



LOCAL GOVERNMENT AUDIT SERVICE

Statutory Audit Report

to the

Members of Dún Laoghaire-Rathdown County Council

for the

Year Ended 31 December 2011



Comhshaol, Pobal agus Rialtas Áitiúil
Environment, Community and Local Government

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**AUDITOR'S REPORT TO THE MEMBERS OF DÚN LAOGHAIRE-RATHDOWN
COUNTY COUNCIL**

1. Introduction

- 1.1. I have completed the statutory audit of the accounts of Dún Laoghaire-Rathdown County Council for the year ended 31 December 2011. My audit opinion on the Annual Financial Statement (AFS) of the Council, which is unqualified, is stated on page 4 of the AFS.
- 1.2. This report is issued in accordance with Section 120 of the Local Government Act, 2001.

2. Main Issues

Attention is drawn to the main issues in this report:

- Review of capital account balances (paragraphs 5.2)
- Major revenue collection accounts (paragraphs 6.1 to 6.6)
- Affordable housing (paragraph 7.1)
- No proper register of lands (paragraph 7.5)
- Environmental waste debtors (paragraph 7.7).

3. Financial Performance

- 3.1. The Income and Expenditure Account with comparative figures for the previous year may be summarised as follows:

| | 2011 | 2010 |
|----------------------------------|--------------------|--------------------|
| | €m | €m |
| Expenditure | 173.09 | 188.43 |
| Income | 194.99 | 200.20 |
| Surplus | <u>21.90</u> | <u>11.77</u> |
| Transfers to Reserves | <u>(21.51)</u> | <u>(11.65)</u> |
| Overall Surplus for the year | 0.39 | 0.12 |
| Opening Balance at 1st January | <u>9.11</u> | <u>8.99</u> |
| Closing Balance at 31st December | <u><u>9.50</u></u> | <u><u>9.11</u></u> |

- 3.2. The transfers between the revenue and capital accounts are set out in note 15 of the AFS. All transfers were approved by the Council.
- 3.3. The main variances between the adopted budget and the AFS are detailed in Note 17 of the AFS. The Members approved the over-expenditure in April 2012.
- 3.4. A provision for the credit balance of €1.5m was made in the 211 budget.

4. Financial Standing

- 4.1. The Balance Sheet shows net assets of €3,585.16m at 31 December 2011, consisting of the following:

| | 2011 €m | 2010 €m |
|---|-----------------|-----------------|
| Fixed Assets | 3,430.87 | 2,834.67 |
| Work In Progress and Preliminary Expenses | 115.70 | 686.16 |
| Long Term Debtors | 155.14 | 146.88 |
| Net Current Assets | 122.28 | 151.52 |
| Long Term Creditors | (238.83) | (225.22) |
| Net Assets | <u>3,585.16</u> | <u>3,594.01</u> |
| Represented by: | | |
| Capitalisation Account | 3,430.87 | 2,834.67 |
| Income WIP | 107.72 | 703.57 |
| Specific Revenue Balance | 18.45 | 18.45 |
| General Revenue Balance | 9.50 | 9.11 |
| Other Balances | 18.62 | 28.21 |
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4.2. Long Term Creditors

The long term borrowings of the Council increased from €167.6m at the start of the year to €171.6m. at 31 December 2011.

Included in the borrowings figure of €14m in Note 8 of the AFS is €12.33m in respect of bridging finance for affordable housing in Honeypark. As properties are sold the bridging loan is being redeemed by the amount of the original acquisition cost of the property.

5. Capital Account

- 5.1. The capital account records income and expenditure in respect of the acquisition and provision of assets related to services provided by the Council. It has been de-aggregated with the various accounts included under relevant account headings in the balance sheet.
- 5.2. A summary of the transactions on the capital account, with comparative figures for 2010 is as follows:

| | 2011 | 2010 |
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| Income (Including Transfers) | <u>100.60</u> | <u>205.32</u> |
| Outturn for the year | 12.88 | (40.50) |
| Opening Balance Favourable/(Adverse) | <u>68.88</u> | <u>109.38</u> |
| Closing Balance Favourable/(Adverse) | <u><u>81.76</u></u> | <u><u>68.88</u></u> |

The closing net favourable balance on the capital account of €81m is the difference between the favourable balance of €364m and the adverse balance of €283m.

A review of the major favourable and adverse balances in each of the service divisions is currently being undertaken which includes the consolidation of job codes, transfer to reserves and an examination of all 'dormant' balances.

Manager's Response

The review of capital balances is continuing as resources permit within the various departments. A number of debit balances have been cleared to date and it is envisaged that other debit balances will be resolved before the next audit commences.

5.3. Three Year Capital Programme Report

A report on the three-year capital programme of projects proposed by the authority was prepared and submitted to the members of the Council in accordance with section 135 of the Local Government Act, 2001.

5.4. Cherrywood Science and Technology Park

DLR Properties was set up to acquire the Council's rights, interests and entitlements in the Cherrywood Joint Venture. The company is limited by shares and is wholly owned by Dún Laoghaire-Rathdown County Council. The principal object of the company is to acquire, develop, hold and manage properties of all kinds. To act as builders, property developers, managers, investors and dealers and to carry on all activities in relation to the aforementioned businesses.

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DLR Properties Limited has filed with the CRO its accounts up to 30 June 2011. It was recommended at last audit that they be produced to 31 December to make them co-terminus with those of the Council.

Manager's Response

DLR Properties accept the auditor's recommendation and will prepare an 18 month set of accounts to the period ending 31 December 2012 to make their accounts co-terminus with those of the Council.

5.5. Dublin Waste to Energy Facility, Poolbeg

The Dublin Waste to Energy project is a Public Private Partnership between Dublin City Council (acting on behalf of the Dublin Area Local Authorities) and Dublin Waste to Energy Ltd to design, construct, operate, maintain and finance a waste to energy facility.

Total expenditure on the project to the end of 2011 was approximately €81m, of which €10m. was reimbursed to Dublin City Council by Dún Laoghaire-Rathdown County Council.

The €10m is shown as an adverse balance on the capital account.

Manager's Response

It is the intension of Dún Laoghaire-Rathdown County Council to fund the bulk of this balance through sale of waste capacity and sale of generated electricity when the plant becomes operational.

6. Summary of Major Revenue Collections

6.1. Collection Table

The yields from the main revenue collection accounts, with comparatives for the last three years were as follows:

| | 2011 | 2010 | 2009 | 2008 |
|-----------------------------|------|------|------|------|
| | % | % | % | % |
| Rates | 76 | 81 | 85 | 91 |
| Housing Rents and Annuities | 80 | 81 | 82 | 86 |
| Housing Loans | 73 | 81 | 88 | 98 |
| Commercial Water Charges | 44 | 41 | 39 | 31 |

6.2. Commercial Rates

The collection yield for rates for 2011 deteriorated to 76% after a write off of €6.86m. This has been declining steadily since 2007 when it was 95%.

Included in Note 5 of the AFS is a bad debts provision of €14m in respect of rates, which is 59% of the closing arrears balance of €24m.

Manager's Response

It is clear that the economic downturn is continuing to take its toll on local authorities' income nationally from commercial rates and water charges. With approximately a third (29%) of local government revenue coming from rates the continuing deterioration in collection presents a worrying trend for local government in general in terms of its ability to fund and maintain services. Local Authority income for the financial year 2010 from commercial rates was 79.9% of the actual amount due while in the previous year 2009 the percentage collection nationally was 84%. The deterioration in the average national collection between the two years was 4.1% while the deterioration in collection in respect of this Council was 4.09%, almost exactly mirroring the national position. In comparison in 2006 the actual national average collection figure was 93.3% of the amount due while in this Council it was 93%, again reflecting the national position. It is quite clear therefore that the difficulties experienced nationally by businesses are fully reflected in this county evidenced by the continuing deterioration in the rates collection performance in 2011.

Local authorities have to perform an extremely delicate balancing act in setting and collecting commercial rates. They need to be efficient in ensuring that local businesses pay rates on time; however, at the same time they need to ensure that businesses can remain viable.

In normal economic conditions the Council would expect to collect a significant proportion of outstanding arrears at the end of the following financial year and the remainder in subsequent years. However, having regard to current economic conditions, the normal collection percentages are not currently being achieved.

The Collection performance of this authority is satisfactory and compares reasonably favourably with both that of the other Dublin Authorities and the average national collection percentage, as outlined in the opening paragraph.

The Council in addition to intensifying its collection efforts, utilises the services of a reputable third party, namely Stubbs Gazette, to assist in recovering monies owed among other initiatives.

The Council will continue to make every effort to ensure the maximum rate collection percentage is achieved cognisant of the difficult trading environment being experienced by the business community.

It should also be noted that the Council had a bad debt provision to outstanding arrears ratio of 59% which the Council considers to be both prudent and reasonable having regard to the very difficult economic environment currently prevailing.

6.3. Housing Rents

The Council should make a provision for bad debts in respect of housing rents. At the moment it is not the policy to do so.

Manager's Response

As much of the outstanding balance relates to rent arrears for 'live' accounts and is being actively pursued it is considered that this balance is still collectable.

6.4. Housing Loans

The collection yield for housing loans deteriorated dramatically over the last number of years to 73% in 2011. The Council should make a provision for bad debts in respect of housing loans. At the moment it is not the policy to do so.

Manager's Response

A large proportion of the Council's arrears relate to the more recently issued Shared Ownership Loans which have average instalments of €870 per month. Where reductions in household income occur due to unemployment etc. the repercussions are likely to be manifested in reduced loan repayments. For example, Shared Ownership loans account for 23% of the Council's loan book but make up 80% of the total arrears. There are limits on the options available to local authorities to facilitate restructuring of loans. The issue of arrears and bad debts will be dealt with in the context of the Mortgage Arrears Resolution Process (MARP) guidelines issued by the Department of the Environment, Community and Local Government (the Department) in September 2012.

6.5. Commercial Water Charges

The collection yield for commercial water showed an increase in recent years, but this is still very low at 44% after a write off of €1.39m. The bad debts provision included in Note 5 in respect of commercial water charges is €2.3m which is 28% of the closing arrears balance of €8m.

Manager's Response

The end of year arrears stood at €8.12m in comparison to the previous year's figure of €8.69m, a decrease of €0.57m (6.6%). It must be noted that the bills for the last trimester of 2011 in the sum of €2.1m issued in February 2012. It is the practice in this Council to charge back to the relevant accounting year invoiced amounts that issue in a following year. However, businesses had no opportunity to make any payment in respect of this invoiced amount in the year 2011 itself.

It is also worth noting that in the period 2009-2010, the last years for which comparative figures are available, the average national percentage collections remained almost identical with virtually no variation between the years while in the case of this Council the collection has improved yearly from 2008 onwards.

Subject to availability of resources the Council is hopeful of a continuing collection performance improvement having regard to the various collection strategies now in place.

6.6. Debt Control

In August 2011, in order to stabilise arrears and improve collection, the Council set up a debt control and collection unit within the finance department. Six members of staff have been assigned to this work.

Manager's Response

The deterioration in collection yields experienced since 2009 has been stabilised since the establishment of the Debt Control and Collection Unit. Every effort is made to work in partnership with customers to prevent the accumulation of arrears and to avoid the cost associated with arrears accumulation by both the Council and its customers.

7. Specific Matters

7.1. Affordable Housing Units

The accounting policy for Affordable Housing was amended in 2011. The amended policy was introduced to appropriately reflect the changing circumstances in the housing market, which impact on the scheme, including the use of unsold affordable homes for social leasing and rental accommodation schemes.

During 2011 the Council reduced the number of affordable units on hand available for sale to 98 from 155 at the start of the year. This was achieved by the sale of 26 units and the transfer of 31 units to social housing.

The Council had a debit balance in respect of Affordable Housing at 31 December 2011 of €21.25m.

Manager's Response

The main sources from which the Council intends to fund this balance are as follows:

- Further Sales of Affordable Units
- Rent to Buy Scheme
- Social Leasing Scheme
- Part V Reserves

Also negotiations are at an advanced stage with a Voluntary Housing Association with a view to it purchasing some or all of the social units at Honeypark. This together with a further funding due from the Department in the coming weeks will clear the capital balance on this code.

In addition 27 units have been transferred temporarily to social leasing. While the Department has agreed to pay leasing for a period of five years, it is anticipated that additional funding will be made available for these units in the coming years.

7.2. Overtime/Differential Payments

A group has been established by management to review the Council's arrangements for the payment of overtime and differentials.

7.3. Development Contributions

During the last quarter of 2011 the Council implemented a new system called Financial Contribution System (FCS) for recording and administering activity relating to development contributions. The system is integrated with the general ledger system Agresso and the planning system APAS. There were minor discrepancies at year end between the figures on the FCS and those on Agresso. These variances should not arise when the system is in use for a full financial year.

The total debtors for development contributions amounted to €107.22m. Of this, €45.5m is classified as short term debtors and shown in Note 5 to the AFS.

7.4. Land Aggregation Scheme

The land aggregation scheme was developed in 2010 to alleviate the financial burden on local authorities in servicing land loans with the HFA. Under the scheme Dún Laoghaire-Rathdown County Council submitted three parcels of land, in respect of which the amount of loans drawn down was €21.6m. One of these has been accepted and the loan redeemed.

7.5. Register of Lands

A proper register of lands owned by Dún Laoghaire-Rathdown County Council is not maintained. Note 1 to the accounts shows €149.59m as the value of land owned by the Council. The schedule on the financial management system for this amount consists of 53 plots of land. The Council has initiated work on recording all the details of the land owned by it on the property interest register (PIR), but progress on this is slow. This matter requires urgent attention.

Manager's Response

The PIR system was acquired to compile a register of lands showing details e.g. situation and area of land, tenure of land, particulars of burdens and easements, location of documents of title, date and purpose of acquisition, price paid at time of acquisition and disposal details.

Initially to expedite the process an external vendor was sourced to populate the database. However, due to lack of local knowledge on the part of the vendor a decision was taken in 2009 to take the work back in-house. Updating of the PIR has been prioritised as an objective and is being progressed as resources permit – in this regard it should be noted that additional resources have been assigned to the project in 2012.

Approximately 2,500 records have already been updated, with a further 3,000 to be processed.

7.6. Procurement – Tendering and Selection Procedures

The Council must ensure that its procurement procedures are fully compliant with all EU and National directives and with Department of Finance Circular 10/10.

A small number of contracts were awarded during 2011, based on prices supplied through the LA Quotes System, but were not subject to the performance of a tender evaluation process. This practice breaches the Department of Finance's Circular 10/10 Facilitating SME Participation in Public Procurement, issued 13 August 2010, which requires that a tender process should be used for all contracts for goods and services over €25k.

The selection of suppliers should be derived from the performance of tender evaluation processes where the level of procurement is in excess of the relevant procurement threshold levels.

7.7. Debtors for Environmental Waste Charges

The Council privatised its waste collection service in mid 2010. In 2011 the opening arrears on the account were €15.9m and this reduced to €13.4m by the end of the year. Of this amount, €8.9m has been forwarded to debt collection agencies.

Manager's Response

At the end of 2011 the waste charges due to the Council from householders was €13.45m. This balance represents a 19% reduction on the 2010 outstanding arrears figure of €16m and a 100.7% reduction on the 2008 figure, which stood at €27m, and constitutes a significant reduction in the level of arrears and is reflective of the Council's continuing efforts to maximize its income collections. The Council estimates that a significant proportion of the outstanding arrears will be written off, or waived under the terms of the various Waiver of Charges Schemes, once remaining qualifying applicants submit waiver applications. It is the Council's experience that waiver applicants, in general, often only applied for a waiver once they faced the prospect of a discontinuance of supply or other sanctions such as referral to debt collection agencies, legal proceedings etc. There is no deadline on applying for a waiver. It should be noted that the total cumulative debit in respect of environmental waste charges from their introduction in 2000 to the 31 December 2011 was €140m of which €126.6m has either been collected or waived, representing 90% of that debit total, a significant collection performance to date.

The continuing efforts of the Council to collect the outstanding waste charges arrears are also evidenced by the fact that in 2011 the waste charges collected amounted to €1.8m despite the fact there was no debit for the year with the Council having exited the provision of a direct collection service in July 2010. In the current year to the end of October a further €1m has been collected while €0.3m has been waived in accordance with the Council's Waiver Schemes.

Following a review and assessment of the interim arrangements relating to the utilising of the services of debt collection firms the finance department in 2010 completed a procurement competition and formalised the appointment of debt collection firms.

To June 2012, a total of 9,835 accounts have been referred to debt collection agencies with a total monetary value of €9.9m. This policy of utilising the services of debt collection agencies will continue. To that date 348 summonses against defaulting householders have issued and judgements in 72 cases were obtained where the cases proceeded to court hearing.

The Council continues to vigorously pursue all monies owing to it in respect of environmental waste charges irrespective of the fact that it no longer provides a direct waste collection service to the majority of the residents of the County. It will continue to utilise all appropriate strategies available to it to maximise income collection in this area and its determination in that regard is evident from the fact that it continues to receive payments in respect of domestic water charges despite the fact such charges were abolished with effect from 1 January 1997.

7.8. Internal Audit

All internal audit reports issued in 2011 were made available to me. In the course of my audit, I placed reliance on work carried out by the Internal Audit Unit.

7.9. Value for Money

The Value for Money Unit of the Local Government Audit Service issued VFM Report No. 25 – “Part V of the Planning and Development Acts, 2000-2007, Social and Affordable Housing” in October 2009; report No. 26 – “Development Contributions” in September 2010; and Report No. 27 – “Management and Maintenance of Vacant Dwellings in Local Authorities” in May 2011. These reports contained a number of recommendations, which drew on best practice to be implemented by local authorities.

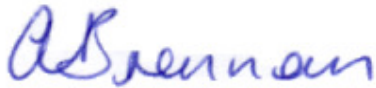
A review of the actions taken by local authority management in implementing the recommendations contained in these reports has since been carried out. A summary of the review will be published in the form of Value for Money Progress Reports as follows: -

- Progress Report No. 3 - Implementation of the recommendations contained in VFM Report No. 25 – Part V of the Planning and Development Acts 2000-2007. This review is due to be published in November 2012.
- Progress Report No. 4 - Implementation of the recommendations contained in VFM Report No. 26 – Development Contributions. The review has been issued to the Local Authorities in draft form.
- Progress Report No. 5 - Implementation of the recommendations contained in VFM Report No. 27 – Management and Maintenance of Vacant Dwellings in Local Authorities. The review is due to be published in 2013.

While the reviews are not yet fully completed the indication is that Dún Laoghaire-Rathdown County Council has made substantial progress in implementing the recommendations.

8. Acknowledgement

I wish to record my appreciation of the courtesy and co-operation shown by the County Manager and his staff to me at all times in the course of the audit.



Anne (N) Brennan,
Local Government Auditor
31 October 2012



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The Council in addition to intensifying its collection efforts, utilises the services of a reputable third party, namely Stubbs Gazette, to assist in recovering monies owed among other initiatives.

The Council will continue to make every effort to ensure the maximum rate collection percentage is achieved cognisant of the difficult trading environment being experienced by the business community.

It should also be noted that the Council had a bad debt provision to outstanding arrears ratio of 59% which the Council considers to be both prudent and reasonable having regard to the very difficult economic environment currently prevailing.

6.3. Housing Rents

The Council should make a provision for bad debts in respect of housing rents. At the moment it is not the policy to do so.

Manager's Response

As much of the outstanding balance relates to rent arrears for 'live' accounts and is being actively pursued it is considered that this balance is still collectable.

6.4. Housing Loans

The collection yield for housing loans deteriorated dramatically over the last number of years to 73% in 2011. The Council should make a provision for bad debts in respect of housing loans. At the moment it is not the policy to do so.

Manager's Response

A large proportion of the Council's arrears relate to the more recently issued Shared Ownership Loans which have average instalments of €870 per month. Where reductions in household income occur due to unemployment etc. the repercussions are likely to be manifested in reduced loan repayments. For example, Shared Ownership loans account for 23% of the Council's loan book but make up 80% of the total arrears. There are limits on the options available to local authorities to facilitate restructuring of loans. The issue of arrears and bad debts will be dealt with in the context of the Mortgage Arrears Resolution Process (MARP) guidelines issued by the Department of the Environment, Community and Local Government (the Department) in September 2012.

6.5. Commercial Water Charges

The collection yield for commercial water showed an increase in recent years, but this is still very low at 44% after a write off of €1.39m. The bad debts provision included in Note 5 in respect of commercial water charges is €2.3m which is 28% of the closing arrears balance of €8m.

Manager's Response

The end of year arrears stood at €8.12m in comparison to the previous year's figure of €8.69m, a decrease of €0.57m (6.6%). It must be noted that the bills for the last trimester of 2011 in the sum of €2.1m issued in February 2012. It is the practice in this Council to charge back to the relevant accounting year invoiced amounts that issue in a following year. However, businesses had no opportunity to make any payment in respect of this invoiced amount in the year 2011 itself.

It is also worth noting that in the period 2009-2010, the last years for which comparative figures are available, the average national percentage collections remained almost identical with virtually no variation between the years while in the case of this Council the collection has improved yearly from 2008 onwards.

Subject to availability of resources the Council is hopeful of a continuing collection performance improvement having regard to the various collection strategies now in place.

6.6. Debt Control

In August 2011, in order to stabilise arrears and improve collection, the Council set up a debt control and collection unit within the finance department. Six members of staff have been assigned to this work.

Manager's Response

The deterioration in collection yields experienced since 2009 has been stabilised since the establishment of the Debt Control and Collection Unit. Every effort is made to work in partnership with customers to prevent the accumulation of arrears and to avoid the cost associated with arrears accumulation by both the Council and its customers.

7. Specific Matters

7.1. Affordable Housing Units

The accounting policy for Affordable Housing was amended in 2011. The amended policy was introduced to appropriately reflect the changing circumstances in the housing market, which impact on the scheme, including the use of unsold affordable homes for social leasing and rental accommodation schemes.

During 2011 the Council reduced the number of affordable units on hand available for sale to 98 from 155 at the start of the year. This was achieved by the sale of 26 units and the transfer of 31 units to social housing.

The Council had a debit balance in respect of Affordable Housing at 31 December 2011 of €21.25m.

Manager's Response

The main sources from which the Council intends to fund this balance are as follows:

- Further Sales of Affordable Units
- Rent to Buy Scheme
- Social Leasing Scheme
- Part V Reserves

Also negotiations are at an advanced stage with a Voluntary Housing Association with a view to it purchasing some or all of the social units at Honeypark. This together with a further funding due from the Department in the coming weeks will clear the capital balance on this code.

In addition 27 units have been transferred temporarily to social leasing. While the Department has agreed to pay leasing for a period of five years, it is anticipated that additional funding will be made available for these units in the coming years.

7.2. Overtime/Differential Payments

A group has been established by management to review the Council's arrangements for the payment of overtime and differentials.

7.3. Development Contributions

During the last quarter of 2011 the Council implemented a new system called Financial Contribution System (FCS) for recording and administering activity relating to development contributions. The system is integrated with the general ledger system Agresso and the planning system APAS. There were minor discrepancies at year end between the figures on the FCS and those on Agresso. These variances should not arise when the system is in use for a full financial year.

The total debtors for development contributions amounted to €107.22m. Of this, €45.5m is classified as short term debtors and shown in Note 5 to the AFS.

7.4. Land Aggregation Scheme

The land aggregation scheme was developed in 2010 to alleviate the financial burden on local authorities in servicing land loans with the HFA. Under the scheme Dún Laoghaire-Rathdown County Council submitted three parcels of land, in respect of which the amount of loans drawn down was €21.6m. One of these has been accepted and the loan redeemed.

7.5. Register of Lands

A proper register of lands owned by Dún Laoghaire-Rathdown County Council is not maintained. Note 1 to the accounts shows €149.59m as the value of land owned by the Council. The schedule on the financial management system for this amount consists of 53 plots of land. The Council has initiated work on recording all the details of the land owned by it on the property interest register (PIR), but progress on this is slow. This matter requires urgent attention.

Manager's Response

The PIR system was acquired to compile a register of lands showing details e.g. situation and area of land, tenure of land, particulars of burdens and easements, location of documents of title, date and purpose of acquisition, price paid at time of acquisition and disposal details.

Initially to expedite the process an external vendor was sourced to populate the database. However, due to lack of local knowledge on the part of the vendor a decision was taken in 2009 to take the work back in-house. Updating of the PIR has been prioritised as an objective and is being progressed as resources permit – in this regard it should be noted that additional resources have been assigned to the project in 2012.

Approximately 2,500 records have already been updated, with a further 3,000 to be processed.

7.6. Procurement – Tendering and Selection Procedures

The Council must ensure that its procurement procedures are fully compliant with all EU and National directives and with Department of Finance Circular 10/10.

A small number of contracts were awarded during 2011, based on prices supplied through the LA Quotes System, but were not subject to the performance of a tender evaluation process. This practice breaches the Department of Finance's Circular 10/10 Facilitating SME Participation in Public Procurement, issued 13 August 2010, which requires that a tender process should be used for all contracts for goods and services over €25k.

The selection of suppliers should be derived from the performance of tender evaluation processes where the level of procurement is in excess of the relevant procurement threshold levels.

7.7. Debtors for Environmental Waste Charges

The Council privatised its waste collection service in mid 2010. In 2011 the opening arrears on the account were €15.9m and this reduced to €13.4m by the end of the year. Of this amount, €8.9m has been forwarded to debt collection agencies.

Manager's Response

At the end of 2011 the waste charges due to the Council from householders was €13.45m. This balance represents a 19% reduction on the 2010 outstanding arrears figure of €16m and a 100.7% reduction on the 2008 figure, which stood at €27m, and constitutes a significant reduction in the level of arrears and is reflective of the Council's continuing efforts to maximize its income collections. The Council estimates that a significant proportion of the outstanding arrears will be written off, or waived under the terms of the various Waiver of Charges Schemes, once remaining qualifying applicants submit waiver applications. It is the Council's experience that waiver applicants, in general, often only applied for a waiver once they faced the prospect of a discontinuance of supply or other sanctions such as referral to debt collection agencies, legal proceedings etc. There is no deadline on applying for a waiver. It should be noted that the total cumulative debit in respect of environmental waste charges from their introduction in 2000 to the 31 December 2011 was €140m of which €126.6m has either been collected or waived, representing 90% of that debit total, a significant collection performance to date.

The continuing efforts of the Council to collect the outstanding waste charges arrears are also evidenced by the fact that in 2011 the waste charges collected amounted to €1.8m despite the fact there was no debit for the year with the Council having exited the provision of a direct collection service in July 2010. In the current year to the end of October a further €1m has been collected while €0.3m has been waived in accordance with the Council's Waiver Schemes.

Following a review and assessment of the interim arrangements relating to the utilising of the services of debt collection firms the finance department in 2010 completed a procurement competition and formalised the appointment of debt collection firms.

To June 2012, a total of 9,835 accounts have been referred to debt collection agencies with a total monetary value of €9.9m. This policy of utilising the services of debt collection agencies will continue. To that date 348 summonses against defaulting householders have issued and judgements in 72 cases were obtained where the cases proceeded to court hearing.

The Council continues to vigorously pursue all monies owing to it in respect of environmental waste charges irrespective of the fact that it no longer provides a direct waste collection service to the majority of the residents of the County. It will continue to utilise all appropriate strategies available to it to maximise income collection in this area and its determination in that regard is evident from the fact that it continues to receive payments in respect of domestic water charges despite the fact such charges were abolished with effect from 1 January 1997.

7.8. Internal Audit

All internal audit reports issued in 2011 were made available to me. In the course of my audit, I placed reliance on work carried out by the Internal Audit Unit.

7.9. Value for Money

The Value for Money Unit of the Local Government Audit Service issued VFM Report No. 25 – “Part V of the Planning and Development Acts, 2000-2007, Social and Affordable Housing” in October 2009; report No. 26 – “Development Contributions” in September 2010; and Report No. 27 – “Management and Maintenance of Vacant Dwellings in Local Authorities” in May 2011. These reports contained a number of recommendations, which drew on best practice to be implemented by local authorities.

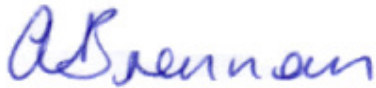
A review of the actions taken by local authority management in implementing the recommendations contained in these reports has since been carried out. A summary of the review will be published in the form of Value for Money Progress Reports as follows: -

- Progress Report No. 3 - Implementation of the recommendations contained in VFM Report No. 25 – Part V of the Planning and Development Acts 2000-2007. This review is due to be published in November 2012.
- Progress Report No. 4 - Implementation of the recommendations contained in VFM Report No. 26 – Development Contributions. The review has been issued to the Local Authorities in draft form.
- Progress Report No. 5 - Implementation of the recommendations contained in VFM Report No. 27 – Management and Maintenance of Vacant Dwellings in Local Authorities. The review is due to be published in 2013.

While the reviews are not yet fully completed the indication is that Dún Laoghaire-Rathdown County Council has made substantial progress in implementing the recommendations.

8. Acknowledgement

I wish to record my appreciation of the courtesy and co-operation shown by the County Manager and his staff to me at all times in the course of the audit.



Anne (N) Brennan,
Local Government Auditor
31 October 2012