

Minutes of the National Oversight & Audit Commission (NOAC) meeting

Tuesday 30th June 2015

Venue: Offices of the PRTB, O'Connell Bridge House, D'Olier Street, Dublin 2

Attended by:

Chairman Pat McLoughlin
Members Kevin Baneham
John Buckley
Connie Hanniffy
Paul Lemass
Padraig McNally
Martina Moloney
Micheál Nolan
Colleen Savage

Secretariat Declan Grehan
Maurice Coughlan
Sheila McMahon

Apologies Tara Buckley
Henry Upton

Minutes of meeting of 26/05/2015

The minutes of the meeting of 26 May 2015 were agreed subject to a small amendment. Paul Lemass confirmed he had raised with the Programme Management Office oversight group the need for a co-ordinated plan for improving the communication by local authorities with their customers and the PMO will look at this.

Mid-Year Review - Progress re Work Plan

The secretariat indicated the items in the work plan that were likely to be completed by the end of the year and those that were now more doubtful and stressed the need to focus on advancing the items to the greatest extent possible in the second half of the year. It was agreed that some of the items in the work plan should result in standalone reports and others would be more suited to inclusion in a general compendium type report. In relation to the two Housing Studies, it was acknowledged that it might only be possible to complete the review of private rented sector inspections by the end of the year, with the maintenance and management study being completed early in 2016.

Possible Follow-up to LGAS Activity Report

The consideration of the appropriate engagement to follow-on from the significant adverse revenue balances in some local authorities highlighted in the March 2015 LGAS Activity Report was carried over from the previous meeting. The members discussed the potential

implications of the revenue deficits, the significance also of the capital deficits on unfunded balances, the long-term non-mortgage borrowings arising from the land aggregation loans converted to annuities, the modified audit opinion re the adequacy of bad debt provision in Louth County Council and the opportunity for systemic learning from the origins of the deficits and how they are being addressed.

It was agreed to carry out a comparison of the revenue debit balances with total revenues and examine the ratio of capital deficits to the unfunded balances to establish the local authorities of most concern in this regard. NOAC will then write to the Chief Executives of the identified authorities raising its concerns and seeking their views on the impact of the relevant issue on the financial sustainability of the authorities. Depending on the content of the responses received, the Chief Executives and Cathaoirligh can then be asked to meet with NOAC to discuss the situation. There may also be a need to invite relevant officials from D/ECLG to provide background from its perspective on the situations that developed and the measures being implemented to address them. Draft letters are to be available for consideration at the next meeting.

Update re Performance Indicators Report

The members were circulated with a note of the meeting of the sub-group on 11 June 2015 and the position regarding the submission of the data to the LGMA's eReturns system as at 29 June indicating that the only outstanding indicators relate to Wicklow, Galway County and Cork City Councils. Arising from the meeting, the secretariat visited Louth County Council and was finalising a checklist of the items highlighted in the context of verifying the data submitted. This will inform the decision as to what format the assessment by the sub-group should take. The meeting agreed that the sub-group should meet next week, decide on the local authorities and indicators that should be examined and proceed to carry out their assessment before the next NOAC meeting at the end of July.

Update re the Housing Studies

The meeting was updated regarding the session held on 19 June 2015 with the focus group of housing officials assembled subsequent to the last meeting. Following this, the draft questions had been revised and sent back to the focus group members for any further comments. In relation to some outstanding items for decision, it was agreed that 2013 data would not be necessary and some open questions will be added to seek the LA's current objectives re maintenance and management of its stock and the key challenges and opportunities that face the authority in implementing those objectives and its approach to addressing them. A copy of the organisation chart for the local authority's housing function will also be sought. A question regarding the tenant profile will be added if the focus group consider that appropriate. The focus group will be asked to submit any further views by the end of the week at which point the questions will be sent to the LGMA to format into the questionnaires with the objective that these will issue to the authorities by mid-July for

completion by mid-August. The LGMA are to be asked to enable the information to be returned electronically. The Chairman requested that the secretariat prepare a project plan for the studies with the key dates and also with suggested headings for the final report, based on the data being sought from the local authorities.

On foot of the very useful suggestion made by the focus group that the best way to obtain candidates for a customer survey would be to ask tenants contacting the authority about a repairs issue if they would be willing to participate, Colleen Savage undertook to confirm the number of volunteer names that should be collected per authority.

Maurice Coughlan advised the members that in the context of a complaint related to local authority housing that had been made to the European Committee of Social Rights, there was a possibility that the defence entered by Ireland might reference NOAC's housing studies. If that transpires to be the case, the Housing Division have indicated that the proposed text will be provided in advance for circulation to the members.

Corporate Plans Update

The secretariat advised the members that 2 of the 3 outstanding Plans had been received since the draft summary of the check for compliance with the D/ECLG guidelines was circulated. There was a discussion of the format this part of the report should take and the secretariat indicated that as it dealt mostly with compliance with guidelines rather than statutory requirements, the summary had been kept quite general. The segment of the report containing the NOAC members' views on the quality of the Plans should be more specific containing views on the content of individual specified Plans. It was agreed that, in addition to the members individually submitting their views on the Plans to the secretariat, a group consisting of the Chairman, Martina Moloney, Micheál Nolan and Paul Lemass would also come together to discuss their views of the Plans that were most and least compliant with the guidelines.

Local Enterprise Offices

Maurice Coughlan summarised the LEO sub-group paper that was prepared following receipt of the information requested from the Department of Jobs, Enterprise & Innovation (which had crossed with the Chairman's letter) and additional data provided by Enterprise Ireland (EI). In relation to the options for reviewing this area, it was agreed that a decision regarding a customer survey should await that being undertaken by EI and that an evaluation on the basis of the Service Level Agreements (SLAs) would be appropriate. There followed a discussion on the methodology that would be used and the issue of the change management associated with the SLAs, including the transition from the enterprise board system to the LEOs, the structures required to be set up at local level, lines of governance within the local authority, establishment of standard accounting and administrative systems, addition of local funding, new emphasis on international markets, expected

efficiencies gained, etc., that should be examined. This could be followed up at later stage by a comparative look at the data on allocations to the micro enterprise sector and the activity outcomes of the LEOs. A scoping paper for a study in this area is to be prepared for sign-off at the next meeting.

Revenue Collection Performance

Data on rates collection appended to the paper on the valuation process (as re-worked to disregard arrears owed, waivers and write-offs in response to the point made by John Buckley at the last meeting) was considered by the members. This changed the picture regarding collection performance but as the LGAS report and the data collected for the purposes of the PMO Debt Management Project do not isolate the arrears element from the yearly collection amount, neither method is completely satisfactory. It was agreed to confine the focus of the revenue collection examination in 2015 to rates and to the weaker performers. John Buckley undertook to provide template letters to the secretariat for issue to those authorities highlighted in the appendix seeking information on the factors contributing to their performance, write-off policy and the collection systems being employed by the authorities. The responses and NOAC's consideration of them will then form the basis of the report, which will also reference the current PMO Debt Management Project work.

Late Submission of Annual Financial Statements (AFSs)

The position as at 24 June 2015 in relation to the submission of the 2014 AFSs which showed a dis-improvement on the 2013 position was discussed. As the dissolution of the town councils would have impacted on the preparation of the statements this year, it was agreed that tables highlighting the timeliness of the submissions in 2013 and 2014 should be included in the general NOAC report with a commentary on the need to take steps to redress the situation and on the issues raised in LGAS reports about inadequate resourcing of the Internal Audit function and the Audit Committee role within certain local authorities.

Dates of Next Meetings

The dates proposed by the Chairman and circulated to the members were agreed. The meetings for the remainder of the year will be on Friday 31st July, Tuesday 15th September, Tuesday 20th October and Tuesday 24th November, all at 9.00 a.m.