

Minutes of the National Oversight and Audit Commission (NOAC) Meeting

Tuesday 28 May 2019 at 10:00 am

Venue: Conference Room, Custom House, Dublin 1

Attended by:

Chairperson Michael McCarthy

Members Martina Moloney
Constance Hanniffy
Sharon O'Connor
Tara Buckley
Dave Holohan
Colleen Savage
John Buckley

Secretariat: Claire Gavin
Neill Dalton
Colin Flood

Apologies: Michael McGreal
Barry Quinlan

Ipsos: Hazel Scully - Associate Director

LGAS: Niamh Larkin - Director of Audit LGAS

Pat Guiney - Principal Auditor LGAS

Minutes of last meeting and matters arising

The minutes of the meeting were agreed by the members.

Declaration of any conflicts of interest

There were no declarations of conflicts of interest from the Board.

Meeting without the Secretariat

A meeting of NOAC took place in absence of the Secretariat; a separate note has been prepared.

Update on the NOAC board

The Chair advised that Barry Quinlan has joined the board as an officer of the Minister.

John Buckley and Colleen Savage will be stepping down from the board in June. The NOAC board wish to thank them for their hard work and contribution to the work of the commission.

The Secretariat confirmed it has made a submission to the Minister to replace two board members with terms ending in June 2019. The Minister is yet to revert with a decision.

Review draft NOAC logos

The board reviewed seven potential NOAC logos. The board wish to note the effort of the D/HPLG staff who created them. It was decided that the draft logos did not adequately portray the development of the commission. It was decided that a tendering process for logo creation would be required. The brief for the new logo will be decided at the NOAC away day.

Customer Survey Presentation by Ipsos and Discussion

Hazel Scully, Associate Director with IPSOS gave an overview of background, methodology and findings of the NOAC Local Authority Satisfaction Survey 2019. The Board were advised that overall, there was a general rise in the satisfaction of respondents to their respective local authorities. The communication strategy for the release of the report was discussed. It was decided that the report would be circulated to the respective local authorities 3 days before publishing as a courtesy. While the D/HPLG press office has offered excellent support and knowledge in the past, it was decided that the secretariat will get quotes from 3 media strategists for the distribution and publicity of the report before the end of June. The board agreed that the successful distribution of the report was important as the report was a good news story for local authorities and would raise the profile of NOAC.

Performance Indicator Report 2018 update

An update was given on the report's progress. The data has been returned by all local authorities. The secretariat opened circa 200 queries with local authorities on the data returned in LGReturns. Indicator H1b is being specifically audited for clarity against returns

made by the local authorities to D/HPLG. The validation visits are beginning the day after this meeting and will continue for the remainder of June. A meeting is to be held after the main NOAC meeting between the PI sub group and a consultant with a view to researching a new economic development performance indicator. The subcommittee chair mentioned that at the Oireachtas Committee meeting the matter of how disabled people are communicated with was raised.

Code of Corporate Governance for Local Authorities

The board were advised that the steering group for Corporate Governance had sent NOAC an invite for a board member or member of its secretariat to join its board. NOAC advised that it would review the work of the steering group and not be part of it.

Away day update

It was agreed to engage the assistance of an independent facilitator for the away day. The Chair will make a decision from the CCMA recommended list. The date and time were agreed as 10am on Tuesday 2 July 2019.

Meeting with Niamh Larkin and VFM team

Niamh Larkin and Pat Guiney attended the meeting on the invitation of the NOAC board to present the finding of the following LGAS reports:

- An overview of pension income and costs in local authorities
- An overview of interest only loans in local authorities
- An overview of capital unfunded balances in local authorities
- An overview of commercial rates in local authorities

An overview of pension income and costs in local authorities

The LGAS gave an overview of the report.

The NOAC board queried if pensions should be accounted for in line with international accounting standards. The LGAS confirmed all LAs are complying with Departmental

guidelines in the preparation of AFS in relation to the accounting for pensions. The current guidelines do not require the pension liability to be reflected in the AFS.

A discussion was held on the matter. In its current format, there is no matching fund to pay the liability. If the pension's liability of LAs were accounted for in the AFS without a matching fund it may impact negatively on delivery of services, capital projects and spending.

NOAC were pleased that LGAS were making the public and government aware of the issue and the potential hazard posed by pension liabilities.

An overview of interest only loans in local authorities

The LGAS gave an overview of the report.

The report identified the high cost of servicing debt /interest liability of local authorities. 20% of all loans are interest only loans. The burden these loans place on the resources of the local authorities will continue to feature in audit reports going forward. Local authorities will need to continue to monitor and assess the impact on their income and expenditure account if these interest only loans move to repayment of both principal and interest. NOAC asked LGAS on steps it could take to assist. LGAS recommended that LA's should identify what land is not going to be viable for development. NOAC asked the LGAS to provide further information on non-mortgage loans at a later date.

An overview of capital unfunded balances in local authorities

The LGAS gave an overview of the report.

The value of unfunded balances as at 31 December 2016 was €294 million. The NOAC board sought reasons as to why a large amount of these have been misclassified as funded or unfunded balances. The LGAS explained this was due to housekeeping issues and different LAs viewing some balances as funded where unfunded may be appropriate. NOAC asked whom will provide guidance to LAs in this matter. The LGAS confirmed the General Accounting Working Group provide any guidance in relation to the changes to the AFS.

An overview of commercial rates in local authorities

The LGAS gave an overview of the report.

In 2017, the amount of rates accrued was €1,476m (2016: 1,468m, 2015: €1,496m) which was over 30% of the total revenue income collected by local authorities. In 2018, commercial rates is budgeted to account for 31.5%, almost one-third, of all income totalling €1.5billion. The NOAC board acknowledged the improvement in rate collections.

NOAC specifically highlighted the importance on the report's findings on the Valuation Office as the income lost is significant. It enquired if there is anything it can do to speed up valuations. The LGAS confirmed the matter has already come up at a CCMA meeting and the Department are aware of it. It was explained that the appeals process is causing backlogs in the system.

NOAC also raised concerns about the volume of aged debtors and whether the provisions for non-payment are adequate. NOAC suggested it may include summary findings in its annual report.

Overall, the NOAC board found the LGAS reports pertinent and well judged. NOAC noted that overview reports do not include recommendations but perhaps future reports could include more items for consideration. The board members will now decide how NOAC can properly channel the reports and LGAS's findings.