



Rialtas na hÉireann
Government of Ireland

Statutory Audit Report to the Members of Roscommon County Council for the Year Ended 31 December 2023

Local Government Audit Service

Prepared by the Department of Housing, Local Government and Heritage
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Auditor's Report to the Members of Roscommon County Council

1 Introduction

I have audited the Annual Financial Statement (AFS) of Roscommon County Council for the year ended 31 December 2023, 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 2023 and its income and expenditure. My audit opinion, which is unmodified, is stated on page 9 of the AFS.

The Council is by law, responsible for the maintenance of all accounting records including the preparation of the AFS. It is my responsibility, based on my audit, to form an independent opinion on the statement and to report my opinion. I conducted my audit in accordance with the Code of Audit Practice. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the AFS. It also includes an assessment of the significant estimates and judgments made by the Council's management in the preparation of the AFS, and of whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations, which I considered necessary to provide sufficient evidence to give reasonable assurance that the financial statement is free from material misstatement, whether caused by fraud or error.

This report is prepared in accordance with Section 120(1) (c) of the Local Government Act, 2001 and should be read in conjunction with the audited AFS.

2 Financial Standing

2.1 Statement of Comprehensive Income

Following net transfers to reserves of €5.6m, the Council recorded surplus revenue income of €27k for the year 2023. As at 31 December 2023, the

Council had a positive cumulative balance of €297k on the revenue account.

2.2 Statement of Financial Position

The Council continued to record a stable financial position at the end of 2023, with net current assets of €27.2m (2022: €27.4m). Fixed assets as outlined in note 1 to the AFS accounted for 98% of the Council's net assets at the year-end.

2.3 Main Movements

Work in progress and preliminary expenses balances (note 2 to the AFS) increased in the year: expenditure by €11.9m and income by €12.9m. These were primarily driven by increased activity on housing jobs, with the income figure also increased by matched funding reserves for future capital projects.

Fixed asset balances increased by €3.2m, due to the acquisition of 25 housing units at a cost of €3.9m, offset by the disposal of 8 houses that had originally cost €0.7m. Various other assets movements also took place during the year.

Capital Advance Leasing Facility (CALF) loans issued during the year totalled €1.6m and this is reflected in both note 3 assets (amount due from the approved housing body) and other long-term creditors (amounts refundable to the Department).

2.4 Members' Approval

The Council Members approved the 2023 draft financial statements, the over expenditure in the year as outlined in note 16 and the transfers to / from reserves as outlined in appendix 9 to the AFS, at their monthly meeting on 27th May 2024.

2.5 Reliance on Government and Local Property Tax Funding

Throughout 2023, Roscommon County Council continued to be reliant on government funding, which accounted for 59% of its revenue income. Note 15 to the AFS highlighted that of €78.5m total revenue income, €35.7m came directly from grants and subsidies and a further €10.8m came from local property tax (LPT). Similar to previous years, Roscommon County Council was a net beneficiary of the LPT equalisation fund, with €7m of the €10.8m received coming from this source.

For 2023 the Council continued to adopt a resolution to vary the basic rate of LPT upwards by the (15%) maximum variation permitted, which provided an extra €0.5m funding.

Chief Executive's Response

The Council is heavily reliant on government funding and this is in line with previous years.

The Council is especially sensitive to any changes in Local Property Tax. The county receives €7m in exchequer funding. This funding is needed to maintain essential services in the county.

The 15% variation of LPT is retained within the county – it helps to attract inward investment into the county and provide services for the citizens. This 15% uplift is in place for 2024.

3 Income Collection

3.1 Summary of Income Collection

A summary of the main collection yields and the debtor balances for the current and previous year reflected in the AFS are as follows:

	Yield		Debtors @ 31 December	
Income Source	2023	2022	2023	2022
Rates	88%	89%	€1,466,294	€1,343,850
Rent and Annuities	90%	91%	€647,010	€524,603
Housing Loans	75%	71%	€131,912	€135,470

Please see below for further details.

3.2 Rates

The rates collection level outlined in Appendix 7 to the AFS declined to 88% for the year. Based on the 2022 performance, Roscommon County Council was marginally below the national average in relation to this income stream. The Council continued to grant a full refund of rates for vacant properties, which cost €1.2m in 2023.

The debtor balances on rate accounts increased by €122k in the year, despite the fact that 83% of rate debtor accounts had nil balances and a further 8% were overpaid to the value of €283k at the year-end. A review of all debtor accounts in excess of €15k found that of the balances due to the Council, 59% have since been paid, with a further 9% having agreements in place to address the arrears. Of the remaining balances, 30% are subject to legal action and 2% require further follow up by the Council.

Chief Executive's Response

All outstanding rates debt will be actively pursued up to and including legal

action to ensure funding is available to provide services to the citizens of the county.

3.3 Rents and Annuities

The Council recorded a 90% collection level in relation to the rents and annuities income stream, a 1% reduction in the year.

Rent debtor balance increased by €122k despite 49% of rent clients having nil balances at the year end and a further 30% having credit balances totalling €242k. A review of all debtor balances in excess of €10k due to the Council, found that nearly 50% of the sample needed more proactive action by the Council to address the arrears.

The Council conducted a rent review of all Council tenants in 2022 / 2023 by municipal district (MD) and has recently completed a review of rental accommodation scheme (RAS) tenants. However, the review of housing assistance payment (HAP) tenants remains outstanding. I recommend that this review should be carried out at the earliest opportunity, to ensure that all rent charges are up-to-date and income due is properly levied.

Chief Executive's Response

Roscommon continues to be one of the best performing local authorities in relation to rent collection.

The HAP review will be finalised by quarter four of 2025.

3.4 Housing Loans

The housing loan collection level increased by 4% to 75% during the year.

Housing loan debtor balances decreased by €4k, with 92% of accounts having a nil balance and a further 6% being in credit to the value of €47k at the year-end. Twenty-one loans accounted for the €179k balances due to the Council. A review of all loan balances over €10k found that 39% were compliant with the loan agreement and a further 26% had charges raised in favour of the Council. Of the remainder, 25% were being legally pursued and 10% were being addressed through the mortgage to rent scheme.

Chief Executive's Response

The loans issued under the Rebuilding Ireland Home Loan initiative are performing well. Collection rates continue to improve. However as in previous years the issues surrounding the loans advanced during the 1980's and 1990's remain the same. In certain cases, the occupiers of the houses have complex needs which must be taken into account when coming to a decision, as to either initiate legal action or wait for ownership of the house to pass to the Council upon bereavement of the occupier as the Council maintains an interest in the property.

3.5 Provision for Bad Debts

At 61% of applicable debtor balances, the provision for bad debts at the end of 2023 appears to be adequate. However, this provision needs to be kept under periodic review.

Chief Executive's Response

Noted – the provision appears adequate.

4 Uisce Éireann

4.1 Transfer of Functions to UÉ

Pursuant to the Water Services (No.2) Act 2013, Uisce Éireann (UÉ) became the company responsible by statute for owning, operating and maintaining water and wastewater infrastructure and delivering water and wastewater services in Ireland (together the "Water Services Functions"). Thereafter the local authority ceased to have the functions and powers previously conferred on it by the Water Services Act 2007. Since 1 January 2014, Roscommon County Council has acted as an agent of UÉ in delivering public water and wastewater services under a service level agreement (SLA).

The Government Policy Paper - "Uisce Éireann - Towards a national, publicly owned, regulated, water services utility" dated 23 February 2021 and the Workplace Relations Commission document "Framework For the Future Delivery of Water Services" dated June 2022 (the Framework), provided for a new agreement to replace the existing SLA. In 2023, the transformation of UÉ to operate as the national standalone regulated water services utility progressed. UÉ began, on a phased basis, the integration of the day-to-day operation into its own organisational structure, in place of the previous SLA.

During 2023 costs totalling €6.2m, which were incurred by the Council relating to the provision of services under the terms of the agreement, were recouped from UÉ as reflected in Appendix 4 to the AFS.

Chief Executive's Response

Noted. This phased basis of integration will continue for a number of years with the Council continuing to recoup costs from Uisce Éireann as they are incurred.

4.2 Transfer of Assets to UÉ

The position regarding the transfer of assets to UÉ has remained unchanged from that outlined in the 2019 audit report. Of the 211 water related assets identified for transfer, to date 181 assets (86%) have transferred in full or in part, with the remaining 30 assets having ownership issues that need to be resolved to enable the transfer to be completed. As this matter has been

ongoing for a considerable period, it should be completed at the earliest opportunity.

Chief Executive's Response

This work is ongoing and as with any legal process it can take time to complete.

5 Fixed Assets

5.1 Fixed Asset Records

The exercise of accurately recording the Council's portfolio of fixed assets in the fixed asset register (FAR) was completed for the 2022 draft AFS. As part of the 2023 year end process, the list of assets per the FAR was forwarded to the staff responsible for maintaining the insurance register and the Council's property database and all records have been verified. The housing assets included in the FAR were also agreed to the housing system records. The policy and procedure document covering fixed asset additions and disposals recommended in the course of previous audits was adopted in September 2023. All of these controls provides confidence that the Council's assets are being adequately insured and are properly recorded.

Now that reliance can be placed on the FAR records, the list of assets under the remit of each member of the Senior Management Team (SMT) should be circulated to them periodically. The applicable member of the SMT should validate the accuracy of the FAR listing and should advise the FAR Officer of any necessary change(s).

The road asset valuation recorded in the AFS has not changed for a number of years. I recommend that this calculation should be compared to the road lengths recorded in the Roads Register as part of all future year end routines and this revised value should for reflected in the AFS.

Chief Executive's Response

List of assets linked to each member of the SMT will be circulated in quarter three of 2024.

The comparison between the Road Register and the AFS road valuation will apply to the 2024 AFS.

5.2 Right of Way

As highlighted in previous audit reports, the Council had identified a right of way that required registering with Tailte Éireann. This matter remains outstanding and needs to be brought to a conclusion.

Chief Executive's Response

Agreed. One case needs to be registered in the near future so as to ensure the Council's entitlements are adequately protected.

6 Capital Account

6.1 Overview of Capital Account

The capital account recorded a net credit balance of €27.5m at the end of 2023, which represents a decrease of €1.1m in the year. The component parts of the closing balance are reflected in notes 2 and 10 to the AFS and details of the income and expenditure in the year are outlined in note 11.

During 2023 capital expenditure (net of transfers) totalled €52m, of which 36% related to road projects, 32% related to housing projects with a further 23% relating to development management projects. The largest individual projects were:

- N5 Ballaghaderreen to Scramoge...€7.7m
- Housing units at Esker Lawns, Monksland...€3.4m
- N61 Shankhill to Cladagh Cross...€1.8m
- National Road Design Office costs...€1.6m
- Housing units at Windmill Park, Elphin...€1.6m
- N63 Athleague to Ballinagard...€1.6m
- CALF funding to AHB re housing units at Cloongowna, Monksland...€1.6m.

The remaining balance consisted of 300 projects, each with expenditure of less than €1.5m in the year.

6.2 Capital Jobs with Credit Balances at Year End

The Council had a total of 216 jobs with credit balances valued at €39.2m included in the Capital Income and Expenditure Account at the end of 2023. In summary these included:

- €21.2m funding ring-fenced for specified jobs consisting of: (i) €12.5m for capital works other than housing or roads, (ii) €4.6m for various housing jobs and (iii) €4.1m for road works.
- €8.1m reserves for future capital works, the largest elements of which were: (i) €4.2m matched funding for future capital projects, (ii) €1.1m for machinery replacement and (iii) €1m provision for rate valuation appeals. The €1.8m balance related to various reserves all under €700k. Funding put aside to create a reserve is approved by the Council Members.
- €4.8m related to funds that can only be applied to jobs once the amounts due have been collected. The bulk of this related to development levies (€4.7m), which can only be allocated in accordance

with terms and conditions of the development contribution scheme adopted by Council.

- €2.4m bonds drawn down to remediate unfinished housing developments.
- €1.1m due from Moylurg Rockingham Ltd. This consisted of the €2m loan provided to the company on its commencement less €0.9m, which is the Council's portion of the company's accumulated losses from early years. These transactions are discussed further in paragraph 10.3.
- €0.7m refundable amounts, namely €430k road opening licences and the balance RAS deposits.
- €0.9m funding remaining available for allocating to specific project(s).

Chief Executive's Response

The overall capital account continues to maintain a strong position at the end of 2023. I note the point in relation to the collection of development levies – these are never applied to jobs until they are collected.

6.3 Capital Balances Unfunded at Year End

Included in the capital account at the end of 2023 were 128 jobs with cumulative debit balances of €11.7m. A review of €9.8m (84%) of this balance identified that funding was not in place for the following:

- €2.5m related to projects for which the Council has to provide matched funding.
- €236k related to job 1306. While €94k of funding has been receipted to this job since the year end, under the terms of the disabled persons grant scheme, the Council will have to provide match funding for some of these costs.
- €145k will have to be borne by the Council in relation to job 4183, for which the Council received a bond of €300k that did not meet all of the costs incurred.

Chief Executive's Response

The €2.5m of unfunded balance relates to Rural Regeneration and Development Fund and Urban Regeneration and Development Fund (RRDF / URDF) projects, for which the Council will provide match funding during 2024 by way of loan. Funding will be provided from the Council's own resources to clear the other smaller balances.

7 Loans Payable

7.1 Loans Payable

At the end of 2023, loans of €28.9m remained payable by the Council as outlined in note 7 to the AFS. This balance consisted of:

- €21.6m loans: the €1m repayments of interest and principal for these

loans during the year were funded from the Council's revenue income. This balance consisted of €18.6m to fund the corporate headquarters and €3m to fund historic capital balances.

- €1.8m loans: the Department funded the repayments of both interest and principal for these loans at a cost of €403k in the year. This balance consisted of €0.8m water loans and €1m voluntary housing loans to approved housing bodies (AHBs).
- €5.5m mortgage loans - housing customers funded the repayments on these loans.

The Council has committed to provide matched funding for a number of future capital projects, which it proposes to fund via loans. Once these loans are drawn down, the cost of loans to be funded from the Council's revenue income will increase.

Chief Executive's Response

Noted. The Council will be drawing down the loan for matched funding in 2024.

8 Development Contributions

8.1 Development Contribution Debtors

At the end of 2023, the development contribution debtors of €5.2m recorded in note 5 to the AFS was broadly in line with the previous year, with a total of €3.9m (76%) of the debtor balances unchanged from the previous year. A review of all debtor balances over €25k found that 93% needed follow up action by the Council, with the remaining 7% for write off. In the course of the audit, the collection of these debts transferred into the Finance Section. It is imperative that these debts are pursued on a timely basis to maximise the Council's income from this source.

Chief Executive's Response

Development contributions are now being collected by the Finance Section, which should lead to improved collection rates.

9 Procurement and Tendering

9.1 Procurement Review

A sample of contracts worth €20.1m were reviewed to determine if the procurement controls were operating effectively. This review covered both the tendering and quotation processes and included both capital and revenue funded jobs. In all of these sample cases the contracts were validated as having been appropriately procured.

Chief Executive's Response

Noted. Procurement continues to be adequately staffed and is a priority for the Council.

9.2 Payment of Invoices

During 2023, the Council paid 98% of all invoices received within 30 days (2022: 98%). Once paid within 30 days, invoices do not attract interest or penalties under the European Communities (Late Payment in Commercial Transactions) Regulations. Roscommon County Council paid no interest or penalties during the year under these regulations.

Chief Executive's Response

Noted. Payment of invoices on a timely basis is a priority for the Council.

10 Local Authority Companies

10.1 Interest of Local Authority in Companies

Appendix 8 to the AFS lists the three companies in which the Council had an interest during 2023. These were:

- Roscommon Leisure Centre Ltd
- Moylurg Rockingham Ltd
- Back Lane Management Ltd.

Audited accounts were not available for any of these companies in the course of the Council's audit, with draft figures included in Appendix 8. The 2023 audited accounts and all other normally available documentation for these three companies will be required in advance of the next audit. Future audits of such companies should be scheduled to ensure their completion prior to the preparation of the Council's draft AFS, and the availability of the necessary documentation for the Council's audit.

The Council did not prepare consolidated accounts in relation to these entities. Instead it availed of the materiality exemption permitted under the Accounting Code of Practice to treat these as associate companies.

Chief Executive's Response

Noted. The Council will strive to ensure that future audits of these companies will be completed prior to the Council's draft AFS. It must be noted that for two of these three companies the Council is not directly involved in the preparation of their accounts.

The 2023 audited accounts will be available in advance of the next audit.

10.2 Roscommon Leisure Centre Limited

Throughout 2023, Roscommon Leisure Centre Ltd (RLC) remained a wholly owned subsidiary of Roscommon County Council.

The Council provided funding totalling €393k to this company during the year (2022: €225k), with a further provision of €300k (as listed in Appendix 9 to the AFS) towards the future expansion of the leisure and sports centre. The Council's 2023 adopted budget included subvention of €239k for this entity. However, in addition to €225k subvention, funding of €168k was provided to RLC by the Council for tiling works at the swimming pool. A further €69k (net of €90k grants received) was funded directly by the Council and not charged to RLC in relation to these tiling works.

Despite the support provided by the Council, the company recorded a pre-audit loss of €118k for the year ended 31 December 2023. This increased the accumulated losses at the end of 2023 to €289k. Based on these increased losses, the 2023 RLC audit report is likely to continue to outline the material uncertainty related to going concern for this company and its ongoing reliance on Roscommon County Council to support its operations.

During 2023, the company made a further €5k repayment on a loan received from the Council in 2016, with a balance of €183k remaining due at the year end.

Chief Executive's Response

The executive and elected members are committed to supporting RLC as it provides significant value and health benefits to the local community. The Council's commitment to sport and recreation is an important strategic objective and investing in social and sport amenities is very important for the benefit of healthy communities. Furthermore the public pools are a key manifestation of the local authority's amenity and recreational facility provision. The public pools are implicitly recognised for their importance in advancing broad social, health, civic and sporting objectives. In this context they may require subvention for the greater benefits outlined.

10.3 Moylurg Rockingham Limited

Moylurg Rockingham Ltd (MRL) remained 50% owned by Roscommon County Council throughout 2023 and it did not receive any subvention from the Council during the year. The company's pre-audited accounts recorded a loss of €57k for the year (2022 a loss of €8k).

Included in note 5 (Other Services) to the Council's AFS was the €1.1m net repayable by MRL to the Council - see paragraph 6.2. As outlined in previous audit reports, this balance should be recorded in note 3 for future years, unless there is agreement to repay it within the following twelve months.

The updating of the joint venture agreement between Coillte, MRL and the

Council remains outstanding, as highlighted in previous audit reports.

Chief Executive's Response

The net balance due to the Council will be recorded in note 3 of the 2024 AFS. In 2022 the Council received independent advice regarding the structure of the joint venture. It was agreed between Coillte and Roscommon County Council that the joint venture will be examined in detail once future development plans become clearer.

10.4 Back Lane Management Limited

During 2023, the Council continued to own 50% of Back Lane Management Limited (BLM). The transactions of this company recorded in Appendix 8 were based on estimates made by the Council's management and similar to previous years, these are not material in the context of the Council's AFS. However, there continued to be no Council representative holding a directorship in this company. The Council needs to consider if this represents the standard of corporate governance required from a public body.

Chief Executive's Response

The Council are currently looking into the corporate governance and hope to have it finalised in 2024.

11 Other Matters

11.1 Unfinished Housing Developments

At 31 December 2023 there were 66 unfinished housing developments (UHDs), consisting of 1,773 housing units in the county (2022 had 70 estates with 1,895 housing units). On the same date, the Council had:

- Received a total of €5.5m (€0.56m received in 2023) from bonds drawn down in relation to 51 developments, of which €0.9m remains unspent to date.
- Cash bonds were held in relation to 15 estates worth €0.9m.

Remediation works costing €0.8m were carried out by the Council on these estates during 2023. Further works are ongoing, with another 6 estates anticipated to be fully remediated by the end of 2024. This represents ongoing progress since the end of 2018, when there were 149 such developments awaiting remediation. Current projections estimate a reduction of ten to fifteen developments per annum, with an anticipated completion date between 2028 and 2032.

It is expected that existing funding from bonds will not be sufficient to meet the remaining costs and alternative funding sources will need to be identified and secured to fund these ongoing works. However, the Council is currently unable to quantify the final costs of these works, due to the complexity of the

various cases and some legal issues that may result in further delays. Where the time frame for works are extended, the inflationary effect and the further deterioration of infrastructure are likely to increase the cost of remediation even further.

Chief Executive's Response

The Council is committed to reducing the number of unfinished estates in the County year by year. The remaining developments may require additional resources and the Council will seek to provide additional future funding to address this issue.

12 Governance and Propriety

12.1 Corporate Governance

Corporate governance comprises the systems and procedures by which organisations are directed and controlled. It is the responsibility of the Chief Executive and the elected members to ensure that sound systems of financial management and internal control are in place. In addition, the Audit Committee provides an independent role to advise the Council on financial reporting processes, internal control, risk management and audit matters.

12.2 Internal Audit Unit

The internal audit unit (IAU) was not resourced from early January until mid-August 2023, which is a breach of Section 16 of the 2002 Regulations (S.I. No. 508 / 2002) requiring local authorities to "maintain an adequate and effective system of internal audit". The Unit produced 2 reports in the year, including the 2022 Public Spending Code Quality Assurance Report for the National Oversight and Audit Commission (NOAC).

Chief Executive's Response

The role of the Internal Auditor has been filled since August 2023. Ireland's near full employment had implications for the filling of this post as this vacant post was in a pipeline of competitions. Also with the buoyancy in the jobs market it was difficult to attract a pool of candidates across senior grades.

12.3 Audit Committee

Due to the absence of a functioning internal audit unit for more than half the year, the Audit Committee held just one meeting in 2023, thereby failing to attain the requirement to hold a minimum of four meetings annually.

I attended the meeting on 13 December 2023 to discuss my 2022 audit report, following which the Audit Committee prepared their report on the annual audit, as required under Section 60 of the Local Government Reform Act, 2014. This report was noted by the Council Members at their meeting on 22 January

2024, along with the Audit Committee's 2022 annual report. The Audit Committee's annual report for 2023 has not been adopted by the Council Members to date.

Chief Executive's Response

The Audit Committee's annual report for 2023 will be adopted in Q3 2024 by the Council. The appointment of the Internal Auditor and the execution of a full schedule of audits will ensure a return to full internal audit activity including the holding of a minimum of four meetings annually.

12.4 Ethics Returns

A review of the 2023 ethics returns found that all Council Members submitted their returns by the due date. Two members of staff failed to make a return. Seven staff members (4%) were late in submitting their forms.

Chief Executive's Response

This marks a significant improvement on previous years and the Council will continue to review its Standard Operating Procedures in light of the missing / late returns.

12.5 Relevant Contracts Tax

Roscommon County Council, like all other City and County Councils, are in discussions with the Revenue Commissioners in relation to its relevant contracts tax (RCT) obligations. This is disclosed in note 23 to the AFS. The discussions regarding this are ongoing and it is not clear what (if any) liabilities will attach to the Council arising from this review.

Chief Executive's Response

Noted.

12.6 Statement on Internal Financial Control

An Advisory Group, chaired by DHLGH, and comprising representatives of the main governance related stakeholders from local government, was established to guide and advise on a Statement of Internal Financial Control (SIFC) for the local authority sector. This work is now complete and in accordance with Circular LG05-2024 local authorities are now required to prepare and publish a SIFC as part of their annual reports for 2023. The SIFC, which is signed by the Chief Executive, includes their summary of the financial standing of the local authority, and the key internal financial controls.

Chief Executive's Response

Noted.

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 black ink, reading "Mary Kearney". The signature is written in a cursive style with a large, stylized 'M' and 'K'.

Mary Kearney

23 August 2024

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Department of Housing, Local Government and Heritage



Rialtas na hÉireann
Government of Ireland