Local Government Audit Service

Overview of the work of the Local Government Auditors

Comhshaol, Pobal agus Rialtas Áitiúil
Environment, Community and Local Government

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Foreword

This report sets out the work of the Local Government Audit Service (LGAS) in delivering on its statutory remit of providing the external audit of local government in accordance with sections 114 to 126 of the Local Government Act, 2001. It highlights the main findings contained in the local government auditors' statutory reports issued to the elected members of the city and county councils on the audits of the annual financial statements for 2013, which are published on the Department's website at http://www.environ.ie/en/Publications/LocalGovernment/AuditService/#d.en.26979 .

The Minister for the Environment, Community and Local Government approved, in December 2014, a new Code of Audit Practice for the LGAS.

Local government is in the process of significant consolidation of its functions following the enactment of the Local Government Reform Act, 2014, which provides for the:

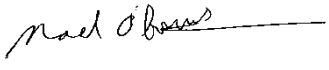
- merger of town and borough councils with their respective county councils
- amalgamations of Limerick City and County, Waterford City and County and South and North Tipperary County Councils.

There will be additional challenges for the LGAS in 2015 in the audit of the transfer of local authorities' water service assets and liabilities to Irish Water in accordance with the statutory provisions. These are major reforms for the sector to deliver. The financial impact of these fundamental changes will only become apparent following the preparation of the councils' draft annual financial statements for 2014. I have made reference in this report to the delays in the production of 2013 draft accounts by some authorities, which had an adverse impact in the delivery of a timely and efficient audit programme.

The finance function in local authorities must be adequately supported to deliver the significant demands arising from the reform programme.

The LGAS is committed to delivering an efficient and effective external audit service for local government, including on-going improvement in its audit procedures and reporting.

My thanks to local authority management and staff for the assistance given to the LGAS over the past year. Considering the pressures on our staff resources in 2014, another successful year's work was delivered, well done to all the team throughout the country.



Noel O'Connell
Director of Audit
Local Government Audit Service
March 2015

Introduction

The Local Government Audit Service provides the independent external audit of local government, as established by the Minister for the Environment, Community and Local Government. Local Government Auditors are recruited following open public competitions and are all qualified accountants.

The LGAS, in its role of providing an independent scrutiny of the financial stewardship of local authorities, has continued to develop its policies and procedures to meet the requirements of the Code of Audit Practice, which takes account of the principles underpinning public sector audit. This report provides an overview of local authority finances drawing on the results of audit and the engagement with local authorities through the audit process. Further information on the organisation and role of the LGAS is included in Appendix 13.

The Local Government Act, 2001 sets out the primary duties of the auditor as follows:

"In the course of the audit of accounts of the local authority or other body, the local government auditor shall carry out such audit tests as he or she considers appropriate in order to be satisfied as to:

(a) whether the annual financial statement is prepared in accordance with section 107 or with the accounting requirements otherwise applicable to the body concerned,
(b) whether the annual financial statement presents fairly the financial position of the authority or other body and of its income and expenditure for the period in question,
(c) whether the transactions of the audited body conform with the statutory or other authorisation under which they purport to have been carried out."

In discharging their responsibilities, local government auditors must take account of matters arising from previous audit reports and management letters. Auditors should also:

- Plan the audit and allocate resources to achieve a balance of work between the various aspects of the audit, having due regard to availability of resources, and carry out cyclical reviews of financial systems
- Take a broad and analytical view of the audit work based on an assessment of the risk of material error in the annual financial statement
- Ensure that the audit has, as one of its aims, to assist members and management of the audited body
- Perform the audit in a professional manner and conclude it without undue delay
- Develop, with the Director of Audit, measures to ensure a standard audit approach.

Audit Opinion

It is the local government auditor's main statutory duty, following completion of the financial audit, to give his/her independent audit opinion on the annual financial statement of the audited body, which has been prepared in accordance with the Code of Practice and Accounting Regulations for local authorities, as to whether it presents fairly, the financial position of the audited body and of its income and expenditure for the period under audit.

Audit Reports
In addition to the audit opinion, it is custom and practice to issue statutory audit reports on the major audits covering any matter or matters which the auditor considers should be reported. The Chief Executive of a local authority is required to respond to this report and his/her comments may be included as part of the final report. This procedure has enhanced public scrutiny of local government as management responses, to address the issues raised at audit, now form part of the published audit reports.

Management Letters
In accordance with professional audit practice, an auditor may issue a management letter drawing attention to any weaknesses in financial procedures and / or internal controls identified during audit, and make appropriate recommendations. A management letter may incorporate audit memoranda already issued to functional officers and line managers during the audit. Management letters, issued in respect of city and county councils in the course of the 2013 audits, referred to accounting and financial control issues identified in the course of audit tests carried out.

Role of the Elected Members
The role of the elected members in the governance of local authorities is vital. The approval and regular monitoring of revenue and capital expenditure and the consideration of the annual financial statement and auditor's report are important functions for the council members. Members' participation on the councils' audit committee is now an integral part of the oversight of corporate governance in the councils.

Priorities for the Local Government Audit Service

A number of developments in the local government sector have had a significant impact on the structures and the business of local authorities and will also present significant challenges to the LGAS. These initiatives are driven by the need for improved efficiency and effectiveness in the sector and are at varying stages of implementation. These developments include the following:

- Mergers and Unifications of Local Authorities
- Irish Water
- Increased engagement with Audit Committees
- Establishment of National Oversight and Audit Commission
- Local Government Efficiency Implementation
- Revision of the Accounting Code of Practice

<u>Mergers and Unifications of Local Authorities</u>
The Local Government Reform Act, 2014 contains provisions for the dissolution of town councils and the merger of city, county and town councils. The most immediate impact on the LGAS will be the transfer of all financial data and transactions from the town councils to the county councils during 2014 and the preparation of a combined AFS for 2014. The maintenance of an audit trail and the accessibility to accounts history and transactions will be of vital importance to audit and will be a focus issue in the 2014 audits.

<u>Irish Water</u>
The transfer of responsibilities for water services from local authorities to Irish Water will have an immediate impact on the work of the LGAS. Balances on the accounts of local authorities at 31

December 2013, including fixed assets, debtors, loans payable, reserve and capital projects will be transferred to Irish Water in 2014 and will have a significant impact on the AFS of all city and county councils.

Engagement with Audit Committee

The 2014 Act also provides for increased engagement by the auditor with local authority Audit Committees. Audit Committees are required to review any audited financial statement, auditor's report or auditor's special report in relation to the local authority and assess actions taken by its chief executive in response to audit findings and to report back to the relevant authority. The local government auditor will attend a meeting of the audit committee to present his or her report and clarify such issues as may be necessary in relation to the content of the report.

Under the new legislation Audit Committees are required to report to the elected members at their next practicable meeting following the Audit Committee's meeting with the auditor.

National Oversight and Audit Commission (NOAC)

The establishment of NOAC is provided for in the 2014 Act and its functions are set out in section 126(c) and include the following:

- to scrutinise the performance of local authorities;
- to support the development and enhancement of best practice;
- to oversee how national policy in relation to local government is implemented;
- to monitor and evaluate the implementation of public service reform; and
- to prepare reports to the Minister.

This commission, in the course of carrying out its remit, can take account of the reports prepared by the LGAS.

Local Government Efficiency Implementation

Following on from the efficiency review an implementation group was established and this has resulted in the local government sector, through its Programme Management Office (PMO), identifying means of achieving efficiencies identified. This involves a wide range of initiatives across the local government sector. The developments that will have the most immediate impact on the work of LGAS include the sharing of services across local authorities e.g. payroll, procurement and accounts payable.

Revision of the Accounting Code of Practice

The General Accounts Working Group (GAWG) is responsible for developing new accounting policies, providing guidance on implementation and addressing all issues relating to accounting policies. A revised Accounting Code of Practice was issued in December 2014 and implementation of the code will be on a phased basis. The LGAS is fully committed to assisting in this process at national and local level.

The objective of the revised code is to ensure, in so far is practicable, that local authority accounts reflect generally accepted accounting principles and in particular "*The Financial Reporting Standard applicable in the UK and Ireland"* (FRS 102).

Financial Overview

The following is a review of some of the significant financial data included in the audited annual financial statements of the 34 city and county councils for the year ended 31 December 2013. The inclusion of data for previous years allows for comparisons / trends. The financial data referred to in this review is classified under the headings shown below:

- Revenue Income and Expenditure
- Capital Programme
- Balance Sheet

The main findings from the audits of the city and county councils' annual financial statements for 2013 are as follows:

- Net fixed assets of €92,512m
- Reduction in annual revenue expenditure of €770m (16%) over the last six years;
- Reduction in annual capital expenditure of €4,678m (76%) over the last six years;
- Long term borrowings (excluding voluntary housing loans) of €3,541m;
- Housing loans owed to local authorities of €1,282m;
- Unfunded capital balances of €412m;
- Increasing levels of arrears in housing rents and housing loans; and
- Deteriorating financial position in a number of local authorities; although seven local authorities had favourable revenue balances in excess of €2m.

Further financial data, including revenue collection accounts, is also referred to under the main issues included in the local government auditors' reports. More detailed information by individual city and county council is also included in the following appendices.

Appendices
1.General Revenue Balances
2. Revenue Expenditure
3. Revenue Income
4. Capital Expenditure
5. Capital Income
6. Fixed Assets
7. Non-Mortgage Loans
8. Mortgage Loans
9. Rates Collection
10. Housing Rents Collection
11. Commercial Water Collection
12. Housing Loans Collection

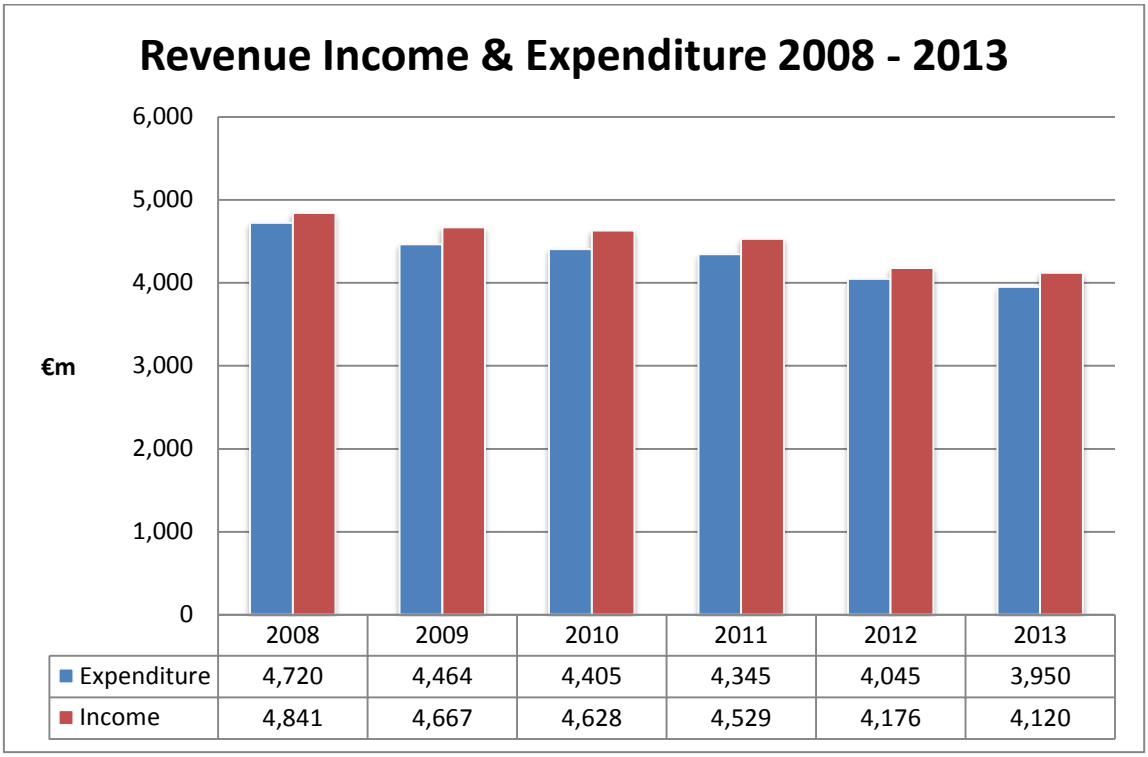
Revenue Income and Expenditure

The closing revenue balances in the 34 city and county councils totalled €9.8m (adverse) at the end of 2013, compared with favourable balances of €3m (2012), €23.4m (2011), €18.7m (2010), €8.9m (2009) and €6.9m (2008). It is noted that nine county councils had adverse balances on their revenue account in excess of €2m at 31 December 2013.

A list of the individual balances for each of the last four years is shown in Appendix 1.

The revenue income and expenditure account includes the day-to-day running costs of the local authority and includes payroll, operational, administration, establishment and financial expenditure. Income includes grants and subsidies as well as charges for the provision of goods and services, including commercial rates.

The chart below shows the level of revenue income and expenditure for 2013 with comparative figures for the previous five years.[1]



	2008	2009	2010	2011	2012	2013
Expenditure	4,720	4,464	4,405	4,345	4,045	3,950
Income	4,841	4,667	4,628	4,529	4,176	4,120

All amounts shown are €m
(Excludes transfers to / from Reserves)

It can be seen from the above that the expenditure and income for 2013 showed a further decrease on the previous year. Revenue expenditure and income by local authority in 2013 is shown in Appendix 2 and Appendix 3. Expenditure in the table above excludes transfers to and from reserves of €183m which includes €82m relating to the repayment of the principal element of non-mortgage loans and transfers to capital and other reserves of €101m. These transfers are disclosed in Note 15 to the annual financial statement and are provided for in the Accounting Code of Practice for local authorities.

[1] All figures shown relate to city and county councils only

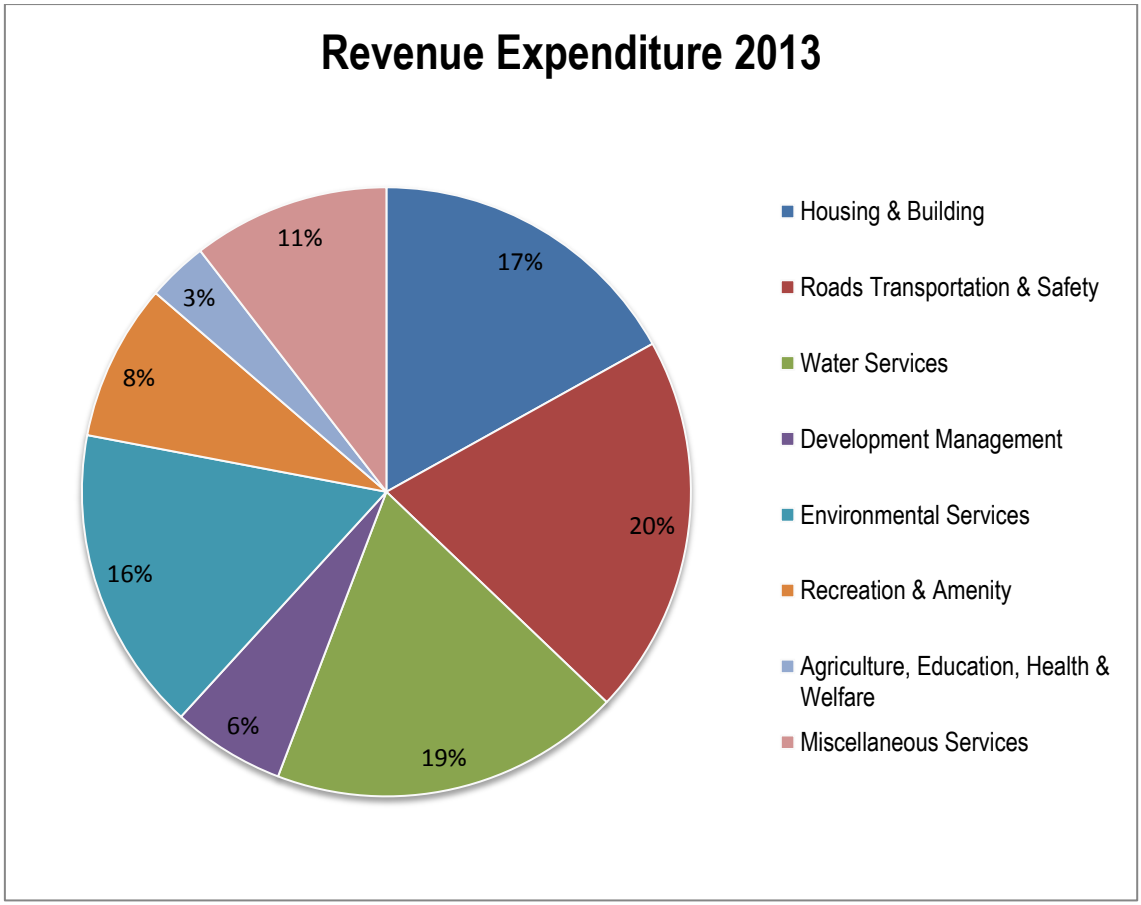
Expenditure

A breakdown of the revenue expenditure for 2013, with comparative figures for previous years, is as follows[2].

	2008	2009	2010	2011	2012	2013
Housing & Building	711	663	645	687	673	668
Roads Transportation & Safety	1,057	848	868	872	794	798
Water Services	732	743	722	722	721	737
Development Management	309	285	255	241	235	237
Environmental Services	901	848	769	730	670	640
Recreation & Amenity	394	368	336	332	328	329
Agriculture, Education, Health & Welfare	335	399	429	369	196	127
Miscellaneous Services	282	310	381	394	428	413
	4,720	**4,464**	**4,405**	**4,345**	**4,045**	**3,950**

All amounts shown are €m

The revenue expenditure for 2013, analysed over the various divisions, is shown in the chart below.



[2] All figures shown relate to city and county councils only

Income

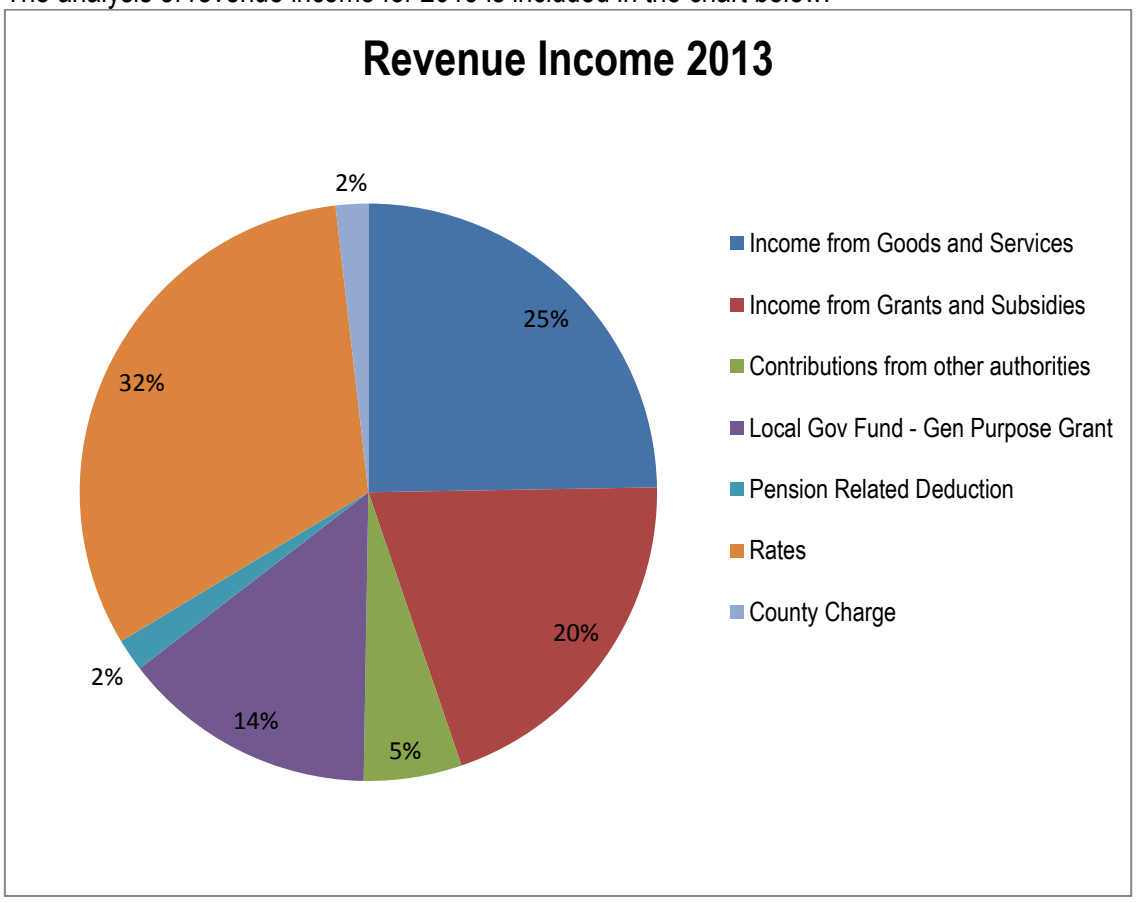
The main sources of revenue income for the major local authorities, as included in the annual financial statements for 2013, with comparative figures for previous years, are as follows:[3]

	2008	2009	2010	2011	2012	2013
Income from Goods and Services	1,289	1,203	1,104	1,105	1,000	1,019
Income from Grants and Subsidies	1,155	1,106	1,191	1,165	912	826
Contributions from other authorities	220	212	228	185	217	226
Local Gov Fund - Gen Purpose Grant	917	764	694	646	582	589
Pension Related Deduction	-	69	82	80	76	75
Rates	1,193	1,240	1,253	1,272	1,314	1,310
County Charge	67	73	76	76	76	75
	4,841	**4,667**	**4,628**	**4,529**	**4,176**	**4,120**

All amounts shown are €m

*Note: Rates Income is shown before the write-off of irrecoverable rates (See Appendix 9)

The analysis of revenue income for 2013 is included in the chart below.



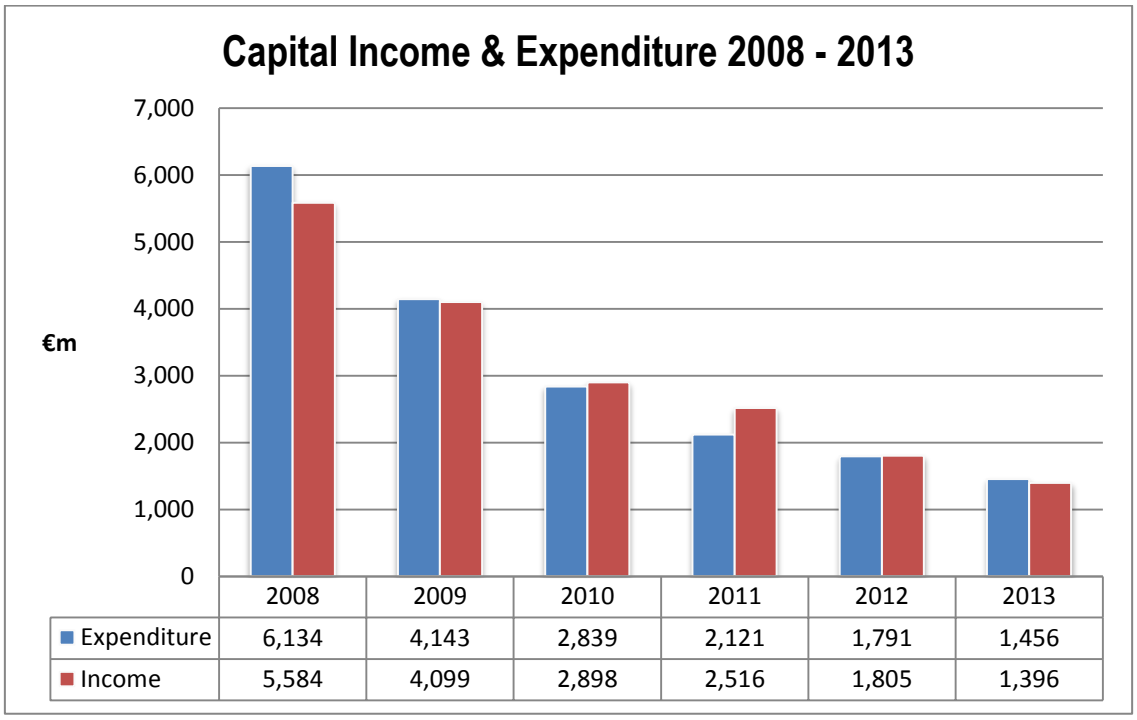
[3] All figures shown relate to city and county councils only

Capital Programme

The Local Government Act, 2001 requires Chief Executives to prepare and submit to the elected members a report indicating the programme of capital projects proposed by the local authority for the forthcoming year and the following two years.

The capital programme includes expenditure on the acquisition of fixed assets, infrastructure projects, work-in-progress and preliminary expenses. Total capital funding and expenditure for 2013, with comparative figures for previous years, is shown below. [4]

Capital expenditure and income by local authority is shown in Appendix 4 and Appendix 5.



	2008	2009	2010	2011	2012	2013
Expenditure	6,134	4,143	2,839	2,121	1,791	1,456
Income	5,584	4,099	2,898	2,516	1,805	1,396

All amounts above are €m

[4] All figures shown relate to city and county councils only

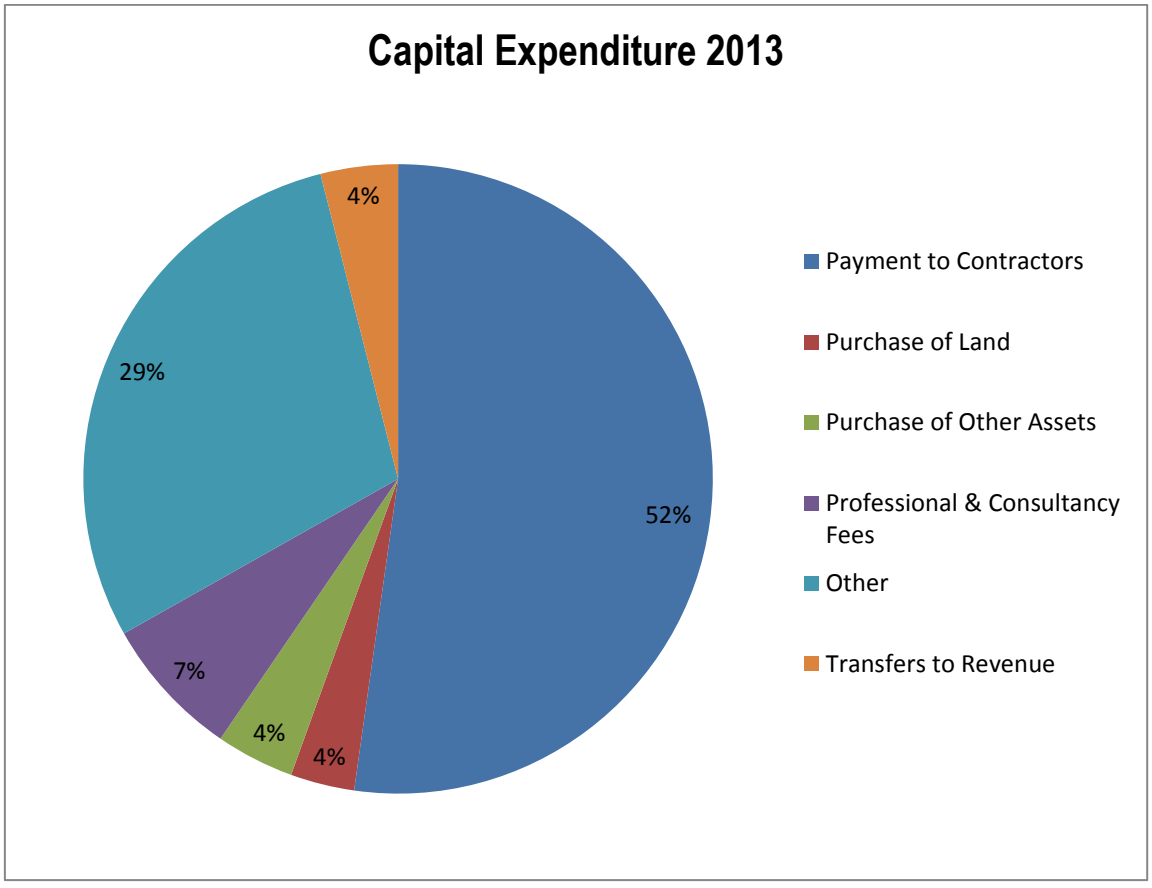
Expenditure

The further reduction in capital expenditure in 2013, when compared to previous years, is a reflection of the decrease in economic activity generally and in particular the reduced investment in infrastructure projects in the local government sector.[5]

	2008	2009	2010	2011	2012	2013
Payment to Contractors	3,425	2,144	1,369	933	969	760
Purchase of Land	530	484	308	174	110	48
Purchase of Other Assets	481	300	194	111	53	59
Professional & Consultancy Fees	353	275	188	155	119	106
Other	1,273	894	736	702	487	425
Transfers to Revenue	71	47	45	45	53	58
	6,134	**4,143**	**2,839**	**2,121**	**1,791**	**1,456**

All amounts above are €m

An analysis of the 2013 capital expenditure is shown in the chart below.



[5] All figures shown relate to city and county councils only

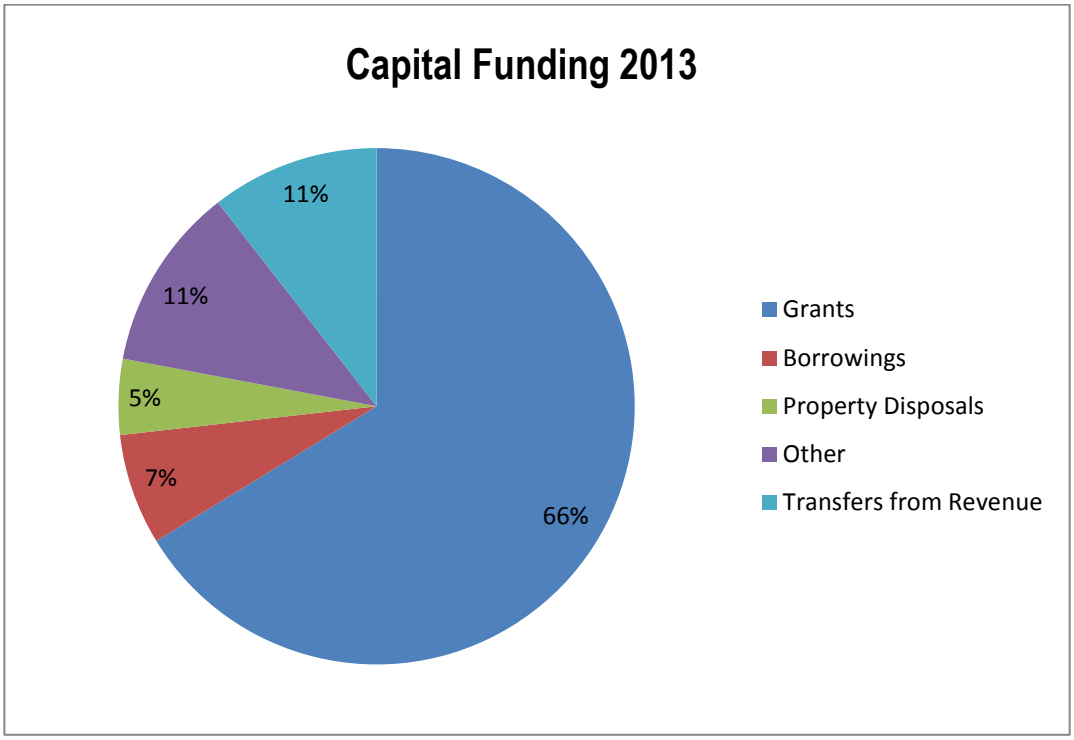
Funding

There was also a reduction in capital funding as shown in the tables below.[6]

	2008	2009	2010	2011	2012	2013
Grants	3,499	2,811	1,938	1,447	1,187	925
Borrowings	555	487	292	561	279	97
Development Contributions	460	158	117	135	45	0*
Property Disposals	299	120	58	52	30	66
Tenant Purchase Annuities	13	7	7	5	9	7
Car Parking	10	10	9	8	6	6
Other	583	336	307	174	139	148
Transfers from Revenue	165	171	170	133	109	147
	5,584	**4,099**	**2,898**	**2,516**	**1,805**	**1,396**

All amounts above are €m
***The nil development contributions income is due to the reversal of previously accrued income in some local authorities in 2013.**

Approximately sixty-six per cent of capital funding is derived from government grants in 2013, illustrating the dependence on central government funding for infrastructure projects. The proportion of funding from the various sources for 2013 is illustrated in the following chart.



[6] All figures shown relate to city and county councils only

Balance Sheet

The annual financial statements of a local authority include a balance sheet, which is a statement of the assets, liabilities and reserves of the local authority at the end of the financial year. The following is a summary of the balance sheets for the city and county councils for 2013, with previous years for comparison purposes.[7]

	2010	2011	2012	2013
	€m	**€m**	**€m**	**€m**
Fixed Assets	90,393	91,380	91,777	92,512
Work in Progress and Preliminary Expenses	5,536	4,452	3,493	3,171
Long Term Debtors	3,027	2,837	2,676	2,585
Currents Assets	2,613	2,019	1,992	1,881
Current Liabilities	(1,407)	(1,196)	(1,148)	(1,131)
Long Term Liabilities	(5,077)	(5,016)	(4,974)	(4,768)
Net Assets	**95,086**	**94,477**	**93,816**	**94,251**
Capitalisation Account	90,393	91,380	91,777	92,512
Income - Work in Progress	5,407	4,362	3,378	3,019
Specific Revenue Balance	70	106	105	104
General Revenue Balance	19	23	3	(10)
Other Balances	(803)	(1,395)	(1,447)	(1,375)
Total Reserves	**95,086**	**94,477**	**93,816**	**94,251**

An analysis of the fixed assets as at 31 December 2013, with comparative figures for previous years, by asset type is shown in the table below.

	Net Book Value 2010	Net Book Value 2011	Net Book Value 2012	Net Book Value 2013
	€m	**€m**	**€m**	**€m**
Land	2,238	2,274	2,244	2,222
Parks	66	65	64	66
Housing	17,933	18,078	18,053	18,425
Buildings	4,033	4,183	4,281	4,329
Plant and Machinery	108	99	85	73
Computers etc	30	24	18	12
Heritage	397	403	404	407
Roads	54,310	55,133	55,378	55,574
Water and Sewerage	11,278	11,121	11,249	11,402
	90,393	**91,380**	**91,777**	**92,512**

[7] All figures shown relate to city and county councils only

Valuation of Fixed Assets

Fixed assets were included in the annual financial statements for the first time in 2003. Assets held at that date were valued in accordance with guidelines issued from the Department, using a number of valuation models. All assets purchased and constructed since 2003 are included at cost. A revaluation of fixed assets should now be carried out under the direction of the General Accounts Working Group.

A summary of the net book value of fixed assets by local authority is shown in Appendix 6.

Loans Payable

The totals of loans payable by city and county councils, categorised by type, at the end of 2013 are shown below.[8]

	2013
	€m
Non-Mortgage Loans	2,281
Mortgage Loans	1,260
Voluntary Housing Loans	1,077
Total Loans Payable	**4,618**

Non-mortgage loans include loans for the purchase / construction of assets, bridging finance and loans for other purposes. The repayment of principal and interest on these loans are generally funded from the revenue account. An analysis of non-mortgage loan balances by city and county council for the last three years is shown in Appendix 7

Mortgage loans are annuity type loans from financial institutions which are used as funding for equivalent annuity loans issued to customers. The repayments on these loans are funded by the corresponding repayments from the borrowers. It is important that the profile of these loans is matched to the customer loan book to avoid any impact on cash flow. A comparison of mortgage loans payable and receivable by city and county council at the end of 2013 is included in Appendix 8.

Voluntary housing loans relate to expenditure on the construction of houses for external social agencies, which is recouped in full from the Department. The balances on these loans are offset by an equivalent amount included in the long term debtors in the balance sheet.

[8] All figures shown relate to city and county councils only

Auditor Opinions and Reports

Audit Opinions

It is the local government auditor's main statutory duty, following completion of the financial audit, to give his/her independent audit opinion on the council's annual financial statement. The vast majority (32) were given a clear audit opinion which is testament to the diligence of the Chief Executives, Heads of Finance and their staff.

- Louth County Council was the only authority where the audit opinion was modified due to concerns as to the adequacy of the provision for bad debts.

- The audit opinion on Sligo County Council contained two "emphasis of matter" paragraphs in relation to financial standing and significant legal costs likely to be incurred.

Audit Reports

Financial Standing

All Local Government Auditors' reports refer to the financial standing of the local authority. This normally includes a reference to the outturn for the year and the revenue account balance. In some cases there are also references to the capital account balance at the year-end. A summary of the closing revenue account balances is included in this report (Appendix 1) and a number of significant adverse balances have been highlighted and commented on in audit reports, including Sligo (€21.7m) and Donegal (€17.8m).

Income Collection

Audit reports generally include a reference to the main collection accounts included in Appendix 7 to the AFS i.e. Rates, Housing Rents, Commercial Water Charges and Housing Loans. Auditors comment on the collection performance and highlight cases of deteriorating collection levels. A summary of the main collection accounts is shown below.

	Arrears at 31/12/2013	Arrears at 31/12/2012	% Collected 2013	% Collected 2012
	€m	**€m**		
Rates	343	356	77%	76%
Housing Rents	58	56	83%	83%
Commercial Water	142	139	56%	56%
Housing Loans	41	37	69%	71%

Rates

The rates collection performance of each city and county council is shown in Appendix 9 and the following comments are noted:

- There was a decrease of €13m or 4% in arrears from €356m in the previous year to €343m in 2013;
- Write-offs of rates amounted to €164m in 2013 compared to €143m in 2012; and
- The percentage collected for each city and county council ranged from the lowest of 53% to the highest of 94%; with an overall percentage collection of 77%.

Housing Rents

Housing rents collection summaries for each city and county council are included in Appendix 10 and the following is noted:

- Arrears of rents increased from €56m in 2012 to €58m in 2013;
- Write-offs amounted to €1.7m in 2013 compared to €1.9m in 2012;and
- The percentage collected for each city and county council ranged from the lowest of 75% to the highest of 100%; with an overall percentage collection of 83%.

Commercial Water

Collection summaries for commercial water charges are included in Appendix 11. The following are noted from these schedules:

- Arrears of commercial water charges increased from €139m in 2012 to €142m in 2013;
- Write-offs amounted to €18m in 2013 compared to €16m in 2012; and
- The percentage collected for each city and county council ranged from the lowest of 34% to the highest of 74%; with an overall percentage collection of 56%.

The responsibility for the collection of non-domestic water charges transferred to Irish Water with effect from 1 January 2014.

Housing Loans

Housing loans collection summaries are included in Appendix 12 and a number of relevant comments are included below:

- Arrears of housing loans increased from €37m in 2012 to €41m in 2013;
- Write-offs amounted to €478k in 2013 compared to €400k in 2012; and
- The percentage collected for each city and county council ranged from the lowest of 42% to the highest of 98%; with an overall percentage collection of 69%.

Governance and Internal Audit

Auditors frequently commented on the governance arrangements and, in particular, the operation of the internal audit functions in the local authorities. These comments included references to the following:

- In cases where the internal audit function was operating satisfactorily, auditors placed reliance on or took account of the work carried out by them;
- In many cases the internal audit function was under-resourced with a number of posts being left vacant for extended periods. The most serious cases included Limerick City and County Council, Mayo County Council, Roscommon County Council, Sligo County Council, Waterford City Council and Westmeath County Council;
- The lack of a properly resourced internal audit function had serious implications on the effectiveness of audit committees in local authorities: and
- In some local authorities arrangements had already been made or were planned to outsource some or all of the internal audit function.

Auditors also referred to the fact that they had met with audit committees since the previous audits to discuss the contents of their audit reports and follow up actions required.

Capital Balances

Note 11 in the Annual Financial Statements (AFS) includes totals for unfunded balances and these are split between project balances (i.e. those relating to completed assets) and other non-project balances. Unfunded balances are defined as those where a source of funding has not yet been identified. Specific unfunded balances are regularly referred to in the auditors' reports and totals for the city and county councils are shown below.[9]

	2008	2009	2010	2011	2012	2013
	€m	€m	€m	€m	€m	€m
Unfunded Balances	416	442	637	579	539	412

There was a significant reduction in unfunded balances in 2013 and future possible sources of funding identified in responses to auditors' reports include the following:

- Future development levies;
- Transfers from revenue account;
- Sales of related assets; and

[9] All figures shown relate to city and county councils only

- Amounts to be recouped from the Department.

It is important that these balances be monitored and where the funding status changes that the accounting systems be properly amended.

Capital Projects

While activity on the capital account has reduced significantly since 2008 (see financial overview) over 50% of capital expenditure relates to payments to contractors, amounting to €760m in 2013. Audit reports include references to the progress on major capital projects and the 2013 reports referred to the following:

- Claims for additional costs, some of which have been referred to conciliation or arbitration process, and delays or other problems with the delivery of projects; and
- Outstanding loans and adverse balances in respect of unsold affordable housing units, which in many cases are being leased or used for social housing purposes.

Development Contributions

The procedures for monitoring, raising, collecting and accounting for development contributions because of their complexity are frequently referred to in audit reports. Amounts due within one year are generally accrued, regarded as capital income and included in current debtors. Amounts expected to be collected after one year are raised as capital income but deferred for AFS purposes. These are treated as long term debtors and are offset by an equivalent long term creditor (i.e. deferred income) in the balance sheet. Matters specifically referred to in 2013 reports include:

- The split of development contributions between long term and short-term debtors;
- The likelihood of particular developments progressing and the need for regular inspections; and
- The need for regular review of debtor balances and the adequacy of the related bad debts provisions.

The table on page 14 of this report shows the breakdown of capital funding and the income in respect of development contributions is shown as nil. This is due to the reversal of previously accrued income in some local authorities in 2013.

Procurement

There have been significant changes in the area of procurement; including the establishment of the Office of Government Procurement (OGP) and the appointment of procurement officers in most local authorities. Consequently auditors have reviewed the operation of this function in local authorities. Some of the findings in the audit reports include:

- The need to expand or improve the operation of Procurement Units;
- Local authority guidelines and policies requiring update;
- Examples of non-compliance with procurement guidelines identified at audits;
- Recognition that procurement procedures had improved in many authorities; and
- The identification of areas of activity requiring particular attention e.g. the outsourcing of legal services.

Fixed Assets

City and county councils control assets with a net book value of over €90bn and while approximately two thirds of this relates to water (€11bn) and roads (€55bn) infrastructure, other property holdings, including housing, land and buildings, are substantial. While assets have been included in the annual financial statements since 2003 auditors have identified a number of issues including:

- Land and property registers incomplete;
- Land and properties not registered with the Property Registration Authority; and
- Land and property records in council departments not agreeing to fixed assets in financial system.

Significant progress has been achieved in some local authorities through the use of GIS mapping and corporate asset management records.

Local Authority Companies

The interest of local authorities in companies is disclosed in Appendix 8 to the annual financial statements. As part of a review of the Local Authority Accounting Code of Practice, the accounting treatment of these companies has been identified as an area requiring review and guidance. To facilitate this, a number of changes have been made to the format of Appendix 8 in 2014 and it is intended that further amendments will be made to the 2015 AFS.

Auditors' comments on these companies included the following:

- The need to review and, in some cases, improve governance arrangements in relation to companies under the control of the local authority;

- Accumulated losses being incurred by companies, including losses of over €14m in the case of Kilkenny County Council;
- The unavailability of the current audited accounts of some companies at the time of local authority AFS preparation; and
- A specific commitment to purchase a car park in 2015 for €6.7m in the case of Cavan County Council.

Loans Payable

Loans payable by local authorities were referred to in a number of audit reports. In particular the existence of substantial loans in respect of land purchases where the interest had been rolled up over a number of years was noted. These included Cork City (€37m), Dublin City (€33m) and Wicklow County Council (€25m). Some local authorities had already converted or were about to convert these loans to annuity loans and this will create an additional financial burden on the revenue account. Original plans to use or sell the related land were referred to by management. Changes in relation to the Land Aggregation Scheme, which had been seen as a possible means of resolving this issue, were also quoted in management responses.

Annual Financial Statement Completion Dates

The Code of Practice and Accounting Regulations states "The accounting year will end on the 31st of December and the AFS should be prepared and submitted to the Department of the Environment, Community and Local Government by 31st March of the year following the end of the accounting year." Delays in the completion of the AFS for some local authorities have caused serious problems for auditors. A table showing the number of draft AFS for 2013 approved by the Chief Executives and Heads of Finance each month in 2014 is shown in Appendix 14.

Accounting for Local Authority Staff Pension and Gratuity Costs

The Code of Practice and Accounting Regulations for local authorities provides for the accounting treatment of staff pensions as follows:

"Local Authorities in Ireland similar to central government departments operate and are governed by the state defined benefit scheme. Payments in respect of pensions and gratuities are treated as current expenditure and are charged to the revenue account in the accounting period in which the payments are made. Pension contributions from employees are treated as part of current receipts. The cost of salaries and wages in the accounts includes deductions in respect of superannuation (including Widows and Orphans) benefits. Such deductions are credited as receipts to the Statement of Comprehensive Income (Income & Expenditure Account). This represents a departure from generally accepted accounting principles. The accounts do not reflect the true cost of pensions or the future potential liabilities and therefore local authorities should include a statement outlining their policy in the notes to the AFS. The requirements of current accounting standards relating to pensions and their application to local authority accounting remains under consideration at central government level."

From 2009 an additional pension related deduction was introduced for all public sector employees and income from this source is included in the income and expenditure account of local authorities in the annual financial statements. Deductions from payroll for this contribution in the city and county councils amounted to €75m in 2013. In addition, normal staff pension contributions, as disclosed in the annual financial statements of the city and county councils, amounted to €55m in 2013. These amounts are not ring-fenced to meet future pension liabilities in the accounts of local authorities.

Pension costs, including the cost of gratuities for staff retiring in the current year, included in the annual financial statements of all city and county councils amounted to €273m in 2013.

Value for Money (VFM) Audit

Value for money (VFM) audit has long been recognised as an important addition to financial audit. VFM reviews provide a means to assist local government at authority and sectoral level to learn from best practice and enhance their effectiveness and efficiency. It also provides the Department with useful insights into the operation of specific policy areas. It is very important that VFM reports are fully utilised by authorities. The follow-up to VFM reports is an area that is being actioned by the LGAS.

It is the responsibility of local authority management to ensure that value for money is achieved by establishing and maintaining sound arrangements, including procedures for planning, appraisal, authorisation and control of resources. The Local Government (Financial Provisions) Act, 1997 widened the role of the local government auditors. Under the Act, auditors are empowered to examine economy and efficiency in the use of resources and the adequacy of management systems to appraise the effectiveness of their own organisations. The Unit carries out VFM studies on local authority operations, with a view to identifying best practice and recommending ways of improving existing procedures, practices and systems and thereby promoting efficiency and cost effectiveness.

The VFM audit unit of the LGAS currently consists of a central research team, staffed by a principal local government auditor and a local government auditor, together with further audit days provided by assistant auditors at district level.

A VFM audit consultative committee representing the main stakeholders, and chaired by the Director of Audit, has been established. It has an advisory role in the selection of VFM projects and in reviewing the quality of draft reports before publication. Also, an advisory group is established for each VFM study, comprising representatives from local authorities, the Department and/or individuals with expertise in a particular field.

The work of the VFM Unit has mainly focused on undertaking national studies on single-issue topics and publishing reports thereon. The Unit has produced 28 national reports to date and is currently carrying out a study on the oversight role of local authorities in the funding of social housing via Approved Housing Bodies. The Unit will issue a national report on this subject in 2015.

The Unit has broadened its sphere of activity by preparing and issuing progress reports on the implementation, by local authorities, of the recommendations and/or performance indicators contained in the national reports issued by the Unit. Six progress reports have been issued to date. In 2014 the Unit issued a progress report, Progress Report No. 6 - Progress Report on the implementation of the performance indicators contained in VFM Report No. 28 (Management of Sickness Absence in Local Authorities)

The website of the Department is the primary means of publishing reports of the VFM Unit and national reports and progress reports issued by the Unit can be downloaded at http://www.environ.ie/en/Publications/LocalGovernment/AuditService/

Motor Taxation Audits

Twenty-nine local authorities operate motor taxation offices. Authorised officers, in these motor tax offices, are responsible for the issue of vehicle, driving and other licences and certificates to the public, on behalf of the Department of Transport, Tourism and Sport and the Road Safety Authority. Monies collected are transferred to the Local Government Fund administered by the Department and allocations are made from this fund to finance local authority activities.

The audit of these local motor taxation offices includes an examination of a sample of licensing transactions to ensure that they have been properly accounted for in the financial and stock control records of the licensing authorities. The amount collected by these offices in 2013 was €529.8m.

The motor tax on-line service which collected an additional €605.8m is located in the Driver and Vehicle Computer Services Division of the Department of Transport, Tourism and Sport and is not subject to audit by the LGAS.

The LGAS has recently commenced work on a joint Value for Money Study on Motor Taxation Offices. This is a new initiative, undertaken jointly with the Office of the Comptroller and Auditor General, and is expected to contribute to more effective governance and enhanced accountability in respect of the collection and administration of motor taxation.

External relationships

The LGAS has, over many years, developed relationships with a number of external bodies. These include the following:

Comptroller and Auditor General (C&AG): Copies of all LGAS reports are made available to the C&AG as part of his audit of the Department. There has been continued co-operation between the two offices in a number of areas including professional training and development, value for money, financial audit methodology and approach, standards development and quality assurance.

Northern Ireland Audit Office, Audit Scotland and Wales Audit Office: Staff from the LGAS have met their counterparts in the Northern Ireland Audit Office, Audit Scotland and Wales Audit Office on a number of occasions over the years and in recent times discussed audit approach and VFM matters. Representatives of these bodies have also attended the LGAS annual conference.

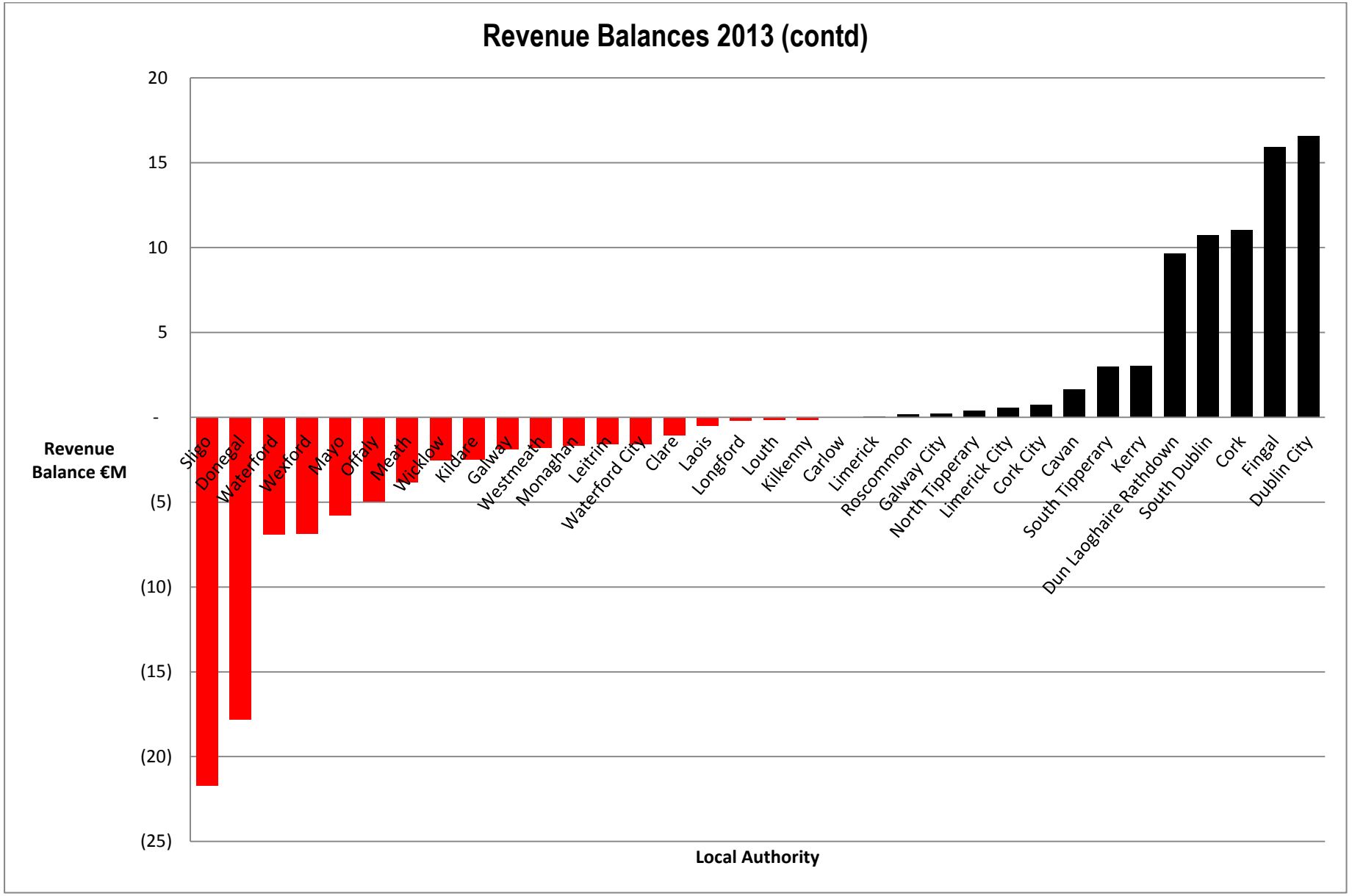
The European Organisation of Regional Audit Institutions (EURORAI): The LGAS has been a member of this organisation for many years, which provides useful contact with other European Regional Audit Bodies.

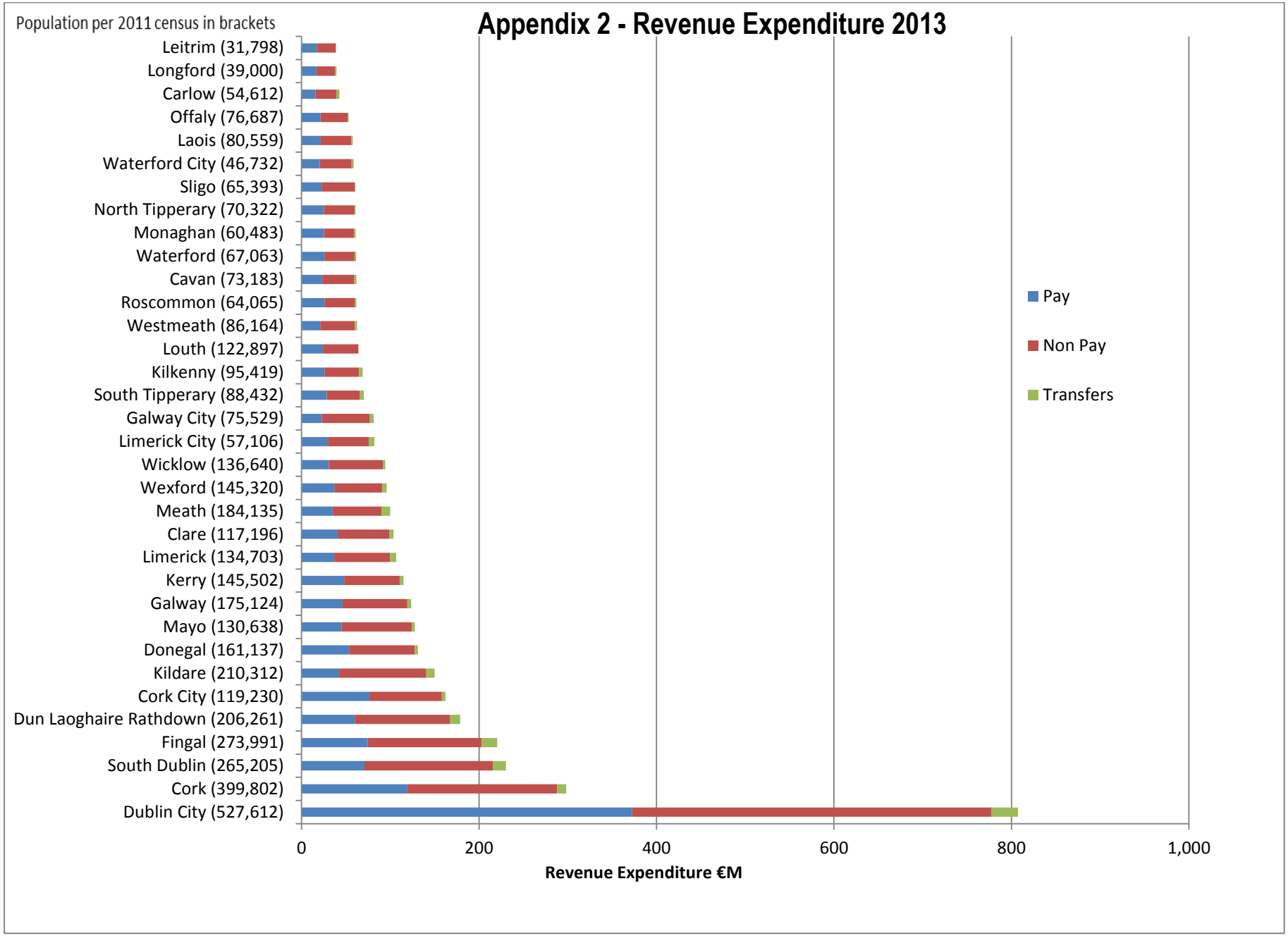
Working Groups and Committees: The LGAS continues to be represented on a number of the Department's working groups and committees, which included the following:

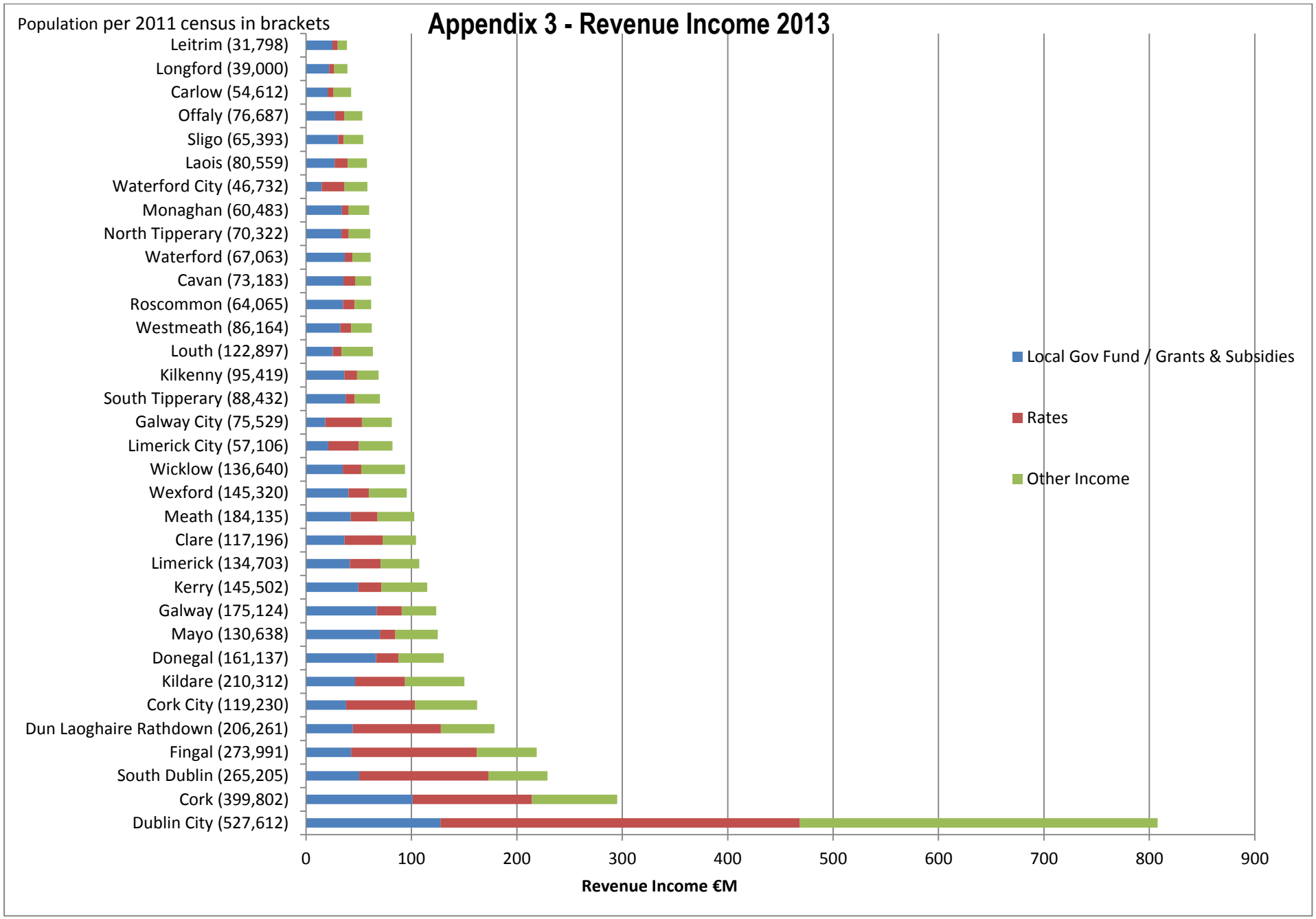
- General Accounts Working Group; and
- Finance and Business Project Board.

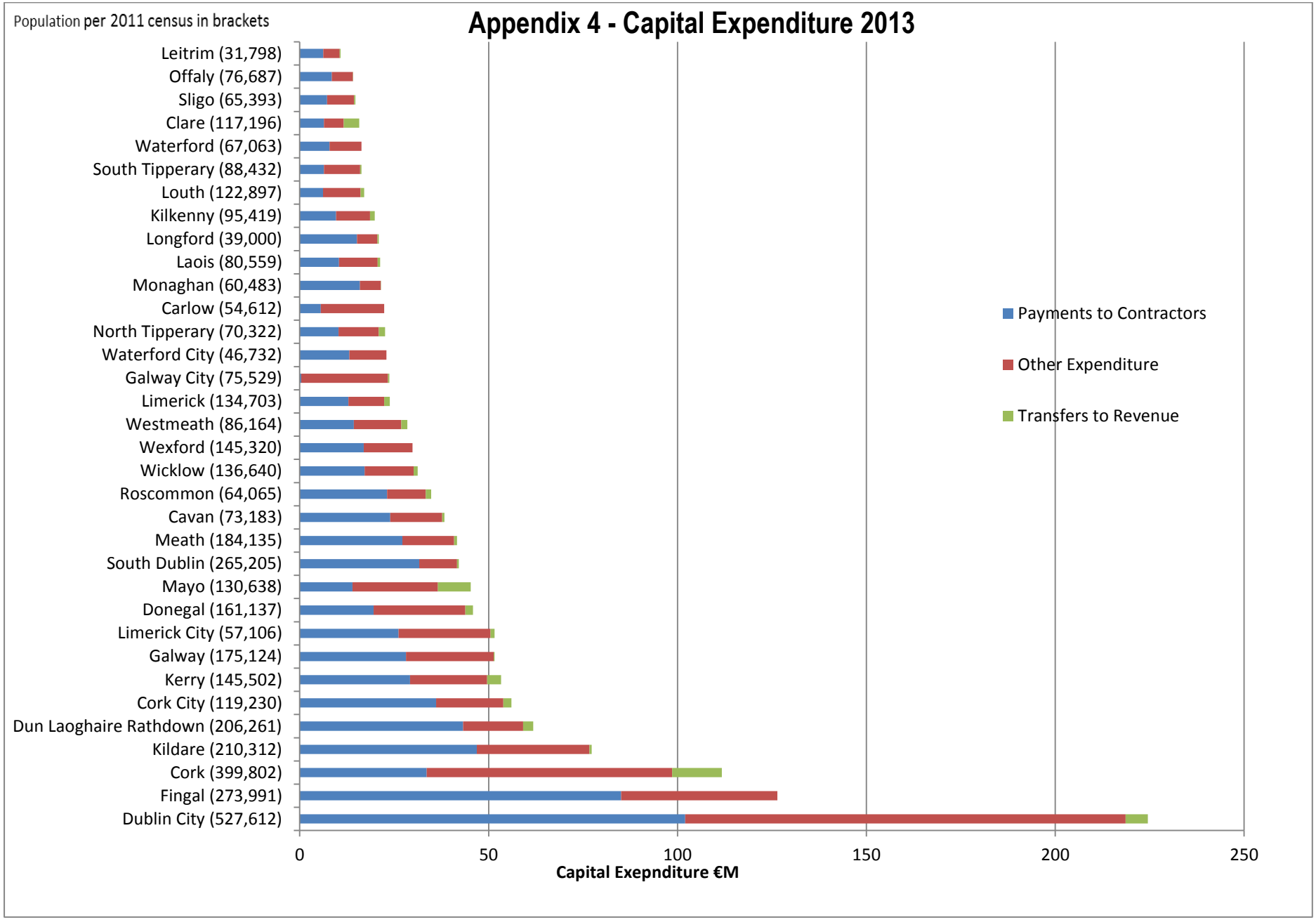
Appendix 1 **General Revenue Balances**

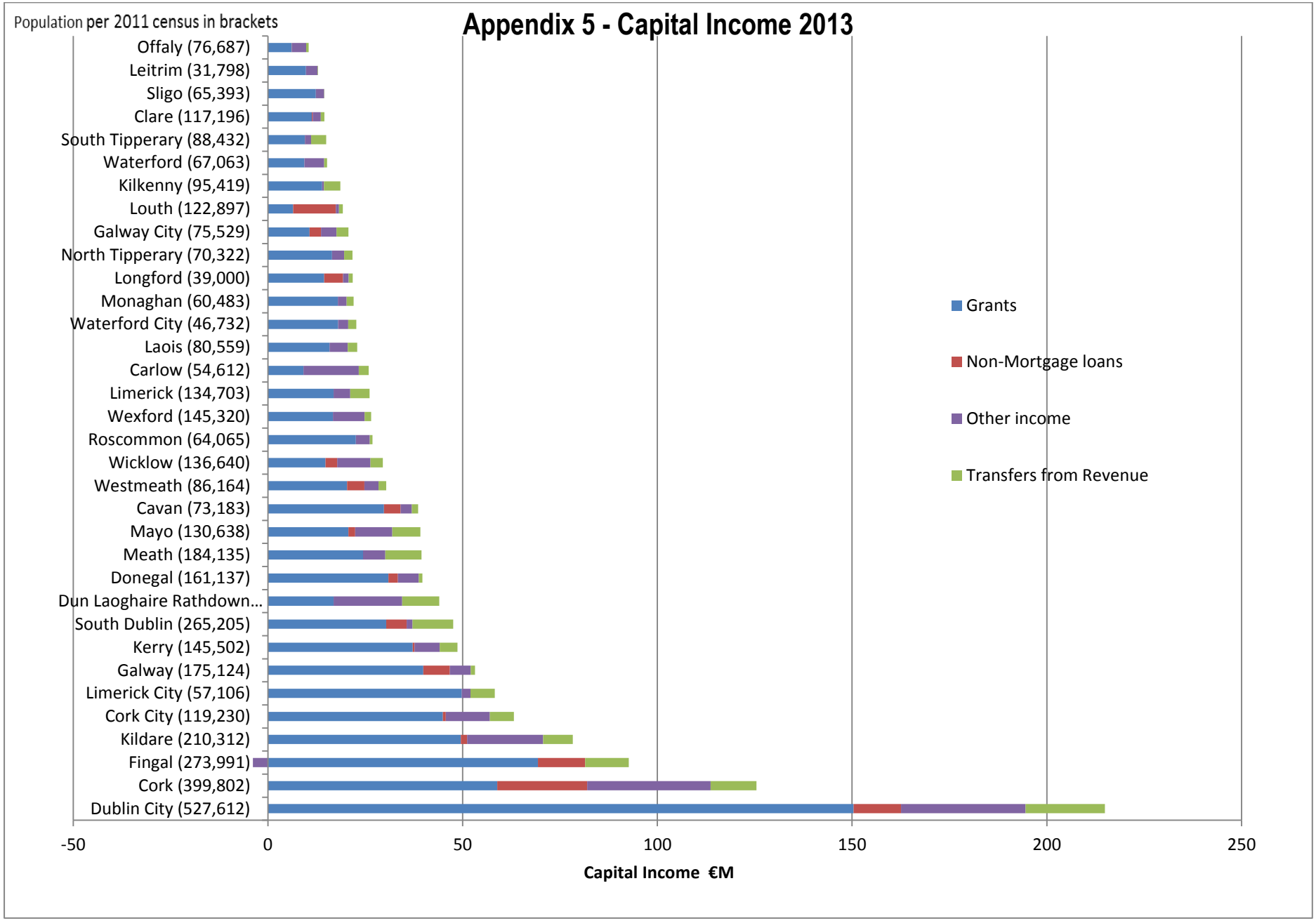
	2011	2012	2013
County Councils	€	€	€
Carlow	(22,033)	(56,634)	(22,516)
Cavan	1,662,375	1,662,575	1,662,690
Clare	(1,791,517)	(1,719,342)	(1,076,611)
Cork	18,337,539	14,001,103	11,017,477
Donegal	(12,303,342)	(17,103,244)	(17,796,835)
Dun Laoghaire Rathdown	9,500,465	9,601,932	9,648,544
Fingal	17,673,622	17,476,010	15,947,276
Galway	(1,402,328)	(1,896,307)	(1,898,994)
Kerry	2,813,213	2,952,728	3,035,261
Kildare	(2,998,447)	(2,747,146)	(2,493,285)
Kilkenny	(602,062)	(154,325)	(140,093)
Laois	(499,963)	(494,536)	(493,025)
Leitrim	(117,645)	(1,479,205)	(1,579,451)
Limerick	(384,924)	(549,283)	29,361
Longford	(432,357)	(301,044)	(196,029)
Louth	1,442,127	717,540	(154,872)
Mayo	(2,507,781)	(3,133,354)	(5,781,646)
Meath	(6,856,234)	(6,753,881)	(3,850,905)
Monaghan	(79,086)	(473,567)	(1,656,011)
North Tipperary	155,913	161,952	367,253
Offaly	(4,071,703)	(5,372,433)	(4,963,337)
Roscommon	99,816	110,589	149,312
Sligo	(12,954,069)	(15,409,269)	(21,716,204)
South Dublin	12,093,402	12,095,146	10,729,454
South Tipperary	2,966,708	2,969,020	2,971,633
Waterford	(6,907,082)	(6,901,042)	(6,919,222)
Westmeath	(1,870,066)	(1,816,710)	(1,790,272)
Wexford	(6,329,683)	(6,465,889)	(6,867,900)
Wicklow	(2,039,008)	(1,995,146)	(2,521,895)
City Councils			
Cork City	458,945	549,743	734,369
Dublin City	20,113,211	16,186,509	16,576,645
Galway City	44,603	61,283	192,170
Limerick City	497,471	526,299	544,462
Waterford City	(305,390)	(1,182,124)	(1,560,669)
	23,384,690	**3,067,948**	**(9,873,865)**


Revenue Balances 2013 (contd)
20
15
10
5
-
(5)
(10)
(15)
(20)
(25)
Revenue Balance €M
Sligo
Donegal
Waterford
Wexford
Mayo
Offaly
Meath
Wicklow
Kildare
Galway
Westmeath
Monaghan
Leitrim
Waterford City
Clare
Laois
Longford
Louth
Kilkenny
Carlow
Limerick
Roscommon
Galway City
North Tipperary
Limerick City
Cork City
Cavan
South Tipperary
Kerry
Dun Laoghaire Rathdown
South Dublin
Cork
Fingal
Dublin City
Local Authority


Appendix 2 - Revenue Expenditure 2013
Population per 2011 census in brackets
Leitrim (31,798)
Longford (39,000)
Carlow (54,612)
Offaly (76,687)
Laois (80,559)
Waterford City (46,732)
Sligo (65,393)
North Tipperary (70,322)
Monaghan (60,483)
Waterford (67,063)
Cavan (73,183)
Roscommon (64,065)
Westmeath (86,164)
Louth (122,897)
Kilkenny (95,419)
South Tipperary (88,432)
Galway City (75,529)
Limerick City (57,106)
Wicklow (136,640)
Wexford (145,320)
Meath (184,135)
Clare (117,196)
Limerick (134,703)
Kerry (145,502)
Galway (175,124)
Mayo (130,638)
Donegal (161,137)
Kildare (210,312)
Cork City (119,230)
Dun Laoghaire Rathdown (206,261)
Fingal (273,991)
South Dublin (265,205)
Cork (399,802)
Dublin City (527,612)
Pay
Non Pay
Transfers
0
200
400
600
800
1,000
Revenue Expenditure €M


Population per 2011 census in brackets
Appendix 3 - Revenue Income 2013
Leitrim (31,798)
Longford (39,000)
Carlow (54,612)
Offaly (76,687)
Sligo (65,393)
Laois (80,559)
Waterford City (46,732)
Monaghan (60,483)
North Tipperary (70,322)
Waterford (67,063)
Cavan (73,183)
Roscommon (64,065)
Westmeath (86,164)
Louth (122,897)
Kilkenny (95,419)
South Tipperary (88,432)
Galway City (75,529)
Limerick City (57,106)
Wicklow (136,640)
Wexford (145,320)
Meath (184,135)
Clare (117,196)
Limerick (134,703)
Kerry (145,502)
Galway (175,124)
Mayo (130,638)
Donegal (161,137)
Kildare (210,312)
Cork City (119,230)
Dun Laoghaire Rathdown (206,261)
Fingal (273,991)
South Dublin (265,205)
Cork (399,802)
Dublin City (527,612)
Local Gov Fund / Grants & Subsidies
Rates
Other Income
0
100
200
300
400
500
600
700
800
900
Revenue Income €M


Population per 2011 census in brackets
Appendix 4 - Capital Expenditure 2013
Leitrim (31,798)
Offaly (76,687)
Sligo (65,393)
Clare (117,196)
Waterford (67,063)
South Tipperary (88,432)
Louth (122,897)
Kilkenny (95,419)
Longford (39,000)
Laois (80,559)
Monaghan (60,483)
Carlow (54,612)
North Tipperary (70,322)
Waterford City (46,732)
Galway City (75,529)
Limerick (134,703)
Westmeath (86,164)
Wexford (145,320)
Wicklow (136,640)
Roscommon (64,065)
Cavan (73,183)
Meath (184,135)
South Dublin (265,205)
Mayo (130,638)
Donegal (161,137)
Limerick City (57,106)
Galway (175,124)
Kerry (145,502)
Cork City (119,230)
Dun Laoghaire Rathdown (206,261)
Kildare (210,312)
Cork (399,802)
Fingal (273,991)
Dublin City (527,612)
Payments to Contractors
Other Expenditure
Transfers to Revenue
0
50
100
150
200
250
Capital Exepnditure €M


Appendix 5 - Capital Income 2013
Population per 2011 census in brackets
Offaly (76,687)
Leitrim (31,798)
Sligo (65,393)
Clare (117,196)
South Tipperary (88,432)
Waterford (67,063)
Kilkenny (95,419)
Louth (122,897)
Galway City (75,529)
North Tipperary (70,322)
Longford (39,000)
Monaghan (60,483)
Waterford City (46,732)
Laois (80,559)
Carlow (54,612)
Limerick (134,703)
Wexford (145,320)
Roscommon (64,065)
Wicklow (136,640)
Westmeath (86,164)
Cavan (73,183)
Mayo (130,638)
Meath (184,135)
Donegal (161,137)
Dun Laoghaire Rathdown...
South Dublin (265,205)
Kerry (145,502)
Galway (175,124)
Limerick City (57,106)
Cork City (119,230)
Kildare (210,312)
Fingal (273,991)
Cork (399,802)
Dublin City (527,612)
Grants
Non-Mortgage loans
Other income
Transfers from Revenue
-50
0
50
100
150
200
250
Capital Income €M

Appendix 6 Fixed Assets

	LAND	PARKS	HOUSING	BUILDINGS	PLANT & MACHINERY	COMPUTERS ETC	HERITAGE	ROADS	WATER & SEWERAGE	TOTAL
Carlow	23,785,985	4,188,029	124,772,505	34,490,310	1,026,059	116,114	39,303	681,981,644	123,112,545	993,512,494
Cavan	49,080,053	0	141,996,169	54,382,859	788,147	196,648	12,698	1,201,124,219	144,841,248	1,592,422,041
Clare	53,527,705	0	180,933,256	111,429,457	2,830,253	642,364	503,737	2,177,299,249	407,501,698	2,934,667,719
Cork	387,191,097	166,626	990,376,919	212,734,563	5,900,625	3,996,494	3,038,238	5,766,605,529	829,474,988	8,199,485,079
Donegal	32,580,616	109,926	406,220,063	177,761,535	3,087,048	161,830	1,340,538	2,544,592,239	342,638,061	3,508,491,856
Dun Laoghaire Rathdown	149,598,179	4,208,497	1,119,200,972	193,253,522	1,059,476	355,873	577,684	1,669,191,120	282,318,842	3,419,764,165
Fingal	405,391,336	15,552,672	903,403,970	285,669,025	2,083,739	35,635	974,179	1,040,130,550	778,831,757	3,432,072,863
Galway	19,684,280	0	203,772,552	64,992,410	2,772,201	127,717	194,368	3,239,001,382	222,757,360	3,753,302,270
Kerry	66,440,407	29,803	244,565,247	92,788,342	3,384,212	689,525	908,530	2,632,937,511	471,212,307	3,512,955,884
Kildare	38,369,649	940,863	463,589,700	111,105,573	2,070,471	0	874,565	1,735,279,274	419,952,423	2,772,182,518
Kilkenny	30,146,934	3,339,992	182,541,078	42,071,504	3,596,827	755,558	395,371	2,266,210,000	128,030,283	2,657,087,547
Laois	27,110,148	0	253,639,035	85,164,554	1,103,359	6,929	10,946,522	1,522,127,700	77,249,710	1,977,347,957
Leitrim	1,435,027	2,878,241	66,745,685	33,047,959	880,637	190,925	363,592	734,173,996	107,515,543	947,231,605
Limerick	63,681,882	0	241,022,037	88,105,339	2,388,952	79,940	552,748	2,098,870,969	277,606,976	2,772,308,843
Longford	7,079,001	0	165,737,576	11,566,967	897,376	73,184	189,223	755,287,116	126,567,616	1,067,398,059
Louth	27,854,662	33,527	153,066,077	81,478,440	1,417,507	236,242	581,788	1,178,242,432	161,463,105	1,604,373,780
Mayo	87,914,488	630,307	139,184,042	139,425,255	1,678,731	84,141	2,304,569	2,839,796,684	565,996,907	3,777,015,124
Meath	59,152,226	185,250	342,865,756	103,481,604	1,748,198	104,815	392,162	2,108,619,886	318,017,154	2,934,567,051
Monaghan	9,259,594	126,023	86,535,464	41,120,775	1,044,729	84,008	222,882	1,157,713,737	122,583,640	1,418,690,852
North Tipperary	13,361,172	0	110,600,886	44,105,532	1,574,649	161,625	193,480	1,193,030,000	163,744,561	1,526,771,905
Offaly	34,767,821	0	120,131,837	48,748,256	1,621,060	222,168	136,000	1,110,497,027	219,700,999	1,535,825,168
Roscommon	30,512,979	174,672	128,313,750	39,295,389	1,461,562	14,820	1,082,400	1,615,664,454	203,902,397	2,020,422,423
Sligo	14,309,877	0	127,676,860	120,196,627	1,069,733	116,222	8,900,308	1,129,130,000	269,806,460	1,671,206,087
South Dublin	51,876,087	2,794,134	1,575,494,736	353,595,336	2,795,538	541,060	544,180	976,042,809	635,373,171	3,599,057,051
South Tipperary	35,962,484	0	154,949,423	56,803,203	3,185,250	198,128	538,294	1,652,093,284	247,276,768	2,151,006,834
Waterford	14,186,419	87,000	128,404,925	42,120,681	3,022,975	81,310	452,849	1,027,840,370	170,104,466	1,386,300,995
Westmeath	40,756,120	389,581	197,112,477	85,006,408	2,374,123	124,170	1,149,378	1,826,426,338	248,879,659	2,402,218,254
Wexford	53,065,271	36,014	284,289,464	224,677,148	4,438,072	292,166	1,165,770	1,720,873,929	231,979,722	2,520,817,556
Wicklow	74,334,486	0	444,015,503	66,769,685	2,649,732	171,665	403,475	1,327,443,042	191,392,242	2,107,179,830
Cork City	30,989,736	2,146,540	1,693,649,628	174,688,070	1,157,623	468,348	83,000,191	1,117,199,637	359,806,531	3,463,106,304
Dublin City	153,697,306	27,243,070	5,925,494,739	848,949,283	4,750,817	576,954	275,711,232	2,462,865,891	1,999,559,530	11,698,848,822
Galway City	86,097,467	92,231	413,720,040	135,799,113	360,798	478,504	629,707	393,608,624	150,397,095	1,181,183,579
Limerick City	27,234,701	0	304,762,630	38,215,320	996,354	949,069	5,778,189	390,951,000	263,672,893	1,032,560,156
Waterford City	21,722,365	1,042,273	406,643,983	86,314,037	2,191,487	156,887	2,840,463	281,000,226	139,157,204	941,068,925
	2,222,157,560	**66,395,271**	**18,425,428,984**	**4,329,354,081**	**73,408,320**	**12,491,038**	**406,938,613**	**55,573,851,868**	**11,402,425,861**	**92,512,451,596**

Appendix 7 Non-Mortgage Loans

	2010	2011	2012	2013
Local Authority	**€**	**€**	**€**	**€**
County Councils				
Carlow	13,600,406	20,409,208	20,473,597	19,472,322
Cavan	9,622,705	12,319,463	12,841,514	15,897,883
Clare	96,148,526	90,439,708	102,955,796	95,623,683
Cork	354,668,309	327,794,986	344,583,219	337,395,687
Donegal	51,891,902	76,879,443	95,833,070	93,630,852
Dun Laoghaire Rathdown	62,871,300	70,138,554	65,505,208	60,607,395
Fingal	190,005,215	214,655,631	209,872,613	207,720,575
Galway	73,604,637	80,855,958	75,926,829	79,327,317
Kerry	63,697,526	63,667,186	63,564,017	60,216,115
Kildare	73,419,285	60,461,482	58,077,213	55,191,555
Kilkenny	15,334,583	13,948,685	12,518,849	11,110,178
Laois	24,813,487	21,894,209	22,075,949	22,933,511
Leitrim	9,947,655	9,304,686	8,617,182	7,907,208
Limerick	48,200,869	41,084,806	40,856,260	37,211,889
Longford	16,462,374	15,625,955	14,785,306	18,542,373
Louth	16,599,687	16,552,076	16,504,049	27,247,557
Mayo	65,691,781	61,710,767	82,705,379	78,327,612
Meath	61,236,204	57,550,760	56,360,210	54,308,414
Monaghan	11,586,126	10,256,688	9,273,496	8,638,855
North Tipperary	19,780,173	15,929,253	15,344,080	14,540,481
Offaly	38,026,751	36,549,308	34,698,514	33,264,386
Roscommon	10,553,275	11,539,208	23,955,209	21,860,968
Sligo	55,262,549	48,529,150	57,105,985	60,819,120
South Dublin	84,598,412	69,998,309	70,087,123	69,423,456
South Tipperary	22,557,583	22,409,035	23,265,841	22,095,148
Waterford	28,679,149	29,617,777	33,760,761	31,948,139
Westmeath	76,975,492	75,522,540	74,843,252	77,201,194
Wexford	100,139,916	95,457,013	92,237,372	88,838,912
Wicklow	57,938,602	68,725,937	83,257,908	85,036,973
City Councils				
Cork City	119,951,084	115,493,876	113,362,322	109,462,790
Dublin City	315,565,758	299,598,757	307,078,825	265,667,357
Galway City	78,562,245	70,318,369	71,733,367	61,913,486
Limerick City	12,545,653	10,918,870	9,665,163	8,486,129
Waterford City	43,102,424	41,187,309	40,088,604	38,907,284
Total City and County Councils	**2,323,641,644**	**2,277,344,962**	**2,363,814,082**	**2,280,776,804**

Appendix 8 Mortgage Loans

2013	Mortgage Loans Payable including Rented Equity	Mortgage Loans Receivable including Rented Equity
Local Authority	**€**	**€**
County Councils		
Carlow	10,246,896	10,471,952
Cavan	5,655,366	6,734,587
Clare	13,243,272	14,120,367
Cork	92,598,997	95,348,922
Donegal	32,807,198	32,940,560
Dun Laoghaire Rathdown	20,244,184	15,497,555
Fingal	158,482,985	159,367,790
Galway	27,054,190	26,910,470
Kerry	14,366,647	15,250,217
Kildare	46,041,694	53,310,080
Kilkenny	33,548,819	33,006,694
Laois	66,820,183	66,583,383
Leitrim	1,290,643	2,091,682
Limerick	12,251,135	12,992,233
Longford	10,604,590	13,973,509
Louth	3,268,010	2,926,800
Mayo	35,334,874	37,813,482
Meath	20,034,105	20,061,193
Monaghan	14,563,052	13,431,936
North Tipperary	7,511,464	7,255,855
Offaly	7,654,160	6,926,561
Roscommon	2,380,044	2,540,669
Sligo	12,568,919	12,949,959
South Dublin	64,123,811	63,389,035
South Tipperary	11,204,943	10,907,733
Waterford	14,231,257	14,805,949
Westmeath	30,534,959	30,466,118
Wexford	48,141,445	51,287,337
Wicklow	26,132,088	18,993,674
City Councils		
Cork City	32,429,053	32,589,493
Dublin City	323,888,044	336,529,205
Galway City	19,314,283	17,787,752
Limerick City	7,214,740	8,285,481
Waterford City	34,648,237	34,995,384
Total City and County Councils	**1,260,434,287**	**1,282,543,617**

Appendix 9 Rates Collection

Local Authority	Arrears at 01/01/2013	Accrued	Write Off & Waivers	Total for Collection	Collected	Arrears at 31/12/2013	2013%	2012%
County Councils	**€**	**€**	**€**	**€**	**€**	**€**		
Carlow	2,285,542	5,703,956	185,030	7,804,468	5,662,045	2,142,423	73%	70%
Cavan	3,611,492	11,161,294	1,350,126	13,422,660	9,547,936	3,874,724	71%	71%
Clare	9,814,406	36,245,152	1,340,856	44,718,702	35,781,114	8,937,588	80%	78%
Cork	26,383,089	113,468,590	13,674,551	126,177,128	101,444,286	24,732,842	80%	79%
Donegal	10,146,835	21,306,610	2,536,979	28,916,466	16,828,925	12,087,541	58%	62%
Dun Laoghaire Rathdown	24,997,531	83,345,888	7,777,926	100,565,493	78,121,345	22,444,148	78%	75%
Fingal	22,532,759	119,258,645	12,024,553	129,766,851	117,054,598	12,712,253	90%	83%
Galway	8,336,795	23,905,615	4,084,539	28,157,871	18,183,451	9,974,420	65%	69%
Kerry	3,935,068	21,729,400	3,479,574	22,184,894	18,329,177	3,855,717	83%	82%
Kildare	12,626,660	47,194,065	11,952,277	47,868,448	35,934,498	11,933,950	75%	73%
Kilkenny	1,736,776	12,058,348	2,284,949	11,510,175	10,293,860	1,216,315	89%	85%
Laois	3,185,016	12,273,101	2,833,495	12,624,622	8,829,032	3,795,590	70%	74%
Leitrim	1,997,904	4,982,914	650,451	6,330,367	4,141,356	2,189,011	65%	64%
Limerick	5,174,029	29,070,113	4,614,792	29,629,350	24,229,527	5,399,823	82%	82%
Longford	852,888	4,696,445	802,640	4,746,693	3,817,962	928,731	80%	82%
Louth	5,042,202	8,036,634	1,384,017	11,694,819	6,589,934	5,104,885	56%	55%
Mayo	2,724,384	14,699,264	3,202,946	14,220,702	11,134,966	3,085,736	78%	80%
Meath	5,610,883	25,346,531	4,544,500	26,412,914	21,535,803	4,877,111	82%	79%
Monaghan	2,290,962	6,597,586	1,363,327	7,525,221	5,188,572	2,336,649	69%	68%
North Tipperary	1,815,829	6,853,951	633,248	8,036,532	6,088,049	1,948,483	76%	77%
Offaly	584,258	9,009,532	1,946,585	7,647,205	7,151,970	495,235	94%	92%
Roscommon	2,398,419	11,195,305	2,458,072	11,135,652	8,527,522	2,608,130	77%	78%
Sligo	2,407,266	5,188,603	979,738	6,616,131	3,889,700	2,726,431	59%	62%
South Dublin	39,940,231	122,440,818	11,189,046	151,192,003	116,610,117	34,581,886	77%	74%
South Tipperary	1,393,197	8,604,888	946,441	9,051,644	7,401,621	1,650,023	82%	85%
Waterford	3,003,844	7,253,827	1,466,342	8,791,329	5,913,849	2,877,480	67%	66%
Westmeath	2,165,820	8,529,318	469,669	10,225,469	8,049,691	2,175,778	79%	79%
Wexford	7,673,932	19,497,357	2,575,060	24,596,229	16,977,391	7,618,838	69%	68%
Wicklow	5,479,638	17,503,213	3,575,356	19,407,495	13,658,447	5,749,048	70%	71%

Appendix 9 Rates Collection

Local Authority	Arrears at 01/01/2013	Accrued	Write Off	Total for Collection	Collected	Arrears at 31/12/2013	2013%	2012%
City Councils	**€**	**€**	**€**	**€**	**€**	**€**		
Cork City	18,558,716	65,214,509	5,147,867	78,625,358	56,979,228	21,646,130	72%	76%
Dublin City	76,298,631	341,150,111	37,789,463	379,659,279	305,666,229	73,993,050	81%	80%
Galway City	17,121,329	34,820,670	5,464,322	46,477,677	28,751,323	17,726,354	62%	62%
Limerick City	19,142,496	29,020,604	5,406,834	42,756,266	22,650,976	20,105,290	53%	55%
Waterford City	4,668,200	20,943,532	3,929,423	21,682,309	16,347,137	5,335,172	75%	78%
Total City and County Councils	**355,937,027**	**1,308,306,389**	**164,064,994**	**1,500,178,422**	**1,157,311,637**	**342,866,785**	**77%**	**76%**

Appendix 10 Housing Rents Collection

Local Authority	Arrears at 01/01/2013	Accrued	Write Off & Waivers	Total for Collection	Collected	Arrears at 31/12/2013	2013%	2012%
County Councils	**€**	**€**	**€**	**€**	**€**	**€**		
Carlow	290,656	3,512,782	5,879	3,797,559	3,461,129	336,430	91%	92%
Cavan	755,600	3,385,580	15,491	4,125,689	3,301,003	824,686	80%	80%
Clare	914,257	4,203,979	6,165	5,112,071	4,203,046	909,025	82%	82%
Cork	970,156	11,965,554	177,289	12,758,421	11,376,473	1,381,948	89%	92%
Donegal	1,115,129	8,827,773	38,148	9,904,754	8,707,091	1,197,663	88%	88%
Dun Laoghaire Rathdown	3,321,195	12,753,879	54,661	16,020,413	12,413,520	3,606,893	77%	79%
Fingal	1,847,768	16,255,173	54,450	18,048,491	16,097,979	1,950,512	89%	89%
Galway	713,031	5,919,472	4,578	6,627,925	5,800,972	826,953	88%	89%
Kerry	144,317	6,640,036	16,769	6,767,584	6,616,262	151,322	98%	98%
Kildare	1,439,210	7,165,000	75,632	8,528,578	7,093,850	1,434,728	83%	83%
Kilkenny	690,949	5,080,117	27,857	5,743,209	5,157,107	586,102	90%	88%
Laois	274,112	4,708,924	44,530	4,938,506	4,659,299	279,207	94%	94%
Leitrim	199,331	1,989,836	4,170	2,184,997	1,982,705	202,292	91%	91%
Limerick	819,929	5,958,727	9,789	6,768,867	5,834,119	934,748	86%	88%
Longford	603,338	4,126,054	-1,702	4,731,094	4,018,701	712,393	85%	87%
Louth	639,445	2,790,536	28	3,429,953	2,612,523	817,430	76%	81%
Mayo	1,078,775	4,441,135	36,735	5,483,175	4,396,096	1,087,079	80%	80%
Meath	1,025,582	7,135,850	43,647	8,117,785	7,059,258	1,058,527	87%	87%
Monaghan	145,795	3,466,651	2,014	3,610,432	3,426,647	183,785	95%	96%
North Tipperary	43,286	3,049,961	8,393	3,084,854	3,088,830	-3,976	100%	99%
Offaly	342,307	3,173,067	12,716	3,502,658	3,076,481	426,177	88%	90%
Roscommon	447,547	3,960,877	32,763	4,375,661	3,998,852	376,809	91%	89%
Sligo	603,819	2,875,225	5,690	3,473,354	2,731,323	742,031	79%	82%
South Dublin	7,306,575	21,439,857	153,242	28,593,190	21,342,959	7,250,231	75%	74%
South Tipperary	437,938	3,338,215	4,330	3,771,823	3,268,633	503,190	87%	88%
Waterford	620,199	3,205,166	31,743	3,793,622	3,094,933	698,689	82%	82%
Westmeath	362,107	4,085,291	36,149	4,411,249	4,210,289	200,960	95%	91%
Wexford	802,306	8,775,963	12,087	9,566,182	8,689,620	876,562	91%	91%
Wicklow	676,326	6,662,587	20,157	7,318,756	6,765,228	553,528	92%	90%

Appendix 10 Housing Rents Collection

Local Authority	Arrears at 01/01/2013	Accrued	Write Off	Total for Collection	Collected	Arrears at 31/12/2013	2013%	2012%
City Councils	**€**	**€**	**€**	**€**	**€**	**€**		
Cork City	2,756,218	19,693,822	0	22,450,040	19,108,277	3,341,763	85%	87%
Dublin City	20,604,904	72,817,732	642,406	92,780,230	72,493,323	20,286,907	78%	77%
Galway City	2,332,190	7,207,219	53,153	9,486,256	7,284,853	2,201,404	77%	76%
Limerick City	671,937	7,940,684	42,404	8,570,216	7,890,995	679,221	92%	92%
Waterford City	1,518,894	7,381,042	39,481	8,860,455	7,060,288	1,800,167	80%	82%
Total City and County Councils	**56,515,128**	**295,933,766**	**1,710,844**	**350,738,049**	**292,322,664**	**58,415,386**	**83%**	**83%**

Appendix 11 Commercial Water Collection

Local Authority	Arrears at 01/01/2013	Accrued	Write Off & Waivers	Total for Collection	Collected	Arrears at 31/12/2013	2013%	2012%
County Councils	€	€	€	€	€	€		
Carlow	511,221	921,284	143,388	1,289,117	724,911	564,206	56%	60%
Cavan	1,744,410	1,986,387	415,397	3,315,400	1,819,472	1,495,928	55%	47%
Clare	8,186,212	9,120,289	829,879	16,476,622	6,626,721	9,849,901	40%	50%
Cork	12,572,202	17,739,981	573,586	29,738,597	18,342,402	11,396,195	62%	59%
Donegal	11,289,265	7,245,261	1,311,657	17,222,869	7,196,093	10,026,776	42%	36%
Dun Laoghaire Rathdown	6,290,392	6,055,316	1,603,329	10,742,379	5,762,795	4,979,584	54%	50%
Fingal	7,063,653	14,685,531	1,115,561	20,633,623	14,291,332	6,342,291	69%	63%
Galway	4,082,935	3,754,905	384,877	7,452,963	4,007,985	3,444,978	54%	48%
Kerry	1,983,468	7,320,004	166,003	9,137,469	6,595,652	2,541,817	72%	78%
Kildare	7,196,468	9,110,360	1,831,610	14,475,218	8,909,455	5,565,763	62%	51%
Kilkenny	781,735	4,189,056	329,018	4,641,773	3,382,572	1,259,201	73%	82%
Laois	1,375,204	1,852,652	150,682	3,077,174	1,854,955	1,222,219	60%	57%
Leitrim	1,370,449	924,123	103,202	2,191,370	752,049	1,439,321	34%	27%
Limerick	1,914,414	9,554,052	488,539	10,979,927	5,938,245	5,041,682	54%	78%
Longford	1,062,954	1,788,601	99,942	2,751,613	1,736,337	1,015,276	63%	61%
Louth	5,440,193	4,642,949	12,002	10,071,140	4,647,826	5,423,314	46%	54%
Mayo	5,039,979	5,123,214	0	10,163,193	4,836,847	5,326,346	48%	50%
Meath	3,579,230	4,968,591	1,274,766	7,273,055	3,786,721	3,486,334	52%	50%
Monaghan	1,094,813	1,524,580	92,464	2,526,929	1,496,000	1,030,929	59%	56%
North Tipperary	1,802,059	3,738,559	193,613	5,347,005	3,013,841	2,333,164	56%	58%
Offaly	1,200,833	2,552,015	503,091	3,249,757	2,326,747	923,010	72%	67%
Roscommon	2,759,958	3,367,652	276,201	5,851,409	2,562,936	3,288,473	44%	43%
Sligo	3,018,861	2,779,644	0	5,798,505	2,846,324	2,952,181	49%	50%
South Dublin	8,176,487	7,898,193	443,435	15,631,245	8,178,527	7,452,718	52%	46%
South Tipperary	494,679	4,851,919	341,839	5,004,759	2,514,403	2,490,356	50%	83%
Waterford	1,366,827	2,082,994	164,640	3,285,181	1,576,812	1,708,369	48%	52%
Westmeath	2,315,042	1,511,997	201,522	3,625,517	1,698,397	1,927,120	47%	48%
Wexford	8,356,663	4,360,739	421,286	12,296,116	4,584,558	7,711,558	37%	32%
Wicklow	2,211,840	1,668,775	435,251	3,445,364	1,469,959	1,975,405	43%	39%

Appendix 11 Commercial Water Collection

Local Authority	Arrears at 01/01/2013	Accrued	Write Off	Total for Collection	Collected	Arrears at 31/12/2013	2013%	2012%
City Councils	**€**	**€**	**€**	**€**	**€**	**€**		
Cork City	1,372,804	7,584,325	356,247	8,600,882	6,343,469	2,257,413	74%	82%
Dublin City	15,970,773	28,470,219	2,496,553	41,944,439	25,441,908	16,502,531	61%	60%
Galway City	2,698,604	4,271,726	664	6,969,666	4,100,369	2,869,297	59%	59%
Limerick City	2,823,306	7,899,437	714,991	10,007,752	5,578,654	4,429,098	56%	68%
Waterford City	1,428,472	3,144,110	130,119	4,442,462	3,064,764	1,377,698	69%	74%
Total City and County Councils	**138,576,405**	**198,689,440**	**17,605,354**	**319,660,490**	**178,010,038**	**141,650,452**	**56%**	**56%**

Appendix 12 Housing Loans Collection

Local Authority	Arrears at 01/01/2013	Accrued	Write Off & Waivers	Total for Collection	Collected	Arrears at 31/12/2013	2013%	2012%
County Councils	**€**	**€**	**€**	**€**	**€**	**€**		
Carlow	244,318	671,732	712	915,338	648,672	266,666	71%	72%
Cavan	176,817	488,578	4,839	660,556	444,619	215,937	67%	74%
Clare	686,716	1,122,711	39,434	1,769,993	1,003,433	766,560	57%	60%
Cork	3,651,622	7,134,975	114	10,786,483	6,448,410	4,338,073	60%	61%
Donegal	1,053,141	2,056,025	5,303	3,103,863	2,045,555	1,058,308	66%	67%
Dun Laoghaire Rathdown	695,739	1,415,823	0	2,111,562	1,349,789	761,773	64%	64%
Fingal	1,243,297	14,452,307	0	15,695,604	15,454,286	241,318	98%	90%
Galway	669,983	2,312,346	17	2,982,312	2,263,237	719,075	76%	78%
Kerry	179,055	1,284,953	9,499	1,454,509	1,260,103	194,406	87%	88%
Kildare	3,240,142	3,660,394	9,773	6,890,763	3,011,199	3,879,564	44%	49%
Kilkenny	936,468	2,428,327	18,832	3,345,963	2,475,389	870,574	74%	67%
Laois	1,086,232	3,704,644	53,786	4,737,090	3,185,878	1,551,212	67%	76%
Leitrim	96,572	197,698	575	293,695	184,441	109,254	63%	65%
Limerick	368,456	1,105,004	7,494	1,465,966	1,074,062	391,904	73%	75%
Longford	445,440	1,049,081	11,303	1,483,218	904,770	578,449	61%	67%
Louth	194,132	232,490	-2	426,624	205,157	221,467	48%	54%
Mayo	1,791,512	3,089,762	52,887	4,828,387	3,060,507	1,767,880	63%	61%
Meath	345,816	1,258,780	0	1,604,596	1,105,955	498,641	69%	77%
Monaghan	167,667	895,962	12,532	1,051,097	845,379	205,718	80%	84%
North Tipperary	161,978	503,021	-223	665,222	515,489	149,733	77%	78%
Offaly	419,569	589,512	0	1,009,081	609,858	399,223	60%	59%
Roscommon	275,790	269,106	1,078	543,818	227,081	316,737	42%	50%
Sligo	703,925	816,044	1,000	1,518,969	703,024	815,945	46%	51%
South Dublin	83,915	5,130,893	0	5,214,808	5,012,648	202,160	96%	98%
South Tipperary	374,884	901,108	16	1,275,976	969,588	306,388	76%	70%
Waterford	518,747	1,075,587	840	1,593,494	1,008,525	584,969	63%	64%
Westmeath	2,086,011	1,321,133	10,908	3,396,236	1,844,809	1,551,427	54%	47%
Wexford	738,913	3,785,711	-2	4,524,626	3,564,966	959,660	79%	84%
Wicklow	475,562	1,370,839	486	1,845,915	1,376,138	469,777	75%	74%

Appendix 12 Housing Loans Collection

Local Authority	Arrears at 01/01/2013	Accrued	Write Off	Total for Collection	Collected	Arrears at 31/12/2013	2013%	2012%
City Councils	**€**	**€**	**€**	**€**	**€**	**€**		
Cork City	897,724	3,201,064	209,685	3,889,103	3,030,456	858,647	78%	76%
Dublin City	10,264,170	23,222,183	0	33,486,353	20,334,203	13,152,150	61%	68%
Galway City	588,636	1,462,920	23,122	2,028,434	1,577,507	450,927	78%	72%
Limerick City	193,243	750,848	4,239	939,852	733,743	206,109	78%	79%
Waterford City	1,450,530	2,245,048	0	3,695,578	2,013,945	1,681,633	54%	53%
Total City and County Councils	**36,506,722**	**95,206,609**	**478,247**	**131,235,084**	**90,492,821**	**40,742,264**	**69%**	**71%**

Appendix 13 – The Local Government Audit Service

Introduction

The LGAS provides independent scrutiny of the financial stewardship of local authorities. Its role is to:

- Carry out audits of local authorities and other bodies in accordance with its Code of Practice, thereby fostering the highest standards of financial stewardship, governance and public accountability;
- Promote the achievement of value for money in local authorities by undertaking Value for Money (VFM) studies and publishing reports thereon.

The Minister for the Environment, Community and Local Government appoints auditors, known as local government auditors, to carry out or assist in the carrying out of audits of local and other bodies. The Local Government Audit Service (LGAS) audits the accounts of city and county councils, including regional authorities, motor taxation offices and other bodies. The total number of bodies under its remit in 2013 was 178.

The Director of Audit is the organisational head of the service. This post is a statutory position and the main functions, as prescribed in section 116 of the Local Government Act, 2001 are to:

a) Organise, direct and allocate resources within the LGAS;
b) Assign audits of local authorities and other bodies to Local Government Auditors;
c) Provide such advice and assistance as the Minister may, from time to time, require for the purposes of maintaining a Code of Audit Practice;
d) Direct the Local Government Value for Money Unit established by section 14 of the Local Government (Financial Provisions) Act, 1997, and to ensure that the work of the unit is incorporated into local government audit practice.

Each local government auditor is assigned an audit district under warrant of authority from the Director of Audit. Local government auditors are independent of the Department when discharging their professional functions. This independence is protected in legislation in accordance with section 116(2) of the Local Government Act, 2001.

Audit districts comprise a number of audits grouped, as far as possible, in convenient geographical areas, and these districts are further grouped into four regions, Western, Southern and two Eastern. Principal auditors lead in the regional organisation and supervision of audits. In addition they have direct responsibility for the major audits in their region. One principal auditor has responsibility for managing the Value for Money Unit.

Staff Resources

The following is the current audit staff numbers in the LGAS.

Staff Grades	**Current No.**
Director of Audit	1
Principal Local Government Auditors	5
Local Government Auditors	15
Assistant Auditors	12
Total	**33**

All audit staff are professionally qualified accountants and have for many years been recruited externally, having worked in industry, professional accounting practices, public sector bodies, and this mix of skills enhances the organisation.

Local Government Audit Framework

The statutory audit of local government is provided for in sections 114 to 126 of the Local Government Act, 2001. The revised Code of Audit Practice was approved in December 2014 by the Minister for the Environment, Community and Local Government, which covers:

- Framework for Local Government Audit;
- Professional Audit Service;
- Financial and Performance Audit;
- Local Government Audit Reporting.

The LGAS is committed to the on-going improvement of its financial audit procedures. This involves the development of audit guidance on many aspects of the audit process and the implementation of an electronic working papers system (TeamMate). Some of the features of the TeamMate software as implemented by the LGAS are:

- Risk Assessment module
- Standard format of audit files
- Standard audit tests
- Improved tracking of matters arising at audit
- Guidance notes for audit staff
- Audit file and data encryption
- Centralised retention of audit files.

This system has been fully implemented in the LGAS, with auditors now using this software on all audits. It is intended to further develop and improve the standard audit approach, including the use of TeamMate, on an on-going basis. All electronic audit working papers on the TeamMate system are automatically encrypted. In order to mitigate the risk of the loss of sensitive client data, all audit data is held on a centralised database.

Audit Work Programme

The financial statements of local authorities are prepared to 31 December each year. Due to the time lag between the end of the financial year and the finalisation of the draft accounts, the work cycle of the audit service runs from April to the following March e.g. all audits for the year ended 31 December 2013 are to be completed by 31 March 2015. Priority is given to the city and county council audits, of which 32 were completed in 2014.

Appendix 14 AFS Publication Dates

