

# *Kilkenny County Council*

## Internal Audit Report Review of SICAP Programme 2023

**Date:** 25<sup>th</sup> September 2024

### **Report Distribution**

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### **Introduction**

The Social Inclusion and Community Activation Programme (SICAP) 2018-2023 provides funding to tackle poverty and social exclusion at a local level through local engagement and partnerships between disadvantaged individuals, community organisations and public sector agencies.

The SICAP programme is managed by Kilkenny Local Community Development Committee (LCDC). The programme is delivered by the Programme Implementer (PI) – County Kilkenny LEADER Partnership Company (KLP).

The programme is funded by the Department of Rural and Community Development with co-funding from the European Social Fund (ESF).

### **Objectives**

The objective of the audit is to provide reasonable assurance that the SICAP Programme for 2023 has been delivered in accordance with the SICAP Programme Requirements 2018-2023.

### **Approach**

Internal Audit carried out a verification visit on site and reviewed a random sample of 16 Individual grant files. The Local Community Group grant files (13) and the Social Enterprise grant files (4) were also reviewed. Financial transactions for 2023 were reviewed including overheads and payments. A review on the implementation of outstanding previous Audit Recommendations from 2018 - 2022 was undertaken. The IRIS system which is used by the PI for data entry for the SICAP Programme was checked for accuracy. The Information and Communication file was verified to ensure that the PI is complying with the information and publicity requirements of the SICAP Programme.

**Scope & Limitations of scope**

Scope of the audit was limited to the 33 grant files, overheads, payments and the information/communication file for 2023. The data entered on the IRIS system was also reviewed.

**Audit Risk**

- Inaccurate data entry on IRIS system and lack of reconciliation between IRIS & KLP's payment system
- KLP not adhering to the 'payment terms' in its Contract of Engagement – Tutor/Sub Contractor

**Co-operation of Management and staff**

Internal Audit received full co-operation from staff of County Kilkenny LEADER Partnership 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 review the audit opinion for the SICAP Programme is reasonable assurance. There is a sufficient framework of key controls for objectives to be met. Risks are managed but could be stronger. Controls are generally applied but some lapses in the application of controls have been observed.

This report was distributed to County Kilkenny LEADER Partnership and includes their Management Response.

The report was reviewed by Kilkenny County Council Management Team on 22<sup>nd</sup> October 2024.

The report was circulated to the Chief Officer of Kilkenny LCDC on 4<sup>th</sup> November 2024.

*Brigid Webster, Internal Auditor*

## Findings and Recommendations

Audit Issue	Implication	Priority Rating	Recommendation	Management Response	Target for Implementation
<p><b>IRIS Data Entry</b></p> <p><b>1.</b> Internal Audit checked the 13 Local Community Grant files and found 4 of the grant amounts were keyed incorrectly on the IRIS system as follows;</p> <p>Grant keyed €250 - €300 grant paid. Grant keyed €248.80 - €150 grant paid. Grant keyed €720 - €500 grant paid. Grant keyed €0 – €750 grant paid.</p> <p>There was a duplicate entry on the Social Enterprise grants allocated on IRIS to the value of €1000.</p> <p>Internal Audit notes that the PI payments were for the correct amounts.</p>	<p>Inaccurate data entry on IRIS system.</p> <p>Lack of reconciliation and oversight by the PI on the grant amounts entered on IRIS.</p>	Medium	<p>The PI must ensure adequate reconciliation and oversight is in place between the grant amounts keyed on IRIS and the payment amounts made by the PI.</p> <p>The PI must ensure that all IRIS users have sufficient knowledge and understanding of IRIS data inputting.</p> <p>Relevant training should be arranged for staff to ensure that any data entered on IRIS is correct.</p>	We acknowledge that some inconsistencies were found in how payments were recorded on IRIS by Development Officers.	Moving forward we will add an additional check to the Payment Checklist to ensure payments are recorded on IRIS correctly.

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<p><b>Contract of Engagement – Tutor/Subcontractor</b></p> <p><b>2.</b> Internal Audit reviewed a Contract of Engagement for 'Ukrainian Refugee Crisis Response' in the amount of €10,000 and found that the Payment Terms of the Contract were not adhered to.</p> <p>The PI paid the contract sum upfront. The payment terms stated that invoices could be submitted on a three stage basis. The final payment was to be released upon receipt of the Contractors final report. The PI must ensure that the expected contract outcomes have been achieved prior to releasing the final payment to the Contractor.</p>	<p>The PI is in breach of the Payment Terms in the Contract of Engagement. There is a risk that in the event of default on the Contract it may prove difficult for the PI to recover the contract sum.</p>	<p>Medium</p>	<p>The PI must ensure it is following the Terms of Payment within their Contract of Engagement.</p>	<p>The contract used to support the payment was not consistent with the timing of payments made.</p>	<p>Going forward, when issuing contracts, we will ensure that it will reflect the actual agreed payment's structure and Programme guidelines.</p>

<b>Audit Issue</b>	<b>Implication</b>	<b>Priority Rating</b>	<b>Recommendation</b>	<b>Management Response</b>	<b>Target for Implementation</b>
<p><b>Review of previous Audit Recommendations 2018-2022</b></p> <p><b>3.</b> Internal Audit reviewed the progress on the implementation of previous Audit Recommendations by the PI from SICAP Audits in 2018-2022.</p> <p>It is noted that the implementation of 1 of the Audit Recommendations is ongoing, with 7 recommendations closed out. The open recommendation refers to the review of the Apportionment Policy regarding additional costs apportioned to SICAP and the apportionment of % salary anomalies.</p>	<p>Previous Audit Recommendation remains outstanding.</p>	<p>Medium</p>	<p>I recommend that the open recommendation be progressed and implemented as soon as possible. It is noted that the PI have reviewed their apportionment policy which will be in use from 2024.</p>	<p>This is an ongoing challenge for the LDC in the context of multi-programme, and multi-agency funding sources. The LDC has to work with uneven funding structures and contributions to central administration costs.</p>	<p>The Apportionment Policy will be reviewed on an ongoing basis taking the constraints from across programmes into account.</p>