



Rialtas na hÉireann
Government of Ireland

LOCAL GOVERNMENT AUDIT SERVICE

Statutory Audit Report

to the

Members of Dublin City Council

for the

Year Ended 31 December 2019

Department of Housing, Local Government and Heritage

housing.gov.ie

CONTENTS

AUDITOR'S REPORT TO THE MEMBERS OF DUBLIN CITY COUNCIL	1
1 Introduction	1
2 Non – adjusting post balance sheet event – COVID-19	1
3 Financial Standing	2
3.1 Statement of Comprehensive Income	2
3.2 Government Debtors	2
4 Income Collection	2
4.1 Summary of Income Collection	2
4.2 Rates.....	2
4.3 Rents & Annuities.....	3
4.4 Loans	4
4.5 Bad Debts Provision	4
5 Transfer of Water and Waste Water Functions to Irish Water.....	5
5.1 Transfer to Irish Water.....	5
6 Fixed Asset Housing Register	5
7 Loans Payable.....	6
7.1 Affordable Housing	6
8 Development Contributions	6
9 Dublin Fire Brigade Time and Attendance	7
10 Capital Account	7
10.1 Capital Account Overview	7
10.2 Capital Account Debit Balances	8
10.3 Land Acquisition Loan Redemptions Debit Balances	8
10.4 Dublin District Heating Project.....	8
11 Dublin Docklands Development Authority	9
12 Local Authority Companies	9
12.1 Local Authority Companies	9
12.2 Temple Bar Cultural Trust Designated Activity Company (TBCTDAC)	10
12.3 Plato Business Support Company Limited	10
13 Governance and Propriety	11
13.1 Overview	11
13.2 Procurement	11
13.3 Internal Audit	12
Acknowledgement	13

AUDITOR'S REPORT TO THE MEMBERS OF DUBLIN CITY COUNCIL

1 Introduction

I have audited the Annual Financial Statement (AFS) of Dublin City Council for the year ended 31 December 2019, 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 2019 and its income and expenditure. My audit opinion, which is unmodified, is stated on page 8 of the AFS.

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

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

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

2 Non – adjusting post balance sheet event – COVID-19

In accordance with Circular Fin 05/2020, the local authority has included a note in their Annual Financial Statements (see note 23) in relation to COVID-19. This note refers to the impact of COVID-19, a non-adjusting post balance sheet event, and describes the uncertainty faced by the local authority as a result.

Whilst my opinion is not qualified as a result of the uncertainty, I have included an Emphasis of Matter paragraph.

The COVID-19 outbreak and the emergency measures taken to mitigate it have had a significant impact on the finances of local authorities in 2020. This has resulted in a reduction in, and uncertainty of, various income sources.

Chief Executive's Response

The challenges posed by the COVID-19 outbreak in March 2020 has resulted in a reduction in income for the Council along with an increase in expenditure on measures necessary for service provision during the pandemic. While income has been reduced, it has not impacted on our ability to continue delivering services. The preparation of the 2020 revised budget and the 2021 draft budget has taken into account all factors associated with COVID-19. The budget is framed to ensure key service delivery in 2021 having regard to written assurances from

Government around 2021 non-rates income and additional COVID related expenditure.

3 Financial Standing

3.1 Statement of Comprehensive Income

The Council recorded a surplus of €2.1m in 2019 (2018, (€1.69m) deficit), showing an improvement of €3.8m in last year's deficit. This figure is after net transfers to reserves of €49.4m in 2019 (2018, €49.3m) an increase of €0.1m on last year's figures.

The main variances between the adopted budget and the AFS are reflected in Note 16 of the AFS. The variances were approved by the members at their meeting on the 11 May 2020, pursuant to S104 of the Local Government Act, 2001.

3.2 Government Debtors

Note 5 to the AFS states Dublin City Council's gross debtors at €360.8m. Government debtors are stated at €197.2m (2018; €148.2m) in the 2019 AFS, showing an increase year on year of 33%. The debtors' figures comprise of debtors of €109.4m and accruals of €87.8m. The figure for debtors is the amount owing at year-end while the figure for accruals represent amounts for work not yet claimed but accrued for year 2019.

Chief Executive's Response

The Council proactively deal with the Department of Housing, Local Government and Heritage to secure payment of claims outstanding. Following a number of meeting in early 2020 the government debtor figure was reduced by €50m to €147m at the end of March 2020. It is a priority for the Council to secure funding for all monies expended.

4 Income Collection

4.1 Summary of Income Collection

A summary of the revenue collections are as follows

Income	Yield			Debtors		
	2019	2018	2017	2019	2018	2017
	%	%	%	€m	€m	€m
Rates	94	92	91	23.0	27.7	32.4
Rents & Annuities	73	76	76	31.5	27.8	26.2
Housing Loans	75	69	66	7.2	9.1	10.8

4.2 Rates

The rates collection yield shows a further improvement of 2% reflecting a reduction in the arrears figure from €27.7m in 2018 to €23m in 2019. The cash collected increased by

€13.4m in the year. The following table shows an aged analysis of the arrears as at year-end 2019.

Arrears Rates	2019 €11m	2018 €4.6m	2017 €2.7m	2016 €1.8m	2015 €1.1m	Pre2015 €1.8m
----------------------	---------------------	----------------------	----------------------	----------------------	----------------------	-------------------------

In July 2020, a review of the arrears outstanding at 31 December 2019 was undertaken to ascertain the level of debt which had been collected since the year-end, and showed that €19.1m (83%) relating to 2019 debtors remained outstanding.

A bad debt provision of €20.75m representing 90% of net debtors is in place.

Chief Executive's Response

Commercial rates account for 35% of revenue income in 2019 and is a critical source of funding for revenue services. This year has seen a continued improvement in the collection rate from 92% to 94% due to the diligent and proactive work of the Rates Office staff in maximising the collection and actively managing the arrears.

4.3 Rents & Annuities

The arrears figure has increased from €27.8m to €31.5m (increase of €3.7m) and a reduced yield of 3% in 2019. This increase in arrears is significant, given the size of the current arrears, the number of accounts in arrears and the change in court proceedings.

The audit has highlighted the following weaknesses:

- Rent arrears are increasing significantly and presents a financial risk for Dublin City Council. The actions taken on arrears do not appear effective.
- Of the twenty six thousand rental accounts held by the Council, circa eighteen thousand (69%) of these are in arrears at year-end.
- A detailed analysis of rent arrears is required and strategies identified as to how to address this continuing deterioration.
- A delay in the assessments has given rise to large retrospective debits being added to tenant accounts. The real possibility of collecting these additional arrears on top of existing arrears given the current weaknesses is challenging.
- More effective and agile reports are required to inform, monitor and provide clear succinct analysis for all users.

This area requires significant work to prevent further decline and financial risk.

Chief Executive's Response

General social housing stock owned by Dublin City Council, accounts for 24,800 rented properties and there are approximately 60% of the accounts in arrears. Of the accounts in arrears 57% have arrears under €500 and we have put in place early intervention measures to address these:

- New arrangements for signings so that tenants are not automatically starting in arrears. Tenants will be notified to bring 2 week' rent in advance.
- The tenancy agreement is being revised to provide for household budget and direct debit at the commencement of tenancy.

- We are developing a first missed debit text alert.

We have significant challenges in recovering the accrued arrears and we will monitor the outcome of each intervention to determine its effect.

- Housing Finance will undertake an aged debt analysis to assist us in setting up realistic recovery targets.
- Maintenance and allocations sections will work closely with rents to support the arrears recovery process and to redirect tenants to the rent section until the Executive Housing Officer (EHO) is satisfied there is meaningful engagement or in the case of transfers, zero arrears on the account.
- It has not been possible for us to achieve substantial legal enforcement given court arrangements for 2020. Nonetheless the files are prepared and we will take court proceedings to seek Possession Orders for serious arrears cases where DCC is satisfied that there are no circumstances *outside the control of the household which prevent the repayment of arrears*.
- The new Local Authority Verification Application(LAVA) has been developed in conjunction with the Department of Employment Affairs and Social Protection. This application provides DCC with access to full income details of an individual tenants. To date, the completion of an accurate rent assessment relied on the tenant providing evidence of changes in their household income. Direct access to household income will eliminate the need to apply assumed income (and substantial retrospective debits) in most cases. A review of all accounts with assumed incomes applied will take place in the first half of 2021, resulting in a more accurate determination of the rent charge and arrears.

The upgraded housing management system is scheduled for implementation and we will develop alerts across all platforms to ensure arrears are highlighted with social housing tenants at the point of contact, irrespective of department.

4.4 Loans

The collection yield for housing loans has increased from 69% in 2018 to 75% in 2019, representing a significant net improvement of 6% year on year. This increase is reflective of the implementation of the MARP process, Mortgage to Rent policy and Shared Ownership loans restructure program.

Thirty-six Shared Ownership loans were restructured and one hundred and ninety one Rebuilding Ireland loans were advanced in 2019. The increase in percentage yield is acknowledged.

4.5 Bad Debts Provision

The bad debt provision for trade debtors comprise of 16 account codes, which total €114m in 2019. Included in this figure are account code provisions for rates of €20.75m, loans of €7m and rents of €21.9m representing 90%, 97% and 69% respectively of their respective net debtors.

From the review carried out at audit, the provision for doubtful debts is satisfactory. However, it is recommended that several of the account codes would benefit from a more systematic process in determining an appropriate provision for doubtful debts each year. Consequently, management should prioritise the implementation of such a process as part of the AFS 2020 work programme.

Chief Executive's Response

A detailed review of our bad debt provision is carried out both centrally and at local level each year. The budget process also looks at the budgetary requirement around correct provisioning. As part of the preparation of the AFS 2020 the account codes will be further reviewed.

5 Transfer of Water and Waste Water Functions to Irish Water

5.1 Transfer to Irish Water

Several meetings were held in 2019 with Irish Water regarding thirty-five over-ground assets which are still yet to be transferred. These were at various stages of assessment. All of these assets required registration with the PRAI or the resolution of a third party. Some of these also included lands registered with some of the other Dublin local authorities. This was further complicated by the retirement of the solicitor handling these cases in 2020. However, a new senior executive solicitor was appointed in October 2020 and work has resumed on completing the land registration process.

6 Fixed Asset Housing Register

The Fixed Asset Register for housing stock does not reconcile to the figures in the AFS. Over the last three years, substantial data cleansing has been undertaken in the OHMS database to ensure that the figures reflect the current housing stock on hand. This cleansing exercise has identified differences relating to asset inaccuracies, duplications and properties that were demolished among other items that should have been updated on the Fixed Asset Register. This exercise is in its final stage of cleansing and has resulted in a significant cumulative difference of circa €263m being estimated. A provision for this amount has been included under Revaluations in Note 1 to the AFS.

Chief Executive's Response

Dublin City Council's Housing Department have carried out extensive work in reviewing data held on OHMS in respect of housing fixed assets. It is accepted that through various issues such as duplicate entries, demolished housing units etc. the value of housing fixed assets held on OHMS required a full review so as to correct historical errors. The working group established to address this matter has made substantial progress. However it is not yet possible to definitively conclude the issue as the unit stock valuation details and the financial validation process has not yet been completed. In order to ensure that our accounts accurately reflect the value of Fixed Assets, a provision of €263m has been made against the Revaluation Reserve in the AFS 2019. This provision should account for the majority of the adjustment required. When the process is complete, and if further adjustments are required they will be made in the 2020 AFS. Dublin City Council has worked closely with the Local Government Auditor in reaching what will be a successful conclusion on this matter. Dublin City Council wishes to acknowledge the diligent work of the Local Government Auditor on this matter.

7 Loans Payable

7.1 Affordable Housing

There are three hundred and thirty-four housing units originally acquired for resale under the affordable housing scheme. The Council's Affordable housing loans are recorded in Note 7 to the AFS at a figure of €73.8m (2018, €73.8m). These loans were due to mature in 2018, but now been rolled over for a further three years to June 2021 with the agreement of the Department.

8 Development Contributions

Considerable work is required in this area to ensure that all figures recorded in APAS financials are reflected correctly and in accordance with the conditions outlined in the planning permissions granted.

The Oracle system for debtors needs to identify the amounts due, paid and outstanding so that a full reconciliation is possible between the financial management system, debtors control system, APAS financials and the conditions of all planning permissions granted. This ensures that levies are correctly calculated, collected and monitored closely.

Chief Executive's Response

Reconciliation between APAS Financials and Oracle debtors is currently completed manually as an IT solution between both systems was not identified. The conditions of planning permissions show a different amount due than APAS Financials where indexation or a new scheme changes development contribution rates or where there is only a partial activation of a granted permission. Since last year's annual audit, changes in procedure in decisions for calculation and recalculation of levies and in contributions for indexation require 2 people to sign off.

Going forward, where there has been a change in indexation, a new scheme or partial activation of a planning permission in order to ensure all figures recorded in APAS Financials are correctly calculated and reflect the planning permission granted and activated, a new contributions sheet will be prepared by staff and will then be checked by the Administrative Officer. This sheet will be retained on Anite with all the planning permission documentation. Furthermore, a hard copy will be retained on the contributions file.

The manual reconciliation between APAS Financials and the Oracle suite which was completed in December 2019 will again take place before year end. Discussions will recommence with the Finance Department with a view to seeking an IT solution for this reconciliation. The weekly and quarterly Building Control Management System (BCMS) review and check will continue in order to ensure that planning permissions for which commencement notices for construction have been submitted, are checked for development contribution requirements. The generation of reports on expired permissions will also continue so that inspections can continue to ensure any developments that have failed to submit commencement notices are billed for contributions where applicable.

This office is fully committed to ensuring robust processes for the raising, collection and monitoring of development contributions and will continue to direct resources to ensuring maximum collection and accuracy. Securing and maintaining sufficient resources has been a challenge for a considerable time and efforts are continuing to ensure both Contributions and Decisions Sections are prioritised for resource allocation.

9 Dublin Fire Brigade Time and Attendance

The current records for Dublin Fire Brigade system for time and attendance lack clarity and are not effective in the control of this area. There are a number of spreadsheets, databases and stand-alone software systems that do not interface with each other, are complex and inefficient. They are subject to extensive manual intervention, human error, and do not provide a clear picture of the hours worked, leave entitlement and rotas among other important requirements. The current system is resource intensive and does not lend itself to analysis easily. This area represents a control issue for the Council and needs to be prioritised.

Chief Executive's Response

Dublin Fire Brigade have a time and attendance system called Rollcall that was a customised version of Optimum built for Dublin Fire Brigade a number of years ago. There is some functionality for recording leave within Rollcall but it does not provide the functionality to apply and approve leave, allocate leave in blocks, calculate entitlements, manning levels etc. hence there is a number of spreadsheets in use to record such information. A requirement for a fully integrated time and attendance, rostering and leave system has been identified and Dublin Fire Brigade have been working on a definition of the system requirements as well as the setting up of workshops to streamline the business processes with the intention of going to tender for a new system. This proposal was delayed due to COVID-19.

There is also a requirement to replace the mobi-dialer system, which is used to contact and allocate staff for overtime. Definition of requirements of the new mobi-dialer system is complete, however, ideally a custom built solution would be built on a new rostering system which would allow overtime staffing levels to be calculated, contacted and recorded on one system. Implementation of such a system is dependent on industrial relations negotiations.

Dublin Fire Brigade operates a Minimum Manning Level (Historical) that allows for staffing levels in Operations and in the East Region Communications Centre (ERCC). Dublin Fire Brigade/Dublin City Council management have been in negotiations with Trade Unions since 2019 on revised manning levels and on a Staff Restructuring Model for the ERCC. Dublin Fire Brigade has become reliant on overtime particularly in the ERCC, pending agreement being reached on these proposals. These issues were referred to the Work Relations Commission (WRC) and subsequently Dublin City Council/Dublin Fire Brigade requested both of the above issues be referred to the Labour Court for a binding decision.

The WRC responded with a request to hold a further conciliation conference which is due to be held on the 4th November, 2020.

10 Capital Account

10.1 Capital Account Overview

In 2019, the Council recorded a credit balance of €121.7m on the capital account, representing an increase of €38.4m on last year's figure of €83.3m. This increase is mainly comprised of capital expenditure of €430.7m and income of €469.1m including net transfers of €37.4m.

The significant improvement in the closing balance in 2019 is mainly attributed to:

- Development contribution receipts
- East Link Toll
- Reserves

10.2 Capital Account Debit Balances

There are 220 job codes in the capital account with debit balances totalling €160.3m. Of these, there are 58 job codes totalling €54.7m where no movement in balances has been identified for a number years. The following table displays the total debit balances by departments.

Department	Amount
Housing	€72.1m
Development Management	€48.1m
Environmental Services	€24.6m
Miscellaneous	€15.5m

Of the above departments, the following jobs represent some of the larger outstanding debit balances where no movement is evident.

- Land Acquisition Loan Redemptions €29.3m
- Dublin District Heating Project €10.9m

10.3 Land Acquisition Loan Redemptions Debit Balances

The debit balance of €29.3m represents HFA loan redemptions where no corresponding income existed in the capital account. This figure forms part of the 58 jobs totalling €54.7m with outstanding debit balances showing no movement or indication that they are being addressed. It is recommended that where no source of funding is identified, arrangements be put in place to reduce this debit balance over a planned period of time.

Chief Executive's Response

The debit balance of €29.3m relates to the purchase of land. Part of the land was included in a bundle of PPP and in 2020 €6.3m was received from the Department of Housing, Local Government and Heritage as a contribution to the cost of the land used. This has reduced the debit balance on the cost centre to €23m. As the land is developed / sold, the proceeds will be used to reduce the debit balance.

10.4 Dublin District Heating Project

This expenditure relates to phase 1 of the Dublin District Heating Project. The capital account has an overall debit balance of €10.9m, which is primarily associated with the delivery of district heating infrastructure within the North and Grand Canal Dock SDZ. Dublin City Council are currently finalising a commercial delivery model for the development of district heating, within the North and Grand Canal Dock SDZ. It is recommended that funding be sourced for this project.

Chief Executive's Response

Dublin City Council has secured grant funding from the Climate Action Fund of up to €20m from the Department of Environment, Climate and Communication (formerly the Department of Communication, Climate Action and Environment). It is planned that Dublin City Council will achieve an appropriate return for any investment in the District Heating Network, which will allow for the funding of the previous investment undertaken as part of Phase 1 of the Dublin District Heating Project.

11 Dublin Docklands Development Authority

In 2016, the Dublin Docklands Development Authority (DDDA) was dissolved, pursuant to the Docklands Development Authority (Dissolution) Act 2015. Net Assets were brought into Dublin City Council's accounts in 2017. A number of provisions were put in place for certain legacy issues that remain outstanding.

The issue of DDDA pensions is still under review with a decision pending. Consequently, these pensions are not included in the AFS.

Chief Executive's Response

The Docklands Office continues to work on bringing the remaining legacy issues of the DDDA to a satisfactory conclusion, however, many of these items involve complex legal issues that have taken longer than expected to resolve. It is anticipated that further progress will be made during 2020 and that any outstanding items at the end of 2020 will involve litigations that are before the courts.

The future of the DDDA pensions has been raised with the Department of Housing, Local Government and Heritage. These discussions will continue until a satisfactory outcome is reached.

12 Local Authority Companies

12.1 Local Authority Companies

Appendix 8 to the AFS records the local authority's interest in seventeen companies and joint ventures. The table shows the percentage control exercised by the Council, whether or not the transactions are included in the Council's AFS and brief financial details of each company. Ballymun Regeneration Limited and Hugh Lane Gallery Trust are the only two companies consolidated in the Council's AFS.

At the time of audit, only two of the seventeen companies' financial statements for year ended 2019 were available for review, one being dated 2017 with the remaining fourteen accounts dated 2018. It is important that local authority controlled companies identified in Appendix 8 present financial statements for the year under audit to ensure that all risks are identified and mitigated if applicable.

Chief Executive's Response

Every effort is made to ensure that all accounts are received within the statutory deadline for filing of accounts with the Company's Office. It is difficult for our companies to have their

accounts available for the Local Government Audit timeframe, which is earlier than the CRO filing date.

12.2 Temple Bar Cultural Trust Designated Activity Company (TBCTDAC)

While a decision was made to dissolve the company in 2013 and transfer it into Dublin City Council's ownership, this process has not yet begun. The commencement of this transfer is subject to the approval of the Planning and Development (No.2) Bill and a commencement order. The company acts as property and cultural managers of the Temple Bar district; it owns and manages buildings and public spaces for both commercial use and for the arts. The company also provides cultural services in Dublin for public and civic benefit. In reviewing the 2018 latest accounts made available at audit, the company made a loss for the year after tax of €79k compared with a profit of €1.139m in 2017. The profit in 2017 is reflective of a gain on the sale of properties included in the Profit and Loss account of €1.8m.

The net assets are stated at €20.5m in the 2018 annual financial statements. The company has entered into agreements with third party buyers to sell investment properties for a combined consideration of €925k reflecting the fair value noted in the company's financial statements. Temple Bar Cultural Trust DAC is not consolidated in the Council's annual financial statement. The 2019 accounts were not available and consequently, I am unable to ascertain the financial circumstances pertaining thereto in that year.

Chief Executive's Response

The 2019 accounts for Temple Bar Cultural Trust DAC will be completed within the next three weeks and will be furnished to the Local Government Auditor then.

12.3 Plato Business Support Company Limited

This company provides practical training, business counselling and support so that an individual can acquire the skills necessary to help their business grow and prosper. It provides an environment for owner managers to learn from one another and share their experiences at a two-hour meeting twice a month for 9 months. It also provides access to large company expertise and knowledge.

While the auditor's opinion is unqualified, they have included an emphasis of matter in relation to conditions present in the company that indicate the existence of a material uncertainty that casts significant doubt as to whether the company can continue as a going concern without the support of its parents and the directors. The company has historically traded as a break-even company and as such has not built up a reserve on its Statement of Financial Position. These conditions along with other matters has led the auditor to include an emphasis of matter.

Chief Executive's Response

Plato Dublin Business Support Ltd.'s remit is to help develop the skills of the SME Owner Manager in Dublin. Plato is positioned to support stagnating businesses who wish to grow their businesses. Over 3000 Dublin regional companies have taken part in the programme since Plato Dublin inception in Dublin in 1993. Plato Dublin is a CLG and has been a not for profit organisation since its incorporation in 2004. This is in line with other similar projects of CLG type. It is primarily funded through the 4 Dublin based Local Authorities (LA) through

Local Enterprise Offices in Dublin under the auspices of Enterprise Ireland Service Level Agreement. Dublin City provides 40 per cent of Plato's Local Enterprise Office funding. Plato receives benefit in kind to run the programme from the large companies who contribute executive time pro bono, meeting facilities and refreshments as required free of charge. Until now it has successfully operated on a break even basis (since 2004) and liquidity has not been an issue. However to mitigate any risk to Plato Dublin's existence going forward the Board of Directors (3 of whom are the Heads of Enterprise for 3 of the Local Enterprise Offices in Dublin) will consider the option of putting a reserve fund in place. An alternative option being considered by the Directors is to run the Plato programme as an in-house project in Dublin Region without the need for a CLG. In this case there is consideration of one full time Plato Dublin employee and how that would work.

13 Governance and Propriety

13.1 Overview

Corporate governance comprises the systems and procedures by which an entity is directed or controlled. It is the responsibility of the Chief Executive to ensure the sound system of financial management and internal processes are in place.

13.2 Procurement

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

A risk regarding framework agreements being used for a number of contracts and consequently the possibility of being exceeded, where the contract manager is not monitoring the framework and overall expenditure, may be an issue. It is essential that all frameworks have a contract manager to ensure that the framework is run within procurement guidelines. A framework should identify the threshold of the contract and this should be kept in view when ascertaining whether that framework has been fully utilised.

It is noted that a number of departments within Dublin City Council have not complied with the procurement directive. Fundamental to the lack of compliance is the absence of accountable procurement personnel within each of the departments. This has resulted in the CPU not being informed, consulted and contracts not tendered according to best practice. This represents poor governance and lack of accountability.

A strategic review undertaken by Deloitte (2015) recommended that procurement leads and dedicated procurement hubs be set up in each Dublin City Council department. This has not yet been put in place and remains an outstanding governance issue.

Instances of non-compliance with the procurement directive was identified in the following departments.

- Dublin Fire Brigade
- Legal Services

- Transportation
- Housing
- Culture and Recreation

Chief Executive's Response

Culture Recreation and Economic Services (CRES)

CRES has established a Procurement Hub. Project Managers liaise with the CRES Procurement Unit and, through it, the CPU of DCC, both in advance and during the procurement process in establishing all new frameworks. Each project manager maintains responsibility for the particular framework and a central inventory is maintained by CRES admin. To ensure a greater level of compliance with procurement directives CRES will strengthen governance and put structures in place to ensure that both the timeframes and financial thresholds for frameworks are regularly monitored. CRES will fill the post of Procurement Officer to support project managers.

Dublin Fire Brigade and Housing

Instances of non-compliance with the Procurement Directive identified by this Audit Report are being urgently rectified.

All senior personnel in the Housing (and emergency services) will be instructed to ensure full compliance with Public Procurement Regulations and Guidelines.

Environment and Transportation

The Environment & Transportation Department will carry out an assessment of this non-compliance and will ensure appropriate control measures are effective by the end of quarter-two of 2021, at the latest.

Legal Services for Rates Office

The Local Government Rates and Other Matters Act 2019 was enacted on the 11th July 2019. However whilst certain provisions of the act were commenced after enactment, a significant number of sections are awaiting further work through with the local authority sector and are dependent on a number of factors being in place to support the measures. In addition to the Act, the Rates Steering Group are examining further improvements which include recovery by the sheriff, rates compliance certs and the court process. The embedding of these measures into the annual collection process will greatly reduce our dependency on the current court process. It is proposed to await the outcome of these measures prior to addressing a procurement process for legal services. No cases have been listed for court in 2020.

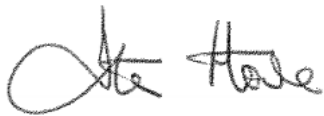
13.3 Internal Audit

The role of internal audit is to provide assurance to the Audit Committee and Senior Management that the various risks facing the Council have been identified and appropriate internal controls put in place to mitigate those risks. Consequently, their role as part of the Corporate Governance framework is very important. The Head of Internal Audit reports directly to the Head of Finance for administrative purposes and has independent access to the Chief Executive and Chair of the Audit Committee.

In 2019, nine internal audit reports were completed, of which five were outsourced to two accountancy firms but managed by the Head of Internal Audit. I have taken account of the work of internal audit in the audit of Dublin City Council.

Acknowledgement

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



Ita Howe

Principal Auditor

30 October 2020

housing.gov.ie

