



**Rialtas na hÉireann**  
Government of Ireland

## **LOCAL GOVERNMENT AUDIT SERVICE**

**Statutory Audit Report**

**to the**

**Members of Sligo County Council**

**for the**

**Year Ended 31 December 2018**

Department of Housing, Planning and Local Government

[housing.gov.ie](http://housing.gov.ie)

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# AUDITOR'S REPORT TO THE MEMBERS OF SLIGO COUNTY COUNCIL

## 1 Introduction

I have audited the Annual Financial Statement (AFS) of Sligo County Council for the year ended 31 December 2018, 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, Planning, and Local Government.

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 2018 and its income and expenditure. My audit opinion, which is unmodified, is stated on page 4 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 Comprehensive Income

The closing surplus for the year amounted to €1.9m. The Council has achieved a surplus in each of the last four years.

Year	2018	2017	2016	2015	2014	2013
	€m	€m	€m	€m	€m	€m
Surplus	1.9	2.4	2.1	0.66	(0.57)	(6.31)

Contributing factors to the achievement of the above surplus included the implementation and maintenance of enhanced budget and monetary controls by the Council.

The cumulative deficit totalled €19.5m at 31 December 2018 and remains a very serious matter for the Council to address.

## Chief Executive's Response

While the cumulative deficit remains a serious issue for the Council, 2018 represented another strong financial performance that witnessed a €1.9m surplus notwithstanding the discharge of the Lissadell legal bill. Credit for the performance is due to the staff and members for the manner in which the financial position has been reversed in recent years.

## 2.2 Budgetary Process

A review of Council procedures revealed ongoing improvements in controls pertaining to the monitoring and preparation of the budget and budgetary expenditure. Specifically, improvements are noted in the approvals process for expenditure and the monitoring of actual expenditure to budgeted expenditure.

## Chief Executive's Response

The correction to the financial position of the Council has been facilitated by the budgetary control measures and financial discipline implemented in recent years. The Council will continue to impose financial and budgetary discipline while at the same time negotiating with the Department of Housing, Planning and Local Government (the Department) on a proposal to grow Sligo in accordance with the objective as outlined in the National Planning Framework. The proposal provides for the establishment of a Land Asset Management Unit to facilitate the development of Council owned land in a manner that addresses local market failure.

## 3 Income Collection

### 3.1 Summary of Income Collection

Appendix 7 to the AFS shows the movements on the major revenue collections in the year. The collection yields over the last two years were as follows:

Income Source Year	Yield %	Yield%	Debtors €m	
	2018	2017	2018	2017
Rates	81%	77%	€3.73m	€3.64m
Rents & Annuities	78%	78%	€1.49m	€1.48m
Housing Loans	62%	61%	€0.66m	€0.72m

## Chief Executive's Response

The collection performance for commercial rates showed a 4% improvement for 2018 in line with the target set. While every effort will be made to further increase the percentage collection in 2019, the outcome of appeals because of the recent revaluation will present a very significant challenge to this objective. Housing loans showed continued improvement while the rents and annuities was consistent with previous years.

### 3.2 Summary of the Revenue Collection Yields

Collection yields in respect of all the revenue collection accounts either improved or remained static in 2018, although further progress is still required. A review of procedures indicates the Council introduced the following measures to assist with this process:

- Establishment of a dedicated task force for income collection in 2014 which meets monthly to review progress
- Implementation of a new debtors' management system in late 2015 to aid the collection process. This system is continuing to improve the collection process.
- Constant review and monitoring of procedures at ongoing meetings in 2017 and 2018 to assist in increasing collections
- Enhancements of controls pertaining to ensuring all applicable properties are rateable in a timely manner.

#### Chief Executive's Response

Considerable progress has been made in the collection of arrears for all income in recent years. From the end of 2013 to the end of 2018 the commercial rates collection percentage has improved by 22% which is an overall reduction of over €3m in arrears of €6.7m in 2013 to €3.7m in 2018. See comment in paragraph 3.1 in respect of the potential 2019 collection.

The improvement in income collection percentages can be attributed to a numbers of factors including:

- Monthly meetings of the Income task force to monitor collection of arrears
- Setting and monitoring monthly targets for income collection for each revenue collector
- Introduction of a new debt collection system
- Regular meetings with revenue collectors to review customer balances and decide courses of action for individual arrears cases
- Introduction of mortgage to rent scheme for unsustainable loans and associated application under the mortgage arrears resolution process fund for the capital and arrears outstanding on these loans and recapitalisation of loans arrears.

### 3.3 Bad Debt Provision

In my opinion, the bad debt provision for the above collection yields is adequate. It is noted however that the Council is amongst the highest in the Country for vacancy occupancy rates, and in these circumstances, it is imperative that the Council maintain prudent bad debt provisions.

#### Chief Executive's Response

The Council will continue to provide annually in its budget for write off for vacant properties within its provision for irrecoverable rates and bad debt write offs.

### 3.4 Other Debtors

Deficiencies were noted in the management and recording of other debtor balances. Specifically, the following issues were noted:

- The accounting treatment of a debtor amounting to €410k was incorrect in the 2018 AFS. It was recorded as income receivable from an external agency. It should have been recorded as capital expenditure incurred in 2018, funded from internal capital receipts. Whereas having no impact on the revenue account, this does not represent good governance or appropriate management of capital debtor accounts.
- I also identified a number of corrections to capital accounts that should have been adjusted by year-end but were processed in 2019 accounts.

The Council should conduct a review of collection procedures pertaining to other debtors with a view to improving them, so the above issues are resolved and to prevent re-occurrence.

#### Chief Executive's Response

The capital expenditure of €410k was misinterpreted at the end of 2018 and has since been accounted for correctly in 2019. The capital account and debtors are reviewed on a quarterly basis with budget holders and arrangements have been made to ensure that the issue does not reoccur.

## 4 Transfer of Water and Waste Water Functions to Irish Water (IW)

### 4.1 Overview

IW has been allocated full responsibility, by statute, for all aspects of water services planning and delivery at national, regional and local level.

### 4.2 Issues for Resolution

A number of ongoing issues were identified at audit between the Council and IW. All efforts should be made to resolve these issues and transfer applicable monies as soon as possible:

- The operational service level agreement between IW and the Council remains unsigned at year-end. This does not aid the operational activities of the Council as risk could subsequently arise regarding recouping expenditure.
- There is an outstanding transfer of a capital replacement fund to IW amounting to €848k (see paragraph 4.3)
- IW owe the Council €1.406m as part of the balancing statement on the transfer of assets (see paragraph 4.3)
- The Council owe IW €966k relating to development levies collected (see paragraph 4.4)
- Loans payable pertaining to IW remain on the books of the Council (see paragraph 4.5)
- There are outstanding assets for transfer to IW (See paragraph 4.7).

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

See response at paragraph 4.7 for overall response on all issues pertaining to IW.

### **4.3 Balancing Statement**

As part of a due diligence process between IW and Sligo County Council, IW agreed to pay Sligo County Council €1.855m for the transfer of debtors and balances on water and wastewater capital projects. A sum amounting to €449k was paid in 2015. At the audit report date, the balance of €1.406m remains unpaid.

Agreement has also been reached on the transfer of a capital replacement fund from Sligo County Council to IW of €1.532m. €684k of this sum was transferred to IW in 2017, the balance of €848k remains outstanding to be transferred at year-end. Sligo County Council has signed off on the due diligence process referred to above.

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

See response at paragraph 4.7 for overall response on all issues pertaining to IW.

### **4.4 Development Contributions Monies Owning**

At the year-end Sligo County Council, owe IW development contributions that were collected on their behalf amounting to €966k.

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

See response at paragraph 4.7 for overall response on all issues pertaining to IW.

### **4.5 Loans Payable**

IW related loans amounting to €18m were included in the accounts of Sligo County Council at 1 January 2015. The Department funded the repayment of €14.7m of these loans. The Department is servicing interest and principal repayments on the remaining IW related loans at year-end 2018 of €3.32m.

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

See response at paragraph 4.7 for overall response on all issues pertaining to IW.

## 4.6 Agency Work Performed by the Council

The Council acts as an agent for IW under the terms of a service level agreement. The Council received €4.7m of revenue income from this agreement in 2018.

### Chief Executive's Response

See response at paragraph 4.7 for overall response on all issues pertaining to IW.

## 4.7 Fixed Assets

There are still significant assets for transfer to IW. See paragraph 7.1.

### Chief Executive's Response

#### Issues for Resolution:

Sligo County Council did not sign the 2018 Annual Service Plan (ASP) with IW, as we were not in agreement with continued reduction in headcount numbers as requested by IW and which, in our view, impact on our ability to deliver on the targets set out in the ASP. Our decision not to sign is consistent with the stance taken by many other Local Authorities for 2018. To date in 2019 there have been no issues with regard to the recoupment of expenditure billed to IW.

At the end of 2015, IW owed the Council €1.855m for the transfer of debtors and balances on water and wastewater capital projects. The Council in turn owed IW €1.532m for capital replacement funds due to IW under the terms of the service level agreement. In February 2017, €684k was transferred to IW from the capital replacement fund but the balance is not transferred, as agreement has not been reached with the third party operator of Sligo Main Drainage on the funding for capital replacement contractual commitments. There is still €1.406m due to Sligo County Council from IW from the balancing statement. Because of the balancing statement balances not being resolved, the collection of current development contributions for water has been withheld.

A total of 13 assets were transferred to IW in 2018, by way of Statutory Instrument, S.I. 273 of 2018. The assets were treatment plants, pump stations and reservoirs. There are a total of 27 assets remaining to transfer that require further information and discussion. These 27 properties are made up of unregistered properties and third party registered properties and properties on omnibus folios. Omnibus folios are folios that require referral to the Property Registration Authority for sub-division and mapping in some cases. IW National Special Projects Offices (NSPO) has set out technical guidance for the transfer of third party and unregistered properties. This guidance is set out in accordance with Department Circular L4-18.

It is envisaged that these 27 remaining assets will be transferred in 2019/2020. Sligo County Council is regarded as one of the most proactive Local Authorities in the matter of transferring assets to IW.

## **5 Capital Account**

### **5.1 Capital Account Issues**

The Council identified and included in the accounts unfunded balances totalling approximately €4m at 31 December 2018. However, a small number of issues were noted in the management of the capital account including a number of outstanding reconciliations to be completed at year-end.

The Council should identify an appropriate funding source for the unfunded balances and complete outstanding reconciliations referred to above.

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

The Council will follow up on the small number of outstanding reconciliations referred to above in 2019.

### **5.2 Loans Drawn Down in Advance to Fund Capital Projects**

Sligo County Council received loans amounting to €750k in 2010 for the provision of burial grounds. At the date of this audit report eight years later, only €380k of this money has been spent.

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

A loan of €750K was drawn down in 2010 in anticipation of a programme of burial ground additions and enhancement works that has not progressed as quickly as expected. Furthermore, the loan had to be drawn down at that time as otherwise, it would have been lost to the Council and any planned programme of burial ground enhancement and provision could not have been delivered. Expenditure has continued in this area in 2019 and at the date of the Audit Report the cumulative spend is €539K out of the original €750K Loan. The Council anticipates that the remaining funding of €211K will be utilised over next two years approximately.

## 6 Loans Payable

### 6.1 Overview

Capital debt amounted to €94.14m at the 31 December 2018. This is further analysed as follows:

Source of Borrowings	Year - 2018
	€m
Mortgage and voluntary housing related borrowings	21.8
Loans fully recoupable pertaining to IW	3.32
Loans funded through the land aggregation scheme	7.05
Land acquisition loans	26.5
Loans to fund revenue and capital balances	35.47
Total	94.14

The following funding arrangements exist in relation to the above loans:

- Repayments of mortgage and voluntary housing related borrowings are matched by corresponding income. A mortgage loan funding surplus position exists, in that loans receivable pertaining to mortgage and voluntary housing, are €1.091m greater than loans payable at the 31 December 2018
- Interest and principal repayments on the remaining IW related loans at year-end 2018 of €3.32m are being serviced by the Department
- Loans funded from the land aggregation scheme amounting to €7.05m are fully recoupable from the Department
- Land acquisition loans of €26.5m are serviced in accordance with negotiations between the Department, the Housing Finance Agency and the County and City Management Association on an interest only basis since December 2014
- Since 2018 all loans to fund revenue and capital balances are fully serviced on an interest and principal basis

#### Chief Executive's Response

The Mortgage and Voluntary Housing related borrowings of €21.8m are fully serviced with the repayment of principal and interest from housing loan customers and the Department.

The cost of servicing water loans of €3.32m is recouped in full from the Department pending a decision at national level as to how these loans are to be dealt with.

Development Land Loans of €7.05m are being addressed through the Land Aggregation scheme process.

Land Acquisition Loans of €26.5m are being serviced in accordance with the outcome of recent negotiations at national level between the Department, HFA and CCMA on an interest only basis since December 2014 and portions of these lands have been cleared as Housing Projects are

developed on these lands in 2018/2019.

The balance of long-term loans of €35.47m consists of loans to fund revenue and loans to fund capital projects including parks, buildings and burial grounds.

## **7 Fixed Assets**

### **7.1 Register of Land and Buildings**

A review of the Council's registers of lands and buildings indicates that it has not been properly maintained. Despite undertaking significant work in this area over the last number of years, there are still assets to be transferred to IW.

A review of the assets referred to above relating to water infrastructure, which the Council have yet to transfer to IW at the date of this audit report, indicates outstanding issues pertaining to these assets. Specifically, it identifies assets that were either incorrectly registered to a third party other than Sligo County Council or were never registered in the name of the Council.

The Council needs to address the issues as identified in this area. Specifically, it should:

- Review its historic assets, as issues highlighted above identify assets that were either unregistered or registered to an incorrect party. The Council must ensure that it has recorded appropriate title to all its assets
- Identify all way-leaves or permissions pertaining to these assets, and record and register all its assets with the Property Interest Register
- Complete the process of transferring title to IW for assets removed from the books of the Council totaling €300m
- The Council have informed me that they are in the process of completing a detailed reconciliation between assets as set out in the insurance schedules and assets as recorded by the Council in the AFS. This issue was raised in the 2017 Audit Report.

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

The matter of transfer of assets to IW has been dealt with at paragraph 4.7.

In relation to the transfer of title to IW of assets, all these assets have been recorded and registered with the Property Interest Register.

The assets are checked for insurance cover on an annual basis but a more formal reconciliation will be implemented for 2019.

The reduction of up to 37% in staff of recent years has limited the Council's ability to put in place a comprehensive asset register. Notwithstanding the staff reduction, a good deal of work has been undertaken and that work will continue as resources allow. In addition, the submission to be made to the Department in October 2019 will include a request for approval for the establishment of a Land Asset Management Unit to address these and other asset management issues.

## 7.2 Purchase of lands at Ardghawen and Rathquarter

Sligo County Council purchased 16.7 acres of land at Ardaghawen and Rathquarter for €1.185m in 2018. Sligo County Council should establish a funding source for these lands as they are currently included in the capital account and classified as unfunded.

### Chief Executive's Response

The development of this land is the subject of consultation and negotiations with the Department regarding the evolution of the Financial Plan, establishment of the Land Asset Management Unit, etc. and includes the identification of a funding source for the lands. The lands acquired are zoned "mixed use" and strategically located adjacent to the Eastern Garavogue Bridge and approach roads scheme that is anticipated to go to construction in 2021 and in my view represent an excellent investment by the Council.

## 8 Lissadell House

Sligo County Council was involved in a legal case with the owners of Lissadell House concerning public rights of way through their property. In a judgement delivered on the 11 November 2013, the Supreme Court ruled in favour of the owners of Lissadell. An order as to legal costs was determined on 2 April 2014. The effect of this order is that Sligo County Council is responsible for all of its own legal costs and 75% of the costs of the other party.

Legal costs up to 31 December 2017, amounting to €2m have been charged to the revenue account. The Council have informed me that they do not expect any additional costs pertaining to their defence of this court case at the date of this audit report.

Agreement in relation to costs incurred by the other party have been finalised. These costs were calculated by the Plaintiff, submitted to the Council, and amounted to €3.7m. The Council engaged legal cost accountants to examine this amount and the final bill was reduced to €2.24m. This reduction represented a significant cost saving for the Council. The Council funded this bill from a distribution from Irish Public Bodies (IPB). This is further explained in Note 10 of the Audit Report. The Council have further explained this matter in Note 23 to the AFS.

### Chief Executive's Response

The Lissadell case is a matter of public record with the issue of the Council's liability being 75% of the Plaintiff's costs. As referred to in 2.1 above, the Council delivered a €1.9m surplus notwithstanding the discharge of the costs in 2018 as detailed.

## 9 Other Legal Cases

A review of correspondence received from the Council's solicitor identified a number of legal cases where provision has not been included in the accounts pertaining to these outstanding cases. The Council's solicitor has set out an estimate of what the likely liability may be at the end of 2018.

Council management have represented to me that they have not provided for these cases because they expect to seek recourse from either the external agency that provided the projects

related to these insurance cases, or seek recourse from the IPB, where applicable. The Council should review these liabilities in advance of next year's audit, and ensure all outstanding liabilities are accounted for in accordance with the Accounting Code of Practice "ACoP" and consider if a provision is required in the AFS for these matters. Specifically, a detailed review of these cases identified the following:

- A small number of cases exist where the solicitor's considered opinion is that a liability will arise. The only source of funding available in these cases is Council's own resources. No provision is currently included in the 2018 AFS for any liability that may occur here
- A case that had been settled for €133k plus plaintiff costs when the 2018 AFS was completed and was not provided for in the AFS. The Council have informed me they will seek the assistance of the Department of Transport Tourism and Sport with this bill
- The Council's solicitor has included other cases where the outcome is uncertain. No provision is included in AFS, for these balances.

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

The legal cases are kept under review on an ongoing basis.

## **10 Irish Public Bodies Mutual Insurance (IPB)**

IPB have notified Sligo County Council that they will receive a distribution of €4.1m, in instalments up to 2022.

The Council have informed me that they expect €825k of this sum to be required to pay additional retrospective premiums owed by the Council on premiums due up to 1 January 2017. This will reduce the net benefit of the distribution to the Council to approximately €3.275m. Additional retrospective premiums will not arise for public liability claims for 2018 as the Council have moved to a flat rate charge for 2018; however, it will still arise for employer liability claims.

As set out in Note 8, the Council have informed me that the final costs pertaining to Lissadell House have been agreed at €2.24m. These costs have been included in the revenue account of Sligo County Council up to the end of 2018 and have been matched against IPB distribution income of an equal amount, which was charged to revenue up to the end of 2018. None of the remaining monies due from IPB amounting to in the region of €1m up to the end of 2022 has been charged to revenue.

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

There was an additional premium because of moving to ground up cover on the public liability programme with effect from 01 January 2017 (€119K), and clearing all retro balances up to and including 2014 on the public liability programme (€274K). While there remains two years of potential retro costs on the public liability insurance to be dealt with covering 2015 and 2016, the transition to ground up cover introduces a greater amount of certainty in respect of the Council's public liability insurance cover.

## **11 Procurement**

### **11.1 Procurement and Public Spending Code**

Sligo County Council is required to publish an annual report setting out how it complies with the above code. The stated objective of the Code is to ensure the State achieves best value for the resources at its disposal. In its report pertaining to 2018, Sligo County Council found no serious areas of non-compliance, but did identify some areas where compliance with the Code could be strengthened and improved.

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

The Public Spending Code report is drawn up by the Internal Auditor, reviewed by the management team and recommendations followed up.

### **11.2 Procurement of Consultancy Services**

The Council engaged a firm over a number of years for software licensing in the area of financial management. Payments totalling €151k have been made since 2002. The procurement of these services was not in accordance with proper tendering procedures.

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

The Local Government sector, in utilising the Agresso Financial system has, over an extended period, used additional software packages to compliment the data analytics within the system. Similar to practically all the other Local Authorities, the Council has utilised a specific, dedicated software package, which requires an annual license fee payment to its' owners for its use. Given the dedicated nature of the software, it is not practicable to tender for its procurement. Sligo County Council is operating in a manner consistent with all other Local Authorities in this matter.

## **12 Representations Regarding Salary Allocations**

I relied on representations received from management that all salaries charged against capital jobs are in accordance with Departmental guidelines.

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

All salaries charged against capital have approval for funding in this manner.

## **13 Housing Estates**

The changes introduced in planning legislation during 2008 allowed developers of unfinished housing estates, the majority of homeowners on the estates or the management companies set up therein, the power to require local authorities to take such estates in charge. Compliance with the aforementioned legal requirements could result in significant future expenditure being

incurred by this Council in bringing these estates up to the required standards under the conditions of the respective granted planning permissions.

Management have represented that the Council have in excess of 57 files (1850 houses) pertaining to the taking in charge of estates that require additional work. Some of these files relate to formal requests from developers or residents for the Council to take them in charge.

The Council have represented that the majority of these will require some work to be carried out on them; a large number would not be designated as unfinished housing estates. The additional work on the above estates, along with their management, could represent a significant financial cost to the Council.

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

As with all Councils, Sligo is potentially exposed to a number of significant financial costs over which it has no control. These include payment of coroner's fees, response to severe weather incidents and taking in charge of estates.

With regard to Section 180 of the Planning and Development Act 2000, a legal obligation is imposed on planning authorities to take in charge residential developments, finished or unfinished, where certain conditions have been met. Sligo County Council seeks to ensure that residential developments are completed to a satisfactory standard through securing adequate bonds, inspection of construction and enforcement action when necessary. Where a development is not completed to a satisfactory standard, the planning authority will draw down the security/bond in order to complete the development. Generally, the amount of the bond drawn down is sufficient to carry out the necessary outstanding remedial works to complete the development.

## **14 Governance and Propriety**

### **14.1 Overview**

Corporate governance comprises the systems and procedures by which enterprises are directed and controlled. It is the responsibility of the Chief Executive and the elected members to ensure that sound systems of financial management and internal controls are in place.

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

The Council is extremely conscious of its' overarching corporate governance obligations as outlined in the responses below.

### **14.2 Risk Register**

The Council have undertaken a risk identification process facilitated by IPB. The Council updated its risk register in August 2018 post this risk identification process. The management team has approved this updated risk register.

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

The risk register will be reviewed by the management team on an annual basis.

## **14.3 Local Authority Companies**

The Council has recorded its interest in fifteen companies in Appendix 8 of its AFS.

An internal audit report conducted in 2018 highlighted that in the 2017 AFS, the Council may not have included in Appendix 8 all the relevant interests in companies in accordance with the current ACoP. Subsequent to this review, a further seven companies were recorded in Appendix 8 of the AFS in 2018.

It is however noted that the format of Appendix 8 does not conform to the ACoP. Management have informed us that they will update this format for the 2019 AFS.

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

The up to date list of companies the Council has an interest has been included in the 2018 Annual Financial Statements following the Internal Audit findings and the format of appendix 8 will be updated for 2019 AFS.

## **14.4 Fraud Register**

The Council's fraud policy "Fraud Prevention and Contingency Plan" has not been updated since 2007. The Council should review this policy and update as a matter of urgency.

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

Sligo County Councils Fraud Policy is being updated as part of the Internal Auditor's 2019 work programme.

## **14.5 Internal Audit**

Internal audit is an independent appraisal function within an organisation, which operates as a service to management by reviewing and evaluating the effectiveness of the internal control system. The Council had one member of staff in the internal audit unit in 2018.

Internal audit issued two reports in 2018 and account has been taken of them in the conduct of this audit.

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

I confirm the Council has continued commitment to the maintenance of the Internal Audit role.

## 14.6 Annual Ethics Declarations

Section 171 of the Local Government Act, 2001 requires those to whom Section 167 (1) of the Act applies typically council members and senior staff, to submit an annual declaration to the nominated Ethics Registrar.

It was noted that a number of these declarations were submitted after the prescribed date.

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

Arrangements for the submission of the declaration forms have been reviewed and revised procedures implemented to ensure timely submission of the declarations.

## 14.7 Protected Disclosure

In September 2017, Sligo introduced a policy document in relation to protected disclosures titled '*Protected Disclosures Policy and Procedures September 2017*'. A copy of it is available for viewing on the website of Sligo County Council.

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

The policy is in place and operational.

## 14.8 Data Protection

The EU General Data Protection Regulation (GDPR) provides a single, harmonised data privacy law for the European Union and was directly applicable from 25 May 2018. Public bodies, whose activities have a commercial comparative in the private sector, are subject to fines and potential court cases seeking damages in the event of an infringement. As such, County Councils are subject to the above.

The Council appointed a full time Data Protection Officer from July 2018. Although work has been conducted in this area, the Data Protection Officer has identified a significant body of work yet to be completed.

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

A data Protection Officer has been appointed and progress is being made on this significant body of work.

## 15 Amendments to AFS

At the request of audit, management included Note 23 in the AFS, which further explains the Council's legal case with the owners of Lissadell House. This is further explained in Note 10 of the audit report.

## 16 Timelines for Preparation of Accounts Deadlines

It was noted that the draft AFS for 2018 was finalised on 24 April 2019. This is not in accordance with the Department's Accounting Code of Practice, which requires the AFS to be prepared by the 1 April of the following year.

### Chief Executive's Response

Availability of resources delayed the finalisation of the AFS due to no cover being in place for maternity leave in early 2019. While it is regretted that it was some three weeks behind schedule, every effort will be made to ensure the situation does not recur.

## Acknowledgement

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

*Raymond Lavin*

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Ray Lavin

Principal Auditor

15 October 2019

