

# *Kilkenny County Council*

Internal Audit Report [REDACTED] Review of Well Grants Scheme

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## **Report Distribution**

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Audit Committee Members

Local Government Auditor

## **Introduction**

Kilkenny County Council administers grants to assist households dependent on private individual water supplies who are incurring capital expenditure to:

- Provide a piped supply of water for domestic purposes or
- Remedy serious deficiencies in an existing supply of water for domestic purposes.

The Scheme does not apply to houses to which a public or group scheme water supply has already been provided or can reasonably be provided. Kilkenny County Council paid 81 grant applications in 2018 totalling €137k.

## **Objectives**

The objective of the audit is to provide reasonable assurance that adequate procedures and key controls are in place in relation to the assessment and approval of well grants.

## **Approach**

Internal Audit reviewed a random sample of 20 grant files relating to grants paid in 2018.

## **Scope & Limitations of scope**

The scope of the review was limited to 20 applications representing approx 25% of the grants paid in 2018. Internal Audit checked that all grants paid in 2018 were fully recouped.

## **Audit Risk**

- Potential loss of income.
- Guidelines not being applied correctly.
- Insufficient backup documentation received.

### **Co-operation of Management and staff**

Internal Audit received full co-operation from Council Management and staff throughout the course of this review and would like to thank them for their assistance.

## **Summary of Findings and Recommendations**

Overall, I am satisfied that there are robust controls in place in this area. There is a good audit trail with records being well maintained. All grants were recouped from the Dept. in a timely manner.

### **1. Finding**

There was one application which I would have concerns about as normal procedures were not applied. Grant no. 17/042 was refused at the first inspection stage by the technician. The applicant subsequently carried out the works without provisional approval being granted. According to the guidelines, this should have disqualified the applicant from any grant aid. The maximum grant allowable of €1,015 was approved after the works had been completed. The grant was paid without any final inspection being carried out. **All grant applications should be treated consistently and in compliance with Explanatory Memorandum issued by the Dept.**

### **Management Response**

Following a review of the file, the applicant should not have been requested to supply a test for the well. Approval was given at this stage as the works were underway with a substantial cost for drilling and providing treatment for the water supply. A final inspection should have been carried out.

## 2. Finding

Section 8.1 of the Explanatory Memorandum on Well Grants states that works must be carried out by a contractor who “holds a current Form C2 or tax clearance certificate from the Revenue Commissioners”. **All contractors of approved grants should be checked with the Revenue Commissioners to ensure a valid tax clearance cert is in place.**

### Management Response

When the above request was brought to the attention of staff, the 2 staff dealing with well grants were issued with a login to ROS. All contractors tax clearance details are now checked and a copy printed off and held on the well grant file.

## 3. Finding

Delegated officer’s orders were in place for all applications examined and kept in an order book. **A certified copy of delegated officer’s order should be retained on each grant file to improve audit trail.**

### Management Response

A copy of the delegated officer's order is now retained on each well grant file

## Detailed Findings

### *1. Eligibility*

1.1 All 20 applications were deemed to be eligible by the technicians/engineers at stage 1 (approval) on the application Form WG1.

### *2. Qualifying Works*

2.1 **File Ref 17/042** – Applicant applied for a grant for a new well and associated works. **No initial water test analysis was carried out.** The technician that carried out a prior inspection refused the application stating that the applicants had a fully functional water supply at present and recommended the following "Approval to get water tested, further chemical and bacterial treatments". No water quality tests were carried out on the original well to establish if a new water source was necessary. Work was carried out without approval. Grant of €1,015 was subsequently approved and paid.

### **RESPONSE**

Departmental Policy is not to seek a test from an old well when a new well is applied for as the result would be irrelevant. This initial application was to drill a new well.

### ***3. Authorisation***

- 3.1 All 20 files audited had an approved Delegated Officers Order. However the orders with the exception of one (18/107) are not retained on the grant files (but filed separately in an Order book).
- 3.2 Delegated Officers Order for 18/107 was found on file. Two orders exist for this application (no.136 & no.138). Order no. 136 should be rescinded as the approved sum is incorrect.

#### **RESPONSE**

Order was rescinded by Order No 2018/138 - See Order 2018/138. "This order rescinds 2018-136"

Delegated orders are now retained on each individual well grant file.

### ***4. Contractors C2/Tax Clearance Certificate***

- 4.1 Valid Tax Clearance Certificates for the approved contractors are not being checked with the Revenue Commissioners prior to payment of the grant. The grant is paid to the applicant so invalid tax clearance certs are not being checked by Accounts Payable Dept. Section 8.1 of the Explanatory Memorandum on Well Grants states that works must be carried out by a contractor who "holds a current Form C2 or tax clearance certificate from the Revenue Commissioners".
- 4.2 7/041 - Contractor provided vat no. and tax clearance details on his quotation - however the quote dated 23rd May 2017 states that the tax clearance cert expired on the 1st Nov 2016 and is therefore invalid.

#### **5. RESPONSE**

- 6. When the above request was brought to the attention of staff, the 2 staff dealing with well grants were issued with a login to ROS. All contractors tax clearance details are now checked and a copy printed off and held on the well grant file.

### ***7. Final Inspection***

- 7.1 17/042 - No final inspection carried out - grant approval based on final test report from Independent Analytical Supplies received 21/08/2018 and Kilkenny Water Pumps and Treatment Ltd invoice dated 12/12/2017. The works were carried out before provisional approval was given so should not qualify.
- 7.2 17/043 – The final inspection cert on the application form was not completed by technician. There is an email from the technician dated the 27/11/2018 that states he called the applicant to confirm work completed satisfactorily.

## **8. RESPONSE**

See form at Stage 3 Certification and Recommendation completed by Technician [REDACTED]