

Louth County Council

Audit Committee Report (pursuant to section 121 of the 2001 Local Government Act¹)

The audit committee was provided with a copy of the 2016 audited financial statement, auditor's report by the Chief Executive.

The audit committee considered the statement, the auditor's report and deliberated on the key issues outlined at a meeting on the 22nd of January 2018.

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 at 31st December **2016** and its income and expenditure for the year then ended.

The local government auditor Mr Patrick Mc Cabe, who conducted the audit attended the meeting on the 22nd of January 2018 and provided further clarifications on the report findings and the overall audit opinion. In overall terms, the auditor's opinion is that the annual financial statement (AFS) of Louth County Council for 2016 presents fairly the financial position of the Council at 31st December 2016 and its income and expenditure for that year. In the statutory audit report, Mr Patrick Mc Cabe asserted that he had "sufficient evidence to give reasonable assurance that the financial statement is free from material misstatement whether caused by fraud or error".

The committee's deliberations included a review of management responses to audit findings and related matters.

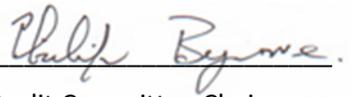
Based on these deliberations, the Committee consider that the following areas be brought to the attention of the Council:

- Challenges exist in relation to revenue collection particularly in the areas of commercial rates, rents and annuities and housing loans. However, the Committee is satisfied with management's response to these challenges particularly with the establishment of a centralised debt collection section that has resulted in improvements in the level of rates collected in 2016. Also the establishment of a separate new unit within housing to deal with housing income has also resulted in improvements in the housing loans collected in 2016. There was an increase in collection of rates over the past 3 years. In 2016 gross arrears decreased by €2.95 million to €15.08 million. However there has been a decline in the collection yield of rents and annuities over the past three years and according to the auditor it had fallen from 82% in 2014 to 71% in 2016 and gross arrears in 2016 was €4.63 million as compared to €3.75 million at the end of 2015. The Committee is also satisfied with management's response to the latter challenges and will be keeping the above under review over the coming year.

¹ As amended by Section 60 of the Local Government Act 2014

- In relation to the capital account net capital balances at the end of 2016 amounted to a surplus of €21.43 million. However there was 4 bridging loans (in relation to bridging finance associated with affordable housing loans) included in loans payable at the end of 2016 totalling €5.7 million. The committee is also satisfied with management's response to the latter and will also be keeping these under review over the coming year.
- The Audit Committee endorses the opinion of the Local Government Auditor relative to the adequacy of the bad debt provision and note the management response to revising the level of bad debt provision in the future. The Audit Committee will be keeping this matter under review in the coming period.

The committee wish to confirm that the report contents, management responses and follow up actions outlined will inform the audit committee's work programme and specific audit reviews which may be undertaken in the future.

Signed 
Audit Committee Chairperson

Date 14th March 2018