LOCAL GOVERNMENT AUDIT SERVICE

Statutory Audit Report

to the

Members of Sligo County Council

for the

Year Ended 31December 2016

An Roinn Tithíochta, Pleanála agus Rialtais Áitiúil
Department of Housing, Planning and Local Government

CONTENTS

AUDITOR'S REPORT TO THE MEMBERS OF SLIGO COUNTY COUNCIL

1 Introduction

1.1 I have audited the Annual Financial Statement (AFS) of Sligo County Council for the year ended 31 December 2016, which comprise 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, Planning, and Local Government.

My main statutory responsibility, following the 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 2016 and its income and expenditure. My audit opinion, on the AFS of the Council is unqualified but does include an emphasis of matter paragraph (see paragraph 8) and is stated on page 4 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 judgements 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.

1.2 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

The closing surplus for the year amounted to €2.1m.This surplus consisted of the following:

- An operational surplus of €1.6m
- An exceptional surplus arising from the elimination of the specific revenue reserve of €0.5m (See paragraph 2.2).

Contributing factors to the achievement of the above surplus included the implementation of enhanced budget and monetary controls by the Council.

Year	2016	2015	2014	2013	2012	2011
	€M	€M	€M	€M	€M	€M
Surplus / (Deficit)	2.11	0.66	(0.57)	(6.31)	(2.45)	(2.97)

The cumulative deficit totaled €23.8m at 31 December 2016 and remains a very serious matter for the Council to address.

Chief Executive's Response

While the cumulative deficit remains a serious issue for the Council, the 2016 financial performance was extraordinary by any standards and credit is due to the staff and Members for the manner in which the financial position has been reversed in recent years. However it is regretted that the Council did not achieve an additional surplus of €750,000 as detailed below.

Following an extensive period of engagement between the Council and the Department of Housing, Planning, Community and Local Government (the Department) regarding the Financial Plan as approved in December 2015, a number of issues arose that impacted on the Councils' service provision, financial performance and statutory obligations.

1. The criteria set by the Department for the Financial Plan evolved and changed over the two year period of engagement culminating in a target for the reduction of the accumulated deficit within a five-year period being set by the Department at €12.32m. In subsequent discussions, the Council was informed that the target was set at that level as it represented approximately half of the accumulated deficit. It became clear during 2016 that the target was not viable or sustainable and was severely impacting on the provision of services.
2. In the course of the Financial Plan engagement with the Department, the Council was verbally informed in January 2015 that €750,000 due in respect of the 2014 Local Government Fund (LGF) allocation was not being paid. The immediate effect of the decision was to turn what would have been the Council's first surplus since 2007 into a deficit. Written notification of the decision was only received digitally in November 2015. However the Department also verbally advised that the allocation would be restored on approval of the Financial Plan. As the Plan was approved in December 2015, it was reasonable to expect receipt of the allocation during 2016. Notwithstanding the commitment, the allocation remains to be remitted to the Council.

2.2 Specific Revenue Reserve

The specific revenue reserve was a mechanism put in place to facilitate the changeover in accounting treatment when Local Authorities (LA's) moved from accounting on a cash basis to the accruals basis. In accordance with Circular Fin 11/2016 issued by the Department on 16 December 2016, LA's are permitted to eliminate their specific revenue reserve in one of the following manners:

- Write down of general revenue reserve deficits
- Write down of unfunded capital project balances.

Sligo County Council reduced their specific revenue reserve by €632k. They did this by writing down their general revenue reserve deficit by €0.5m and by writing down their unfunded capital project balances by €132k. There is a remaining balance to eliminate on the specific revenue reserve of €32k in future years.

2.3 Financial Position

The following matters of concern affect the Council's finances:

- A cumulative deficit of €23.8m (€25.94m in 2015) on the income and expenditure account at the 31 December 2016
- A significant contingent liability pertaining to legal costs owing by Sligo County Council but not quantified at the 31 December 2016 (see paragraph 8). The quantification of the legal costs will significantly deteriorate the financial position of the Council
- Long term loans payable by the Council amounted to €103.9m (see paragraph 6).

An emphasis of matter paragraph is included in the audit opinion drawing attention to the significant contingent liability referred to above.

Chief Executive's Response

- Please see response to 2.1 and 2.4
- Please see response to item 8 re legal costs
- Please see response to item 6 re long term loans.

2.4 Review of the Council's Adherence to the Five Year Financial Plan

The Council produced a five year financial plan in conjunction with the Department which identified set targets. They include:

- A surplus of €1.598m for the year end 31 December 2016. The actual Council surplus totaled €1.6m (excluding the specific revenue reserve)
- An operational surplus as set out in its financial plan of €600k for the year end 31 December 2017 excluding additional Departmental funding
  The Council declared an unaudited operational surplus of €306k for the first half of 2017
- Strict budgetary control improvements (See paragraph 2.5).

Chief Executive's Response

As outlined in 2.1 above and following strict adherence, the Financial Plan proved to be neither viable nor sustainable and the Council consequently sought its' review in 2016. While some progress has been made in this regard, the Council continues to be concerned and has made extensive efforts to engage with the Department in the matter, which is ongoing. Notwithstanding these ongoing issues, the Council again expects to achieve a revenue surplus in 2017, making it three consecutive years of revenue surpluses (four had the 2014 LGF been paid in full). As in previous years however, the 2017 surplus itself may be impacted by factors outside the control of the Council including additional expenditure in respect of gorse fires, early unanticipated retirements, reduction in certain income streams arising from Brexit and additional staff costs that were initially indicated would be reimbursed.

2.5 Budgetary process

A review of Council procedures revealed improved controls pertaining to the monitoring and preparation of the budget and budgetary expenditure. Specifically, improvements are noted in the approvals process for expenditure, monitoring of actual expenditure to budgeted expenditure and preliminary capital procedures. The improved controls resulted in a surplus for the second year in succession.

Chief Executive's Response

The budgetary control process and associated surplus over the last two years has been predicated by staff reduction costs on salaries from redeployment of staff to neighbouring LA'S, introduction of a 3-year incentivised career break from 2016 to 2019 and non-replacement of retired staff.

The actual discretionary spend of the budget of €61.8m is only €3m (less than 5%). Payroll and pensions amount to €25.2m (approximately 41%), Grant related expenditure is approximately €24m (39%) which leaves the remaining 17% on committed operational costs, running costs including insurances and loan charges.

3 Income Collection

3.1 Appendix 7 to the AFS shows the movements on the major revenue collections in the year. The collection yields over the last two years were as follows:

Year	2016	2015
Rates	76%	74%
Rents and Annuities	78%	78%
Housing Loans	57%	55%

3.2 Collection yields

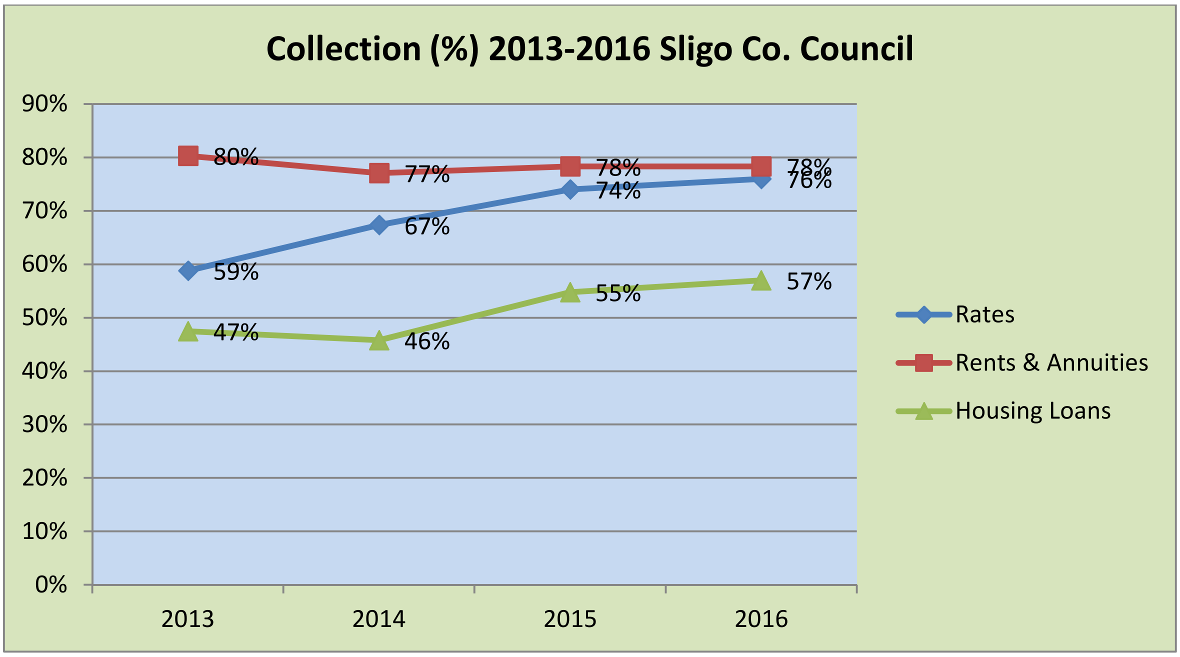
Collection yields in respect of all the revenue collection accounts either improved or remained static in 2016, although further progress is still required. A review of procedures indicates the Council introduced the following measures to assist with this process:

- Establishment of a dedicated task force for income collection in 2014 which meets monthly to review progress
- Implementation of a new debtor's management system in late 2015 to aid the collection process
- Constant review and monitoring of procedures at ongoing meetings in 2016 to assist in increasing collections.

Chief Executive's Response

Considerable progress has been made in the collection of arrears for all income sources since 2014. As set out in the graph below from the end of 2014 to the end of 2016 the commercial rates collection percentage has improved by 9%, rents and annuities by 1% and housing loans by 11%. Arrears of commercial rates reduced by approximately €900,000 in 2016 and arrears of housing loans and housing rents reduced by approximately €250,000 with further gains expected this year. The improvement in income collection percentages can be attributed to a numbers of factors including:

- Monthly meetings of the Income Task Force to monitor collection of arrears
- Setting and monitoring monthly targets for income collection for each revenue collector
- Introduction of a new debt collection system
- Regular meetings with revenue collectors to review customer balances and decide courses of action for individual arrears cases
- Introduction of Mortgage to Rent Scheme for unsustainable loans and associated application under the Mortgage Arrears Resolution Process fund for the capital and arrears outstanding on these loans and recapitalisation of loans arrears.



3.3 Review of Rate-able Properties

The Council should review its procedures to ensure all applicable properties are rate-able in a timely manner. It was noted that the Council had only 4 applicable new properties rated in 2016, which is significantly less than surrounding LA's. It was also noted that there were two wind farms which were in operation for a significant period of time and which had not been rated by the Council. This has resulted in a significant loss of income.

Chief Executive's Response

Following notification of the omission, the Council reviewed the notification process and has put in place updated procedures for the valuation of new commercial premises. I confirm that these are now operating satisfactorily. As with the withdrawal of the 2014 LGF allocation, the Council is very concerned with any potential loss of income particularly in light of the overall financial position, the extensive measures taken to reverse the trend of revenue deficits and the progress made in that regard. It is equally conscious of the additional threat posed by Brexit to vital revenue streams and the potential future impact on the Council's financial position.

3.4 Sundry Debtor Management

The 2015 audit report set out deficiencies in the management of other debtor balances. Specifically I identified that processes and procedures in relation to pursuing and managing these debtors were not adequate in some instances. This area was further reviewed at the 2016 audit, and whereas significant improvements have occurred, issues still exist that the Council needs to resolve. It is my opinion that procedures and controls in this area need to be further reviewed and enhanced.

Chief Executive's Response

Management will conduct a review of controls and procedures pertaining to sundry debtors and seek to address any weaknesses that exist. It is anticipated that these weaknesses will relate mostly to legacy issues.

3.5 Bad debt provision

In my opinion the bad debt provision for rates, rents and housing loans is adequate. The bad debt provision pertaining to rates is 93% and may be overstated. There is a €20k provision included pertaining to sundry debtors and this appears adequate to address issues as raised pertaining to sundry debtors above.

Chief Executive's Response

The Council has a cumulative bad debt provision balance of €5.3m at the end of 2016. In addition to this the Council provides annually in its budget for write off for vacant properties with uncollectable rates and bad debt write offs. Due to the reduction in arrears of commercial rates, housing rents and housing loans, it is not anticipated that an increase to the Council's cumulative bad debt provision will be required for some time.

4 Transfer of Water and Sewerage Functions to Irish Water (IW)

IW has been allocated full responsibility, by statute, for all aspects of water services planning and delivery at national, regional and local level.

4.1 Balancing Statement

As part of a due diligence process between IW and Sligo County Council, IW agreed to pay Sligo County Council €1.855m for the transfer of debtors and balances on water and waste water capital projects. A sum amounting to €449k was paid in 2015. At the audit report date, the balance of €1.406m remains unpaid. Agreement has also been reached on the transfer of a capital replacement fund from Sligo County Council to IW of €1.532m. Sligo County Council has signed off on this due diligence process.

4.2 Development Contributions Monies owing

At the year-end Silo County Council owe IW development contributions that were collected on their behalf pertaining to the three years ending 31December 2016.These amount to €648k.

4.3 Loans payable

IW related loans amounting to €18m were included in the accounts of Sligo County Council at 1 January 2015. The Department funded the repayment of €13.5m of these loans. Interest and principal repayments on the remaining IW related loans at year-end 2016 of €4.5m are being serviced by the Department.

4.4 Agency work performed by the Council

The Council acts as an agent for IW under the terms of a service level agreement. The Council received €4.6m revenue income from IW as a result of this agreement in 2016.

4.5 Water Capital Balances

A review of water related capital balances indicated that in general they appear to be well managed and controlled. It was noted however that there are a number of old net credit balances pertaining to completed schemes amounting to €59k. The Council should seek necessary approval to recharge this sum to the revenue account.

Chief Executive's Response

These old credits relate to long completed schemes funded and delivered by a combination of the Department and Sligo County Councils own resources. The Council will recharge these sums to the revenue account as there are no transactions outstanding in respect of the related Schemes.

At the end of 2015 IW owed the Council €1.855m for the transfer of debtors and balances on water and waste water capital projects. The Council in turn owes IW €1.532m for capital replacement funds due to IW under the terms of the service level agreement. In February 2017 €684,818 was transferred to IW from the Capital Replacement fund but the balance is not transferred as agreement has not been reached with the third party operator of Sligo Main Drainage on the funding for Capital Replacement contractual commitments. There is still €1,406,000 due to Sligo County Council from IW from the Balancing Statement.

5 Capital Account

The Council identified and included in the accounts unfunded balances totaling approximately €4m at 31 December 2016. A review of capital balances identified that although significant work has been conducted by the Council in reviewing these balances in 2016, this figure may still be under-stated due to the following factors:

- Capital account balances of €108k that are identified as been funded in the future from own resources and Transport Infrastructure Ireland (TII). It is uncertain at the date of this audit report if these preliminary expenses will be funded from TII in the future
- A small number of outstanding reconciliations to be completed on capital accounts at the year end, and a sum of €37k charged to capital which in my opinion should be recharged to revenue in 2017.

The Council should identify an appropriate funding source for the above unfunded balances where appropriate.

Chief Executive's Response

- It is anticipated that costs of €108K charged to the Eastern Garavogue Bridge and Approach Roads Scheme will be recouped in full from the Department of Transport, Tourism and Sport
- €37K charged to the capital account will be written off to the revenue account in 2017.

5.2 Loans Drawn Down in advance to fund capital projects

Sligo County Council received loans amounting to €750k in 2010 for the provision of burial grounds. At the date of this audit report six years later, only €170k of this money has been spent.

Chief Executive's Response

A loan was drawn down in 2010 in anticipation of a programmed of burial ground additions and enhancement works that has not progressed as quickly as expected. A number of schemes are being pursued at present.

Active discussions continue to take place in relation to the provision of new burial grounds including Rosses Point and Ahamlish. Projects being pursued at a number of other locations over recent years have run into difficulties including Monasteraden and Court Abbey due to unsuitable land or access issues. In addition a programme of upgrade works at a number of burial grounds is also being progressed. An extension to Sligo Cemetery will be delivered on a phased basis and Phase I will commence in 2018 with a likely significant impact on the available burial ground funding.

6 Capital Debt

Capital debt amounted to €103.9m at the 31 December 2016.This is further analysed as follows:

• Mortgage and voluntary housing related borrowings	€28.1m
• Loans fully recoupable pertaining to IW	€4.4m
• Loans funded through the land aggregation scheme	€7.7m
• Land Acquisition loans	€30.1m
• Loans to fund revenue and capital balances	€33.6m

The following funding arrangements exist in relation to the above loans:

- Repayments of mortgage and voluntary housing related borrowings are matched by corresponding income. A mortgage loan funding surplus position exists in that loans receivable pertaining to mortgage and voluntary housing related borrowings are €355k greater than loans payable at the 31 December 2016
- Interest and principal repayments on the remaining IW related loans at year- end 2016 of €4.4m are being serviced by the Department
- Loans funded from the land aggregation scheme amounting to €7.7m are fully recoupable from the Department
- Land Acquisition loans of €30.1m are serviced in accordance with negotiations between the Department, the Housing Finance Agency and the County and City Management Association on an interest only basis since December 2014
- Of the €33.6m loans to fund revenue and unfunded capital balances, €26.8m are currently interest only on a phased basis until 2018. Management estimate projected additional principal and interest costs on these loans in 2018 will be approximately €500k. This will have an impact on the preparation of future budgets.

Chief Executive's Response

A complete long term debt analysis has been included in the Financial Plan and provides for the repayment of principal and interest on loans from 2018.

The Mortgage and Voluntary Housing related borrowings of €28.1m are fully serviced with the repayment of principal and interest from housing loan customers.

Of the €18m Irish Water loans included in the long term debt analysis in the Financial Plan €12.8m due to the Housing Finance Agency for water infrastructure loans has been repaid in full to the Housing Finance Agency upon receipt of this money from the Department in July 2015. The balance of the water loans of €4.4m are due to other lending authorities and have not yet being transferred to IW. In the interim the cost of servicing these loans is recouped in full from the Department pending a decision at national level as to how these loans are to be dealt with.

Development Land Loans of €7.7m are being addressed through the Land Aggregation scheme process.

Land Development Loans of €30m are being serviced in accordance with the outcome of recent negotiations at national level between the Department, HFA and CCMA on an interest only basis since December 2014.

The balance of long term loans of €33.6m consists of loans to fund revenue and loans to fund capital projects including parks, buildings and burial grounds.

7 Fixed Assets Register

A review of the Council's registers of lands and buildings indicates that it has not been properly maintained. Whereas significant work has been conducted on the area over the last number of years, a review of 157 assets relating to water infrastructure, which the Council have partially transferred to IW at the date of this audit report, indicates outstanding issues pertaining to these assets. Specifically it identifies that 17 of these assets or 11% are either incorrectly registered to a third party other than Sligo County Council or were never registered in the name of the Council.

The Council needs to address the issues as identified in this area. Specifically it should:

- Review its historic assets, as issues highlighted above identify assets that were either unregistered or registered to an incorrect party. The Council must ensure that it has recorded appropriate title to all its assets
- Identify all way leaves or permissions pertaining to these assets, and record and register all its assets with the Property Interest Register
- Complete the process of transferring title to IW for assets removed from the books of the Council totaling €300m.

Chief Executive's Response

The 35% reduction in staff of recent years has limited the Council's ability to put in place a comprehensive asset register. Notwithstanding the staff reduction, a good deal of work has been undertaken and that work will continue as resources allow.

In relation to the transfer of title to IW of assets, all these assets have been recorded and registered with the Property Interest register.

8 Lissadell House and other legal cases

8.1 Lissadell House

Sligo County Council was involved in a legal case with the owners of Lissadell House concerning public rights of way over their property. In a judgement delivered on the 11 November 2013, the Supreme Court ruled in favour of the owners of Lissadell. An order as to legal costs was determined on 2 April 2014. The effect of this order is that Sligo County Council is responsible for all of its own legal costs and 75% of the costs of the other party.

Legal costs on this case incurred by the Council up to 31 December 2016, amounting to €2m have been charged to the revenue account. The Council have informed me that further costs incurred by the Council pertaining to this court case remain unpaid at the date of this audit report.

Agreement in relation to costs incurred by the other party has not yet been established. These costs once determined will have a significant adverse effect on the financial position of the Council. This is further explained in note 23 to the AFS.

8.2 Other legal Cases

A review of correspondence received from the Council solicitor, identified a number of other legal cases where adequate provision has not been included in the accounts pertaining to outstanding court cases. The Council should review this correspondence in advance of next year's audit, and ensure all outstanding court cases are accounted for in accordance with the ACOP.

Chief Executive's Response

The Lissadell case is a matter of public record with the issue of the Council's liability being 75% of the Plaintiff's costs. While the costs have yet to be determined, the Financial Plan as submitted to the Department was structured to take account of the pending liability. The correspondence regarding other outstanding cases will be reviewed in advance of the 2017 Audit.

9 Procurement and the Public Spending Code

9.1 Public Spending Code

Sligo County Council is required to publish an annual report setting out how it complies with the above code. The stated objective of the code is to ensure the State achieves best value for the resources at its disposal. In its report pertaining to 2016, Sligo County Council found no serious areas of non-compliance, however the Authority identified areas the Council could strengthen and improve in the area of training.

The audit noted that, in the absence of an internal audit function during 2016, the detailed audit work on the review of the above project was carried out by staff within the Local Authority. This does not provide adequate assurance on the review.

Chief Executive's Response

The objective of the Code is to ensure that the State achieves best value for the resources it has at its disposal. The Code covers all bodies in receipt of public funding, including Local Authorities. Each Authority is required to publish an Annual Report signed by the Chief Executive following the completion of a Quality Assurance process. This was completed by Sligo County Council at the end of May 2017 as required. The review was completed by Finance Staff following consultation and review by all Directors of Services and sections within the criteria for projects and the completion of checklists. While on this occasion the in-depth checks were carried out by Finance Staff and staff involved in the selected projects, this issue has been rectified following the appointment of an Internal Auditor in June 2017.

9.2 Procurement of Consultancy Services

The Council has engaged a firm for a number of years pertaining to software licensing in the area of financial management within the Council. Payments totalling €81k have been made since 2005. The procurement of these services was not in accordance with proper tendering procedures.

Chief Executive's Response

The Local Government sector, in utilising the Agresso Financial system has, over an extended period, used additional software packages to compliment the data analytics within the system. Similar to practically all the other Local Authorities, the Council has utilised a specific, dedicated software package, which requires an annual license fee payment to its' owners for its use. The license fee in respect of 2016 was €9,350. Given the dedicated nature of the software, it is not practicable to tender for its procurement.

10 Representations regarding salary allocations

I relied on representations received from management that all salaries charged against capital jobs are in accordance with Departmental guidelines.

11 Housing Estates

The changes introduced in planning legislation during 2008 which allowed developers of unfinished housing estates, the majority of home-owners on the estates or the management companies set up therein, the power to require local authorities to take such estates in charge. Compliance with the aforementioned legal requirements could result in significant future expenditure being incurred by this Council in bringing these estates up to the required standards under the conditions to the respective granted planning permissions.

Management have represented that the Council have in excess of 60 files pertaining to the taking in charge of estates that require additional work to be carried out. Some of these files relate to formal requests from developers or residents for the Council to take them in charge. The Council have represented that whereas the majority of these will require some work to be carried out on them; a large number would not be designated as unfinished housing estates.

The additional work to be carried out on the above estates along with their management could represent a significant financial cost to the Council.

Chief Executive's Response

Section 180 of the Planning and Development Act 2000 places a legal obligation on planning authorities to take in charge residential developments, finished or unfinished, where certain conditions have been met. Sligo County Council seeks to ensure that residential developments are completed to a satisfactory standard through securing adequate bonds, inspection of construction and enforcement action when necessary. Where a development is not completed to a satisfactory standard, the planning authority will draw down the security/bond in order to complete the development. Generally, the amount of the bond drawn down is sufficient to carry out the necessary outstanding remedial works to complete the development.

12 Governance

Corporate Governance

Corporate governance comprises the systems and procedures by which enterprises 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.

12.1 Risk Register

In previous audit reports I recommended that the Council develop a corporate risk register for individual directorates. The Council undertook a risk identification process facilitated by Irish Public Bodies (IPB). A revised risk register was developed and this assigns responsibility for different risks to the different Directorates. The management team has approved this revised risk register.

Chief Executive's Response

The Risk Register will be reviewed by the Management Team on an annual basis.

12.2 Local Authority Companies

The Council has recorded its interest in eight companies in Appendix 8 of its AFS. The Council should make all efforts to ensure timely audited financial statements are prepared by these companies.

Chief Executive's Response

I am in agreement with the Auditor in this matter and each Council representative on the Board of such company will be requested to ensure timely preparation of audited financial statements. It is noted however that each company has a responsibility to comply with its corporate governance obligations and each has its own Memorandum and Articles of Association.

12.3 The Model Arts and Inland Gallery Limited (the Model)

The 2015 financial statements (which were the latest available at the date of the audit report) recorded a deficit of €112k for the year, compared with a surplus in the previous year of €41k. The external auditor of the Model included an emphasis of matter paragraph in his audit opinion expressing a material uncertainty on the ability of the company to continue as a going concern.

Chief Executive's Response

The Financial Statements for 2016 show a surplus of €45,207. Following a very difficult year in 2015, measures were instituted to preserve cash and secure additional finance for 2016 and future years. While it continues to be challenging, the Directors note the significant improvement in the results for 2016 and into 2017. The situation is monitored on an ongoing basis.

12.4 Internal Audit

Internal audit is an independent appraisal function within an organisation, which operates as a service to management by reviewing and evaluating the effectiveness of the internal control system. A review of the workings of internal audit identified the following issues:

- There was no internal audit function in place in Sligo County Council in 2014 or January 2015
- There was an internal auditor appointed from January 2015 to March 2016
- A part time internal auditor was appointed from March 2016 to January 2017
- From January 2017 to August 2017 there was no internal audit function in place

A properly resourced internal audit function is essential to ensure the Audit Committee is supported. It is disappointing to note this critical management control function was not operational or substantially operational in Sligo County Council for the periods outlined above.

Chief Executive's Response

A full time Internal Auditor was appointed in June 2017.Although this role was vacant from March 2016 the Audit Committee continued to meet. I also confirm the Council's continued commitment to the maintenance of the Internal Audit role.

12.5 Fraud Register

The latest fraud policy "Fraud Prevention and Contingency Plan" in place in Sligo County Council has not been updated since 2007. The Council should review this policy and update as a matter of urgency

Chief Executive's Response

Sligo County Councils Fraud Policy will be updated as part of the work programme of the Internal Auditor.

13 Acknowledgement

I wish to record my appreciation for the courtesy and co-operation extended to the audit team by the management and staff of the Council.

Raymond Lavin

____

Raymond Lavin
Principal Local Government Auditor
31 October 2017