



# The audit of local authority annual accounts



## **Local Government Audit Service Republic of Ireland**

**Noel O'Connell  
Director of Audit  
4 April 2014**

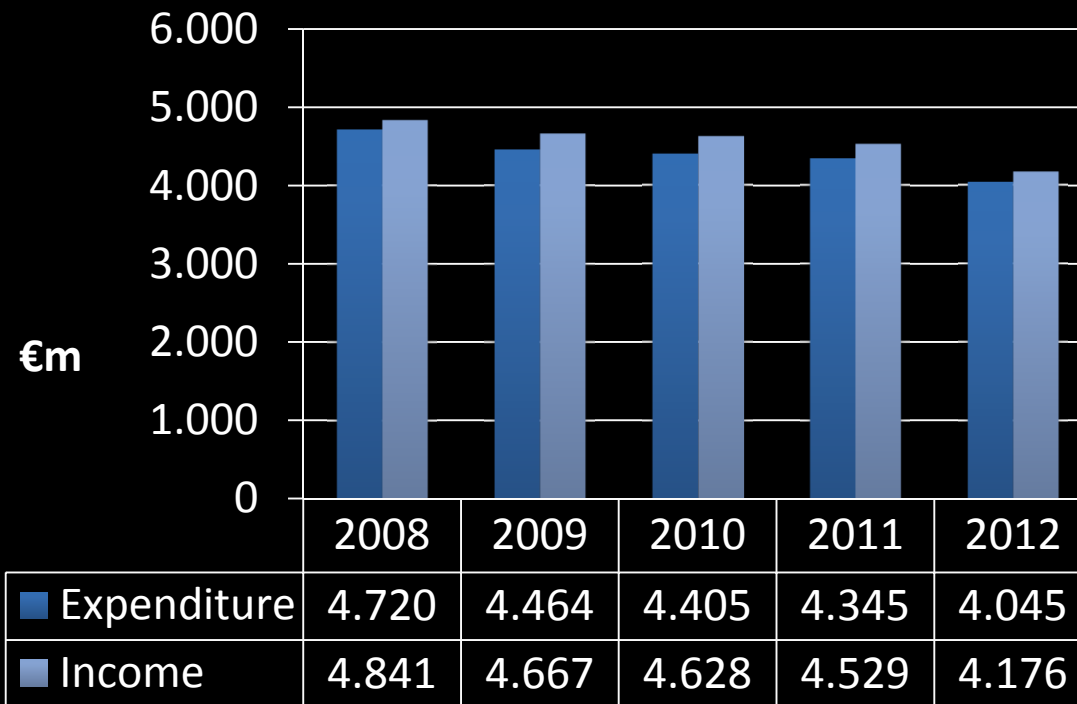


# Local Government Bodies

City Councils	5
County Councils	29
Borough Councils	5
Town Councils	75
Regional Bodies	10
Motor Tax Offices	29
Other	26
	179

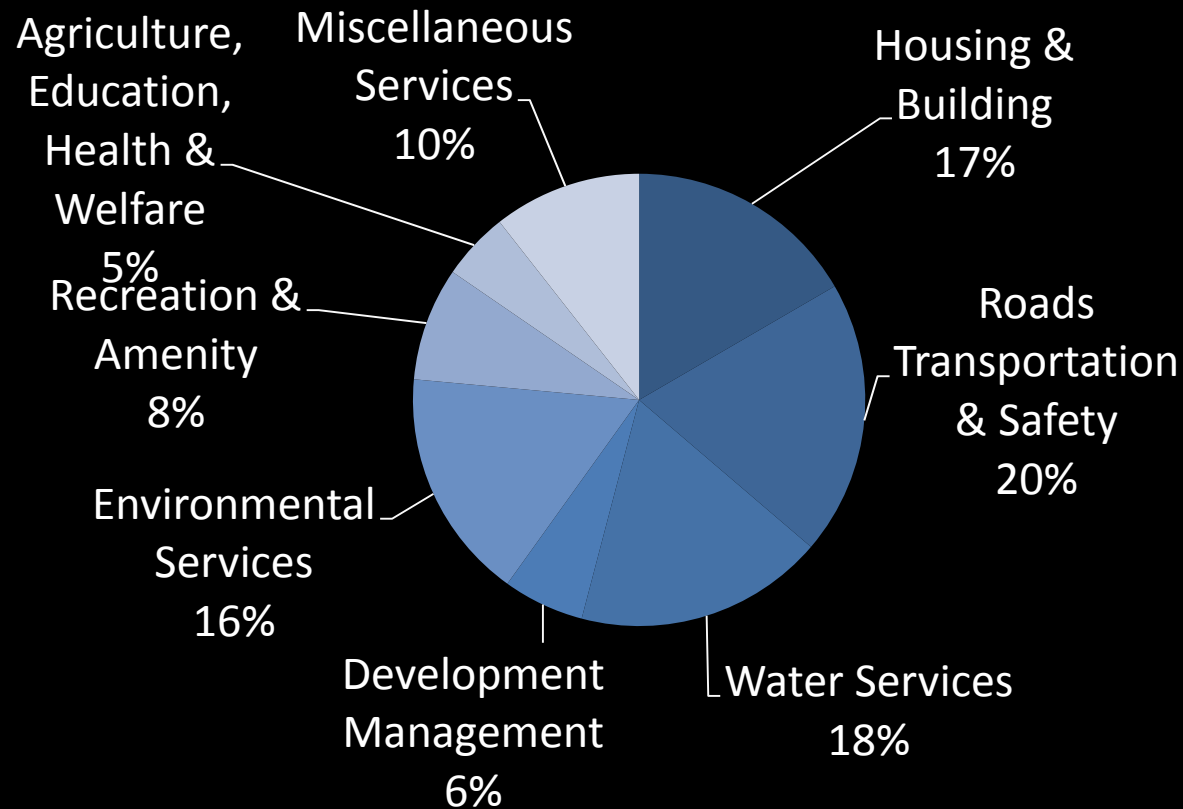


# Revenue Expenditure



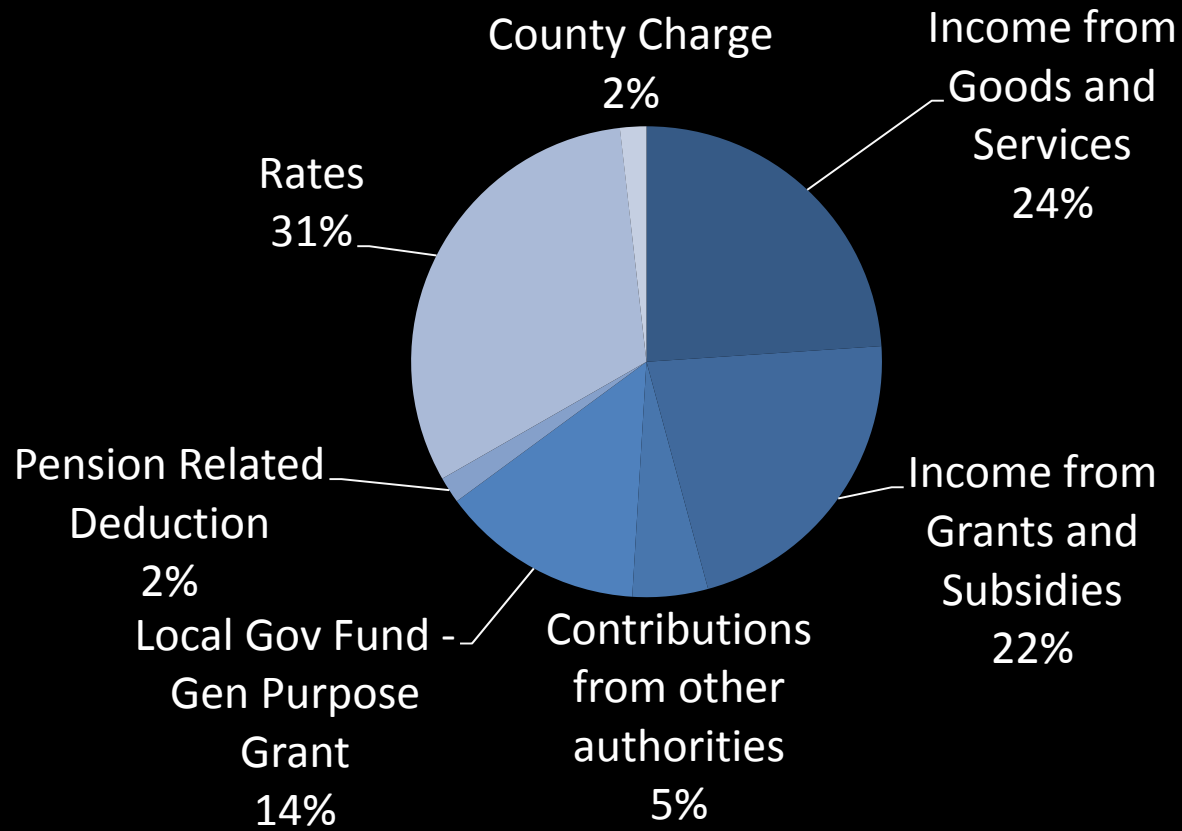


# % Revenue Spend by Service 2012



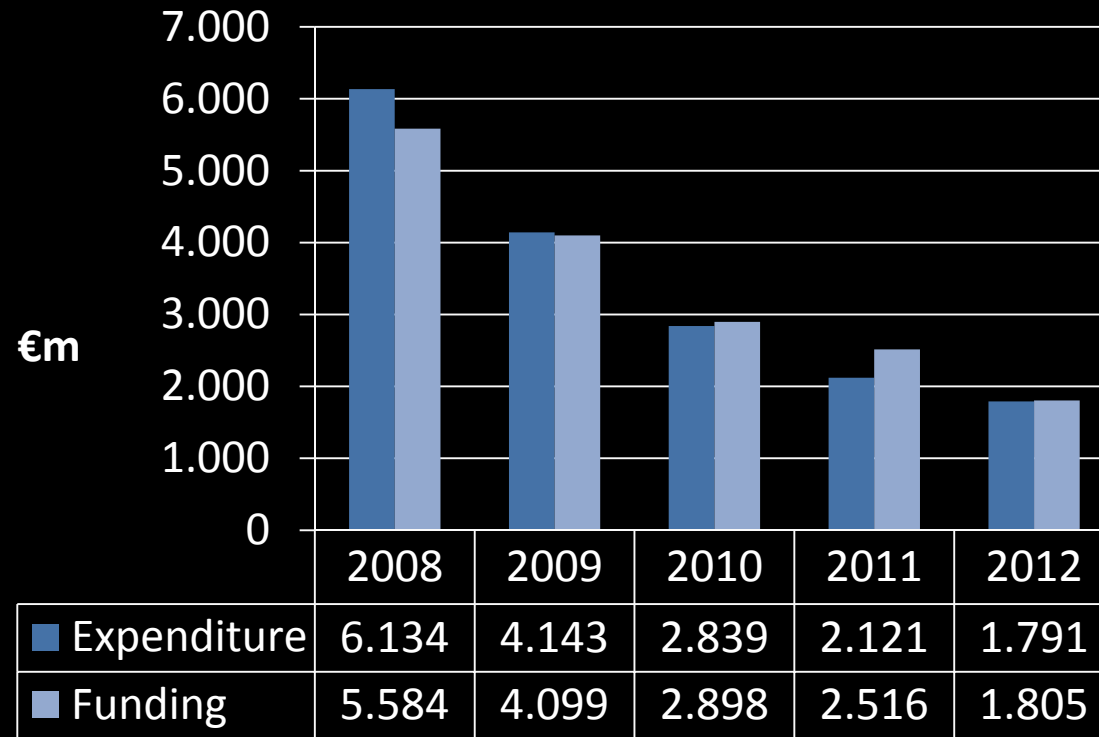


# Sources of Revenue Income 2012



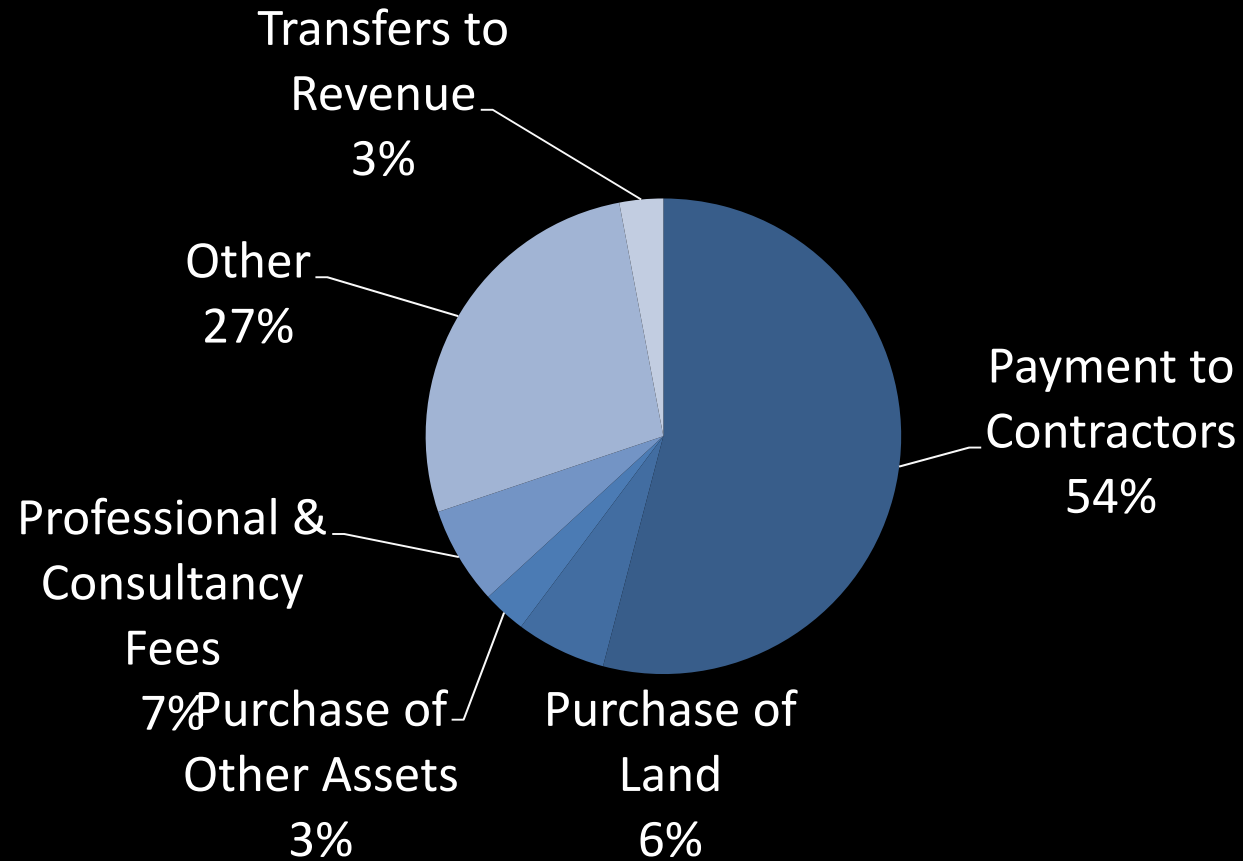


# Capital Activity



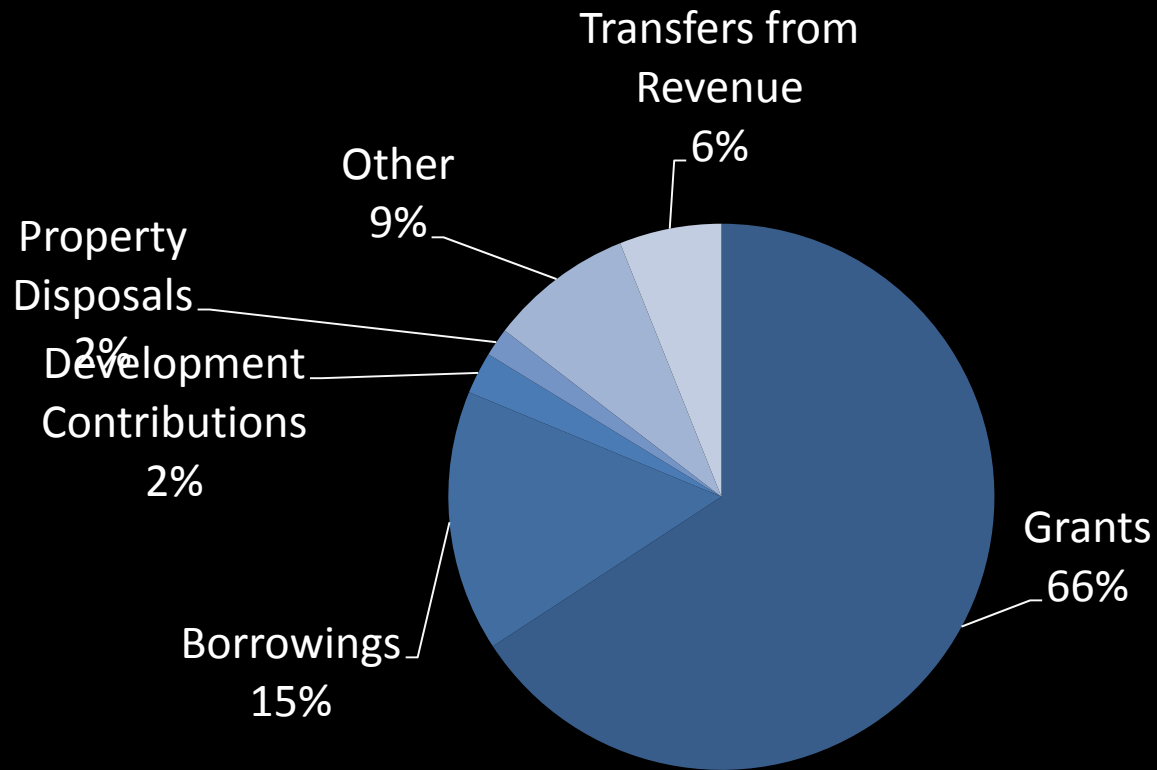


# Capital Spend 2012





# Sources of Capital Funding







# Audit Staff

Director of Audit	1
Principal Local Government Auditors	6
Local Government Auditors	16
Assistant Auditors	13



# Audit Framework

Local Government Act, 2001

Local Government Reform Act, 2014

Local Government Audit Regulations

Code of Audit Practice



# Audit Procedures

Public Notice of Audit

Objections Made to Auditor

Audit Focus Issues

TeamMate Electronic Audit Working Papers



# Audit Risk Assessment

Drafting of Audit Plan :

Review of Minutes

Last Years Matters Arising

New Systems / Legislative Changes

Objections at Audit

Discussions with Audit Committee

CAKE



# Stages of the Audit

Annual Audit Plan – Interim and Final Audit

Selection of Audit Areas to be examined

Selection of tests to be carried out

Allocation of work to audit team / timelines

Review of work carried out

Matters for discussion with management



# Audit Areas

- Fixed assets
- Debtors
- Creditors
- Bank
- Investment
- Capital account
- Payroll / pensions
- Long Term Debt
- Non-pay expenditure
- Grants
- Commercial rates
- Housing rents
- Housing loans
- Commercial Water
- Development levies
- Other income



# Governance and Propriety

- Payments to senior management
- Credit Card expenditure
- Entertainment Expenses
- Related party transactions
- Procurement
- Tax Compliance
- Ethics
- Local Authority Companies



# Reporting the Audit

- Audit Opinion –

(In my opinion the annual financial statement presents **fairly**, in accordance with the Code of Practice and Accounting Regulations, the financial position of the XXX Council at 31 December 2013 and its income and expenditure for the year then ended.)

- Statutory Report to the Members of the Council – holding management to account

- Management Letter





# Audit Reporting Issues

Significant Revenue Account Deficits

Unfunded Capital Project Balances

Poor Collection yields – bad debts provisions

Procurement

Governance and Internal Audit

Non Compliance - Accounting Code of Practice

Irish Water

Merger of Councils



# Closure of Annual Audit

Audited Annual Financial Statement and  
Statutory Report issued to:

- Council and Management
- Minister for the Environment
- Statutory Audit Committee

Management Letter



# Local Government Audit Service



All audit reports and value for money reports published on web:

<http://www.environ.ie/en/LocalGovernment/LocalGovernmentAuditService/Publications/>

Thank You  
Gracias  
Merci beaucoup  
Vielen Dank  
Спасиба