



Rialtas na hÉireann
Government of Ireland

LOCAL GOVERNMENT AUDIT SERVICE

Statutory Audit Report

to the

Members of Dublin City Council

for the

Year Ended 31 December 2018

Department of Housing, Planning and Local Government

housing.gov.ie

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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 2018, 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, Planning, and Local Government.

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 2018 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 Comprehensive Income

The Council recorded a deficit of €1.6m in 2018 (2017, €2.9m), showing an improvement of €1.3m in last year's deficit. This figure is after net transfers to Reserves of €49.3m in 2018 (2017, €36.3m) an increase of €13m on last year's figures. This includes an increase in reserves of €3.3m in Housing, €2.2m in Roads & Traffic, €1.4m in Development and €2.6m in miscellaneous services.

The main variances between the adopted budget and the AFS are detailed in Note 16 of the AFS. The variances have been approved by the members at their meeting on the 1st April 2019, pursuant to S104 of the Local Government Act, 2001

Chief Executive's Response

Dublin City Council had a net general reserve of €21.6m at year end, reduced from €23.2m. This reserve is applied as funding in the current year (2019) Budget.

2.2 Government Debtors

Government Debtors were €136m in 2017 and €148m in 2018 reflecting an increase in debt year on year. Included in the 2018 figure is an amount of €143m (2017, €126m) mainly owed by the Department of Housing, Planning and Local Government (the Department) to the Housing department in Dublin City Council. The amount owing comprises of €34m for homeless services, €87m for housing capital projects with the remaining balance of €22m attributed to outstanding revenue claims. In March 2019, the amount owed by the Department was €182m.

Chief Executive's Response

Claims are regularly submitted to the Department of Housing, Planning & Local Government and actively followed up. Securing funding for all monies expended is a priority for DCC.

2.3 Bank Investments

Bank Investments have decreased from €131m to €126m in 2018, while cash at bank has reduced from €1m in 2017 to an overdraft amount of €4.2m at year end 2018. The difference is reflected in the net decrease in cash and cash equivalents in the Funds Flows Statement.

Chief Executive's Response

As referenced at 2.2 significant funding is being pursued with DoHPLG. Funds on hand relate to development Contributions paid, which will contribute to the funding of capital projects in the Capital Programme.

3 Income Collection

3.1 Summary of Income Collection

A summary of the revenue collections are as follows:

Income	Yield			Debtors		
	2018	2017	2016	2018	2017	2016
	%	%	%	€m	€m	€m
Rates	92	91	90	27.8	32.4	41.0
Rents & Annuities	76	76	78	27.8	26.2	22.5
Housing Loans	69	66	66	9.1	10.8	12.4

3.2 Rates

The rates collection yield shows a further improvement this year of 1% reflecting a reduction in the arrears figure from €32.4m in 2017 to €27.7m in 2018, representing a reduction of €4.7m year on year. The following table shows an aged analysis of the arrears as at year end 2018.

Arrears Rates	2018 €15.4m	2017 €5.1m	2016 €2.8m	2015 €1.6m	2014 €1.1m	Pre2014 €1.8m
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Rates arrears are actively monitored.

Chief Executive's Response

Commercial rates accounts for 35% of revenue income in 2018 and is therefore a critical source of funding for revenue services. The Rates Office staff are focused and proactive in maximising the collection and actively managing the arrears in order to reduce the level of arrears year on year.

3.3 Rents & Annuities

The collection yield for rents and annuities has remained at 76% year on year while the arrears have increased from €26.2m to €27.83m in 2018. The increased arrears on an already large arrears figure is cause for concern. The arrears in this sector has increased in just one year by €1.6m, an increase of this scale is significant, particularly given the magnitude of the current arrears.

The following table identifies arrears under the various categories of rental income.

Rental Categories	Arrears €000's	Credits €000's	Net Arrears €000's
RAS	807	123	684
Rent to Buy	95	3	92
LA Rents	28,280	3,052	25,228
<u>Other</u>	<u>1,896</u>	<u>69</u>	<u>1,827</u>
<u>Total</u>	<u>31,078</u>	<u>3,247</u>	<u>27,831</u>

It is noted that 61% of all local authority rent accounts are in arrears, this is not sustainable. It is important that every effort should be made to improve collections in this area. A more focused approach is vital in addressing these significant outstanding amounts. The existing vacancies need to be resourced to ensure that all rental areas are covered and actively followed up. A significant body of work is involved to ensure that rental arrears is managed and controlled.

In addition, it is essential to have up to date and reliable tenant income information to ensure that rent assessments are correctly calculated and billed. Accordingly, it is also recommended that a dedicated unit is established to undertake continuous reviews of all rent accounts to avoid large retrospective debits.

Chief Executive's Response

Dublin City Council has an arrears collection policy in place which includes warning notices, tenancy notices and legal proceedings. Payment arrangements are also agreed where possible. Dublin City Council expected that the Department of Employment and Social Protection would provide access to the Local Authority Verification Application (LAVA) by October 2018, which would enable DCC to view the income details of tenants. This development is delayed for technical reasons and once in place will assist with rent reviews, with much fewer assumed incomes and retrospective debits. It is expected that this will be in place once technical issues are resolved. DCC is reviewing its structure and procedures in order to ensure maximum efficiency is achieved in rent assessment and collection.

3.4 Housing Loans

The collection yield for housing loans has increased from 66% in 2017 to 69% in 2018, showing a net improvement of 3% year on year. This improvement was facilitated by the Mortgage Arrears Resolution Process, Mortgage to Rent process and Shared Ownership loans restructuring.

In 2018, Shared Ownership loans totaling €12.36m were restructured and redeemed. They were replaced by annuity loans, which included capitalised arrears of €841k. In addition, twenty-six mortgages totaling €6m were converted to Mortgage to Rent which took account of arrears of €1.6m and three housing units were repossessed with associated arrears of €175k.

However, there is still a total of 694 accounts in arrears with a value of €9.1m (net of credits). The following represents the status of these accounts.

Account Status	Number
Accounts in a arrears under 3 months	240
Accounts to be reviewed for restructure	74
Potential repossession	1
Process of Mortgage to Rent	35
Not engaging	76
In an agreement	145
Being reviewed	123

The above accounts represent a significant body of work and consequently it is vital that this area is fully staffed with experienced personnel, to bring this area up-to-date

Chief Executive's Response

The collection of loan arrears and restructuring of shared ownership loans has progressed well in 2018. Every effort will be made to continue this improvement through MARP and restructuring and engagement with customers who have so far not engaged in order to make agreements as appropriate. The shared ownership portion of the rented equity has reduced from 46.7m in 2017 to 35.3m at end 2018, more progress is necessary and will be made in 2019.

3.5 Bad Debts Provision

The bad debt provision for trade debtors is currently stated at €121m and includes provisions for development contributions, rents and loans in 2018.

In addition, a further bad debt provision of €29.7m is in place to address housing loan principal potential bad debt. This relates to the total outstanding housing loan principal of €229.5m recorded in long term debtors in Note 3 of the AFS.

Chief Executive's Response

Dublin City Council takes a stable prudent approach to the provisioning towards potential bad debts. Debtors have increased from €235m in 2017 to €310m in 2018 to €337m in 2019. The provisioning requirement is reviewed annually.

4 Transfer of Functions to Irish Water (IW)

Statutory Instrument No 13/2015, vested all underground assets relating to water and wastewater services but excluding assets relating to surface water in Irish Water.

4.1 Asset Transfer Status

There are currently thirty-five over-ground assets remaining to be transferred to IW which are at various stages of assessment. All of these assets require registration with the PRAI or the resolution of a third party. Some of these also include lands registered with some of the other Dublin local authorities. Dublin City Council SLA Unit are working with the Law Department and Surveying and Mapping Section on completing the land registration process. This involves considerable work regarding title, boundaries etc. The process will continue for the foreseeable future until all relevant over-ground assets are transferred to IW.

4.2 Irish Water Non HFA Loans

The balance on Non HFA loans of €10.8m in 2018, (12.4m, 2017) continue to be fully recouped from the Department. While these loans, still remain outstanding on Dublin City Council's Balance Sheet, their water related assets have been removed from Fixed Assets Note 1 of the AFS. Transfer of title to these assets is currently with the legal department and is of a complex nature.

Chief Executive's Response

The servicing of these loans is fully recouped from the Department of Housing, Planning & Local Government in line with their Circular L3-14. The water related assets have been removed from Fixed Assets Note 1 of the AFS due to the fact that they have been transferred to Irish Water.

5 Fixed Assets

5.1 Fixed Assets Overview

Fixed assets are recorded in Note 1 of the AFS at €10.8bn, of which housing assets total €6.1bn. In 2018, €131m in housing asset additions were acquired by Dublin City Council and recorded in Note 1 of the AFS. This amount reflects an additional 523 housing units acquired under the following categories; house constructions, acquisitions, Part V, buy and renew scheme, two in one scheme, mortgage to rent and repossessions.

5.2 Fixed Asset Housing Register

The fixed asset register does not reconcile with the figures in Note 1 of the AFS for housing. An exercise is underway to address this issue. It is important that the figures be substantiated and the process prioritised to ensure that the assets reconcile with the Oracle Financial Management System.

Appropriate controls regarding valuations and adjustments need to be implemented. These should be documented and authorised to ensure that accountability exists for all adjustments made to this database.

Chief Executive's Response

Procedures relating to housing property valuations and adjustments have been adopted which capture movements in the housing fixed assets financial information. Having regard to the historic data, the working group aims to address this in the coming months so as to be in a position to reconcile the financial information relating to housing fixed assets held in the OHMS database with the fixed asset register.

6 Loans Payable

6.1 Affordable Housing

The Council's Affordable housing loans are recorded in Note 7 to the AFS at a figure of €73.8m (2017, €73.8m). These loans were due to mature in 2018, but they have now been rolled over for a further year with the agreement of the Department.

These loans are in respect of three hundred and thirty-four housing units originally acquired for resale under the affordable housing scheme. The interest on these loans are fully recouped from the Department.

Chief Executive's Response

The Department has established an internal working group to consider a long term strategy for unsold affordable properties. The Group is to consider options for these properties and facilitate consultation with local authorities, AHB's and the Housing Agency as to what future action can be taken. The Department is currently undertaking a data gathering exercise to ascertain the number of unsold affordable properties in each local authority and to establish the value of outstanding loans associated with these units. DCC has submitted the information requested to the Department.

7 Development Contributions

There is currently no reconciliation in place between the APAS Planning system and the Oracle accounts receivable system to ensure that the debtors figure represents the amounts due. A system needs to be developed to identify the development contributions figure in APAS and a reconciliation put in place with Oracle Financials to agree these figures.

The development contributions debtor is stated in Note 5 to the accounts at €39.4m in 2018, (2017, €40.2m).

Chief Executive's Response

Development contributions are triggered by BCMS commencement notices. The levy calculations are recalculated and checked against the records in APAS with APAS being corrected for any information errors. This is done on a weekly basis and an additional quarterly BCMS review and check was introduced in 2018 which is now standard practice. There is no IT solution at present for report generation between APAS and Oracle (but this is being explored) however a manual solution has been identified which involves reconciliation between both systems.

8 Capital Account

8.1 Capital Account Overview

The capital account recorded a credit balance of €83.3m at the 31st December 2018, which represents an increase of €52.4m on last year's figure. This increase is mainly represented by total income including transfers from revenue of €438m in 2018 (2017, €403m) and capital expenditure of €385m in 2018 (2017, €333m).

The significant improvement in the closing balance in 2018 is mainly attributed to:

- Development contribution receipts
- Housing receipts
- Roads funding
- Reserves

8.2 Capital Account Debit Balances

There are 240 debit balances in the Capital Account totaling €162m, which mainly comprise of the following:

Department	Amount
Housing	€75.2m
Development Management	€53.0m
Environmental Services	€26.7m
Roads	€ 2.5m

Of the above departments the following projects represent some of the larger outstanding

debit balances:

- Land Acquisition Loan Redemptions €29.3m
- Thermal Treatment Plant at Poolbeg €13.5m
- Dublin District Heating Project €10.9m
- Housing Loan Redemptions € 9.4m
- Voids € 7.3m

Arrangements should be put in place to address these outstanding debit balances.

Chief Executive's Response

Specific responses are made below at 8.3, 8.4 and 8.5. More generally, DCC continues to work to reduce unfunded capital debit balances and will source and allocate funds where possible, as priority.

8.3 Loan Redemption Debit Balances

As noted above, land acquisition loan redemptions figure of €29.3m and housing loan redemptions figure of €9.4m form part of a number of larger debit balances outstanding in the capital account. These two figures represent HFA loan redemptions where no corresponding income existed in the capital account.

While housing loan redemptions debit balance has decreased from €14.5m in 2017 to €9.4m in 2018. The Land acquisition loan redemptions has shown no movement or indication that it is being addressed. It is recommended that where no source of funding is identified, arrangements are put in place to reduce this debit balance over a planned period of time.

Chief Executive's Response

In 2018 a €5.1m contribution from revenue was used to reduce this balance, with the same contribution being implemented in 2019. The final balance will be cleared with a contribution of €4.4m from Revenue in 2020.

8.4 The Thermal Treatment Plant at Poolbeg

The above thermal treatment plant relates to the pre-construction phase of the Dublin Waste to Energy Facility. The overall expenditure involved amounted to circa €91m. The expenditure was funded from government grants from the then Department of Environment, Heritage and Local Government, the four Dublin Local Authorities and a contribution from the Private Partner for costs incurred by the Dublin Local Authorities in obtaining the necessary consents, namely the planning permission and waste licence for the facility. The capital account currently has an unfunded debit balance of approximately €13.5m, which is associated with Dublin City Council's percentage of the pre-construction costs. Funding needs to be put in place to address this debit balance.

Chief Executive's Response

Dublin City Council has committed to prioritising the clearing of this debit balance utilising its share of the project revenues during the operational phase of the facility. This measure will address the unfunded balance in the medium term. In October 2014, Dublin City Council set-

up a new cost centre (501034) for the Construction and Commissioning phase of the Dublin Waste to Energy Facility.

8.5 Dublin District Heating Project

This project relates to phase 1 of the Dublin District Heating Project. The purpose of the Dublin District Heating Project is to facilitate the use of thermal energy from electrical generation station on the Poolbeg Peninsula and distribute and supply this heat into homes and business in the Poolbeg West, North and Grand Canal Dock SDZ areas of the city. It is anticipated that the Dublin Waste to Energy Facility will be the primary heat source for the project. The capital account has an overall debit balance of €10.9m, which is primarily associated with the delivery of district heating infrastructure within the North and Grand Canal Dock SDZ. This debit balance needs to be addressed.

Chief Executive's Response

In January 2016, Dublin City Council commenced Phase 2 of the project delivery. Phase 2 is focused on the development of an appropriate business delivery model to ensure that Dublin City achieves its primary policy object to make Dublin City a more sustainable and energy efficient city, less dependent on imported and fossil fuels, more competitive and environmentally clean, thus attracting foreign direct investment, and aiming to be an effective leader in the management of climate change, while ensuring that an appropriate return on Dublin City Council previous and future investment is realised.

Dublin City Council will ensure that unfunded balances are addressed over the full project life cycle. There are considerable future benefits available to DCC through this project across monetary, economic, social, environmental and reputational perspectives.

9 Dublin Docklands Development Authority (DDDA)

The DDDA was dissolved on the 29th February 2016 in accordance with the Dublin Docklands Development Authority (Dissolution) Act 2015. Net Assets amounting to €3.2m were brought into Dublin City Council's accounts in 2017. A number of provisions have been put in place for certain legacy issues that remain outstanding.

The issue of DDDA pensions is still under review, a decision has yet to be made and consequently, these are not represented in the AFS.

Chief Executive's Response

The Docklands Office continues to work on bringing the remaining legacy issues of the DDDA to a satisfactory conclusion, however, many of these items involve complex legal issues that have taken longer than expected to resolve. It is anticipated that further progress will be made during 2019 and that any outstanding items at the end of 2019 will involve litigations that are before the courts. The future of the DDDA pensions has been raised with the Department of Housing, Planning and Local Government and further discussions will take place during 2019.

10 Procurement

Procurement in Dublin City Council operates both a centralised procurement service through the Central Procurement Unit (CPU) and a decentralised service, where individual departments, with the support of the CPU, are responsible for ensuring their sourcing requirements and operating to the best procurement practice, legal and compliance requirements.

The Central Procurement Unit reports to the Head of Information Systems who in turn reports to the Head of Finance, and is responsible for central oversight and performance measurement of procurement activities. The Council's procurement procedure is outlined in its Procurement Policy and Procedures Manual, and is supported by its Corporate Procurement Plan 2019 – 2021 which was approved by the Chief Executive on 24th April 2019.

The following weaknesses in procurement procedures and of non-compliance with procurement regulations were noted:

- 1) A strategic review undertaken on the Procurement function in the Council was undertaken by Deloitte (2015) and an internal council review (2015) recommended that procurement leads and dedicated procurement hubs be set up in each Dublin City Council department. This is not yet in place.
- 2) The 2015-2017 Corporate Procurement Plan put forward an action plan item regarding the establishment of a contracts database as a central repository for all council contracts. It is noted that although there is a current contracts register in place, it is not supported by IS, does not generate automatic alerts and requires a fit for purpose reporting module to facilitate timely communications and avoid duplication of work. I am informed that an alternative database is being examined with a view to addressing these shortcomings.
- 3) There has been no recent Procurement Spend Analysis undertaken. The benefits of a spend analysis are as follows: -
 - a. Ensures greater compliance with procurement legislation and regulations & associated policies and guidelines
 - b. Identifies areas of spend with contract potential
 - c. Leverages potential procurement savings on a corporate basis.

This spend analysis should be undertaken on an annual basis, and it should inform the procurement functions activities for the year ahead. I have been informed that Oracle is being reviewed to align procurement categories with the OGP categories and consequently, this will facilitate a more accurate spend analysis.

- 4) The following instances of non-compliance with the Procurement Directive and non-use by the Council of OGP National Framework Agreements were identified at audit in the various departments of Dublin City Council
 - a. Legal Services
 - b. Homeless Services
 - c. Works undertaken for €200k

Chief Executive's Response

Central Procurement Unit

- 1) Dublin City Council acknowledges the findings of the LGA, but wishes to bring to the attention of the LGA, that a competition was held in 2018 for Procurement Specific Administrative Officers and a panel was formed to allow for the creation of 3 hubs (centres of excellence) in Housing, Community and Emergency Services, Culture Recreation and Economic Services (CRES) and Environment and Transportation (E&T) Departments. Following the appointment of two topped ranked candidates to the CPU in 2018, the first of the next 3 panel members will be appointed to CRES on 6th August 2019 as the first hub to commence
- 2) The CPU and I.S. Department will carry out a site visit to South Dublin County Council with a view to using the model developed in-house by SDCC. If suitable, the contracts database will be implemented in 2019.
- 3) Dublin City Council acknowledges that no internal spend analysis has taken place but would also note the annual procurable expenditure spend data is returned to the Office of Government Procurement for analysis for potential National Frameworks. The proposed changes within the FMS will ensure that the CPU and Finance Department have the ability to carry out accurate spend analysis in the future.

However, it is not agreed that a spend analysis should be carried out on an annual basis. With the reoccurring nature of DCC's spend, a spend analysis should formulate a programme of tendering requirements for a period of more than 1 year, and therefore DCC intend to carry out an in-depth analysis every 3 years. The improvements in control measures within the FMS will allow for ongoing monitoring of non-procurement spend.

Law Dept.

- 4)
 - a) Legal services are exempt from the European Public Procurement regime. Dublin City Council set up a framework for the provision of legal services which expired in July 2018. It was decided at that time not to extend the framework for a further 12 months as we would use the OGP framework as and when necessary. During the year it became apparent that we would need to outsource some residential conveyancing work due to the larger volume of properties being purchased by the Housing section to try and meet the demand that arose because of the current housing crisis. When we explored the possibility of using the OGP framework it transpired that it could take up to 20 weeks for the process to be complete. In those exceptional circumstances it was decided to resort to the Council's own framework. The only way in which we were non-compliant was by not having a Chief Executive order in place to extend the framework.
 - b) Generally, when a property in the private sector is offered/sourced to the DRHE for use as emergency accommodation, the property is in the ownership of a third party and it is not possible for the Dublin Region Homeless Executive to tender for a service provider. However, all contracts are negotiated by the Valuer's Section of Dublin City Council to ensure that the DRHE get value for money. All leases and contracts are currently being reviewed and instructions have been sent to the Valuer's Section with a

view to ensuring that there are up to date leases in place for all private emergency accommodation.

Similarly, when a Non-Government Organisation/Approved Housing Body offers a property for use as emergency accommodation, the NGO who has ownership or a lease on the building automatically become the service provider. When agreeing a new service, the NGO is required to complete a funding application and new guidelines have recently been issued in order to introduce a uniformity in costs and to secure value for money across all services.

Rooms in commercial hotels are also being used as emergency accommodation and a Sounding Exercise, to establish whether or not it was feasible to tender for hotel rooms, was carried out in 2016 with the results indicating that hotels would not participate in a tender process because of the perceived impact on their business competitiveness. Therefore, the DRHE has not tendered this business as any fall off in the availability of rooms in hotels would result in families having nowhere to go.

All other services provided by the DRHE will be tendered over the next year. This will include visiting supports, prevention services, day services, advice centers and any facilities in the direct ownership of Dublin City Council currently being managed by an NGO/AHB. To date, Housing First has been tendered and a contractor has been appointed and the specification for a tender process for the Family Housing Assistance Team is currently being developed and it is expected that this tender will be advertised in Q4 2019.

Housing Dept.

- c) This refers to a property in Haddington Road which was leased by Dublin City Council from a private operator many years ago and was used as emergency accommodation by the DRHE. At the time the property was leased from an individual, it was agreed that the property would be returned in good condition to the owner, (which was a limited company). In February 2018, it was agreed that the value of the reinstatement work would be €200,000 and this amount was subsequently paid to the company.

11 Local Authority Companies

Dublin City Council has an interest in eleven subsidiaries, four associated companies and one joint venture structure as identified in Appendix 8 to the AFS. The table shows the extent of control exercised by the Council, whether or not the transactions are included in the Council's AFS and brief financial details of each company. The financial transactions of only two of the companies listed are included in the Council's AFS (Ballymun Regeneration Limited and Hugh Lane Gallery Trust).

Audited accounts were not received for year ended 2018 for twelve of the sixteen accounts. All local authority companies' audited accounts should be available for the year being audited.

Chief Executive's Response

All Accounts will be received within the statutory deadline for filing accounts with the Company's office.

11.1 Temple Bar Cultural Trust Designated Activity Company (TBCTDAC)

A decision was taken in 2013 to dissolve the above company and transfer all the functions and assets to the Council. The legislation has not yet been enacted to dissolve this company. Consequently, the assets currently stated at €55.5m have not been transferred to Dublin City Council. Temple Bar Cultural Trust DAC is not consolidated in the Council's annual financial statement.

Chief Executive's Response

Dublin City Council is awaiting the relevant legislation from Central Government to enable the dissolution of the Temple Bar Cultural Trust. In the meantime, the orderly transition of the company's functions to Dublin City Council continues and all company legislative requirements continue to be complied with.

12 Governance

12.1 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.

12.2 Internal Audit

The Head of Internal Audit reports directly to the Head of Finance for administrative purposes. He has also direct and independent access to the Chief Executive and Chair of the Audit Committee.

In 2018, eleven Internal audit reports were completed, of which four were outsourced and finished by Deloitte but managed by the Head of Internal Audit. I have taken account of the work of Internal audit in the audit of Dublin City Council.

12.3 Risk Management

Dublin City Council has an established Risk Steering Group in place. It is chaired by the Chief Executive and comprises of Assistant Chief Executives, Head of Finance, City

Engineer, Law Agent, Head of HR and Corporate Services. It met six times during 2018 and considered corporate risks pertaining to Dublin City Council during the year.

12.4 Ethics Register

Section 171 of the Local Government Act, 2001(as amended) requires that certain council members and senior staff are required to submit an annual declaration to the nominated Ethics Registrar. Statutory Instrument No 582/2002 sets the last day of February as the return date for these forms.

The responsibility for completion of the ethics return rests with the Councillor or staff member for whom the Council deemed the legislation applicable. A number of instances of non-receipt of declaration were noted at audit.

Chief Executive's Response

DCC are aware of its obligations in this area and requires that all designated staff and councillors submit the required declarations by the due date. While returns are generally high, a small percentage remains outstanding due, in the main to staff being temporarily absent from the workforce.

We are in the process of replacing the current paper based system, which is extremely cumbersome and labour intensive, with an electronic version. This will facilitate the timely collection of declarations.

We expect that this will be in place in time for the next annual return

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
31 July 2019

