

Kilkenny County Council

Internal Audit Report [REDACTED] **Checking of Vacant Rated Properties 2018**

Date: 12th March 2019

Report Distribution

Tim Butler, *Director of Services*

Martin Prendiville, *Head of Finance*

Audit Committee Members

Local Government Auditor

Internal Audit obtained a schedule of uncollected rates as at 31/12/2018.

Internal Audit selected 40 random locations (Appendix A) to independently verify that the locations were vacant on the dates of inspection (27th Feb – 8th Mar).

Internal Audit visited each location taking a photo of same. A photo of each location identifies that the premises is vacant or only partially in use. Internal Audit has retained a copy of each photo taken. The backup documentation in relation to the vacant property was also examined. In some cases, there were new occupiers in situ. Internal Audit received backup documentation for the new occupiers.

Internal Audit sincerely wishes to thank all who participated in this Audit.

General Findings

1. Under Section 40(1) of the S.I. No. 508/2002 - Local Govt (Financial Procedures and Audit) Regs 2002, a Schedule of Uncollected Rates must be prepared (Appendix B). This should be signed by the Rate Collector, Peace Commissioner, Head of Finance and Chief Executive. A Schedule was prepared but was unsigned.

Response- A schedule is prepared annually and signed by the RC. A Delegated Officers order for the properties on the schedule is then signed by the Head of Finance as delegated to the position by the Chief Executive with a specific Delegated Officers order for any Strike Off or Write Off for accounts greater than €10,000 as agreed with the previous Local Government Auditor. We will review our current practices based on this finding.

2. Declaration forms in respect of Vacant Premises not being completed by owner in 17 out of the 40 properties inspected. There were three strike offs carried out with no backup documentation. In some cases the Declaration forms were signed by the Rate Collector only.

Response- There are over 700 accounts which are either struck off for vacancy, or written off as a demand has been issued for an account but it falls as non-rateable within Schedule 4 of the 2001 Valuations Act as amended. There are also a few accounts where the rate is deemed uncollectable and written off as a bad debt. In order to complete the end of year rates strike offs before the issuing of Rate Demands for 2019 in early February and to facilitate the timely completion of the 2018 AFS, the stipulation that all declaration forms were signed was difficult to fulfil. All potential vacancies are written to, but in many cases forms are not returned or are returned incomplete. There are also a number of accounts where the owner has left. In order to expedite this time consuming process, the practice has been to rely on photographic evidence, websites such as daft.ie that confirm an availability to let and attachments such as letters or e mails from the owner or auctioneer confirming vacancy for all or part of the year. The revenue collectors have provided details of all documentation accompanying the sample which is available for inspection if required.

3. Kilkenny County Council strike off commercial rates in relation to commercial horse trainers who have a restricted trainers license. This is a local policy by Kilkenny County Council. This is a loss of revenue to the council and no delegated officer's order exists approving this policy. I recommend this policy is reviewed as it appears to be an inconsistent application of commercial rates.

Response- It has been local practice since the recession to waive commercial rates for trainers with restricted licenses. As the name suggests, a trainer with this license is restricted to having 4 or less horses in their yard and can only enter in "point to points". In practice there is not a material loss to Kilkenny County Council with 8 account holders receiving write offs at a total loss of €8,366 for 2019-a percentage of 0.004% of the overall strike offs. A decision on whether to reverse this policy or formalise it by way of CE Order should be made in advance of the 2019 end of year process.

Management Actions

Comment- To preface the response to these findings, it is relevant to note that there was a change of staff shortly before the end of year with the new collector not being as familiar with the detailed history of each account as her predecessor. There was also a requirement to complete this process in January unlike late February/early March in previous years. See above for more detailed responses to general findings outlined.

Detailed Findings

██████████ - strike off of €2,342 refers to 2015 rate demand. However, comments posted on the company's web site indicate that the range was open throughout 2015.

Response- Arrears on this account from 2015 @ €2,342.25 were struck off in 2018 as part of the general Vacancy strike-offs. The balance on this account relates to Rates that were apportioned from Customer 1004360, located at the same premises in 2015. It transpires that this apportionment should have been reversed in 2015, as there are issues with the main Account 1004360, related to occupancy, vacancy etc. These issues will be addressed in 2019.

██████████ strike off of €2,948 relating to 2018 commercial rates. Property was closed on date of inspection. However, the shop element of the property had a sign posted on the entrance stating that the shop is closed due to a busy period and are sold out. The sign states the shop will re-open on the 13th March 2019. The strike off refers to 2018 and there are customer reviews on the company's web page showing that the business was open during the year.

Response- There are 2 premises side by side at Mill Street Thomastown with the same owner. One has been vacant and struck out for a number of years. The strike off for 2018 in respect of this premises was €1,361. However, the adjoining premises was inadvertently also struck out @ € 1,587. This will be reversed.

██████████ - Full year's rates of €1,298 for 2018 was struck off. There is some level of activity here. The sheds are split into 3 sections. The first section had a part dismantled tipper and the second had a large array of labeled engine parts along with welding gear and tools. The third section of the shed contained a large no. of fire wood stored in tonne bags. On the day of inspection, only the owner was present at the premises.

Response- The account holder is an elderly gentleman who retired a number of ago and closed the business, with a full strike off being granted. However, in 2018 his son took up a portion of the premises to store firewood for sale. Following the visit, the strike off is being reversed, the correct strike off of €998 will be applied with rates of €300 due

Appendix A – Inspected Vacant Properties

Rate Collector	ADDRESS	Strike Off
1011380	[REDACTED]	-549.85
1003381	[REDACTED]	-746.00
1010450	[REDACTED]	-664.50
1005373	[REDACTED]	-1648.00
1089727	[REDACTED]	-170.00
1077533	[REDACTED]	-2124.00
1000160	[REDACTED]	-714.00
1004340	[REDACTED]	-1272.00
1009520	[REDACTED]	-776.00
1088755	[REDACTED]	-1144.00
1089160	[REDACTED]	-1196.00
1004939	[REDACTED]	-3289.80
1005438	[REDACTED]	-1664.00
1083167	[REDACTED]	-177.76
1091329	[REDACTED]	-1772.00
1080336	[REDACTED]	-123.66
1084913	[REDACTED]	-1042.00
1004763	[REDACTED]	-913.00
1001160	[REDACTED]	-638.00
1091005	[REDACTED]	-4160.00
	TOTAL	-24,487.57

Rate Collector		
CUST_ID	ADDRESS	Strike Off
1002852	[REDACTED]	-1008.12
1088748	[REDACTED]	-2342.25
1091040	[REDACTED]	-695.00
1086493	[REDACTED]	-2384.91
1002657	[REDACTED]	-1658.00
1083036	[REDACTED]	-148.00
1005534	[REDACTED]	-1152.00
1089738	[REDACTED]	-790.00
1088649	[REDACTED]	-1120.00
1005990	[REDACTED]	-2948.00
1078443	[REDACTED]	-2138.00
1005214	[REDACTED]	-172.67
1011010	[REDACTED]	-348.00
1054930	[REDACTED]	-1298.00
1089650	[REDACTED]	-1982.00
1089531	[REDACTED]	-2400.00
1090624	[REDACTED]	-562.92
1089537	[REDACTED]	-2106.00
1091487	[REDACTED]	-1473.00
1004892	[REDACTED]	-3408.00
	TOTAL	-30,134.87

Appendix B – S.I. No. 508/2002 - Local Government (Financial Procedures and Audit) Regulations 2002

40. -(1) A rating authority shall, not later than 30 days after the close of a local financial year, prepare a schedule of uncollected rates at the close of that year and indicate thereon the reasons for non collection of the rates.

(2) After the schedule referred to in sub-article (1) has been prepared, the manager shall submit a report thereon to the members of the local authority at the next practicable meeting of the Council.

(3) A rating authority may publish in one or more newspapers circulating in the administrative area of the authority a list of uncollected rates and ratepayers related thereto at the close of the local financial year