



**Rialtas na hÉireann**  
Government of Ireland

# **Local Government Fund Account 2017**

Prepared by the Department of Housing, Planning and Local Government  
[housing.gov.ie](http://housing.gov.ie)



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## Local Government Fund Account 2017

### Statement by Accounting Officer on Internal Financial Control

#### Responsibility for System of Internal Financial Control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Department. This responsibility is exercised in the context of the resources available to me and my other obligations as Secretary General. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under on-going review.

The position in regard to the financial control environment, the framework of administrative procedures, managing reporting and internal audit is as follows:

#### Financial Control Environment

I confirm that a control environment containing the following elements is in place:

- financial responsibilities have been assigned at management level with corresponding accountability;
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned;
- formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action;
- there is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.

#### Administrative Controls and Management Reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that:

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management;
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performances against forecasts;
- a risk management system operates within the Department;
- there are systems aimed at ensuring the security of the ICT systems.

### Significant financial risks

The Department continues to have regard to significant financial and other business related risks in relation to the fund via the Departmental Risk Register. There are no significant financial risks or other business related risks in relation to the fund on the Departmental Risk Register. The Register is a living document and is updated to take account of new risks identified or of changes to existing risks.

### Internal Audit

I confirm that the Department has an internal audit function with appropriately trained personnel, which operates in accordance with an approved written charter. Its work is informed by analysis of the financial risks to which the Department is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls, on a rolling basis, over a reasonable period. The internal audit function is reviewed periodically by me and the Audit Committee. I am satisfied that there are procedures in place to ensure that the reports of the internal audit function are followed up.

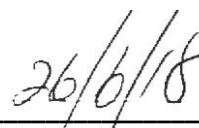
Signed



John McCarthy

Secretary General

Date



# Local Government Fund Account

## Statement of Accounting Policies

### 1. Basis of Accounts

The Local Government Fund (LGF) was established by the Local Government Act 1998 with effect from 1 January 1999. The proceeds of motor tax (net of refunds) and an amount equivalent to the Local Property Tax (including any interest paid thereon) paid into the Central Fund during the year in accordance with Section 157 of the Finance (Local Property Tax) Act 2012 is paid into the Local Government Fund by the Minister for Finance.

The LGF comprises of two bank accounts and an investment account which are managed and controlled by the Minister for Housing, Planning and Local Government. The LGF is managed by the Department of Housing, Planning, and Local Government and the associated administration costs are charged to Vote 34.

The account has been prepared for the year ending 31 December 2017 in a form and manner approved by the Minister for Housing, Planning and Local Government. The account has been prepared on an accruals basis in accordance with the accounting policies set out below.

### 2. Funding Policy

The LGF is funded through receipts lodged into the receipts bank account (No. 1 account) by local authorities, the Minister for Finance and the Local Government Management Agency. The balance on this bank account is automatically transferred to the investment account on a daily basis. Sums payable from the LGF are paid out of the payables bank account (No. 2 account). The funds are transferred to the payables bank account from the investment account before payments are disbursed to the relevant payees.

## Statement of Accounting Policies (continued)

### 3. Income

Income to the fund is recognised as follows:

- motor tax income represents amounts collected by Motor Tax Authorities and due to the Fund, in accordance with Section 5(2) of the Local Government Act 1998;
- Local Property Tax (LPT); the Minister for Finance shall pay into the Local Government Fund an amount equivalent to the local property tax (including any interest paid thereon) paid into the Central Fund during that year;
- exchequer funding from Vote 34, Department of Housing, Planning, and Local Government is recognised on a cash receipts basis.

### 4. Expenditure

Expenditure from the Fund is in accordance with section 6 of the Local Government Act 1998 and subsequent amendments to this Act as outlined below:

- expenditure authorised by the Minister;
- LPT allocations calculated to be due to local authorities in 2017;
- recoupments due to the Department of Transport, Tourism and Sport, (the Local Government (Roads Functions) Act 2007 and the Environment (Miscellaneous Provisions) Act 2011);
- recoupment of expenditure on approved schemes in respect of Group Water Schemes;
- payment to the Exchequer under the Water Services Act 2017;
- payments to Irish Water and recoupment of local authority water services capital loans (the Local Government Reform Act 2014).




## Statement of Income and Expenditure for the Year ended 31 December 2017

		<u>2017</u>	<u>2016</u>
<u>Income</u>	<u>Notes</u>	<u>€</u>	<u>€</u>
Motor Tax Income	1	1,019,909,033	1,049,954,112
Local Property Tax	2	476,525,000	463,398,000
Exchequer Funding (Vote 34, Subhead C.3)	3	<u>365,300,000</u>	<u>396,555,000</u>
<b>Total Income</b>		<b><u>1,861,734,033</u></b>	<b><u>1,909,907,112</u></b>
<u>Expenditure</u>			
<b>Local Authorities</b>			
Local Property Tax Allocations	4	500,767,650	453,264,953
Water Infrastructure	5	46,566,814	46,022,371
Pay and Pensions	6	20,343,015	25,380,333
Water Services	7	17,983,724	17,600,339
Water Services Capital Loans Recoupment	8	16,518,243	18,282,474
Severe Weather (Flood) Clean-up costs	9	9,002,166	9,610,695
Public Participation Network	10	1,469,942	1,294,794
Creative Ireland	11	999,855	-
Fire Services and Emergency Planning	12	610,765	332,268
Social Inclusion Measures	13	513,768	527,680
Economic Development Initiatives	14	300,000	-
Other funding to Local Authorities	15	90,701	108,661
Global Valuations of Utilities Compensation		-	16,650,000
Centenary Programme		-	999,998
		<u>615,166,643</u>	<u>590,074,566</u>
<b>Department of Transport, Tourism and Sport</b>			
Roads and Public Service Infrastructure	16	333,000,000	348,743,000
Driver Licence and Vehicle Computer Services Division	17	<u>12,500,000</u>	<u>12,500,000</u>
		345,500,000	361,243,000
<b>Local Government Management Agency</b>			
Local Government Innovation and Reform	18	2,191,634	3,835,350
Household Charge Administration	19	104,381	88,152
Access Officers Network	20	<u>5,000</u>	<u>5,000</u>
		2,301,015	3,928,502
<b>Other</b>			
Irish Water Subvention	21	638,730,000	652,100,000
Exchequer	22	230,000,000	317,900,000
Committee of the Regions (EU Affairs Unit)	23	229,008	197,977
Miscellaneous	24	<u>425,562</u>	<u>368,039</u>
		869,384,570	970,566,016
<b>Total Expenditure</b>		<b><u>1,832,352,228</u></b>	<b><u>1,925,812,084</u></b>
Surplus/ (Deficit) for the Year		<u>29,381,805</u>	<u>(15,904,972)</u>

The Statement of Accounting Policies on Pages 3 and 4 and Notes 1 to 27 form part of this Account.

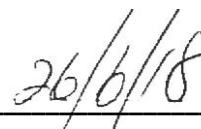
Signed



John McCarthy

Secretary General

Date



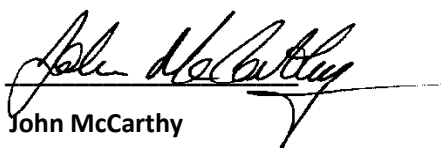
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## Statement of Financial Position as at 31 December 2017

		<u>2017</u>	<u>2016</u>
	<u>Notes</u>	€	€
<b><u>Financial Assets</u></b>			
Investment Account		77,698,903	44,959,516
<b><u>Current Assets</u></b>			
Bank		2,294,130	3,742,632
Motor Tax due	25	4,043,586	5,499,460
Local Property Tax due	26	12,179,000	16,094,000
		<u>96,215,619</u>	<u>70,295,608</u>
<b><u>Current Liabilities</u></b>			
Sundry Creditors	27	1,073,252	4,535,046
<b>Net Assets</b>		<u>95,142,367</u>	<u>65,760,562</u>
<b>Represented by</b>			
Reserves at 1 January		65,760,562	81,665,534
Surplus/ (Deficit) for the Year		29,381,805	(15,904,972)
<b>Reserves at 31 December</b>		<u>95,142,367</u>	<u>65,760,562</u>

The Statement of Accounting Policies on Pages 3 and 4 and Notes 1 to 27 form part of this Account.

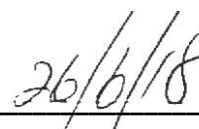
Signed



John McCarthy

Secretary General

Date



## Statement of Cash Flows as at 31 December 2017

	2017	2016
	€	€
<b><u>Reconciliation of surplus/(deficit) to net cash inflow from operating activities</u></b>		
Surplus/(Deficit) for the Year	29,381,805	(15,904,972)
Decrease in Debtors	5,370,874	504,807
(Decrease)/Increase in Creditors	(3,461,794)	2,216,058
Net Cash Inflow from Operating Activities	<u>31,290,885</u>	<u>(13,184,107)</u>

### Statement of Cash Flows

Net Cash Flow from Operating Activities	<u>31,290,885</u>	<u>(13,184,107)</u>
<b>Increase/(Decrease) in Cash</b>	<b><u>31,290,885</u></b>	<b><u>(13,184,107)</u></b>

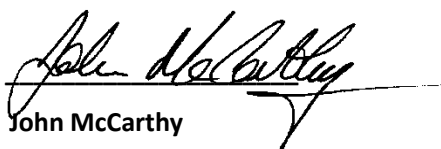
### Reconciliation of net cash flows to movement in net funds

#### Changes in Net Funds resulting from Cash Flow

Net Funds at beginning of the Year	48,702,148	61,886,255
Net Funds at the end of the Year	<u>79,993,033</u>	<u>48,702,148</u>
Increase/(Decrease) in Cash in the Year	<b><u>31,290,885</u></b>	<b><u>(13,184,107)</u></b>

The Statement of Accounting Policies on Pages 3 and 4 and Notes 1 to 27 form part of this Account.

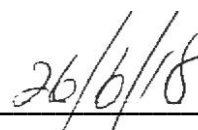
Signed



John McCarthy

Secretary General

Date



## Notes to the Account

### 1. Motor Tax Income

This figure represents motor vehicle tax, and miscellaneous fees and duties collected by Motor Tax Authorities having allowed for refunds.

	<b>2017</b>	<b>2016</b>
	<b>€</b>	<b>€</b>
Gross income	1,021,294,559	1,051,374,831
Less Refunds	(1,385,526)	(1,420,719)
<b>Net income</b>	<b><u>1,019,909,033</u></b>	<b><u>1,049,954,112</u></b>

### 2. Local Property Tax

This figure represents a receipt into the Local Government Fund from the Exchequer, equivalent to the amount of Local Property Tax (including any interest paid thereon) paid into the Central Fund during 2017 in accordance with Section 157 of the Finance (Local Property Tax) Act 2012.

### 3. Exchequer Funding (Vote 34, Subhead C.3)

This figure represents the moneys provided by the Oireachtas in accordance with Section 4 of the Local Government Act 1998 as amended by Section 17 of the Financial Emergency Measures in the Public Interest Act 2009. The amount is determined annually by the Minister for Housing, Planning and Local Government, with the consent of the Minister for Public Expenditure and Reform.

### 4. Local Property Tax Allocations

This figure represents payments to local authorities in respect of the year ended 31 December 2017 in accordance with the Government Decision on local retention of Local Property Tax (LPT). The allocations were based on 2017 LPT forecasted income and took into account the decisions by 8 councils to vary the LPT rates in their respective areas. In addition, an upward adjustment was made to the LPT baselines of each local authority in 2017, to include an amount equivalent to the Pension Related Deduction (PRD) income previously retained by local authorities in 2014. From 2017 onwards, local authorities no longer retain PRD locally, thus reversing the previous approach. This is an administrative arrangement designed to negate the effects of reduced PRD income being retained by local authorities from 2016 onwards. The LPT allocations to individual local authorities for 2017 and the associated impact of any local variation decisions are published on the Department of Housing, Planning and Local Government's website.

## Notes to the Account (continued)

### 5. Water Infrastructure

Section 12 of the Water Services Act 2014 states that public water services property is not rateable for the purposes of the Valuation Act 2001. Funding of €46.57 million was provided in 2017 (€46.02 million in 2016) to compensate the local authorities for the respective shortfall in their budgets due to this legislative provision.

### 6. Pay and Pensions

This figure represents payments to local authorities to assist in meeting the additional costs in 2017 associated with the unwinding of the Financial Emergency Measures in the Public Interest (FEMPI) legislation. The overall aim of this compensation was to ease the burden, subject to funding constraints, of increases in rates of pay for existing staff and changes to Public Sector Pension Reduction (PSPR) rates since the end of 2015 as a direct consequence of the unwinding of FEMPI.

Local authorities were paid €16.7 million of the available funding in 2017 to assist with increased pay costs incurred as a consequence of implementing National Pay Agreements and likewise €3.6 million to offset the increased costs of funding pensions in 2017 as a direct consequence of the unwinding of FEMPI.

### 7. Water Services

This figure represents the recoupment of expenditure by local authorities in respect of group water schemes for the subsidy paid towards the operational costs of providing water for domestic use. It also includes financial assistance provided towards meeting some of the costs incurred by the local authorities in the administration of the devolved Rural Water Programme. The cost of Group Water Schemes in 2017 amounted to €17.98 million (€17.6 million in 2016).

### 8. Water Services Capital Loans Recoupment

The Government decided in May 2014 that certain water related loans held by local authorities would not transfer to Irish Water. The amount recouped in respect of these loans to local authorities in 2017 of €16.52 million (€18.28 million in 2016) was based on returns received from each local authority outlining all commercial water-related capital loans (i.e. excluding HFA loans), and the associated principal and interest payment in the year.

## Notes to the Account (continued)

### 9. Severe Weather (Flood) Clean-up costs

The Department provided funding to assist local authorities in meeting the exceptional costs associated with the response to and clean-up following a series of severe weather events in 2017. €1.73 million was provided following flooding in Inishowen, Co. Donegal, €0.245 million following flooding in Mountmellick, Co. Laois and €7.028 million following ex-Hurricane Ophelia.

### 10. Public Participation Network

The Local Government Reform Act 2014 provided the legislative basis which gave effect to the Framework for Public Participation and Public Participation Networks (PPNs), and set out the mechanisms by which citizens and communities are encouraged and supported to participate in the decision making processes of the local authority.

PPNs are now established in all local authority areas. Where community representation is provided on appropriate committees of the local authority, such as Strategic Policy Committees (SPCs), Local Community Development Committees (LCDCs) etc., this must be sourced through the PPN.

In 2017, funding of €1.47 million was provided to PPNs. Funding of up to €50,000 was provided by the Department to each PPN, provided this was supplemented by €30,000 from the local authority. This funding was provided to help local authorities to fully implement the new structures and allow for the employment of a resource worker in each local authority area to support the PPN secretariat and provide activities, training etc.

Responsibility for PPNs transferred to the Department of Rural and Community Development with effect from 27 July 2017 (S.I. No. 357 of 2017).

## Notes to the Account (continued)

### 11. Creative Ireland

Creative Ireland is a five year all-of-Government initiative, from 2017 to 2022, to place creativity at the centre of public policy. It is a culture-based programme designed to promote individual, community and national wellbeing. The core proposition is that participation in cultural activity drives personal and collective creativity, with significant implications for individual and societal wellbeing and achievement. There are five pillars to the programme:

1. Children and Youth - Enabling the Creative Potential of Every Child
2. Creative Communities - Enabling Creativity in Every Community
3. Cultural Investment - Investing in our Creative and Cultural Infrastructure
4. Creative Industries - Ireland as a Centre of Creative Excellence
5. Global Reputation - A Creative and Cultural Nation

The fund contributed just under €1 million towards pillar two to support engagement within local communities through local authorities with Culture and Creativity Action Plans and to generate awareness of the Creative Ireland Programme. Local authorities were requested to deliver the following outcomes:

- facilitate local community involvement in their Culture and Creativity Action Plan to the greatest extent possible;
- support a variety of local cultural events/projects;
- ensure that all events/projects are inclusive, appropriate, respectful, and engage people of all ages and backgrounds;
- ensure that all events/projects are feasible and can be successfully completed within the timeframe; and
- ensure all events/projects represent value for money and all funding is used effectively and only in accordance with the objectives of the event/project.

The selection of events and projects such as art for children, supporting local history projects, creating digital archives of local photographs and support for traditional dance and Irish language classes for funding under the Creative Ireland Programme was a matter for each local authority to decide on, in accordance with pre-determined selection criteria, which were designed to maximise use of the funding available.

## Notes to the Account (continued)

### 12. Fire Services and Emergency Planning

This expenditure represents;

- The cost of secondments from local authorities to the National Directorate for Fire and Emergency Management to work on priority projects. This model of collaborative approach is a key and cost effective method of harnessing the knowledge and experience of practitioners in the local authority sector to assist in policy implementation. It is seen as both necessary and appropriate to extend this arrangement to have local authority fire service personnel lead the implementation stage of significant projects.
- The funding of implementation of Data Warehousing capabilities across Fire Authorities to facilitate nationally consistent document management and data analysis in the Major Emergency Management and Ctrí Project (Fire Service Command, Control and Communications) areas.

### 13. Social Inclusion Measures

This expenditure represents costs incurred and claimed by local authorities in respect of the provision of social inclusion units and for social inclusion measures in local authorities. The aims of the units are to ensure marginalised people and those living in poverty have a greater participation in decision making which affects their lives, and also to promote greater social inclusion and cohesion in collaboration with other stakeholders including, in particular, people experiencing and at risk of disadvantage.

Responsibility for this scheme transferred to the Department of Rural and Community Development with effect from 27 July 2017 (S.I. No. 357 of 2017).

### 14. Economic Development Initiatives

In line with the responsibilities set out in the Local Government Reform Act 2014 local authorities are taking the initiative to further develop and enhance economic improvement opportunities within their areas. Under this pilot programme submissions were received from two local authorities, Carlow County Council and Kerry County Council, each with specific proposals to improve economic opportunities in their functional areas in conjunction with various local stakeholders. €150,000 was allocated to each of these authorities to support their initiatives. Projects involved collaboration with 3rd level institutes to develop centres of excellence, the development of community enterprise hubs, the improvement of streetscapes and the development of town plans.



## Notes to the Account (continued)

### 15. Other funding to Local Authorities

Assistance is provided to local authorities in meeting the costs of other projects as follows:

	<b>2017</b>	<b>2016</b>
	<b>€</b>	<b>€</b>
All-Island Steering Forum	63,530	52,319
Local Government Boundary Costs <sup>1</sup>	27,171	31,342
Dunmore Community CCTV Pilot Project	<u>-</u>	<u>25,000</u>
<b>Total</b>	<b><u>90,701</u></b>	<b><u>108,661</u></b>

<sup>1</sup> Funding was also provided to non local authorities such as the Institute of Public Administration under this heading in 2017 (see Note 24).

### 16. Roads and Public Service Infrastructure

This represents payments made to the Minister for Transport, Tourism and Sport from the Fund to assist local authorities in meeting costs associated with a programme of works on regional and local roads (formerly known as the Non-National Roads Programme) and public transport infrastructure. The Minister is permitted to make payments from the Fund to the Minister for Transport, Tourism and Sport pursuant to the Local Government Act 1998, as amended by the Local Government (Roads Functions) Act 2007 and the Environment (Miscellaneous Provisions) Act 2011.

### 17. Driver Licence and Vehicle Computer Services Division

This represents the amount chargeable to the Fund in respect of expenditure incurred by the Department of Transport, Tourism and Sport on Vehicle and Driver Licensing in accordance with Section 6(2A)(c) of the Local Government Act 1998 as amended by the Local Government (Roads Functions) Act 2007.

### 18. Local Government Innovation and Reform

This represents expenditure incurred in respect of projects associated with the local government efficiency and reform agenda. It supports projects which incentivise innovation and promotes efficiencies in the operation and delivery of local government services and supports the establishment of shared services among local authorities. These are delivered through the Project Management Office of the Local Government Management Agency.

## Notes to the Account (continued)

### 19. Household Charge Administration

The Household Charge Support Centre managed by the Local Government Management Agency is legally obliged to continue providing services in respect of Household Charge matters on behalf of local authorities. The 2017 Household Charge administration costs incurred by the Agency were principally comprised of staff, IT, banking and administrative overhead costs.

### 20. Access Officers Network

This represents a payment to the Local Government Management Agency in respect of funding for the dedicated 'Access Officers Network' that monitors the work of local authorities and helps to ensure compliance with the Disability Act and current best practice.

### 21. Irish Water Subvention

This expenditure represents the Government subvention for Irish Water's ongoing costs associated with the operation of the new utility to meet the objectives of Irish Water's Business Plan 2014 - 2021. The funding provided from the LGF in 2017 consists of subvention payments of €638.73 million (€652.1 million in 2016). An additional amount of €125 million was allocated in 2017, relating to replacement revenue following the suspension of domestic water charges, in line with a Government Decision on 18 October 2016, of which €124.73 million was paid. The amount unclaimed related to higher than forecast collection of domestic customer payments received by Irish Water after the suspension of charges.

### 22. Exchequer

In accordance with Section 6 of the Local Government Act 1998, as amended by Section 58 of the Water Services Act 2017, an amount of €230 million (€317.9 million in 2016) was paid to the Exchequer following a request from the Minister for Finance. The payment was made back to the Exchequer to take account of changes to the funding model as a result of the introduction of LPT and to ensure that an appropriate contribution is being made to the Exchequer from the proceeds of motor tax.

## Notes to the Account (continued)

### 23. Committee of the Regions (EU Affairs Unit)

Funding of €0.23 million (€0.20 million in 2016) was provided in 2017 for servicing the Irish Delegation to the Committee of the Regions (CoR). Arising from the establishment of the three regional assembly structure under local government reforms with effect from 1 January 2016, an EU Affairs Unit was established and based in the Eastern and Midland Regional Assembly which now administers the funding for the Irish Delegation. The EU Affairs Unit has offices and staff in both Dublin and Brussels and supports the Irish delegation with local and regional government interests on the CoR. CoR is an EU assembly established under treaty with particular functions within the wider EU legislative structures, and consisting of delegates from the 28 EU countries. It represents local and regional government in the EU decision-making process.

### 24. Miscellaneous

Funding is also provided to assist the costs of other projects as follows:

	<b>2017</b>	<b>2016</b>
	<b>€</b>	<b>€</b>
Fire Services	148,168	148,168
Local Government Boundary Costs <sup>1</sup>	115,445	71,024
National Oversight and Audit Commission	86,949	83,847
Local Partnership Initiatives	<u>75,000</u>	<u>65,000</u>
<b>Total</b>	<b><u>425,562</u></b>	<b><u>368,039</u></b>

<sup>1</sup> Funding was also provided to local authorities under this heading, see Note 15.

### 25. Motor Tax due

This represents Motor Tax Authorities' net liability to the Fund in respect of Motor Tax at 31 December 2017. It consists of:

	<b>2017</b>	<b>2016</b>
	<b>€</b>	<b>€</b>
Motor Tax cash in transit in the banking system at the year-end	2,371,135	2,927,477
Motor Tax owed at the year-end	<u>1,672,451</u>	<u>2,571,983</u>
<b>Total</b>	<b><u>4,043,586</u></b>	<b><u>5,499,460</u></b>

## Notes to the Account (continued)

### 26. Local Property Tax due

In each financial year, the Minister for Finance shall pay into the Local Government Fund (LGF) an amount equivalent to the Local Property Tax (LPT) (including any interest paid thereon) paid into the Central Fund during that year. This figure represents an amount equivalent to the amount of LPT which remained to be paid over to the LGF from the Central Fund at 31 December 2017.

### 27. Sundry Creditors

This represents accrued liabilities as follows:

	<b>2017</b>	<b>2016</b>
	<b>€</b>	<b>€</b>
Local Government Innovation and Reform	746,626	498,222
Committee of the Regions	229,008	197,978
Household Charge Administration	46,870	-
Payment due to the Revenue Commissioners in respect of 2017	27,706	27,706
Local Government Boundary Costs	23,042	50,073
Water Services Capital Loans Recoupment	-	1,892,074
Water Services	-	1,836,863
National Oversight and Audit Commission	-	32,130
<b>Total</b>	<b><u>1,073,252</u></b>	<b><u>4,535,046</u></b>



**Ard Reachtaire Cuntas agus Ciste**  
**Comptroller and Auditor General**

**Report for presentation to the Houses of the Oireachtas**

**Local Government Fund**

**Opinion on financial statements**

I have audited the financial statements of the Local Government Fund prepared by the Department of Housing, Planning and Local Government for the year ending 31 December 2017 under section 3 of the Local Government Act 1998. The financial statements comprise

- the accounting policies
- the statement of income and expenditure
- the statement of financial position
- the statement of cash flows and
- the related notes.

In my opinion, the financial statements properly present

- the transactions on the Local Government Fund for 2017, and
- the balance of the Fund at 31 December 2017.

**Basis of opinion**

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the Department and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Report on statement on internal financial control and on other matters**

The Accounting Officer has presented a statement on internal financial control together with the financial statements. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.

**Seamus McCarthy**  
**Comptroller and Auditor General**  
**28 June 2018**

## Appendix to the Report

### Responsibilities of the Department of Housing, Planning and Local Government

The Department is responsible for the preparation of the financial statements in the format specified by the Minister for Housing, Planning and Local Government in accordance with section 3 of the Local Government Act 1998 and for ensuring the regularity of transactions.

### Responsibilities of the Comptroller and Auditor General

I am required under section 3 of the Act to audit the financial statements of the Local Government Fund and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on the effectiveness of the internal controls.

- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.

I communicate with the Department regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

### Statement on internal financial control

My opinion on the financial statements does not cover the statement on internal financial control presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the statement on internal financial control presented and, in doing so, consider whether the information therein is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this information, I am required to report that fact.

### Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if there are material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if there is any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.



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