



Comhairle Chontae na Gaillimhe
Galway County Council

Audit Committee's Report on the Annual Financial Statement 2023 and Statutory Report

Pursuant to Section 60(3) of the Local
Government Act 2014

Dr. M. Moloney
Audit Committee Chairperson

To: The Cathaoirleach and each Elected Member of Galway County Council

1. Introduction

The Audit Committee was provided with a copy of the 2023 Local Government Audit Service Statutory Audit Report prior to the meeting held on 10th December 2024. The Local Government Auditor who conducted the audit attended the meeting and provided clarifications on the report findings and the overall audit opinion.

The Auditor's opinion is that the Annual Financial Statement presents fairly in accordance with the Code of Practice and Accounting Regulations, the financial position of the Council as at 31st December 2023 and its income and expenditure for the year then ended. The cumulative surplus in the revenue account increased by €3.2K to €46.2k.

The Committee considered the Auditor's report and welcomed the Local Government Auditor's satisfaction with the accounts, which accurately reflect the financial position and the committee deliberated on the issues outlined in this report.

The Committee's deliberations included a review of management responses to the Auditor's findings and related matters. It is the intention of the Committee to further review the AFS 2023 Local Government Audit Management Letter at the first meeting of the Committee in 2025 and thereafter to request and receive updates from Management in relation to progress in implementing the various recommendations contained therein, as part of the Internal Audit programme 2025.

Based on these deliberations the Committee consider that the following areas be brought to the attention of the Council.

2. Financial Standing

 Surplus of €3.2K for year end 2023

The Audit Committee noted the Council recorded a surplus of €3.2k for the year ended 2023 after net transfers of €2.2m to capital reserve and that the cumulative surplus on the revenue

account increased by to €46.2k.

Members' approval, in accordance with S104 of LGA2001, for the expenditure in excess of the annual budget was obtained at the Council meeting of 22nd April 2024.

Financial Position

Significant movements on the financial position include:

-  Increased fixed assets of €37.3m (Housing additions)
-  Increased expenditure of €17.6m (payroll, operational & financial expenses)
-  Decline in deferred income €10.3m
-  Increase in Government Debtors of €8.6m
-  Decline in loans payable of €2m

Capital Account

-  Increase in deficit of €2m

The Capital Account recorded a deficit of €2m, with a cumulative credit balance of €29m. Capital expenditure increased by €40.6m which was generally matched by a corresponding increase in grants. The deficit of €2m was attributed to delayed recoupment claim submission at year end, which was addressed in early 2024.

The Committee noted the necessity to continue to review financial management controls on the capital account.

3. Major Income Collections

Rates

-  By 1% to 86% collection rate
-  Arrears decreased by €0.5m to €8m
-  Bad Debt provision increased by €0.3m to €5.7m
-  properties awaiting valuation from Táilte Éireann

Rents

-  No change at 88% collection rate
-  Increase of 402 rent accounts in arrears, greater than 3 months, with a closing rent

arrears of €1.25m



Rent collection also increased by €0.541m



Bad Debt provision increased 15% by €0.2m to €0.87m, representing 71% of total arrears

Loans



Increase in collection of 3% to 86%



Decrease in loan accounts with arrears greater than 3 months

The Committee welcome the improvement in the number of properties awaiting valuation by Táilte Éireann and look forward to continued improvement to ensure no loss of revenue to the Council.

4. Transfer of Water & Sewerage functions to Uisce Éireann

44 assets to be transferred to Uisce Éireann

The Committee noted the Chief Executive's comment that work is ongoing and will continue until all relevant assets are transferred to Uisce Éireann and every effort should be made to resolve title issues in the short term.

5. Capital Account – Unfunded Balances



Increase of €3.2m

The Committee noted the increase in unfunded balances to €16.8m. The increase is accounted for largely by the Roads section expenditure.

The Committee understands that significant work is ongoing in relation to retrieving the portion of unfunded balances on historical roads projects from TII. The Committee has been advised that discussions continue with the TII and are hopeful that the unfunded balance will be addressed. Negotiations are ongoing on this matter.

6. Asset management

Property Interest Register

The committee noted the comment regarding the property interest register and acknowledges the necessity that management record assets on the fixed asset register. The

establishment of a project team and procuring of a system to record assets is a welcome development.

Adjustment to Note 1: Fixed Assets

There was one adjustment to the unaudited AFS –

- Assets additions increased by €38.7m to reflect new builds, part V's and turnkey to reflect assets included in the capital account rather than additions in Note 1 Fixed Assets. The committee are anxious that management ensure a robust tracking system for newly acquired assets and their inclusion on the fixed assets register.

7. Development Contributions Debtors



Decrease in short term debtors by €1.8m

It was noted that development contribution debtors decreased by €1.8m to €828K. This is largely attributed to the decrease of the top six development debtors by value at year end reducing by €1.5m.



No change in bad debt provision which remained at €859K



€1.6m recouped under the development contributions waiver scheme

The waiver is disclosed in the capital account. Due to the accounting treatment for development contributions, the Appendix 5 amount of €4.9m does not agree with Note 10 amount of €6.5m. The difference relates to the grant income received under the Development Contribution Waiver Scheme. Bad debt provision currently stands at 103% of year end development contribution debtors (€828K) and needs to be kept under review.

8. Loans Payable



Decrease in loans payable of €2m

The Committee noted the Chief Executive's comment regarding the Council's loans and continuous monitoring of same.

9. Governance

Internal Audit

Content of Internal audit reports were reviewed as part of external audit

Statement of Internal Financial Control (SIFC)

Introduced under circular LG05/2024, local authorities are now required to prepare and publish a SIFC as part of their annual report for 2023. The SIFC is signed by the Chief Executive, includes a summary of the financial standing of the local authority and the key internal financial controls.

It is acknowledged by the committee that the SIFC is far more complex for Local Authorities than for government departments. The Chair confirmed that the matter is being discussed by the CCMA and the Department and further guidance will issue to local authorities in due course for future years.

Corporate Governance Working Group

The management team established a corporate governance working group in 2023, with the intention of it developing a corporate governance framework. During the year, the group reviewed risk management, child protection & welfare, business continuity, public sector duty and the corporate plan. By year end a Business Continuity Plan and Public Sector Duty Plan were adopted.

An overview was provided to the committee in Q4, 2024. The members acknowledged and welcomed the progress made to date.

Risk Management

A new software system called ViClarity has been implemented to manage risk registers within Galway County Council. The system is now live and enables improved monitoring of risk, automation of tasks notification and higher standard of reporting. Training is ongoing regarding the system. A presentation was provided to the Audit Committee on the system in Q4, 2024. The members welcomed the advancement in risk management and will continue

to seek updates from the executive with regard its progress as part of Audit Committee annual work programme.

Data Protection

The Audit Committee acknowledges the legal requirement to comply with the EU General Data Protection Regulations (GDPR) and that the Council can be subject to fines, if deemed non-compliant.

The Committee asks that the Council continue to improve participation in training and the requirement to comply with GDPR.

Ethics

The Committee acknowledges and welcomes the automation of the annual declarations to the nominated Ethics Registrar. The automated system clearly has had a positive impact on the declaration being returned in a timely manner.

Procurement

The comments regarding a corporate procurement plan and increased emphasis on green procurement was acknowledged by the committee and will incorporate a review of same as part of their work programme.

Public Spending Code

The Committee noted that the Council completed the required Quality Assurance Report for 2023 which concluded that the Council has a satisfactory level of compliance with the Public Spending Code. The report was forwarded to the National Oversight Audit Commission for their consideration.

Alleged misuse of public funds

The committee confirm that the alleged misuse of fuel card was brought to their attention during their work, who sought and were provided with updates regarding same, from the executive.

Local Government Auditor's Management Letter

The Committee noted the recommendations made by the Local Government Auditor based on his findings during his audit and the management responses received.

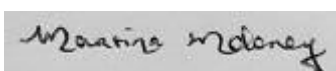
10. Chairperson Statement

On behalf of the Audit Committee members, I wish to acknowledge the immense work that is being done by the staff within the Council given the limited resources available to them. It is important that Galway County Council is provided with sufficient financial and human resources to maintain the necessary high standards. The Committee welcomes the Workforce Plan which will support human resource requirements in the coming years.

The Committee will review the implementation of the Management Letter recommendations throughout 2025.

I would like to express thanks to; -

- the Local Government Auditor, Mr. D. Cahill for his attendance at the December's Audit Committee meeting and for the engaging discussions had in relation to the statutory report and the clarifications provided on items outlined in his audit report
- the Head of Finance, Ms. K. O'Connor and her staff for all their oversight in monitoring the Council's finances
- Ms. E. Ruane, Director of Services for Corporate, Ms. E. Curran, Head of Internal Audit, and the Internal Audit Team for their continued support to the Audit Committee members.
- Mr. Liam Conneally, Chief Executive for his cooperation throughout the year and his commitment to enhance public services for County Galway.
- Mr. Des Mahon former Chairperson of the Audit Committee and the other members of the Committee for their work during 2024.



Dr. M. Moloney
Audit Committee Chairperson

8th January 2025

Date