

PRIVATE RESIDENTIAL TENANCIES BOARD

**Report and Financial Statements
for the year ended 31 December 2006**

PRIVATE RESIDENTIAL TENANCIES BOARD

Report and Financial Statements

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Private Residential Tenancies Board

Information

MEMBERS OF THE PRIVATE RESIDENTIAL TENANCIES BOARD

Tom Dunne, Chairperson	Head of School of Real Estate and Construction Economics, Dublin Institute of Technology
James Bridgeman	Barrister-at-Law, Lecturer in Law, ITT Dublin
Anne Colley	Solicitor
Aideen Hayden	Solicitor and Chairperson of Threshold
Mary Heaslip	Auctioneer and Valuer
Sheila McMahon	Assistant Principal Officer, Department of the Environment, Heritage and Local Government
Fintan McNamara	Irish Property Owners' Association
Marjorie Murphy	Solicitor
Conn Murray	City Manager, Waterford City Council
Liam O'Donnell	Auctioneer and Valuer and CEO of the Institute of Professional Auctioneers and Valuers
Dr. Eoin O'Sullivan	Lecturer in Social Policy, School of Social Work and Social Policy, Trinity College Dublin
Dervla Quinn	Solicitor
Dr. Bairbre Redmond	Associate Dean, Department of Applied Social Science, University College Dublin
Pat Riney	Auctioneer and Valuer
Tony Taaffe	Solicitor

Private Residential Tenancies Board

Report of the Comptroller and Auditor General

Report of the Comptroller and Auditor General for presentation to the Houses of the Oireachtas

I have audited the financial statements of the Private Residential Tenancies Board for the year ended 31 December 2006 under the Residential Tenancies Act 2004.

The financial statements, which have been prepared under the accounting policies set out therein, comprise the Statement of Accounting Policies, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes.

Respective Responsibilities of the Board and the Comptroller and Auditor General

The Board is responsible for preparing the financial statements in accordance with the Residential Tenancies Act 2004 and for ensuring the regularity of transactions. The Board prepares the financial statements in accordance with Generally Accepted Accounting Practice in Ireland. The accounting responsibilities of the Members of the Board are set out in the Statement of Responsibilities of the Board.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report my opinion as to whether the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland. I also report whether in my opinion proper books of account have been kept. In addition, I state whether the financial statements are in agreement with the books of account.

I report any material instance where moneys have not been applied for the purposes intended or where the transactions do not conform to the authorities governing them.

I also report if I have not obtained all the information and explanations necessary for the purposes of my audit.

I review whether the Statement on Internal Financial Control reflects the Board's compliance with the Code of Practice for the Governance of State Bodies and report any material instance where it does not do so, or if the statement is misleading or inconsistent with other information of which I am aware from my audit of the financial statements. I am not required to consider whether the Statement on Internal Financial Control covers all financial risks and controls, or to form an opinion on the effectiveness of the risk and control procedures.

Private Residential Tenancies Board

Report of the Comptroller and Auditor General

Basis of Audit Opinion

In the exercise of my function as Comptroller and Auditor General, I conducted my audit of the financial statements in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and by reference to the special considerations which attach to State bodies in relation to their management and operation. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures and regularity of the financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgments made in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Board's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations that I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion, the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the Board's affairs at 31 December 2006 and of its income and expenditure for the year then ended.

In my opinion, proper books of account have been kept by the Board. The financial statements are in agreement with the books of account.

John Purcell
Comptroller and Auditor General
February 2008

Private Residential Tenancies Board

Statement of Responsibilities

Section 178 of the Residential Tenancies Act 2004, requires the Members of the Board, to prepare Financial Statements in such form as may be approved by the Minister for the Environment, Heritage and Local Government and in accordance with generally accepted accounting principles.

In preparing those financial statements, the Director and the Board are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Board will continue in operation.

The Director, under the direction of the Board is responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Board and which enable it to ensure that the financial statements comply with section 178 of the Act. The Board is responsible for ensuring that the business of the Board is conducted in a proper and regular manner and for safeguarding all assets under its operational control and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Director

Date

Chairperson

Date

Private Residential Tenancies Board

Statement on System of Internal Financial Control

Responsibility for the system of Internal Financial Control

On behalf of the members of the Private Residential Tenancies Board, I acknowledge our responsibility for ensuring that an effective system of internal financial control is maintained and operated.

The system can only provide reasonable, and not absolute, assurance that the assets are safeguarded, transactions authorised and properly recorded, and that material error or other irregularities are either prevented or would be detected in a timely period.

Key control procedures

The Private Residential Tenancies Board was established under the Residential Tenancies Act 2004 and commenced on 1st September, 2004. Since then the Board has taken initial steps to ensure an appropriate control environment by:

- ensuring the Board complies with its Financial obligations under the Act
- ensuring that assets and liabilities of the Board are properly accounted for
- clearly defining management responsibilities in a defined organisational structure with clear segregation of duties; and
- the establishment of appropriate sub-committees of the Board to give greater focus on specific areas;

The members of the Board have agreed that the Director and staff of the Board, (subject to delegation by the Director), are responsible for operational matters.

The Board's monitoring and review of the effectiveness of the system of internal financial control is informed by the Director who has responsibility for the development and maintenance of the financial control framework.

The Private Residential Tenancies Board is dependant on the accounting and payroll systems of the Department of the Environment, Heritage and Local Government. In that respect, the PRTB is required to comply with control procedures operating within the Department.

Payments made by the Private Residential Tenancies Board were processed through the Department of the Environment, Heritage and Local Government's Oracle Financial Management System.

Private Residential Tenancies Board

Statement on System of Internal Financial Control

Annual Review of Controls

In 2006 the Board appointed an audit committee, comprising 4 members, of which 2, including the Chair, are external. The role of the Committee will form part of the ongoing systematic review of the control environment and governance procedures within the Board, to oversee the internal audit function and advise the Board in relation to the operation and development of that function. The committee will also have a role in the oversight of the draft annual financial statements before submission to the Board for approval.

The Board commissioned external consultants in 2006 to carry out a risk review to identify the key risk areas and control weaknesses of the organisation. A risk assessment and an initial review of the accounting and internal controls within the PRTB, which was carried out in June 2006, identified the need for internal audit reviews in a number of key areas. Based on the findings of the risk assessment a three year Internal Audit Plan was agreed by the Board in early 2007. Implementation of the recommendations outlined in the audit plan are ongoing.

While a formal review of the effectiveness of internal controls was not carried out in 2006 the Board is currently carrying out this review in the context of the development of its Corporate Plan.

Chairperson

Date

Private Residential Tenancies Board

Statement of Accounting Policies

The significant accounting policies adopted in these financial statements are as follows:

1. General

The general functions of the Board are: the operation of a national registration system for all private residential tenancies; the operation of a dispute resolution service; and the provision of information, carrying out of research and the provision of policy advice regarding the private rented sector.

2. Basis of Accounting

The financial statements have been prepared under the accruals basis of accounting in accordance with generally accepted accounting principles and under the historic cost convention. The statements are in a form approved by the Minister for the Environment, Heritage and Local Government. The accounts are stated in euro.

3. Income

State Funding

State funding represents expenditure incurred by the Department of the Environment, Heritage, and Local Government in respect of the administrative and operational expenses of the Board plus the cost of staff seconded to the Board by the Department for the period.

Registration & Dispute Fees

Fees in respect of registrations and disputes are recognised at the point when a valid application is received.

Private Residential Tenancies Board

Statement of Accounting Policies

4. Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided on a straight line basis at rates which are estimated to write off the cost of the assets over their expected useful lives as follows:-

Furniture & fittings	10%	Straight Line
Office equipment	20%	Straight Line
Computer equipment	20%	Straight Line

5. Foreign Currencies

Transactions denominated in foreign currencies are translated into euro at the rates of exchange prevailing at the transaction date. Any difference arising on translation between transaction dates and payment dates are charged to the Income and Expenditure account.

6. Capital Account

The capital account represents the unamortised amount of income used to finance fixed assets.

Private Residential Tenancies Board

Income and Expenditure account for the year ended 31 December 2006

	Notes	Year Ended 31 December 2006 €	Year Ended 31 December 2005 €
Income			
State Funding	1	2,973,787	1,703,279
Registration Fees	2	5,995,772	4,911,122
Less Recoupments to Local Authorities		<u>(4,282,694)</u>	<u>(3,507,944)</u>
		1,713,078	1,403,178
Disputes Fees	3	38,340	18,035
Payments made by OPW on behalf of PRTB	10	<u>280,854</u>	<u>286,709</u>
		5,006,059	3,411,201
Transfer from / (to) Capital Account	8	<u>35,965</u>	<u>(25,986)</u>
		5,042,024	3,385,215
Interest Income		<u>93,559</u>	<u>0</u>
		<u>5,135,583</u>	<u>3,385,215</u>
Expenditure			
General Administration	4	(3,255,594)	(2,077,469)
Depreciation		<u>(50,300)</u>	<u>(47,433)</u>
		<u>(3,305,894)</u>	<u>(2,124,902)</u>
Excess of Income over Expenditure	9	<u>1,829,689</u>	<u>1,260,313</u>

The Statement of Accounting Policies and Notes 1 to 14 form part of these Financial Statements.

All income and expenditure for the year ended 31 December 2006 relate to continuing activities. The Board has no gains or losses in the financial period other than those dealt with in the Income and Expenditure Account.

Director

Date

Chairperson

Date

Private Residential Tenancies Board

Balance Sheet as at 31 December 2006

	Notes	31 December 2006 €	31 December 2005 €
FIXED ASSETS			
Tangible assets	5	<u>152,677</u>	<u>188,642</u>
CURRENT ASSETS			
Debtors	6	17,036	0
Cash at Bank		<u>8,591,846</u>	<u>3,491,214</u>
		8,608,882	3,491,214
CREDITORS			
Amounts falling due within one year	7	<u>(5,386,189)</u>	<u>(2,098,210)</u>
NET CURRENT ASSETS		<u>3,222,693</u>	<u>1,393,004</u>
Total assets less current liabilities		<u>3,375,370</u>	<u>1,581,646</u>
FINANCED BY			
Accumulated excess income/ (expenditure)	9	3,222,693	1,393,004
Capital Account	8	<u>152,677</u>	<u>188,642</u>
		<u>3,375,370</u>	<u>1,581,646</u>

The Statement of Accounting Policies and Notes 1 to 14 form part of these Financial Statements.

Director

Date

Chairperson

Date

Private Residential Tenancies Board

Cashflow Statement for the year ended 31 December 2006

	Notes	Year Ended 31 December 2006 €	Year Ended 31 December 2005 €
Reconciliation of operating surplus to net			
Cash inflow from operating activities			
Operating surplus / (deficit) for year		1,829,689	1,260,315
Depreciation	5	50,300	47,433
Interest Earned		(93,559)	
Transfer from / (to) Capital Account	8	(35,965)	25,986
Increase in debtors		(17,036)	0
Increase in creditors		3,287,980	2,078,170
Net cash inflow from operating activities		<u>5,021,408</u>	<u>3,411,904</u>
Cashflow Statement			
Net cash inflow from operating activities		5,021,408	3,411,904
Returns on Investment and Servicing of Finance			
Interest Earned		93,559	0
Net Capital Expenditure			
Payments to acquire tangible fixed assets	8	(14,335)	(73,419)
Increase in cash		<u>5,100,632</u>	<u>3,338,484</u>
RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET FUNDS			
Net funds at 31 December 2005		3,491,214	152,730
Net funds at 31 December 2006		8,591,847	3,491,214
Increase in cash		<u>5,100,632</u>	<u>3,338,484</u>

The Statement of Accounting Policies and Notes 1 to 14 form part of these Financial Statements.

Director

Date

Chairperson

Date

Private Residential Tenancies Board

Notes *(forming part of the financial statements)*

1. STATE FUNDING

State funding was provided through Vote 25 – Office of the Minister for the Environment, Heritage and Local Government and amounted to €2,973,787 for the year ended 31st December 2006 (2005 - €1,703,279).

2. REGISTRATION FEES INCOME

Fees which were received from landlords as payment for the registration of their tenancies amounted to €5,995,772.

As per Ministerial direction, made under Section 176(5) of the Residential Tenancies Act, 2004, registration fee income received by the PRTB is dealt with in the following manner;

- 5/7ths to local authorities, which amounted to €4,282,694
- 2/7ths is retained by the PRTB towards its administration costs, which amounted to €1,713,078

3. DISPUTES FEES INCOME

Fees were received in respect of the operation of a dispute resolution service and the fees which were lodged to the Bank amounted to €38,340.

Private Residential Tenancies Board

Notes (forming part of the financial statements)

4. ADMINISTRATIVE EXPENDITURE

	Year Ended 31 December 2006	Year Ended 31 December 2005
	€	€
Seconded Staff	976,255	722,446
Agency Staff fees	664,858	331,778
Training of Staff	11,581	0
Board Members fees	134,982	53,520
Tribunal Members fees	136,199	53,202
Training of Adjudicator & Mediators	35,721	76,035
Adjudicators and Mediators fees	279,300	119,719
Meeting expenses	5,967	3,245
Advertising	14,235	6,700
Postage and Distribution costs	93,913	49,443
Printing costs	74,501	111,950
Office supplies	46,040	37,323
Telephone expenses	6,955	2,508
Computer expenses and maintenance	95,177	76,804
Accommodation costs	280,854	286,709
Cleaning services	12,742	11,277
Stenography costs	95,139	6,738
Legal and Professional fees	202,508	86,808
Audit fees	9,600	9,600
Accountancy fees	10,959	10,073
Research Studies	39,846	0
Miscellaneous	28,262	21,591
	<u>3,255,594</u>	<u>2,077,469</u>

Private Residential Tenancies Board

Notes (forming part of the financial statements)

5. TANGIBLE FIXED ASSETS

	Computer Equipment €	Fixtures & Fittings €	Office Equipment €	Total €
<i>Cost</i>				
Opening Balance	147,727	-	89,438	237,165
Additions during year	<u>8,292</u>	-	<u>6,043</u>	<u>14,335</u>
At 31 December 2006	<u>156,019</u>	-	<u>95,481</u>	<u>251,500</u>
<i>Depreciation</i>				
Opening Balance	29,545	-	18,978	48,523
Charge for year	<u>31,204</u>	-	<u>19,096</u>	<u>50,300</u>
At 31 December 2006	<u>60,749</u>	-	<u>38,074</u>	<u>98,823</u>
<i>Net Book Value</i>				
At 31 December 2005	<u>118,182</u>	=	<u>70,460</u>	<u>188,642</u>
At 31 December 2006	<u>95,270</u>	=	<u>57,407</u>	<u>152,677</u>

6. DEBTORS

Amounts falling due within one year

	31 December 2006 €	31 December 2005 €
Prepaid expenses	9,186	0
Interest Receivable	<u>7,850</u>	<u>0</u>
	<u>17,036</u>	<u>0</u>

Private Residential Tenancies Board

Notes (forming part of the financial statements)

7. CREDITORS

Amounts falling due within one year

	31 December 2006	31 December 2005
	€	€
Creditors & Accruals	187,151	172,616
Amounts Due to Local Authorities	<u>5,199,038</u>	<u>1,925,594</u>
	<u>5,386,189</u>	<u>2,098,210</u>

Analysis of amounts due to local authorities:

The balances at the year end represent fees received in the relevant financial year and remaining to be paid over to the particular local authorities for the performance of their functions under the Housing Standards and Rent Book Regulations.

	2006	2005
	€	€
Fees received in the 2005 financial year	1,925,594	<u>1,925,594</u>
Fees received in the 2006 financial year	<u>3,273,444</u>	-
	<u>5,199,038</u>	<u>1,925,594</u>

The amounts due to be paid over to particular local authorities will be in accordance with the criteria set by the Minister for the Environment, Heritage and local Government

8. CAPITAL ACCOUNT

	31 December 2006	31 December 2005
	€	€
Opening Balance	<u>188,642</u>	<u>4,362</u>
Assets transferred from DOEHLG	0	158,294
Transfer from / (to) Income and Expenditure Account		
Funding to acquire Assets	14,335	73,419
Amortisation in line with asset depreciation	<u>(50,300)</u>	<u>(47,433)</u>
	(35,965)	25,986
Closing Balance at 31 December	<u>152,677</u>	<u>188,642</u>

Private Residential Tenancies Board

Notes (forming part of the financial statements)

9. ACCUMULATED EXCESS INCOME OVER EXPENDITURE

	31 December 2006	31 December 2005
	€	€
Opening Balance	<u>1,393,004</u>	<u>132,691</u>
Excess of income over expenditure	1,829,689	1,260,313
Closing Balance at 31 December	<u>3,222,693</u>	<u>1,393,004</u>

10. STAFF COSTS, ACCOMMODATION AND OFFICE SERVICES

Staff costs consists of seconded staff costs totalling €976,255, external agency staffing costs of €664,858 and staff training costs of €11,581.

Accommodation and other services (rent, service charges and insurance) valued at €280,854 were provided by the Office of Public Works on a non-repayment basis. The cost of these services has been recorded in the accounts as both income and expenditure to properly reflect the nature of the transaction.

11. SUPERANNUATION

In 2006 the PRTB had no contractual employees; Staff at the PRTB are Civil Servants on temporary transfer from the Department and are covered by Civil Service pension arrangements. The Civil Service Superannuation Schemes are defined benefit schemes which are unfunded and administered by the Department of Finance. There is no charge in the financial statements for any further superannuation liabilities which may arise in respect of these staff.

12. LATE PAYMENTS IN COMMERCIAL TRANSACTIONS

The Board is aware of its responsibilities under the Late Payments in Commercial Transactions Regulations 2002 and is establishing appropriate procedures and processes to ensure that all payments are made in accordance with the Regulations. No late payment interest was paid by the Private Residential Tenancies Board during the year.

Private Residential Tenancies Board

Notes *(forming part of the financial statements)*

13. CONTINGENT LIABILITIES

There are no contingent liabilities except as stated in these financial statements.

14. APPROVAL OF FINANCIAL STATEMENTS

The Financial Statements were approved by the Board on 6th July 2007.