



Rialtas na hÉireann
Government of Ireland

Statutory Audit Report to the Members of Dublin City Council for the Year Ended 31 December 2022

Local Government Audit Service

Prepared by the Department of Housing, Local Government and Heritage
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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 2022, 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 2022 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 Financial Standing

2.1 Statement of Financial Position

In 2022, the Council recorded a surplus of €613k (2021, €6.56m surplus) in the Statement of Comprehensive Income. This amount is after net transfers to

reserves of €62.7m (2021, €55.16m). The General Reserve in the Balance Sheet is €41.9m as at year end 2022 (2021, €41.3m).

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 3rd April 2023 pursuant to S104 of the Local Government Act, 2001.

3 Income Collection

3.1 Summary of Income Collection

A summary of the revenue collections area as follows:

Income	Debtors			Yield		
	2022	2021	2020	2022	2021	2020
Rates	€30.6m	€38.1m	€34.1m	92%	87%	84%
Rents & Annuities	€37.0m	€35.0m	€34.3m	72%	73%	73%
Housing Loans	€5.9m	€6.1m	€6.7m	77%	77%	75%

3.2 Rates

In 2022, rates were levied on 20,142 accounts in 2022 totalling €366.4m of which 5,370 represents the total number of accounts in arrears totalling €30.6m (€38.1m). The rates collection yield of 92% reflects an improvement of 5% in yield in 2022 when compared with the previous year's figures (2021: 87%). The significant reduction in 2022 closing arrears reflects the improved trading conditions as restrictions eased and resumption of the court enforced debt collection processes.

Debtors			Yield		
2022	2021	2020	2022	2021	2020
€30.6m	€38.1m	€34.1m	92%	87%	84%

The table below shows an aged analysis of the arrears as at year end 2022 which identifies arrears going as far back as pre-2018 giving an overall total arrears of €30.6m.

Aged Analysis of Rates Debtors					
2022	2021	2020	2019	2018	Pre 2018
€18.09m	€4.53m	€1.36m	€2.74m	€1.59m	€2.33m

There are 738 rate accounts with amounts outstanding over €10k in arrears and these accounts are categorised according to collection status below. It is noted that the amount being pursued has decreased significantly from €5.44m in 2021 to €1.77m in 2022 representing a 67% improvement in this category. However, it is also noted that the number of accounts in liquidations/legal process has increased by 64 and has a valuation of €10.46m. Payment plans show an increase of 80 accounts in payment plans with a valuation of €8.15m.

Rates Collection Status for accounts >€10k	Arrears €m	No of Accounts	Arrears €m	No of Accounts
	2022	2022	2021	2021
Payment Plans	€8.15m	351	€6.92m	271
Liquidation/Legal Process	€10.46m	310	€8.05m	246
Being Pursued	€1.77m	77	€5.44m	218
Total	€20.38m	738	€20.41m	735

In addition to the above arrears, there is also arrears on the property entry levies totalling €1.1m (2021, €423k) as at year end 2022. It is noted that the rates collection unit continues to monitor all arrears very closely.

Chief Executive's Response

Commercial rates income represents 32% of revenue funding and is critical to financing services and therefore continues to be proactively managed to ensure maximisation of collection.

3.3 Rents & Annuities

In 2022, rent arrears totalling €37m showed an increase of €2m on previous year's figures with a collection percentage of 72% (2021; 73%).

The following table shows the overall breakdown of arrears in 2022 in the various housing rent arrears category ranges and includes Rents, RAS, Rent to Buy, Travellers and Homeless arrears charges of circa €2m (see table in paragraph 3.4 below). It must be noted that off the 26,557 accounts, 14,900 accounts are in arrears representing 56% of the total number of accounts in existence.

Overall Summary		
Range	No of Accounts	Amount €
>€10000	982	15,611,554
€5000-€10000	1,853	12,797,024
€1000-€5000	4,271	10,915,099
€500-€1000	1,682	1,217,847
€100-€500	3,265	823,104
<100	2,847	120,412
Zero Balance	237	-
Credit Balance	11,420	- 4,405,123
Total	26,557	37,079,917

There are 8,788 accounts, which owe amounts greater than €500, giving an overall total for that arrears category of €40.5m. It important to also note that the largest number of accounts at 4,271 are within the range of €1000-€5000 with arrears of €10.9m.

A further breakdown by categories are set out in the tables below. The Rent to Buy category needs to be reviewed with a view to correctly categorising it under housing loans.

Range	Rents		RAS		Rent to Buy		Travellers	
	No of Accounts	Amount €	No of Accounts	Amount €	No of Accounts	Amount €	No of Accounts	Amount €
>€10000	916	14,304,701	29	453,288	3	160,694	22	561,408
€5000-€10000	1,523	10,676,523	50	339,790	1	6,400	30	205,152
€1000-€5000	3,987	10,111,360	146	359,907	2	4,940	65	172,873
€500-€1000	1,612	1,168,071	51	36,371			16	11,226
€100-€500	3,129	785,902	104	27,162	1	240	30	9,310
<100	2,732	115,618	80	3,235			34	1,543
Zero Balance	230	-	6	-			-	-
Credit Balance	11,081	- 4,292,998	269	- 78,568	5	- 4,808	62	- 27,961
Total	25,210	32,869,178	735	1,141,186	12	167,466	259	933,551

It was noted Travellers rent arrears showed very little movement in this area. There was a lack of debt management and no housing officer had been assigned to this area. The audit noted that in some cases, three years had elapsed without any follow-up. This area needs to be fully resourced and prioritised to address the continuing increase in outstanding arrears. It is noted that vacancies exist for seven housing officers in the rental collection area.

During audit, the rental arrears were analysed in detail, which noted that debt management reports are not sufficient to ensure debt recovery in a focused way. It is vital that relevant rent arrears reports are programmed for OHMS and automated to facilitate management in the control and monitoring of this very important area. This exercise needs to be prioritised and plans put in place immediately to address the significant lack of debt management reports.

Chief Executive's Response

Legal proceedings are being initiated regularly in rent arrears cases in accordance with the Housing (Miscellaneous Provisions) Act 2014. The legal process is protracted and while a number of cases reach the final stage i.e. Order for Possession (Eviction), most cases result in the tenant entering a

rescheduling agreements for payment of rent arrears. In general, an agreement consists of the weekly rental payment plus a relatively small sum off the arrears balance. Such agreements are considered to be a successful outcome in individual cases although the impact on the overall rent arrears figure is insignificant. It is estimated that in excess of €20M of the arrears balance are 'in agreement'. Legal proceedings are pursued vigorously in cases where tenants do not engage with the process and followed through to eviction where necessary. Five evictions have taken place to date in 2023 and further court orders will become live before year end.

In tandem with formal legal proceedings work is ongoing to support tenants to address the root causes of arrears and develop good payment habits on a case by case basis. Depending on the circumstances of the case, this may involve referral to e.g. welfare services, MABS, or the DRN Process. Resources are also focussed on reducing timeframes for routine rent assessments and getting tenants on track to pay their weekly rent. It is considered to be a more sustainable approach to prevent rent arrears from rising and keep tenants in their homes rather than pursuing legal proceedings for arrears recovery that are unlikely to yield a result.

We are very conscious of the deficit in our debt management reporting capability. This is due to the OHMS system limitations and lack of debt management expertise. We have been working with the IS Department to explore options for use of software outside the OHMS system. This will be prioritised in the coming weeks.

The Rent to Buy category will be examined with a view to moving management of these accounts to the Loans & Grants Section.

It is accepted that Traveller rent arrears have not been adequately managed. Recruitment of Executive Housing Officers is currently underway and there will be scope to assign a resource from the new panel to the Traveller Accommodation Unit to focus on management of rent accounts.

3.4 Homeless Arrears charges

Homeless arrears charges are set out in the table below. It was noted that, there was a lack of debt management in this area and that no structure is in place to collect these charges.

Range	Homeless	
	No of Accounts	Amount €
>€10000	12	131,464
€5000-€10000	249	1,569,157
€1000-€5000	71	266,018
€500-€1000	3	2,179
€100-€500	1	490
<100	1	16
Zero Balance	1	-
Credit Balance	3	789
Total	341	1,968,536

This area needs to be fully resourced and prioritised to address the continuing increase in outstanding arrears.

Chief Executive's Response

The DRHE fully accepts this recommendation. In mid-2023 we have assigned resources to this area and will put in place a system of collection for the accommodation charge arrears.

3.5 Loans

In 2022, the collection yield of 77% remained the same as 2021 for housing loans. The table below identifies the loan arrears under various categories of follow-up.

Debt Category	2022		2021	
	No of Accounts	Arrears €000	No of Accounts	Arrears €000
Legal/Sales/Redeemed/Repossessed	None in 2022	-	None in 2021	-
Mortgage to Rent(MTR)	12	€656	3	€564
Mortgage Arrears Resolution Process	209	€3,793	398	€4,973
Restructuring	66	€1,800	18	€208
Payment Plan	116	€1,012	102	€1,697
Arrears <1k	171	€91	167	€84
Nil Balance/Credits/In transit	1,448	(1,368)	1,574	(1,430)
Total	2,022	5,984	2,262	6,096

There was a 47% reduction in the number of home loan accounts participating in the MARP process from 398 in 2021 to 209 loan accounts totalling €3.79m in 2022. There is a further 116 loan accounts in arrears totalling €1m in

payment plans. This is reflective of the continued implementation of the MARP process and payment plan policy.

Significant progress has been made in the number of loans restructured in 2022 with a total of 66 loans restructured within the shared ownership loans restructure program, from only 18 in 2021.

It is noted that some progress has been made in the arrears collection, however, notwithstanding this, the number of accounts in arrears remains high in 2022.

Chief Executive's Response

Dublin City Council's Loans & Grants Section was represented on a working group established this year by the Department of Housing, Local Government and Heritage to review existing MARP (Mortgage Arrears Resolution Process) solutions for LA borrowers. The existing MARP solutions have worked for many but have been found to be unworkable for many others due to e.g. borrower's affordability, equity in properties excluding them from solutions and changes to other lender practices. A number of revised solutions have been recommended to the Loans Management Group and subject to approval the proposals will be incorporated into the MARP Toolkit by The Housing Agency as the final piece of the Review process. It is expected that the revised MARP solutions will be formally approved by the Department of Housing, Local Government and Heritage for roll out to borrowers before year end.

3.6 Bad Debt Provision

In 2022 €161.47m in bad debt provisions are in place for 18 categories of debtor (2021, €157.32). The main provisions included government debtors of €10.37m (9%, government debtors), rates of €19.97m (65%, rates debtors), loans of €6.5m (108%, loan debtors) and housing rents of €26.13m (70%, rent debtors). In addition, there is a €65.4m provision in place for development levies, representing 98% of development levy debtors.

The provision for doubtful debts is satisfactory, however, 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 2023 work programme.

Chief Executive's Response

A detailed review of our bad debt provision was carried out in 2022 both centrally and at local level. The budget process also looked at the budgetary requirement around correct provisioning. As part of the preparation of the AFS 2023, the account codes will be further reviewed and be given the required priority.

4 Debtors

4.1 Debtor Management System

A debtors' management system has been put in place within the Oracle financial system in 2022, however, this has yet to be fully populated with the details of the follow-up on each debtor. It is important that all follow up is recorded and a schedule put in place to ensure collection. This would improve debtor collection, currently dating back a significant length of time.

Chief Executive's Response

Additional training will be provided by the Finance Department to the users of the Oracle Accounts Receivable to highlight importance of this Oracle functionality in the follow up on the debtors.

5 Human Resources & PRSI

An issue in relation to PRSI classification is currently under consideration by Dublin City Council. A Guidance note issued in 2022 is being reviewed and its implications considered.

Chief Executive's Response

The City Council is engaging with Revenue, Department of Social Protection and Scope on this issue.

6 Vacant Sites Levies

Pursuant to Section 15 (3) of the Vacant Sites Act, a levy of 7% is payable in arrears in January of each year on the market value of lands included on the Council's Vacant Site Register. The current arrears stands at €20.34m as at 31st December 2022. During 2022 reminders issued in April, July and October for levies due. Proceedings have not issued for the collection of Vacant Sites Levies. Under the vacant site levy provisions, there is a cumulative effect associated with not activating a site for development purposes for each year that a site remains vacant or idle and in respect of which levies are not paid. All levies due on an individual site will remain as a charge on the land concerned until they are paid.

A report on Urban Regeneration contained a series of recommendations to improve collection rates of vacant sites levies across the State. These included replacing the Vacant Sites Levy with a Residential Zoned Land Tax and moving responsibility for collection of the Residential Zoned Land Tax to the Revenue. The Residential Zoned Land Tax (RZLT) was subsequently introduced in the Finance Act 2021 to address this issue and is due to come

into effect from 2024.

Chief Executive's Response

Vacant Site Levies which are owing under the Urban Regeneration and Housing Act 2015 remain under review. The last annual demands to be issued under this legislation will be issued in early 2024 for 2023. Quarterly reminders will continue to issue for outstanding levies for the years prior.

The Law Department has advised that following changes to the Law Society contract rules in 2019, all queries on title have to be dealt with pre-contract, with the vendor now under an obligation to disclose any notices served or burdens affecting the property. While proceedings have not issued for the collection of vacant sites levies, vacant site levy charges now appear on pre-contract planning searches and purchasers are now on notice of these charges. Where a vacant site levy becomes due and payable, it becomes a charge on the land concerned until it is paid.

Consideration will be given to issuing proceedings for the recovery of outstanding Vacant Site Levies as a contract debt when the Residential Zoned Land Tax (RZLT) comes into effect. DCC prepared and published a draft map for the RZLT pertaining to its administrative area on 1st November 2022 and a supplemental map was published on 1st May 2023 as part of the second stage of the process. The management of requirements to identify land to which the tax applies under the Finance Act is ongoing. The final map of lands in scope is due to be published on 1st December 2023 and the tax, which will be payable from 2024, will be administered by the Revenue Commissioners.

7 Fixed Assets

7.1 Fixed Assets Reconciliation

In 2022, Fixed Assets in Note 1 identified revaluations totalling €252.1m reflecting properties managed by Approved Housing Bodies on behalf of DCC. During audit an assessment of the all housing records were undertaken and as a result, it was determined that a further adjustment of circa €23m was needed to correctly record local authority housing stock owned by DCC. It is recommended that the housing department put in place designated resources for asset management to ensure that controls are significantly improved, reports monitored and authorised appropriately in this area. There are insufficient reports available for the reconciliation of Fixed Assets in the AFS with OHMS and also the reconciliation to the rental records. There is an issue with the lack of control in data input and amendments on OHMS. It is important that a unit or structure exists within housing to generate an audit trail of adjustments and sign offs, ensuring that segregation of duties is operating effectively.

It is recommended that the supplementary schedules of houses recorded on spreadsheets need to be recorded in OHMS to ensure that the complete

listing is available in one central area for the purposes of data integrity.

Chief Executive's Response

Dublin City Council accepts there is a need for a unit to manage this area. Housing Department will request that the Human Resource Department recruit the necessary expertise to manage this unit. The unit will ensure that the supplementary schedules are recorded in OHMS to ensure completeness.

7.2 Development Land, Commercial Buildings and Parks

Land, investment buildings and parks are all on spreadsheets and need to be recorded in Oracle to ensure completeness and accuracy of records. This will also facilitate future disposals. It is important that in doing so, that this exercise is properly resourced and data integrity prioritised.

A procedurals manual also needs to be put in place to address the foregoing.

Chief Executive's Response

Oracle FMSPROD (Oracle Property Manager) is a legacy SQL based system package installed in 2006 as a solution to digitise and manage the City Rental Book, leases and tenancy agreements. The system in its current format is not GIS enabled, has a limited reporting function with a defined set of fixed fields, which would require significant development.

The Planning and Property Development Department are currently working on a project upgrading the existing Property Register to a new GIS application platform (M.App Enterprise) to include a Data Integration Platform FME (a geospatial extract, transformation and load software platform). It is envisaged that this will be available in January 2024. The Property Register will capture all acquisitions and disposals of Development Land, Commercial Buildings and will also form a significant component of the proposed Corporate Property Register.

The Property Register will be managed by a dedicated team with restricted viewing access available to internal business users. In the initial deployment it will incorporate existing databases from other departments and external providers as spatial layers including Housing, Planning, Roads and Traffic, DCC Facilities, Irish Water and Tailte Ireland (PRAI) are added. Once live it will be possible to add additional spatial layers and include Parks data. A procedures manual will be developed for the new system.

8 Loans Payable

8.1 Affordable Housing

There are currently one hundred and ninety three housing units originally acquired for resale under the affordable housing scheme classified as unsold

affordable. Affordable housing interest only loans are now recorded in Note 7 to the AFS at a figure of €66.7m (2021: €73.8m). These loans were due to mature in 2022, but have now been rolled over for a further two years to May 2024 with the agreement of the Department of Housing, Local Government and Heritage (the Department).

Chief Executive's Response

Dublin City Council can confirm that this is the current position with regards to the historic affordable housing scheme.

9 Capital Account

9.1 Capital Account Overview

In 2022, the Capital account showed a credit balance of €296.2m (2021, €196.7m). This represents an increase of circa €100m on last year's figures. The significant improvement is mainly attributable to land disposals, development contributions, non-mortgage loans and reserves. Capital expenditure including transfers in 2022 was €404.9m (2021: €409.5m) and income including transfers was €504.4m (2021: €439.9m).

9.2 Capital Account Debit Balances

There are 230 cost centres in the capital account with debit balances totalling €96.1m (2020, €120.6m). Of these, 174 cost centres have debit balances greater than €1m totalling €68.8m (2021, €104.7m). The table below displays the larger outstanding debit balances by cost centre.

Jobs	Debit Balance 2022	Debit Balance 2021
LAND ACQUISITION LOAN REDEMPTIONS	23,102,192	23,102,192
DISTRICT HEATING PROJECT	10,225,031	10,925,023
BALLYMUN CIVIC CENTRE	7,076,527	10,082,547
COMPLETED BUY & RENEW SCHEME	4,424,900	2,658,402
INSURANCE RESERVE FUND	4,369,423	10,128,309
CHARLEMONT AREA URBAN FRAMEWORK PLA	3,268,622	3,268,622

The Ballymun Civic Centre is funded from the property's rental income, while the Completed Buy & Renew Scheme is funded by grants yet to be claimed. The Insurance Reserve Fund is funded from the revenue account while the historical debit balance on the Charlemont Area Urban Framework is yet to be funded. In the case of the other debit balances, it is recommended that arrangements be put in place to fund balances that show no improvement year on year.

Chief Executive's Response

DCC continues to work to reduce debit balances and will source and allocate funds where possible, as a priority.

9.3 Housing Capital Projects Debit Balances

During audit, it was noted that ten Capital Housing Projects with historic debit balances totalling €24.1m are currently unfunded. Approximately €8.3m of these monies due, relate to RAPID Build Housing (completed between 2016-2019) and require that DCC undertake post project reviews in line with the Departments guidelines and Public Spending Code. These reviews have yet to be undertaken and needs to be prioritised.

A further €7.6m relates to St Teresa's Gardens completed in 2021, of which circa €4.6m reflects pre-construction costs, site clearance, demolition of 12 blocks etc. and the balance of €3m relate to the final account, for the construction of 54 homes, currently under post-project review in accordance with Department guidelines and Public Spending Code.

The remaining debit balance of €8.2m relate primarily to Buttercup Park Housing Development completed in 2018 and Dolphin House Phase 1 completed in 2019, which has yet to be agreed by the Department.

Chief Executive's Response

The Housing Department will prioritise conducting post project reviews on these projects and follow up with the Department of Housing in order to recoup as much of the debit balance as possible.

9.4 Land Acquisition Loan Redemption

The debit balance of €23.1m on this cost centre relates to the purchase of lands in 1999 in Ayrfield, Malahide Road. To ensure that the lands are accurately reflected, it is recommended that an exercise be undertaken by Development in conjunction with Housing and Finance to reconcile the lands purchased, lands developed and lands remaining, with the monies involved.

The debit balance represents HFA loan redemptions where no corresponding income existed in the capital account. This debit balance has remained unchanged in 2022.

Chief Executive's Response

I can confirm that the debit balance of €23.1m has remained unchanged. A comprehensive review will be undertaken by Development, Housing and Finance to reconcile the lands purchased in Ayrfield, Malahide Road with lands purchased, lands developed, sale of lands and lands remaining.

9.5 Dublin District Heating

This project encompasses supplying space heating and hot water to homes and businesses within the Poolbeg West SDZ area, and then in the North Lotts and Grand Canal Docks SDZ area. The project team is also examining the feasibility of delivering space heating and hot water to the new National Maternity Hospital and the wider south - east area.

The capital accounts have an overall debit balance of €10.2m for phase 1 and circa €1m for phase 2. Phase 1 relates to the delivery of infrastructure within the Liffey Services Tunnel and North Lotts SDZ. It is intended that the debit balance on phase 1 will be funded via the revenue generated during the Dublin Waste to Energy Facility's operational phase.

Phase 2 is the current phase of the project and is currently at the preliminary stage, with a procurement process to appoint the main delivery partner expected to commence in Q3 of 2023. The project budget is circa €100m. Dublin City Council in conjunction with the National Development Finance Agency as financial advisors for the project is in the process of finalising the Projects Preliminary Business Case and associated funding strategy. The project will be rolled out over a five-year period up to 2026.

Chief Executive's Response

Dublin City Council are working with the Department of Environment, Climate and Communication to ensure that the appropriate policy, regulation, legislation and grant supports are in place to allow Dublin City Council to develop the Dublin District Heating Project in a sustainable and efficient manner. Once the appropriate frameworks are in place, Dublin City Council looks forward to delivering the project and realising the overall policy objective to decarbonise heating within the City.

9.6 Income streams in Capital

There are a number of income streams recorded in Capital that should be reflected in the Income & Expenditure consistent with the recognition of operational income. These need to be reviewed and income streams categorised and accounted for in accordance with Accounting Code of Practice guidelines on income. Income including commercial rents, tolls, waste to energy dividends and parking need to be examined in this respect.

Chief Executive's Response

The capital account income streams are accounted as part of the DCC's three year Capital Projects Programme to fund capital expenditure of the Council and form part of the funding mechanism of the asset base of the City.

10 Reserves

Reserves have been set up for a number of accounts totalling €184.1m and are there to provide for projects into the future. However, there is a Historical Mortgage Funding Surplus of €25.4m recorded in Note 10 (under the line) to the AFS. It is noted in the 'Accounting for Income', Department of Housing guidelines, that a funding gap surplus/deficit cannot be left as a balance sheet item. It requires that the annual surplus form part of the annual estimate process. This needs to be regularised.

Chief Executive's Response

The Historical Mortgage Funding Surplus will form part of 2024 annual estimate process.

11 Corporate Property Register

A Corporate Property Register needs to be put in place for all properties owned by Dublin City Council to ensure all assets are safeguarded and protected going forward. This is an organisation wide project where the scope should reflect the organisation as a whole. This needs to reconcile to the Fixed Asset Register, Land Registry records and Registry of Deeds records to also include all department records held within DCC. This should also include all historical records to ensure that a complete list is available in one central area, referenced to folios, GIS spatial maps and deeds, which can then be reconciled to Fixed Assets. This is a large body of work requiring data management, project management, decision-making processes, expertise and resourcing going forward. This needs to be scoped and commenced as a matter of priority.

Chief Executive's Response

The City Council has reconstituted a Service and Digital Transformation project to develop an integrated Property Management solution. A significant body of work had previously been undertaken to identify core requirements and research was carried out into software systems currently used in the public, semi-state and private sectors to identify best practice.

A request for services is in development to use the OGP's "Business and ICT consultancy Framework" to engage business analysis expertise and technical assistance to develop and issue a tender to procure a solution to meet all requirements. It is envisaged that consultants will be engaged and the appropriate governance and project management structures for this significant cross-departmental project will be formally established in September 2023.

12 Development Contributions

12.1 Development Contributions Reconciliation

The full amount of development contributions owing to Dublin City Council needs to be recorded fully and accurately. This look back exercise, which commenced in 2020 is a large body of work (circa 35k records) and is still ongoing. As part of the process, all APAS financial invoices needed to be reflected in the Oracle financial system and reconciled accordingly. A report needs to be developed and programmed to reconcile invoices in APAS Financials to Oracle. This needs to be resourced accordingly.

In addition to the foregoing important exercise, the Bonds Register also needs work, to identify bonds due to expire, extension of expiry date or bond drawdown in addition to reconciliation to cash bond deposits. A resource needs to be identified to ensure that this work is completed and all records reflected correctly.

To ensure that all commencements are accurate, it is important to recruit inspectors to review all developments commenced and ensure that they are stated accurately. Invoices need to be issued on a timely basis.

In relation to development debtors and cash bonds management, Oracle has facilitated the follow up of debtors in each of these areas with a system now in place to track and monitor the collection of such debtors, however, it is noted that the follow up details have not yet been recorded in Oracle and needs to be prioritised.

Chief Executive's Response

In the case of Development Contributions, A reconciliation of APAS and Oracle for the years 2015 to 2021 has been completed. Planning IT have engaged IMGS to create an FME workstation. The work commenced in April 2023 and IT are currently running test reports. Once these reports can be used in the live environment, it is envisaged that reconciliation of the two systems will take place at a minimum on a monthly basis.

A new debt management module was created in Oracle to monitor all debtors, which is used to monitor and track the collection of debt. A staff member has been assigned to update all follow up details in Oracle with regard to debt collection and this work is currently in progress.

Close liaison between Contributions, Decisions, IT and Finance staff will continue to be maintained and close liaison with HR Department regarding the filling of vacant posts will also continue.

Consideration has been given to the value of continuing to go back further than 2015 and it is considered more appropriate to concentrate resources on ensuring work practices are fit for purpose, are consistently adhered to, that

inspections take place where appropriate and that debt collection is prioritised up to and including the taking of enforcement action. It is also worth noting that when properties change hands compliance certificates for contribution conditions will not be issued unless the condition in question has been met through the payment of any outstanding debt.

With regard to Development Bonds, a body of work has commenced to update the new rolling bond register with information from the current register and APAS where applications have a bond condition. Work will commence on reconciliation of cash bonds with Treasury. Work will also commence on examining insurance bonds. All insurance bonds will be examined to determine expiry dates.

13 Road Opening Licences

Road opening licence deposits amount to €14.4m at year end 2022. These deposits go back to 2004 and a comprehensive exercise needs to be undertaken to establish whether deposits held are refundable or remain the income of DCC. This work needs to be appropriately resourced, so that the figures can be accounted for correctly in the AFS.

A Road Opening Licence (ROL) is required if an individual/contractor wishes to open a footpath, road or street for any reason. On completion of the works, the licence holder is required to notify Road Maintenance Services, requesting a certificate of completion. The date of the certificate of completion request serves as the starting date of a 2 year maintenance period, after which the ROL licensee is required to submit a written request for the 'Closure of the ROL'. This is followed by an inspection of the ROL area by Dublin City Council and the return of the relevant ROL monies (minus a Long Term Impact charge if applicable) to the ROL licensee/payee after all snagging works (if any) have been completed.

It is recommended that this work be prioritised.

Chief Executive's Response

The RMS Division is rebuilding its engineering resources at present and we hope to have a dedicated engineer to manage this task later this year.

14 Dublin Docklands Development Authority

The Dublin Docklands Development Authority (DDDA) was dissolved in 2016, pursuant to the Docklands Development Authority (Dissolution) Act 2015. The net assets were brought into Dublin City Council's accounts in 2017. A number of provisions were put in place for certain legacy issues where work is ongoing in that respect. However, the liabilities including the pension liability far exceed the value of the assets transferred and consequently, this matter

has been raised on a number of occasions with the Department. The issue of DDDA pensions is still under review with a decision pending. As a result, 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 2023 and that any outstanding items at the end of 2023 will involve either on-going litigation or the pensions issue. 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.

15 Fire Brigade and Service Level Agreement

The cost to the Dublin local authorities of providing the Dublin Fire Brigade Emergency Services in 2014 was estimated by the Brady/Flaherty review (which had been jointly established by DCC and the HSE) at €18.59m. No current Service Level Agreement/Memorandum of Understanding has been signed by the HSE with DCC. As a result, only a portion of these costs are currently being recouped from the HSE and a payment is made yearly of amount of €9.18m to DCC. The annual funding deficit has increased from an estimated €9.41m in 2014 to €17.03m (estimated) in 2023. The estimated cost to the Dublin local authorities of providing the DFB emergency ambulance service in 2023 is €26.21m.

This estimate of the 2023 cost of the DFB emergency ambulance service takes account of the fact that DFB now operates 14 emergency ambulances 24/7 (compared with 12 in 2014) and it also operates a paramedic vehicle during very high demand periods.

Chief Executive's Response

The issue of costs for the provision of Dublin Fire Brigades Ambulance service has been ongoing for a number of years. A number of initiatives have failed to provide a satisfactory resolution to the service delivery model and the funding arrangements for Dublin City Council. Most recently in October 2022 the Minister for Housing Daragh O'Brien and Minister for Health Stephen Donnelly established a Task and Finish Group to address this long standing issue.

The purpose of the Group as set out in its October 2022 terms of reference was to 'strengthen the service delivery model, centred on patient safety and maintaining a highly professional ambulance service for the citizens of Dublin'.

The Group's scope of work required it to consider the following matters:

- an agreed implementation plan for the location of emergency ambulance call-taking and dispatch,
- a Governance Framework for a service delivery model (organisational and clinical) and
- an agreed recoupment mechanism whereby the HSE recoup appropriate costs to Dublin City Council for the operation of DFB's ambulance service.

Finally, the Group was to recommend 'strengthened funding governance and service delivery arrangements to be codified in a joint Memo for Government set out in an implementation plan'. The process was to be time bound with regular reports on progress to both Ministers. The Group met on a number of occasions and an agreement between all participants on a basis whereby the Dublin region emergency ambulance 'call taking and dispatch' function can be split between the NEOC in Tallaght and DFB Townsend Street, subject to the necessary funding being made available to cover the cost of the proposed new arrangement was drafted. The Group have endorsed the draft agreement and recommended to the two Ministers that additional funding be allocated to HSE and DFB to implement the proposed arrangements. Subject to this agreement the issue of funding will form part of the implementation phase which is expected to begin shortly.

16 Fixed Duration Homeless Accommodation Contracts

The Dublin Regional Homeless Executive procured circa 53 hotels on fixed term contracts, to accommodate persons experiencing homeless. The payments to these hotels total circa €55m per annum. It was noted at audit that a number of these hotels were not fully occupied on the dates examined. It is important that all hotel rooms paid on fixed price contracts are fully utilised and occupation prioritised to ensure value for money and efficient use of resources.

Chief Executive's Response

Capacity is managed closely by the placement team and property teams. Aside from the bed management system, there are phone checks with providers and spot checks by DRHE staff. There are times when the capacity will not be fully utilised for operational reasons.

For example, in the single population, this usually relates to a need for single or reduced occupancy arising from the management of infection or other risks and/or hospital or prison discharges requiring single room accommodation due to the nature of the presenting needs. In the case of a small number of COVID specific facilities, these have or are in the process of, transitioning back to general use and full capacity. Large families may need to be spread

across a number of rooms and the occupancy will not match as it varies according to size of households presenting.

17 Local Authority Companies

17.1 Local Authority Companies Overview

Appendix 8 to the AFS records the details of Dublin City Council's interest in eighteen companies and joint ventures. This table shows the percentage control exercised by the Council, the number of companies consolidated 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 in accordance with the Accounting Code of Practice.

At the time of audit, only one of the eighteen companies' financial statements were available for 2022, with all of the others disclosing financial statements for 2021. In order for the audit to consider all aspects of business activities and ensure that the full financial particulars are available at audit, it is recommended that the parent organisation take measures to change the timing of the production of its accounts so that published accounts for the same year as that being audited of DCC are available to the team.

Chief Executive's Response

It is acknowledged that audited accounts for some of DCC's subsidiary companies are not available to the Local Government Auditor to consider as part of the audit process. This occurs as the subsidiary companies, as distinct entities, have filing dates for their accounts that exceed DCC's audit timeframe. It is important that DCC and our subsidiary companies support the Local Government Audit process to be as complete as possible. It is intended to write to the Chairs of our subsidiary companies proposing that they work over a period of 3 years or sooner with their accountants and auditors to move to having their accounts completed, audited and available the Local Government Auditor and her team by 30th June of the following year of the financial year under review.

17.2 Temple Bar Cultural Trust Designated Activity Company (TBCTDAC)

Temple Bar Cultural Trust DAC 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. As reported in previous year's audit report and in the 2021 financial statements, a decision was made to dissolve the company in 2013 and transfer it into Dublin City Council's ownership. The timing of this transfer is uncertain and is subject to the approval of the Planning and Development (No 2) Bill and a commencement order.

No financial statements for 2022 were available at the time of the audit however, the financial statements for 2021 were reviewed. The audit report gave an unqualified opinion on the financial statements, which recorded a surplus for the year of €222k, which was a significant improvement from the previous year's deficit of €107k. The accumulated surplus as at end of 2021 was €8.2m from €8m in 2020 with shareholder funds at €18.57m (2020, €18.65m). The net reduction in shareholders' funds reflects an increase in the Income & Expenditure surplus of €222k and a reduction in the Cultural Property Sinking Fund of €309k in year 2021.

It is the intention of the board to transfer the operations of the company to the direct ownership of Dublin City Council. The timing of this transfer is uncertain and is subject to the approval of the Planning and Development (No. 2) Bill and a Commencement Order. Dublin City Council has pledged to support the company, if necessary, to meet its financial commitments for the foreseeable future. Temple Bar Cultural Trust DAC is not consolidated in the Council's annual financial statement in accordance with the Accounting Code of Practice.

17.3 Ballymun Regeneration Limited

As at the end of December 2021, the Directors of the company indicated their intention to liquidate the company. To date, total assets released to Dublin City Council by the company amounted to €567,200,457, which includes 1,694 completed housing units and the financial statements disclosed nil assets and liabilities in 2021.

During 2021, the company did not trade and accordingly the accounts do not reflect any transaction during this period. The audit included an emphasis of matter paragraph explaining that the financial statements were no longer prepared on a going concern basis given the intention by the Directors to liquidate the company.

Based on the above information Ballymun Regeneration Limited is fully consolidated into the Council's AFS in accordance with the Accounting Code of Practice. At the time of audit, the financial statements for Ballymun Regeneration Limited were not available for 2022 and the company has yet to be liquidated.

18 Governance and Propriety

18.1 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.

19 Procurement

19.1 Procurement

Dublin City Council's Procurement section offers an advice and support service to each department across the organisation. It appears that each department has an unstructured approach to procurement, where several staff members may at any one time tender for services and works. The lack of knowledge and awareness in procurement within each department is compounded by staff not specialised in this area and is further augmented by virtue of the fact that time elapses before another project is tendered for and consequently knowledge and skills are lost. This structure does not allow for timely renewal of recurring contracts and frameworks for goods, services and works. There is no competent structure, strategy and project management in place to ensure compliance.

It is noted at audit that a significant number of contracts across all departments are not compliant with the Procurement Directive. Fundamental to the lack of compliance is also the absence of each project manager/budget holder linking in with the department's accountant and liaising directly with the central procurement section. There is no spend analysis and contracts management in place which exposes the organisation to weaknesses in the approach and proper procurement planning. In line with this, it is critical that the Oracle Financial Management System controls be implemented to ensure an integrated approach to procurement and purchasing, followed by data cleansing of suppliers not contracted to Dublin City Council but linked to procurable spend.

While there is a contracts database in place, it does not lend itself to an effective contract/framework management. I am informed that a new contracts register and management system has been tendered and is currently under evaluation, however while helpful, does not address the structure and weaknesses within Dublin City Council as outlined above. It is highly recommended that a full assessment and review is undertaken in this area.

Instances of non-compliance with the procurement directive are identified in paragraphs 20, 21 and 22 below :

Chief Executive's Response

The contract management software that has been tendered for and the Oracle FMS controls that are currently being implemented will address substantially the issues raised above. The controls will ensure that expenditure on all procurable spend will be fully tracked against a procurement process. A further review is unlikely to substantially change from the previous Deloitte review and the solution is the recruitment of dedicated procurement staff to work within the client departments. The HR Department are reviewing

this recruitment for implementation. The additional staffing and strengthened controls will support the change in practices required across the Council.

20 Procurement & Roads

The following jobs are non-compliant with the Procurement Directive and DCC Procurement policy.

20.1 River Road Wall Re-instatement

It was noted at audit, that a complaint was received by the Dangerous Buildings Department indicating that the masonry wall along River Road had collapsed and other sections were in very poor condition. The wall repair works were considered urgent as there was a drop of up to approximately 4 meters into Tolka Valley Park giving rise to dangerous conditions for both drivers along the road and walkers in the Park. A framework agreement was used, however given the urgency of the works a mini tender was not undertaken. One supplier was chosen and a quotation sought for these works. The file had significant documentation to support this emergency works, however, the contract was not published and a derogation form was not completed. The expenditure was €2m. The foregoing does not comply with the Procurement Directive and DCC policy.

Chief Executive's Response

As there was an unprotected drop of up to approximately four meters from the road carriageway on River Road into Tolka Valley Park resulting in the endangerment of members of the public travelling along the road carriageway and members of the public using the Park, the wall repair works were considered urgent. The timelines for making the road and park safe were assessed and the recommended option was to engage with one contractor, who was a competent contractor from the Dublin City Council Framework, in order to complete the works as quickly as possible. This provided the best solution in terms public safety and costs.

The Roads Divisions will carry out a review of these works in terms of the engagement of a Contractor, derogations, and compliance with the Procurement Directive and Dublin City Council Policy in order to guide procedures on any future emergency works. This review will be carried out by the end of the first quarter of 2024.

20.2 Clontarf to Amiens Street Cycle Scheme

This project is funded by the NTA and Irish Water, and is due to finish in March 2024. The consultants' costs at year end 2022 have continue to increase above tender price. The cost to year end 2022 is circa €2m exc. VAT which amounts to 150% above the original contract sum of €0.8m exc.

VAT. A number of Manager's Orders has been raised to authorise the consultants additional expenditure, however this does not comply with the Procurement Directive and Dublin City Council's policy on procurement.

Chief Executive's Response

The Clontarf to City Centre Project was previously referred to as the Clontarf to Amiens Street Cycle Scheme and has since expanded considerably in scope and complexity. The project is now at construction stage. To comply with planning requirements and the additional need to renew water mains of over 100 years old, extensive redesign of the scheme was necessary and unavoidable after the appointment of the design consultants. It was considered overall more cost effective, resource and time efficient to continue with the appointed consultants. As a result of the unforeseen increased scope, scale and complexity of the scheme, the total projected budget increased to €63m and the design and construction supervision costs increased to €3m. This leaves the overall design costs at circa 5% of the total scheme budget, which is within the range of proportions of design costs for a project of this scale and complexity.

Increases in the design costs were arrived at as provided for in the Conditions of Engagement that formed part of both the tender documents and contract award documents. The subsequent adjustments to the contract sum were consistent with the provisions of S.I. No. 284/2016 - European Union (Award of Public Authority Contracts) Regulations 2016.

20.3 Belmayne Main Street

Belmayne Main Street involved the construction of a 900m new road and ancillary works. The contract provided for the completion of Belmayne Main Street in discrete phases, however this proved to be impossible largely because of the overhead and underground ESB lines, which took longer to remove than expected. The initial contract sum tendered was €7.4m exc. VAT, however the final contract sum after conciliation was €11.9m representing 61% over the original tender price.

In the case of the consultants, the tender price was agreed at €201k while the current costs to date is €717k representing circa 256% over tender price. This does not comply with the Procurement Directive.

Chief Executive's Response

One of the features of the Belmayne Main Street Project was the existence of ESB high voltage lines, as follows:

- An overhead 38kV line running parallel to Belmayne Main Street over its full length on the southern side and crossing the proposed road at a shallow angle with pylons, and;
- An underground 10kV line, which ran the full length of a major section

of the road, and was found to be higher than anticipated and within the proposed new road construction.

There were significant unforeseen changes and delays on the project, which were largely attributable to the high voltage electrical lines, but, also involving significant and ongoing design changes throughout the duration of the Contract. The additional costs of the works were also as a result of the contract being carried during the Covid 19 pandemic, which resulted in associated ex-gratia inflationary costs totalling circa €1m. The Consultant's costs increased as a result of these unforeseen and increased works requirements.

The additional and unforeseen Contract works, and the associated design and supervisory Consultancy works, could not be technically or economically separated from the original contract without major losses to the contracting authorities.

The Roads Divisions will carry out a review of these Project works in terms of additional costs and compliance with the Procurement Directive and Dublin City Council Policy in order to guide procedures on future Project works. This review will be carried out by the end of the first quarter of 2024.

20.4 Ballymun Sillogue Infrastructure

The works on the Sillogue Infrastructure Scheme in Ballymun involves the extension of Gateway Crescent, realignment of Sillogue Avenue and upgrade of Sillogue Gardens. The sites will be located along Sillogue Avenue, within Sillogue Gardens and on Gateway Crescent. These works include construction of roads and provision of new surface and foul services in the cul-de-sacs, water mains, public lighting facilities, and pedestrian footpaths etc. The contractor's tender price was €5.4m exc. Vat and the final cost was €11.63m exc. Vat representing 115% above tender price. Included in the final figure were two amounts, an amount of €700k exc. VAT relating to OGP inflation co-operation framework and €80k exc. VAT for the COVID ex-gratia payment relating demobilising and mobilising construction works.

Chief Executive's Response

This project was significantly affected by a number of factors as follows:

- Covid 19, which prevented work starting in early 2021 and it also had an impact on later works.
- Higher than expected inflationary costs.
- Unforeseen ground conditions and unchartered services.
- Delays and disruption as a result of public resistance to the scheme.

20.5 Gas Boiler Installation Scheme

This programme aims to replace domestic gas boilers in the Council's housing stock comprising of approximately 20k domestic gas boilers. The programme is funded via tenants paying a weekly boiler service charge, and through HFA loan finance.

A tender competition for domestic gas boiler replacements was held in 2021. However, following receipt of a legal challenge the tender was terminated prior to award. In lieu of a new tender/framework, a quotation system was utilised. The 2022 annual spend for gas boiler installations was €3.4m. A 'Request for Derogation from Procurement Procedures' form was not completed/approved by an Executive Manager as required by the Councils Procurement Policy and Procedures.

Chief Executive's Response

We were unaware of these requirements at the time. We have noted same and amended procedures for future reference/tenders.

21 Housing Consultants Overspend

For the following housing capital projects, there was a significant cost overrun for the consultants hired compared to the original tender contract amount. This represents a breach of Council, national and EU procurement regulations.

21.1 Infirmary Road/Montpellier Hill Housing Development

There was an overspend of 124% on the original tender price of €87k on the Civil & Structural Engineer services on this project to date.

Chief Executive's Response

There were modifications due to issues raised under the following headings:

- *New Construction / Structural Report*, to agree *Design in Principle*.
- *Revised Design* required for the *Implementation of Construction /Structural Report Design in Principle*.
- *Recommendation On Site* regarding Consultant Engineers additional inspections under Building Control (Amendment) Regulations (BCAR) statutory compliance.
- Consultant Engineers additional redesign required.
- DHPLG - Stage 2/3 Technical & Cost correspondence.
- DCC to review 2020 DHPLG Employer Requirements and Value Engineering Exercise.

- Redesign required by the consultants. Design changes were required for Compliance with (future) anticipated changes to Regulations, Part B (Fire).
- *Design Review and Redesign*. (Prolongation).
- DCC/DHPLG Discussions, PR06 Submitted, Cost, Value Engineering requested.
- *Ongoing Industry Issues*, re covid, inflation, material shortages and increased costs, global market uncertainty.
- *Design Review and Redesign* (Prolongation to Tender Issue stage).
- Additional Scope of Service- Demolition and Enabling Works
- The procurement documentation for this services included the contract i.e. Conditions of Engagement for Consultancy Services (Technical) (COE1). The COE1 includes clauses for Prolongation and Client Changes.

The modifications were unforeseen and did not affect the overall nature of the contract. The additional works and services undertaken by the original contractor were not included in the initial procurement. A change of contractor could not be made for economic and technical reasons. This would have caused significant inconvenience and substantial duplication.

Paragraph 10 of the directive- notes specific exclusions for services contracts including (c) arbitration or conciliation services.

21.2 O'Devaney Gardens Phase 1a

In the case of the above project, the Employers Representative services had an overspend of 271% on the original tender price of €156k.

Chief Executive's Response

There were modifications due to:

- Additional Fee Agreement #1.
Programme prolongation –resulting in extension of performance period.
Conciliation 1 – Fees for additional service provision re Contractors Claim.
- Additional Fee Agreement #2.
Programme prolongation –resulting in extension of performance period.
Conciliation 2 – Fees for additional service provision re Contractors Claim.
- Additional Fee Agreement #3.
Programme prolongation –resulting in extension of performance period.
- Additional Fee Agreement #4.
Programme prolongation –resulting in extension of performance period.
- Additional Fee Agreement #5.
Programme prolongation –resulting in extension of performance period.
- Additional Fee Agreement #6.
The Programme prolongation resulted in an extension of the

performance period, which involved additional works by the original contractor.

In relation to the conciliation agreements, these involved the provision of evidence and documentation in support of DCC's contractual position. It also included legal arguments to the claims in conciliation. There was also an additional conciliation fee adjustment for the extension of the performance period. This arose because of further unforeseen delays to the project completion date from the impact of Covid19 and the general performance of the contractor.

21.3 Ballybough Road No's 2-6

The services of the Mechanical & Electrical Engineer had an overspend of 250% above the tender price of €34k while the Civil & Structural Engineer showed an overspend of 135% overspend above the tender price of €49k.

Chief Executive's Response

The refurbishment of Nos 2-6 Ballybough was a project to refurbish four of five derelict houses, the fifth to be demolished to enable a wider access to be provided to the adjacent Croke Park entrance. Consulting Engineers were appointed to the design team with that brief, and the project commenced on site around March 2017. After around four months on site and remedial works underway, an issue arose with the provision of appropriate certification under BCAR by a specialist subcontractor. Further concerns as to the presence of Buddleia on the retained walls and subsequent testing of the masonry led to the complete demolition of the buildings, and the project then became a new build.

After the demolition for the new build commenced on site, an unrecorded surface water sewer was found under the footprint of the existing houses. Irish Water insisted that DCC first apply for a "build over" agreement, despite the request for a diversion. IW also insisted that DCC's Engineers prepare a design for the temporary build over and the diversion, and that DCC pay for IW's own Engineers to check these design. These procedures took around 6 months, during which time, construction of the other three houses continued. Construction of the fourth house re-commenced around a year later, and the project eventually reached substantial completion in December 2019. Both firms of Consulting Engineers sought substantial increases in fees for this increase in scope and time of engagement. In the case of the consulting Engineers, in excess of €50k was attributable to their additional work in connection with the "build over" proposal and diversion. Additional fees were payable to both firms for re-design, prolongation, and the Irish Water delay. Some scope change for each consultant, also incurred additional fees, the largest amount attributable to the Irish Water issue.

21.4 Cherry Orchard Site - 24 Modular Housing Units

In this particular case, the project Architect tender price was exceeded by 103% over the original tender price of €165k.

Chief Executive's Response

There were additional services unforeseen at time of engagement, incl.:

- Withdrawal of primary construction contractor late into tender award process & necessary additional BCAR assessments of second bidder in replacement
- Construction contract unexpectedly delayed beyond contract completion date; incl. rectification of enabling works defects & enabling works design changes, resulting in significant extension of time for consultants performing the two roles of ER and AC.
- Unforeseen modifications including additional services not included in the initial procurement. A change of consultant could not be made for economic and technical reasons. This would have caused significant inconvenience and substantial duplication. In addition, the consultant was entitled to an hourly rate for contract prolongation in accordance with conditions of appointment. These modifications related to separate unforeseeable circumstances arising at separate stages of the contract.

22 Capital Housing Projects & Procurement

The following instances of non-compliance with Council and national procurement regulations was identified from a sample of housing capital projects:

22.1 Purchase to Pay procedures

The audit reviewed purchased to pay procedures within housing capital projects. There were a number of instances where the Council's purchase to pay procedures were not complied with. The Council's Purchase Order number was not quoted on supplier invoices audited. It is incumbent on all budget holders to ensure that this important control procedure is adhered to for all purchases.

Chief Executive's Response

All suppliers have been informed of the requirement to quote PO Numbers on their invoices and will be reminded at procurement stage.

22.2 Rafters Lane Crumlin Rd (Scoil Eanna/Franshaw House) Housing Development

In the case of manned security, the contract expired in April 2018 and was extended and paid on a monthly basis with a cumulative spend of €727k. A new contract was awarded in May 2022 following a settlement agreement made between the Council and an unsuccessful tenderer who challenged the outcome of the original tender competition held in 2018.

Chief Executive's Response

An injunction was awarded which prevented DCC awarding a new contract. We were left with no option but to remain with the incumbent on a month by month basis until the Judicial Review (JR) was settled. On settlement of the JR, the contract was awarded to a new contractor, following which the Housing Department moved to use their services.

22.3 Dolphin House Phase 2

In the case of the above project, the Consultant Civil & Structural Engineer: contract was not advertised on e-Tenders (contract sum €74k).

Chief Executive's Response

A Framework of Civil and Structural Engineers was in place at the time of this engagement, but, due to the breadth of services required (cost control, mechanical and electrical), this framework was not considered to be appropriate in this case. As the fee was not expected to exceed €50k, five tenders were invited from consultants who were known to have an interest in providing the type of service required. Notwithstanding an initial expression of interest by all consultants, only three of the five submitted prices, and one of these submitted no quality response. Of the two valid tenders, one was considered unrealistically low and this consultant withdrew, following a meeting with DCC staff about the brief.

22.4 North King Street

The re-appointment of the design team in 2017, originally procured in 2008, is contrary to procurement regulations.

Chief Executive's Response

The project in North King Street had originally been designed in-house by City Architects Division, supported by external consultants. The project had been brought to pre-tender stage, circa 2008 but was subsequently shelved due to the economic downturn.

The project in North King Street was re-activated in 2015 and the consultant

architects services were properly procured (as the initial contract) for architectural and associated services from a multi-party framework (OJEU ref 2014/S 241 424403). H&RS 2212/2015 dated 18.9.2015 established the framework and H&RS 2250/2015 allowed for the appointment.

The original consultant engineering teams' services were re-activated at this stage to progress the design to tender stage to take advantage of previous work carried out and in order to effect an early delivery of the project in accordance with the Housing Strategy 2020.

22.5 Cornamona Court Redevelopment

The re-appointment of the design team in 2017, originally procured in 2006, is contrary to procurement regulations.

Chief Executive's Response

The consultant team had been procured in 2006 following a procurement competition which included design proposals.

The project had shelved shortly before being lodged for Part 8 Planning application in 2009 due to the economic downturn and financial restrictions nationally.

The project was identified as part of DCC early delivery of new housing in accordance with the housing strategy 2020 and the project was reactivated as part of the Councils 2015-2017 housing programme.

The original design team's appointments were reactivated, the architect in the first instance, followed by the engineering disciplines, initially to appraise the original proposals and review the existing information and documentation with reference to (then) current standards, to carry out necessary changes and revisions and to proceed as quickly as possible to get the project on site and complete the construction in a timely manner.

Updated fee quotations were sought to reflect the relevant accommodation, regulatory and contractual requirements.

The Architects fee was largely covered by the remaining funds in the original order and included a significant reduction to account for works already undertaken in the development of the scheme from 2006 onwards. Both Engineering Consultants revised their fee proposals, which were lower than their original percentage fee.

22.6 Balbutcher Affordable Housing

In the case of the Surveyor works contract, only three quotes were obtained instead of five.

Chief Executive's Response

This surveyor was procured by the consulting integrated design team who applied the normal practice used in the private sector i.e. to seek three quotations. Our Design Teams will be reminded of our procedures for the procurement of supplies, services and works.

22.7 Sillogue Affordable Housing

In the case of the Surveyor works contract, only three quotes were obtained instead of five.

Chief Executive's Response

This surveyor was procured by the consulting integrated design team who applied the normal practice used in the private sector i.e. to seek three quotations. Our Design Teams will be reminded of our procedures for the procurement of supplies, services and works.

23 Internal Audit

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. Thirteen Internal Audit reports were completed in 2022. The 2022 Internal Audit work plan was approved by the Audit Committee and the Chief Executive. Internal audit has an important role in providing the Chief Executive with assurance on the adequacy of control systems and procedures including internal controls, risk management and governance arrangements. Consequently, their role as part of the Corporate Governance framework is very important.

24 Audit Committee

The Audit Committee met on four different occasions, 10th March, 9th June, 15th September and 1st December in 2022. Meetings were held remotely in March, June and September and a hybrid meeting was held in December. I attended the meeting on the 1st December 2022 to discuss the 2021 audit report, following which the Audit Committee submitted their report to Council members on the 9th January 2023 as required under Section 60 of the Local

Government Reform Act 2014. In addition, the Committee's Annual Work Programme for 2023 and annual review of the Audit Committee Charter was adopted at the City Council meeting on the 1st December 2022. This is a requirement under Regulations 8 and 9 respectively of the Local Government (Audit Committee) Regulations 2014. The Audit Committee is independent of management and the membership meets the guidance criteria from the Department and SI 244 of 2014.

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 dark ink, appearing to read 'Ita Howe', with a stylized flourish at the end.

Ita Howe

Principal Auditor

28 July 2023

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Department of Housing, Local Government and Heritage



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