

Kilkenny County Council

Internal Audit Report Covid Rates Waiver Scheme

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Report Distribution

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Introduction

Kilkenny County Council is obliged by law to levy rates on commercial property, which have been entered in the valuation list by the Commissioner of Valuation. Rates are levied annually on commercial and industrial property. The Annual Rate on Valuation (ARV) is decided by the Elected Members every year as part of Local Authorities' budgetary process. The ARV is then applied to the valuation of each property to calculate the rates payable. Budgeted income from commercial rates in Kilkenny in 2022 was €20.9m.

During the Covid pandemic public health restrictions were introduced to limit the spread of COVID-19 and many businesses had to close. While many businesses remained open, they operated at a reduced level resulting in a dramatic loss of income for commercial ratepayers. The COVID-19 pandemic and the emergency measures taken to mitigate it have had a significant impact on the finances of Local Authorities. Local Authorities continued to provide services during this period supporting individuals, communities and businesses as part of a national effort to respond to the economic and social challenges arising from the pandemic. At a national level the Government introduced a number of schemes including the Commercial Rates Waiver scheme to support businesses.

The Government introduced an initial three-month waiver of rates for businesses forced to close due to COVID-19 from April 2020 to June 2020. A 100% waiver was applied to all businesses with the exception of a small number of categories, mainly banks, utilities, large supermarkets and corporates. The rationale for the exclusion of certain categories of ratepayers was based on the fact that their operations may not have been as severely impacted by the pandemic and the support

package was appropriately provided to those businesses in most need of assistance. In order to continue supporting ratepayers and in recognition of the ongoing impacts of COVID-19 the Government put in place a new more targeted commercial rates waiver initially for the first quarter of 2021 and later extended it to the end of March 2022.

The Finance Staff applied the relevant Waiver for the different Covid Waiver Schemes to the eligible Commercial Rates Customers. This process involved checking all accounts to ensure they were entitled to the Waiver and calculating the Waiver amount due. Kilkenny County Council granted Commercial Rates Waivers to a value of €15,386,108 from April 2020 to March 2022. When the manual checking and calculation process was complete the data was loaded into Agresso with software supplied for this task by the LGMA.

Approach

Internal Audit spoke with Finance Staff to obtain an overview of the Covid Rates Waiver Scheme process in Kilkenny County Council. Circular Fin 24/2021 from the Department of Housing, Local Government and Heritage relating to the Commercial Rates Waiver for Q1 2022 was reviewed. A random sample of 43 waivers were examined to ensure compliance with the scheme. 430 waivers were granted by Kilkenny County Council to a value of €748,377.69 for Q1 2022.

Scope & Limitations of scope

Scope of the audit was limited to the random sample of 43 waivers applied by Kilkenny County Council to Commercial Rate accounts in Q1 2022.

Co-operation of Management and staff

Internal Audit received full co-operation from Council Management and Staff throughout the Audit and would like to thank them for their assistance.

Internal Audit Opinion

Based on this Audit of Covid Rates Waivers in Kilkenny County Council, the audit opinion is satisfactory. The internal control system is effective. Established control procedures reasonably assured the achievement of operating and control objectives. Risk exposure or risk of loss is low.

This report was distributed to the Finance Directorate.

The report was approved by the Management Team on 17th January 2023.

The Audit Committee reviewed the Audit Report at their meeting of 6th March 2023.

Brigid Webster, Internal Auditor

Findings, Recommendations and Management Comments

COVID RATES WAIVERS	
YEAR	AMOUNT APPLIED
2020	€ 8,614,083
2021	€ 6,023,647
2022	€ 748,378
TOTAL WAIVERS	€ 15,386,108

<i>Findings</i>	<i>Implications</i>	<i>Recommendations</i>	<i>Management Action Plan & Timeframe</i>
<p>1. The 43 Commercial Rate Accounts where Covid Rates Waivers had been applied were found to be in compliance with the Waiver Scheme as set out in Circular Fin 24/2021.</p>	<p>No issues noted.</p>		<p>Noted.</p>