



Rialtas na hÉireann
Government of Ireland

LOCAL GOVERNMENT AUDIT SERVICE

Statutory Audit Report

to the

Members of Clare County Council

for the

Year Ended 31 December 2017

Department of Housing, Planning and Local Government

housing.gov.ie

CONTENTS

1	Introduction.....	1
2	Financial Standing.....	1
2.1	Statement of Comprehensive Income / Financial position	1
3	Income Collection.....	2
3.1	Commercial Rates	2
3.2	Housing Rents	3
3.3	Housing Loans	3
4	Transfer of Water and Sewerage Functions to Irish Water	4
5	Capital Account	4
5.1	Capital Balances	5
5.2	Capital Expenditure.....	6
5.3	Specific Credit Balances	6
5.4	Storm Damage Funding Shortfall.....	7
5.5	Unfunded Capital Balances	7
6	Fixed Assets	8
7	Loans Payable	8
8	Development Contributions	9
9	Procurement.....	10
9.1	Public Spending Code.....	10
10	Local Authority Companies	10
11	Governance.....	10
11.1	Internal Audit Function	10
11.2	Audit Committee	11
11.3	Risk Management.....	11
12	Other Matters	11
12.1	Deferred Income	11
12.2	Housing Estates	12
12.3	Provision of Housing by Approved Housing Bodies	13
	Acknowledgement.....	13

AUDITOR'S REPORT TO THE MEMBERS OF CLARE COUNTY COUNCIL

1 Introduction

I have audited the Annual Financial Statement (AFS) of Clare County Council for the year ended 31 December 2017, 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 2017 and its income and expenditure. My audit opinion, which is unmodified, is stated on page 13 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 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.

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 / Financial position

The Council recorded a surplus for the year of €743k after transfers to and from reserves (which includes loan repayments) of €11.02m. There was a cumulative surplus of €1.24m in the general revenue balance at the end of 2017. Both transfers to reserves and over expenditure were approved by the Council at its meeting in April 2018. Details of over/under expenditure are contained in note 16 to the AFS.

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

- Increase in fixed assets of €9.26m (excluding depreciation)
- Decrease in net trade debtors and prepayments of €0.96m
- Decrease in net creditors and accruals of €2.80m
- Decrease in bank investments of €2.23m
- Increase in cash at bank of €2.15m

Chief Executive's Response

The positive result on the revenue account in 2017 is welcomed, a continued trend of recent years in eliminating the deficit on this account. The Council will continue to work to strengthen this financial position with close monitoring of both revenue and capital income and expenditure, balanced against increasing demands for services and improved local infrastructure.

3 Income Collection

A summary of the income collections as disclosed in Appendix 7 of the AFS is set out below:

Income Source	Yield %		Debtors €m	
	2017	2016	2017	2016
Rates	86%	84%	€10.78m	€11.08m
Rents & Annuities	84%	86%	€1.34m	€1.08m
Housing Loans	66%	60%	€0.52m	€0.65m

3.1 Commercial Rates

Commercial rates arrears have continued to decrease in 2017 and have fallen by over 11.2% over the past two years from €12.14m at year end 2015 to €10.78m at year end 2017 inclusive of credit balances. The collection yield for commercial rates has increased in 2017 to 86% from 84% in 2016.

There are a total of 3,148 individual rate accounts at year end 2017 with 1,710 of these accounts in arrears with an aggregate value of €11.53m. The number of accounts with credit balances at year end 2017 totalled 567 with an aggregate value of €752k.

There were 281 accounts with arrears each exceeding €10,000 at year end 2017 with an aggregate value of €7.509m. Therefore the top 16% of accounts in arrears represented 65% of total gross arrears. There were twenty eight accounts with credits exceeding €2,000 at year end 2017 with an aggregate value of €628k. Therefore the top 5% of accounts in credit represented 84% of total credits.

From the sample of rate accounts reviewed at audit I am satisfied that the rates department is endeavouring to engage with account holders in arrears on an on-going basis in order to resolve issues arising.

Chief Executive's Response

Commercial rates income is a critical source of income of Clare County Council. The collection performance improved again in 2017 exceeding the National target set and placing Clare County Council above the average collection across all local authorities. This area continues to receive significant attention from the management and staff of the Council.

3.2 Housing Rents

A collection level of 84% was recorded in 2017 which was a 2% decrease on the prior year. At the year end rent arrears amounted to €1.34m (€1.08m in 2016). It was noted that a previous audit recommendation for the undertaking of a complete rent review was undertaken during 2017.

There are a total of 3,014 active rent accounts of which 754 of these accounts were in arrears for greater than twelve weeks at the end of 2017, and these amounted to €1.12m. This total includes €264k in the top twenty five arrear accounts and represents 19.7% of the total rent arrears.

The bad debts provision for housing rents is 99% of the total gross arrears and this provision needs to be reviewed in the current year.

From the files selected for review at audit it was noted that in almost all cases there was evidence of engagement or on-going attempts at engagement by housing rents section with rent account holders in arrears.

Chief Executive's Response

As noted by the auditor, in the year 2017 a rent review was completed which increased the revised debits raised in many cases and thus impacted on the increased arrear levels generated at the year end. Notwithstanding that, arrears are continuing to rise and the Council has recognised this issue and is committed to working on reviewing the processes and improving on the collection levels reported.

The bad debt provision will continue to be reviewed in the context of the 2018 AFS preparation.

3.3 Housing Loans

Housing loans arrears amounted to €517k (net) in 2017 (€651k in 2016). There has been an increase of 6% in the collection yield for housing loans. It was also noted that while overall arrears decreased, individual arrears on some accounts continued to increase as mortgage payments received are insufficient to cover the monthly loan instalments.

From the samples selected for review at audit there is significant evidence of ongoing and continued engagement with housing loan account holders in arrears.

It is noteworthy that for a number of accounts in arrears reviewed at audit, significant resources have been committed to facilitate agreed payment plans with customers who subsequently fail to adhere to the terms of said payment plans. The Council should follow through on potential legal action where the terms of such agreements with account holders are not adhered to.

There are a total of 274 active housing loan accounts of which 103 of these were in arrears for greater than three months at the end of 2017 and these amounted to €534k (€562k gross loan arrears). This total includes €289k on the top fifteen arrear accounts and represents 51% of the total gross loan arrears.

Shared Ownership loan account for 36% of the totals loan arrears at the year end. These arrears increased slightly from €202k at year end to €214k (unaudited) at the end of August 2018.

The level of bad debt provision at €513k or 91% on the gross arrears balance at the year end would appear to be over-prudent and needs to be reviewed in the current year.

Chief Executive's Response

Housing loan arrears reduced by €130K on the previous year's balance and the auditor has recognised the concerted effort to improve collection levels in this area in recent years. The Mortgage Arrears Resolution Process (MARP) is being utilised to assist borrowers in difficulty with their housing loans. This involves meeting customers to discuss issues, securing payment plan agreements with our customers, and monitoring these agreements. A more robust loan approval process is also in place to ensure that applicants have the actual ability to honour the commitments required.

The bad debt provision will continue to be reviewed in the context of the 2018 AFS process.

4 Transfer of Water and Sewerage Functions to Irish Water

Issues with regard to the transfer of title of properties transferred to Irish Water (IW) including the subdivision of folios, right of way issues and sites not registered were highlighted in the 2014 – 2016 audit reports. The Council is continuing to work with IW on these matters.

In all there are 364 water assets to be transferred to IW. The most significant details included in this total are as follows;

- 147 assets have to date been transferred to IW;
- 217 assets remain to be transferred to IW (including 30 non-operational)

Progress made with regard to the remaining assets to be transferred will be reviewed at the next audit.

As part of the Service Level Agreement (SLA) the Council continued to operate the water service on behalf of IW which included all matters relating to the raising and the collecting of domestic water bills. This function ceased in December 2016. During 2017 €10.01m was expended by the Council on the provision of these operational services and such costs were fully recouped from IW.

Chief Executive's Response

The transfer of water and waste water functions to IW is an ongoing process and like all local authorities in the country the process has proven slower than expected. The Council will continue its work with IW to complete the process of transferring the title of assets from the Council to IW.

5 Capital Account

The favourable balance in the capital account at the end of 2017 increased slightly to €20.556m from €20.046m at the end of 2016. There are a total of 423 capital codes in the capital account. The closing balance is the aggregation of 174 capital codes with deficit balances totalling €17.8m and 249 capital codes with favourable balances totalling €38.4m respectively.

5.1 Capital Balances

The main elements of these capital balances are as follows;

• General Reserves	€10.79m Cr.
• Development Levies	€5.30m Cr.
• Non Project Balance Funded	€4.08m Cr.
• Realised Tenant Purchase Annuities	€1.33m Cr.
• Capital – WIP Funded	€1.17m Cr.
• Voluntary Housing Works/ Recoupable Works (Net)	€0.032m Cr.
• Capital – Preliminary Funded /Unfunded(Net)	€1.78m Dr.
• Completed Asset Funded / Unfunded	€0.38m Dr.

I have requested that management carry out a comprehensive review of all capital codes and balances in order to rationalise same where possible. Specifically, I have requested that the Chief Executive ensures a comprehensive review to be completed on the favourable reserves balances before the end of 2018 with a subsequent report prepared on any findings prior to the commencement of the next audit. This report should also address the deficit and favourable balances in other capital code categories (see paragraph 5.3 below).

It is further recommended that a review of all residual debit and credit balances (i.e. less than €20k) where no financial activity has taken place in 2017 should be reviewed and, where appropriate, rationalised through the offsetting of debit and credit balances within each programme group. In all 290 of such balances have been identified at audit with 147 capital codes having €339k in favourable balances and 143 codes having a combined €417k in unfavourable balances respectively.

A report on these findings should be prepared and filed for review at the next audit. This matter has been raised during previous audits.

A review on outstanding land / property acquisitions acquired by the Council during 2017 noted that nine cases have still not been finalised by August 2018 because various legal issues and formalities have not been completed. The total sum involved of €1.434m includes €155k on a land acquisition acquired for a roads project which has been completed and finalised years ago.

I have highlighted to management that all expenditure recoupment claims should be made in accordance with the requirements of Circular 13/2014 “Management of and accountability from exchequer funds” issued by the Department of Public Expenditure and Reform.

Chief Executive’s Response

The local authority reviews all capital balances on an ongoing basis with a particular emphasis on funding sources. The €17.8m deficit balances referenced are funded by corresponding credit balances in the credit job codes listed except for less than five cases as referenced in detail at 5.5 below. The actual value of unfunded balances at the end of 2017 was circa €3.5m and these are primarily in relation to projects in progress with more detail on these outlined below.

The review of all job codes as requested will be included as part of the preparation of the

AFS 2018 and explanations provided to the auditor for the balances referenced.

The auditor's comments are noted in relation to the outstanding land/ property acquisitions. These relate to specific strategic long term roads infrastructure projects that are in progress. An update on this will be available to the auditor during the next audit.

5.2 Capital Expenditure

There was a significant increase in overall expenditure in 2017. Total expenditure of €36.07m (including transfers) was €6.5m or 21.98% greater than that incurred in 2016 of €29.57m. The main items of expenditure were those in Housing and Building of €20.38m and Roads Transportation & Safety of €8.29m and Development Management of €2.75m. The combined expenditure totals in these categories totals €31.42m and accounts for 87.1% of the overall expended total in 2017.

The following were the main capital projects of expenditure incurred during 2017;

- Housing Construction / Acquisitions €14.57m
- Voluntary Housing €1.72m
- Vacancy Housing Stock Returns €1.68m
- Storm Damage / Other Works €2.93m
- Shannon Bridge Crossing €2.15m
- Burial Grounds Acquisition €0.72m

Chief Executive's Response

Capital expenditure continues to increase in recent years as there is renewed focus on Local Authority infrastructure development and corresponding exchequer funding received particularly in the areas of Housing and Road Transportation and Safety.

5.3 Specific Credit Balances

There were twenty one specific credit balances verified on a sample basis where there was no movement in the balances during 2017. These amounted to €3.55m. Some of these specific credit balances are going back over many years.

The continuing failure by senior management to address this issue at audit is disappointing. I have again requested that a review of these capital codes should be undertaken and where necessary, the appropriate accounting adjustments be reflected in the 2018 AFS and progress on this matter will be reviewed at the next audit.

Chief Executive's Response

The balances referenced are reviewed on an ongoing basis. Many relate to specific projects that are at a preliminary stage of development or relate to future commitments of the Council. As part of the capital balance review in preparing the AFS 2018, these balances will again be reviewed and explained and any adjustments required will be made.

5.4 Storm Damage Funding Shortfall

In early 2014 the impact of the serious weather conditions experienced in this country saw significant damage being inflicted upon the various assets base of Clare County Council.

The Council identified that a minimum of €16.2m funding was required to cover the costs of the remedial works. €14.6m of this was funded as follows;

- The Office of Public Works €8.27m;
- The then Department of Environment, Community and Local Government €3.96m;
- The Department of Transport, Tourism & Sport €2.095m;
- The Departments of Agriculture, Food and the Marine €0.273m.

This resulted in a shortfall of €1.6m, which had to be funded by the Council from its own resources. This is currently being recognised as an unfunded balance in the Council's capital account. During 2017, €600k was included in the transfers from the revenue to meet this deficit balance. The ongoing funding of the remaining balance (€1m) could have an impact on future budgets of the Council.

Chief Executive's Response

During the preparation of the AFS 2017 it was confirmed, in writing, to the Council that this expenditure incurred as a part of the 2014 storm damage remediation would not be recouped from exchequer funding. This unfunded balance was part funded (€600k) in the completion of the 2017 accounts. The remaining balance (€1m) will remain under review as part of the capital programme and a phased reduction on this total is planned over a number of years.

5.5 Unfunded Capital Balances

Following on from comments noted in paragraph 5.4 above the closing unfunded balances increased to €3.50m at the end of 2017 (€1.75m in 2016). The items in this total are as follows;

- Property/Various Land Acquisitions for Housing Purposes €1.45m
- Storm Damage Funding Shortfall €1.00m
- County Burial Ground, Kildysart €0.71m
- Blakes Corner, Ennistymon €0.26m
- Sale of derelict site € 0.08m

It is commendable to note that an audit recommendation with regard to the elimination of the unfunded capital balance on the Cliffs of Moher project (€851k) made a number of years ago was finalised in 2017.

Chief Executive's Response

The funding of the balances outlined above will be considered as the various infrastructure projects in roads improvements, social housing development and amenity development are progressed with the relevant grant funding, loan funding or Council own resources applied.

The housing land acquisitions represent land available for use as part of the social housing development programme and this will be recouped as housing schemes are progressed on these sites.

The matter on the storm damage funding shortfall of €1.6m has been dealt with in detail in paragraph 5.4 above. This unfunded balance was part funded (€600k) as part of the completion of the 2017 AFS. The remaining balance (€1m) will remain under review as part of the capital programme and a phased reduction is planned over a number of years.

Land purchased for the development at Kildysart Road Ennis will be funded in the longer term as the project is designed and developed. In the meantime bridging finance may be considered.

The funding options for the balance at Blakes Corner for the Ennistymon inner relief road will be addressed as the scheme is advanced at this location.

The debit balance related to derelict sites is being addressed on a phased basis over a number of years.

6 Fixed Assets

Fixed assets were included in the AFS for the first time in 2003. The complete asset bases held at that date were valued in accordance with the guidelines issued by the Department of Housing, Planning and Local Government (the Department). Since 2003 all assets either purchased or constructed are included in the balance sheet at cost.

In 2014 the financial value of the assets base was further enhanced with the inclusion of assets held by the former town councils of Ennis and Kilkee.

The net book value of fixed assets increased by €8.54m during 2017 with the most significant increase relating to housing additions which accounted for €9.07m of this increase.

The net book value of fixed assets is €2.7 billion as outlined in Note 1 to the AFS. This includes Roads and Infrastructure assets of €2.25 billion that account for 83% of the total value.

7 Loans Payable

Clare County Council has loans payable totalling €85.01m at year end 2017 of which 92.4% are non-mortgage loans (€78.57m). The vast majority of loans payable are Housing Finance Agency (HFA) borrowings (48.83%); KBC borrowings (27.40 %); EIB (9.2%); Danske Bank (5.19%); Ulster Bank (4.83%). The balance of 4.55% is made up of other smaller loans.

Non-mortgage Loans

The €78.57m of non-mortgage loans as at 31 December 2017 are made up as follows;

- 10% or €7.83m relate to land loans
- 12% or €9.38m relate to roads loans
- 35% or €27.78m relate to corporate buildings loans

- 7.6% or €5.93m relate to recreation and amenity projects
- 7.4% or €5.85m relate to landfill and recycling centres
- 10% or €7.82m relate to the Cliffs of Moher
- The remaining 18% or €13.98m are made up of recoupable and shared ownership scheme loans.

Loan repayments made during 2017 totalled €7.73m which consisted of principal repayments totalling €6.89m and interest payments of €0.84m. This represents a decrease on the 2016 loan repayments which totalled €8.88m (principal of €6.70m and interest of €2.18m).

The land loans of €7.83m at the year-end included €6.32m which are being repaid on an interest only basis with repayments on these loans totalling €95k during 2017. These repayments are non-recoupable and are therefore funded by Clare County Council's own resources through the revenue budget.

Recoupable Loans

There are recoupable loans totalling €10.11m at year end 2017. These consist of voluntary housing loans (€8.6m) and water related loans (€1.51m). The total repayments on these loans during 2017 were €0.674m and are fully recoupable by Clare County Council. As these loans are fully recoupable, the loan balances are now recorded in the AFS as loans payable with a matching amount in long term debtors in accordance with Department Circular Fin 01/2018.

Chief Executive's Response

The land loans referenced relate to housing land acquisitions which are currently on an interest only basis for five years. This cost has been provided for in the Council's annual revenue budget. There are plans in place for the development of social housing on some of these sites in late 2018 and 2019. As these developments progress, the value of the site costs will be recouped from the Department together with the value of the loan interest incurred. This will lead to a reduction in the level of loans outstanding. The long term funding of the residual balance will be considered having regard to any national initiative in this area.

The recoupable loans are not a cost to the Local Authority as the loan charges are fully recouped to the Council.

8 Development Contributions

Included in trade debtors and prepayments at 31 December 2017 was €3.58m (2016 - €4.22m) in respect of development contributions due to the Council (Note 5 of the AFS). A provision for bad debts of €3.038m (representing 85% of the debt) has been made and is included in the overall 2017 bad debt provision of €14.65m.

Following a review of post year end receipts close to 100% of the year end net debtor had been collected at audit. A yearly review of the bad debt provision should be undertaken to ensure that it is appropriate.

Chief Executive's Response

The Council will review the level of bad debt provision here as part of the 2018 AFS preparation.

9 Procurement

9.1 Public Spending Code

Clare County Council is required to publish an annual report setting out how it complies with the above code. The stated objectives of the code are to ensure the State achieves best value for the resources at its disposal. In its report published in April 2017, the Local Authority found no serious areas of non-compliance and identified a high degree of procurement discipline and achievement of value for money in projects reviewed. The detailed audit work in respect of projects examined as part of the Public Spending Code was performed by Internal Audit and account has been taken of their work in the performance of the audit.

Chief Executive's Response

This annual report process reiterates this practice and it is positive to see the outcome. The implementation of the Public Spending Code in both current and capital expenditure is part of all expenditure considerations.

10 Local Authority Companies

The Council's interest in companies is set out in Appendix 8 to the AFS. This table includes information with regard to the extent of control exercised by the Council, brief financial details and the date of the latest financial statements received to which this information relates. None of these companies are consolidated in the Council's Accounts.

11 Governance

Corporate governance comprises the systems and procedures by which enterprises are directed and controlled. It is the responsibility of management to ensure that such systems and procedures exist and are robust.

11.1 Internal Audit Function

The quality of output of the internal audit unit is of a high standard. The internal auditor reports directly to the audit committee and the Chief Executive. The unit produced a significant number of reports during the year in addition to a number of inspection reports with regard to internal control procedures.

These include the following;

- Final Report Spot Check Transactions Quarter 1 Motor Taxation
- Final Report Spot Check Shannon Municipal District
- Final Report Ennis Leisure Centre Cash Desk 2017
- Final Report Motor Taxation Quarter 2 HGV
- Final Report Landfill Operation & Aftercare at Ballyduffbeg
- Final Report on Review of Casual Trading 2017

- Check Report - Current Expenditure Landfill & Aftercare
- Check Report – Capital – Clare County Library

I have taken account of the work of the internal audit unit in carrying out my audit. It is important that the recommendations made in the reports prepared by Internal Audit are implemented by management in a timely manner.

Chief Executive's Response

The auditor's comments are noted. The work of this section of the Council is an important part of the overall control and governance environment.

11.2 Audit Committee

The Audit Committee met five times during 2017. The annual report of the audit committee was presented and approved by the Council in February 2018. The minutes and report of the committee were made available to me at audit. I commend the work undertaken by the audit committee which contributes to the independent oversight of the corporate governance within the Council

Chief Executive's Response

The work undertaken by the Audit Committee is of significant importance to the Council and greatly contributes to the independent oversight of corporate governance.

11.3 Risk Management

An effective risk management framework provides the executive management and the Council members with assurance that major organisational risk are identified and appropriately managed.

The Council's Risk Management Policy was updated and adopted by the management team in June 2018.

The Council also has a corporate / directorate risk registers in place and are currently being reviewed and updated in 2018.

12 Other Matters

12.1 Deferred Income

Deferred income is recorded in AFS 2017 as €11.42m which is less than the 2016 figure of €15.48m and is made up as follows;

- Capital : €9.63m
- Revenue: €1.08m
- Irish Water SLA: €705k

The elements of the capital expenditure deferred income amount noted above are as follows;

- Roads Capital: €4.17m
- Storm €3.31m
- Housing & Building: €1.09m
- Other Projects: €2.85m

Chief Executive's Response

The detail listing supporting the level of deferred income was provided as part of the AFS 2017 audit. This income relates to specific projects such as storm remediation, road reinstatement, housing leasing advanced recoupment among others. This income was paid to the Council in advance of incurring the expenditure and is deferred pending the advancement of the specific project. These balances are reviewed quarterly and released to the revenue and capital account as appropriate.

12.2 Housing Estates

Changes introduced in planning legislation during 2008 allowed developers of unfinished houses estates, the majority of home owners on the estates or the management companies set up therein the power to require local authorities to take estates in charge. Compliance with the aforementioned legal requirements could result in significant future expenditure being incurred by this Council in bringing these estates up to the required standards under the conditions to the respective granted permissions.

Management have represented that the Council has in excess of one hundred and eighty files pertaining to the taking in charge of estates that require additional work to be carried out. Some of these files relate to formal requests from developers or residents for the Council to take them in charge. The Council have represented that whereas the majority of these will require some work to be carried out on them, a large number would not be designated as unfinished housing estates.

The additional work to be carried out on the above estates along with their management could represent a significant financial cost to the Council.

Chief Executive's Response

The auditor comments are noted and are based on detail provided during the course of his audit. There are potential costs arising in relation to the taking in charge of unfinished housing estates. The likelihood is that in some cases a portion of such costs may ultimately fall on the local authority in the absence of any other party available to undertake the necessary works or be held responsible for the recovery of such costs. The present estimate of this is unknown in the absence of up to date site inspections and undergrounds surveys.

Notwithstanding the above, the Council continues to make progress with bondholders and developers in respect of developments not taken in charge. This area would benefit from funding under any new initiatives proposed at national level that would enable priority works to be undertaken in some of these estates.

12.3 Provision of Housing by Approved Housing Bodies

The Local Government Audit Service (LGAS) issued a Value for Money (VFM) report on the oversight role of local authorities in the provision of the housing by Approved Housing Bodies. A review of the recommendations found that in general the Council is either complying with the recommendations, or is in the process of implementing controls to comply with them.

A review of these controls in Clare County Council highlighted weaknesses including the following;

- Regular formal meetings are not held with AHBs
- The Council does not have a periodical inspection regime for AHB properties.

Chief Executive's Response

A register of AHB properties has been set up in 2018 and progress on the development of this register will continue so that it incorporates details on properties, tenancies, the source of funding and conditions attached thereto, and compliance with those conditions. In line with GDPR guidelines the council is compiling this register on the basis of information it is legally entitled to hold.

There is ongoing engagement with AHBs on progressing projects under the Capital Advance Leasing Facility and the Capital Assistance Scheme which are now the two main avenues available for provision of housing by the sector. A large number of locally based AHB's also exist which have provided housing in the past where 100% funding was available. However, these AHBs have in the main not progressed with projects since the new model of CALF funding was introduced together with tighter controls around governance and regulation of the sector. The Council will continue to support all AHB's who have an interest in providing much needed housing in the county through meetings and correspondence. Currently there are 12 AHB's actively proposing or delivering projects in these schemes.

AHB tenancies are required to be registered with the RTB and as such are included in the Council's Implementation Plan for the inspection of Private Rented Dwellings. The targets in this plan are for a 10% inspection rate in 2018 and this will be mirrored in the AHB sector.

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.



Thomas O'Callaghan

Local Government Auditor

31 October, 2018

housing.gov.ie

Department of Housing, Planning and Local Government



Rialtas na hÉireann
Government of Ireland