



Rialtas na hÉireann  
Government of Ireland

# **Statutory Audit Report to the Members of Kildare County Council for the Year Ended 31 December 2022**

## **Local Government Audit Service**

Prepared by the Department of Housing, Local Government and Heritage  
[gov.ie/housing](http://gov.ie/housing)

## Contents

Auditor's Report to the Members of Kildare County Council .....	1
1 Introduction.....	1
2 Financial Standing .....	2
2.1 Statement of Comprehensive Income (Income and Expenditure Account).....	2
2.2 Annual Budget Variances .....	2
2.3 Local Property Tax.....	2
2.4 Statement of Financial Position (Balance Sheet) .....	3
2.5 Fixed Assets - Property Interest Register.....	4
2.6 Work In Progress .....	4
2.7 Development Contributions.....	5
2.8 Loans Payable .....	6
3 Income Collection .....	7
3.1 Main revenue income collections .....	7
3.2 Rates .....	8
3.3 Housing Rents and Annuities.....	8
3.4 Housing Loans .....	9
4 Capital Account .....	9
4.1 Capital Account Overview .....	9
4.2 Athy Distributor Road.....	10
4.3 Deficit balances.....	11
5 Planning .....	12
5.1 Vacant Sites Levy .....	12
6 Uisce Éireann .....	12
6.1 Transfer of Water and Waste Water functions to Uisce Éireann .	12
7 Non Pay Expenditure.....	14
7.1 Public Spending Code .....	14
7.2 Procurement - compliance with national regulations and rules ...	14
8 Provision of Social Housing by Approved Housing Bodies.....	16
9 Local Authority Companies.....	17
9.1 AFS Appendix 8 Disclosures.....	17
9.2 Kildare Sports and Leisure Facilities Ltd.....	17
9.3 Riverbank Arts Centre Company Limited by Guarantee .....	18
9.4 County Kildare Community Network Company Limited by Guarantee.....	18

10	Governance and Propriety .....	19
10.1	Governance overview .....	19
10.2	Risk Management .....	19
10.3	Internal Audit and Corporate Governance .....	19
10.4	Audit Committee .....	20
10.5	Annual Declarations of Interest .....	20
	Acknowledgement .....	21

# Auditor's Report to the Members of Kildare County Council

## 1 Introduction

I have audited the Annual Financial Statement (AFS) of Kildare County Council (the 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 6 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.

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

The Council has once more received an unmodified audit opinion and the figures in the AFS for the year-ended 31 December 2022 that were presented to the Elected Members in March 2023 had no audit adjustments applied.

## **2 Financial Standing**

### **2.1 Statement of Comprehensive Income (Income and Expenditure Account)**

The Council recorded a surplus of €52k (2021 surplus: €123k) for the year-ended 31 December 2022 resulting in a general reserve of €4k at that date.

Despite some significant divisional variations (see paragraph 2.2), the surplus recorded for 2022 confirms that the Council continues to adhere, in overall terms, to the strict budgetary requirements for the year.

### **2.2 Annual Budget Variances**

The Elected Members, at the Council meeting held in March 2023, approved (by resolution in accordance with section 104(2) of the Local Government Act 2001) the expenditure incurred in 2022 that was in excess of the adopted budget for the year.

The details of the divisional variances are outlined at note 16 to the AFS. While some of the variances are significant, they arose in the main because of additional grants that were made available from Government for social housing leasing initiatives (€12m), pre-letting housing repairs (€4m), housing retrofit and maintenance (€1m), and local roads and upkeep and maintenance (€2m).

I remain satisfied that the Council's budgetary processes are adequate and continue to take into account the reasonably expected levels of grants assistance and other income for the following year.

### **2.3 Local Property Tax**

As provided for in legislation, the Council passed a resolution to increase the basic rate of Local Property Tax (LPT) by 10% for both 2022 and 2023. This has resulted in a total allocated for 2022 of €19.6m, an increase on the pre-variation amount of €2.2m.

Due to the Council's surplus LPT position, there remains a requirement to self-fund some services, which for the year under review were delivered in the Housing divisional area.

In October 2021, the Department of Housing, Local Government and Heritage (the Department) confirmed that the Council was required to self-fund housing services, encompassing both revenue and capital type expenditure of €1.3m for 2022.

## 2.4 Statement of Financial Position (Balance Sheet)

The Council had net assets of €3.44bn at 31 December 2022 (2021: €3.32bn), a year-on-year increase of approximately €120m.

The main movements in the year were as follows;

- Fixed Assets

Fixed Assets now include the accumulated costs incurred on the Sallins by-pass (€73m - transferred from work in progress) element of the overall M7 widening and Newbridge by-pass upgrade developments.

There remains one outstanding retention charge on the overall contract, which falls due for payment in April 2024. One of the parties to the joint venture that was awarded the main contract went into formal liquidation during 2023. The Council has obtained assurances from the surviving signatory to the contract that this company will continue to perform the outstanding obligations as required by the contract. This scheme is funded in full by Transport Infrastructure Ireland (TII) and the Department of Transport.

Also included in fixed assets were the costs (€61.3m) of additional housing units acquired by the Council during 2022.

- Cash and bank investments

The net amount held by the Council in the form of cash and bank investments increased to €268m at the 2022 year-end (2021: €240m).

The requirement to regularly review the need for holding such significant liquid funds has again been discussed with management. While I acknowledge that there remains detailed proposals in place for which these funds will be used, it is important that the schemes outlined in the current iteration of the Council's three-year capital report (covering the period 2023 - 2025) are advanced in a timely manner, to mitigate, as much as is possible, the current impacts of construction related inflation.

Some of the current cash balance is required to fund the following;

- Amounts ring-fenced for specific purposes in compliance with the underlying provisions of the relevant legislation for which they were originally collected (such as Part V planning receipts, Rental Accommodation Scheme, planning securities and refundable deposits etc.).
- Government grants on hand at the 2022 year-end to fund specific capital works.
- Other amounts that were designated in previous years as sinking funds against liabilities that have yet to materialise.

## 2.5 Fixed Assets - Property Interest Register

It was reported at previous audits that the required reconciliations between the amounts recorded in Agresso (the Council's financial management system) and those contained in the property interest register (PIR) had not been completed.

I acknowledge the improvements that were again evidenced during the current audit and the continuing efforts to identify and review all assets in the beneficial ownership of the Council. However, further enhancements are still required, particularly in relation to the records being maintained in respect of property lease and rental agreements. I have advised management that a review of all such agreements should be immediately undertaken to ensure that income is collected in a timely manner and all of the Council's obligations under contractual agreements are clearly identified and appropriately discharged.

The recommendations contained in the Local Government Audit Service Value For Money report no. 30 "Corporate Estate Management and Maintenance in Local Authorities" should be implemented in full. The resources assigned to the Council's PIR team should be reviewed to determine the level of staff required to adequately implement the necessary improvements.

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

The auditor's comments in acknowledging the work done in this area since the last audit report are welcomed. The Council recognises this as a priority for the organisation and has readjusted its management structure with additional staff resources already having been assigned.

A review of property lease and rental agreements will form part of the section's work programme for 2024.

## 2.6 Work In Progress

At 31 December 2022, the accumulated expenditure on the work in progress and preliminary expenses account amounted to €52.6m (2021: €100m).

The year-on-year decrease is mainly attributable to the transfer to fixed assets of the accumulated costs associated with the Sallins by-pass.

The 2022 year-end balance on the account included the costs of the three sites acquired in recent years at;

- Oldtown Mill, Celbridge
- Old Greenfield, Maynooth and the
- Former Ambassador Hotel site, Kill

All three sites are currently being progressed and are planned to deliver a combined 158 housing units.

In addition to the above sites that are now being developed there remain other undeveloped sites located across the county that need to be kept under regular review to ensure that the Council's economic interests are protected.

The final funding models for all relevant sites, those currently being developed as well as those awaiting development proposals, will need to take account of the individual acquisition costs.

Also included in the work in progress account are the costs incurred on the Athy Distributor Road scheme, which continues to be fully funded by TII (see paragraph 4.2).

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

The Council's Housing division continues to progress delivery of social and affordable housing having regard to our Housing Delivery Action Plan 2022 – 26, which is aligned with "Housing for All – A New Housing Plan for Ireland". This plan has been approved by the Department.

The outstanding loan balances on all of the three sites referenced above have been cleared from funds received from the Department.

## **2.7 Development Contributions**

Included in trade debtors and prepayments at 31 December 2022 was €10.4m (2021: €10.4m) in respect of development contributions due to the Council (see note 5 to the AFS).

An analysis of the arrears within this debt book has highlighted that €3.5m, equating to approximately 34% of the total amount due, was outstanding for two years or more at the 2022 year-end (2021 year-end: 53%). While I acknowledge the improvements achieved in 2022 in the aged debt status of this income category, the long-standing arrears remain significant and appropriate resources need to continue to be assigned with a view to further improving collections.



While the bad debts provision in respect of the collectability of the 2022 year-end debtors was considered appropriate, it should be kept under regular review to ensure that it remains adequate.

### Chief Executive's Response

The last few years have been particularly challenging in respect of the collection of outstanding accounts, due to the ongoing impacts of the pandemic.

The Council will continue to strive to improve the collection percentage and seek to reduce the arrears further.

## 2.8 Loans Payable

The Council owed €90.8m at 31 December 2022 (2021: €93.18m) in the form of medium to long-term loans (see note 7 to the AFS), as follows:

Category	2022 €m	2021 €m
Mortgages / S.O. Rented Equity	39.32	32.52
Assets / Grants	9.86	12.11
Bridging Finance	16.09	21.04
Recoupable	<u>25.53</u>	<u>27.51</u>
	<b>90.80</b>	<b>93.18</b>

- Mortgages / Shared Ownership Rented Equity

The Council drew down these loans from the Housing Finance Agency (HFA) to finance home loans and equity to individual borrowers. The year-on-year increase is attributable mainly to additional Rebuilding Ireland loans approved by the Council in 2022. The difference between the amounts repayable by the Council (2022: €39.3m) and the amounts payable by the homeowners (2022: €48.7m) is shown at note 12 to the AFS. This gap in the funding position significantly decreased year-on-year to 31 December 2022.

- Bridging Finance

The Council secured an additional grant of €2m at the end of 2021 from the Department that funded the redemption, in 2022, of the loan originally drawn down to acquire the former Ambassador hotel site.

At 31 December 2022, there remained two land loans to the value of €6.9m that was owed by the Council, as follows:

Sites acquired for development	Balance of Loan at 31 December 2022 €m
Oldtown Mill, Celbridge	4.0
Old Greenfield, Maynooth	2.9

In December 2022, the Council received additional grant aid from the Department to fund the above loans. In accordance with the Department's instructions, this advance was treated as deferred income for 2022 to match the loan redemption payments made by the Council to the HFA in January 2023.

The above loans are now fully redeemed. All three sites (see paragraph 2.6) are currently being progressed for housing development.

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

The three site loans have been cleared and the repayments were made in accordance with instructions from the Department.

## **3 Income Collection**

### **3.1 Main revenue income collections**

A summary of the collection performances showing the 31 December 2022 arrears position in respect of the main income categories with comparative figures for the previous year is as follows:

Income Source	Yield %		Debtors €m	
	2022	2021	2022	2021
Rates	86	82	9.9	11.8
Housing Rents & Annuities	92	93	1.3	1.2
Housing Loans	73	69	1.6	2.0

The above income categories are summarised at appendix 7 to the AFS and are outlined in more detail below.

## 3.2 Rates

The increase in collections achieved during 2022 resulted in arrears reducing to €9.9m at 31 December 2022, a year-on-year decrease of approximately €1.9m.

The status of the rates accounts that were in arrears at 31 December 2022 is summarised as follows:

	Amount owed €m	% of total arrears
Collectable and being pursued	3.8	38%
Legal proceedings commenced	4.3	44%
Customers in liquidation / receivership or administration	1.0	10%
Accounts in an agreed payment plan	0.8	8%

A further analysis of the above arrears indicated that 49% of the 2022 year-end arrears were outstanding for two years or more. The debt book was again reviewed with management during the current audit and I remain satisfied that the bad debts provision is adequate.

The relevant individual accounts should continue to be regularly examined with a view to further increasing receipts and reducing arrears.

## 3.3 Housing Rents and Annuities

The 2022 annual collection yield for Housing Rents was 92%, a year-on-year reduction of 1%, resulting in a corresponding marginal increase in arrears to €1.3m (2021 arrears: €1.2m) at the year-end. I acknowledge that cash collections in this income category increased to €16.5m in 2022 (2021: €15.4m).

However, an analysis of the 2022 year-end debt book highlighted that there were 41 tenants who owed in excess of €5k on their rent accounts, the collective arrears on these accounts at that date was approximately €0.4m (2021 year-end: 35 tenants owed €352k).

These accounts, in particular, should continue to be regularly examined with a view to improving their arrears positions.

## 3.4 Housing Loans

The recent improved collections performance in the housing loans income category continued in 2022 with year-end arrears, net of accounts with credit balances, reducing to €1.6m (2021: €2m) with a corresponding yield increase of 4% and this year-on-year improvement is acknowledged.

An analysis of the 2022 year-end debt book highlighted that there were 60 mortgage holders who owed in excess of €5k on their respective housing loan account, the collective arrears on these accounts at that date were approximately €1.7m (2021 year-end: 74 mortgage holders owed collectively €2.1m).

While the overall improved arrears position is welcome, the above referenced accounts, in particular, should continue to be regularly examined with a view to further improving collections.

### Chief Executive's Response

The auditor's comments are welcomed as the Council has had a particular focus on improving collection levels and reducing arrears. Since 2018, despite the challenges posed by the pandemic, the collection rates in all three income areas, listed above, have improved. This has also been acknowledged by the National Oversight & Audit Commission (NOAC).

The Council has continued to reduce the amount owed in Rates and Housing Loans in 2022. Particular attention is always given to engaging with the more significant accounts in arrears, but these can take time to process through the legal system.

## 4 Capital Account

### 4.1 Capital Account Overview

The capital account recorded a net credit balance of €264m at 31 December 2022, an increase on the previous year of approximately €28m.

The latest iteration of the capital programme, covering the three-year period 2023-25, anticipates a total capital investment by the Council of €764m. This report has identified that 34% of the projects (across a wide range of activities including housing, roads and the environment) are climate related. It reflects the Council's commitment to this area and to its role as a centre for one of the four climate action regional offices for the local government sector. The Housing division accounts for 46% of the total anticipated programme of activity.

In addition to a large diverse range of housing projects, the schemes currently being progressed include the following;

- Greater Dublin Area Strategic Cycle Track Network (€67m)
- Maynooth Eastern Ring Road (€38m)
- Athy Distributor Road (€26m - see paragraph 4.2)

The amounts quoted above are the expected costs to be incurred during the 2023-25 period only.

The latest capital report outlines a broad range of diverse and complex projects covering many of the Council's service deliverable areas. The Council's ability to deliver this capital programme is predicated on securing funding from a number of sources including Government grants (expected to fund 69% of the capital programme), additional loans (8%), and development contributions (6%). The successful cost effective delivery of the programme will also be heavily dependent on the timely completion of all of the planned projects.

Construction related inflation is currently a significant risk factor affecting the delivery of the projects within the capital programme. Consequently, I have discussed with the Council's senior management the requirement to adequately resource all of the larger priority projects to achieve the scheduled completion dates thus mitigating, as much as is practicably possible, the current inflationary impacts on capital budgets.

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

The Council has assigned additional resources to help with the delivery of the capital programme.

Construction inflation, as noted by the auditor, is one of the risks that impacts the delivery of the capital programme along with ensuring funding is secured.

## **4.2 Athy Distributor Road**

The Athy Distributor Road scheme mainly comprises the construction of a new 3.4km arterial link street, encompassing a type 3 single carriageway in a semi-urban environment with a segregated cycle path and footpaths. It also includes the construction of new roundabouts, alterations to an existing roundabout and the provision of new signalised crossroad junctions. The scheme is funded in full by the Department of Transport.

Prior to advertising for the procurement of the main contractor, the Council carried out a comprehensive de-risking exercise with a view to limiting the impacts of the site boundary and related ground issues, which included the

appointment of a land liaison officer who was familiar with the scheme through design stage and the compulsory acquisitions of land.

Following a formal procurement process undertaken by the Council, the main contract of works was awarded to the successful bidder for an agreed tender sum of €20.9m (ex VAT). It is expected that the scheme will reach substantial completion stage at the end of October 2023.

I have been advised that a revised total contract sum of €26.9m (ex VAT) has been confirmed, an increase of €6m (equating to 29%) over the original contract. This increase has been attributed to construction related inflation, additional claims and change orders agreed between the two parties to the contract. The scheme continues to be funded in full by the Department of Transport.

With regard to the Council's obligations to comply with European Union procurement rules and regulations, a formal protocol is needed to be established, with input from the procurement unit, on whether modification reports are required to be published in the Official Journal of the European Union (OJEU) for the costs overruns on this and any other relevant schemes where significant increases over the contract sums have occurred.

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

The auditor's comments with regard to the de-risking exercise that was carried out by the Council prior to the commencement of the main contract are welcomed.

The scheme is fully funded by the Department of Transport so any additional costs will not be borne by the Council.

The Council will examine procurement rules and regulations with regard to establishing a formal protocol on project costs overruns.

### **4.3 Deficit balances**

Notwithstanding the overall credit balance on the capital account at 31 December 2022, there remain a small number of schemes, mainly within the Housing division, that continue to carry deficit balances.

The relevant project files require immediate review to determine the level of Departmental funding that may still be available. Otherwise, the Council will be required to fund the relevant deficit amounts from its own internal resources.

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

The auditor's comments are noted and the relevant housing project files will be examined.

A review of all capital balances is conducted annually as part of the preparation of the AFS.

## **5 Planning**

### **5.1 Vacant Sites Levy**

The Urban Regeneration and Housing Act 2015 requires every Planning Authority to establish and maintain a vacant sites register (VSR).

The Act states that a levy was to be applied from January 2019 for all sites on the VSR at 1 January 2018. The levy was initially set at 3% of market valuation, which was increased to 7% from January 2020 for all sites placed on the register from 1 January 2019.

At the beginning of 2022 there were 14 sites on the Council's register. However, following An Bord Pleanála's determinations and legal exemptions, this was reduced to 11 by year-end. The Council's register continued to be maintained and kept up to date during 2022.

There were seven sites on the register at 1 January 2021 that were liable for levying, and in accordance with the Act, demand notices issued during 2022. I note that four of these are currently under appeal, and were therefore not issued with follow on demand notices.

Currently, there are three sites that have been issued with both 2021 and 2022 demand notices. I noted that the full amount of debt remains outstanding on all three accounts.

The Residential Zoned Land Tax that was introduced in the Finance Act 2021 to replace the vacant sites levy will come into effect in 2024 and is to be administered by the Revenue Commissioners.

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

The Vacant Sites Register has 11 sites included at the end of 2022. Collection of these outstanding amounts will now form part of the Vacant Sites Levy section.

It is worth noting that the Residential Zoned Land Tax will potentially impact the collection of the outstanding Vacant Sites levies.

## **6 Uisce Éireann**

### **6.1 Transfer of Water and Waste Water functions to Uisce Éireann**

The service level agreement that has been in place between the Council and Uisce Éireann (formerly Irish Water) to deliver services on behalf of the utility company since 2014 has now been replaced by a Master Co-Operation

agreement. The Council's Chief Executive signed the new agreement on 5 May 2023. This amended arrangement will be underpinned by a new support services agreement that is yet to be signed by the management of both organisations. The new arrangements are expected to be in place to 31 December 2026.

Expenditure incurred by the Council in respect of water related activities are recoupable from the utility company.

The Council remains in a dispute resolution mechanism with the utility company in relation to the funding of the machinery yard's central management charges specific to water related activities. The accuracy of these charges was raised at previous audits.

Section 12 of the Water Services (no.2) Act 2013 provided for the transfer to the utility company of all underground water services assets previously vested in the Council.

The statutory transfers of the water related assets to Uisce Éireann are given legal effect by Ministerial Orders that are issued by the Department in consultation with the Council and the utility company.

Management has advised that there have been no further assets transferred to the utility company either during 2022 or to date in 2023. I also note that there are no staff currently assigned to progress this work.

I have been further advised that the remaining assets for transfer appear to be problematic in terms of identification, establishment of title, and in some cases require the completion of first registration. This matter has also been raised at previous audits.

I have again recommended that the resources currently assigned to this area needs to be reviewed to ensure that the remaining sites for transfer to Uisce Éireann are completed in a more expeditious manner.

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

Most of the remaining assets are complex and so require a specialised technical resource.

Arrangements are now being made to provide the required additional resources to this area.



## **7 Non Pay Expenditure**

### **7.1 Public Spending Code**

To comply with the requirements of the Public Spending Code (PSC), the Council's internal audit and corporate governance unit issued a report covering the financial transactions incurred in 2022 in the following areas of activity;

- Capital expenditure: Naas Newbridge By-pass upgrade
- Revenue expenditure: Kildare Sports Partnership

The findings and recommendations contained in the PSC report were taken into account as part of this audit. The report found that both areas were substantially in compliance with the requirements of the PSC.

### **7.2 Procurement - compliance with national regulations and rules**

Previous audit reports have highlighted instances of the Council's non-compliance with the national procurement regulations and guidelines.

A further review undertaken during the current audit, which comprised an examination of both revenue and capital type payments made during 2022, has confirmed that the overall high levels of compliance, noted at previous audits, have been sustained in most operational divisions but there are some areas that still require attention.

As a public organisation, the Council is required to comply, in all respects, with both the national and EU procurement guidelines, regulations and directives.

I note and welcome the recent appointment of the new head of procurement. Despite the Council's efforts in seeking to fill the post through public advertisement, the position remained vacant for over two years. This new appointment should facilitate the re-establishment of the procurement steering group to provide additional governance and oversight in this area and also to undertake compliance reviews and subsequent reporting.

In respect of the results of the current audit, the following was noted;

- Housing division

While many of the housing related contracts remain procurement compliant, there are some areas that still require attention. I acknowledge the recent work completed with regard to addressing the issues on the response maintenance small works panels. Further work is still needed to improve compliance levels particularly in the areas of electrical, heating and the planned maintenance quick turnaround contracts.

- Transportation division

A review of the revenue spend of the transportation division indicated that the relevant contracts remain substantially in compliance with the national procurement rules and guidelines. There are some areas that still need attention to further improve compliance, particularly in respect of vehicle hire charges.

- Provision of dog wardens and dog pound services

The day to day operations relating to the Control of Dogs Act 1986 have been provided, under a service level agreement, by the one service provider since 1987. This matter was raised at previous audits. I have been advised that legal advice has now been received, which indicates that the service provision should be publicly advertised. This matter need to be regularised as soon as is practicable.

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

The Council advertised for the position of head of procurement in early 2022 but no suitable candidate was identified. This position was re-advertised in November 2022 and still no suitable candidate was identified. In September 2023, a staff member was allocated internally to this important position and was assigned a new role under a new management structure.

It is intended that the procurement steering group will be re-established by the end of 2023.

#### *Housing division*

The auditor's comments are noted, and further work will continue to be carried out to improve compliance in this area over the coming months.

#### *Transportation division*

The auditor's comments regarding the successful efforts on procurement compliance in this area are welcomed. The work to further improve levels of compliance is ongoing.

#### *Provision of dog wardens and dog pound services*

The Council has received legal advice and will put this service out to tender in 2024.

## 8 Provision of Social Housing by Approved Housing Bodies

At 31 December 2022, the Council had contractual arrangements with 39 approved housing bodies (AHBs) for the provision of social housing to tenants on the Council's housing waiting lists. At that date, 2,364 properties were managed by the AHBs under the following national schemes;

- Capital assistance scheme (CAS)
- Capital loan and subsidy scheme (CLSS)
- Social housing leasing initiative (SLI)
- Capital Advanced Leasing Fund (CALF)

The Approved Housing Body Regulatory Authority (AHBRA) was formally established in February 2021 and is responsible for providing the regulation of AHBs for the purpose of protecting housing assets that are managed by such bodies.

In respect of the Council's interests and current responsibilities in this area, I note the following;

- Twelve properties at Ballymakealy, Celbridge

As outlined in previous audit reports, the properties located in Celbridge were previously owned and managed by an AHB that ceased trading some years ago. The relevant deeds of transfer and mortgage documentation were never formally executed and I have been advised that the land on which the properties were constructed remains in the beneficial ownership of the Council. Management's continuing efforts to resolve this protracted matter including seeking Departmental and legal advices are acknowledged.

- Registration of Mortgages

The ongoing efforts by the Housing division staff to ensure that all of the relevant mortgages are appropriately registered is also acknowledged. However, there remain 16 identified cases that have not yet had their mortgages legally registered.

Management has been requested to again follow up with the relevant AHBs to ensure that their contractual obligations are fulfilled in all respects.

- Annual Compliance statements

Annual compliance statements are requested from every AHB with which the Council is currently contracted and those failing to submit the requested documentation are regularly contacted by staff of the Housing division.

Of the 39 AHBs that were contacted by the Council to submit an annual compliance statement for 2022, 20 had submitted completed returns, 11 were

returned incomplete with eight returns still outstanding. Of the incomplete returns, I noted that the current audited AFS' were outstanding in respect of seven housing bodies.

I have requested Council management to follow up with the relevant company management to ensure that all organisations comply with the Council's requests.

- Engagement with the AHBRA

The Council has recently engaged with the Regulator's office to seek advice in relation to dealing with a CAS application from one housing body. Having reviewed the file and following discussions with senior officials, I am satisfied that the Council adopted an appropriate position in respect of this matter.

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

The auditor's comments regarding AHBs are noted.

The Council's Housing division staff will continue to work to resolve the outstanding issues within our control and will follow up with third parties, where warranted.

## **9 Local Authority Companies**

### **9.1 AFS Appendix 8 Disclosures**

The Council has an interest in a number of connected companies, the details of which, together with the relevant 2022 trading results, are disclosed at appendix 8 to the AFS.

All of the companies, listed therein, are audited by private firms of auditors having been appointed by the respective board of directors to undertake the annual audits. The companies' board of directors, whose primary function under the Companies Act, 2014 is to manage the businesses on behalf of the shareholders, include representatives of the Council's senior management team and the elected members who act in ex-officio capacities.

The Council is the sole shareholder of Kildare Sports & Leisure Facilities Ltd.

### **9.2 Kildare Sports and Leisure Facilities Ltd.**

This company oversees the day-to-day management of leisure facilities located at Naas, Newbridge and Athy. It is a limited liability company with issued shares of €100, all of which are in the beneficial ownership of the Council.

The company's audited accounts for the year-ended 31 December 2022 recorded a profit for the year of €0.8m (2021 profit: €0.5m), thereby increasing

the shareholders' funds at that date to approximately €3.4m. Turnover in 2022 was €4.2m, representing a 110% increase on the previous year. The directors' report stated that company was strong growth in its services across all locations and that there are plans in place to extend them.

The company auditors have again included an Emphasis of Matter paragraph in the audit report to the 2022 AFS. The paragraph notes that discussions are ongoing between the Council and a third party to have the lease of the building re-assigned to include the company. I have again discussed this matter with the Council's representative on the board and I note that while the new lease has not yet been signed, progress has recently been made and a resolution is expected in the near future. As previously reported, this issue needs to be regularised as soon as is practicable.

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

The Council has been working to resolve this matter in 2023 and will continue to endeavour to put a lease in place as soon as possible

## **9.3 Riverbank Arts Centre Company Limited by Guarantee**

This company oversees the day-to-day management of the Riverbank Arts Centre, located in Newbridge. It is a company limited by guarantee and not having a share capital.

The company's audited accounts for the year-ended 31 December 2022 recorded a net loss for the year of approximately €88k (2021 net profit: €92k), thereby decreasing the accumulated general unrestricted funds at that date to €288k. The total amount of grant assistance provided by the Council to the company in 2022 was €262k (2021: €262k).

## **9.4 County Kildare Community Network Company Limited by Guarantee**

As outlined in the directors' report to the 2022 AFS, the principle activities of the company is the development of regional sector focus hubs to act as centres of excellence in supporting innovative companies across the region and the provision of the Kildare.ie domain. It is a company limited by guarantee and not having a share capital.

The company's audited accounts for the year-ended 31 December 2022 recorded a loss for the year of €15k (2021 surplus: €5k), thereby increasing the accumulated deficit at that date to €15k.

As reported at previous audits, the company has entered into a 25 year lease for the use of Council owned land located adjacent to the civic offices in Naas. The purpose built premises at this site is now complete and is the centre for the Mid-East Regional Innovation Think Space (MERITS). It has been funded

from grants received from the Council and the then Department of Business, Enterprise and Innovation.

The Council provided further grant aid to the company during 2022.

The Council continues to have a strong representation on the board of the company, which should be maintained to ensure its interests are safeguarded and its commitments are protected.

## **10 Governance and Propriety**

### **10.1 Governance overview**

Corporate governance comprises the systems and procedures by which enterprises are directed and controlled. The Chief Executive, her management team and the Council's Elected Members all have a role in ensuring there are sound systems of financial management and internal controls in place.

### **10.2 Risk Management**

An effective risk management framework provides the elected members and the Council management with assurances that the major organisational risks are identified and appropriately managed.

There is currently a robust internal control mechanism in place that is being implemented across the various administrative divisions to ensure that the individual divisional registers are regularly reviewed and updated.

It is important that the current resources assigned to this area remain in place and is particularly relevant given the recent additional areas of responsibility taken on by the Council and staff changes made at senior management level.

### **10.3 Internal Audit and Corporate Governance**

I welcome the filling, during 2022, of the role of the head of the Council's internal audit and corporate governance unit.

Despite the absence of this important senior position for the first half of 2022, important areas of review continued to be undertaken under the direction of a member of the Council's management team.

It is a critical element of good corporate governance that the internal audit function for an organisation the size and complexity of the Council is adequately resourced with professionally trained staff.

## 10.4 Audit Committee

The Council's audit committee met on four occasions during 2022 and has issued its annual report for that year. I commend the work of the committee, which continues to make contributions to the independent oversight of governance within the Council.

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

The work of the audit committee and its contribution to improved governance arrangements throughout the Council is acknowledged.

The Local Government Auditor presented his report for 2021 to the audit committee in November 2022.

## 10.5 Annual Declarations of Interest

Part 15 of the Local Government Act, 2001 (as amended) imposes obligations on all Elected Members and staff of a certain grade or assigned certain duties to make annual declarations to the designated Ethics Registrar of the Council.

The returns made in respect of the period ended 28 February 2023 were examined during the current audit and it was again noted that there is generally a high level of compliance from those required to make returns.

While all of the Elected Members and relevant staff have made a declaration, a small number were submitted after the deadline date.

All Elected Members and relevant staff grades should be reminded of their statutory obligations to furnish appropriate declarations by the annual deadlines date. The declarations, when made, should be completed in full.

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

All Elected Members and relevant staff are contacted regularly to submit their annual declarations on time.

## 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 cursive script that reads "Eamonn Daly".

Eamonn Daly

Local Government Auditor

27 October 2023



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

