



Rialtas na hÉireann
Government of Ireland

LOCAL GOVERNMENT AUDIT SERVICE

Statutory Audit Report

to the

Members of Wicklow County Council

for the

Year Ended 31 December 2019

Department of Housing, Local Government and Heritage

housing.gov.ie

CONTENTS

AUDITOR'S REPORT TO THE MEMBERS OF WICKLOW COUNTY COUNCIL	1
1 Introduction	1
2 Non – adjusting post balance sheet event – COVID-19	1
3 Financial Standing	3
3.1 Statement of Comprehensive Income	3
3.2 Financial Position	3
3.3 Loans Payable.....	3
4 Income Collection	4
4.1 General.....	4
4.2 Rates.....	5
4.3 Housing Rents	6
4.4 Housing Loans	6
4.5 Bad Debt Provision.....	7
5 Fixed Assets.....	7
6 Transfer of Water and Waste Water Functions to Irish Water.....	8
6.1 Balancing Statement	8
6.2 Service Level Agreement.....	8
6.3 Road Opening Licence Debtor	8
6.4 Fixed Assets Transfers.....	9
7 Capital Account	9
7.1 General.....	9
7.2 Whitestown Landfill Remediation Scheme.....	10
7.3 Florentine Centre Development	10
8 Development Contributions	11
8.1 Development Contribution Income	11
8.2 Development Contribution Debtors	11
9 Refundable Deposits	11
10 Governance and Propriety	12
10.1 Risk Management Process	12
10.2 Internal Audit Function	12
10.3 Audit Committee	13
10.4 Ethics Declarations.....	13
Acknowledgement	14

AUDITOR'S REPORT TO THE MEMBERS OF WICKLOW COUNTY COUNCIL

1 Introduction

I have audited the Annual Financial Statement (AFS) of Wicklow County Council for the year ended 31 December 2019, 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 2019 and its income and expenditure. My audit opinion, which is unmodified, is stated on pages 2 to 3 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 Non – adjusting post balance sheet event – COVID-19

In accordance with Circular Fin 05/2020, the local authority has included a note in their Annual Financial Statements (see note 23) in relation to COVID-19. This note refers to the impact of COVID-19, a non-adjusting post balance sheet event, and describes the uncertainty faced by the local authority as a result.

Whilst my opinion is not qualified as a result of the uncertainty, I have included an Emphasis of Matter paragraph.

The COVID-19 outbreak and the emergency measures taken to mitigate it have had a significant impact on the finances of local authorities post year-end. This has resulted in a reduction in, and uncertainty of, various income sources, together with increased levels of spend. Reductions in income have also had a bearing on the cashflow of the local authority and the ability to deliver services.

The local authority has taken a number of steps to address these both at local and national level including:

- Applying the 9 month commercial rates waiver to qualified ratepayer accounts and claiming the credit in lieu from the government fund (see paragraph 4.2)
- Attempting to quantify the loss of various income streams including parking charges, planning fees and road opening licences
- Analysing both the increased level of expenditure due to the pandemic and also the savings due to decreased level of activity
- Preparing the 2021 budget with the focus on ensuring key services are delivered.

Chief Executive's Response

As stated by the Auditor, the Council has undertaken a number of steps to address the impact of COVID-19 pandemic on its finances. A total of €13.3m was recently received in Government funding in respect of the commercial rates waiver scheme which has supported over 90% of ratepayers in County Wicklow. Moreover, it is hoped that additional Government funding will also be provided to compensate Local Authorities for losses of income this year in areas such as parking charges, planning fees and road opening licences, as well as the additional covid expenditure costs incurred in relation to PPE purchases, signage, remote working etc. A consolidated submission on behalf of the Local Government sector has been made to the Department of Housing, Local Government and Heritage on this matter and we await the outcome.

It should be noted that in response to the COVID-19 crisis, the Council has also provided significant support to local businesses and the community in general. Through the administration of the restart grant schemes nearly €16m has been paid out by the Council to local businesses in County Wicklow. Moreover, Re-opening Committees were established in each Municipal District, in conjunction with the local Chambers of Commerce and Town Teams, which resulted in a number of initiatives being implemented to promote the concept of shopping local. The Council also established a Community Call Centre in response to the need to provide support to vulnerable people living in the community where their usual sources of support became unavailable.

Furthermore, the Minister for Housing, Local Government and Heritage wrote to the Chief Executive in late 2020 regarding the financial situation for 2021. The Minister stated that while it was not possible to make open ended commitments at this time given the uncertainty regarding the future trajectory of the COVID-19 pandemic, should further supports prove necessary in 2021 such supports will be more targeted than in 2020. The Department also provided assurance that it will continue to work with Local Authorities to address issues as they arise next year. To this end, the recently adopted Budget 2021 includes some additional covid related provisions, but avoids cuts to front line services through the maximisation of existing resources and continued strong budgetary management.

3 Financial Standing

3.1 Statement of Comprehensive Income

The Council recorded a surplus for the year of €305k after transfers to reserves of €3.5m. Note 16 to the AFS outlines the differences between the adopted estimates and the actual outturn. The over expenditure for the year was approved by the members at their June 2020 meeting. The Council still has an accumulated revenue deficit of €2m but this has been steadily reduced every year for the last 6 years. The impact of the COVID-19 pandemic on the revenue account in future years has yet to be quantified.

Chief Executive's Response

I am mindful of the requirement to maintain a balanced revenue account and to address the remaining deficit. Our ability to decrease the deficit continues to be subject to expenditure and income trends. As highlighted, the future impact of the COVID-19 pandemic still has to be fully quantified, however the Council's controls and procedures to monitor budgetary performance will continue to be enforced to ensure that the deficit is further reduced over the coming years.

3.2 Financial Position

The Council's financial position at year end showed current assets amounting to €96.2m including bank investments of €41.1m. There are current liabilities amounting to €25.1m. Both short and long term loans payable amount to €73m (see note 3.3). The full financial impact of COVID-19 can only be determined over the next number of years.

Chief Executive's Response

I note the Auditor's comments in relation to our financial position and acknowledge the point made in relation to the full impact of the COVID-19 pandemic. This evolving situation will continue to be closely monitored by the Council.

3.3 Loans Payable

The Council has total loans payable amounting to €73m at 31 December 2019 (2018: €72.4m) relating to the following:

	2019	2018
Type of Loans Payable	€m	€m
Land Acquisition	32.0	34.4
Mortgage Lending	21.2	13.0
Wicklow Port Access & Town Relief Road (WPATRR)	14.2	15.4
Rented Equity	1.0	4.5
Voluntary Housing	4.1	4.3
Office Accommodation	0.5	0.8
Total	73.0	72.4

The following are the main issues of concern on loans payable:

- The €32m land acquisition loans are on interest only or rolled up interest payment basis. On maturity, these loans will put a financial strain on the revenue resources of the Council. The Council however has reduced land loans by 23% over the last 3 years from grants received from the Department of Housing, Local Government and Heritage (the Department) to develop the land for housing
- Mortgage lending increased by 75% over the last 3 years due to the demand for the Rebuilding Ireland Home Loans scheme. It is essential that the Council maintain strict controls when issuing these mortgages for private properties
- The WPATRR project has a loan balance of €14.2m with the principal element of the loan capitalised in the capital account. This has increased the capital balance on the project, which is additional to these loans, to €12.9m
- I acknowledge the work conducted by the Council in bridging the mortgage loan gap on the rented equity loans. In January 2019, the Council paid €3.5m to clear this deficit.

Chief Executive's Response

I wish to acknowledge the Auditor's comments in relation to the land acquisition loans and the specific reference to the reduction in these loans through the Departmental recoupment process. Some of the lands are incorporated in our Housing Strategy 2019-2021 and we hope to be in a position to continue recouping these land costs from the Department on completion of the schemes. In the meantime we have provided for interest only repayments in respect of these particular loans.

As highlighted by the Auditor, mortgage lending has increased due to the increased demand for the Rebuilding Ireland Home Loan Scheme. The Auditors comments in relation to maintaining strict controls are noted and agreed.

With regard to the Wicklow Port Access Route it should be noted that there is a special development contribution scheme in place to address this balance ultimately.

The Auditor's comments regarding the mortgage loan gap on the rented equity loans being fully addressed by the Council in 2019 is acknowledged.

4 Income Collection

4.1 General

Income Source	Yield %		Debtors €m	
	2019	2018	2019	2018
Rates	87%	85%	5.2	6.8
Rents & Annuities	88%	90%	1.9	1.5
Housing Loans	80%	76%	0.4	0.4

The Finance Department are responsible for the collection of rates and housing loans, and the Housing Department are responsible for the collection of housing rents. The Council operate a debt management system for the management of outstanding arrears on the rate and housing rent customer accounts. As reported in previous audits, the system has not yet been rolled out for housing loan customers.

Chief Executive's Response

The Auditor's comments in relation to the extension of the debt management system for housing loan customers are noted. Due to the impact of the COVID-19 pandemic, the Revenue Section of the Council had to prioritise the implementation and administration of a number of new Government financial supports in 2020, namely the commercial rates waiver scheme, the restart grant schemes and the mortgage break scheme. As such, the Council was not in a position to roll out the debt management system this year. However we are committed to implementing this project in 2021.

4.2 Rates

The 2019 collection yield increased by 2% to 87%. Arrears decreased during the year by €1.6m to €5.2m, mainly due to the write off of old rate accounts. The following events will impact the collection of rates over the next number of years:

- The Department announced a commercial rates waiver up to December 2020 for eligible businesses. This takes the form of a credit in lieu of rates. It is not yet known whether this waiver will be extended after this date and how the COVID-19 pandemic will impact the Council's rate book in the years ahead
- As part of a national rates revaluation process, all the Council's rateable properties were revalued, with the new valuations list being effective from 1st January 2020. There has been a significant number of appeals to the Valuation Tribunal against the new rateable valuation.

Chief Executive's Response

I note the Auditor's comment in relation to our increased collection yield of commercial rates which exceeded the 2019 target of 86% set by the National Debt Management Board for Wicklow County Council. The Council agrees with the Auditor's comments regarding the future impact of the COVID-19 pandemic on the rates book, however I am pleased to confirm the receipt of €13.3m in Government funding under the rate waiver scheme in respect of the 9 month period from end March to end December 2020, which supports over 90% of Wicklow's ratepayers.

I also note the comment regarding the number of appeals made to the Valuation Tribunal following the rates revaluation programme that took place in 2019. To this end, the Council has made an annual provision in its Revenue Budget to address any potential exposure in this area.

4.3 Housing Rents

Income increased by 9% in 2019 mainly due to the Council conducting long overdue tenant rent assessments. This has resulted in arrears increasing significantly by 27% to €1.9m. Arrears will increase significantly again in 2020 due to the continuing effects of the rent assessments and the financial impact of the COVID-19 pandemic.

Chief Executive's Response

As highlighted by the Auditor, the rent review carried out in 2019 has led to a significant increase in the level of both rental income and arrears. Historically when a rent review is conducted the rent arrears increase as a consequence. This is due to the application of penalty rents to tenant accounts (for not returning forms) as well as the non-payment of increased rent.

The Housing Directorate rents team is acutely aware of the importance of focussing on rent arrears, particularly those in excess of €1,000. The Council is committed to a process of engagement with tenants to reduce the outstanding arrears. Each staff member is responsible for a number of areas and accounts and they liaise regularly with the rent collectors for those areas.

The COVID-19 pandemic has also impacted significantly on rent collection this year following the temporary suspension of door to door collections. To address this matter, standard operating guidelines for rent collections were developed and are now in operation. In addition, all tenants availing of the rent collector facility were written to, offering them alternative payment arrangements, such as the household budget or standing order options. Efforts to prevent arrears arising and increasing will continue through early intervention and engagement and the implementation of a recently developed rent arrears policy.

4.4 Housing Loans

The collection yield increased by 4% during the year with arrears at year-end of €403k. There are 22 account holders who owe over €10k each. The Council needs to concentrate their resources on resolving these accounts to reduce the housing loan arrears. The Council, has to date, agreed 24 COVID-19 related payment breaks due to the COVID-19 pandemic.

Chief Executive's Response

The Council is pleased to report it has increased its collection yield during 2019 by 4%. In addition, it should be noted that the collection rate of 80% was above the national average of 78% as per the 2019 performance indicators report issued by the National Oversight and Audit Commission.

We will continue to utilise all of the options that are available to address loan arrears including the mortgage arrears resolution process and the loan restructuring process, in particular in relation to the 22 accounts highlighted by the Auditor. Furthermore, the financial impact of the COVID-19 pandemic on the ability of borrowers to make repayments will be closely monitored throughout 2021.

4.5 Bad Debt Provision

There is no detailed bad debt policy on any of the Council's income streams. The Council's policy is to review arrears and decide the amount they consider adequate. I previously recommended that all major income streams require a detailed bad debt provision policy to ensure debtor accounts are assigned to different bands whether on a specific or general basis. While the current bad debt provision for revenue income is considered adequate, a detailed analysis would provide for a more accurate measurement of the required provision.

Chief Executive's Response

The Council's current bad debt provisions are reviewed annually and are considered by the Auditor as being adequate. However we note the comments of the Auditor and while we believe that the current provisions in place are, in the main, prudent and reflect the risk levels of our current income streams and debt profiles, I will commit to examining the feasibility of introducing of a more structured analysis for the purposes of calculating the provision going forward.

5 Fixed Assets

Previous audit reports highlighted the following, with slow progress to date in resolving these issues:

- The absence of a completed Fixed Asset Register (FAR). The Council need to complete the Property Interest Register that will assist in populating the FAR
- The absence of a housing stock reconciliation. This reconciliation is an essential control and ensures that all Council housing is accurately recorded.

Chief Executive's Response

The FAR and the housing stock reconciliation are acknowledged as important control mechanisms. A Property Management Working Group was established in 2018, under the chairmanship of the Head of Finance, to address the outstanding property and land register issues. Furthermore, to support the continuing work of the Property Management Group an Executive Solicitor was recruited in August 2019 with the dedicated role of property registration.

The Rents Section of the Housing Directorate has completed a significant volume of work in relation to the reconciliation of the housing stock. While work on this reconciliation is ongoing, it is however subject to available resources within the Housing Directorate which have been exacerbated by the impact of the COVID-19 pandemic.

6 Transfer of Water and Waste Water Functions to Irish Water (IW)

6.1 Balancing Statement

As reported in previous audits the Council has still not agreed the 31 December 2014 balancing statement with IW. The main disagreement involving the recognition of invoiced development contributions in different programme groups has not been resolved (see paragraph 8.1).

The Council has recorded debtors in the AFS at €9.5m for the balancing statement with a bad debt provision of €1.5m. The Council has also recorded a creditor for the development contributions due of €2.8m. This trade creditor account has not been updated since 2014. The Council need to quantify the development contributions due to IW since the takeover date for both cash received and debtors outstanding net of the bad debt provision and account for them correctly in the AFS.

Chief Executive's Response

Communications are ongoing between IW and the Council and officials from both organisations are working to finalise the balancing statement. A number of on-site meetings were held during 2019 however COVID-19 pandemic restrictions prevented the organisations from fully concluding the matter in 2020. It is now expected that this matter will be brought to a satisfactory conclusion in 2021.

6.2 Service Level Agreement

The Council acts as an agent for IW under the terms of a service level agreement (SLA). The Council received €6m from IW under the agreement in 2019. As reported last year, the Council issued an invoice for €1.3m for capital works which remains unpaid due to it being part of the balancing statement negotiations.

Chief Executive's Response

IW has confirmed that the outstanding payments of €1.3m will be settled upon the completion and sign off of the balancing statement.

6.3 Road Opening Licence Debtor

The Council has recorded that IW owe them €589k at year-end for road opening licences going back a number of years. This debt needs to be resolved as a matter of urgency.

Chief Executive's Response

The Council has been in discussions with IW on these outstanding balances since 2018. The matter has progressed to an official Dispute Resolution process under Clause 12.2.1.3 of the SLA. The matter has progressed through the Tier 2 process resulting in a positive resolution on some of the amounts due. The remaining issues under dispute have now escalated to Tier 1 level resolution which is the highest level of resolution available. The matter is receiving ongoing attention and an outcome of the resolution process is expected in Quarter 1 2021.

6.4 Fixed Assets Transfer

The responsibility for water and sewerage functions was transferred to IW in 2014 and the Council delivers services on behalf of the company under a service level agreement. During 2019 28 assets were transferred to IW under statutory instrument, bringing the total number to 97. There are further assets yet to be transferred due to ongoing title issues and the Council continues to liaise on these with IW's National Special Projects Office (NSPO).

Chief Executive's Response

The Auditor's comments on the progress made in this area during 2019 are noted. Moreover in 2020, a further 13 assets were transferred to IW under statutory instrument, increasing the total number to 110. It is acknowledged that there are further assets still to be transferred due to ongoing title issues and the Council will continue to liaise with the NSPO to progress the matter.

7 Capital Account

7.1 General

In March 2020, the 2020-2022 capital programme was presented to the members in accordance with Section 135 of the Local Government Act 2001. The programme identifies an estimated spend of €582m over the 3 year period. It is not possible at this stage to assess how the effects of the COVID-19 pandemic will affect the Council's ability to finance these projects.

The Housing Department is the only directorate with a material negative balance amounting to €19m. This however decreased during 2019 by €4.6m mainly due to the grant income received from the Department for refurbishment schemes. The Council still need to eliminate old pre-let repairs, refurbishment and other old outstanding capital balances.

Chief Executive's Response

The implementation of the Council's capital plan is fully dependant on the availability of sources of funding for planned projects i.e. grand aid, development levies etc. This approach will remain unchanged over the period of the plan up to 2022 taking into account the impact of the COVID-19 pandemic.

The Auditor's comments about the decrease on housing balances by €4.6m are noted. Moreover, the Council is fully aware of the financial demands in relation to pre-letting expenditure and to this end has increased its annual revenue account provision to €3m in the 2021 Budget.

Other capital balances will be addressed over time through the sale of land, ongoing discussions with the Department regarding the provision of funding and additional revenue transfers where necessary.

7.2 Whitestown Landfill Remediation Scheme

In a judgement delivered on the 19 July 2017, the High Court directed the Council to remove to a licensed waste disposal facility, all waste and all soil or other materials contaminated or potentially contaminated by such waste from all areas of the site including areas that are already the subject of attempted remediation and to appropriately fill and landscape the site with inert matter sourced elsewhere, and to return possession of the site to the owners within a period of 78 months.

The draft remediation plan was completed on the 26 November 2020 by the Council's external environment consultants. The Council is now to proceed with the next step as outlined in the High Court Judgement. There are no costings in the plan so the ultimate cost of the remediation scheme has yet to be quantified. There are also legal cost liabilities remaining unpaid by the Council that have not yet been quantified. Whilst my opinion is not qualified as a result of the uncertainty, I have included an Emphasis of Matter paragraph in my audit opinion.

Chief Executive's Response

As stated above, the remediation plan was completed on the 26 November 2020 and will now be circulated to the relevant stakeholders for consideration. It is fully accepted that a funding stream to support the expenditure on the remediation will be necessary upon the quantification of the costs. To this end, a funding plan will be put in place in conjunction with the Department of Communications Climate Action and Environment with whom there has been ongoing communication and commitments regarding the costs.

7.3 Florentine Centre Development

The Council entered into a development agreement on the 23 March 2018 with a development company for the Florentine Centre with a practical completion date of 23 December 2019. An extension of the practical completion date to 23 June 2020 by force majeure, claimed by the development company, pursuant to clause 22.1 of the development agreement was agreed by the Council. A further delay request to 31 March 2021 is currently being considered by the Council. The Council is due payment of €2.7m upon practical completion date.

Chief Executive's Response

Paragraph 22.1 of Development Agreement covers delay in achieving practical completion date. The request for an extension of time was supported by a comprehensive report, which related to circumstances beyond the control of the developer such as the impact of the COVID-19 pandemic on operations. The Florentine Project Steering Group having considered the report (and the recommendations of the Council's Engineer/Project Monitor) recommended the extension of time requested.

8 Development Contributions

8.1 Development Contribution Income

Previous audit reports highlighted serious weaknesses in the control and reporting of development contribution income. It was recommended that all development contribution income should be recorded in one department's programme group. This is to bring accountability and ownership to the control of the income. I have been informed during this audit that this recommendation has been accepted and is to be implemented in 2021.

Chief Executive's Response

The Auditor's comments, along with the findings of a review carried out by Crowleys DFK on the development contribution scheme this year, have been accepted and appropriate procedures are currently being developed to ensure compliance with the Auditor's recommendations.

8.2 Development Contribution Debtors

Development contribution short term debtors increased during the year by 22% to €9.3m. The Council has no detailed bad debt policy and the provision made in 2015 of €800k has remained unchanged. This bad debt provision represents 8.6% of the short term debtor amount and a review of the debtor figures show that it is inadequate. The Council needs to implement a bad debt policy to ensure a sufficient bad debt provision is created to cover possible bad debts.

Chief Executive's Response

The Auditor's comments are noted. This matter will be addressed as part of the overall examination of a bad debt policy for the organisation (per section 4.5).

9 Refundable Deposits

The Council has recorded refundable deposits of €18.3m in the balance sheet and an additional €4.2m in the capital account. The absence of a supporting list of debtors to confirm this amount was reported in previous audits. I acknowledge the Council is currently working on reconciling the planning bonds and I recommend a similar exercise with road opening licences. I will review the completed reconciliation exercises when complete.

Chief Executive's Response

As acknowledged by the Auditor, a detailed reconciliation exercise is being undertaken at present in relation to planning bonds and I am pleased to report significant progress has been completed on the matter to date. Work will continue on this in 2021.

The Auditor's comments with regard to road opening licences are noted and accepted. A reconciliation exercise will be carried out on this area in 2021.

10 Governance and Propriety

10.1 Risk Management Process

Previous audit reports recorded the absence of a risk management process that would identify risks for the different directorates. The absence of this system resulted in no comprehensive risk register being maintained, reviewed or approved by this organisation. I acknowledge the Council has now employed the services of an external agency to assist in implementing a risk management system. It is essential to ensure proper corporate governance that this system is implemented as a matter of urgency and that a complete risk register is presented to the Audit Committee.

Chief Executive's Response

The Auditor's comments in relation to the risk management process are noted. The Council has engaged external expertise in this area to provide the requisite training and development of staff at an appropriate level to introduce a risk management system which conforms to best practice industry standards. A risk management workshop was held for the Senior Management Team of the Council earlier this year and the agreed system and processes will be completed and rolled out in the forthcoming year.

10.2 Internal Audit Function

During 2019 the external consultants who perform the internal audit work in the Council produced 5 audit reports. The Council's own Internal Auditor liaises between the consultants and the Head of Finance and also conducts quality assurance work on the public spending code. The Internal Auditor reports directly to the Head of Finance. Previous audit reports recommended that this reporting structure be changed to ensure the Council is adhering to standard corporate governance procedures.

The Council are in the process of introducing a governance tracker where issues raised in internal and external audit reports can be recorded and tracked to ensure they are resolved in a timely fashion. This is a standard governance control mechanism that I believe would provide greater clarity in resolving issues.

Chief Executive's Response

During 2019 external consultants continued to assist with internal audit assignments. The audit plan for 2019 was devised to be reflective of a number of governance perspectives such as the operational, relationship, stakeholder and societal perspectives. The overarching objective of the audits and reviews undertaken is to provide management with information for decision-making purposes, to add value, to improve processes and procedures, and to assist in improving organisational efficiency generally.

As previously outlined the Internal Auditor reports directly to the Head of Finance for administrative purposes and operational convenience only. The Internal Auditor has direct access to the Chief Executive and the Chair of the Audit Committee at any time. Regular bilateral meetings are held to ensure appropriate lines of communication are open and maintained. However, the Auditor's recommendation regarding the official reporting structure is accepted and arrangements will be made in 2021 to formalise the situation whereby the Internal Auditor reports directly to the Chief Executive in relation to the internal audit function.

The Auditor's comments on the governance tracker are noted and agreed.

10.3 Audit Committee

In February 2020 the Audit Committee chairperson presented the 2019 Audit Committee's annual report to the Council. The Committee also presented a report to the Council in accordance Section 60 of the Local Government Act 2014 where the absence of a risk management process was recorded. The Council approved the Audit Committee Charter at this Council meeting.

Chief Executive's Response

The Council's Audit Committee is a central element of the overall governance framework. Risk management is acknowledged as being an essential element of good governance and must be approached in an informed and contextualised manner. The Council has engaged external expertise to provide an appropriate system and training programme in order to establish, manage and monitor an effective risk management process across the organisation.

I wish to acknowledge the role and contribution of the Audit Committee to the governance and oversight of the Council and I look forward to continuing to work with them in partnership in their important role.

10.4 Ethics Declarations

Two Councillors and twenty three relevant staff members did not submit their ethic declarations for the year. Of the staff members who submitted a declaration, 30% of these were submitted after the deadline date. It is a statutory obligation to submit returns annually by 28 February as outlined under Part 15 of the Local Government Act 2001.

Chief Executive's Response

The Ethics Registrar, in accordance with their duty under Section 174 of the Local Government Act 2001, issues notice to all appropriate staff and Elected Members informing them of their obligations under section 171 of the Act.

This notice informs of obligations to prepare and furnish to the Ethics Registrar an annual written declaration containing the particulars of "declarable interests" within the meaning of section 175 of the Act. This notice also includes instructions on completing the form and furnishing same to the Ethics Registrar no later than the last day of February each year. Attention is also drawn to the Elected Members and relevant staff that the onus is on that person to complete and furnish the annual return, even in the case of no declarable interests. The Ethics Registrar issued this Notice in January in accordance with the Act, and followed up with reminders to Elected Members and relevant staff to complete and furnish same in accordance with the Act.

All Elected Members and relevant staff will continue to be reminded of their obligations under the Act.

Acknowledgement

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



Daragh Mc Mahon

Local Government Auditor

21 December 2020

housing.gov.ie

