



**Rialtas na hÉireann**  
Government of Ireland

# **Statutory Audit Report to the Members of Waterford City and County Council for the Year Ended 31 December 2020**

## **Local Government Audit Service**

Prepared by the Department of Housing, Local Government and Heritage

## Contents

Auditor's Report to the Members of Waterford City and County Council .....	1
1 Introduction.....	1
2 COVID-19 – Impact on Local Authorities.....	1
2.1 Overview .....	1
2.2 Restart Grants Scheme .....	2
2.3 Rates Waiver Scheme .....	2
2.4 Reimbursement for loss of goods and services income and COVID-19 related expenditure.....	3
3 Financial Standing .....	3
3.1 Statement of Comprehensive Income.....	3
3.2 Variances from Annual Budget .....	4
3.3 Statement of Financial Position (Balance Sheet).....	4
3.4 Shared Ownership Loans .....	5
3.5 Capital Advanced Leasing Facility (CALF).....	5
4 Income Collection .....	6
4.1 Summary of Income Collection .....	6
4.2 Rates .....	6
4.3 Rents and Annuities.....	7
4.4 Housing Loans .....	8
4.5 Debtors and Doubtful Debts.....	8
5 Capital Account .....	8
5.1 Capital Account Overview .....	8
5.2 Main Capital Projects .....	9
5.3 North Quay.....	9
6 Fixed Assets .....	10
6.1 Fixed Assets .....	10
7 Loans Payable.....	10
7.1 Loans Payable .....	10
8 Refundable Deposits .....	11
9 Procurement / Purchase to Pay.....	11
10 Local Authority Companies .....	12
10.1 Local Authority Companies and other Entities .....	12
10.2 Mount Congreve Trust .....	13
11 Governance and Propriety .....	13
11.1 Governance and Propriety .....	13

11.2 Internal Audit and Audit Committee .....	13
11.3 Risk Management .....	14
11.4 Ethics Declarations .....	14
Acknowledgement.....	15

# Auditor's Report to the Members of Waterford City and County Council

## 1 Introduction

I have audited the Annual Financial Statement (AFS) of Waterford City and County Council for the year ended 31 December 2020, which comprises the Statement of Accounting Policies, Statement of Comprehensive Income, Statement of Financial Position, Funds Flow Statement and notes to and forming part of the accounts. The financial reporting framework that has been applied in its preparation is the Code of Practice and Accounting Regulations for Local Authorities, as prescribed by the Minister for Housing, Local Government and Heritage.

My main statutory responsibility, following completion of the audit work, is to express my independent audit opinion on the AFS of the Council, as to whether it presents fairly the financial position at 31 December 2020 and its income and expenditure. My audit opinion, which is unmodified, is stated on page 3a of the AFS.

The Council is by law, responsible for the maintenance of all accounting records including the preparation of the AFS. It is my responsibility, based on my audit, to form an independent opinion on the statement and to report my opinion. I conducted my audit in accordance with the Code of Audit Practice. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the AFS. It also includes an assessment of the significant estimates and judgments made by the Council's management in the preparation of the AFS, and of whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations, which I considered necessary to provide sufficient evidence to give reasonable assurance that the financial statement is free from material misstatement, whether caused by fraud or error.

This report is prepared in accordance with Section 120(1) (c) of the Local Government Act, 2001 and should be read in conjunction with the audited AFS.

## 2 COVID-19 – Impact on Local Authorities

### 2.1 Overview

The COVID-19 outbreak and the emergency measures taken to mitigate it have had a significant impact on the finances of local authorities during 2020. This has resulted in a reduction in income from some sources, an increased level of COVID-19 related expenditure and related government subvention for the local authority.

At a national level, the Government introduced a number of schemes including the restart grant schemes and rates waiver scheme to support businesses, as noted in paragraphs 2.2 and 2.3 below. In addition, local authorities were reimbursed by the Department of Housing, Planning and Local Government (the Department) for the loss of income from goods and services and for additional COVID-19 expenditure incurred by them (see paragraph 2.4).

In June 2021, it was agreed by the General Accounts Working Group to amend Note 23 and include an additional Note 24 in relation to Restart Grants / Plus in the audited Annual Financial Statements 2020.

## **2.2 Restart Grants Scheme**

During 2020, the Government decided to support commercial micro, small and medium businesses, through the Restart Grant Scheme and later the Restart Grant Plus Scheme. The qualifying businesses were required to have a rateable premises and experienced a loss of turnover due to the COVID-19 restrictions. The scheme provided for assistance with the costs of reconnecting with the marketplace, reopening their business and re-employing staff. Qualifying businesses who met the specified eligibility criteria could apply to the local authority for grants under these schemes.

Under the service level agreement between Enterprise Ireland, Department of Enterprise, Trade and Employment, the Department and each local authority, the Council had responsibility to manage within its functional area the processing of applications and payments, in accordance with the criteria specified, and to make reports to the above Government departments to enable oversight and review of the scheme. Each business was responsible to self-certify in completing its application that it met these criteria.

The Council only verified the application against a rate account, where one existed, and confirmed that the applicant had fully completed the application including the declaration. The Council did not have to verify any other information included in the application. Where rates were not assessed in 2019 or 2020, estimates of liability were made by the local authority. This was necessary to determine the support available to the relevant business.

Accordingly the audit of expenditure under these schemes, which amounted to €15.5m in Waterford City and County Council for the year ended 31 December 2020, was limited to the specific responsibilities of local authorities, as set out above, and did not include the verification of other eligibility criteria declared by the applicants.

The accounting treatment for this is set out in Note 24 in the AFS.

## **2.3 Rates Waiver Scheme**

In order to support both the local government sector and commercial ratepayers, a funding package of €900m was allocated by the Government to fund the cost

of a waiver of commercial rates for nine months from 27 March 2020 to 27 December 2020.

The waiver was available to businesses, which were forced to close, and those, which experienced significant negative economic disruption due to public health restrictions, imposed in response to COVID-19.

The total amount received by Waterford City and County Council for the year ended 31 December 2020 was €14.9m.

The accounting treatment for this is set out in Note 23 in the AFS and further disclosure is included in Appendix 7.

The methodology and manner for calculating rates income collection differs in 2020 compared to prior years.

## **2.4 Reimbursement for loss of goods and services income and COVID-19 related expenditure**

The Department reimbursed the Council for the loss of goods and services income and additional expenditure incurred by them as a result of COVID-19. The total amount received by Waterford City and County Council for the year ended 31 December 2020 was €3.2m, split between €1.5m for the loss of goods and services income and €1.7m for additional COVID-19 related expenditure.

# **3 Financial Standing**

## **3.1 Statement of Comprehensive Income**

Expenditure for the year increased significantly by €39m to €173m mainly due to funding associated with COVID-19 detailed in Section 2 above.

The overall surplus for the year amounted to €634k, after transfers to reserves of €6.9m, reducing the general deficit to €5.15m. The outturn was in line with the Council's previous practice of reducing the deficit over an extended period while maintaining services. The continued reduction of the deficit must remain a key objective of management as the Council records one of the highest revenue deficit nationally.

### **Chief Executive's Response**

The increases in income and expenditure were mainly related to funding associated with COVID-19. The reduction in the deficit is proportionate and continues the downward trend towards the elimination of the deficit. An accelerated reduction of the deficit needs to be balanced against the backdrop of increased demands for services. It is anticipated that the deficit will be reduced further in 2021.

### **3.2 Variances from Annual Budget**

Significant variance amounting to €36m from the adopted budget and actual outturn were again recorded in Note 16 to the AFS. The variances mainly related to COVID-19 activities with some other operational variances also occurring. I acknowledge the exceptional circumstances that pertained during the year and the efforts made to respond to the pandemic. However, strict adherence to the underlying operational adopted budget must also remain a key focus of management given the uncertainty arising from the COVID-19. The approval of the members, as required by S.104 of the Local Government Act, 2001, was obtained in May 2021.

#### **Chief Executive's Response**

Expenditure in 2020, exceeded budget to the tune of €36m primarily as a direct result of COVID-19 activities. When COVID-19 related variances were excluded, the net expenditure overrun was approximately €2m, and broadly equivalent to 1.4% of the total budgeted expenditure. This was more than offset by increased income. The overrun is primarily attributable to the Housing & Roads Directorates and arose as a direct result of additional grant funding becoming available. We acknowledge the requirement to control our costs and we firmly believe this has been materially achieved.

### **3.3 Statement of Financial Position (Balance Sheet)**

The Council's net assets increased by over €1m to €2.96m at the year-end. This was mainly attributable to increased bank investments, mainly due to additional state supports outlined in Section 2 above, and marks a further improvement in the Council's financial position.

At audit, I expressed my concern to management that the Council's Economic Development and Planning Directorate failed to advise of additional income accruals of over €1m in that would have further improved the reported year-end net asset position. Further improvement in the accruals process is required. Commercial debtors amounted to over €14m and a key challenge is the collection of legacy / aged debtors accounts given the difficulties and uncertainty presented to some sectors by COVID-19.

#### **Chief Executive's Response**

These items were billed in 2021. Nonetheless, it is acknowledged that the process for recognising accruals needs to be formalised. A year-end review process will be established going forward.

### **3.4 Shared Ownership Loans**

As previously highlighted, the Council makes an adjustment between the Statement of Comprehensive Income and Note 3 to the AFS. This adjustment, which has been undertaken for the last few years, is to compensate for historical movements in interest rates and its effect on the rented equity balance of housing loans. In the absence of specific guidance, I previously requested the Council to refer this matter to the Department for clarification. The Council recently received preliminary approval pending final review by the General Accounts Working Group.

#### **Chief Executive's Response**

The Department and the GAWG (General Accounts Working Group), has recently confirmed their approval of the accounting treatment.

### **3.5 Capital Advanced Leasing Facility (CALF)**

Local authorities provide CALF funding to Approved Housing Bodies (AHB) for the provision of social housing. This scheme allows the AHB's access both public and private loan funding for the purchase or construction of housing. This funding is recorded in long term creditors with a corresponding debtor in Note 3 to the AFS in respect of this 'shadow' loan facility.

At audit, I drew management's attention to the omission of a €4m loan and a corresponding long-term debtor from the Council's Statement of Financial Position (Balance Sheet). I have requested that the relevant corrections be made in the 2021 AFS. In addition, the Director of Housing, Community and Emergency Services should undertake a review of all CALF and AHB projects to ensure proper records and improve the Council's arrangements for the stewardship, disclosure and oversight of these loans. The improvements should also include the maintenance of the specified records and register to ensure proper public accountability and appropriate reporting in the AFS and Central Credit Register.

Each Council is required to maintain a register that includes details of all AHB loans in respect of the Capital Assistance Scheme (CAS), Capital Loan Subsidy Scheme (CLSS) and Capital Advanced Leasing Facility (CALF) transactions. Furthermore, appropriate records in respect of occupancy and availability should also receive attention.

#### **Chief Executive's Response**

This omission is noted and will be corrected in the 2021 AFS. Additionally, the Housing and Finance Directorates will cooperate to ensure a mechanism is in place to ensure these transactions are completed in a timely manner going forward.



## 4 Income Collection

### 4.1 Summary of Income Collection

A summary of the major collection yields and the corresponding closing debtors, with comparatives for the previous year, are as follows:

Income Source	Yield		Debtors	
	2020	2019	2020	2019
	%	%	€m	€m
Rates	67	82	11.0	9.2
Rents & Annuities	77	77	4.4	4.1
Housing Loans	65	63	1.9	2.0

I acknowledge that COVID-19 presented difficulties. However, arrears on the main collections grew by €2m to close at €17.3m, the fourth successive year of increased arrears. Income collection yields across the broad range of Council services, including the main collections above, remain to be improved. Consideration should be given to an effective singular income oversight function to monitor, assess and recommend enhancements to senior management in order to improve the income collection performance in each directorate across all income streams.

#### Chief Executive's Response

While it is acknowledged that collection rates need to be improved, historical arrears that have accumulated over time impact the collection performance reported. New procedures, resources, and management structures have been put in place in some of the key areas of collection. COVID-19 has impacted our ability to drive the improvements we had targeted to achieve in 2020. However, we are now primed to achieve improvements in this area. As of September 2021, the collection of rates in particular, has significantly improved from 2020 levels. We expect the trend of increasing arrears to be reversed in 2021.

### 4.2 Rates

The collection yield for rates the year at 67%, as reported in Appendix 7, is not readily comparable to previous years. The reported performance was impacted by both the 9-month rates waiver granted to eligible ratepayers for which the Council received state funding of €14.9m, and by an adjustment for deferred income of €2.5m, for those eligible rate payers who had paid their commercial rates in 2020. The main challenge the Council must now address is the collection of ageing arrears, a substantial portion of which date from 2019 or before, many of which remain uncollected at the date of audit.

#### Chief Executive's Response

COVID-19 has impacted our ability to drive improvements we had targeted to

achieve in 2020. However, we are now primed to achieve improvements in this area. New procedures, resources, management structures, reporting and strategies have been put in place, though COVID-19 has hampered our ability to move these forward. As of September 2021, the quantum of collections has significantly improved over 2020 levels. We expect the trend of increasing arrears to be reversed in 2021.

### 4.3 Rents and Annuities

The collection yield for the year remained at 77%. Year-end arrears increased by over €250k to €4.36m, comprising gross arrears of €4.96m, customer credits €529k and a specific provision of €70k. The Council records a significantly high level of arrears and modest rent charges compared with other comparative Councils. During 2020, the Council introduced a new rent scheme that is being implemented on a phased basis, which will increase average rents to just over €50pw. A number of criteria in respect of the collection deteriorated:

- Rents more than one year in arrears increased to €3.2m.
- The number of accounts with arrears in excess of €10k, increased to 78, representing €1.1m of arrears. In addition, arrears of €1.6m, were recorded for houses with weekly income in excess of €500pw (net) and arrears in excess of €1,000. This represents 330 housing units or 5% of the Council's housing stock and 37% of its rent arrears. Other issues that remain to be addressed include:
  - o No specific provision for large back dated charges which amounted to €655k
  - o Arrears payment plans extended over considerable periods with frequent non-compliance
  - o The need to improve authorisation and oversight of adjustments to customer accounts

The bad debt provision for rents increased to €2.7m. Nonetheless, as arrears continue to increase the Council must choose between decisively addressing arrears or further increasing its doubtful debts provision.

#### **Chief Executive's Response**

Successive rent reviews of individual accounts between 2013 and 2020 along with the introduction of a new Rent Scheme in 2020, resulted in backdated rent charges being applied to accounts. The impact of this approach increased and has highlighted the necessity to address these customer balances into the future. In addition, the introduction of a monthly Arrears Management Report is expected to enhance management and oversight of collections and a debt management system is scheduled to commence early next year.

## 4.4 Housing Loans

The collection percentage improved slightly for the year mainly due to the Council's work in addressing individual arrears balances through the various debt resolution schemes. At year-end, €1.9m of the arrears included 49 customers with arrears in excess of €20k, a decrease on the previous year. However, accounts with arrears in excess of €50k increased to 9. The total capital and revenue value of accounts with over €20k in arrears remained almost static at €7.15m. Considerable work remains in engaging with customers to further resolve accumulated arrears. It is anticipated that many of the larger arrear accounts will require the assistance of debt resolution schemes.

### Chief Executive's Response

Given the impact COVID-19 has had on the social and economic welfare of our citizens, we believe any improvement, however small, was in fact welcome. We are continuing to target unsustainable loans for the MARP process and at present we are expecting further incremental improvement in 2021.

## 4.5 Debtors and Doubtful Debts

Year-end Debtors of €44.9m, including main collection accounts, are recorded in Note 5 to the AFS along with a doubtful debt provision of €17.7m. The provision is set following a year-end assessment by management who increased it by over €4m. Based on audit review and management representations received at audit a reasonable level of provision is considered to have been made. However, given the uncertainties presented by COVID-19, management must maintain constant vigilance.

### Chief Executive's Response

Agreed.

# 5 Capital Account

## 5.1 Capital Account Overview

Capital expenditure decreased by €12.8m to €44.6m with a similar decrease in income resulting in an almost unchanged closing surplus of €132k. The closing balance comprised deficits of €32.5 and reserves of €32.6m. At year-end there were over 450 separate projects recorded on the capital account including 310 projects with either deficit or reserve balances of less than €20k each to a cumulative net value of €278k. Management should work to both address these 'minor' balances and to ensure that the capital account only records 'active' projects. In addition, many project balances were recorded over a multiplicity of project codes.

The main deficit and reserve balances include:

Significant Deficit Balances on Capital Project	2020 €m
North Quay Development	11.4
Land Acquisition	2.7
Holy Ghost Properties	1.1
WCURS	1.4
Other Long Term Deficits: Waterside carpark, Mercyhurst Site, Manor St John, Kilbarry Firestation	1.6

Significant Reserves Balances on Capital Project	2020 €m
Capital Transfer Fund	3.2
Planning Contributions	3.4
Housing Annuities	2.2
Plant replacement	0.9

Further consideration should be given to the application of appropriate reserves to fund deficits.

## 5.2 Main Capital Projects

Housing development accounted for over fifty-five percent of capital expenditure or €24.5m, including turnkey developments €7.8m, construction €5.2m, AHBs €4.4m and acquisition and repair and lease of €3.4m. Expenditure on the main capital projects mainly comprised:

Capital Project	2020 €m
North Quay Development	9.1
Housing at Williamstown	4.2
Housing Lacken Road	3.4
Housing LIHAF	2.2
Public Realm Works Tramore	1.6

## 5.3 North Quay

Cumulative expenditure increased to €27.4m, following further site acquisition, consultant's fees and enabling works. The year-end deficit recorded was €11.4m, mainly in respect of land and consultant's fees that did not qualify for state funding. The project recently suffered a significant setback when the Council's principal potential client did not meet the specified contractual obligations. Addressing the deficit presents a significant challenge to management on what is the Council's largest capital project.

## Chief Executive's Response

The €11.4 million deficit includes an element of local contribution that this Council has had to make to the URDF projects and the accumulation of land banks at Michael Street (combined site including car park bounding Michael Street, New Street, Stephen Street and Browne's Lane), the Strategic Development Zone site on the North Quays and other lands in the North Quays environs. We are satisfied that the lands, that have been aggregated with the benefit of professional advice at all times, represent good asset value and the investment can be recouped in the open market, if necessary, as a failsafe measure.

## 6 Fixed Assets

### 6.1 Fixed Assets

The value of assets increased by €20m to €2,252m. The increase was mainly due to increase in housing stock, development sites and plant replacement, including emergency vehicles. As highlighted at previous audits, work remains to complete a reconciliation of subsidiary fixed asset records to the General Ledger and AFS. Land, properties and heritage assets remain summarised or incomplete within fixed assets balances on the general ledger and require de-aggregation and reconciliation to subsidiary systems and other records. In addition, the transfer of assets to Irish Water remains to be completed.

### Chief Executive's Response

An assessment of the scale of work and complexity of sub systems for the de-aggregation of the land bank records will be considered. A cross functional team may be required to achieve completion. (The scale of work and resources required will delay the implementation of this work).

## 7 Loans Payable

### 7.1 Loans Payable

Overall borrowings reduced by €9.9m to close at €111m. The reduction continued the trend of long term borrowing decreasing in the last number of years. The balance on Note 7 to the AFS, may be summarised as:

Loan Type	2020	2019
Assets and Bridging Finance	50.2m	56.3m
Mortgage Related	39.5m	41.4m
Recoupable	21.3m	23.2m
	111.0m	120.9m

Scheduled loan repayments along with the early redemption of €3.9m of bridging / assets loans was mainly responsible for the reduction in borrowings.

Recoupable loans are fully funded by receipts from other state bodies with a corresponding long-term debtors in Note 3 to the AFS.

At year-end €12.5m of loans remained on an interest only basis mainly in respect of affordable housing and residual bridging finance of just over €600k. These loans will require appropriate funding plans.

### **Chief Executive's Response**

The Department funds the interest charges on these unsold affordable houses which are currently operated by AHB's. The Council holds an asset to back the loan. Any national direction to address any change to this operating status including ownership is expected to address the outstanding loan capital.

## **8 Refundable Deposits**

The balance on the account increased to €3.6m at year-end. There was no significant progress with addressing issues previously identified at audit in respect of the management of records and accounting for refundable deposits. There remains a risk that some of these deposits, which are held by the Council pending the completion of works, may have already been repaid through the revenue account rather than deduction from the above balance. In 2021, the Council's internal audit section reported that "the effectiveness of the (Refundable Deposits) internal control structure is unsatisfactory".

### **Chief Executive's Response**

Some strands of the Refundable Deposits were addressed and reconciled in 2021. However, planning bonds, the largest component has yet to be addressed. Over the past year there has been significant changes in the Planning Department with staff changes and a significant increase in planning applications which required the redeployment of staff within Planning. The issues raised have been reviewed and a plan has been put in place to address this area over the next year. This will involve putting in place a new procedure for all current and future development levies and then working through and resolving the historical balances.

## **9 Procurement / Purchase to Pay**

In previous audit reports, I highlighted shortcomings in the Council procurement arrangements in respect of legacy contracts on housing maintenance, building facilities supplies / services and the hire of certain larger plant and vehicles. At audit, the procurement section reported some progress in addressing these

longstanding issues.

Audit testing of the purchase to pay cycle and certain supplier payments identified shortcomings in the accounting system controls, internal control arrangements and masterfile details. Management is currently working to address these shortcomings along with other issues identified by consultants employed to undertake a more detailed review of the systems and controls arising from my initial review. It is expected that management's response will include improvements in the:

- Purchase policy and procedure manuals
- Accounting systems controls
- Supplier masterfile controls

Consideration should also be given to a substantial reduction in the number of staff (over 200), with access to the procurement and purchase function in order to implement the necessary improvements.

### **Chief Executive's Response**

System modifications have been made in 2021, to further enhance controls and in order to gain efficiencies. Work is on-going to address the issues identified including: the introduction of new modules to enhance the management of contracts, improve budgetary and project control and further develop the purchase to pay cycle.

## **10 Local Authority Companies**

### **10.1 Local Authority Companies and other Entities**

Appendix 8 to the AFS provides some details on the Council's relationship to these entities. However, the Council is not required to consolidate the financial results of these bodies into its AFS. During the year, operational funding of €235k was advanced to local authority companies and they are also reliant on other Council supports including staffing, premises and other assistance, with Waterford Treasures receiving an additional €450k.

The main risk to the Council are loan guarantees of €5.1m that it has underwritten on behalf of these entities, which operate in the sectors (leisure and tourism) most affected by COVID-19. However, no modified audit opinions were issued by the private firms, which separately audited these entities. As detailed in Appendix 8 to the AFS, only one company had finalised its financial statement for 2020.

The implementation of an overarching governance structure for these bodies would strengthen financial oversight, maintain consistent and timely corporate reporting requirements and provide further assurance that management can promptly identify and address any emerging risks and performance issues.

## **Chief Executive's Response**

An annual review of all entities listed on appendix 8 is now scheduled for the Senior Management Team.

### **10.2 Mount Congreve Trust**

The trust again recorded a large, but reduced, operating deficit during 2020. Nonetheless, there remains a need, for the Council to ensure, that the Trust further addresses its operating cost base and reduces its annual deficit. The initial funding of the trust is fast eroding its net asset position and the underwriting of future operational losses may impact the Council's financial position.

#### **Chief Executive's Response**

Mount Congreve has received capital funding of approx. €5m for a significant upgrade of the visitor experience. Work will include retail / hospitality units, improvements to parking, paths and signage, refurbishment of the Glass House, provision of wastewater treatment facilities. It is anticipated that this upgrade will facilitate a significant increase in visitor numbers and an increase in the level of income from each visitor resulting in the overall profitability of the Gardens.

## **11 Governance and Propriety**

### **11.1 Governance and Propriety**

Corporate governance comprises the systems and procedures by which enterprises are directed and controlled. It is the responsibility of management and the elected members to ensure that sound systems of financial management and internal control are in place. According to the audit committee charter, the committee has an independent role to advise the Council on financial reporting processes, internal control, risk management and management's response to audit matters.

### **11.2 Internal Audit and Audit Committee**

The Local Government (Financial and Audit Procedures) Regulations 2014 require local authorities to maintain an adequate and effective system of internal audit of its accounting records and control systems. Internal audit has an important role in providing the Chief Executive, Audit Committee and Members with assurances on the adequacy of control systems and procedures including internal controls, risk management and governance arrangements. During 2020, continued staff resourcing issues adversely impacted the work of internal audit which was again tasked with additional work outside of the annual work plan



agreed with the audit committee.

The Council's audit committee held four meetings during the year and considered the auditor's report on the 2019 AFS at its December 2020, meeting, which I attended.

### **Chief Executive's Response**

Additional permanent resources were allocated to the Internal Audit function in 2021.

## **11.3 Risk Management**

The Council's Risk Management Policy document sets out the framework for management to identify assess and rate risks in order to develop strategies to deal with risks and provide reasonable assurance that the Council's goals and objectives will be achieved.

The Council's Risk Register includes corporate risks and directorate risks, which were rated and reviewed by management on a regular basis. Relevant mitigating controls, actions and owners were recorded for each risk in the register.

## **11.4 Ethics Declarations**

The Council maintains an ethics register for members and staff. Part 15 of the Local Government Act, 2001 obliges Council members and designated staff to submit an annual declaration of specified interests. The Council's Ethics Registrar advised that the required annual returns were received and that the related report was made to the Chief Executive. While I acknowledge that some progress was made further improvements are required in the Council's processes for reviewing information on the annual returns relevant to the requirements of the Code of Conduct for Local Authority Employees and related party transactions.

## Acknowledgement

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

A handwritten signature in black ink, appearing to read 'James Moran', with a stylized flourish at the end.

James Moran

Principal Auditor

21 October 2021

housing.gov.ie

