



With reference to the consideration by the Audit Committee of the Audited Annual Financial Statement (AFS) for 2021 and the Local Government Auditor's report on the Accounts of Dublin City Council for 2021.

Section 60 of the Local Government Reform Act 2014 places a specific reporting requirement on Audit Committees in relation to the Audited Annual Financial Statement and the Local Government Auditor's report. The Act requires the Audit Committee to consider both reports at the next meeting of the Committee, following receipt. The Audit Committee is then required to report formally to the City Council on its consideration.

The reports were considered at the meeting of the Audit Committee held on 1st December 2022. Ms. Ita Howe, Principal Local Government Auditor (PLGA), Mr. Owen Keegan, Chief Executive, Ms. Kathy Quinn, Deputy Chief Executive and Mr Paddy Brennan, Head of Internal Audit were present to deal with queries raised by the Committee.

The PLGA presented her report and the corresponding sections within the AFS for 2021. During the presentation of her report the following issues were, inter alia, comprehensively discussed and dealt with by the Audit Committee.

The Audit Committee noted the Emphasis of Matter paragraph in the Local Government Auditor's report in relation to Covid 19 and the continued impacts on the finances of local authorities during 2021 of the Covid-19 outbreak and the emergency measures taken to mitigate it.

Financial Position

The PLGA reported that the Council recorded a surplus of €6.56m in 2021 giving a general reserve of €41.3m at year end.

Housing Rents

The Audit Committee noted the net rent and annuities arrears figure at the end of 2021 is €36.8m which includes Traveller accommodation arrears of €910k, RAS arrears of €1.2m and homeless arrears of €1.67m. Various strategies being implemented by management to reduce arrears were noted. There was a discussion on recoverability of categories of debt and the AC once again noted that deduction at source for social welfare recipients would make a significant difference to arrears levels.

Rates

The Audit Committee noted collection yield of 87% reflecting an improvement of 3% on 2020. Rates arrears increased by 4% to €38.1m, primarily related to the office sector which did not qualify for the commercial rates waiver in 2021. The Audit Committee were advised that collection rates have improved and are practically back to 2019 levels and performance on debt collection remains a priority for the Rates Office.

Housing Loans

The Audit Committee noted a 2% improvement on the collection yield for Housing Loans and ongoing efforts to assess options, including restructuring of €16.5m shared ownership loans which are in arrears.

Development Contributions

The Audit Committee were advised by the PLGA that good progress was being made in relation to the management and collection of development contributions owing to Dublin City Council.

Debtors

The Audit Committee noted the Local Government Auditors report on the systems in place to manage debtors and the management response to improve the debtor collection process. The Committee welcomed the recommendation for a more systemised approach to bad debt provisioning and noted management's commitment to prioritise this in 2023.

Capital Account

The Audit Committee noted the credit balance of €196.7m in the Capital Account in 2021 and reviewed the PLGA findings and management responses on matters relating to the Dublin Waste to Energy Facility, the Dublin District Heating scheme, Dolphin House Construction Phase 1, the redevelopment of Buttercup Park and the Depot Consolidation Project.

Procurement

The Audit Committee noted the issues raised by the PLGA in relation to procurement and the number of contracts across all departments which are not compliant with the Procurement Directives, and noted that it is critical that Oracle's Financial Management System controls are implemented to ensure an integrated approach to procurement and purchasing.

Road Opening Licences

The PLGA reported to the Committee on the value of related deposits held by DCC.

Other Issues

All other queries raised by the Audit Committee were satisfactorily addressed by the Principal Local Government Auditor, the Chief Executive and the Head of Finance.

Accordingly, on behalf of the Audit Committee I recommend this report to the City Council for noting.

Louise Ryan

Chairperson

15th December 2022