Kilkenny County Council

Internal Audit Report Low Value Purchase Cards

Date: 7th April 2025

Report Distribution

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Introduction

Kilkenny County Council utilises Low Value Purchase Cards (LVPC) in respect of purchasing activity for small value items. It is an efficient cost-effective method of purchasing for Kilkenny County Council and ensures suppliers are paid for goods within 24/48 hours. The normal monthly spend limit on LVPC is €5000 and the normal limit per individual purchase is €1000 (incl. VAT) as detailed in Kilkenny County Council's LVPC Policies & Procedures. The Head of Finance will however decide on the appropriate monthly spend/transaction limits for Cardholders on a case by case basis. Bank of Ireland is the provider of the LVPC and The Lighthouse Card Management System is the software system that runs the process.

The Lighthouse System allows Reviewers to match invoices to card transactions. The transactions are coded by Reviewers in the sections. Once transactions are reviewed, the Line Managers of each section approve the transactions on Lighthouse. All approved transactions are exported nightly by Lighthouse to the Agresso Financial Management System. There were 7935 LVPC transactions from January – September 2024 with a value of €1,356,986. At the time of Audit there were 146 active LVPC in operation in Kilkenny County Council.

Objective

The objective of the Audit was to assess whether sufficient controls are in place to ensure that payments processed using LVPC are authorised and in compliance with Kilkenny County Council's LVPC Policies & Procedures.

Approach

Internal Audit met with the Management and Staff in Finance with responsibility for LVPC.
A walkthrough of the administrative process and control of LVPC was conducted. LVPC Policies and Procedures were reviewed. LVPC transactions across the Council were reviewed.

Scope & Limitations of scope

The Scope of the Audit included 7935 LVPC transactions for the period January to September 2024. Sample transactions were reviewed and examined to ensure that LVPC Policies and Procedures were being adhered to. Administrative controls and governance of LVPC were also examined.

Audit Risk

- Poor oversight & governance of LVPC
- Inadequate training on LVPC
- In breach of Revenue Regulations concerning Relevant Contract Tax (RCT) & Tax Clearance Checks (TCC)
- Loss of revenue due to duplicate payment of VAT for goods purchased outside the State
- Incorrect data recorded for suppliers on Lighthouse/Agresso/AFS
- LVPC Cardholders in breach of Kilkenny County Council's LVPC Policies & Procedures

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.

Internal Audit Opinion

Internal Audit's findings and recommendations are detailed below. Based on this Audit of Low Value Purchase Cards within Kilkenny County Council, the audit opinion is limited assurance. There are significant weaknesses within the governance, risk management and control framework which if not addressed could lead to the system objectives not being achieved.

This report was distributed to the Finance and Corporate Directorates and includes their Management Action Plan.

The report was approved by the Management Team on 26th August 2025.

The Audit Committee reviewed the Audit Report at their meeting of 1st September.

Brigid Webster, Internal Auditor

Findings, Recommendations and Management Comments

Findings	*Implications*	*Recommendations*	*Management Action Plan & Timeframe*
1. Finance Oversight of LVPC Expenditure & Lighthouse System. It appears that the oversight and governance in the Finance Section of the LVPC Expenditure and the Lighthouse System could be more robust.	In the absence of a robust governance and oversight of the LVPC Expenditure and Lighthouse System, Kilkenny County Council is exposed to possible misuse of LVPC, incorrect data availability and possible Revenue implications.	Internal Audit recommends that the Administrator responsibilities are updated in the LVPC Policies & Procedures to ensure strong governance and oversight of the LVPC. This should include but not be limited to the following; ➢ Monthly spot checks on Cardholder transactions. ➢ Reviewing of transaction activity and spend to ensure compliance with Kilkenny County Council's LVPC Policies & Procedure. ➢ TCC & RCT checks. ➢ Monthly balancing of transactions versus payment to Bank of Ireland.	LVPC Policy & Procedures Document has been reviewed and updated in Q2 2025 and will be distributed to all LVPC Users in Q3 2025. Monthly spots checks will re-commence in Q3 once resource is in place. TCC & RCT checks will form part of the monthly check procedure. A monthly sign off by the Head of Finance is now included in our procedures.

Findings	*Implications*	*Recommendations*	*Management Action Plan & Timeframe*
		➢ Reviewing Supplier Id's and Product Codes to ensure correct usage. ➢ Liaising with the supplier of the Lighthouse System to improve the functionality of the system.	Supplier ID's have been reviewed and refined with Lighthouse and the review of the Product codes is ongoing. We have ongoing contact with Lighthouse to review systems
2. LVPC Training It is evident from the Audit that comprehensive training on LVPC is required. The supplier and the system for the administration of the Cards changed in 2023. There has also been a high turnover of staff in Kilkenny County Council in recent years whereby familiarity with the system has been lost.	The lack of comprehensive training has resulted in breaches in Kilkenny County Council's LVPC Policies & Procedures.	Training should be conducted for all Cardholders, Reviewers and Approvers as a matter of urgency. This training should be mandatory for all users of LVPC and renewed annually. The training will help to ensure that all users have the required knowledge to ensure compliance with Kilkenny County Council's LVPC Policies & Procedures.	The updated LVPC Policy & Procedures Document will be distributed to Users in Q3 2025 and Training where required will be provided in Q3 & Q4 for all Users of the LVPC cards & Systems.
3. VAT on a reverse **Relevant Contract Tax (RCT).** Construction services which are subject to RCT are liable to	Kilkenny County Council is	Internal Audit recommends that no RCT invoices should be	In line with previous & current LVPC policy payment of RCT

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charge basis. As a result, an invoice raised by a sub-contractor/supplier to Kilkenny County Council should not include VAT on the services provided. Internal Audit noted numerous instances where RCT Invoices were paid by LVPC. Examples of which were supply & fit of flooring products, windows and locks. When RCT invoices are paid by LVPC Kilkenny County Council are not identifying those invoices as RCT invoices and are not applying the VAT to them on a reverse charge basis. There is clear evidence of errors in the payment manner and processing of RCT Invoices. It was noted from the sample checked that there are errors in the following Sections: ➢ Housing Section ➢ Environment Section	in breach of Revenue Regulations by not applying the reverse charge VAT to these invoices.	paid by LVPC as these invoices require the reverse charge VAT rules to be applied. The LVPC system is not designed to facilitate this practice. All RCT invoices should be processed through the Agresso system which is set up to apply the reverse charge VAT rules to invoices. Finance must identify Cardholders/Sections, that are paying RCT invoices by LVPC and this practice must be stopped immediately. The LVPC Policies & Procedures must be updated to allow for this recommendation.	invoices are not under any circumstances permitted by LVPC Card. Users will be advised per the policy of LVPC and any further breaches of this policy will result in the LVPC being cancelled. This will form part of the monthly checks which will be carried out. LVPC Policy & Procedures have been updated.

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➢ Facilities Section ➢ Kilkenny Area Office			
4. Supplier Tax Clearance Checks (TCC) Internal Audit reviewed the data for LVPC transactions per supplier from Jan to Sept 2024. 29 individual suppliers were paid in excess of €10k, 8 further generic suppliers were also paid in excess of €10k each. The value of the payments to suppliers ranged from €10,318 to €65,247. There was no evidence available to Internal Audit to prove that these suppliers were checked for a Valid Tax Clearance Certificate. Kilkenny County Council is required to seek Tax Clearance Certificates for any Suppliers paid in excess of €10,000 in any 12-month rolling period.	Kilkenny County Council are not complying with Tax Clearance Legislation, which requires them to ensure that all suppliers paid in excess of €10k in a rolling 12-month period are tax compliant.	Monthly TCC checks should be conducted on all Suppliers paid over €10k by LVPC. Ideally this should be an automated system. If the supplier has exceeded the €10,000 limit Finance should contact them to provide Tax Clearance Cert immediately. No further purchases from this Supplier should be made until they provide proof they are Tax Compliant. It should be noted that some Suppliers are also paid by Purchase Order on Agresso. This would result in a cumulative payment to the supplier between LVPC and Agresso expenditure which could potentially be over the €10k threshold.	Monthly checks on Tax Clearance Certs will be conducted, however it should be noted that a Tax Clearance check is a "Real Time Check". Currently Agresso Users can only raise Requisitions / Purchase Orders for suppliers with compliant tax clearance certs. If a Tax Clearance cert is invalid KCC cannot issue payments or raise order for the purchase of goods and services from a supplier. A monthly check of both Agresso & LVPC to Suppliers over the value of €10K will be carried out and appropriate action will be taken.

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These checks and balances were in place previously and should be reinstated.		There is an automated system in place for checking TCC compliance prior to payment on Agresso but not on Lighthouse.	
5. Purchase of Goods outside the Irish State There were 82 purchase transactions outside the State from Jan – Mar 2024. It was found that 27 of these purchases had paid VAT in the Country of origin. Goods purchased outside the State should be 0% VAT as Kilkenny County Council have to self-account for VAT generally at 23% to the Revenue Commissioners. It was noted from the sample checked that there are errors in the following Sections: ➢ IT ➢ Civil Defence ➢ Library ➢ Corporate ➢ Finance	There is a loss of revenue to Kilkenny County Council as VAT has been accounted for twice on these invoices.	Training should be provided to Cardholders on the implication of using the LVPC to purchase goods in other countries. Purchasing of goods from other countries should be restricted unless prior approval is received from the Finance Directorate.	This will be included in any training provided and also via a number of communications to Users to be sent out Q3 2025. Procedures are currently in place to capture any purchases made on the Lighthouse System that are outside the State. These purchases are then accounted for VAT with the Revenue Commissioners on a monthly basis

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➢ LEO ➢ Machinery Yard ➢ Health & Safety			
6. Expenditure on LVPC recorded against incorrect Supplier ID. From Jan-Sept 2024 there were 7935 transactions made by LVPC. Of these 1806 transactions, it was noted that the Merchant ID did not match the Supplier ID assigned in Lighthouse. The Supplier ID on Lighthouse is assigned by the Reviewers and approved by Line Managers. The total value of these transactions was €235,483.00. During the rollout of Lighthouse in 2023 a decision was made to set up 80 Generic Supplier Codes, for example; ➢ **Hardware LVPC Only** ➢ **Stationary LVPC Only** ➢ **Office Supplies LVPC Only**	When the data is extracted to Agresso expenditure is not being captured against the correct Supplier. Incorrect data available for Management Reporting.	Internal Audit noted that in March 2023 following the roll out of the Lighthouse System there were a number of suppliers yet to be added to the System. This appears not to have taken place. I recommend that this issue is reviewed immediately with a view to uploading all Suppliers to the Lighthouse System. Reviewers should be trained to use correct Supplier ID's.	Supplier ID's have been reviewed and refined with Lighthouse. This will form part of the training to be provided in Q3 2025

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➢ **Fuel LVPC Only** ➢ **Café LVPC Only** This has resulted in expenditure for random suppliers being applied to these LVPC Generic Supplier Codes instead of correctly applying the expenditure per Supplier ID. In addition to this, Reviewers are selecting incorrect Supplier ID's when coding transactions.			
7. Incorrect Product Code Selection. From the sample chosen there was clear evidence that incorrect Product Codes have been selected by Reviewers on Lighthouse. The Approvers on Lighthouse have the ability to amend incorrect Product Codes but do not appear to be making the amendments. Examples of incorrect coding included; ➢ Washing Machine/Dryer chosen as Advertising Other – ADV002	Product Codes for purchases assigned incorrectly. This has implications for reporting by 'Product Code' for all Departments and also effects information in Appendix 1 in the AFS.	The correct application of Product Codes for transactions in Lighthouse must form part of the training as outlined in No 2 above, for all users of Lighthouse. It is essential that the correct Product Codes are assigned to ensure that data on Agresso is accurate and reflects the actual spend, this is imperative for Management Reporting.	This will form part of the training to be provided in Q3 2025, also as part of our monthly checks Users and Reviewers will be required to ensure correct Product Codes are used.

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➢ Fuel chosen as Advertising ADV002 & Plumbing Materials ➢ Canteen refreshments chosen as Building Materials – BLD004 ➢ Roll Blue Vinyl chosen as Advertising Other – ADV002 It was noted from the sample checked that there are errors in the following Sections: ➢ [redacted] ➢ [redacted] ➢ [redacted] ➢ [redacted] ➢ [redacted] ➢ [redacted]			
8. LVPC Cardholder Splitting Transactions The Finance Section sets a single transaction limit and a monthly transaction limit on all LVPC. It was noted that some Cardholders are splitting transactions to circumvent their	Cardholders are in breach of Kilkenny County Council's LVPC Policies & Procedures. The Terms and	Internal Audit recommends that in the event that a spend limit needs to be exceeded that a request is submitted for same to the Administrator of the LVPC in Finance. This	In line with previous & current LVPC policy cardholders are not permitted to use the card in the manner highlighted Users will be advised per the policy of LVPC and any further

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spend approval limits set by the Finance Section. It was noted from the sample checked that there are errors in the following Sections: ➢ [redacted] ➢ [redacted] [redacted] ➢ [redacted]	Conditions for use of LVPC prohibits the splitting of purchases into 2 or more lots to circumvent the transaction limit.	request must in the first instance be approved by the relevant Director of Service. Cardholders who consistently fail to adhere to spend limits as approved by the Finance Directorate should have their LVPC revoked.	breaches of this policy will result in the LVPC being cancelled.
9. Transaction Logs At the time of Audit, it was noted that some Sections were not completing the Transaction Logs. This is a requirement under the LVPC Policies & Procedures. Some of the Transaction Logs were not signed by the Cardholder or Approver. In one instance the Reviewer was signing the logs. A number of Logs reviewed were incomplete, including the reason for the purchase, no reference to the repairs record,	The Cardholder is not complying with the requirements of the LVPC Policies & Procedures.	Internal Audit recommends that LVPC Transaction Logs must be completed and signed by Cardholder & Approver. The purpose of the Log is to ensure that the transactions can be easily reconciled to the monthly statements on the Lighthouse system. Regular review of Transaction Logs should be conducted by Finance.	This will form part of the training to be provided in Q3 2025, also as part of our monthly checks Users and Reviewers will be required to abide by the policy set out. Repeated non-compliance will result in the LVPC been cancelled.

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relevant property or what the expense related to. It was noted from the sample checked that there are errors in the following Sections: ➢ [redacted] ➢ [redacted] ➢ [redacted] ➢ [redacted]			
10. Online Purchases Internal Audit checked 16 Staff Members with LVPC's to ascertain when online purchases were made did the Staff Member do so by using a work mobile phone. In one instance in the Housing Section an online purchase was completed and the Staff Member was not in possession of a work mobile phone. This purchase was authorised by a Physical Security Key (PSK) which was issued by BOI to the Cardholder directly.	In breach of Kilkenny County Council LVPC Policies & Procedures which state that online purchases should only be made by Cardholders with a work mobile phone.	Internal Audit recommends that the Card Administrator checks to ensure that any Cardholder making Online Purchases are only doing so via the BOI Mobile Banking App. This App should only be installed on the Cardholders work mobile phone. The work mobile will contain the required Kilkenny County Council's security features, which is essential.	Only Users with work mobile will be set up for online purchases.

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11. Private use of LVPC It was found that there were 16 instances of the use of Kilkenny County Council's LVPC for private use. The individual Cardholders repaid the amounts to the receipt's office in County Hall when the errors were noticed. The value of the transactions was €728.41. It is difficult for Internal Audit to identify if there were further private transactions as the file checked details repayments made by Cardholders. It was noted from the sample checked that there are errors in the following Sections: ➢ [redacted] ➢ [redacted] ➢ [redacted] ➢ [redacted] ➢ [redacted] ➢ [redacted] ➢ [redacted]	In breach of Kilkenny County Council's LVPC Policies & Procedures. Possibility of an increased risk of fraud. Possible loss of revenue to Kilkenny County Council.	Internal Audit notes that the LVPC is the same colour and has the same markings as a private Bank of Ireland Credit Card which may be a reason for invalid use by Cardholders. Internal Audit recommends that Kilkenny County Council Finance Section contact Bank of Ireland to see if a solution can be found to differentiate LVPC from a personal Bank of Ireland Credit Card. The Cardholders and Approvers need to ensure that no private transactions occur on the LVPC.	In line with previous & current LVPC policy personal payments by cardholders are not under any circumstances permitted. Users will be advised per the policy of LVPC and any further breaches of this policy will result in the LVPC been cancelled. LVP cards are standard issued to all Local Authorities. This will form part of the training to be provided in Q3 2025.

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12. Monthly Reconciliations At the time of Audit there was no evidence of monthly reconciliation between the Lighthouse transactions and the payment to BOI. It was noted that there are delays in Sections approving transactions by the deadline each month.	Lack of monthly reconciliations between Lighthouse/ Agresso & the payment to the Bank of Ireland.	Internal Audit recommends that the Finance Section put in place a robust reconciliation process between the transactions coming from Lighthouse to Agresso. Management must ensure that all the monthly transactions are reconciled between Lighthouse & the monthly payment to the Bank. This monthly reconciliation should be approved by the Card Administrator & the Head of Finance.	A Monthly Sign off by the Head of Finance is now included in our procedures
13. LVPC Cancellations Upon reviewing the list of Staff with current LVPC it was found that one Staff member from [redacted] had left the organisation and their LVPC had not been returned/cancelled with BOI. This card was held in the [redacted] for the Staff member that	In breach of Kilkenny County Council's LVPC Policies & Procedures. Financial implication for Kilkenny County	The LVP Card Administrator in Finance must liaise with the Human Resources Department to ensure staff movements of Cardholders are notified to the LVPC Administrator in a timely manner to ensure card is cancelled.	The Finance Dept get a regular report from HR – "Leavers, Movers, Joiners". The LVPC Administrator will review same and carry out the appropriate action required.

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retired a year prior. The other Card was returned by the Cardholder to the [redacted] but kept in a safe and not returned to Finance for cancelling. At the time of Audit this was highlighted and both cards were returned to Finance for cancellation with the Bank and for shredding.	Council as we are paying a yearly fee on all active cards. The Council is exposed to unnecessary risk if active cards are not returned to be cancelled in a timely manner.	Line Managers/Cardholders have a responsibility to ensure that the LVPC is returned to the Card Administrator for cancellation with the bank when a Staff member is moving or leaving the Local Authority.	
14. Purchase of IT Hardware & Software It was noted that IT Hardware and Software was purchased by LVPC. In some instances, the purchases were made without authorisation from the IT Department. It was noted from the sample reviewed that these purchases were made by [redacted].	The purchase of IT Hardware & Software may not be the standard equipment issued by Kilkenny County Council. The IT Section would have no record of this Equipment which may lead to Security issues.	Internal Audit recommends that all IT related purchases should be purchased via the IT Department. No purchases of IT Hardware or Software should be purchased by Cardholders without approval of the IT Department.	This will form part of the training to be provided in Q3 2025, also as part of our monthly checks Users and Reviewers will be required to abide by the Policy set out. Repeated non-compliance will result in the LVPC been cancelled.

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15. LVPC Policy & Procedures The LVPC Policies & Procedures was last updated in 2023 and requires review and updating.	The LVPC Policies & Procedures is out of date.	Internal Audit recommends that the LVPC Policies & Procedures is reviewed and updated to incorporate the findings of this Audit. The updated LVPC Policies and Procedures should form part of the training for all Cardholders, Reviewers and Approvers. Management in the Finance Section must monitor compliance with the LVPC Policies & Procedures and address any instances of non-compliance.	LVPC Policy & Procedures Document has been reviewed and updated in Q2 2025 and will be distributed to all LVPC Users in Q3 2025.
16. Card Transaction Limit It was noted on one LVPC that the Cardholder was spending above the transaction limit which was supplied on the Cardholder detail spreadsheet from Finance. When this was	No transaction spend limit applied to the Card in breach of Kilkenny County Council's Policies & Procedures.	Internal Audit recommends that Finance review its spreadsheet and ensure that all LVPC limits are in place and that they correspond with the	All Transaction Limits have been reviewed with Bank to ensure compliance with policy & procedures

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checked with the Bank the Card for the Cardholder in question had no transaction limit applied to it.		original application and Bank files.	
17. Hospitality & Entertainment Expenses It is noted that Hospitality & Entertainment expenses including meals, beverages, light refreshments and entertainment expenditure are being incurred on the LVPC. Currently there is no Hospitality & Entertainment Policy in place in Kilkenny County Council. While there is a figure for Hospitality & Entertainment Expenses on Agresso for €455k which includes festival expenditure for 2024. It is noted that some of the Hospitality & Entertainment Expenditure reviewed in the LVPC sample are not included in this amount. Therefore, it is difficult to	In the absence of a Hospitality & Entertainment Policy there is a lack of control in the Hospitality & Entertainment Expenses being incurred by Kilkenny County Council.	Internal Audit recommends that Kilkenny County Council Management adopt a Hospitality & Entertainment Policy. It is noted that the provision of Hospitality and Entertainment can result in significant benefits to Kilkenny County Council and it is appropriate and necessary in particular circumstances. The Hospitality & Entertainment Policy would be in line with best practice and allow the control and management of these necessary expenses in an open and transparent manner to ensure value for money and safeguard the use of public funds.	**Finance Response** Finance Dept will liaise with Corporate Section if there is a requirement for a Hospitality & Expenses policy. **Corporate Response** Corporate section will research Hospitality and Entertainment Policies and determine the objectives of a Policy for Kilkenny County Council. Following determination and agreement of required outcomes a policy will be drafted for agreement Q3 2025. Coding of expenditure relating to festivals, civic events and hospitality and entertainment

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ascertain a value for Hospitality & Entertainment Expenses.		The coding of these Hospitality & Entertainment Expenses should be streamlined to ensure the data is available for audit purposes.	will be discussed with finance to establish the optimal coding structure to identify clearly and report on various categories of spend.
18. Procurement Compliance Due to the nature of the spend and the coding of transactions on LVPC across Kilkenny County Council, it is difficult to ascertain if the Council is complying with procurement/purchasing guidelines. However, it is noted that OGP frameworks are not being used in some instances, for example; ➢ Purchase of Tyres ➢ Purchase of white goods	Kilkenny County Council may not be obtaining Value for Money.	Internal Audit recommends that the overall spend on goods purchased by LVPC is reviewed to ensure that Kilkenny County Council is complying with procurement/purchasing procedures. OGP frameworks should be utilised where appropriate to ensure Kilkenny County Council is complying with National & EU Procurement Law.	LVPC Policy & Procedures Document has been reviewed and updated in Q2 2025, this now includes Office Government Procurement framework limits to ensure KCC is complying with National & EU Procurement Law. This will form part of the ongoing monthly checks on LVPC transactions.