



Rialtas na hÉireann
Government of Ireland

Statutory Audit Report to the Members of Kilkenny County Council for the Year Ended 31 December 2024

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 Kilkenny County Council

1 Introduction

I have audited the Annual Financial Statement (AFS) of Kilkenny County Council (the Council) for the year ended 31 December 2024, 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 2024 and its income and expenditure. My audit opinion, which is unmodified, is stated on page 6 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

The Council recorded a surplus of €31.7k after net transfers to reserves of €4.7m for the year, resulting in an accumulated general revenue reserve of €160k at 31 December 2024.

The variances between the adopted budget and actual outturn are reflected in Note 16 of the AFS. The members approved by resolution in accordance with

section 104(2) of the Local Government Act, 2001, the additional expenditure incurred in 2024 that was in excess of the adopted budget for the year.

2.2 Statement of Financial Position (Balance Sheet)

The value of net assets on the Council's Balance Sheet increased by €34.3m to €2,936m at 31 December 2024. Significant movements during the year included:

- An increase in fixed assets of €57m primarily due to housing acquisitions.
- A decrease in expenditure on work in progress and preliminary expenses of €24m, mainly due to completed housing projects and the Mayfair Library that were transferred to fixed assets.

Chief Executive's Response

The increase in net assets reflects the ongoing investment in the County funded by both national and local funding.

3 Income Collection

3.1 Summary of Income Collection

Revenue income increased by 16.8m to €130.5m in 2024, primarily due to an increase in grants which accounted for 50% of income. The balance was locally generated income such as commercial rates, rents, loans, local property tax and other services.

A summary of income collection performances showing the 31 December 2024 arrears position in respect of the main income categories together with the comparative figures for 2023, as disclosed in Appendix 7, were as follows:

| Income Source | Yield | | Debtors | |
|-------------------|-------|------|---------|------|
| | 2024 | 2023 | 2024 | 2023 |
| | % | % | €m | €m |
| Rates | 90 | 87 | 2.41 | 3.29 |
| Rents & Annuities | 95 | 96 | 0.62 | 0.50 |
| Housing Loans | 90 | 90 | 0.35 | 0.35 |

Chief Executive's Response

Commercial rate arrears were reduced by €879k (27%) in 2024. A further reduction is projected for 2025. Rent arrears increased by €120k. Increased efforts are being made in 2025 to recover this position.

3.2 Rates

The collection yield on rates increased by 3% in the year and continues to be higher than the national average¹. Amounts outstanding at the year end consist of €2.97m in debit balances, which are offset by €0.56m in credit balances to show a net amount outstanding of €2.41m. While improvements were made in the collection yield, the doubtful debts provision remains at €2.76m, which is 93% of the debit balances outstanding.

Chief Executive's Response

All outstanding arrears are pursued irrespective of the accounting policy adopted on debt provisioning.

3.3 Rents and Annuities

The collection yield on rents decreased by 1% in the year and continues to be higher than the national average¹. The rents outstanding at the year end consists of €1.23m in debit balances, which are offset by €0.61m in credit balances to show a net amount outstanding of €0.62m. The doubtful debt provision stands at €1.01m, which is 82% of the debit balances outstanding.

Chief Executive's Response

Increased focus has put on this area in 2025 to recover the arrears position.

3.4 Housing Loans

The collection yield on housing loans remained unchanged from last year and continues to be higher than the national average¹. The loans outstanding at the year end consists of €635k in respect of accounts in arrears, which are offset by €285k in respect those that are in credit to show a net amount outstanding of €350k. The doubtful debt provision stands at €635k, which is 100% of the debit balances outstanding.

Chief Executive's Response

The collection rate on mortgage loans remained stable. Loan arrears do take a longer time period to recover.

3.5 Debtors and Debt Collection

Gross debtors, including those from the main income collections, are recorded in Note 5 to the AFS and amounted €19.9m at the year end. An overall provision for doubtful debts is also shown and amounts to €11.9m in 2024, a decrease of €0.1m on the previous year.

¹ NOAC Local Authority Performance Indicator Report 2023

Chief Executive's Response

All monies owing to the Council are pursued irrespective of the accounting policies adopted.

4 Grants and Subsidies

4.1 Increased Cost of Business Grants (ICOB)

As part of Budget 2024, the Government signed off on a package of €257 million for the ICOB grant as a vital support measure for small and medium businesses. The Department of Enterprise, Trade and Employment were responsible for defining the eligibility criteria for payment and also the general oversight of the scheme.

Each business verified their eligibility by self-declaration. Local authorities managed the processing of payments and this included verifying that the declaration was complete and the applicant was rates compliant as per the scheme's criteria.

Accordingly, the audit of expenditure under these schemes, which amounted to €4.3m in Kilkenny County Council for the year ended 31 December 2024, was limited to the specific responsibilities of local authorities, as set out above, and did not include the verification of other eligibility criteria declared by the applicants.

The accounting treatment for the grant is set out in Note 25 to in the AFS.

Chief Executive's Response

Kilkenny County Council administered the schemes in accordance with the rules as set out by the Department of Enterprise, Trade and Employment.

4.2 Power Up Grant

In 2024, the Department of Enterprise, Trade and Employment also introduced the Power Up grant, a €170 million initiative to support businesses in the retail and hospitality sectors facing rising costs. Eligible businesses could apply for a grant of €4k.

As the Power Up grant was aligned with the ICOB grant scheme, expenditure under these schemes, which amounted to €3.4m in Kilkenny County Council for the year ended 31 December 2024, was limited to the specific responsibilities of local authorities as outlined in paragraph 4.1 above and did not include the verification of other eligibility criteria declared by the applicants.

Chief Executive's Response

Kilkenny County Council administered the scheme in accordance with the rules as set out by the Department of Enterprise, Trade and Employment.

5 Capital Account

5.1 Capital Account Overview

Capital expenditure (including transfers to revenue account) decreased by €4m to €89.8m in the year. Housing and Roads projects accounts for majority of expenditure comprising of €44.0m (49.0%) and €29.5m (32.9%) respectively of the total capital expenditure. Capital income, amounted to €88.9m, resulting in a closing balance of €34.4m.

Chief Executive's Response

The level of capital expenditure reflects the ongoing investment in the City and County. The Council has recently adopted a very ambitious six year capital programme which can only be delivered if sufficient funding is available from national and local sources.

5.2 Capital Account Unfunded Balances

The balance on the capital account recorded a reduction of €0.8m to close with a favourable balance of €34.4m. However, within this are deficit balances amounting to €8.6m in respect of historical and more recent schemes that overran their initial funding allocations. To date, the Council also has capital funding borrowings of €12.5m, which will require future funding from revenue. Major deficit balances are outlined below and some are being funded through annual revenue transfers:

- | | |
|---|-------|
| ○ Refurbishment of the Kilkenny City Parade | €1.4m |
| ○ Kilkenny Central Access Scheme | €1.0m |
| ○ LIHAF Western Environs | €0.6m |

There are additional deficit balances on several other jobs including those in Housing (€0.6m) and Industrial & Other Developments (€3.3m).

The Council needs to carry out a review of all deficit balances with a view to determining if some of these balances still qualify for grant funding from external sources and, if so, ensure that appropriate claims are submitted as soon as possible. In addition, a plan setting out how all other deficit balances will be funded needs to be put in place. Funding from the revenue account and other sources will have to be maintained or increased in order to address all the deficits.

It was noted that the Council has an ambitious six year capital programme. Management should therefore continue to ensure that funding for every new job in the capital account is identified and secured before the job progresses. Failure to do so will result in deficits continuing to arise and thus put further pressure on the Council's finances.

Chief Executive's Response

A funding plan is in place for the majority of capital balances with a shortfall. All debit capital balances will be reviewed again at the end of 2025.

5.3 Public Lighting Energy Efficiency Project (PLEEP)

Local authorities are in the process of converting their public lighting to LED luminaires in order to improve energy efficiency, cut costs and reduce CO2 emissions. The Council is acting as the lead authority for the Eastern region, which includes eight other local authorities along with Transport Infrastructure Ireland (TII). The original estimated cost of the overall project was €56.5m, with the Council's portion being €3.7m.

The original expected completion date was March 2025. However, this milestone passed without the project having been completed. No revised completion date has been agreed.

Total project expenditure of €21m was recorded up to the end of 2024. The Council is currently in conciliation with the contractor over potential compensation events, and the outcome of this process is uncertain. However, due to complexities that have become apparent as the project progressed, along with delays in the project, there is a risk that the overall cost of the project may exceed original estimates, and so too, therefore, will Kilkenny County Council's costs. Nonetheless management have advised that it is expected that there will be cost savings arising out of this project but the payback period has yet to be defined.

Chief Executive's Response

The Public Lighting Energy Efficiency Project is a complex contract with the objective of retrofitting the remaining public lights in the nine participating counties to LED. Additional objectives are to survey and record all the lights and the network, record them on a database (MPL), lighting design and conditionally rate all the assets. Electrical designs and work are also required to comply with current standards. Kilkenny County Council will continue to manage the contract in consultation with the participating authorities to achieve the best outcome for the sector.

6 Provision of Housing by Approved Housing Bodies

Over the years the Council has advanced funds to Approved Housing Bodies (AHBs) in respect of the Capital Assistance Scheme (CAS), Capital Loan Subsidy Scheme (CLSS) and Capital Advanced Leasing Facility (CALF) for the purchase or construction of property that will be made available for Social Housing.

- At 31 December 2024 the Council had long term debtors of €30.5m in respect of amounts advanced to AHBs under the CALF scheme of which €4.2m was advanced in 2024. The Council also has associated payment and availability agreements (P&As) in place with the AHBs in respect of these loans under which annual payments are made to the AHBs in return for the use of these housing units. In 2024 P&A payments of €5.4m (2023 €3.3m) was paid out under these P&As.
- At 31 December 2024 the Council had long term debtors of €2.1m in respect of loan amounts advanced to AHBs under the CLSS. The cost of the loan repayments on these in 2024 was €489k.
- In 2024 the Council paid out €4.6m to AHBs under the CAS.

As these substantial funds were awarded to external bodies, it is essential that Council management continues to exercise sufficient oversight and obtains adequate assurance on a periodic basis to demonstrate that the application of this funding, by these bodies, complies with all relevant regulatory frameworks. It is also noted that the Council continues to work towards addressing outstanding issues.

Chief Executive's Response

All housing delivery capital projects provided by AHBs are subject to the Council's technical assessment and to the Department of Housing four stage approval process. This includes a programme approval under the Public Spending Code. Restrictions on unit ceiling costs are applied to all projects with an additional approval process required where costs exceed the recommended unit ceiling cost. The Council works closely with AHBs operating in the county regarding regulatory requirements being in line with the Approved Housing Bodies Regulatory Authority's standards. A dedicated AHB Governance Officer position has been included in the Strategic Workforce Plan to ensure greater compliance, and it is anticipated that this position will be filled by year end.

All projects are overseen and monitored in relation to technical and financial requirements as they proceed through approval, tender and construction and are subject to inspection under Residential Tenancies Board Inspection requirements on completion.

In particular the financial requirements under recommendations 1 and 9 of the Local Government Audit Service Value for Money Report 29, dealing with the maintenance of registers of mortgages and outstanding CALF loan balances have been met in full by the Council with both the housing and finance sections maintaining registers of mortgages, maturity dates, folios, interest accruals and loan balances as required.

7 Land and Property Registers

The Council's fixed assets are recorded in the fixed asset register, which is part of the financial management system (Agresso).

The Council is continuing its work on a land and property register but this has not been completed to date. It is a requirement of the Accounting Code of Practice that land and property registers are accurately maintained.

Management should ensure that adequate resources are devoted to this project. It is essential that management ensure that all land and property is accurately recorded to ensure that the beneficial public ownership of all assets is safeguarded.

Chief Executive's Response

The land and property register is now in place. Further work is required to substantiate the accuracy of register records. At the moment priority is being given to dealing with a significant number of property transactions ranging from title rectifications to asset disposals.

8 Loans Payable

Loans payable by the Council, as presented in Note 7 to the AFS, amounted to €49.9m at the end of 2024, a decrease of €1.8m on the previous year and are analysed as follows:

| Loan Type | 2024 | 2023 |
|----------------------------------|-------------|-------------|
| | €m | €m |
| Mortgage Related | 33.0 | 33.3 |
| <u>Non Mortgage Loans</u> | | |
| Assets/Grants | 12.5 | 13.4 |
| Recoupable | 2.1 | 2.5 |
| Shared Ownership - Rented Equity | 2.3 | 2.5 |
| | 49.9 | 51.7 |

Repayments on mortgage related and shared ownership – rented equity loans are matched by corresponding income. Note 12 of the AFS detailed a mortgage loan surplus of €1.8m at the end of 2024.

The assets/grants loans of €12.5m, related to borrowings by the Council in respect of the funding of projects that are currently not recoupable from any external funding source. The cost to the Council of servicing these loans in 2024 was €1.1m.

Recoupable loans are matched by corresponding long-term debtors in Note 3 in the AFS.

Chief Executive's Response

The annual repayment on all non-mortgage loan repayments is fully provided for in the Income & Expenditure Account.

9 Development Contributions

Development contributions income is recorded in AFS 2024 as €3.2m.

With development contribution debtors decreasing to €6.97m (2023: €8.13m), it was noted that €1.7m of this debt has been collected in 2025 to date. Of the remaining balance €3m has been outstanding for more than 4 years with a further €0.5m outstanding for more than 3 years. The Council therefore should continue to review and monitor these outstanding development debtor accounts, and these long standing debtors in particular, in order to ensure that the amounts currently recorded as outstanding are correct, and that sufficient resources are committed in order that effective progress in the collection of this debt continues to be made.

The doubtful debt provision of €6m represents 86.1% of the debtor.

Chief Executive's Response

All outstanding development contributions are pursued irrespective of the accounting policy adopted. All files are continuously reviewed.

10 Local Authority Companies

10.1 Local Authority Companies

The Council has an interest in a number of entities, the details of which are disclosed at Appendix 8 of the AFS.

10.2 Kilkenny Abbey Quarter Development Partnership

Kilkenny Abbey Quarter Development Partnership (the Partnership) is a joint venture between the Council and the National Treasury Management Agency (NTMA) to develop the Abbey Quarter in Kilkenny. The Partnership seeks to own, develop and lease properties in this mixed use development in enterprise, education and research activities.

The Partnership has limited partners and a general partner. The Council is a limited partner with an agreed investment and limited liability of €3.6m at the end of 2024 following an additional investment of €1.1m in 2024.

The partnership's audited financial statements for the year ended 31 December 2024 recorded a profit of €227k (2023 loss of €4.2m) and accumulated losses of €5.73m at year end.

In order to demonstrate good governance, the Council should ensure that the audit of financial statements are completed in a timely manner in line with the completion of the Council's AFS to allow for proper disclosures within the Council's AFS.

Chief Executive's Response

The Board of Kilkenny Abbey Quarter Development Partnership are satisfied with the performance of the Partnership in 2024. Performance was in line with expectations. The statutory accounts for the Partnership and the General Partner were signed off by the Partnership board on the 12th May 2025. Draft 2025 unaudited figures will be included in the Kilkenny County Council draft AFS for 2025 to be presented at the March 2026 Council meeting.

10.3 Kilkenny Abbey Quarter Development Limited

Kilkenny Abbey Quarter Development Limited (the Company) is the general partner in the Partnership and is owned in equal shares by the Council and the NTMA. The Company manages and administers the business of the Partnership, including the development and operation of the site at the Abbey Quarter.

Chief Executive's Response

The statutory accounts for the Partnership and the General Partner were signed off by the Partnership board on the 12th May 2025.

10.4 Kilkenny Local Authorities Leisure Complex Limited

This is a company limited by shares, is wholly owned by the Council and manages of the Watershed Leisure Centre.

The company's privately audited financial statements for the year ended 31 December 2024 recorded a profit of €56k (2023 loss of €247k) and accumulated losses of €9.1m. The Council's investment of €14.2m in the company had fallen to value of €5.1m at year end, and the Council AFS has been adjusted to reflect these losses.

Material uncertainty

The company's independent auditors included a paragraph in their audit opinion in respect of a material uncertainty related to going concern. The auditors drew attention to Note 4 in the company's financial statements which notes the company's reliance on public funding, the profit for the year and that current liabilities exceeded current assets by €739k as at 31 December 2024. These events and conditions as well as other matters set forth in Note 4 indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Their opinion was not modified in respect of this matter.

The Company continues to have the full financial support of the Council.

Chief Executive's Response

The Council is satisfied with the performance of the Watershed during 2024 and also with the service provided by the Watershed to the people of Kilkenny City and County.

11 Governance and Propriety

11.1 Governance Overview

Corporate governance comprises the systems and procedures by which enterprises are directed and controlled. The Chief Executive, the management team and the elected members all have a role in ensuring that there are systems in place to achieve effective financial management and internal control.

11.2 Statement of Internal Financial Control (SIFC)

In accordance with Circular LG08-2025, Local Authorities are now required to prepare and publish a SIFC and a Governance Statement as part of their Annual Reports for 2024. 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. The Governance Statement affirms the Council's compliance with the Local Government Code of Governance obligations and is signed by the Cathaoirleach of the Council and the Chief Executive.

The annual report of Kilkenny County Council, which includes the SIFC and the Governance Statement, was published in April 2025

My audit opinion on the AFS does not cover the SIFC or the Governance Statement.

11.3 Risk Management

The Council's risk management framework provides the executive management and the elected Council members with assurances that major organisational risks are identified and appropriately managed. An up to date corporate risk register is maintained by the Council. It is also presented to and discussed by the Audit Committee. In accordance with best practice, risk management is a standing agenda item at all management team meetings.

11.4 Procurement

As a public organisation, the Council (including all of its subsidiary companies) is required to observe compliance with all public procurement regulations. The Council has a centralised procurement unit run by a Procurement Officer. The unit is responsible for raising awareness and developing appropriate procurement practices. Every effort should continue to be made by management to ensure compliance with the public procurement policies in all aspects of Council activities.

Chief Executive's Response

Kilkenny County Council places a strong emphasis on compliance with public procurement rules for all goods and services being procured.

11.5 Internal Audit

The internal audit unit in the Council is an integral part of the governance structures of the Council. The role of internal audit is to provide assurance to the Audit Committee and Senior Management that the various risks facing the Council have been identified and appropriate internal controls put in place to mitigate those risks. The internal audit unit has produced a number of reports to date, and the recommendations in these reports should be implemented as soon as practicable. The unit has an audit recommendation tracker system which enables them to monitor the status of all recommendations made.

In 2024 the Council's internal audit function consisted of two staff. The unit produced 9 audit reports during the year including quality assurance reviews in relation to the Council's obligations under the Public Spending Code. The units also conducts checks and reviews on other issues. The unit has an audit recommendation tracker system. I have taken consideration of the work performed by internal audit in planning my audit.

11.6 Audit Committee

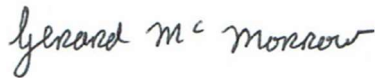
The Audit Committee met on four occasions in 2024, one of which I attended to discuss my audit report in respect of the 2023 AFS. The Audit Committee issued its annual report for 2024 to the members, who approved it at their meeting in March 2025. The minutes and report of the committee were made available to me at audit. I commend the work undertaken by the Committee, which continues to contribute to the independent oversight of corporate governance within the Council.

Chief Executive's Response

Comments are 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.



Gerard Mc Morrow

Local Government Auditor

11 September 2025

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Department of Housing, Local Government and Heritage



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