

Kilkenny County Council

Internal Audit Report ██████ **Review of Estate Management Grants**

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Report Distribution

Tim Butler, *Director of Corporate Services*

Mary Mulholland, *Director of Housing,
Community, Library, Arts, Heritage & Fire
Service*

Audit Committee Members

Local Government Auditor

Summary

Estate Management Grants are available to Kilkenny County Council Housing Estates for projects including the purchase of gardening tools, plants/shrubs and landscaping. To qualify for assistance under the Estate Management Grant Scheme, applications must be submitted on behalf of an established Residents Association from a Kilkenny County Council Housing Estate and proposed projects/activities must be deemed to promote the interests of estate management in the community.

Objectives

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

Approach

Internal Audit reviewed a sample of grants issued in the first six months of 2019. 59 grants totalling €44k were paid out in the first 6 months of 2019.

Scope & Limitations of scope

Internal Audit reviewed 18 grant payments during the first 6 months of 2019.

Audit Risk

- Guidelines not being applied correctly.
- Grants paid for ineligible projects.
- Inadequate authorisation controls
- Lack of transparency.
- 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.

Findings and Recommendations

<i>Finding</i>	<i>Implication</i>	<i>Recommendation</i>	<i>Management Action Plan</i>
<ul style="list-style-type: none"> The authorisation process is not adequate. There were no signatures, on the files that were audited, approving the final grant amount. There are no CE Orders on file authorising grant payment. Under, Schedule 15 of the LG Act 2001, all grant payments require a CE Order. The SEO in Housing Dept. signs a recommendation spreadsheet with grant amounts included. The criteria for calculating the grant amount is not included in the application form or guidance notes. Internal Audit accepts that the individual grant amounts vary each year depending on the overall budget allocation. The community section confirmed that the maximum amount of grant allowed is based on the number of houses in the estate. The number of houses are not specified in the application form. The grant amounts paid range from €100 to €1,000. The average grant approved is €700-€800. 	<ul style="list-style-type: none"> Grants are issued without appropriate authorisation. Ensure that grants are allocated in a fair and open manner. 	<ul style="list-style-type: none"> A CE order should be prepared for all grants issued. One CE Order could be used to approve a batch of grants for administrative expediency. A section “for office use only” should be included in the application form with amount approved included and signature of Administrative Officer. The criteria for allocating grants should be included in the guidance notes and should be signed off on by the SEO in Housing Dept. each year. The application form should include the number of houses in the housing estate. This should inform the maximum grant allowed rather than a grant range which is the current practice. 	<p><i>SEO does sign list of recommended grants but agree to arrange CE Order as well going forward.</i></p> <p><i>This is already done for 2020</i></p> <p><i>Agree to include in new application form. Note this was already included in Evaluation Form.</i></p>

<i>Finding</i>	<i>Implication</i>	<i>Recommendation</i>	<i>Management Action Plan</i>
<ul style="list-style-type: none"> • Kilkenny County Council pays the insurance premium for estate management on behalf of the resident groups. There are 77 resident groups listed on the insurance schedule at the end of 2018. The total premium for 2019 was €18,724. All resident groups receiving a grant should be listed on the insurance schedule. From the sample examined, internal audit found one group that received a grant that were not listed on the insurance schedule. • The budget for Estate Management grants reduced from €100k in 2018 to €60k in 2019. The current spend to date in this area is €70k at 30/09/19. This is an overspend of €10k. 	<ul style="list-style-type: none"> • Potential insurance claims against council if accidents occur when carrying out works for which grant was approved. • Lack of budgetary controls. • Potential for overspend. • Inadequate authorization controls. • Potential for misuse of council funds. 	<ul style="list-style-type: none"> • Management should ensure that all resident groups receiving a grant are adequately insured with the council indemnified on the policy. • Budget should be closely monitored each year. When the initial budget is approved, it should be allocated between the various cost centres such as grants, insurance, advertising etc. 	<p><i>Agreed that one was omitted and is now rectified</i></p> <p><i>Budget cut from 150k to 60k was severe and did not provide for the actual work on the ground. The over expenditure was agreed in advance with the Director of Services. The budget for 2020 is now increased to reflect the actual demand in 2020. Budgetary controls will be adhered to in 2020.</i></p>

<i>Finding</i>	<i>Implication</i>	<i>Recommendation</i>	<i>Management Action Plan</i>
<ul style="list-style-type: none"> • The approver of LVPC transactions in community dept. is the same grade as the cardholder. The same approver also approves LVPC transactions on behalf of the Public Participation Network, which is an area she does not work in. • The Parks Dept. administer amenity grants with a budget of €127k in 2019. The conditions and qualification of both grants are similar. Traditionally, estate management grants were for LA housing estates. In recent years, the councils policy was to promote a mix between private and social housing in all estates so the traditional LA estate no longer exists. 	<ul style="list-style-type: none"> • Inefficient use of resources. • Duplication of work 	<ul style="list-style-type: none"> • Approval of LVPC transactions in relation to Estate Management should be approved by SEO in Community Section. • Approval of LVPC transactions for PPN office should be approved by a Manager with knowledge of the work undertaken by the PPN office. • Management should investigate if it would be more efficient to administer both grants in one department. This would reduce the amount of administration required. 	<p><i>Agree with recommendation.</i></p> <p><i>Not relevant to Estate Management/Housing role</i></p> <p><i>This requires further discussion with both Directorates i.e. Parks & Housing. Makes for good business case. Two different sources of funding targeting two different audiences seeking different level of supports/services.</i></p>

<i>Finding</i>	<i>Implication</i>	<i>Recommendation</i>	<i>Management Action Plan</i>
<ul style="list-style-type: none"> • There are no record on file of any inspections undertaken to ensure the works are carried out are actually the works specified in the application. Internal Audit accepts that during the course of his work, the Admin Officer in Community Dept. would see the results of the works carried out. 	<ul style="list-style-type: none"> • Potential for grants to be paid for ineligible works. • Possible misuse of public funds 	<ul style="list-style-type: none"> • Internal Audit accepts that due to lack of resources and materiality of the grant amounts, all grants can't be inspected. However, a sample of grants could be formally checked each year and evidence of inspection should be placed on file. This should be specified on the application form so applicants are aware that their work could be inspected therefore improving compliance. 	<p><i>Agreed to include in 2020 Application Form. These works were assessed under Tidy Towns awards and inspection forms were not placed on the Estate management File but kept separate on the Tidy Towns file.</i></p>