LOCAL GOVERNMENT AUDIT SERVICE

Statutory Audit Report

to the

Members of Roscommon County Council

for the

Year Ended 31 December 2016

An Roinn Tithíochta, Pleanála agus Rialtais Áitiúil
Department of Housing, Planning and Local Government

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AUDITOR'S REPORT TO THE MEMBERS OF ROSCOMMON COUNTY COUNCIL

1. Introduction

1.1 I have audited the Annual Financial Statement (AFS) of Roscommon County Council for the year ended 31 December 2016, which comprise 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, Planning and Local Government.

My main statutory responsibility, following the 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 2016 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 (ACoP). 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 judgements 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.

1.2 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 Comprehensive Income

The Council recorded a surplus of €23k for the year, after transfers to reserves of €2m. This increased the cumulative surplus on the general revenue account at the end of 2016 to €173k.

2.2 Statement of Financial Position

Significant movements in the finances of the Council during the year included:

- Fixed assets increased by €4.3m in the year, primarily due to the inclusion of 29 additional housing units. Eight of these were recorded as historical cost adjustments, following their identification in the course of the housing stock reconciliation. For details of progress in relation to the recording of fixed assets see paragraph 5.1.

- Work in progress and preliminary expenses at the end of 2016 included €20.8m relating to the new corporate headquarters – see paragraph 5.3.

- Capital debt increased in the year, due to the drawdown of a further €7m loan to fund the building of the new corporate headquarters – see paragraph 8.

The Department of Housing, Planning and Local Government (the Department) permitted local authorities to use their specific revenue reserve in the preparation of the 2016 AFS. The Council's application of this reserve is outlined in paragraph 6.1.

2.3 Liquidity

The Council's net current asset position improved by €5.5m during the year.

2.4 Financial Controls

The draft 2016 AFS, the over expenditure by division and the transfers between the revenue and capital accounts were approved by the Council members at their meeting in May 2017.

2.5 Alterations to the Draft AFS

Adjustments have been made to the draft 2016 AFS as published, however these did not alter the Council's financial out turn for the year. Some of these adjustments arose due to the implementation of circular Fin 04/2017, which issued after the AFS completion date. However most resulted from errors in the preparation of the published draft AFS. I recommend that in future the AFS should be properly validated to minimise such mistakes.

Chief Executive's Response

The comments above in relation to the financial standing and performance for the year 2016 are noted and welcomed. Particular difficulties in relation to the printed AFS was due to the fact that the printing was procured in line with public procurement rules but the successful tender party failed to provide draft copies of the AFS at various stages to allow an extensive validation process. The procurement officer has been made aware of the issue and a robust validation process will be put in place for AFS 2017, in addition to consideration as to whether it can be published to the required standard in house.

3. Income Collection

3.1 Summary of Major Revenue Collections

A summary of the arrears and the collection yields for the main revenue income streams, with comparatives for the previous year, are as follows:

	Arrears			Percentage	
Income Source	**2016**	**2015**		**2016**	**2015**
Rates	€2,216,925	€1,863,397		91%	93%
Rents and Annuities	€368,370	€470,567		92%	89%
Housing Loans	€150,807	€99,014		58%	75%

3.2 Rates

The cash collected from rates customers reduced by €550k in the year, with the rate debtor balance increasing by €354k. These adverse changes were reflected by a 2% decline in the rates collection percentage for 2016. Limited resources were applied to the follow up of this income source in the period

from September 2016 to March 2017, which contributed to the decline in collection yields. As rates account for a significant portion of the Council's revenue income, it is vital that adequate resources are applied to ensure maximum collection levels are achieved. I note that revised procedures were put in place in March 2017 and the impact of these will be assessed in the course of the 2017 audit.

Chief Executive's Response

Agreed - the revised procedures were put in place in March 2017 and the Rates Section now has a full complement of staff. It should be noted that the 91% collection rate for 2016 means Roscommon was one of 3 local authorities with collection rates in excess of 90% in the year, as per the National Oversight and Audit Commission's 2016 Annual Report.

3.3 Rents and Annuities

The cash collected from rent customers increased by €208k in the year, with the debtor balance decreasing by €102k. The improved collection percentage ensures Roscommon County Council remains amongst the top performing local authorities in the country for this income category.

Policy and procedure documents were not available in the course of the audit for all rent and annuity systems in operation within the Council. The adopted differential rent scheme for 2016 was not applied consistently, specifically in relation to the Rental Accommodation Scheme (RAS). This issue has been addressed in the 2017 scheme as adopted. A review is currently being conducted by the Housing Section in relation to all RAS cases. The impact of this review will be assessed in the course of the 2017 audit.

Chief Executive's Response

Comments noted and agreed. Policies have been changed to ensure that all tenants will be subject to the adopted Differential Rents Scheme from 2017. The Internal Auditor has included policy and procedure checks as part of the Debt Management Audit currently underway. The particular policy and procedure documents continue to be reviewed and updated and will be made available on request during future audits.

3.4 Housing Loans

The cash collected from loan customers reduced by €94k in the year, with the debtor balance increasing by €52k. These adverse changes were reflected by a 17% decline in the collection percentage for 2016. A debtor review found that at the end of 2016, in excess of half of the balances related to loans that have now expired but where customers continue to pay off arrears, albeit at a slow rate. A further 18% related to loans that had previously been identified for follow up action, which had not taken place. I recommend a periodic review of all loan customer balances to ensure that repayments are adequate and that any required follow up action is initiated promptly.

Chief Executive's Response

Noted and agreed. There has been restructuring in relation to the resourcing of housing loans. The 2015 AFS had the benefit of receipts of some old historical balances which were resolved through the MARP process, inflating the collection figure for that year. Historically, housing loan arrears are extremely difficult to collect and Roscommon County Council takes a conciliatory approach to arrears cases given the difficulty in relation to the current housing situation.

3.5 Bad Debt Provision

The bad debt provision represented 71% of the applicable debtors at the end of 2016 and in my opinion this is adequate. However the split of this provision between income categories needs to be revisited as advised in previous audit reports.

Chief Executive's Response

The bad debt provision is reviewed annually and adjustments were made in 2016 between loans, rates and rents with the balances at year end being; loans €116k, rates €1,610k, rents €203k and Property Entry Levy €40k. In addition, a review of development levy debtors is currently being carried out which includes consideration of the applicable bad debt provision. It should be noted that an adjustment was made in respect of the development levy bad debt provision with an amount of €8m being carried in the Balance Sheet at year end.

4. Transfer of Water and Sewerage Functions to Irish Water

4.1 Overview

All functions relating to the provision of water and sewerage services, other than for rural water schemes, transferred to Irish Water (IW) from January 2014. The impact of this transfer on the Council has been outlined in previous audit reports. The following related issues had an ongoing impact on the 2016 AFS.

4.2 Transfer of Assets

A total of 200 assets have been identified for transfer to IW, of which 84 have transferred to date and work is nearing completion to facilitate the transfer of a further 30. Of those remaining assets, 66 are in either in third party ownership or the Council have not completed the registration of title process - these are mostly pump stations on estates not yet taken in charge. The majority of the remaining assets have either land rectification issues or issues with multi asset folios, which must be addressed before transfer of title can take place.

Chief Executive's Response

In April 2016, an Asset and Energy Management Unit was established and one of the functions of this Unit is to address the issues in relation to the transfer of water assets, including deconstructing multi asset folios into individual folios. The financial substance of the transfer has been reflected in the Balance Sheet.

4.3 Water Loans

At the end of 2016 the Council had one water related loan included in its AFS, at a value of €2.5m. The Department continued to fund repayments due on this loan (both interest and principal) during 2016 and to date.

Chief Executive's Response

Agreed.

5. Fixed Assets

5.1 Weaknesses in Fixed Asset Records

The shortcomings in the recording of the Council's portfolio of fixed assets have been outlined in previous audit reports. In April 2016 an Asset and Energy Management Unit (AEMU) was established, with a remit that included addressing this matter. In the course of the current audit I reviewed the progress to date on this project.

The Council began by reviewing the records held by the Property Registration Authority (PRA) and:

i. Identified the various names used by the Council in the past and re-named all as Roscommon County Council
ii. Identified the multi asset folios held by the PRA and deconstructed these into individual folios.

Following this an up-to-date record of all property registered in the name of the Council was obtained from the PRA in December 2016. This data is currently being reconciled to:

i. The Council's Fixed Asset Register (FAR)
ii. The previously compiled database of all Council property, including those assets not meeting the threshold for inclusion in the FAR.

So far, both building and housing asset categories have been fully reconciled. Land assets are currently being reconciled however this is a significant undertaking as the PRA records included nearly 2,500 such assets. No work has commenced to date on the remaining asset categories (plant / machinery / computers / furniture / equipment / heritage assets).

As recommended in last year's audit report, the Council should establish timelines for monitoring this project. While I appreciate that the complexity of this project will make an accurate assessment of the time required difficult, it would assist management in the estimation of ongoing resource requirements and the re-allocation of work where necessary. Management should consider if portions of this work could be completed by staff outside of the AEMU, specifically in the case of assets such as machinery that are managed by the various district offices. Any such re-allocation of work would require the necessary controls and reporting arrangements to be put in place to allow the AEMU to actively manage the overall project.

Chief Executive's Response

A work programme will be included for the Asset and Energy Management team as part of the business unit annual work plan and consideration will be given to the reallocation of work where appropriate.

5.2 Policies and Procedures

Many of the shortcomings in the recording of fixed asset records emanated from a lack of adequate policy and procedure documents pertaining to asset additions and disposals, as highlighted in previous audit reports. While a policy has been adopted for land disposals, the policy for other asset disposals and all asset additions remain outstanding. This matter needs to be addressed to ensure consistency of treatment throughout the Council.

Chief Executive's Response

This will be included in the business unit annual work plan for 2018.

5.3 Corporate Headquarters

The new corporate headquarters opened for business in November 2015. However the cost associated with building and commissioning this property was not included in the Council's fixed assets at the end of 2016. This was due to delays in agreeing the final account for the construction contract, pending completion of all outstanding works to a satisfactory standard. Consequently the Council continues to hold retention monies in relation to this contract.

Corporate headquarters costs totalling €20.8m are instead recorded in work-in-progress and preliminary expenses, which is disclosed in note 2 of the 2016 AFS. This property represents 79% of the total expenditure recorded in note 2 at the end of the year.

Chief Executive's Response

It is hoped that all outstanding issues will be addressed in order that the final account can be agreed during 2017 and this, in turn, should facilitate the transfer of the new corporate headquarters from work in progress to fixed assets for AFS 2017.

6. Capital Account

6.1 Specific Revenue Reserve

The Council had a specific revenue reserve of €1.7m at the start of 2016, which had been in place since 2003 when the Council commenced accrual accounting. The Department allowed local authorities to use their specific revenue reserve in the preparation of the 2016 AFS. The permitted application of this reserve was outlined in circular Fin 11 / 2016 as amended by Fin 04 / 2017 and the Council complied with the terms of these circulars, by funding previously unfunded capital project balances as follows:

- €1.1m was offset against historic capital balances. A funding source should be identified for the €230k balance remaining.
- €500k was offset against the historic mortgage funding gap, leaving a balance of €229k, which requires funding from the revenue income and expenditure account at the earliest opportunity.
- €66k was offset against the acquisition of housing land at Ballaghaderreen and €40k was offset against the provision of fire equipment. There is now a nil balance on both of these accounts.

Chief Executive's Response

Agreed - The use of specific revenue reserve has greatly assisted in reducing the old historical balances and each year due consideration is given to the capacity to fund any outstanding amounts such as those highlighted above.

6.2 Capital Balances

Net capital balances at the end of the year identified a surplus of €11.1m. Included in this sum are credit balances totalling €15.7m (mainly reserves and development levies accrued but not yet received) and debit balances of €4.6m, relating to expenditure on capital jobs not recouped by the year end. Included in the costs not recouped were:

- €750k in relation to expenditure on a group water scheme (design, build and operate bundle), which remains due since the last construction contract payment in November 2015. The final account for this contract remains outstanding to date and as a result the remaining funding for the project cannot be drawn down.
- €150k due from the Mortgage Arrears Resolution Programme. This amount has been due since the house was surrendered in September 2015.
- €70k due from IW in relation to a domestic water metering project. No funding has been received for this job since December 2014 and as the expenditure exceeded the allocation, it is unlikely to be funded in the future by IW.

Chief Executive's Response

- The delay in recouping the expenditure on group water scheme (design, build and operate bundle) relates to a delay in concluding and agreeing the final account with the relevant Department. Efforts will continue to be made to finalise this account during 2017.

- In relation to the balance outstanding on the surrendered house, as it is located in a rural area with no level of housing need it has been offered for sale. The sales proceeds will be used to offset the outstanding balance.
- The Water Services Section is currently negotiating with Irish Water in respect of the €70K balance.

7. Development Contributions

The Department sanctioned a change of accounting treatment for development levy debtors in AFS 2016, as outlined in circulars Fin 11 / 2016 and Fin 04 / 2017. The Council complied with these circulars.

The exercise of reviewing these debtors, which was recommended in previous audit reports, remains ongoing to date. The 2016 AFS recorded debtor write offs totalling €5.5m, the majority of which were reviewed in the course of this audit with no issues noted.

A review of the €9.1m development levy debtor at the end of 2016, identified further write offs since the year end, as the review progresses and as existing planning permissions expired.

Chief Executive's Response

Agreed and noted - work continues to progress in relation to this.

8. Loans Payable

Loan balances of €30m were payable by the Council at the end of 2016. These consisted of:

- €20.2m related to the new corporate headquarters project. Departmental sanction was received on 19 March 2010 for a €22m loan in relation to this project. By the end of 2016 loans totalling €20.6m had been drawn down, which included the €7m referred to in paragraph 2.2. See paragraph 5.3 for further details of this job.
- €3.6m related to a loan to fund historic capital balances as discussed in paragraph 6.1.
- €2.5m related to water loans as discussed in paragraph 4.3.
- €1.9m related to housing loans funded by customers shown in note 3 of the AFS, with the applicable accounts having a funding surplus as reported in note 12.
- €1.8m related to voluntary housing loans, for which both interest and principal repayments are funded by the Department.

In summary, €6.2m of these loan balances have a funding source. Both the interest and the principal for the remaining €23.8m are being funded through the Council's revenue account. In 2016 the cost to the Council of funding these loans was €688k.

Chief Executive's Response

Agreed - amounts will continue to be budgeted in the revenue account to fund the above loans. It should also be noted that the loan costs for the HQ have been greatly mitigated by savings on annual rental costs for office accommodation.

9. Interest of Local Authority in Companies

9.1 Overview

Appendix 8 of the AFS disclosed three companies in which the Council had an interest. One of these, namely Back Lane Management Limited, was included for the first time in the 2016 AFS despite the Council owning 50% of this company since its incorporation in 2001.

It is vital that the Council has robust systems in place to identify all companies in which it has an interest. I recommend that management instigate a comprehensive review, to ensure both compliance with the ACoP reporting requirements for Appendix 8 in future AFS's and to evaluate the adequacy of controls and corporate governance arrangements in relation to all entities in which the Council had an interest, whether disclosed in Appendix 8 or elsewhere in the AFS.

Chief Executive's Response

Agreed – it is intended to conduct a comprehensive review of all potential companies associated with Roscommon County Council and their applicability or otherwise to the ACoP reporting requirements for Appendix 8. Back Lane Management Limited is a small company with only a handful of transactions relating to a property in shared ownership with Boyle Chamber of Commerce.

9.2 Moylurg Rockingham Limited

The 2016 audited accounts for Moylurg Rockingham Ltd (MRL) recorded a profit of €266k (€200k in 2015), reducing the accumulated losses to €650k by the year end. In addition the accounts included:

- Loan advances of €369k due from this company to the Council at the end of 2016. This included €198k loaned during 2016. This loan is being repaid at a rate of €5k per month and is recorded by the Council in note 3 of the AFS.
- A €2m shareholder loan, which was provided by the Council under the terms of the joint venture agreement on an interest free basis. This loan was effectively offset by cumulative losses incurred by the company in previous years and was not therefore recorded as a debtor in the Council's AFS. This matter should be regularised in the 2017 AFS.
- A contingent liability of €4.3m was disclosed in the company's accounts in relation to government grants repayable if the company ceased to trade within ten years. This contingency expired in May 2017.

The auditor's report for MRL included an emphasis of matter paragraph regarding the valuation of buildings. This disclosed that the directors have reviewed the €6.7m value of the building at the end of 2016 and in the context of the specific nature and purpose of the building they consider that no impairment of its value was required.

Chief Executive's Response

Agreed - the joint venture agreement is currently being reviewed.

9.3 Roscommon Leisure Centre Limited

The 2016 audited accounts for Roscommon Leisure Centre Ltd identified a loss of €87k (€100k loss in 2015), bringing the accumulated losses to €217k by the year end. This loss was after the inclusion of €86k subvention from the Council (€74k in 2015). The audit report included an emphasis of matter paragraph regarding the company's ability to continue as a going concern.

Chief Executive's Response

Agreed - in line with previous years the Leisure Centre will continue to be supported financially to ensure that it delivers benefit to the local community and particularly to local schoolchildren who avail of lessons and skills in swimming and water safety.

9.4 Back Lane Management Limited

Audited accounts for 2016 for Back Lane Management Ltd are not available to date. This audit should be completed in future years in time to facilitate the Council to complete its AFS and should thereby be available in the course of the Council's audit.

Chief Executive's Response

Noted - the directors of the company will discuss this as part of the review of the company's accounts for 2016. It should also be noted that this may be subject to resourcing and prioritisation within the external auditing firm.

10. Procurement

The Procurement Unit submitted two progress reports to management in 2016, with a further two reports to date in 2017. The resources applied to the procurement function have declined to a single member of staff since the first quarter of 2017 and this is regrettable given the progress achieved since June 2014 when the unit was established. Management need to ensure that the staffing allocation is sufficient to enable the unit to continue the advances made to date.

A number of contracts identified in previous audit reports remained not tendered in 2016. These included:

- Housing renovation and remediation works worth approximately €1m per annum, which was recently tendered by the Council. It is proposed to award a contract following this process.
- The Council is in the process of holding mini-competitions based on the Office of Government Procurement's framework agreements for legal and debt management costs, worth approximately €0.3m per annum.
- Waste costs worth approximately €0.1m per annum have not yet been tendered by the Council.

Chief Executive's Response

A full time resource was appointed to the procurement team in early 2017 following the transfer of the previous Head of Procurement, but unfortunately, due to specific circumstances the post holder was unable to take up the position.

Tenders for housing renovation and remediation works are currently at evaluation stage and it is intended to award a contract per Municipal District.

The debt management framework has recently been implemented and it is envisaged that a Supplementary Request for Tender (SRFT) for this will be published over the coming months. An arrangement is currently in place for legal services but it is anticipated that an SRFT for these services will be advanced as soon as practicable.

There has been a national framework for waste management services implemented and the procurement unit is exploring its suitability.

11. Unfinished Housing Estates

There are 170 unfinished housing developments (3,857 housing units) in the county, 28 of which (508 housing units) are included in the Department's 2016 unfinished housing developments list.

At the end of 2016, the Council held 105 bonds worth €16m and 24 cash bonds worth €986k in relation to such developments.

In addition to bonds held, the Council has received €2.3m to date from 20 bonds. A framework for consulting engineering services was put in place during 2016 to draw up plans for remediation works on those estates for which a bond has been paid over to the Council. This framework has been utilised to date on ten developments (271 housing units). In addition, €224k was received from the Department during 2016 under the National Taking in Charge Initiative to supplement the bonds paid over. Two further developments have been remediated under the supervision of Council staff without recourse to the framework.

Bond providers have carried out remediation works on a further eight developments using the bond monies in place. A further 15 developments are currently being remediated by the developer / receiver / owner.

While progress is being made to resolve this issue, overseeing the remediation works on these unfinished housing developments remain a significant challenge for the Council. At the current rate of remediation, this will continue to be the case for a number of years.

Chief Executive's Response

The remediation of these estates remains a significant challenge for the Council. However the provision of funding by the Department in the second half of 2016 under the National Taking in Charge Initiative (NTICI) enabled outstanding issues to be addressed in 8 housing estates.

12. Grant Claims

Included in trade creditors at the end of 2016 were invoices totalling €1.4m, which had been receipted on the financial system despite the fact that the goods / services had only been partially provided by the year end. Consequently the majority of these payments were not released by the Council until the period from February to April 2017 (75% were paid in this three month period), with €235k remaining unpaid by August 2017. These invoices formed the basis of grant claims prior to the year end.

This matter has been referred to in previous audit reports. Claiming unpaid bills breaches funding agreements. It is also inconsistent with the ACoP, which requires expenditure to be recorded in the year in which it is incurred. By receipting the goods / services on the financial system in advance of the receipt of these goods /services, the Council is circumventing basic controls inherent in the financial system. It also exposes itself to the risk of:

- Payments being released in advance of the receipt of these goods / services, and
- Prompt payment liabilities arising. Based on the Council's recorded date of receipt of these goods / services, such a liability would apply.

The Council should cease the practice of recording in advance the receipt of the applicable goods / services on its financial system.

Chief Executive's Response

Comment noted. These amounts all relate to contracts signed in 2016 but where works were not completed until 2017, many of which relate to large scale flooding expenditure. Roscommon County Council had a contractual obligation to discharge the amounts as they fell due and the grant allocations were drawn down

as directed to cover these costs. The €235k payment indicated above was not released as the works have not been completed to a satisfactory standard to date. There are difficulties associated with the fact that departmental accounting is done on a receipts and payments basis whereas local authority accounting is based on the accruals concept.

13. Governance

Corporate governance comprises the systems and procedures by which enterprises are directed and controlled. It is the responsibility of the Chief Executive, the management team and the elected members to ensure that effective systems of financial management and control are in place to mitigate risk.

13.1 Internal Audit

The Local Government (Financial and Audit Procedures) Regulations 2014 requires local authorities to maintain an adequate and effective system of internal audit and to provide the Audit Committee and the Chief Executive with assurances on the adequacy of control systems and procedures including internal controls, risk management and governance arrangements.

There was no effective internal audit function in place throughout 2016, which is a breach of the regulations referred to previously. As a consequence of the lack of an effective Internal Audit Unit (IAU), no reports were prepared in 2016 and this contributed to the absence of a functioning Audit Committee as referred to in paragraph 13.2. Management need to ensure that an adequately resourced IAU is in place for future years.

Chief Executive's Response

An Internal Auditor was appointed in Q2 2016 however, due to exceptional circumstances the position was not taken up until Q1 2017. A number of policy documents have been developed, reports have been drafted and three Audit Committee meeting have taken place in 2017 with a further meeting scheduled for December.

13.2 Audit Committee

There were no Audit Committee meetings held from December 2015 until February 2017. This is a breach of Section 10 of the Local Government (Audit Committee) Regulations 2014, which requires no less than four meetings in a calendar year. I attended the February 2017 meeting to discuss my 2014 and 2015 audit findings.

Chief Executive's Response

Comment noted. In addition to the reply at item 13.1 above it should also be noted that there was a reconstitution of the Audit Committee which took some time to effect due to the fact that the Corporate Policy Group and the Plenary Council had to approve the membership prior to it being reconstituted.

13.3 Ethics Returns

A review of the ethics returns for 2016 identified an improvement compared to previous years in the level of completion of these forms. It was evident from the files reviewed that every effort was made by Corporate Services to facilitate those required to make a return. Despite this:

- One former Councillor's return was not submitted by the statutory deadline - it has been received since.
- Twelve existing employees' forms were not submitted by the statutory deadline - all have been received since.
- Four former employees' forms have not been received to date.

I recommend that the Council's procedures be amended for future years to introduce penalties as allowed under the provisions of S174 of the Local Government Act, 2001 in the case of non-compliance.

Chief Executive's Response

A review of the procedures will be carried out to include the recommendation of the auditor as regards S174 of the Local Government Act, 2001 in the case of non-compliance.

13.4 Policies and Procedures

Policy and procedure documents were not available for many areas examined during this audit. Every section needs to have a procedures manual that details all vital policies and procedures applicable to the duties assigned to it. This is particularly relevant in the context of the significant staff changes that have taken place within the Council in the last two years. I recommend that the IAU collate all policy and procedure documents throughout the organisation, and detail any areas where these documents are not valid or available.

Chief Executive's Response

The Internal Audit Strategic Audit Plan 2017-2019 requires certain areas to be independently audited each year and during the course of each audit an examination is carried out on the particular policy and procedure documents and recommendations are made in relation to their adequacy. A Digital Transformation Strategy is to be implemented within the Organisation which will also necessitate a comprehensive databank of policies and procedures to be identified and stored in relation to business processes.

14. Acknowledgement

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

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Mary Keaney
Local Government Auditor
31 October 2017