To the Lord Mayor and
Members of Dublin City Council

Report No. 27/2025
Report of the Chief Executive

Comhairle Cathrach
Bhaile Átha Cliath
Dublin City Council

WITH REFERENCE TO THE AUDIT REPORT OF THE ANNUAL FINANCIAL STATEMENTS 2023

Herewith please find Report 27/2025 Audit Report of the Annual Financial Statements 2023.

Richard Shakespeare
Chief Executive
Dublin City Council

6th January, 2025.

Rialtas na hÉireann
Government of Ireland

Statutory Audit Report to the Members of Dublin City Council for the Year Ended 31 December 2023

Local Government Audit Service

Prepared by the Department of Housing, Local Government and Heritage
gov.ie/housing

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Auditor’s Report to the Members of Dublin City Council

1 Introduction

I have audited the Annual Financial Statement (AFS) of Dublin City Council for the year ended 31 December 2023, which comprises the Statement of Accounting Policies, Statement of Comprehensive Income, Statement of Financial Position, Funds Flow Statement and notes to and forming part of the accounts. The financial reporting framework that has been applied in its preparation is the Code of Practice and Accounting Regulations for Local Authorities, as prescribed by the Minister for Housing, Local Government and Heritage.

My main statutory responsibility, following completion of the audit work, is to express my independent audit opinion on the AFS of the Council, as to whether it presents fairly the financial position at 31 December 2023 and its income and expenditure. My audit opinion, which is unmodified, is stated on page 8 of the AFS.

The Council is by law, responsible for the maintenance of all accounting records including the preparation of the AFS. It is my responsibility, based on my audit, to form an independent opinion on the statement and to report my opinion. I conducted my audit in accordance with the Code of Audit Practice. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the AFS. It also includes an assessment of the significant estimates and judgments made by the Council’s management in the preparation of the AFS, and of whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations, which I considered necessary to provide sufficient evidence to give reasonable assurance that the financial statement is free from material misstatement, whether caused by fraud or error.

This report is prepared in accordance with Section 120(1) (c) of the Local Government Act, 2001 and should be read in conjunction with the audited AFS.

2 Financial Standing

2.1 Statement of Financial Position

In 2023, the Council recorded a deficit of €5.21m (2022, €613k surplus) in the Statement of Comprehensive Income. Over-expenditure was approved by the members at their meeting on the 8th April 2024 pursuant to S104 of the Local Government Act, 2001. This amount is after net transfers to reserves of €64.2m (2022, €62.7m). The General Reserve in the Balance Sheet is €41.9m as at year-end 2023 (2022, €41.3m). The main variances between the adopted budget and the AFS are reflected in Note 16 of the AFS.

3 Income Collection

3.1 Summary of Income Collection

A summary of the revenue collections area as follows:

	Debtors			Yield		
Income	2023	2022	2021	2023	2022	2021
Rates	€28.5m	€30.6m	€38.1m	93%	92%	87%
Rents & Annuities	€36.1m	€37.0m	€35.0m	73%	72%	73%
Housing Loans	€6.0m	€5.9m	€6.1m	77%	77%	77%

3.2 Government Debtors

In 2023 Government debtors of €236m increased by 96% when compared with last year's figures of €120m. This difference mainly relates to accruals totalling circa €86m of which €42.7m related to submitted claims to the Department. The balance of €43.3m related to Departmental budget approval requests. It is noted that Dublin City Council has now agreed with the Department that claims for all stages of development at the time of completion can be made, where previously the projects needed to be at stage 4 before monies could be claimed.

Chief Executive's Response

Significant work is being put into reducing the level of Government debtors outstanding. A working group has been established in Housing to address the issue with staff currently working through the claims for projects with stage approval prior to stage 4.

3.3 Miscellaneous Debtors Management

A significant amount of work was undertaken to provide a follow-up system for Miscellaneous debtors within Oracle, however, the records on these category of debtors is completely inadequate, showing no notes of action undertaken. Each department needs to prioritise these debtor arrears and undertake to detail all actions taken to ensure that the debt is collected. I will review this at the next audit.

Chief Executive's Response

The Finance Department provided additional training to the Oracle Accounts Receivable users, highlighting Oracle's functionality in debtor management

including recording all follow up actions undertaken.
The Finance Department will address the concerns raised with the Executive managers in each Department and continue to highlight the importance of using this Oracle functionality in the follow up on the debtors.

3.4 Rates

Rates yield has improved further in 2023 to 93% showing an improvement on last year's figure of 1%. Arrears have improved by circa €9.7m in two years representing a significant improvement of 25% on the 2021 arrears figure.

Debtors			Yield		
2023	2022	2021	2023	2022	2021
€28.4	€30.6m	€38.1m	93%	92%	87%

In reviewing rates greater than €10k in arrears, it is noted that the amount and the number of accounts in arrears under the category liquidations/legal process have decreased by €3.64m and 36 accounts respectively. The arrears amount being pursued has increased by 77% from €1.77m to €3.14m year on year. The number of accounts in payment plans has reduced by 102 accounts while the monies owing remain similar to last year's figures for a reduced number of accounts.

Rates Collection Status for accounts >€10k	Arrears €m	No of Accounts	Arrears €m	No of Accounts
	2023	2023	2022	2022
Payment Plans	€8.10	249	€8.15	351
Liquidation/Legal Process	€6.82	274	€10.46	310
Being Pursued	€3.14	104	€1.77	77
Total	€18.06	627	€20.38	738

Rates arrears continue to be monitored closely.

Chief Executive's Response

Commercial rates income represents 30% of revenue funding and is critical to financing services and therefore continues to be proactively managed to ensure maximisation of collection.

3.5 Rents & Annuities

The percentage collection rate has improved by 1% in 2023 at 73% (2022: 72%). The collection of rents remains challenging. Arrears have reduced by circa €1m leaving a net figure of €36.1m (2022: €37.1m). Homeless arrears in 2022 of 1.9m have been written off due to the historical nature of monies owing and lack of traceability.

The following table shows the overall breakdown of rental arrears in 2023 and compares it to 2022 figures by rent arrears category.

Summary Rental Arrears	2023		2022	
Range	No of Accounts	Amount €	No of Accounts	Amount €
>10,000	1,008	16,195,158	982	15,611,554
€5,000- €10,000	1,627	11,458,872	1,853	12,797,024
€1,000-€5,000	4,301	10,775,335	4,271	10,915,099
€500-€1000	1,826	1,311,024	1,682	1,217,847
€100-€500	3,858	982,513	3,265	823,104
< €100	3,139	140,857	2,847	120,412
Zero Balance	128	-	237	
Credit Balances	11,292	- 4,755,014	11,420	- 4,405,123
Total	27,179	36,108,744	26,557	37,079,917

The number of accounts have increased by 622 and shows a marked increase in arrears in the various arrears categories with the exception of the €5k to €10k category. The arrears decreased from €39.3m to €38.4m above the range of €1k showing a marked decrease in the higher arrears categories. It is noted that of the 27,179 accounts, 58% of the accounts are in arrears in 2023 compared with 56% in 2022.

A further breakdown by categories are set out in the tables below for Rents and RAS arrears.

Range	Rents 2023		Rents 2022		RAS 2023		RAS 2022	
	No of Accounts	Amount €	No of Accounts	Amount €	No of Accounts	Amount €	No of Accounts	Amount €
>10,000	948	14,825,025	916	14,304,701	30	497,239	29	453,288
€5,000- €10,000	1540	10,838,672	1,523	10,676,523	52	365,261	50	339,790
€1,000-€5,000	4078	10,193,142	3,987	10,111,360	134	335,628	146	359,907
€500-€1000	1734	1,243,725	1,612	1,168,071	56	41,770	51	36,371
€100-€500	3692	939,102	3,129	785,902	119	30,117	104	27,162
< €100	3034	136,199	2,732	115,618	66	3,121	80	3,235
Zero Balance	122		230		3		6	
Credit Balances	10973	- 4,560,485	11,081	- 4,292,998	221	- 104,960	269	- 78,568
Total	26121	33,615,380	25210	32,869,177	681	1,168,176	735	1,141,185

For both Rents and RAS, the arrears have increased year on year and shows a consistent increase in all rental arrears ranges. There needs to be a more focused approach to the collection of rental arrears.

Range	Rent to Buy 2023		Rent to Buy 2022		Travellers 2023		Travellers 2022	
	No of Accounts	Amount €	No of Accounts	Amount €	No of Accounts	Amount €	No of Accounts	Amount €
>10,000	3	182,694	3	160,694	27	690,199	22	561,408
€5,000- €10,000	2	13,200	1	6,400	33	241,739	30	205,152
€1,000-€5,000	1	2,220	2	4,940	88	244,345	65	172,873
€500-€1000					35	25,529	16	11,226
€100-€500			1	240	47	13,294	30	9,310
< €100					39	1,537	34	1,543
Zero Balance					3			
Credit Balances	17	- 22,248	5	- 4,808	80	- 67,321	62	- 27,961
Total	23	175,866	12	167,466	352	1,149,322	259	933,551

Again both Rent to Buy and Traveller arrears show a consistent increase in arrears in all ranges of monies owing. I am informed that the new rental system should improve the collection percentage and bring more focus to reporting and rental arrears analytics. Currently the rent arrears follow up is not sufficient and the notes on file are lacking in detail.

Chief Executive's Response

The collection of rents remains challenging. Currently, 32.23% of rent accounts are in arrears of over €500. However, based on current rent projections we expect a collection rate of 96.95%. The recent increase in Possession Orders granted by the Courts have had a significant impact on the number of tenants willing to engage in relation to their rent and arrears repayments.

To date in 2024, 10 Possession Orders have been granted by the Courts and are awaiting execution. From 2023 to date in 2024, 18 evictions have been executed. Tenants are becoming more aware of the consequences of not paying their weekly rent charge. MABS have also reported an increase in requests from tenants looking for support with entering into repayment agreements which will allow for a further reduction in the overall total of rent arrears.

3.6 Loans

In 2023, the collection yield of 77% remained the same as 2022 for housing loans. Arrears continue to be monitored closely. The table below identifies the loan arrears under various categories of follow-up action.

Debt Category	2023 No of Accounts	2023 Arrears €000	2022 No of Accounts	2022 Arrears €000
Legal/Sales/Redeemed/Repossessed	58	1201	-	-
Mortgage to Rent(MTR)	11	581	12	656
Mortgage Arrears Resolution Process	186	3081	209	3793
Restructuring	35	776	66	1800
Payment Plan	112	1283	116	1012
Arrears <1k	163	79	171	91
Nil Balance/Credits/Cash in Transit	1361	-957	1448	-1368
Total	**1926**	**6044**	**2,022**	**5,984**

In 2023, it is noteworthy that, 58 accounts with arrears of €1.2million are identified in the Legal/Sales/Redeemed/Repossessed category, while none were included in this category in 2022. There was an 11% reduction in the number of home loan accounts participating in the MARP process from 209 accounts in 2022 to 186 loan accounts totalling €3.08m in 2023. The number of accounts being restructured in 2023 within the shared ownership loans restructure program was 35 compared with 66 accounts in 2022. The number of accounts in arrears has reduced from 2,022 in 2022 to 1926, a reduction of 5% year on year.

Chief Executive's Response

In 2023, the collection yield for Mortgages was 77% which considering there were 3 interest rate increases since December 2022, it is very positive. The arrears figure is continuing to decrease, and each account in arrears is contacted and monitored in accordance with the Mortgage Arrears Resolution Process (MARP).

We have not repossessed or have any plans to repossess any Mortgages, however, we are pursuing some properties that will not engage through MARP or properties that maybe vacant through the Legal process.
We did not restructure as many Shared Ownership accounts during 2023 as the variable interest rate is currently 4%. However, if the interest rates decrease during 2024 and it is expected that interest rates will decrease, the Loans Section will be contacting all Shared Ownership borrowers with a view to Restructuring.

3.7 Bad Debt Provision

In 2023, there was €174.8m (2022, €161.5m) of bad debt provisions in place, an increase of 8% on last year's figures. The main provisions included government debtors of €7.18m (2022, €10.37m) rates of €21.4m (2022, €19.97m), loans of €6m (2022, €6.5m) and housing rents of €27.2m (2022, €26.1m). In addition, there is a €69.2m provision (2022, €65.4m) in place for development levies.

The provision for doubtful debts needs work, certain debtors would benefit from a more systematic process in determining a representative provision for doubtful debts each year. This work needs to be prioritised and available for next year's audit.

Chief Executive's Response

A detailed review of our bad debt provision was carried out in 2023 both centrally and at local level. The budget process also looked at the budgetary requirement around correct provisioning. As part of the preparation of the AFS 2024, each section will review and analyse their respective debtor accounts and apply appropriate provisions.

4 Development Contributions Amounts Due

A large body of work has been completed for records dating post 2016 and in this respect, I wish to commend the staff on their hard work in this area. The next phase of this work involves pre-2016 developments, which need to be inspected for completions and where appropriate, arrears follow-up action taken. The monies involved could be significant but their status is unclear given the time elapsed and the necessity that inspections take place. To ensure that all commencements/completions are accurate, it is important to inspect developments and ensure that monies owing are stated accurately and invoiced accordingly. Again, this is a significant body of work, where monies due need to be verified for accuracy, status and supporting evidence. This needs to be resourced and prioritised accordingly.

Chief Executive's Response

This work will continue for pre-2016 developments. A combination of desk based research and site inspections will be undertaken to ensure all commencements/completions and financial records are accurate. Close liaison will be maintained with HR Department regarding the filling of vacant posts. When properties change hands compliance certificates for contribution conditions will not be issued unless the condition in question has been met through the payment of any outstanding debt.

5 Historical Mortgage Funding Surplus

In last year's audit, it was noted that a Historical Mortgage Funding Surplus of €25.4m was recorded in Note 10 (under the line) to the AFS. The ‘Accounting for Income’, Department of Housing guidelines, state that a funding gap surplus/deficit cannot be left as a balance sheet item. It requires that the annual surplus form part of the annual estimate process. This needs to be regularised and taken account of in the 2025 Budget Estimates.

Chief Executive's Response

The Historical Mortgage Funding Surplus will form part of 2025 annual estimate process.

6 Affordable Housing

Interest only loans are recorded in Note 7 to the AFS under Bridging Finance at a figure of €57m (2022, €66.7m). €9.7m of the loans have been redeemed in 2023. These loans are due to mature in 2024 and may be rolled over further subject to the agreement of the Department of Housing, Local Government and Heritage (the Department). The affordable houses are categorised as social housing stock in the Fixed Assets.

Chief Executive's Response

It is DCC's intention to roll these loans over for a further 2 years until such time as a mechanism is put in place to deal with the issue at a national level.

7 Dublin Fire Brigade

An update was provided by Dublin Fire Brigade (DFB) regarding the annual funding deficit to the Dublin local authorities of providing the Dublin Fire Brigade Emergency Services. A portion of costs are currently being recouped from the HSE and a payment is made yearly of €9.18m to Dublin City Council (DCC). The annual funding deficit has increased from an estimated €9.41m in 2014 to €17.03m (estimated) in 2023.

The estimated cost to the Dublin local authorities of providing the DFB emergency ambulance service in 2023 is €26.21m. In April, 2024 the Government approved the recommendations of the Ambulance Task & Finish Group, brought jointly by Department of Housing, Local Government and Heritage and the Department of Health. As a requirement of the Task & Finish Group findings, Dublin City Council Dublin Fire Brigade have commenced an independent review to quantify the total cost associated with providing an ambulance service. It is expected that this review will be completed by Q3 2024, once completed DCC will engage with the HSE on agreeing a recoupment mechanism to ensure appropriate funding of the DFB emergency ambulance service.

Chief Executive's Response

Dublin City Council await the report and findings of the independent financial review on the costs of the provision of Ambulance service by DFB. Once received DCC will engage with the HSE on an agreed recoupment arrangement.

8 Income Streams in Capital

In last year's audit report, it was noted that a number of income streams recorded in Capital were not reflected in the Income & Expenditure consistent with the recognition of operational income. This has not yet been addressed and remains to be the case in this year's audit. All income streams going directly into the Capital account without firstly being recorded in the Income & Expenditure needs examination to ensure they are accounted for in compliance with the Accounting Code of Practice guidelines on income. Income including commercial rents, tolls, waste to energy dividends and parking need to be examined in this respect.

Chief Executive's Response

Currently the capital account income streams are accounted as part of the DCC's three year Capital Projects Programme to fund capital expenditure of the Council and form part of the funding mechanism of the asset base of the City.

9 Corporate Property Register

The Corporate Property Register is critical to safeguarding assets and informed decision making. This is an organisation wide project. Its purpose is to record all historical records to ensure that a complete list of all assets is available in one central area, referenced to folios, GIS spatial maps and deeds, which can then be reconciled to Fixed Assets and inform decision making. It is noted that a Project Board in addition to a project team from Service and Digital Transformation has been established to co-ordinate and work on the project. A consultancy firm has been engaged to develop business requirements and draft tender documentation for the potential solution. A significant piece of work on data discovery and analysis of sources and relationships of different datasets has been completed. I will review progress at the next audit.

Chief Executive's Response

This is a significant cross-organisational project and will remain a priority for the organisation.

10 Dublin Docklands Development Authority Pension

The Dublin Docklands Development Authority (DDDA) was dissolved in 2016, pursuant to the Docklands Development Authority (Dissolution) Act 2015. The net assets were brought into Dublin City Council's accounts in 2017. Certain legacy issues remain a work in progress and provisions have been put in place in respect of these. The liabilities far exceed the value of the assets and consequently the matter of DDDA pensions' liability remains outstanding and has been raised on a number of occasions with the Department with a decision yet to be made. As a result, these pensions are not included in the AFS.

Chief Executive's Response

An updated submission to the Department is currently being compiled in respect of the DDDA pension liabilities seeking a decision regarding this matter.

11 Land, Investment Buildings and Parks

In last year's audit, I noted that Land, Investment Buildings and Parks were not recorded in Oracle property registration system but on spreadsheets. This needs to be addressed as a matter of priority to ensure the completeness, safeguarding and accuracy of Council's assets. In addition, a procedural manual needs to be put in place with a view to ensuring that proper procedures are followed. This area needs to be resourced to undertake this exercise.

Chief Executive's Response

As outlined previously DCC installed Oracle FMSPROD (Oracle Property Manager) as a solution to digitise and manage the City Rental Book, leases and tenancy agreements. This system has a limited reporting functionality and would require significant development to adequately record Land, Investment Buildings and Parks. This remains the case to date.
The Planning and Property Development Department have completed a project upgrading the existing Property Register to a new GIS application platform (M. App Enterprise). The system is now live. The Property Register captures acquisitions and disposals of Development Land, Commercial Buildings and will also form a significant component of the proposed Corporate Property Register. The Property Register is managed within Property Management Section and a procedures manual is in place for the new system.

12 Fixed Assets & Housing Rental Reconciliation

In addition, there is insufficient reports available for the reconciliation of Fixed Assets in the AFS with OHMS and rental records. There is an issue with the lack of control in data input and amendments to the OHMS system. It is imperative a data management resource be put in place in this department to generate an audit trail of adjustments and sign offs, ensuring that segregation of duties is operating effectively.

Chief Executive's Response

Housing Management recognises the seriousness of this issue and the requirement for it to be addressed. To this end the Housing Department has established a team to support the migration of the existing housing IT system OHMS to the NEC system which will, when operational, provide more structured governance of Housing data and facilitate better reporting. It is also intended that the system will 'red flag' discrepancies in data collection so that there will be a single source of data linked to each DCC property asset.
This system is due to go live in November 2024. System testing is scheduled to take place over the coming months and resources have been assigned to identify and customise reporting requirements.

13 Capital Account

13.1 Capital Account Overview

The Capital account shows a credit balance of €319.3m (2022: €296.2m). The improvement of circa €23.1m is mainly attributable to development contributions and reserves. Capital expenditure including transfers for 2023 were €628.9m (2022: €404.9m) while income including transfers were €652m (2022: €504.4m). There are circa 210 debit balances totalling €127m that need to be funded, of which 26 debit balances with a balance greater than €1m total €101.2m.

The table below identifies debit balances over €3m as at year end 2023.

Capital Jobs	Debit Balance
LAND ACQUISITION LOAN REDEMPTIONS	23,102,192.85
VOIDS	13,721,624.28
EMMET ROAD COST RENTAL	6,160,764.11
COMPLETED BUY & RENEW SCHEME	6,112,562.98
PROSPECT HILL	4,426,367.70

In relation to Land Acquisition Loan Redemptions and Lands at Ayrfield, a separate note has been included in this report by way of explanation (para 13.2). In the case of Voids with a debit balance of €13.7m, a loan approval is currently being progressed with the Department to address this shortfall in funding. The debit balance of €6.16m for Emmet Road Cost Rental project is being examined with a view to putting a plan in place for funding. The Completed Buy & Renew Scheme shows a debit balance of €6m, this is 100% grant funded with a claim submitted. Finally, Prospect Hill with a debit balance of €4.4m is currently being examined to identify funding for this deficit.

Chief Executive's Response

DCC continues to work to reduce debit balances and will source and allocate funds where possible, as a priority.

13.2 Loan Redemption and Lands at Ayrfield

Last year's audit identified a lack of clarity around the lands in Ayrfield, Malahide Road purchased in 1999 and the reconciliation of these lands with the debit figure of €23.1m. There is a need for both the Planning and Development department in conjunction with Housing to undertake an exercise to reconcile the remaining lands to the debit balance.

This is particularly important given that some of these lands have already been developed while other lands have yet to be developed. The balance of lands remaining undeveloped should represent the correct debit balance. I will review this at the next audit.

Chief Executive's Response

These lands are to be reviewed in 2024. An exercise will be undertaken to clarify and value the lands in Ayrfield, Malahide, with a view to ensuring the debit balance is reflected accordingly.

14 Local Authority Companies

14.1 Local Authorities Companies Overview

Dublin City Council's interest in seventeen companies and joint ventures is noted in Appendix 8 to the AFS. Appendix 8 shows the percentage control and ownership exercised by the Council, the number of companies consolidated and an outline of financial details for each company.

At the time of audit, only five of the seventeen companies' financial statements were available for 2023, with all of the others disclosing financial statements for 2022. In order to consider all aspects of business activities and ensure that the full financial particulars are available at audit, it is recommended that published accounts for the same year as that being audited are available. To date this has not yet happened. All companies need to prioritise and change their accounting periods in line with DCCs accounting period to allow a more informed audit process.

Chief Executive's Response

It is acknowledged that audited accounts for some of DCC's subsidiary companies are not available to the Local Government Auditor to consider as part of the audit process. This occurs as the subsidiary companies, as distinct entities, have filing dates for their accounts that exceed DCC's audit timeframe. It is important that DCC and our subsidiary companies support the Local Government Audit process to be as complete as possible. The Head of Finance will write to the Chairs of our subsidiary companies proposing that they work over a period of 3 years or sooner with their accountants and auditors to move to having their accounts completed and audited within the timeframe of the Local Government Auditor, that is to be available to her and her team by 30th June of the following year of the financial year under review.

14.2 Ballymun Regeneration Limited

At the time of audit, the financial statements for Ballymun Regeneration Limited were not available for 2023. The company has yet to be liquidated, however, to date, total assets released to Dublin City Council by the company amounts to €567,200,457, which includes 1,694 completed housing units. The 2022 financial statements recorded a nil balance for both assets and liabilities. The financial statements included an audit opinion identifying an emphasis of matter paragraph explaining that the financial statements were no longer prepared on a going concern basis given the intention by the Directors to liquidate the company.

Based on the above information Ballymun Regeneration Limited is fully consolidated into the Council's AFS in accordance with the Accounting Code of Practice.

14.3 Temple Bar Cultural Trust Designated Activity Company

Temple Bar Cultural Trust DAC acts as property and cultural managers for the Temple Bar district. It owns and manages buildings and public spaces for both commercial use and for the arts. In 2013 a decision was made to dissolve the company and transfer it into Dublin City Council's ownership. The timing of this transfer is uncertain and is subject to the approval of the Planning and Development (No 2) Bill and a commencement order.

In the 2022 financial statements the audit opinion expressed an unqualified opinion on the financial statements which recorded a surplus for the year of €20,946. This is a significant decrease from the surplus of €222,026 in 2021 due to a reduction in income and an increase in property related costs and maintenance. The accumulated surplus as at year end 2022 was €8.2m unchanged from 2021 with shareholder funds at €18.51m (2021:€18.57m). The net reduction in the shareholders' funds year on year relates to movement on the Revaluation Reserve and Cultural Property Sinking Fund.

Dublin City Council has pledged to support the company, if necessary, to meet its financial commitments for the foreseeable future. Temple Bar Cultural Trust DAC is not consolidated in the Council's annual financial statement in accordance with the Accounting Code of Practice.

Chief Executive's Response

While the ultimate plan remains to dissolve the company and transfer the company's remaining functions, assets and responsibilities into Dublin City Council; there is no current timeline in place as to when this may happen. TBCT's portfolio now primarily consists of cultural buildings with tenants on highly abated cultural rents. A decision was made in 2018 to sell commercial properties in the West End area in order to create a sinking fund for necessary improvement works across all of its cultural buildings. Rental income has decreased substantially following these commercial sales while expenditure has increased exponentially as our refurbishment programme continues to be rolled out.

Dublin City Council has given an undertaking to guarantee the debts and liabilities of the company; to honour all of the commitments of the company to its tenants, debtors & creditors and; to fully honour and comply with the funding obligations attached to the development of the Temple Bar project.

15 Homeless Services

15.1 Homeless Committed Lease Expenditure

The total lease commitments as at 31 December 2023 are €931m for years 2024 to 2039. These commitments are calculated on the basis that break clauses will not be exercised. The table below identifies the commitments per year.

Year	Lease Commitments	Year	Lease Commitments
2024	€122,559,459	2032	€70,475,557
2025	€121,345,255	2033	€31,213,509
2026	€115,700,327	2034	€3,337,749
2027	€106,475,790	2035	€1,851,052
2028	€95,657,932	2036	€1,468,486
2029	€85,534,520	2037	€1,468,486
2030	€89,247,298	2038	€1,468,486
2031	€81,631,654	2039	€1,346,112
Overall Total			€930,781,672

In the case where the break clauses are exercised, the commitment amounts to €544k in total.

Chief Executive's Response

The emergency accommodation (EA) tender process began in 2022. The City Valuer's office negotiate all heads of terms for committed lease expenditure. A Contracts Register is in place and we are continually updating this register and monitoring all breakout options from these formal agreements. If the situation allows, the DRHE will exercise all breakout options in a timely manner. All committed lease expenditure is on the protocol and all new EA capacity is granted Section 10 funding, before any formal agreements are executed.

15.2 Homeless Administration Database

Homeless administration involves a significant number of spreadsheets which are cumbersome to manage. It is vital that given the number of suppliers involved, it is important that a database be put in place with links to procurement documents, contracts, quarterly reports, MOUs, SLAs etc. to facilitate a more efficient process and utilisation of data.

In addition, the new system recording client stays need to facilitate the recording and collection of the homeless charges. This is vital to showing a payment history and may be an influencing factor in arrears management going forward. This is important given that a movement from temporary accommodation to a permanent accommodation will always necessitate payment of rents.

Chief Executive's Response

A new database is in development which will capture all procurement documents, contracts, quarterly reports, MOUs and SLAs. Delivery date is scheduled for Q4 2024.

A business case has been made for the inclusion of the recording of the collection of homeless charges into the PASS system and a price has been received for the same. The PASS team are currently working with Corporate Finance to clarify the process for linking the PASS and Oracle systems and the interconnections and management support needed from Fujitsu.

15.3 Homeless Accommodation Procurement

The homeless contract database was reviewed and a number of contracts remain outstanding yet to be finalised. A further number remain yet to be procured. In addition, the appointment of suppliers of low value purchase card related homeless accommodation was not subject to a competitive procurement process, but is now being revisited with a view to putting procurement and contracts in place.

Chief Executive's Response

The finance team has presented a procurement strategy for self-accommodation (Low Value Purchase Card) payments to the central procurement unit and a tender process for the same is scheduled for September 2024.

The emergency accommodation tender process began in 2022 and there are a number of legacy providers that pre-date this tender. These formal agreements were not part of the emergency accommodation tender process and when these agreements expire, the operators will be required to submit the facilities in the emergency accommodation tender.
As part of the emergency accommodation tender process, there are a number of negotiations still with the City Valuer's Office and a number of instructions were sent to the Law Agent, to executive a signed agreement. Some of these agreements have stalled (for different reasons) and the Dublin Regional Homeless Executive is working with the Law Agent to expedite the completion of all outstanding legal agreements.

16 Procurement

16.1 Procurement Overview

Significant progress has been made in 2024 to address the lack of accountability in procurement. Changes have been made to the FMS system to take account of contract values, thresholds and the important use of purchase orders to control and match contracted tender spend. This is overseen by the Procurement section. Work is ongoing in this area with further developments of scheduling reports to budget holders and budget managers yet to be completed. This will facilitate greater monitoring in this area. It is also very important that Senior Management take responsibility and ownership of compliance with procurement.

It must be noted however, a framework has been established and the contract has commenced for the implementation project for the new contracts register and management system. It is envisaged that this will be available to all staff in Dublin City Council in September 2024. Once this contract database is in place, it will improve the controls in this area while also providing spend analysis. It is noted at audit that a number of contracts across all departments are not compliant with DCCs Procurement policy in 2023.

Instances of non-compliance with the procurement directive and Dublin City Council policy are identified below:

16.2 Modular Housing/ Volumetric Construction Projects

The Council completed a number of modular housing projects using volumetric construction methods with a single contractor.

Modular Housing Estates	Homes Constructed	Non Residential Units	Completed Date
BUNRATTY ROAD	78.0	-	Aug-23
CORK ST/CHAMBER ST	55.0	1.0	Dec-23
BONHAM STREET	57.0	3.0	Dec-23
SPRINGVALE CHAPELIZOD	73.0	1.0	Mar-24

The table below shows a number of these projects being 50% above the original tender price and not compliant with the procurement directive. The contract went to conciliation with the process concluding in May 2023. The DHLGH has supported the Council's intention to accept the Conciliator's recommendation. The Final Account Settlement Agreement (FASA) amounted to €127.5m exc. VAT. The table below identifies the cost of each project. The overrun of 44% on all projects is above the original contract amount of €88.5m exc. VAT.

Modular Housing Estates	FASA €m Ex vat	Tender Contract Amount €m Ex vat	% over-run
BUNRATTY ROAD	34.0	24.5	39%
CORK ST/CHAMBER ST	28.7	18.8	53%
BONHAM STREET	29.1	19.3	51%
SPRINGVALE CHAPELIZOD	35.7	25.9	38%
Cost to date	127.5	88.5	44%

While the Final Account Settlement Agreement has been agreed, the total figure will increase further as a result of additional minor items of work. An increased budget request was made to the DHLGH in November 2023 which has been agreed.

In addition, there were cost overruns on the consultants engaged for each project. The cumulative spend to December 2023 as a percentage of the original tender contract amount is above 50% in three of the four projects for consultants.

Consultants Employed per Project			
Projects	Contract Amount €k	Spend to Dec 2023 €k	% over-run
BUNRATTY ROAD	879	1438	64%
CORK ST/CHAMBER ST	674	1209	79%
BONHAM STREET	674	1301	93%
SPRINGVALE CHAPELIZOD	899	1325	47%

Post project reviews have not yet been carried out.

Chief Executive's Response

The Design Team fees for the Bunratty Road, Bonham St, Cork St & Springvale have been revised on a number of occasions. These were large projects utilising modern methods of construction. The reasons for delays were complex and the subject of a lengthy conciliation dispute resolution process. DCC consequently had a requirement to extend consultancy appointments and therefore approve additional fees due to the extraordinary and unforeseen circumstances pertaining to these four projects.

16.3 O'Devaney Gardens Phase IA

This project involved the construction of 56 homes on the site of the old O'Devaney Gardens flats complex, North Circular Road, Dublin 7. The project commenced in 2018. Following a conciliation process a supplemental agreement was entered into with the contractor in August 2022 to enable substantial completion of works by October 2022. The project was completed in December 2022.

The Council is not in compliance with Circular N8/08 which sets out notification requirements for projects that are subject to dispute (conciliation/arbitration) procedures. The Council is also not in compliance with Circular 2010/12 re post contract notification / reporting obligations to the DHLGH for projects under the Social Housing Investment Program. The final account has been agreed with the contractor in the amount of €25.5m incl. VAT. This is 39% above the tender contract amount of €18.4m incl. VAT. However it has not yet been submitted to the Department. A post project review has not been completed yet as the defects liability stage was initially to have expired in December 2023, and has been extended as there are outstanding defects to be addressed by the contractor.

Chief Executive's Response

In regards to Circulars N8/08 & 2010/12, we acknowledge the proper procedures were not followed in this instance, however correct procedures have now been put in place where this occurs.
A post project review will be submitted to the DHLGH by the end of 2024

16.4 Essential Maintenance Works - Procurement of contractors

The 2023 spend in this cost centre was €3m. Three contractors continued to be used from a Roof framework agreement that expired in 2018. The 2023 spend on these contractors amounted to €305k.

In addition, another contractor was identified that has never been on a framework but was used historically by the Council. The cumulative spend on this supplier to December 2023 was €1.6m.

Chief Executive's Response

A minor works framework was established in late 2023 and these contractors are now on this framework. We are currently working through a number of other frameworks so that we can tie up any loose ends with procurement.

16.5 Housing - Purchase to Pay Procedures Non-compliance

As reported in last year's audit report, there continues to be non-compliance with the Councils Purchase to Pay Procedures. The Councils Purchase Order number was not quoted on supplier invoices in a significant number of Capital Housing projects.

In addition, Purchase Orders were not raised in advance of the purchase invoice date in a significant number of Capital Housing Projects.

Chief Executive's Response

This issue will be continuously addressed with all staff to ensure compliance though in some cases it is unavoidable due to emergency works.

16.6 Energy Efficiency Works - Phase 2-MPFWA

In the case of Housing Energy Efficiency Works - Phase 2 - MPFWA extension, the 2023 spend in this cost centre was €8.6m. The Multi-Party Framework Agreement (MPFWA) for the Provision of Energy Efficiency Retrofitting in Dublin City Council Housing Stock expired in July 2022, was extended until July 2023 under a CE Order and extended again by CE Order until a new framework agreement was put in place. A new agreement was put in place from January 2024 for an eight year period. It is important that procurement regulations and DCC's Procurement policy is complied with.

Chief Executive's Response

The extension was carried out in consultation with DCC Procurement under Article 72 (C) of the 201/24/EU Directive in line with EU Procurement Guidelines.

Due to unprecedented, exceptional international and economic forces beyond the reasonable foresight and out of Dublin City Council's control that caused material prices to unexpectedly and suddenly rise significantly, it was recommended to modify the original terms of the contract under Article 72 (C) of the 201/24/EU Directive.

A new FWA was put in place from January 2024 for an eight year period which was also carried out in consultation and approval of DCC Procurement due to the Departmental circular committing same to the continuing roll out of the Energy Efficiency Retrofitting Programme.

16.7 Prospect Hill Procurement Issues

This project is now complete, however, the Council used the existing property management company to provide security services before remediation works began and also on handover while waiting for the new tenants to move in. This is not in compliance with the Councils procurement procedures as a public tender process was not complied with. The cumulative spend on this supplier to December 2023 was €1.7m.

In addition the consultant mechanical & electrical engineer was hired by invitation instead of going through a public tender process. The cumulative spend on this supplier to December 2023 was €79k.

Chief Executive's Response

As with all multi use mixed residential developments in the City there is a Management Company in place in Prospect Hill since the construction of this development. The role of the Management Company is clearly defined with regards the maintenance and management of the common areas pertaining to the development, Prospect Hill, and the structures that lay therein.

As the City Council does not have rights to the management of the common areas/structures, it was agreed with the Management Company through its representative the Management Agent, to fund the security costs associated with the refurbishment works required to bring the 58 number residential units in Block 2 up to current living standards.

This was done to protect the City Council's assets of 58 residential units in Block 2 from anti-social behaviour until such time the properties were occupied. The Management Company through its representative the Management Agent invoiced the City Council for these services.
The consultant was invited to tender by direct invitation as there was no suitable Framework in place at the time. A Framework of Mechanical and Electrical Consulting Engineers has since been established.

16.8 Road Marking Works

This project was procured using a multi-party framework in 2019 and the contract was for four years at a fixed price of €4m. The contract expired in December 2022 and was extended for a further year due to Covid19 restrictions. The accumulated expenditure as at end of December 2023 was €7.9m.

Chief Executive's Response

Both Covid19 and the demands placed by the Active Travel programme led to delays in setting up a new framework. A new framework is now at an advanced stage.

17 Governance and Propriety

17.1 Overview

Corporate governance comprises the systems and procedures by which an entity is directed or controlled. It is the responsibility of the Chief Executive to ensure the sound system of financial management and internal processes are in place.

17.2 Statement of Internal Financial Control (SIFC)

An Advisory Group, chaired by the Department of Housing, Local Government and Heritage and comprising of representatives of the main local government governance related stakeholders, was established to guide and advise on a SIFC for the local authority sector. This work is now complete and in accordance with circular LG05-2024, local authorities are now required to prepare and publish a SIFC as part of their Annual Reports for 2023. The SIFC which is signed by the Chief Executive, includes their summary of the financial standing of the local authority and the key internal financial controls.

Chief Executive's Response

The SIFC was prepared and included in the Annual Report 2023 and signed by the Chief Executive.

17.3 Audit Committees

The Audit Committee supports Dublin City Council (DCC) by providing an independent assessment of the activities of the Executive in managing DCC and also the quality of risk management, financial reporting, financial management and internal audit. It is independent of management and membership in line with the criteria of the DOE guidance and SI 244 of 2014. An Annual Report is published each year. The functions of the Audit Committee are set out under Section 59 (2) of the Local Government Reform Act 2014.

The Committee held five meetings in 2023 on the 16th March, 15th June, 14th September, 19th October and 7th December. Meetings were held remotely in March, June and September and October and a hybrid meeting was held in December. The Committee also met separately with the Principal Local Government Auditor, the Head of Internal Audit and the Chief Executive during the year.

17.4 Internal Audit

The Local Government (Financial and Audit Procedures) Regulations 2014 require local authorities to maintain an adequate and effective system of internal audit of its accounting records and control systems. Internal Audit has an important role in providing the Chief Executive with assurances on the adequacy of control systems and procedures including internal controls, risk management and governance arrangements. The Head of Internal Audit reports directly to the Chief Executive and the Audit Committee on the annual Internal Audit Plan.

Fifteen Internal Audit reports were completed in 2023. A number of reports were outsourced to a private accountancy firm, the level of assurance given ranged from satisfactory to weak. I have reviewed these audit reports and have taken account of these in my audit.

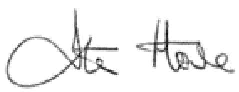
There are a large number of Internal Audit recommendations which have not been actioned for a number of years. It is important that all recommendations are reviewed by each department within DCC and action taken.

Chief Executive's Response

Recommendations will be reviewed by each department within DCC and actions will progress on in advance of next audit.

Acknowledgement

I wish to record my appreciation for the courtesy and co-operation extended to audit by the management and staff of the Council.



Ita Howe

Principal Auditor

30 July 2024

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Department of Housing, Local Government and Heritage

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