

Kilkenny County Council

Internal Audit Report [REDACTED] Review of Motor Tax Transactions

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Report Distribution

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Audit Committee Members

Local Government Auditor

Objectives

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

Approach

- Internal Audit reviewed all daily transactions carried out on a random date – 7th May 2019. 142 tax renewals and 4 replacement document applications were examined.

Scope & Limitations of scope

Internal Audit reviewed all transactions carried out on a random date – 7th May 2019.

Audit Risk

- Potential loss of income.
- Errors in calculation of tax.
- Guidelines not being applied correctly.
- 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

Overall, Internal Audit can provide reasonable assurance that adequate procedures and controls are in place. The following errors, some of which are minor in nature, were found.

1. The customer failed to date the application forms at the provided space on 12 applications.
2. On one application, the cashier omitted to mark the method of payment received.
3. In one case, an application form issued from the Department for the renewal of tax commencing on Feb 1st 2019 was used for taxing a vehicle from May 1st 2019 – a new manual application should have been completed in this case.
4. Four vehicles that were taxed from May 1st were declared off the road from April 1st to June 30th 2019 at the time of taxation. Internal Audit is aware that that this is an issue with the NVDF system caused by MTO only being able to select the statutory off road declaration for a period of time set by the system. However, the issuing of such a receipt contradicts the tax period of the vehicle and the customers declaration.
5. A tax renewal for [REDACTED] was completed for taxation of a tractor for 12 months (€102.00). However, the cheque was made out for the sum of €108.00. Therefore, a refund of €6.00 is due to the customer.

Management Comments

1. *The customer failed to date the application forms at the provided space on 12 applications.*

Re-iterate to all cashiers the importance of dating all application forms. Also, to ensure any documentation received is date stamped immediately upon receipt of same.

2. *On one application, the cashier omitted to mark the method of payment received.*

Re-iterate to all cashiers to ensure payment method is completed for all applications.

3. *In one case, an application form issued from the Department for the renewal of tax commencing on Feb 1st 2019 was used for taxing a vehicle from May 1st 2019 – a new manual application should have been completed in this case.*

Very important that we ensure this does not occur going forward. Ensure all cashiers are fully aware that RF100B can only ever be used for current tax renewals. If any arrears are applicable the customer must be requested to complete the RF100A. If the RF100B is received in the post and can't be used it should be returned as a wrong with a RF100A form, pre-paid envelope (if one is available) and cover note and copy of same taken for our records.

6. *Four vehicles that were taxed from May 1st were declared off the road from April 1st to June 30th 2019 at the time of taxation. Internal Audit is aware that that this is an issue with the NVDF system caused by MTO only being able to select the statutory off-road declaration for a period of time set by the system. However, the issuing of such a receipt contradicts the tax period of the vehicle and the customers declaration.*

When a vehicle is purchased by a customer they have 21 days to declare they have not driven the vehicle and subsequently tax said vehicle from the following month. In order to allow for this a person completes a Declaration of Non-Use. A Declaration of Non-Use must be made for a minimum of 3 months. A vehicle can subsequently then be brought back on the road at any time after the declaration is made. Accordingly, you can have situations as outlined above where a person declares a vehicle off the road and then subsequently taxes said vehicle immediately after. The receipt shows that the vehicle was declared off the road for three months.

Example: Vehicle purchased on 20th May 2019. Customer calls into Motor Tax Office on 05th June to (a) Declare they did not drive the vehicle during the month of May and (b) Tax vehicle for 3 months. Accordingly, the customer fills in a Declaration of Non – Use on 05th June. This is within the 21 days so they are allowed to do so. They are issued with a receipt showing the vehicle is declared off the road between May – July 2019. They then proceed to tax said vehicle from June 2019 -August 2019. As the system currently stands allowing a person to declare a vehicle off the road within 21 days of purchase we must facilitate this request.

The MTO does not have any alternative way to issue receipts to reflect the above.

7. *A tax renewal for [REDACTED] was completed for taxation of a tractor for 12 months (€102.00). However, the cheque was made out for the sum of €108.00. Therefore, a refund of €6.00 is due to the customer.*

KK45c had written in an amount of €108.00 in the payment box. However, this appears to be a typo and in fact €102.00 was what was received in a cheque for this application. I base my conclusion on the following:

- i. **The cashier's cheque tot which she attached to her end of day report was for €2367.00 The cashier's end of day report tallied with this amount of €2367.00. No difference of €6.00 appeared between the amount on the cheque and the total for her day's cheques.**
- ii. **I have totted all of her day's cheques from her batch and they all equal €2367.00**
- iii. **All the cheques received on a day are totted separately by a cashier who is compiling the day's cheques and postal order's lodgment. A lodgment docket 015927 for 07th May 2019 shows a total lodgment of €6138.00 (which is broke done into €5966.00 – cheques and €172.00 for Postal Orders. All cheques were totted and a tot of same kept with lodgment. Accordingly, the cheques would have been totted again at this point.**
- iv. **This tot is subsequently checked against a Daily Register Report. The Cashier ensures the amount of the cheque matches the print out. If the cheque was incorrect it would have been noted here as the tot would be €6.00 more than the register.**
- v. **The following morning the supervisor checked the lodgment book against the daily register and this tallied.**

I therefore conclude that the Cashier incorrectly wrote down the wrong amount on the form but that the cheque was for the correct amount.

Accordingly, no refund is due.

However, cashiers must be reminded to ensure correct amounts are written in on forms to avoid any confusion for supervisors or auditors going forward.

