

# **RESIDENTIAL TENANCIES BOARD**

## **Report and Financial Statements for the year ended 31 December 2018**

**RESIDENTIAL TENANCIES BOARD**  
**REPORT AND FINANCIAL STATEMENTS**

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## **Governance Statement & Board Members' Report**

### **Governance**

The Board of the Residential Tenancies Board ("RTB") was established under the Residential Tenancies Act (2004) ("the Act"). The functions of the Board are set out in Part 8 of the Act. The Board is accountable to the Minister for Housing, Planning and Local Government and is responsible for ensuring good governance at the RTB. The Board performs this task by setting strategic objectives and targets for the organisation and taking strategic decisions on all key business matters.

The day-to-day management, control and direction of the RTB has been delegated by the Board to the Director of the RTB and her senior management team. The Director and her team follow the broad strategic direction set by the Board and ensure that all Board members have a clear understanding of the organisation's key activities and issues, the types of decisions the Board is required to make, and all significant risks the organisation is faced with. The RTB Director acts as a direct liaison between the Board and RTB management and she has a reporting line to the Board Chair.

### **Board Responsibilities**

The work and responsibilities of the Board are set out in the Board's terms of reference and the schedule of matters specifically reserved for Board decision. In general these incorporate the functions vested in the Board by the Act, governance decisions such as the appointment of Committee members or the approval of policies, key strategic and financial decisions such as the approval of plans, or the commitment of significant resources, and risk oversight of the RTB's activities.

The RTB has responsibility for the direct implementation of legislation and Government policy relating to the rental housing sector. It has a quasi-judicial role and is independent in its decision-making functions. As a quasi-judicial service, there is a significant commitment made by the Board in overseeing certain decisions. Along with its monthly meetings, the Board frequently convenes to consider decisions in relation to jurisdiction issues and order enforcement in fulfilment of its quasi-judicial role.

During 2018, the Board met on 58 occasions (88 in 2017), both for ordinary board meetings and in meetings to deal with matters relating to its quasi-judicial role. The Board held 12 ordinary Board meetings and 46 Board Tenancy Disputes meetings. Standing items considered by the Board at every ordinary Board meeting include declarations of interest of Board members, risk management, financial matters, a report from the Director, Board and Committee membership, meeting minutes, and Committee reports.

Section 177 of the Residential Tenancies Act (2004) requires the Board of the RTB to keep, in such form as may be approved by the Minister for Housing, Planning and Local Government with consent of the Minister for Public Expenditure and Reform, all proper and usual accounts of money received and expended by it.

In preparing these financial statements, the Board of the RTB is required to:

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that it will continue in operation, and
- state whether applicable accounting standards have been followed, subject to any material

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departures disclosed and explained in the financial statements.

The Board is responsible for keeping adequate accounting records which disclose, with reasonable accuracy at any time, its financial position and enable it to ensure that the financial statements comply with Sections 177 to 179 of the Act. The maintenance and integrity of the corporate and financial information on the RTB's website is the responsibility of the Board.

The Board is responsible for approving the RTB's annual business plan and budget and for ongoing monitoring of performance. Throughout 2018 the Board evaluated the RTB's performance against budget and received quarterly reports from the senior management team on each department's performance against its departmental business plan. The final financial outturn and performance against the 2018 business plan was formally reviewed by the Board at its meeting on 5 April 2019.

The Board is also responsible for safeguarding its assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Board considers that the financial statements of the RTB give a true and fair view of the financial performance and the financial position of the Residential Tenancies Board at 31 December 2018.

#### Board Structure

The Board consists of a Chairperson and up to 11 ordinary members who are appointed by the Minister for Housing, Planning and Local Government. The members of the Board were appointed for varying periods and meet on a monthly basis. The table below details the appointment information for Board members during calendar year 2018.

Board member	Role	Board term
Catriona Walsh	Chairperson	16 Apr 2013 – 30 Apr 2019
John FitzGerald	Member	01 Apr 2013 – 30 Sept 2020
James Leahy	Member	10 Jun 2014 – 31 May 2018
Patricia Sheehy Skeffington	Member	31 May 2015 – 31 May 2018
Tim Ryan	Member	31 May 2015 – 31 May 2018
Mary O'Donovan	Member	01 July 2016 – 30 Jun 2020
Justin O'Brien	Member	15 June 2017 – 30 June 2021
Paul White	Member	15 June 2017 – 30 June 2021
Paddy Gray	Member	01 July 2017 – 31 July 2021
Julia Carmichael	Member	01 Dec 2017 – 30 Nov 2022
Audry Deane	Member	23 April 2018 – 22 Apr 2021
James Doorley	Member	23 April 2018 – 22 Apr 2021

On 11 January 2019, the Board performed an annual evaluation of its own effectiveness during 2018 and will do so annually in compliance with the Code of Practice for the Governance of State Bodies (2016) ("2016 Code").

#### Board Committees

The Board is assisted in its oversight role by a number of Board Committees which are comprised of board members and external members with subject matter expertise in the Committees' respective areas of responsibility. These Committees are charged by the Board with in-depth consideration of

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certain matters and they provide advice to help with Board decision-making. The minutes of Board Committee meetings are circulated to the Board to keep the Board informed of the work of the Committees.

Board Committees are periodically reviewed by the Board to consider their effectiveness against their terms of reference. In October 2017, following a review, the Board dissolved the Research, Education & Awareness Committee and replaced it with a new Research Committee, under new terms of reference. The Research Committee met for the first time on 23 May 2018.

During 2018 the Board had the following Board Committees in place:

- Audit & Risk Committee
- Legislative Committee
- Research Committee
- Section 189 Committee

#### **Audit and Risk Committee**

The Audit and Risk Committee ("ARC") comprises three Board members and two external members with skills and executive experience in risk management, governance, and finance. The ARC had five meetings during 2018.

The ARC reports to the Board after each meeting, and formally in writing annually. The papers and minutes of the ARC meetings are circulated to the Board subsequent to each meeting. At 31 December 2018 the members of the Audit and Risk Committee were: Board members Julia Carmichael (Chairperson), Mary O'Donovan and Paul White, and external members Shane O'Keeffe and Paul Dunne. The schedule of Committee attendance during 2018 is below.

Committee member	Meetings attended
<b>Meetings Held</b>	<b>5</b>
Julia Carmichael - Board	5
Mary O'Donovan - Board	5
Paul White – Board	4
Shane O' Keeffe – external (appointed 12/01/2018)	4
Paul Dunne – external (appointed 12/01/2018)	3
Tim Ryan – Board (term ended 31/05/2018)	2
Dermot Byrne – external (term ended 11/01/18)	1
Earnan O'Cleirigh – external (term ended 15/01/2018)	0

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#### Legislative Committee

The Legislative Committee comprises four Board members and three external members and is charged with assisting the Board in its consideration of legislative matters. It had 5 meetings during 2018. The members of this committee at 31 December 2018 were Board members Catriona Walsh, John Fitzgerald, Justin O'Brien and James Doorley, and external members Finian Matthews (Chairperson), Anne Colley, and Karen Murphy.

Committee member	Meetings attended
<b>Meetings Held</b>	<b>5</b>
Catriona Walsh (interim term began 09/03/2018)	1
John Fitzgerald – Board	3
Patricia Sheehy Skeffington – Board (term ended 31/05/2018)	0
Justin O'Brien - Board	5
James Doorley - Board (term began 07/12/2018)	0
Anne Colley - external	4
Finian Matthews - external	5
Karen Murphy - external	5

#### Research Committee

The Research Committee, which provides strategic direction and oversight for the development and delivery of the RTB research programme, met twice during 2018. Committee members as of 31 December 2018 were Board members Paddy Gray (Chairperson), John Fitzgerald, Justin O'Brien and Audry Deane, and external members Lorcan Sirr, Christine Whitehead and John McCartney.

Committee member	Meetings attended
<b>Meetings Held</b>	<b>2</b>
Paddy Gray – Board	2
John Fitzgerald - Board	2
Justin O'Brien - Board	2
Audry Deane - Board (term began 13/12/2018)	0
Lorcan Sirr - external	1
Christine Whitehead - external	2
John McCartney – external	2

#### Section 189 Committee

The Section 189 Committee consists of all Board members throughout their tenure as members of the RTB Board. It meets only as required by circumstances prescribed in section 189 of the Act to consider whether to apply to the Courts for interlocutory relief in cases of alleged illegal evictions by landlords. The Section 189 Committee met four times in 2018. Board members' attendance at the Section 189 Committee is set out in the table in the next section.

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#### Schedule of Board Members' Fees, Attendance and Expenses

During 2018 Board members were paid €151,448 (€211,163 in 2017) for their attendance at meetings. This amount includes fees for attendance at Board and Committee meetings, for participating in training events and interviews, and for fulfilling their duties as members of the Board. The fees are set by the Department of Public Expenditure and Reform and the Department of Housing, Planning, and Local Government. The fee basis for the RTB Chairperson and Board members was changed during 2018 as set out below. The change came into effect on 24 July 2018.

The per meeting fee schedule in operation until 23 July 2018 was as follows:

Activity	Chairperson	Member
Board meetings, Committee meetings and training	€217	€196
Disputes meetings	€509	€329
Tribunals	€1,020	€506

The annual fee schedule in operation from 24 July 2018 is set out in the table below. The amounts paid were pro-rated for the period between 24 July 2018 and 31 December 2018.

Activity	Chairperson	Member
Annual amount for Board work and attendance at Board and Board Committee meetings	€8,978	€5,985
Annual amount for meetings in which the Board exercises its powers under the Act with respect to its quasi-judicial role	€7,700	€5,250

The tables on the following two pages set out the Board members' fees and expenses paid for 2018 and Board members' attendance at meetings during the year.

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### Board Member Fees & Expenses 2018

Board Member	Board Work	Disputes Fees	Rent Tribunal	Training / Other	Travel & Subsistence (T&S)	Total (Fees & Expenses)
Catriona Walsh	€9,230	€3,054	€0	€0	€0	€12,284
John FitzGerald	€7,463	€12,744	€802	€588	€6,311	€27,908
James Leahy	€588	€8,765	€0	€196	€1,128	€10,677
Patricia Sheehy Skeffington	€588	€0	€680	€0	€0	€1,268
Tim Ryan	€1,568	€8,436	€802	€196	€292	€11,294
Mary O'Donovan	€7,071	€11,248	€0	€588	€3,583	€22,490
Justin O'Brien	€7,485	€12,775	€0	€588	€0	€20,848
Paul White	€6,875	€11,906	€0	€196	€0	€18,977
Paddy Gray	€6,700	€11,906	€0	€196	€7,595	€26,397
Julia Carmichael	€1,435	€0	€0	€196	€0	€1,631
Audry Deane	€5,307	€1,645	€0	€0	€0	€6,952
James Doorley	€5,503	€4,128	€0	€0	€30	€9,661
<b>Total</b>	<b>€59,813</b>	<b>€86,607</b>	<b>€2,284</b>	<b>€2,744</b>	<b>€18,939</b>	<b>€170,387</b>

In compliance with the 'One Person, One Salary' principle, board fees ceased to be paid to Ms. Julia Carmichael from June 2018 onwards.

In compliance with Department of Public Expenditure and Reform guidelines, board members were reimbursed a total of €18,939 for travel and subsistence incurred for attendance at meetings and training.



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### Board Members' Attendance and Fees in 2018

Board Member Meeting Attendance 2018								
Board Member	Board Meeting	Board Disputes Meeting	Section 189 Committee Meeting	Rent Tribunal	Audit & Risk Committee	Legislative Committee	Research Committee	Total (Fees & Expenses)
Meetings Held	12	46	4	2	5	5	2	
Catriona Walsh	12	12	2			1		€12,284
John FitzGerald	12	42	4	2		3	2	€27,908
James Leahy <sup>1</sup>	3	25	1					€10,677
Patricia Sheehy Skeffington <sup>1</sup>	3			2				€1,268
Tim Ryan <sup>1</sup>	6	24		2	2			€11,294
Mary O'Donovan	9	37	3		5			€22,490
Justin O'Brien	11	43	3			5	2	€20,848
Paul White	10	38	1		4			€18,977
Paddy Gray	11	43	2				2	€26,397
Julia Carmichael	9	1	1		5			€1,631
Audry Deane <sup>2</sup>	6	11	1					€6,952
James Doorley <sup>2</sup>	7	16	3					€9,661
Total Fees								€170,387

<sup>1</sup> The Board terms of James Leahy, Patricia Sheehy-Skeffington, and Tim Ryan expired on 31 May 2018.  
<sup>2</sup> The Board terms of Audry Deane and James Doorley commenced on 23 April 2018.

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### Dispute Resolution Committee

The Dispute Resolution Committee ("DRC") is the panel from which members of the three-person Tenancy Tribunals are drawn. Since tribunal determinations can only be appealed on a point of law to the High Court, members of the DRC perform an important quasi-judicial function. There were 618 tribunal hearings in 2018. The table below shows payments to Tribunal members for 2018.

Tribunal Members			
Panel Member	Fees	Training	Total
Andrew Nugent	€18,380	€980	€19,360
Anne Leech	€17,519	€1,176	€18,695
Brian Murray	€20,598	€0	€20,598
Ciara Doyle	€21,977	€980	€22,957
Claire Millrine	€9,027	€0	€9,027
Dairine MacFadden	€29,073	€980	€30,053
Dervla Quinn	€32,899	€980	€33,879
Donald Menzies	€24,498	€784	€25,282
Elizabeth Maguire	€13,947	€784	€14,731
Eoin Byrne	€38,987	€392	€39,379
Finian Matthews	€27,825	€980	€28,805
Fintan McNamara	€26,399	€588	€26,987
Grainne Duggan	€5,095	€196	€5,291
Healy Hynes	€28,590	€588	€29,178
Helen Claire O'Hanlon	€26,903	€196	€27,099
Hugh Markey	€18,543	€1,176	€19,719
Jack Nicholas	€11,043	€0	€11,043
James Egan	€24,029	€588	€24,617
John Conran	€8,672	€1,176	€9,848
John Keane	€24,203	€784	€24,987
John Keaney	€27,247	€1,176	€28,423
Karen Ruddy	€17,707	€392	€18,099
Kevin Baneham	€15,017	€980	€15,997
Louise Moloney	€25,721	€784	€26,505
Mary Doyle	€16,819	€784	€17,603
Mary H. Morris	€506	€392	€898
Maureen Cronin	€16,496	€784	€17,280
Mervyn Hickey	€11,880	€0	€11,880
Michael Vallely	€19,085	€784	€19,869
Michelle O'Gorman	€24,876	€1,176	€26,052
Monica Brennan	€10,564	€392	€10,956

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Panel Member	Fees	Training	Total
Nesta Kelly	€28,586	€1,176	€29,762
Niall Buckley	€4,422	€0	€4,422
Owen Donnelly	€6,473	€0	€6,473
Peter Shanley	€14,460	€196	€14,656
Roderick Maguire	€16,512	€0	€16,512
Rosemary Healy Rae	€24,542	€392	€24,934
Simon Noone	€1,195	€0	€1,195
Siobhan Phelan	€5,103	€784	€5,887
Suzy Quirke	€17,002	€980	€17,982
Vincent P. Martin	€17,882	€1,176	€19,058
<b>Total</b>	<b>€750,302</b>	<b>€25,676</b>	<b>€775,978</b>

#### Adjudicators & Mediators Panel

An important function of the RTB is to provide a dispute resolution service for landlords, tenants and third parties. To ensure impartiality in the dispute resolution process, the adjudicators and mediators on our panel are appointed independently, and they undertake their functions in an autonomous capacity. Adjudicators are paid a flat fee of €616 per day for three hearings, or €616 for three telephone mediations where both parties agree to enter the mediation process. The table below shows payments made to Adjudicators/Mediators for 2018.

Adjudicators / Mediators			
Panel Member	Fees	Training	Total
Angela Becker	€37,576	€784	€38,360
Brian Whelan	€65,296	€1,596	€66,892
Catherine McGuigan	€2,464	€392	€2,856
Catriona O'Connor	€46,200	€392	€46,592
Chris McDermott	€17,092	€196	€17,288
Ciara Fitzgerald	€16,016	€392	€16,408
Cynthia Lennon	€29,568	€784	€30,352
David Duncan	€67,144	€784	€67,928
Deirdre McGowan	€1,232	€0	€1,232
Denis Kelliher	€9,240	€196	€9,436
Dermot Sheehan	€36,344	€784	€37,128
Eithne Corry	€12,936	€0	€12,936
Emma Synnott	€11,704	€392	€12,096
Frank Brady	€61,600	€392	€61,992
Gerard N Murphy	€49,280	€196	€49,476
Laura Farrell	€40,656	€525	€41,181
Lauren Tennyson	€33,880	€196	€34,076

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<b>Panel Member</b>	<b>Fees</b>	<b>Training</b>	<b>Total</b>
Linda Brophy	€31,416	€392	€31,808
Louise Beirne	€25,256	€588	€25,844
Mark Kane	€64,064	€196	€64,260
Mema Byrne	€29,568	€784	€30,352
Órla Ryan	€24,640	€588	€25,228
Sarah Brophy	€46,200	€392	€46,592
Shaun Smyth	€49,280	€917	€50,197
Simon Brady	€51,128	€392	€51,520
Stephen Brady	€6,160	€0	€6,160
Steven Dixon	€71,456	€392	€71,848
Susan Fay	€19,712	€588	€20,300
Thomas Dowling	€3,080	€0	€3,080
<b>Total</b>	<b>€960,188</b>	<b>€13,230</b>	<b>€973,418</b>

### Key Board and Personnel Changes

The terms of office of three Board members expired in 2018. The Minister appointed two new Board members during the year in accordance with his powers under the Act. These changes to the Board are shown in the table above titled Board Structure.

During the year, the RTB Director added a new role of Assistant Director (A/D) with responsibility for Registrations, Outsourcing, & Customer Service to her senior management team.

### Disclosures Required by Code of Practice for the Governance of State Bodies (2016)

The Board is responsible for ensuring that the RTB has complied with the requirements of the 2016 Code as published by the Department of Public Expenditure and Reform in August 2016. The following disclosures are required by the 2016 Code:

### Employee Short-Term Benefits Breakdown

Six staff members were paid short-term benefits in excess of €60,000 each in 2018. These payments are analysed in Note 4a of the RTB's 2018 Financial Statements. For the purpose of this disclosure, employee short-term benefits during 2018 include salary, overtime, and other payments made to the employees but exclude employers' PRSI.

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### Consultancy Costs

Consultancy costs include the cost of external advice to management and exclude outsourced 'business-as-usual' functions.

Consultancy	2018	2017
Legal Advice	€55,308	€64,893
GDPR Compliance	€60,512	€0
Communications & Research	€13,380	€12,509
Strategic Planning	€9,194	€14,238
Workforce Planning	€73,247	€0
HR & Pensions	€0	€3,321
Leasehold Improvements (Capitalised)	€18,058	€0
<b>Total</b>	<b>€229,699</b>	<b>€94,961</b>

No consultancy costs were capitalised during 2017, however €18,058 of architectural and other fees incurred in occupying additional office space were capitalised in 2018.

### Legal Costs and Settlements

The table below provides a breakdown of amounts recognised as legal expenditure in 2018. The primary driver of legal costs for the RTB is in carrying out our functions under the Act including the resolution of disputes between landlords and tenants, litigation where required to enforce an Order of the RTB, and prosecution in the case of unregistered tenancies. This table also includes legal costs incurred in compliance with other legislation including data protection, employment law, and freedom of information, and in the day to day running of the organisation. This does not include expenditure incurred in relation to general legal advice received by the RTB which is disclosed in Consultancy costs above.

Legal Costs and Settlements	2018	2017
Judicial Review	€0	€0
Registration Enforcement	€11,357	€37,762
Order Enforcement	€836,040	€997,937
Appeals	€211,151	€192,641
General Administration	€305,768	€285,383
Other Legal Support	€361,750	€298,366
<b>Total</b>	<b>€1,726,066</b>	<b>€1,812,089</b>

### Travel and Subsistence Expenditure

Travel and subsistence expenditure is categorised below.

Travel & Subsistence	2018	2017
RTB Staff & Seconded	€17,143	€17,903
Board Members	€18,939	€24,120
Tribunal Members, Adjudicators & Mediators	€40,130	€45,321
<b>Total</b>	<b>€76,212</b>	<b>€87,344</b>

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Of the current year amount for RTB staff & secondees, €706 relates to international travel (2017: €530). There was no foreign travel for panel members or Board members in either year. All travel and subsistence expenditure is paid in compliance with Department of Public Expenditure & Reform guidelines.

#### Hospitality Expenditure

Hospitality expenditure includes refreshments provided for information sessions hosted by the RTB in fulfilment of its mandate to deliver education and awareness events to stakeholders. The expenditure is categorised below.

Hospitality Expenditure	2018	2017
Staff Hospitality	€3,144	€1,013
Education and Awareness Events	€ 9,824	€7,729
<b>Total</b>	<b>€12,968</b>	<b>€8,742</b>

#### Statement of Compliance

The Board has adopted the Code of Practice for the Governance of State Bodies (2016) and has put procedures in place to ensure compliance with it. Significant work was done by management during 2018 on compliance with the 2016 Code. This work was carried out under the oversight of the Audit and Risk Committee, who acknowledge the efforts made in 2018 and are satisfied that the organisation was in full compliance with the 2016 Code at the end of 2018.



**Tom Dunne**  
Chairperson



**Rosalind Carroll**  
Director

Date: 04 October 2019

Date: 04 October 2019

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## **Statement on Internal Control**

### **Responsibility for the System of Internal Control**

As Chairperson of the Residential Tenancies Board ("RTB"), I acknowledge the Board's responsibility for ensuring that an effective system of internal control is maintained and operated. In considering the effectiveness of the system of internal control, the Board has regard, amongst other things, to the requirements of the *Code of Practice for the Governance of State Bodies (2016)*, hereafter referred to as the "2016 Code" and any associated regulatory or legislative requirements.

### **Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to an agreed tolerable level in line with the organisation's risk appetite statement rather than to eliminate it. The system can only provide reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or detected in a timely manner.

The system of internal control outlined in this statement, which accords with the guidance issued by the Department of Public Expenditure and Reform, has been in place in the RTB for the year ended 31 December 2018 and up to the date of approval of the financial statements.

### **Capacity to Handle Risk**

The Board of the RTB is responsible for ensuring that the RTB has an effective system of internal control in place. The Board is assisted in its work by the Audit and Risk Committee ("ARC") which is comprised of three Board members and two external members with expertise in risk management, governance, and finance. The ARC met five times during 2018.

The Board has delegated executive authority to the Director who, along with her senior management team, operates the RTB's risk management framework and reports on risk at every Board meeting or between meetings as required.

The RTB has an Internal Audit function which is provided by an external firm with the internal audit programme set by the ARC annually. In 2018 two internal audits were performed covering risk management and the quasi-judicial payments process, both of which were reviewed by the ARC. In late 2018, the ARC oversaw procurement of a new internal audit service provider. On their appointment the new provider performed a detailed analysis of the risk environment at the RTB and produced a draft one year and three year audit plan which was approved by the ARC. Delivery against this plan will be overseen by the ARC who will recommend changes to the plan if necessary.

During 2018, the RTB completed a body of work to develop its risk management framework and governance practices in compliance with the 2016 Code. The ARC will continue to oversee developments in this area in accordance with RTB priorities.

In June 2018 the Board approved a Risk Management Policy which sets out a suite of processes to enhance and embed the culture of risk management in the organisation. The policy was developed with oversight and guidance by the ARC.



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In December 2018 the Board approved a Risk Appetite Statement which will be used by the Board to ensure that risks are being managed to an acceptable level and that breaches of risk tolerances set by the Board will be reported by RTB management in a timely manner. The Board will formally review the Risk Appetite Statement at least annually.

The Director and the senior management team ensured that appropriate procedures were in place to identify emerging risks, assess and manage risk from a strategic and operational perspective, and to monitor the implementation of the Risk Management Policy and Risk Appetite Statement.

The Board expects that the period of considerable change which the RTB has experienced over the last few years will continue into 2019 and beyond as the Government's proposed new legislation for the residential tenancies sector will significantly broaden the mandate of the organisation and increase its regulatory powers. The Board will continue to oversee the system of internal control and risk management and ensure that it evolves in line with the evolution of the RTB into the future.

### Risk and Control Framework

#### Risk Register

The RTB maintains a corporate risk register which identifies the key risks, evaluates them using a risk-based scoring system, and identifies the controls in place and actions needed to reduce the risks or mitigate their impact. The register is prepared by management and reviewed by the ARC and the Board periodically. The outcomes of these reviews are used to plan and allocate resources to ensure risks are managed to an acceptable level.

#### Internal Control

The RTB has a system of internal control and risk management designed to identify and report key risks and the management actions being taken to address and, where possible, to mitigate them.

The key elements of the system are as follows:

- A clearly defined organisational structure with appropriate segregation of duties and limits of authority designated by the Board
- A strategic plan, approved by the Board, which guides the annual business plan and budget
- An annual budget and annual business plan for each directorate, approved by the Board, with monthly and/or quarterly reporting of key variances to plan
- Documented policies and procedures covering key areas of risk which are periodically reviewed and approved by the Board
- Defined limits and authority for financial expenditure including procurement of goods and services and capital expenditure, approved by the Board
- Monthly management accounts prepared and presented to the Board
- An ARC which provides oversight and guidance in the areas of risk management, risk register review, risk appetite, risk reporting and policy development
- A number of other Board Committees which support the Board in its oversight role. These are listed in the Governance Statement & Board Members' Report
- Policies covering fraud, health and safety, and other key risk areas as well as a code of conduct for the Board, Officers, and staff
- Policies and procedures covering staff performance, training, and continuing education
- A procurement policy and plan which is reviewed and approved annually by the Board



## RESIDENTIAL TENANCIES BOARD

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- An Internal Audit function which reviews identified processes, systems and controls and reports on its work to the ARC
- The ARC which deals with any significant control issues raised by Internal Audit, the Office of the Comptroller and Auditor General, or other external reviews
- A corporate risk register which is prepared by management and reviewed regularly by the ARC and the Board
- Reporting on customer volumes and activity in our in-house and outsourced operations which records performance against service standards and triggers management intervention
- Customer surveys and feedback which we use to identify and address issues with the delivery of our services
- Systems and software in place to protect our ICT environment from threats and to ensure the security of the information we hold.

#### Board Committees

The Board is assisted in its oversight role by a number of Board Committees which are comprised of board members and external members with subject matter expertise in the Committees' respective areas of responsibility. The Committees are charged by the Board with in-depth consideration of certain matters and they provide advice to help with Board decision-making. The minutes of each Board Committee meeting are circulated to the Board in advance of the next Board meeting. Details of the Committees in operation during 2018 are included in the Governance Statement & Board Members' Report.

#### Risk Management System

Risk is managed using the three lines of defence model. The first line is the RTB's management team which has primary responsibility for managing risk and internal control in their areas of responsibility. They are supported by the RTB's control functions (Finance, Risk, Human Resources, and Procurement) which are the second line. The third line of defence is comprised of the external bodies who review the system. The overall system of internal control at the RTB is reviewed independently by our Internal Audit service and, within the governance requirements of the 2016 Code, the Audit & Risk Committee of the Board.

Managers in all areas of the RTB have clearly defined responsibilities for the performance of their roles and staff are appropriately skilled and supported with training. Manager and staff performance expectations are set and monitored through the employee performance management system. Training is provided for staff when they take up a role and where special training needs are identified these requirements are supported by Human Resources.

In addition to RTB paid staff, customer servicing is supported by an outsourced customer care center which delivers the majority of frontline customer services. Internal controls for this service include transparent service level agreement requirements, frequent quality reviews, regular performance and quality reports, and weekly, monthly, and quarterly meetings between the provider and RTB management. A separate quality assurance process is in place within the RTB to provide assurance to management and the Board that customers' needs are being met in a timely and professional manner. The review and monitoring of all outsourced work is a dynamic process and all significant risks arising must be recorded and notified to management, the ARC, and the Board.

Control functions, such as Finance, Risk, Human Resources, and Procurement have policies in place to control risk in their areas of responsibility and provide guidance and oversight to operational areas to

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ensure compliance with applicable laws, regulations, and policy. These units perform regular reviews to ensure managers and staff across the organisation are adhering to these policies and they escalate significant breaches through the management hierarchy so that corrective action can be taken.

### Organisational Structure

The RTB management team is led by the Director and she has organised the RTB's operations into eight directorates each headed by an experienced Assistant Director. The directorates are: Disputes & Tribunals; Registration & Dispute Enforcement; HR & Corporate Services; ICT; Registrations & Customer Services; Strategic Projects & Procurement; Communications & Research; Finance, Governance, & Risk Management. In response to the changing role of the RTB, during 2018 the Director added to her senior management team and reorganised responsibilities across directorates to deliver the enhanced demands on the RTB as a result of changes in the residential tenancies sector.

Also during 2018, the RTB engaged an external firm to conduct a review of its staffing and management structure in light of the changes in the sector and increasing demands on the RTB's services. The output of this review was a new workforce plan which will guide decisions around the staffing level and management structure in place at the RTB over the next several years.

### Ongoing Monitoring and Review

During 2018, the Minister approved the RTB Strategic Plan 2018 – 2022 which incorporates the changed mandate of the RTB and the expectations set for us in the Government's Strategy for the Rental Sector. The strategic plan was set with considerable Board input and was developed by the Director and her senior team with the assistance of outside advisors.

There is a comprehensive annual business plan and budget in place each year with operational and financial objectives for all business areas driven by the goals in the strategic plan. Management and the Board review performance against the budget on a monthly basis and review performance against the business plan on a quarterly basis.

There is a suite of performance and quality reports produced by management on the RTB's in-house operations and outsourced service providers. These are used by management to monitor actual outcomes versus agreed service levels and quality standards. When issues are identified in the reports they are escalated to senior management to take appropriate action.

The RTB has procedures in place for monitoring controls, addressing control weaknesses, and communicating issues as they arise to senior management and to the Board in a timely way. The Board will continue to provide oversight to the evolving risk management and internal control system at the RTB and will draw on the support of its Committees and outside advisors in fulfilling its stewardship role.

### Procurement

I confirm that RTB has procedures in place to ensure compliance with current procurement rules and guidelines. Matters arising regarding controls over procurement are highlighted under internal control issues below.

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#### Review of Effectiveness

I confirm that the RTB has procedures to monitor the effectiveness of its risk management and control environment. RTB's monitoring and review of the system of internal control is guided by the work of the internal and external auditors, the ARC which oversees their work, the Board, and the senior management team which is responsible for the development and maintenance of the internal control framework.

I confirm that the Board conducted an annual review of the effectiveness of the internal controls for 2018. Aside from the procurement issues outlined below, I confirm that there have been no material weaknesses identified in the internal controls in relation to 2018 that require disclosure in the financial statements.

#### Internal Control Issues

During 2018 the RTB spent €1.1 million on goods and services where the procedures employed did not comply with procurement guidelines.

The RTB spent €0.5 million on legal fees which were out of compliance with procurement guidelines. The non-compliant amount in 2018 was for expenditure prior to a new legal services contract being awarded. Since the awarding of this contract in March 2018 the RTB has been in full compliance with procurement guidelines for legal services.

The RTB spent €0.6 million on other goods and services which did not fully comply with procurement guidelines. The majority of this spending was on services the procurement of which has since been dealt with as part of the RTB's efforts to bring all of its procurement into compliance.

The Strategic Projects and Procurement directorate has been tasked with ensuring the RTB's continued compliance with procurement rules and with enhancing our monitoring of non-compliant procurement and reporting it to stakeholders. We will continue to prioritise value for money, best practice and full compliance with procurement guidelines as the organisation continues to expand into the future.



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Tom Dunne  
Chairperson

Date: 04 October 2019

**RESIDENTIAL TENANCIES BOARD**  
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**Report of the Comptroller & Auditor General**

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**RESIDENTIAL TENANCIES BOARD**  
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**Statement of Income and Expenditure & Retained Revenue Reserves**

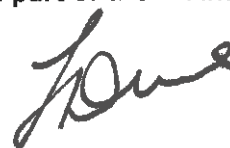
	Notes	Year Ended 31 December 2018 €	Year Ended 31 December 2017 €
<b>Income</b>			
Registration fees	2	11,067,586	11,843,235
Disputes fees		163,080	124,737
Other income	3	47,042	109,445
Exchequer funding (Vote 34, subhead A.10)		5,340,000	2,329,180
Deferred pension funding	11c	469,000	784,000
Transfer from/(to) capital account	9	(1,365,969)	467,522
<b>Sub-total</b>		<b><u>15,720,739</u></b>	<b><u>15,658,119</u></b>
<b>Expenditure</b>			
Staff costs	4a	2,866,331	2,413,647
Board and panel member costs	4b	1,959,913	1,908,239
Administrative costs	4c	8,236,998	7,454,734
Pension costs	11a	553,072	891,537
Depreciation	5	425,193	553,236
<b>Sub-total</b>		<b><u>14,041,507</u></b>	<b><u>13,221,393</u></b>
<b>Surplus/ (deficit) for the year</b>		<b><u>1,679,232</u></b>	<b><u>2,436,726</u></b>
<b>Accumulated Surplus 1 January</b>		<b>3,414,942</b>	<b>978,216</b>
<b>Accumulated Surplus 31 December</b>		<b>5,094,174</b>	<b>3,414,942</b>

The Statement of Cash Flows and Notes 1 to 15 form part of these Financial Statements.



**Rosalind Carroll**  
**Director**

**Date: 04 October 2019**



**Tom Dunne**  
**Chairperson**

**Date: 04 October 2019**

**RESIDENTIAL TENANCIES BOARD**  
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**Statement of Comprehensive Income**

	Notes	Year Ended 31 December 2018 €	Year Ended 31 December 2017 €
Surplus/ (deficit) for the year		1,679,232	2,436,726
Experience loss on pension scheme liabilities	11d	(37,000)	(142,000)
Changes in assumptions underlying the present value of pension scheme liabilities	11e	<u>347,000</u>	<u>(83,000)</u>
Actuarial gain / (loss) recognised	11b	310,000	(225,000)
Adjustment to deferred pension funding		<u>(310,000)</u>	<u>225,000</u>
Total recognised surplus / (deficit) for the year		<u>1,679,232</u>	<u>2,436,726</u>

The Statement of Cash Flows and Notes 1 to 15 form part of these Financial Statements.



**Rosalind Carroll**  
**Director**

**Date: 04 October 2019**



**Tom Dunne**  
**Chairperson**


**Date: 04 October 2019**

**RESIDENTIAL TENANCIES BOARD**  
**REPORT AND FINANCIAL STATEMENTS**


**Statement of Financial Position**

		Year Ended 31 December 2018 €	Year Ended 31 December 2017 €
	Notes		
<b>Fixed Assets</b>			
Property, plant and equipment	5	3,187,712	1,821,743
<b>Current Assets</b>			
Receivables	6	379,641	230,341
Cash and cash equivalents		<u>8,638,465</u>	<u>6,371,717</u>
		9,018,106	6,602,058
<b>Payables</b>			
Amounts falling due within one year	7	(3,923,932)	(3,187,116)
<b>Net Current Assets</b>		5,094,174	3,414,942
<b>Total Net Assets Before Pensions</b>		8,281,886	5,236,685
Deferred pension funding	11c	6,145,000	5,901,000
Pension scheme liabilities	11b	<u>(6,145,000)</u>	<u>(5,901,000)</u>
<b>Total Net Assets</b>		<u>8,281,886</u>	<u>5,236,685</u>
<b>Representing</b>			
Accumulated surplus	8	5,094,174	3,414,942
Capital account	9	<u>3,187,712</u>	<u>1,821,743</u>
		<u>8,281,886</u>	<u>5,236,685</u>

The Statement of Cash Flows and Notes 1 to 15 form part of these Financial Statements.

  
**Rosalind Carroll**  
 Director

**Date: 04 October 2019**

  
**Tom Dunne**  
 Chairperson

**Date: 04 October 2019**



**RESIDENTIAL TENANCIES BOARD**  
**REPORT AND FINANCIAL STATEMENTS**

**Statement of Cash Flows**

		Year Ended 31 December 2018 €	Year Ended 31 December 2017 €
	Notes		
<b>Reconciliation of Operating Surplus to Net Cash inflow from Operating Activities</b>			
Operating surplus / (deficit) for year		1,679,232	2,436,726
Depreciation	5	425,193	553,236
Interest earned		(29,651)	(30,245)
Transfer (from) / to capital account	9	1,365,969	(467,522)
(Increase) / decrease in receivables		(149,300)	(187,010)
Increase/(decrease) in payables		<u>736,816</u>	<u>(1,414,126)</u>
Net cash outflow from operating activities		<u>4,028,259</u>	<u>891,059</u>
<b>Cash Flow Statement</b>			
Net cash inflow / (outflow) from operating activities		<u>4,028,259</u>	<u>891,059</u>
<b>Returns on Investment and Servicing of Finance</b>			
Interest received		29,651	30,245
<b>Net Capital Expenditure</b>			
Property, plant and equipment	5	<u>(1,791,162)</u>	<u>(85,714)</u>
Increase/ (Decrease) in Cash and Cash Equivalents		<u>2,266,748</u>	<u>835,590</u>

**RESIDENTIAL TENANCIES BOARD**  
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## **Notes to the Financial Statements**

### **1. Accounting Policies**

The basis of accounting and significant accounting policies adopted by the Residential Tenancies Board ("RTB") are set out below. They have all been applied consistently throughout the year and for the preceding year.

#### **a) General Information**

The Residential Tenancies Board (formerly Private Residential Tenancies Board) was set up under the Residential Tenancies Act 2004 and has its head office at D'Olier Street Dublin 2. The Board's name was changed in 2016 to the Residential Tenancies Board (RTB) to reflect the extension of its remit to the Approved Housing Body sector. In addition, during 2016 the functions of the Rent Tribunal were transferred to the RTB.

The Residential Tenancies Board's primary functions as set out in the 2004 Act (as amended) are as follows:

- a) the resolution of disputes between tenants and landlords
- b) the registration of particulars in respect of tenancies
- c) the provision to the Minister of advice concerning policy in relation to the residential rented sector
- d) the development and publication of guidelines for good practice by those involved in the residential rented sector
- e) the collection and provision of information relating to the sector, including information concerning prevailing rent levels
- f) where the Board considers it appropriate, the conducting of research into the sector and monitoring the operation of various aspects of the sector or arranging for such research and monitoring to be done
- g) the review of the operation of the Act and any related enactments and the making of recommendations to the Minister for the amendment of the Act or those enactments
- h) confirming to the Minister whether an area meets the criteria for designation as a rent pressure zone as defined in the Act
- i) the performance of any additional functions conferred on the Board under the Act.

The Residential Tenancies Board is a Public Benefit Entity (PBE).

#### **b) Statement of Compliance**

The financial statements of the Residential Tenancies Board for the year ended 31 December 2018 have been prepared in accordance with FRS 102, the financial reporting standard applicable in the UK and Ireland issued by the Financial Reporting Council (FRC), as promulgated by Chartered Accountants Ireland.

# RESIDENTIAL TENANCIES BOARD

## REPORT AND FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS

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#### **c) Basis of Preparation**

The financial statements have been prepared under the historical cost convention, except for certain assets and liabilities that are measured at fair values as explained in the accounting policies below. The financial statements are in the form approved by the Minister for Housing, Planning and Local Government with the concurrence of the Minister for Finance under the Residential Tenancies Act 2004.

#### **d) Currency**

The financial statements have been presented in Euro (€), which is the functional currency of RTB.

#### **e) Income**

##### *Registration Fees*

Income is recognised on receipt of an application to register a tenancy.

The RTB recognises a provision in relation to fees which may be returned to applicants in instances where the application is incomplete or where the incorrect fee has been paid.

##### *Dispute Fees*

Income is recognised when a dispute application is heard.

##### *Oireachtas Grant*

Revenue is generally recognised on an accruals basis, with the exception of Oireachtas Grants which are recognised on a cash received basis.

##### *Other Income*

Other income represents interest accruing on deposits held with financial institutions and any legal costs recovered in the year.

##### *Interest income*

Interest income is recognised on an accruals basis using the effective interest rate method.

#### **f) Property, Plant and Equipment**

Property, plant and equipment are stated at cost less accumulated depreciation, adjusted for any provision for impairment. Depreciation is provided on all property, plant and equipment at rates estimated to write off the cost less the estimated residual value of each asset on a straight-line basis over their estimated useful lives, as follows:

Leasehold improvements	5% per annum
Fixtures and fittings	10% per annum
Office equipment	20% per annum

# RESIDENTIAL TENANCIES BOARD

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### NOTES TO THE FINANCIAL STATEMENTS

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Computer equipment and software development	20% per annum
Assets under development	Not depreciated

The costs of systems under development are capitalised to the extent that they satisfy the requirements of FRS 102 for capitalising intangible assets other than goodwill. Depreciation at the rate shown above for software development is charged from the point at which the development is complete and the system is put into service.

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of an age and in the condition expected at the end of its useful life.

If there is objective evidence of impairment of the value of an asset, an impairment loss is recognised in the Statement of Income and Expenditure and Retained Revenue Reserves in the year.

#### **g) Receivables**

Receivables are recognised at fair value, less a provision for doubtful debts. The provision for doubtful debts is a specific provision and is established when there is objective evidence that the Residential Tenancies Board will not be able to collect all amounts owed to it. All movements in the provision for doubtful debts are recognised in the Statement of Income and Expenditure and Retained Revenue Reserves.

#### **h) Operating Leases**

Rental expenditure under operating leases is recognised in the Statement of Income and Expenditure and Retained Revenue Reserves over the life of the lease. Expenditure is recognised on a straight-line basis over the lease period, except where there are rental increases linked to the expected rate of inflation, in which case these increases are recognised when incurred. Any lease incentives received are recognised over the life of the lease.

#### **i) Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held on call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### **j) Employee Benefits**

##### *Short-term Benefits*

Short term benefits such as holiday pay are recognised as an expense in the year, and benefits that are accrued at year-end are included in the Payables figure in the Statement of Financial Position.

# **RESIDENTIAL TENANCIES BOARD**

## **REPORT AND FINANCIAL STATEMENTS**

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#### **k) Retirement Benefits**

The Residential Tenancies Board (RTB) operates a defined benefit pension scheme which is funded annually on a pay as you go basis from monies available to it. Statutory Instrument (S.I. No 625 of 2011) gave effect to the RTB Superannuation Scheme and was approved by the Minister for Housing, Planning and Local Government with the consent of the Minister for Public Expenditure and Reform in November 2011 (commencing with effect from 1 September 2004). The RTB also operates the Single Public Service Pension Scheme (Single Scheme) which is the defined benefit pension scheme for public servants recruited on or after 1 January 2013. Single Scheme members' contributions are paid over to the Department of Public Expenditure and Reform.

Pension costs reflect pension benefits earned by employees in the period and are shown net of staff pension contributions which are treated as payable to the Department of Housing, Planning and Local Government. An amount corresponding to the pension charge is recognised as income to the extent that it is recoverable and offset when necessary by grants received in the year to discharge pension payments.

Actuarial gains and losses arising on scheme liabilities are reflected in the Statement of Comprehensive Income and a corresponding adjustment is recognised in the amount recoverable from the Department of Housing, Planning and Local Government.

Pension liabilities represent the present value of future pension payments earned by staff to date. Deferred pension funding represents the corresponding asset to be recovered in future periods from the Department of Housing, Planning and Local Government.

#### **l) Foreign Currencies**

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

#### **m) Capital Account**

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

#### **n) Critical Accounting Estimates and Judgements**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ

# RESIDENTIAL TENANCIES BOARD

## REPORT AND FINANCIAL STATEMENTS

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from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements.

#### Impairment of Property, Plant and Equipment

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

#### Depreciation and Residual Values

The Directors have reviewed the asset lives and associated residual values of all fixed asset classes and in particular the useful economic lives and residual values of fixtures and fittings and have concluded that the asset lives and residual values are appropriate.

#### Provisions

The Residential Tenancies Board makes provisions for legal and constructive obligations which it knows to be outstanding at the period end date. These provisions are generally made based on historical or other pertinent information, adjusted for recent trends where relevant. However, they are estimates of the financial costs of events that may not occur for some years. As a result of this, and the level of uncertainty attaching to the final outcomes, the actual out-turn may differ significantly from that estimated.

#### Provisions for Registration Fee Refunds

The RTB receives applications and fees from landlords to register tenancies. Section 135 of the Residential Tenancies Act 2004 requires incomplete applications or those without the correct fee to be returned to the applicant together with any fees paid.

The RTB seeks to resolve issues arising and has developed systems to make this process more effective. Where the issue cannot be resolved in a timely manner the application and the fee are returned to the applicant and the tenancy is not registered.

At 31 December 2018, there were several registration applications on hand being processed. The RTB recognises a provision in relation to fees from some of these applications which may ultimately be returned to the applicant. Note 7 to these financial statements records the number of incomplete applications and the corresponding provision.

#### Retirement Benefit Obligation

The assumptions underlying the actuarial valuations for which the amounts recognised in the financial statements are determined (including discount rates, rates of increase in future compensation levels, mortality rates and healthcare cost trend rates) are

# RESIDENTIAL TENANCIES BOARD

## REPORT AND FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS

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updated annually based on current economic conditions, and for any relevant changes to the terms and conditions of the pension and post-retirement plans.

The assumptions can be affected by:

- (i) the discount rate, changes in the rate of return on high-quality corporate bonds; and
- (ii) future compensation levels and future labour market conditions.

#### 2. Registration Fees Income

Fees which were received from landlords as payment for the registration of their tenancies amounted to €11,067,586 (2017: €11,843,235).

#### 3. Other Income

	2018	2017
		€
Interest income	29,651	30,245
Sundry Income	38	-
Legal costs recovered	<u>17,353</u>	<u>79,200</u>
	<u>47,042</u>	<u>109,445</u>

#### 4a. Staff Costs

	2018	2017
	€	€
RTB staff & secondees' pay	2,511,539	2,174,042
Training of staff and office holders	74,728	45,449
Social welfare costs	196,477	142,355
Other staff costs	<u>83,587</u>	<u>51,801</u>
	<u>2,866,331</u>	<u>2,413,647</u>

There were 45 staff directly employed by the RTB in the year (2017: 43). A further eight staff were seconded to the RTB from Government Departments and other public sector bodies (2017:12). No termination, post-employment, or other long-term benefits were paid to any employees during the year.

Pension levy to the value of €65,565 was deducted and paid over to the Department of Housing, Planning and Local Government in 2018 (2017: €43,944).

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<b>Key management personnel</b>	<b>2018</b>	<b>2017</b>
	€	€
Short-term benefits paid	635,726	460,170

The total value of short-term benefits, including salary, paid to the RTB's key management personnel is shown above. These amounts are included within RTB staff & secondees' pay under Staff Costs. Key management personnel at the RTB include the Director and her Assistant Directors.

The value of short-term benefits does not include the value of retirement benefits earned during the year. The key management personnel are members of one of the public service pension schemes and their entitlements do not extend beyond the terms of the model public service scheme.

<b>Directors' remuneration</b>	<b>2018</b>	<b>2017</b>
	€	€
RTB Director's remuneration	97,609	87,741

The Director's remuneration is included within Short-term benefits under Key management personnel. The Director was not in receipt of any bonuses or benefit in kind in 2018 or 2017. The Director's pension entitlements do not extend beyond the standard entitlements in the model public sector defined benefit superannuation scheme.

<b>Range of Total Employee Benefits</b>		<b>Number of Employees</b>	
<b>From</b>	<b>To</b>	<b>2018</b>	<b>2017</b>
€60,000	€69,999	4	2
€70,000	€79,999	1	1
€80,000	€89,999	1	1
€90,000	€99,999	1	-

Six staff members received gross pay in excess of €60,000 in 2018 (2017: 4). These payments are analysed above. The prior year figures have been subject to minor reanalysis on the same basis as the current year.



# RESIDENTIAL TENANCIES BOARD

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### NOTES TO THE FINANCIAL STATEMENTS

#### 4b. Board & Panel Member Costs

	2018	2017
	€	€
Board members' fees	149,164	206,594
Rent tribunal members' fees	2,284	4,569
Tribunal members' fees	775,978	741,979
Adjudicators', mediators' & other fees	973,418	885,656
Travel & subsistence - Board	18,939	24,120
Travel & subsistence – panel members	40,130	45,321
	<u>1,959,913</u>	<u>1,908,239</u>

#### 4c. Administrative Costs

	2018	2017
	€	€
Outsourcing costs <sup>3</sup>	1,958,953	1,854,004
Legal and professional fees	1,908,950	1,876,982
Travel and subsistence	17,143	17,903
Audit fees	14,000	14,000
Other professional fees	23,229	18,082
Accountancy fees	46,485	55,683
Stenography costs	68,740	65,496
Meeting expenses	21,504	17,788
Office supplies	58,869	38,330
Postage and distribution costs	599,236	527,025
Printing and translation costs	93,583	124,448
Telephone expenses	56,734	46,418
Public information and education	48,838	61,065
Computer expenses and maintenance	1,773,454	1,438,533
Establishment costs	806,521	491,069
Cleaning services	28,140	23,333
Research studies	385,643	541,972
Strategic projects	108,320	59,592
Miscellaneous	91,913	57,029
Bank charges	112,987	111,098
Records storage and retrieval	13,756	14,884
	<u>8,236,998</u>	<u>7,454,734</u>

In Notes 4a, 4b and 4c, some prior year headings have been subject to minor re-analysis on the same basis as the current year.

<sup>3</sup> Outsourcing costs relate to costs incurred with a third-party service company which provides customer contact and administrative services to the RTB's customers.

**RESIDENTIAL TENANCIES BOARD**  
**REPORT AND FINANCIAL STATEMENTS**  
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**5. Property, Plant, & Equipment**

	Computer Equipment & Software	System under Development <sup>4</sup>	Leasehold Improvements	Furniture & Fittings	Office Equipment	Total
<i>Cost</i>	€	€	€	€	€	€
Opening balance	3,377,673	0	1,815,154	252,148	84,328	5,529,303
Additions	<u>141,236</u>	<u>1,365,802</u>	<u>217,802</u>	<u>66,322</u>	<u>0</u>	<u>1,791,162</u>
At 31 December 2018	3,518,909	1,365,802	2,032,956	318,470	84,328	7,320,465
<i>Depreciation</i>						
Opening balance	2,540,994	0	873,727	208,511	84,328	3,707,560
Charge for the year	<u>323,522</u>	<u>0</u>	<u>92,573</u>	<u>9,098</u>	<u>0</u>	<u>425,193</u>
At 31 December 2018	2,864,516	0	966,300	217,609	84,328	4,132,753
<i>Net Book Value</i>						
At 31 December 2018	<u>654,393</u>	<u>1,365,802</u>	<u>1,066,656</u>	<u>100,861</u>	<u>0</u>	<u>3,187,712</u>
At 31 December 2017	<u>836,679</u>	<u>0</u>	<u>941,427</u>	<u>43,637</u>	<u>0</u>	<u>1,821,743</u>

<sup>4</sup> System under development represents the costs of developing a new customer relationship management system for the RTB. No depreciation will be calculated on this asset until development is complete and the system is put into service.

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**6. Receivables**

<b>Amounts falling due within one year</b>	<b>2018</b>	<b>2017</b>
	€	€
Prepaid expenses	340,484	202,769
Accrued income	7,373	16,397
Voluntary deductions	13,791	10,688
Sundry debtors	<u>17,993</u>	<u>487</u>
	<u><b>379,641</b></u>	<u><b>230,341</b></u>

**7. Payables**

<b>Amounts falling due within one year</b>	<b>2018</b>	<b>2017</b>
	€	€
Creditors & Accruals	2,762,667	2,025,851
Amounts due to Local Authorities	<u>1,161,265</u>	<u>1,161,265</u>
	<u><b>3,923,932</b></u>	<u><b>3,187,116</b></u>

Included in creditors and accruals is a provision in respect of 1,641 incomplete registrations with a value of €136,698 (2017: 1,272 applications, value €152,778).

Analysis of amounts due to local authorities:

The table below sets out fees held by the RTB in the relevant financial year and amounts paid over to Local Authorities for the performance of their functions under the Housing Standards and Rent Book Regulations:

	<b>2018</b>	<b>2017</b>
	€	€
Opening balance	1,161,265	2,866,512
Fees allocated to Local Authorities in the year	0	0
Fees disbursed to Local Authorities	<u>0</u>	<u>(1,705,247)</u>
Balance due to Local Authorities	<u><b>1,161,265</b></u>	<u><b>1,161,265</b></u>

Up to June 2016, a proportion of the registration fees collected by the RTB (20%) was allocated to local authorities for the purpose of carrying out their functions under the Housing Acts. The amount paid to each local authority was based on the number of inspections conducted by that local authority as a proportion of the total inspections conducted by all local authorities. The payment to individual local authorities was based on instruction from the Minister. This was suspended from July 2016 on the direction of the Minister. The RTB is awaiting direction on the disbursement of the remaining funds due to local authorities.

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#### 8. Accumulated Surplus

The accumulated surplus of €5,094,174 at 31 December 2018 principally arose from underspending against planned activities in 2017 and 2018. The main causes of this were headcount being behind plan, timing of spending on key ICT systems enhancements, and reduced legal costs on enforcement as the RTB developed a new enforcement policy.

#### 9. Capital Account

	2018	2017
	€	€
Opening balance	1,821,743	2,289,265
Transfer (to) / from Income and Expenditure Account		
Funding to acquire assets	1,791,162	85,714
Amortisation in line with asset depreciation	(425,193)	(553,236)
Release on disposal of fixed assets	<u>0</u>	<u>0</u>
	1,365,969	(467,522)
Closing balance	<u>3,187,712</u>	<u>1,821,743</u>

#### 10. Accommodation

In October 2007 the Residential Tenancies Board signed a 20 year leasehold agreement in respect of its premises at O'Connell Bridge House, D'Olier Street, Dublin 2. In October 2018 the RTB took additional space in the same building to accommodate growth in staff and expectations for future growth as the mandate of the organisation expands. The lease for the additional space will expire at the same time as the original 20 year leasehold agreement. The annual commitment under these leases at year end was €701,102

At 31 December 2018 there were annual lease commitments under operating leases as follows:

	2018
	€
Expiry date:	
Between 0 and 1 years	701,102
Between 1 and 5 years	2,804,409
Greater than 5 years	<u>2,674,073</u>
Totals	<u>6,179,584</u>

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#### 11. Superannuation

##### a) Analysis of total pension costs charged to Expenditure

	2018	2017
	€	€
Current service cost <sup>5</sup>	335,000	356,000
Interest on pension scheme liabilities	134,000	108,000
Past service (gain)/loss	<u>0</u>	<u>320,000</u>
	469,000	784,000
Superannuation (Department staff)	<u>84,072</u>	<u>107,537</u>
	<u>553,072</u>	<u>891,537</u>

##### b) Movement in net pension liability during the financial year

	2018	2017
	€	€
Net pension liability at 1 January	(5,901,000)	(4,828,000)
Current service cost	(420,000)	(420,000)
Past service costs <sup>6</sup>	0	(320,000)
Interest costs	(134,000)	(108,000)
Actuarial Gain (Loss)	<u>310,000</u>	<u>(225,000)</u>
Pension deficit at end of year	<u>(6,145,000)</u>	<u>(5,901,000)</u>

##### c) Deferred Funding for Pensions

The RTB Superannuation Scheme was approved by the Minister for Housing, Planning and Local Government with the consent of the Minister for Public Expenditure and Reform in November 2011 (with effect from 1 September 2004). The RTB recognises amounts owing from the State for the unfunded deferred liability for pensions arising from this approved superannuation scheme on the basis of the set of assumptions described in (e) and a number of past events. These events include the statutory basis for the establishment of the superannuation scheme, and the policy and practice currently in place in relation to funding public service pensions including contributions by employees and the annual estimates process.

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<sup>5</sup> Current Service costs are net of employee contributions which are remitted back to the Department. The amounts that have been remitted back to the Department are (2018) €83,958 and (2017) €64,429.

<sup>6</sup> The past service gain / (loss) reflects the transfer of staff in/out of the RTB superannuation scheme on a 'knock for knock' basis.

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The Net Deferred Funding for Pensions recognised in the Income and Expenditure Account was as follows:

	2018 €	2017 €
Funding adjustment in respect of current year pension	469,000	784,000
State Grant applied to pay pensions	<u>0</u>	<u>0</u>
	<u>469,000</u>	<u>784,000</u>

The deferred funding asset for pensions as at 31 December 2018 amounted to €6,145,000 (2017: €5,901,000).

#### d) History of defined benefit obligations

	2018 €	2017 €
Defined Benefit Obligations	6,145,000	5,901,000
Experience losses on Scheme Liabilities & Change in Assumptions	310,000	(225,000)
Percentage of Scheme Liabilities	5%	(4%)

#### e) General Description of the Scheme

The pension scheme is a defined benefit final salary pension arrangement with benefits and contributions defined by reference to current “model” public sector scheme regulations. The scheme provides a pension (eightieths per year of service), a gratuity or lump sum (three eightieths per year of service) and spouses’ and children’s pensions. Normal Retirement Age is a member’s 65<sup>th</sup> birthday, and pre-2004 members have an entitlement to retire without actuarial reduction from age 60. Pensions in payment (and deferment) normally increase in line with general public sector salary inflation.

The Single Public Service Pension Scheme (Single Scheme) is the defined benefit pension scheme for pensionable public servants appointed on or after 1 January 2013 in accordance with the Public Service Pension (Single Scheme and Other Provisions) Act 2012. The scheme provides for a pension and retirement lump sum based on career-average pensionable remuneration, and possible spouses’ and children’s pensions. The minimum pension age is 66 years (rising in line with State pension age changes). It includes an actuarially-reduced early retirement facility from age 55.

Pensions in payment increase in line with the consumer price index. There were 25 members of the Single Scheme in 2018 (2017: 21).

The results set out below are based on an actuarial valuation of the liabilities in respect of the staff as at 31 December 2018. This valuation was carried out by a qualified

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independent actuary for the purposes of the accounting standard, *Financial Reporting Standard 102 – Pension Plan disclosures*.

The financial assumptions used to calculate scheme liabilities were:

	<b>2018</b>	<b>2017</b>
Discount rate	2.25%	2.2%
Salary increase assumption	3.25%	3.4%
Pension increase assumption	2.75%	2.9%
Price inflation (CPI)	1.75%	1.9%

**12. Late Payments in Commercial Transactions**

The Board is aware of its responsibilities under the Late Payments in Commercial Transactions Regulations 2002 and has established appropriate procedures and processes to ensure that all payments are made in accordance with the Regulations. The Board has calculated its liability for the year ended 31 December 2018 to be nil (2017: nil).

**13. Unresolved Cases**

The Board had 54 dispute resolution cases awaiting hearing at 31 December 2018. As the cost of the dispute resolution process varies greatly from case to case no provision for these unresolved cases registered prior to 31 December 2018 is included in the Financial Statements.

**14. Board Members' Interests and Fees**

The Board has adopted procedures in accordance with guidelines issued by the Department of Finance in relation to the disclosure of interests by Board Members and these procedures have been adhered to in the year. There were no transactions in the period in relation to the Board's activities in which the Board Members had any beneficial interest.

Board members' fees are set out in the Schedule of Board Members' Fees, Attendance, and Expenses in the Governance Statement and Board Members' Report. The fee rates are set by the Department of Public Expenditure and Reform and the Department of Housing, Planning and Local Government.

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**15. Approval of Financial Statements**

The Financial Statements were approved by the Board on **04 October 2019**.