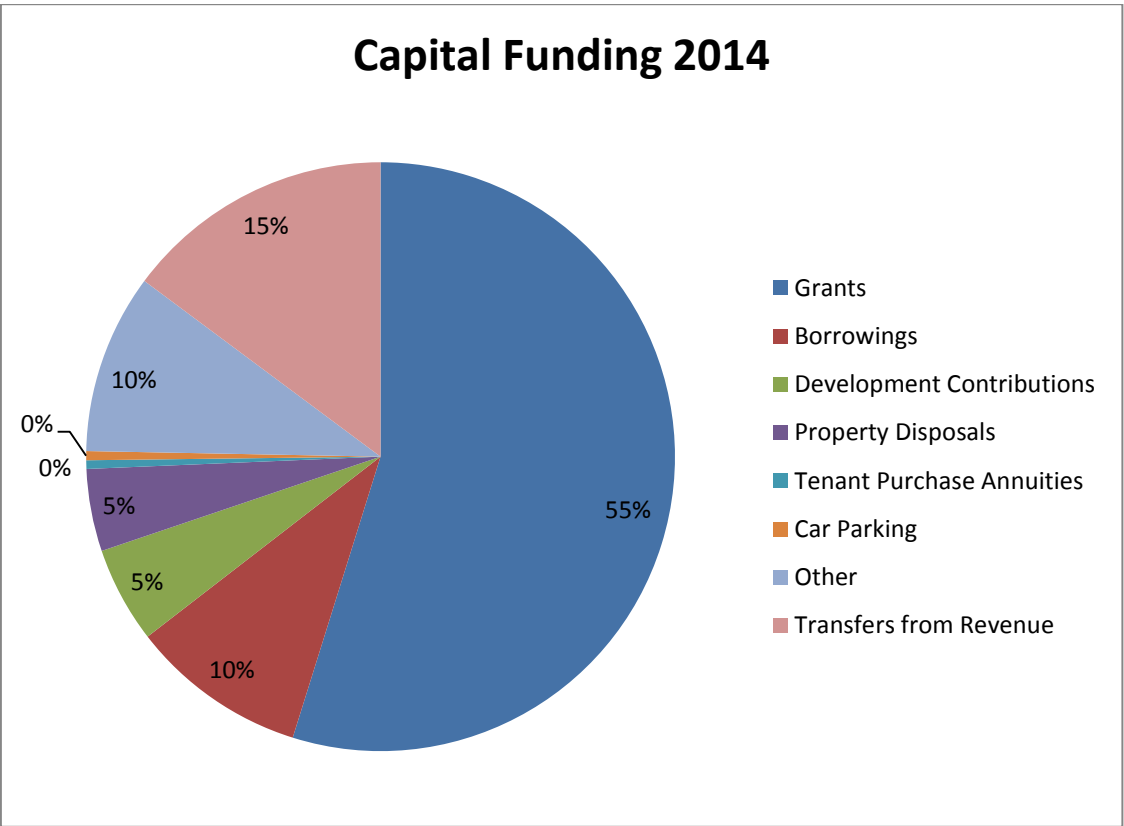
All amounts above are €m

The nil income for Development Contributions in 2013 reflects the movement in debtor balances from short term to long term in some local authorities which resulted in negative income in the

⁷ Figures for 2014 relate to merged authorities while figures for previous years shown relate to city and county councils only

year. Income from off-street car parking in some of the larger authorities provides a capital reserve which is used to fund the development of car parks; while in most other authorities car park income is included in the revenue account.

Approximately fifty-five per cent of capital funding is derived from government grants in 2014 (compared with sixty-six per cent in 2013), illustrating the dependence on central government funding for infrastructure projects. The proportion of funding from the various sources for 2014 is illustrated in the following chart.



Other capital income includes the Sales Scheme proceeds, contributions in lieu of Part V Housing Units and contributions from local authorities and other bodies.

Balance Sheet

The annual financial statements of a local authority include a balance sheet, which is a statement of the assets, liabilities and reserves of the local authority at the end of the financial year. The following is a summary of the balance sheets for the city and county councils for 2014, with previous years for comparison purposes.⁸

	2011	2012	2013	2014
	€m	€m	€m	€m
Fixed Assets	91,380	91,777	92,512	87,233
Work in Progress and Preliminary Expenses	4,452	3,493	3,171	1,630
Long Term Debtors	2,837	2,676	2,585	2,720
Currents Assets	2,019	1,992	1,881	2,562
Current Liabilities	(1,196)	(1,148)	(1,131)	(1,561)
Long Term Liabilities	(5,016)	(4,974)	(4,768)	(4,439)
Net Assets	94,477	93,816	94,251	88,145
Capitalisation Account	91,380	91,777	92,512	87,233
Income - Work in Progress	4,362	3,378	3,019	1,482
Specific Revenue Reserve	106	105	104	116
General Revenue Reserve	23	3	(10)	3
Other Balances	(1,395)	(1,447)	(1,375)	(689)
Total Reserves	94,477	93,816	94,251	88,145

All amounts above are €m

An analysis of the fixed assets as at 31 December 2014, with comparative figures for previous years, by asset type is shown in the table below.

Asset Type	Net Book Value 2011	Net Book Value 2012	Net Book Value 2013	Net Book Value 2014
	€m	€m	€m	€m
Land	2,274	2,244	2,222	2,581
Parks	65	64	66	110
Housing	18,078	18,053	18,425	21,266
Buildings	4,183	4,281	4,329	4,713
Plant and Machinery	99	85	73	68
Computers etc	24	18	12	10
Heritage	403	404	407	431
Roads	55,133	55,378	55,574	56,977
Water and Sewerage	11,121	11,249	11,402	1,078
	91,380	91,777	92,512	87,233

All amounts above are €m

⁸ Figures for 2014 relate to merged authorities while figures for previous years shown relate to city and county councils only

The significant reduction in the net book value of water and sewerage assets (€10.3bn) is due mainly to the transfer of assets to Irish Water in 2014. The impact of this transfer is also reflected in the reduction in work in progress and preliminary expenditure in the Balance Sheet.

Valuation of Fixed Assets

Fixed assets were included in the annual financial statements for the first time in 2003. Assets held at that date were valued in accordance with guidelines issued from the Department, using a number of valuation models. All assets purchased and constructed since 2003 are included at cost. A revaluation of fixed assets should now be carried out under the direction of the General Accounts Working Group.

A summary of the net book value of fixed assets by local authority is shown in Appendix 6.

Loans Payable

The totals of loans payable by city and county councils, categorised by type, at the end of 2014 with previous year for comparison purposes, are shown below.⁹

	2014	2013
	€m	€m
Non-Mortgage Loans	2,262	2,281
Mortgage Loans	1,197	1,260
Voluntary Housing Loans	1,227	1,077
Total Loans Payable	4,686	4,618

All amounts above are €m

While total loans payable increased in 2014, the amounts due within one year increased from €208m in 2013 to €623m in 2014. This was due to the transfer of HFA water-related loans from long term creditors to short term creditors because of the planned redemption of these loans in 2015. This is also a contributing factor to the increase in current liabilities in the Balance Sheet in 2014.

Non-mortgage loans include loans for the purchase / construction of assets, bridging finance and loans for other purposes. They also include the HFA water related loans referred to above. The repayment of principal and interest on these loans are generally funded from the revenue account. An analysis of non-mortgage loan balances by city and county council for the last three years is shown in Appendix 7.

Mortgage loans are annuity type loans from financial institutions which are used as funding for equivalent annuity loans issued to customers. The repayments on these loans are funded by the

⁹ Figures for 2014 relate to merged authorities while figures for previous years shown relate to city and county councils only

corresponding repayments from the borrowers. It is important that the profile of these loans is matched to the customer loan book to avoid any impact on cash flow. A comparison of mortgage loans payable and receivable by city and county council at the end of 2014 is included in Appendix 8.

Voluntary housing loans relate to expenditure on the construction of houses for external social agencies, which is recouped in full from the Department. The balances on these loans are offset by an equivalent amount included in the long term debtors in the balance sheet.

Auditor Opinions and Reports

Audit Opinions

It is the local government auditor's main statutory duty, following completion of the financial audit, to give his/her independent audit opinion on the council's annual financial statement. The vast majority were given a clear audit opinion which is testament to the diligence of the Chief Executives, Heads of Finance and their staff. The audit opinion on Sligo County Council contained two "emphasis of matter" paragraphs in relation to financial standing and significant legal costs likely to be incurred. Concerns in relation to these matters were also referred to in the auditor's report to the members of Sligo County Council.

Audit Reports

Financial Standing

All Local Government Auditors' reports refer to the financial standing of the local authority. This normally includes a reference to the outturn for the year and the revenue account balance. In some cases there are also references to the capital account balance at the year-end. A summary of the closing revenue account balances is included in this report (Appendix 1). Opening revenue account balances for 2014 are also included to illustrate the impact of the mergers of town councils with the relevant county councils and the amalgamations of Limerick City and County, Waterford City and County, and Tipperary North and South County Councils. A number of significant adverse balances have been highlighted and commented on in audit reports, including Sligo (€26.6m), which had deteriorated further in 2014 and Donegal (€14.9m), which had shown some improvement in 2014.

Income Collection

Audit reports generally include a reference to the main collection accounts included in Appendix 7 to the AFS i.e. Rates, Housing Rents and Housing Loans. Auditors comment on the collection performance and highlight cases of deteriorating collection levels. A summary of the main collection accounts is shown below.

	Arrears at 31/12/2014	% Collected 2014	Arrears at 01/01/2014
	€m		€m
Rates	394	77%	424
Housing Rents	66	84%	65
Housing Loans	45	67%	41

Above arrears relate to the 31 merged authorities at the beginning and the end of 2014. Previous years are not shown as they are not directly comparable.

Rates

The rates collection performance of each city and county council is shown in Appendix 9 and the following is noted:

- There was a decrease of €30m or 7% in arrears from €424m at the beginning of the year to €394m at the end of 2014;
- Write-offs of rates amounted to €202m in 2014; and
- The percentage collected for each city and county council ranged from the lowest of 56% to the highest of 92%; with an overall percentage collection of 77%.

The CCMA Local Government Debt Management Project Group, which was formed in November 2014 to develop policies and procedures to improve debt collection in the area of commercial rates, has proposed changes in relation to the reporting of commercial rates and the format of Appendix 7 for consideration by the General Accounts Working Group. These changes relate to accounts in examinership / receivership / liquidation where no communication has been received regarding a likely dividend or where a vacancy application is pending at the year-end. These changes will be incorporated in the 2015 AFS.

Housing Rents

Housing rents collection summaries for each city and county council are included in Appendix 10 and the following is noted:

- Arrears of rents increased from €64.7m at the beginning of 2014 to €65.5m at the end of the year;
- Write-offs of rents amounted to €2.4m in 2014; and
- The percentage collected for each city and county council ranged from the lowest of 73% to the highest of 95%; with an overall percentage collection of 84%.

Housing Loans

Housing loans collection summaries are included in Appendix 11 and the following is noted:

- Arrears of housing loans increased from €41.5m at the beginning of 2014 to €45.1m at the end of the year;
- Write-offs amounted to €609k in 2014; and
- The percentage collected for each city and county council ranged from the lowest of 42% to the highest of 98%; with an overall percentage collection of 67%.

The use of the Mortgage Arrears Resolution Process (MARP) was put forward by a number of local authorities as a means of managing loan arrears, with the initiation of legal action proceedings for re-possession as a last resort.

Governance and Internal Audit

Auditors frequently comment on the governance arrangements and, in particular, the operation of the internal audit functions in the local authorities. These comments included references to the following:

- In cases where the internal audit function was operating satisfactorily, auditors took account of the work carried out by them in planning their audits;
- In many cases the internal audit function was under-resourced with a number of posts being left vacant for extended periods. Auditors identified difficulties in this regard in ten local authorities;
- The lack of a properly resourced internal audit function had serious implications on the effectiveness of audit committees in local authorities: and
- In five local authorities arrangements had already been made or were planned to outsource some or all of the internal audit function.

Auditors also referred to the fact that they had met with audit committees since the previous audits to discuss the contents of their audit reports and follow up actions required.

Capital Balances

Note 11 in the Annual Financial Statements (AFS) includes totals for unfunded balances and these are split between project balances (i.e. those relating to completed assets) and other non-project balances. Unfunded balances are defined as those where a source of funding has not yet been identified. Specific unfunded balances are regularly referred to in the auditors' reports and totals for the city and county councils are shown below.¹⁰

	2009	2010	2011	2012	2013	2014
	€m	€m	€m	€m	€m	€m
Unfunded Balances	442	637	579	539	412	437

There was an increase in unfunded balances in 2014 and future possible sources of funding identified in responses to auditors' reports include the following:

- Future development levies;
- Transfers from revenue account;
- Sales of related assets; and
- Amounts to be recouped from the Department.

¹⁰ Figures for 2014 relate to merged authorities while figures for previous years shown relate to city and county councils only

A number of changes have been made to the format of this Note for the 2015 AFS and further discussions by the General Accounts Working Group are planned on the accounting for reserves and capital balances in 2016.

Capital Projects

While activity on the capital account has reduced further in 2014 mainly due to the impact of the transfer of water services to Irish Water in 2014 (see financial overview), 43% of capital expenditure relates to payments to contractors, amounting to €478m in 2014. Audit reports include references to the progress on major capital projects and the 2014 reports referred to a number of claims for additional costs, some of which have been referred to conciliation or arbitration process, and delays or other problems with the delivery of individual projects.

Development Contributions

The procedures for monitoring, raising, collecting and accounting for development contributions because of their complexity are frequently referred to in audit reports. Amounts due within one year are generally accrued, regarded as capital income and included in current debtors. Amounts expected to be collected after one year are raised as capital income but deferred for AFS purposes. These are treated as long term debtors and are offset by an equivalent long term creditor (i.e. deferred income) in the balance sheet. Matters specifically referred to in 2014 reports include:

- The quality of management information and financial reports available;
- The split of development contributions between long term and short-term debtors;
- The likelihood of particular developments progressing and the need for regular inspections; and
- The need for regular review of debtor balances and the adequacy of the related bad debts provisions.

The table on page 15 of this report shows the breakdown of capital funding and the income in respect of development contributions is shown as €61m in 2014.

The accounting treatment and disclosure of development contributions information in the annual financial statements is currently being reviewed by the General Accounts Working Group with a view to improving clarity and consistency in this area.

Procurement and Purchasing

There have been significant changes in the area of procurement; including the establishment of the Office of Government Procurement (OGP) and the appointment of procurement officers in most local authorities in recent years. Consequently auditors have reviewed the operation of this function in local authorities. Some of the findings in the audit reports include:

- The need to expand or improve the operation of Procurement Units;
- Local authority guidelines and policies requiring review and update;

- Examples of non-compliance with procurement guidelines identified at audits;
- Recognition that procurement procedures had improved in many authorities; and
- The identification of areas of activity requiring particular attention e.g. the outsourcing of legal services.

The operation of the purchase to pay cycle in local authorities is also often referred to in audit reports. The raising of purchase orders after the receipt of goods or services is a common weakness found in a number of local authorities. The introduction of the new version of the Agresso financial management system is cited by management as a means of addressing this matter.

In 2015 the sector, working with the Department, has implemented a considerable programme to support the reform of procurement. The governance of procurement across the sector was improved with the establishment of a Procurement Programme Board to guide on the reform of procurement. Each local authority appointed an officer with responsibility for procurement. A considerable training and education programme was put in place with the procurement officers and budget holders. Guidelines were issued to each local authority on the preparation of Corporate Procurement Plans and it is expected that each local authority will have a valid Corporate Procurement Plan in place by the end of 2016. Communications on regulations, legislation, directives and policies has been enhanced. Mechanisms of engagement with the OGP have been set up to ensure the requirements of the sector will be met. And systems have been put in place to improve spend analytics. The Local Government Audit Service acknowledges that in 2015 the sector, along with the rest of the public service, was transitioning to the new procurement model led by the OGP and this should support compliance with Procurement policies in 2016.

Fixed Assets

City and county councils control assets with a net book value of €87bn and while approximately two thirds of this relates to roads infrastructure (€57bn), other property holdings, including housing, land and buildings, are substantial. Auditors identified a number of issues in 2014 including:

- Land and property registers incomplete;
- Land and properties not registered with the Property Registration Authority;
- Land and property records in council departments not agreeing to fixed assets in financial system.

Auditors also commented on the significant impact of the transfer of water related assets to Irish Water in 2014 (see above).

Local Authority Companies

The interest of local authorities in companies is disclosed in Appendix 8 to the annual financial statements. As part of a review of the Code of Practice and Accounting Regulations for Local Authorities, the accounting treatment of these companies has been identified as an area requiring review and guidance. To facilitate this, a number of changes have been made to the format of Appendix 8 in 2014 and it is intended that further amendments will be made to the 2015 AFS.

Auditors' comments on these companies included the following:

- The need to review and, in some cases, improve governance arrangements in relation to companies under the control of the local authority (a CCMA task force has been established to address this issue);
- Accumulated losses incurred by companies and dependence on local authority for financial support; and
- The unavailability of the current audited accounts of some companies at the time of local authority AFS preparation.

Loans Payable

Loans payable by local authorities were referred to in a number of audit reports. In particular the existence of substantial loans in respect of land purchases where the interest had been rolled up over a number of years was noted. Some local authorities had already converted or were about to convert these loans to annuity loans and this will create an additional financial burden on the revenue account. Original plans to use or sell the related land were referred to by management. Changes in relation to the Land Aggregation Scheme, which had been seen as a possible means of resolving this issue, were also quoted in management responses.

Auditors also referred to bridging loans, being repaid on an interest only basis, in respect of housing units originally acquired for resale under the affordable housing programme. These units are currently being used for a variety of purposes, including social leasing, with the interest repayments being recouped by the Department.

Annual Financial Statement Completion Dates

The Code of Practice and Accounting Regulations states "The accounting year will end on the 31st of December and the AFS should be prepared and submitted to the Department of the Environment, Community and Local Government by 31st March of the year following the end of the accounting year."

Delays in the production of the AFS can have a negative impact on our ability to plan and complete our audits efficiently and in a timely manner. AFS delays also reduce their relevance to all users of accounts including audit committees, council members, DECLG, NOAC and the public. A table showing the number of draft AFS for 2014 approved by the Chief Executives and Heads of Finance each month in 2015 is shown in Appendix 12.

Accounting for Local Authority Staff Pension and Gratuity Costs

The Code of Practice and Accounting Regulations for local authorities provides for the accounting treatment of staff pensions as follows:

“Local Authorities in Ireland similar to central government departments operate and are governed by the state defined benefit scheme. Payments in respect of pensions and gratuities are treated as current expenditure and are charged to the revenue account in the accounting period in which the payments are made. Pension contributions from employees are treated as part of current receipts. The cost of salaries and wages in the accounts includes deductions in respect of superannuation (including Widows and Orphans) benefits. Such deductions are credited as receipts to the Statement of Comprehensive Income (Income & Expenditure Account). This represents a departure from generally accepted accounting principles. The accounts do not reflect the true cost of pensions or the future potential liabilities and therefore local authorities should include a statement outlining their policy in the notes to the AFS. The requirements of current accounting standards relating to pensions and their application to local authority accounting remains under consideration at central government level.”

From 2009 an additional pension related deduction was introduced for all public sector employees and income from this source is included in the income and expenditure account of local authorities in the annual financial statements. Deductions from payroll for this contribution in the city and county councils amounted to €74m in 2014. In addition, normal staff pension contributions, as disclosed in the annual financial statements of the city and county councils, amounted to €56m in 2014. These amounts are not ring-fenced to meet future pension liabilities in the accounts of local authorities.

With effect from the 1st January 2013 new entrants into the Public Service are covered by the Single Pension Scheme. Deductions in relation to pensions are remitted centrally to DPER for members of this new scheme. For Local Authority staff recruited before 1st January 2013 pension contributions were deducted and retained locally as income.

Expenditure on pensions, including the cost of gratuities for staff retiring in the current year, included in the annual financial statements of all city and county councils amounted to €298m in 2014.

Value for Money (VFM) Audit

Value for money (VFM) audit has long been recognised as an important addition to normal financial audit. VFM reviews also provide a means to assist local government at authority and sectoral level to learn from best practice and enhance their effectiveness and efficiency. It also provides the Department with useful insights into the operation of specific policy areas. It is very important that VFM reports are fully utilised by authorities and relevant funding Departments. The follow-up to VFM reports is an area that is being actioned by the audit service.

It is the responsibility of local authority management to ensure that value for money is achieved by establishing and maintaining sound arrangements, including procedures for planning, appraisal, authorisation and control of resources. The Local Government (Financial Provisions) Act 1997 widened the role of the local government auditors. Under the Act, auditors are empowered to examine economy and efficiency in the use of resources and the adequacy of management systems to appraise the effectiveness of their own organisations.

Value for Money Unit

The Local Government Act, 2001 states that the Local Government (Value for Money) Unit forms part of the Local Government Audit Service. The Unit carries out VFM studies on local authority operations, with a view to identifying best practice and recommending ways of improving existing procedures, practices and systems and thereby promoting efficiency and cost effectiveness.

The VFM audit unit of the LGAS consists of a central research team, staffed by a principal local government auditor and two local government auditors, together with further audit days provided by assistant auditors at district level.

A VFM audit consultative committee representing the main stakeholders, and chaired by the Director of Audit, has been established. It has an advisory role in the selection of VFM projects and in reviewing the quality of draft reports before publication. The committee met twice in 2015 (March and September). Also, an advisory group is established for each VFM study undertaken, comprising representatives from local authorities, the Department and/or individuals with expertise in a particular field.

VFM National Reports

The work of the VFM Unit has mainly focused on undertaking national studies on single-issue topics and publishing reports thereon. The aim of the Unit is to identify and promote best practice and thereby facilitate local authorities in achieving value for money. The VFM Unit has published 29 of these national reports to date. In total these reports contain over 370 recommendations. A report on the oversight role of local authorities in the provision of social housing by Approved Housing Bodies (AHBs) was published in December 2015. The VFM Unit worked closely with the local authority sector in producing this report. There are over 520 AHBs in Ireland with a housing stock of approximately 30,000 units, and this represents approximately

19% of housing units funded by the State within the local authorities. This study concentrated on the main funding schemes i.e. Capital Assistance Scheme (CAS), Capital Loan Subsidy Scheme (CLSS) and the Capital Advance Leasing Facility (CALF) and Payment and Availability Agreement (PAA) within the Social Housing Current Expenditure Programme (SHCEP).

The report makes recommendations in relation to

- Registration of mortgages
- Nominations and statements of occupancy
- Inspections
- Records of meetings
- Financial matters
- Leasing arrangements
- Capital projects

Future National Studies

Further studies in progress and/or planned by the Unit.

New studies have commenced on:

- The management and maintenance of corporate estate in local authorities; and
- Recreational facilities (swimming pools and leisure centres) in local authorities.

Feasibility studies are in progress and two new studies may commence in the near future on:

- Coroners Service; and
- Car Parking.

VFM Progress Reports

The Unit has broadened its sphere of activity by preparing and issuing progress reports. The purpose of these follow - ups is to assess the progress made, by local authorities, in implementing the recommendations and performance indicators contained in the national reports issued by the Unit. The Unit has issued six of these progress reports to date.

The website of the Department is the primary means of publishing reports of the VFM Unit and national reports and progress reports issued by the Unit can be downloaded at

<http://www.environ.ie/local-government-audit-service/local-government-audit-service> .

Motor Taxation Audits

Twenty-six local authorities operate motor taxation offices. Authorised officers, in these motor tax offices, are responsible for the issue of vehicle and other licences and certificates to the public, on behalf of the Department of Transport, Tourism and Sport and the Road Safety Authority. Monies collected are transferred to the Local Government Fund administered by the Department and allocations are made from this fund to finance local authority activities.

The audit of these local motor taxation offices includes an examination of a sample of licensing transactions to ensure that they have been properly accounted for in the financial and stock control records of the licensing authorities. The amount collected by these offices in 2014 was €454m.

The motor tax on-line service which collected an additional €705.2m is located in the Driver and Vehicle Computer Services Division of the Department of Transport, Tourism and Sport and is not subject to audit by the LGAS.

The LGAS is working on a joint Value for Money Study on Motor Taxation Offices. This is a new initiative, undertaken jointly with the Office of the Comptroller and Auditor General, and is expected to contribute to more effective governance and enhanced accountability in respect of the collection and administration of motor taxation.

External relationships

The LGAS has, over many years, developed relationships with a number of external bodies. These include the following:

Office of the Comptroller and Auditor General (C&AG): Copies of all LGAS reports are made available to the C&AG as part of his audit of the Department. There has been continued co-operation between the two offices in a number of areas including professional training and development, value for money, financial audit methodology and approach, standards development and quality assurance. Also, as stated above, the LGAS is working on a joint Value for Money Study on Motor Taxation Offices. Further opportunities for co-operation will be explored in 2016.

Northern Ireland Audit Office, Audit Scotland and Wales Audit Office: Staff from the LGAS have met their counterparts in the Northern Ireland Audit Office, Audit Scotland and Wales Audit Office on a number of occasions over the years and in recent times discussed audit approach and VFM matters. Representatives of these bodies have also attended LGAS annual conferences.

The European Organisation of Regional Audit Institutions (EURORAI): The LGAS has been a member of this organisation for many years, which provides useful contact with other European Regional Audit Bodies.

Working Groups and Committees: The LGAS continues to be represented on a number of the Department's working groups and committees, which included the following:

- General Accounts Working Group; and
- Finance and Business Project Board.

Appendix 1

General Revenue Balances 2014

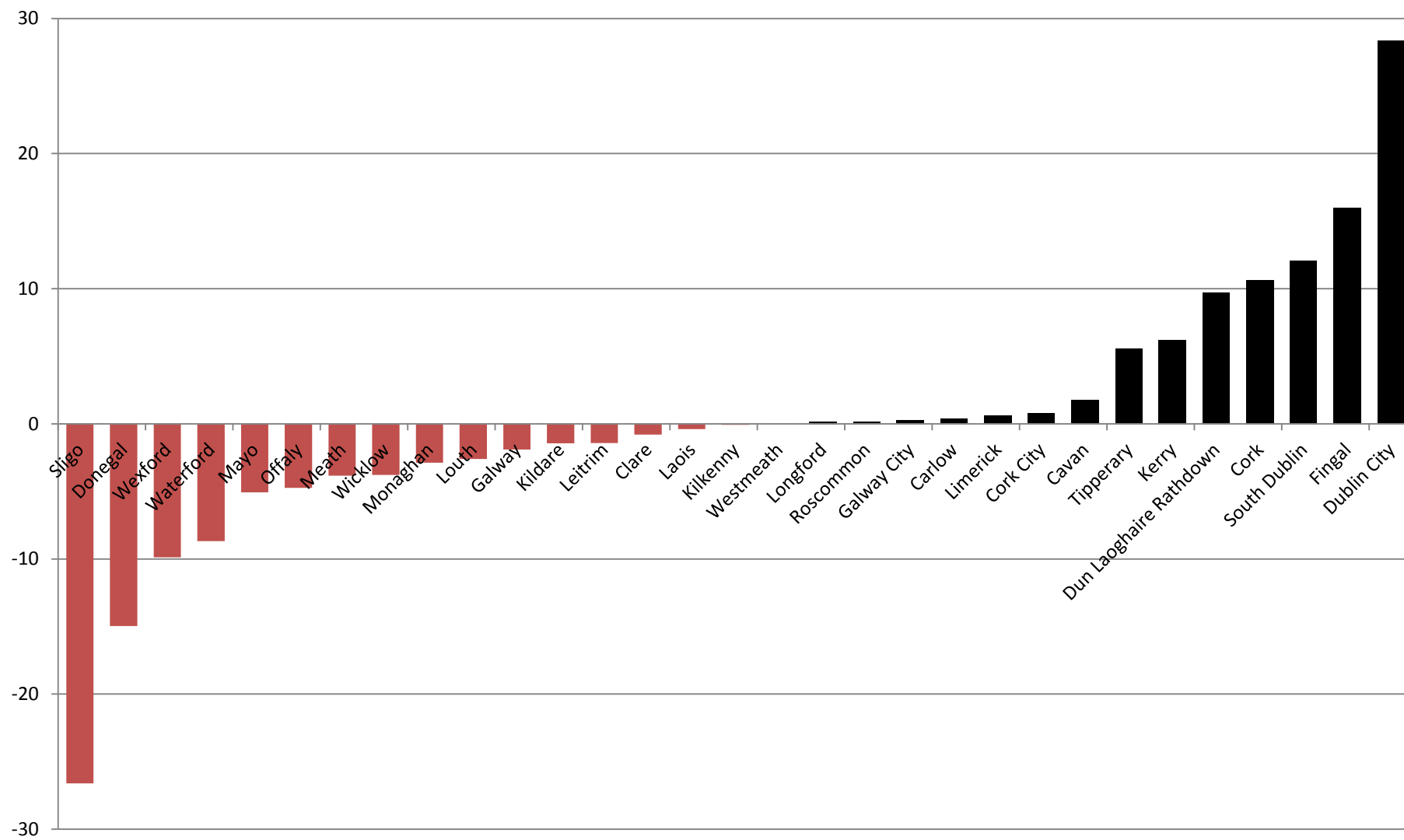
	2011	2012	2013	Opening 2014	Closing 2014
County Councils	€	€	€	€	€
Carlow	(22,033)	(56,634)	(22,516)	100,223	366,511
Cavan	1,662,375	1,662,575	1,662,690	1,742,628	1,742,757
Clare	(1,791,517)	(1,719,342)	(1,076,611)	(1,411,672)	(800,989)
Cork	18,337,539	14,001,103	11,017,477	11,147,760	10,601,836
Donegal	(12,303,342)	(17,103,244)	(17,796,835)	(15,752,132)	(14,966,588)
Dun Laoghaire Rathdown	9,500,465	9,601,932	9,648,544	9,648,544	9,699,927
Fingal	17,673,622	17,476,010	15,947,276	15,947,275	15,967,583
Galway	(1,402,328)	(1,896,307)	(1,898,994)	(1,898,994)	(1,891,838)
Kerry	2,813,213	2,952,728	3,035,261	6,093,078	6,184,008
Kildare	(2,998,447)	(2,747,146)	(2,493,285)	(1,815,806)	(1,445,710)
Kilkenny	(602,062)	(154,325)	(140,093)	(138,666)	(68,390)
Laois	(499,963)	(494,536)	(493,025)	(493,027)	(393,285)
Leitrim	(117,645)	(1,479,205)	(1,579,451)	(1,579,451)	(1,426,331)
Limerick	(384,924)	(549,283)	29,361	573,816	599,562
Longford	(432,357)	(301,044)	(196,029)	91,710	126,465
Louth	1,442,127	717,540	(154,872)	1,442,530	(2,607,460)
Mayo	(2,507,781)	(3,133,354)	(5,781,646)	(5,394,109)	(5,059,932)
Meath	(6,856,234)	(6,753,881)	(3,850,905)	(4,546,950)	(3,840,500)
Monaghan	(79,086)	(473,567)	(1,656,011)	(3,309,389)	(2,879,914)
North Tipperary	155,913	161,952	367,253	N/A	N/A
Offaly	(4,071,703)	(5,372,433)	(4,963,337)	(5,293,324)	(4,734,970)
Roscommon	99,816	110,589	149,312	149,312	166,848
Sligo	(12,954,069)	(15,409,269)	(21,716,204)	(26,027,015)	(26,602,276)
South Dublin	12,093,402	12,095,146	10,729,454	10,729,452	12,051,637
South Tipperary	2,966,708	2,969,020	2,971,633	N/A	N/A
Tipperary	N/A	N/A	N/A	5,503,102	5,536,784
Waterford	(6,907,082)	(6,901,042)	(6,919,222)	(8,886,422)	(8,677,450)
Westmeath	(1,870,066)	(1,816,710)	(1,790,272)	(951,062)	27,702
Wexford	(6,329,683)	(6,465,889)	(6,867,900)	(10,267,402)	(9,873,539)
Wicklow	(2,039,008)	(1,995,146)	(2,521,895)	(4,084,331)	(3,783,860)
City Councils					
Cork City	458,945	549,743	734,369	734,369	772,919
Dublin City	20,113,211	16,186,509	16,576,645	16,576,645	28,354,582
Galway City	44,603	61,283	192,170	192,170	254,693
Limerick City	497,471	526,299	544,462	N/A	N/A
Waterford City	(305,390)	(1,182,124)	(1,560,669)	N/A	N/A
	23,384,690	3,067,948	(9,873,865)	(11,177,138)	3,400,783

Note:

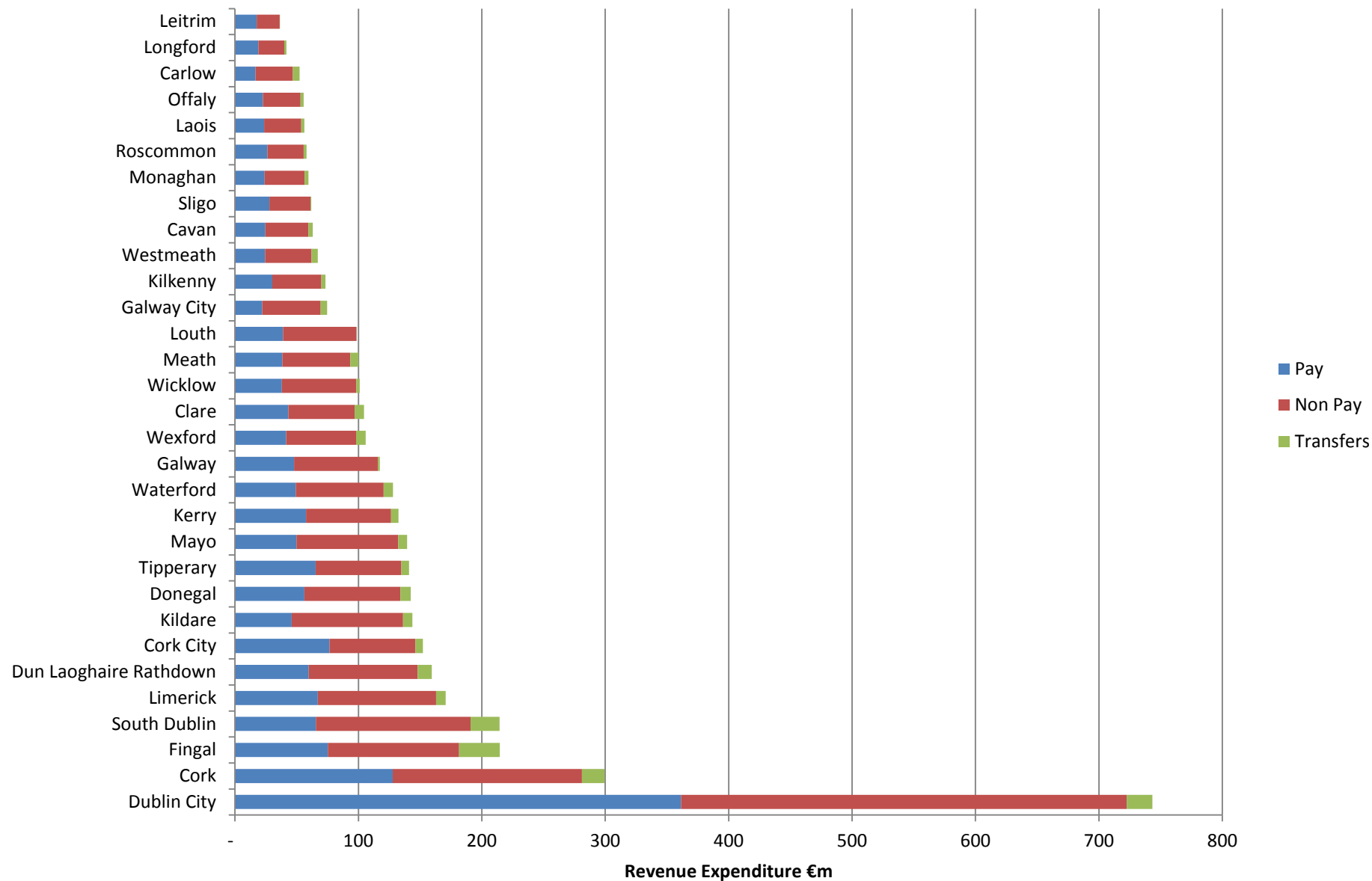
Opening balances for 2014 are shown for comparison purposes to illustrate the impact of:

1. The merger of town councils with the relevant county councils; and
2. The amalgamations of Limerick City and County, Waterford City and County and South and North Tipperary County Councils.

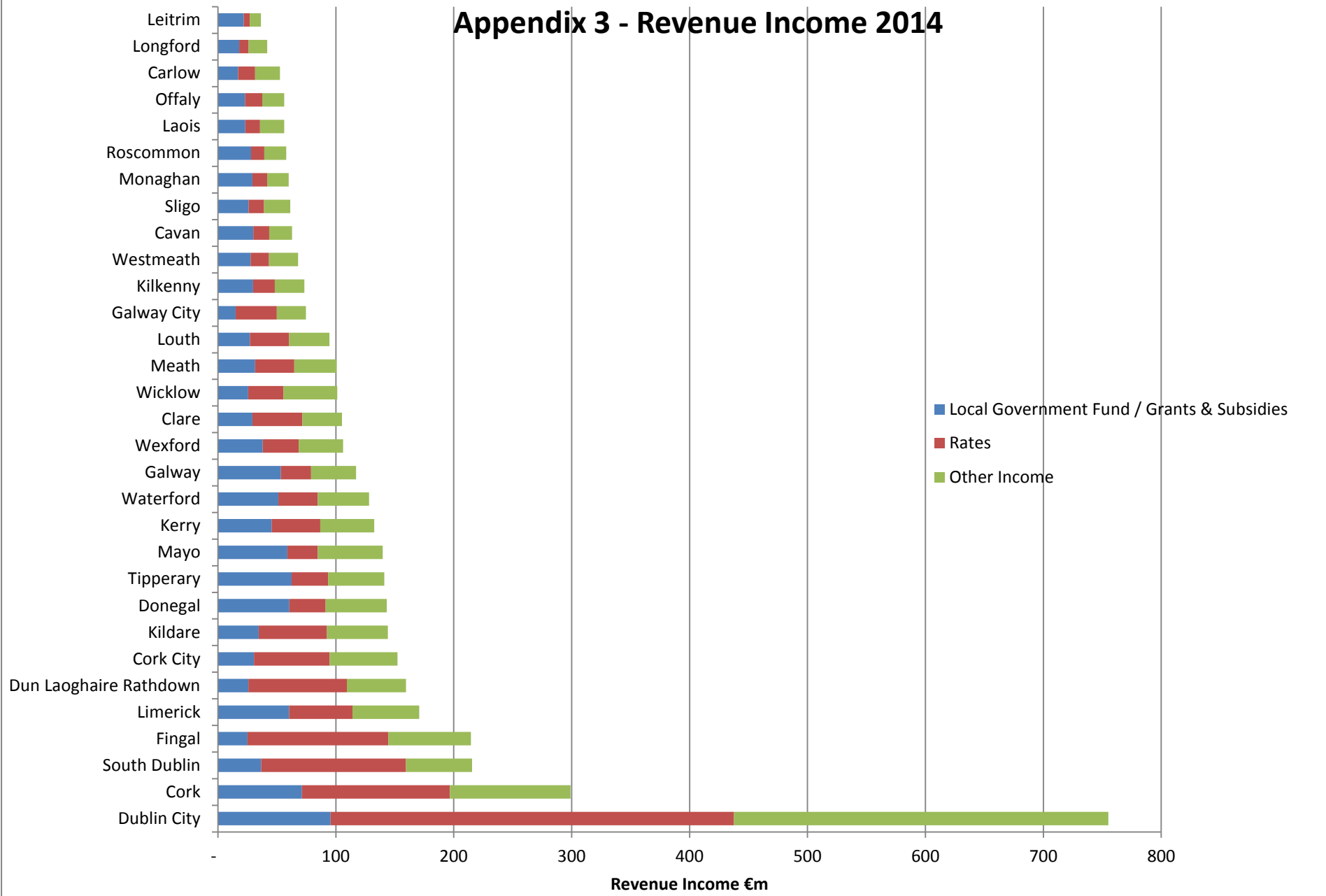
Revenue Balances €m 2014 (contd)



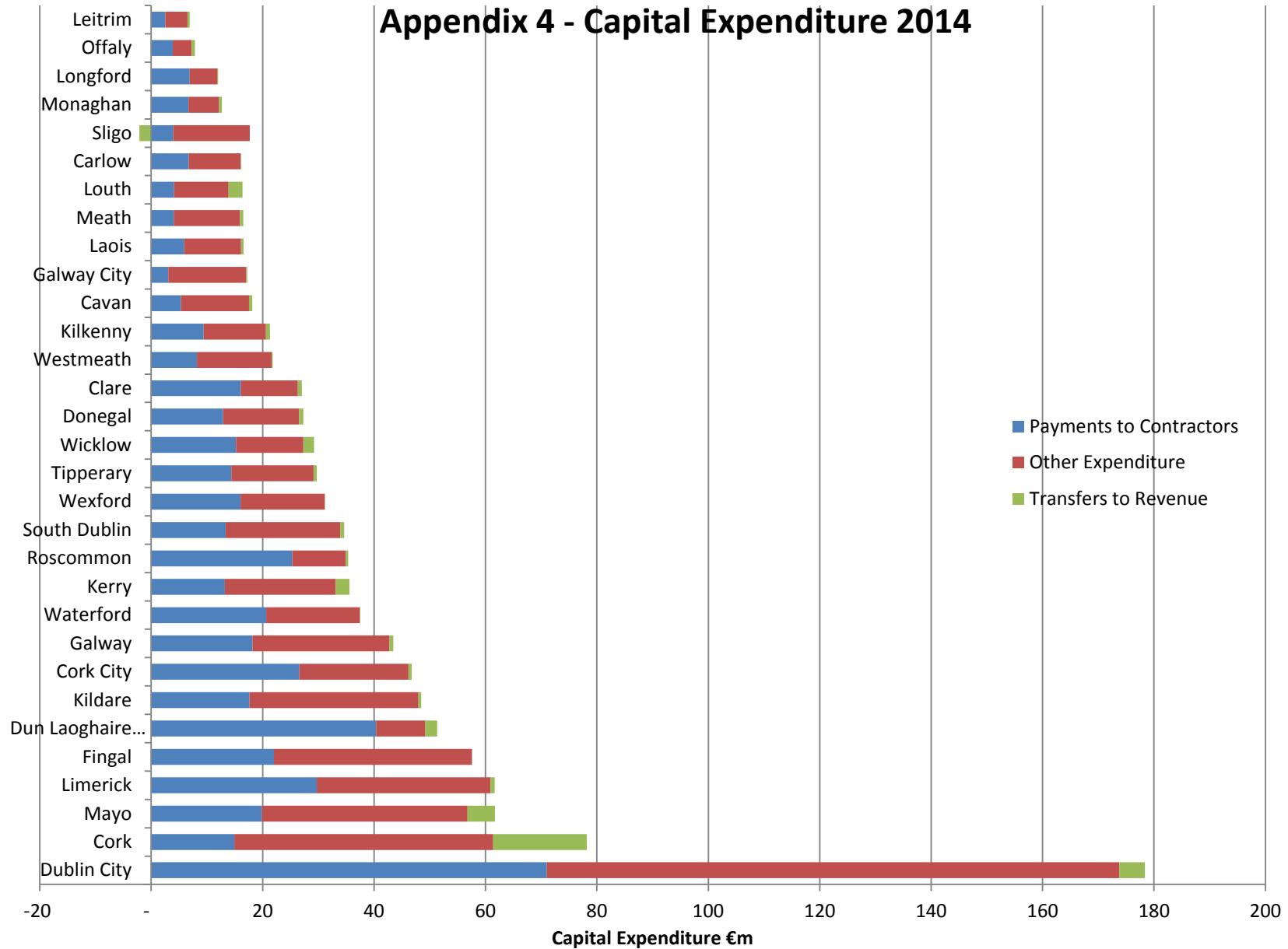
Appendix 2 - Revenue Expenditure 2014



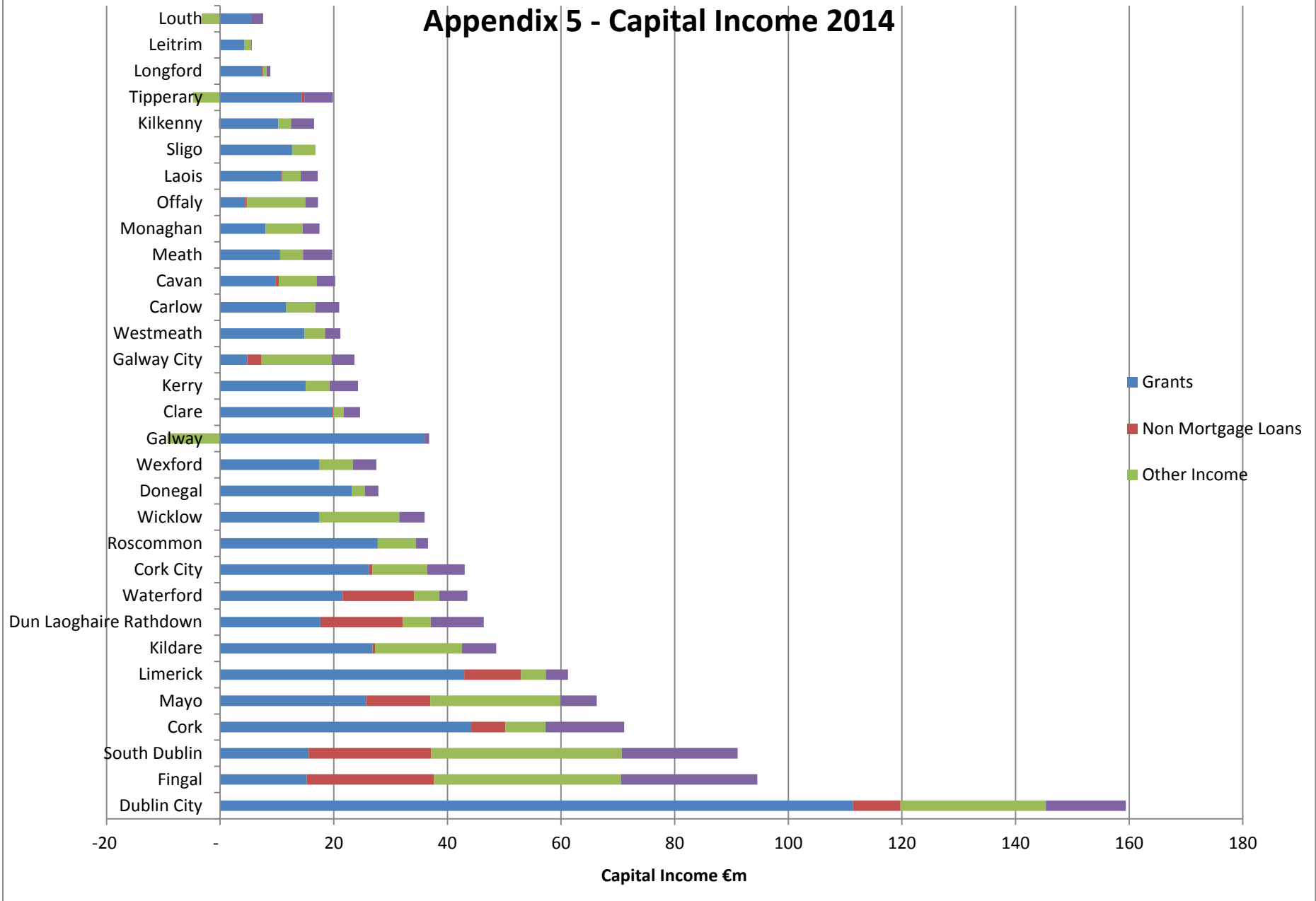
Appendix 3 - Revenue Income 2014



Appendix 4 - Capital Expenditure 2014



Appendix 5 - Capital Income 2014



Appendix 6 Fixed Assets

	LAND	PARKS	HOUSING	BUILDINGS	PLANT & MACHINERY	COMPUTERS ETC	HERITAGE	ROADS	WATER & SEWERAGE	TOTAL
Carlow	30,820,782	8,192,874	226,075,532	36,330,507	1,074,353	83,676	60,303	728,595,331	0	1,031,233,359
Cavan	37,847,480	323,607	193,143,134	59,709,795	1,365,926	153,312	203,792	1,223,501,168	0	1,516,248,215
Clare	56,966,092	4,293,834	272,299,410	131,821,698	2,288,065	461,206	831,651	2,248,450,276	0	2,717,412,232
Cork	416,127,878	223,737	1,283,935,988	256,884,097	5,207,595	181,394	17,119,716	5,949,292,190	88,051,588	8,017,024,185
Donegal	70,724,633	4,830,940	516,152,653	183,241,479	3,447,330	223,253	1,725,554	2,597,728,501	0	3,378,074,343
Dun Laoghaire Rathdown	146,926,778	4,023,891	1,121,946,012	221,799,636	863,104	574,615	676,684	1,671,897,429	85,722,570	3,254,430,719
Fingal	275,424,810	14,900,249	904,465,659	294,192,176	3,029,720	26,726	1,099,130	1,044,363,422	109,902,789	2,647,404,682
Galway	20,559,792	0	228,997,821	75,016,010	2,090,212	107,360	194,368	3,262,001,382	0	3,588,966,945
Kerry	139,539,377	6,588,579	441,362,725	120,256,595	2,864,843	755,417	2,935,312	2,776,246,759	0	3,490,549,607
Kildare	40,691,135	470,432	588,289,965	121,439,788	1,915,426	0	970,506	1,795,279,274	51,106,292	2,600,162,817
Kilkenny	54,209,613	10,717,339	283,212,813	53,573,007	3,499,897	457,468	515,871	2,293,560,000	0	2,699,746,007
Laois	22,625,142	0	252,301,497	85,419,388	896,187	13,748	10,946,522	1,522,127,700	0	1,894,330,184
Leitrim	1,435,027	3,478,198	66,884,838	33,362,959	616,931	61,662	363,592	734,173,996	0	840,377,203
Limerick	53,699,116	0	555,125,799	129,651,169	2,497,293	899,969	6,330,937	2,496,930,303	0	3,245,134,587
Longford	10,666,970	0	225,003,363	16,590,981	659,443	53,159	244,994	776,782,237	0	1,030,001,147
Louth	98,352,683	2,109,570	506,508,519	149,768,193	1,480,670	2,350,177	2,430,964	1,306,431,402	0	2,069,432,177
Mayo	147,196,287	3,122,314	209,262,628	159,669,985	1,428,002	210,916	2,575,556	2,916,347,235	0	3,439,812,923
Meath	71,979,251	190,000	397,615,196	106,630,349	1,711,904	-112,175	711,300	2,127,619,886	0	2,706,345,712
Monaghan	14,845,293	980,038	162,486,077	44,117,527	1,173,857	92,080	900,852	1,190,632,981	0	1,415,228,705
Offaly	39,590,753	1,760,706	214,813,950	66,964,170	1,531,575	208,828	166,000	1,147,497,027	0	1,472,533,009
Roscommon	30,282,217	162,686	128,559,996	39,302,769	1,095,051	16,180	1,096,400	1,615,664,454	0	1,816,179,753
Sligo	56,398,076	2,357,810	272,087,964	132,648,990	865,087	127,282	9,063,942	1,170,130,000	0	1,643,679,149
South Dublin	49,735,710	4,208,165	1,579,906,918	352,216,698	2,720,978	303,524	544,180	976,042,809	201,810,740	3,167,489,721
Tipperary	84,247,286	192,316	494,875,333	128,675,291	5,297,660	610,080	1,120,929	2,970,123,284	0	3,685,142,179
Waterford	40,321,346	2,243,165	604,736,869	133,264,830	4,028,135	145,758	3,344,812	1,339,240,596	3,711,970	2,131,037,481
Westmeath	49,752,841	380,924	264,499,413	121,299,393	2,291,562	117,874	1,301,791	1,859,639,551	0	2,299,283,349
Wexford	69,352,232	2,081,069	492,841,721	246,200,456	3,890,627	369,980	2,173,649	1,765,162,542	48,550,110	2,630,622,385
Wicklow	178,821,815	0	816,074,912	92,883,494	2,615,172	362,998	623,475	1,483,677,692	0	2,575,059,558
Cork City	31,443,847	5,108,534	1,690,921,128	128,438,939	853,863	358,505	83,913,452	1,130,886,062	32,514,170	3,104,438,499
Dublin City	154,027,306	26,624,009	5,857,947,844	851,699,283	4,563,507	516,547	275,883,098	2,462,865,891	456,627,676	10,090,755,161
Galway City	86,097,467	92,231	413,782,194	140,313,823	367,063	236,865	599,707	393,608,624	0	1,035,097,974
	2,580,709,037	109,657,217	21,266,117,870	4,713,383,474	68,231,037	9,968,383	430,669,040	56,976,500,004	1,077,997,904	87,233,233,966

Appendix 7 Non-Mortgage Loans

	2011	2012	2013	2014
Local Authority	€	€	€	€
Carlow	20,409,208	20,473,597	19,472,322	21,447,280
Cavan	12,319,463	12,841,514	15,897,883	14,779,948
Clare	90,439,708	102,955,796	95,623,683	95,782,614
Cork	327,794,986	344,583,219	337,395,687	323,907,907
Donegal	76,879,443	95,833,070	93,630,852	96,454,708
Dun Laoghaire Rathdown	70,138,554	65,505,208	60,607,395	70,197,042
Fingal	214,655,631	209,872,613	207,720,575	171,266,399
Galway	80,855,958	75,926,829	79,327,317	59,058,073
Kerry	63,667,186	63,564,017	60,216,115	71,859,877
Kildare	60,461,482	58,077,213	55,191,555	56,462,465
Kilkenny	13,948,685	12,518,849	11,110,178	9,668,319
Laois	21,894,209	22,075,949	22,933,511	21,460,836
Leitrim	9,304,686	8,617,182	7,907,208	7,148,255
Limerick*	52,003,676	50,521,423	45,698,018	39,379,385
Longford	15,625,955	14,785,306	18,542,373	18,484,172
Louth	16,552,076	16,504,049	27,247,557	85,586,513
Mayo	61,710,767	82,705,379	78,327,612	90,517,728
Meath	57,550,760	56,360,210	54,308,414	59,209,611
Monaghan	10,256,688	9,273,496	8,638,855	8,699,664
Offaly	36,549,308	34,698,514	33,264,386	40,897,547
Roscommon	11,539,208	23,955,209	21,860,968	18,112,780
Sligo	48,529,150	57,105,985	60,819,120	85,660,713
South Dublin	69,998,309	70,087,123	69,423,456	80,803,721
Tipperary*	38,338,288	38,609,921	36,635,629	40,409,431
Waterford*	70,805,086	73,849,365	70,855,423	86,079,918
Westmeath	75,522,540	74,843,252	77,201,194	81,553,687
Wexford	95,457,013	92,237,372	88,838,912	88,988,328
Wicklow	68,725,937	83,257,908	85,036,973	93,713,651
Cork City	115,493,876	113,362,322	109,462,790	87,056,715
Dublin City	299,598,757	307,078,825	265,667,357	185,659,080
Galway City	70,318,369	71,733,367	61,913,486	51,991,512
Total City and County Councils	2,277,344,962	2,363,814,082	2,280,776,804	2,262,297,877

Note: Figures for 2014 relate to merged authorities while figures for previous years shown relate to city and county councils only. Figures for 2011, 2012 and 2013 for Limerick City and County, North and South Tipperary and Waterford City and County have been combined for comparison purposes.

Appendix 8 Mortgage Loans

2014	Mortgage Loans Payable including Rented Equity	Mortgage Loans Receivable including Rented Equity
Local Authority	€	€
Carlow	10,144,940	10,321,653
Cavan	5,241,895	6,377,722
Clare	11,987,170	12,804,824
Cork	86,111,088	91,046,744
Donegal	29,935,526	31,241,069
Dun Laoghaire Rathdown	15,908,343	14,216,999
Fingal	146,170,517	147,250,452
Galway	25,271,617	25,353,315
Kerry	13,448,929	14,582,906
Kildare	40,703,662	50,286,873
Kilkenny	34,264,952	34,453,538
Laois	64,077,024	64,639,532
Leitrim	1,097,390	2,044,309
Limerick	18,109,278	20,363,431
Longford	9,630,098	12,805,844
Louth	12,226,163	13,222,084
Mayo	38,657,980	38,870,046
Meath	19,402,372	19,777,491
Monaghan	14,090,745	12,994,238
Offaly	7,147,545	6,234,963
Roscommon	2,113,983	2,356,387
Sligo	16,110,156	17,481,095
South Dublin	59,397,639	59,391,118
Tipperary	19,989,136	19,864,608
Waterford	46,901,520	48,113,012
Westmeath	28,060,116	28,573,455
Wexford	46,571,120	49,497,676
Wicklow	22,739,611	17,899,239
Cork City	30,524,397	30,647,083
Dublin City	304,680,953	314,829,418
Galway City	16,741,087	16,078,447
Total City and County Councils	1,197,456,950	1,233,619,570

Appendix 9 Rates Collection

Local Authority	Arrears at 01/01/2014	Accrued	Write Off & Waivers	Total for Collection	Collected	Arrears at 31/12/2014	2014%
County Councils	€	€	€	€	€	€	
Carlow	4,343,815	14,455,527	4,501,944	14,297,398	10,706,965	3,590,433	75%
Cavan	4,786,002	13,336,541	2,118,319	16,004,225	11,129,638	4,874,587	70%
Clare	13,144,987	42,441,664	1,031,383	54,555,268	40,869,135	13,686,133	75%
Cork	27,849,678	125,653,059	14,560,634	138,942,103	110,296,011	28,646,092	79%
Donegal	17,278,205	30,729,915	7,821,181	40,186,939	22,608,627	17,578,313	56%
Dun Laoghaire Rathdown	22,444,147	83,497,572	6,923,895	99,017,824	76,771,437	22,246,387	78%
Fingal	12,712,253	119,459,309	7,407,882	124,763,680	114,887,009	9,876,671	92%
Galway	10,598,643	25,675,485	5,410,953	30,863,175	20,819,354	10,043,821	67%
Kerry	10,560,102	41,169,215	9,623,071	42,106,246	32,691,594	9,414,652	78%
Kildare	15,109,179	57,832,218	15,730,365	57,211,033	44,456,026	12,755,007	78%
Kilkenny	2,621,364	18,457,490	3,213,668	17,865,186	15,850,415	2,014,771	89%
Laois	3,795,590	12,602,815	3,376,325	13,022,080	9,040,193	3,981,886	69%
Leitrim	2,189,011	5,177,063	650,485	6,715,589	4,043,707	2,671,882	60%
Limerick	25,505,113	53,649,542	8,059,416	71,095,239	46,128,313	24,966,926	65%
Longford	2,610,571	7,660,915	1,555,136	8,716,349	6,074,093	2,642,256	70%
Louth	23,542,325	33,294,695	15,045,812	41,791,208	23,414,231	18,376,977	56%
Mayo	5,716,353	25,805,128	5,695,745	25,825,737	19,456,051	6,369,686	75%
Meath	6,793,918	33,218,074	4,748,833	35,263,160	28,395,082	6,868,078	81%
Monaghan	5,182,379	12,527,216	2,494,422	15,215,173	9,773,257	5,441,916	64%
Offaly	2,525,317	14,962,588	3,897,122	13,590,783	11,161,165	2,429,618	82%
Roscommon	2,608,131	11,182,951	2,735,271	11,055,811	8,814,379	2,241,431	80%
Sligo	6,754,444	13,034,073	5,073,136	14,715,381	9,906,663	4,808,718	67%
South Dublin	34,581,886	122,879,937	5,318,856	152,142,967	121,855,403	30,287,564	80%
Tipperary	7,605,355	30,861,894	4,162,530	34,304,719	24,728,932	9,575,787	72%
Waterford	10,683,698	32,860,097	4,856,960	38,686,835	27,670,587	11,016,248	72%
Westmeath	3,729,373	12,957,410	594,751	16,092,031	11,685,988	4,406,043	73%
Wexford	12,258,994	30,574,072	4,775,752	38,057,315	26,849,026	11,208,289	71%
Wicklow	12,800,745	29,937,895	5,269,531	37,469,108	25,885,238	11,583,870	69%

Appendix 9 Rates Collection

Local Authority	Arrears at 01/01/2014	Accrued	Write Off & Waivers	Total for Collection	Collected	Arrears at 31/12/2014	2014%
City Councils	€	€	€	€	€	€	
Cork City	21,646,130	64,156,781	4,502,783	81,300,128	58,927,699	22,372,429	72%
Dublin City	73,993,050	342,234,446	33,699,776	382,527,720	319,929,702	62,598,018	84%
Galway City	17,726,354	35,053,433	6,901,600	45,878,187	30,360,509	15,517,678	66%
Total City and County Councils	423,697,112	1,497,339,019	201,757,536	1,719,278,594	1,325,186,429	394,092,166	77%

Appendix 10 Housing Rents Collection

Local Authority	Arrears at 01/01/2014	Accrued	Write Off & Waivers	Total for Collection	Collected	Arrears at 31/12/2014	2014%
County Councils	€	€	€	€	€	€	
Carlow	405,684	5,235,867	25,613	5,615,937	5,134,202	481,736	91%
Cavan	1,033,779	4,740,698	98,879	5,675,598	4,694,732	980,866	83%
Clare	1,053,181	5,923,699	38,072	6,938,808	5,989,228	949,579	86%
Cork	1,800,514	16,440,154	377,446	17,863,222	16,214,496	1,648,726	91%
Donegal	1,423,390	10,898,450	55,207	12,266,634	10,948,697	1,317,937	89%
Dun Laoghaire Rathdown	3,606,893	13,067,361	606,081	16,068,173	12,870,522	3,197,651	80%
Fingal	1,950,512	17,799,877	0	19,750,390	17,900,684	1,849,705	91%
Galway	856,249	6,573,469	3,115	7,426,603	6,511,035	915,568	88%
Kerry	620,644	10,876,345	41,645	11,455,344	10,725,419	729,925	94%
Kildare	1,708,093	9,170,322	25,293	10,853,123	9,471,409	1,381,714	87%
Kilkenny	702,301	6,853,543	11,083	7,544,761	6,915,884	628,877	92%
Laois	279,207	5,326,701	29,737	5,576,171	5,308,408	267,763	95%
Leitrim	202,292	1,944,509	928	2,145,873	1,873,515	272,358	87%
Limerick	1,614,089	14,187,928	1,382	15,800,636	13,747,486	2,053,150	87%
Longford	800,104	4,923,086	2,674	5,720,517	4,929,761	790,756	86%
Louth	1,837,665	9,578,476	20,359	11,395,782	9,312,774	2,083,007	82%
Mayo	1,167,900	5,796,924	63,692	6,901,131	5,732,093	1,169,037	83%
Meath	1,420,110	8,683,956	40,803	10,063,263	8,493,755	1,569,508	84%
Monaghan	268,227	3,683,175	8,682	3,942,719	3,729,063	213,656	95%
Offaly	812,210	4,898,301	5,957	5,704,553	4,933,842	770,711	86%
Roscommon	376,810	3,911,159	6,642	4,281,328	3,968,719	312,609	93%
Sligo	1,146,684	4,896,589	3,218	6,040,054	4,652,873	1,387,181	77%
South Dublin	7,258,737	21,999,344	0	29,258,081	21,430,247	7,827,834	73%
Tipperary	942,657	12,653,309	15,062	13,580,904	12,520,209	1,060,695	92%
Waterford	2,821,682	11,853,326	56,788	14,618,221	11,378,362	3,239,859	78%
Westmeath	380,276	5,589,665	42,662	5,927,279	5,543,287	383,992	94%
Wexford	1,491,677	13,583,506	20,150	15,055,033	13,612,360	1,442,673	90%
Wicklow	898,323	11,863,890	20,553	12,741,660	11,721,111	1,020,549	92%

Appendix 10 Housing Rents Collection

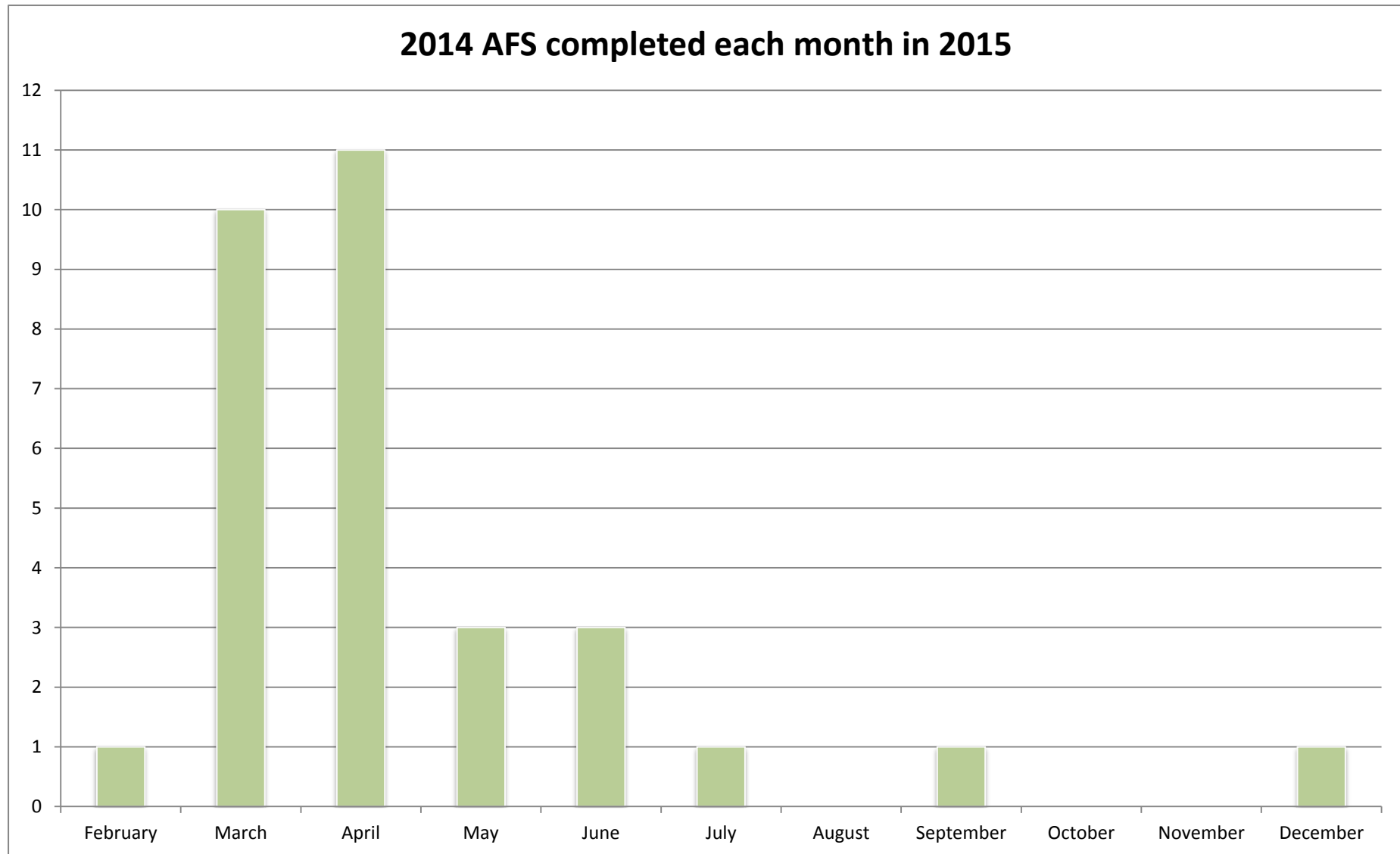
Local Authority	Arrears at 01/01/2014	Accrued	Write Off & Waivers	Total for Collection	Collected	Arrears at 31/12/2014	2014%
City Councils	€	€	€	€	€	€	
Cork City	3,341,763	19,844,963	0	23,186,726	19,326,449	3,860,277	83%
Dublin City	20,286,907	71,131,560	700,964	90,717,503	71,077,232	19,640,271	78%
Galway City	2,201,404	7,278,483	61,190	9,418,696	7,354,930	2,063,767	78%
Total City and County Councils	64,709,963	351,208,633	2,383,876	413,534,720	348,022,785	65,511,936	84%

Appendix 11 Housing Loans Collection

Local Authority	Arrears at 01/01/2014	Accrued	Write Off & Waivers	Total for Collection	Collected	Arrears at 31/12/2014	2014%
County Councils	€	€	€	€	€	€	
Carlow	266,667	759,494	0	1,026,160	842,181	183,979	82%
Cavan	215,936	460,467	-738	677,142	455,250	221,892	67%
Clare	764,614	1,007,278	3,016	1,768,876	1,079,146	689,730	61%
Cork	4,338,073	6,337,040	14,181	10,660,932	5,694,760	4,966,172	53%
Donegal	1,058,308	2,095,009	36	3,153,281	1,994,908	1,158,373	63%
Dun Laoghaire Rathdown	762,943	1,275,622	0	2,038,565	1,171,224	867,341	57%
Fingal	241,318	18,166,700	0	18,408,018	18,002,793	405,225	98%
Galway	718,983	2,213,466	237	2,932,212	2,195,036	737,176	75%
Kerry	197,211	1,239,001	357	1,435,855	1,184,687	251,168	83%
Kildare	3,879,565	3,393,005	195,823	7,076,747	2,953,744	4,123,003	42%
Kilkenny	893,741	2,281,834	1,929	3,173,646	2,459,230	714,417	77%
Laois	1,551,212	3,664,516	8,053	5,207,675	3,222,571	1,985,104	62%
Leitrim	109,255	192,132	770	300,617	179,595	121,022	60%
Limerick	598,023	1,749,259	2,720	2,344,562	1,794,813	549,750	77%
Longford	586,206	1,120,455	56	1,706,605	964,208	742,397	56%
Louth	502,826	784,376	24	1,287,178	844,599	442,579	66%
Mayo	1,778,403	3,210,482	6,575	4,982,310	3,246,657	1,735,654	65%
Meath	514,378	1,291,257	-62	1,805,697	1,141,888	663,809	63%
Monaghan	205,138	862,942	0	1,068,079	858,778	209,301	80%
Offaly	399,223	574,279	58,881	914,621	563,715	350,906	62%
Roscommon	316,736	239,604	127,340	428,999	227,557	201,442	53%
Sligo	1,040,291	1,067,389	3,936	2,103,744	964,396	1,139,348	46%
South Dublin	202,159	5,009,129	0	5,211,289	4,677,738	533,551	90%
Tipperary	526,648	1,669,423	1,029	2,195,042	1,672,059	522,983	76%
Waterford	2,279,110	3,034,309	171,694	5,141,725	2,750,240	2,391,486	53%
Westmeath	1,594,905	1,212,702	4,401	2,803,206	1,733,851	1,069,356	62%
Wexford	1,045,729	3,776,342	-4	4,822,075	3,630,027	1,192,048	75%
Wicklow	524,266	1,393,190	0	1,917,455	1,405,371	512,085	73%

Appendix 11 Housing Loans Collection

Local Authority	Arrears at 01/01/2014	Accrued	Write Off & Waivers	Total for Collection	Collected	Arrears at 31/12/2014	2014%
City Councils	€	€	€	€	€	€	
Cork City	858,647	2,800,819	7,429	3,652,037	2,693,031	959,006	74%
Dublin City	13,152,150	23,113,370	0	36,265,520	21,130,408	15,135,112	58%
Galway City	450,927	1,345,455	1,708	1,794,674	1,458,774	335,900	81%
Total City and County Councils	41,573,590	97,340,345	609,391	138,304,544	93,193,232	45,111,311	67%



Appendix 13 – The Local Government Audit Service

Introduction

The LGAS provides independent scrutiny of the financial stewardship of local authorities. Its role is to:

- Carry out audits of local authorities and other bodies in accordance with its Code of Audit Practice, thereby fostering the highest standards of financial stewardship, governance and public accountability;
- Promote the achievement of value for money in local authorities by undertaking Value for Money (VFM) studies and publishing reports thereon.

The Minister for the Environment, Community and Local Government appoints auditors, known as local government auditors, to carry out or assist in the carrying out of audits of local and other bodies. The Local Government Audit Service (LGAS) audits the accounts of city and county councils, including regional authorities, motor taxation offices and other bodies.

The Director of Audit is the organisational head of the service. This post is a statutory position and the main functions, as prescribed in section 116 of the Local Government Act, 2001 are to:

- a) Organise, direct and allocate resources within the LGAS;
- b) Assign audits of local authorities and other bodies to Local Government Auditors;
- c) Provide such advice and assistance as the Minister may, from time to time, require for the purposes of maintaining a Code of Audit Practice;
- d) Direct the Local Government Value for Money Unit established by section 14 of the Local Government (Financial Provisions) Act, 1997, and to ensure that the work of the unit is incorporated into local government audit practice.

Each local government auditor is assigned an audit district under warrant of authority from the Director of Audit. Local government auditors are independent of the Department when discharging their professional functions. This independence is protected in legislation in accordance with section 116(2) of the Local Government Act, 2001.

Audit districts comprise a number of audits grouped, as far as possible, in convenient geographical areas, and these districts are further grouped into four regions, Western, Southern and two Eastern. Principal auditors lead in the regional organisation and supervision of audits. In addition they have direct responsibility for the major audits in their region. One principal auditor has responsibility for managing the Value for Money Unit.

Staff Resources

The following are the current staff numbers in the LGAS.

Staff Grades	Current No.
Director of Audit	Vacant
Principal Local Government Auditors	5
Local Government Auditors	17
Assistant Auditors	9
Executive Officer	1
Total	32

All audit staff are professionally qualified accountants and have for many years been recruited externally, having worked in industry, professional accounting practices, public sector bodies, and this mix of skills enhances the organisation.

Local Government Audit Framework

The statutory audit of local government is provided for in sections 114 to 126 of the Local Government Act, 2001, as amended by the Local Government Reform Act 2014. The revised Code of Audit Practice was approved in December 2014 by the Minister for the Environment, Community and Local Government, which covers:

- Framework for Local Government Audit;
- Professional Audit Service;
- Financial and Performance Audit;
- Local Government Audit Reporting.

The LGAS is committed to the on-going improvement of its financial audit procedures. This involves the development of audit guidance on many aspects of the audit process and the implementation of an electronic working papers system (TeamMate). Some of the features of the TeamMate software as implemented by the LGAS are:

- Risk Assessment module
- Standard format of audit files
- Standard audit tests
- Improved tracking of matters arising at audit
- Guidance notes for audit staff
- Audit file and data encryption
- Centralised retention of audit files.

This system has been fully implemented in the LGAS, with auditors now using this software on all audits. It is intended to further develop and improve the standard audit approach, including the use of TeamMate, on an on-going basis. All electronic audit working papers on the TeamMate system are automatically encrypted. In order to mitigate the risk of the loss of sensitive client data, all audit data is held on a centralised database.

Audit Work Programme

The financial statements of local authorities are prepared to 31 December each year. All 31 city and county council audits for 2014 were completed in 2015.