



NOAC

National Oversight
and Audit Commission



PUBLIC SPENDING CODE



**LOCAL AUTHORITY QUALITY
ASSURANCE REPORT 2019**



**NOAC REPORT NO. 27 – DECEMBER
2020**



NOAC (the National Oversight and Audit Commission) was established in July 2014 under the 2014 Local Government Reform Act to provide independent oversight of the local government sector. The statutory functions assigned to NOAC include the scrutiny of the Operation of Audit Committees in Local Government. This report is based on material in the reports of audit committees or in replies of their chairpersons to NOAC's inquiries.

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Circulated with this report were two documents:

“Full detailed inventories of local authorities as per their Public Spending Code Quality Assurance report 2019”

“Full checklists of local authorities as per their Public Spending Code Quality Assurance report 2019”

Introduction

The Public Spending Code (the Code) was developed by the Department of Public Expenditure and Reform (D/PER) and it applies to both current and capital expenditure and to all public bodies in receipt of public funds. According to D/PER, the Code brings together, in one place, details of the obligations of those responsible for spending public money.

As local authority funding derives from a number of sources, including grants from several Government Departments, it was decided that the Chief Executives of individual local authorities should be responsible for carrying out the quality assurance requirements in Part A04 of the Code and that their reports should be submitted to NOAC for incorporation in a composite report for the local government sector.

This is the sixth Public Spending Code report published by NOAC for the local government sector. The original letter issued on 20 February 2020 to local authority Chief Executives (Appendix 1) requested them to submit their 2019 QA reports by 29 May 2020. In light of the events around COVID-19, NOAC considered this deadline and confirmed its extension for local authorities to 31 August 2020. 29 local authorities submitted their reports by the NOAC deadline. Kilkenny submitted their report on 2 October and Louth submitted theirs on 10 November 2020.

The Quality Assurance reporting requirement consists of the following 5 steps:

1. Draw up an inventory of projects/programmes at the different stages of the Project Life Cycle under the headings of (a) expenditure being considered, (b) expenditure being incurred and (c) expenditure that has recently ended, in respect of all capital and current expenditure projects to a value greater than €0.5m. (Routine administrative budgets already in place are not included in the inventory as only new or extended current expenditure to the value of €0.5m or greater is subject to the application of the Code.)
2. Confirm publication on the local authority's website of summary information on all procurements in excess of €10m related to projects in progress or completed in the year under review and provide a link to the relevant website location. (A new project may become a "project in progress" during the year under review if the procurement process is completed and a contract is signed.)
3. Complete the 7 specified checklists. Only one of each type of checklist per local authority is required and not one per each project/programme. The completion of the checklists is to be based on an appropriate sample of the projects/areas of expenditure relevant to that checklist.

4. Carry out a more in-depth review of selected projects/programmes such that, over a 3-5 year period, every stage of the project life-cycle and every scale of project will be subject to a closer examination. Initially the review requirement was that the value of the projects selected for the in-depth check each year should be at least 5% of the total value of all projects in the inventory when averaged out over a three year period. This was amended in respect of the 2016 report to a requirement that revenue projects selected for in-depth review must represent a minimum of 1% of the total value of all revenue projects in the inventory, while the requirement in respect of capital projects remains 5% of the total value of all capital projects in the inventory.

5. Complete a short summary report consisting of the inventory, procurement reference and checklists referenced in steps 1 to 3 and the local authority's judgment as to the adequacy of the appraisal/planning, implementation or review work that it examined as part of step 4, the reasons why it formed that judgment and its proposals to remedy any inadequacies found during the entire quality assurance process.

While the Code requires certification of the reports by Accounting Officers, this formal position does not normally exist in the local government sector so NOAC requested Chief Executives or Deputy/Acting Chief Executives to certify the reports. The Chief Executives of 24 local authorities have certified that the Quality Assurance report submitted to NOAC reflects the authority's assessment of its compliance with the Public Spending Code. The Clare, Donegal and Sligo Quality Assurance Reports were certified by the Deputy Chief Executives. The Dun Laoghaire-Rathdown, Mayo and Wicklow Quality Assurance Reports were certified by Acting Chief Executives. The Kilkenny Quality Assurance Report was certified by an Accounting Officer.

The Code requires that the Quality Assurance reports are published on the organisation's website. As of 9 December 2020 NOAC was unable to confirm the publication of the Quality Assurance report on the websites of the following local authorities: Carlow County Council, Kildare County Council, Kilkenny County Council and Louth County Council.

Summary

A compliance checklist of each local authorities Public Spending Code Quality Assurance report is included at Appendix 2.

The overall position is as follows:

Step 1: Inventory of projects/programmes at different stages of Project Life Cycle

The requirement to submit an inventory of all projects/programmes costing greater than €0.5m distinguishing between capital and current expenditure and categorised by expenditure being considered, expenditure being incurred and expenditure recently ended was met without exception.

The summary inventory of all 31 local authorities is at Appendix 3. The full inventory is available as a separate document circulated with this report.

Of the 31 authorities, Galway City were the only local authority which had a current expenditure programme recently ended in 2019. The following 12 authorities did not have a current expenditure project or programme in their 'under consideration' category:

| Local Authority |
|--------------------------|
| Carlow County Council |
| Dublin City Council |
| Galway City Council |
| Galway County Council |
| Kildare County Council |
| Kilkenny County Council |
| Leitrim County Council |
| Monaghan County Council |
| Roscommon County Council |
| Westmeath County Council |
| Wexford County Council |
| Wicklow County Council |

The Code requires the inventory to break down capital expenditure being considered, incurred and recently ended between capital projects and capital grant schemes. For the 2019 inventories, the required treatment of capital grant schemes is to include the expenditure as a capital grant scheme where 50% or more is funded by the local authority and to include it with other capital project expenditure where 50% or more is funded by Government grant. In cases of mixed funding, the minority percentage source was to be included as a note. The only local authorities to insert any capital grant scheme data into their inventories included the following:

| Local Authority |
|----------------------|
| Cavan County Council |
| Clare County Council |

| |
|-----------------------------|
| Galway City Council |
| Galway County Council |
| Kilkenny County Council |
| Leitrim County Council |
| Limerick County Council |
| Louth County Council |
| Monaghan County Council |
| Roscommon County Council |
| South Dublin County Council |
| Tipperary County Council |
| Westmeath County Council |
| Wicklow County Council |

Step 2: Publish Summary Information on Procurements in Excess of €10m

The Code requires public bodies to publish summary information on their websites of all procurements in excess of €10m. Local authorities are required to furnish NOAC with a link to where this summary information on procurement is available. Each local authority indicated if they did or did not have procurements for 2019 in excess of €10 million. Of the local authorities that did have procurements in excess of €10 million, 12 provided a link to these on their website. A further 7 provided links where procurement details would be published if applicable. A further 9 local authorities indicated no procurements exceeding €10 million and thus, provided no link. Clare indicated one procurement over €10 million and provided a summary report but no website link. Carlow and Kerry indicated procurements in excess of €10 million but did not provide a reference link to their websites.

The following local Authorities provided links to where this summary information on Procurement in Excess of €10m is available:

| | |
|----------------------------------|---|
| Cavan County Council | http://www.cavancoco.ie/procurement-over-10-million.htm |
| Cork City Council | https://www.corkcity.ie/en/council-services/public-info/spending-and-revenue/ |
| Cork County Council | https://www.corkcoco.ie/your-county-council/accessibility-maps-publications |
| Dublin City Council | http://www.dublincity.ie/PublicSpendingCode |
| Kildare County Council | http://kildare.ie/CountyCouncil/PublicSpendingCode/ |
| Limerick City and County Council | https://www.limerick.ie/council/services/business-and-economy/procurement/procurements |
| Mayo County Council | https://www.mayo.ie/finance/public-spending-code-compliance |

| | |
|-----------------------------|---|
| Roscommon County Council | http://www.roscommoncoco.ie/en/About_Us/Business-Units/Finance/Procurement/Procurement-over-%E2%82%AC10-million/ |
| Sligo County Council | http://www.sligococo.ie/publicspendingcode/ |
| South Dublin County Council | https://www.sdcc.ie/en/services/business/procurement/public-spending-code-2019 |
| Westmeath County Council | http://www.westmeathcoco.ie/en/ourservices/finance/procurement/publicspendingcode/ |
| Wexford County Council | https://www.wexfordcoco.ie/council-and-democracy/procurement-finance-and-creditcontrol/council-spend |

Step 3: Completion of 7 Checklists

The requirement to complete and submit a set of 7 self-assessment checklists was fulfilled by all local authorities.

The compilation of checklists is available as a separate document circulated with this report.

Step 4: Carry out an in-depth review of selected projects/programmes

All local authorities have carried out the in-depth check of a selection of projects from their inventories and have provided information pertaining to the reviews for the purposes of step 5. The information submitted in the vast majority of cases included reports structured in accordance with the template provided in Appendix D of the 'Public Spending Code Quality Assurance Requirements – A Guidance Note for the Local Government Sector' prepared by D/PER with the Finance Committee of the County and City Managers' Association. The proportion of the inventory represented by the expenditure on the projects selected for in-depth review was amended by D/PER for 2016 to an average of 5% of the value of capital projects and 1% of the value of revenue projects to be achieved over a three year period. A compilation of the local authority summaries of their in-depth checks is included in appendix 4.

Step 5: Complete a short summary report consisting of the inventory, procurement references and judgment as to the adequacy of the appraisal/planning, implementation or review work examined by the local authority in step 4

All 31 local authorities complied with Step 5.

This report and associated appendices, as compiled by NOAC, comprise the summary Quality Assurance Report in respect of 2019 for the local government sector.

Appendix 1

To all Chief Executives

7 February 2020

Public Spending Code - Quality Assurance Reporting 2019

Dear Chief Executive,

Thank you for submitting the 2018 Quality Assurance (QA) reports required under the Public Spending Code to NOAC in accordance with the Department of Public Expenditure and Reform (D/PER) extended deadline of 31 May 2019. The Report, which is published on the NOAC website at <http://noac.ie/noac-public-spending-code-report-2018/>, notes that all 31 of the authorities met the specified deadline.

NOAC requests that you review any issues that require a change of practice or other action as referred to in the in-depth reviews carried out by your authority, or that arose in completing the checklists and make the necessary arrangements for improvements in those areas. If you are one of the minority of authorities, who had not yet published the 2018 QA report on your website, you should now arrange for its publication.

The deadline for submission of the 2019 QA report is Friday 29 May 2020. The inventory is to be completed as EXCEL spreadsheets in the attached format. The 3 checklists in the self-contained attachment should be completed and supplied as a WORD document. Please note the following:

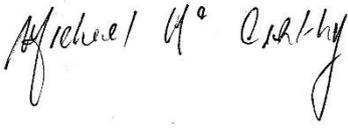
- D/PER has supplied new Checklists and Detailed Inventory Template (attached).
- Only the Excel and Word documents provided by NOAC should be returned completed and they should be editable with whole unrounded figures recorded i.e. €1,000,058.00 not “€1m”. Cells and headings should not be amended or moved.
- Additional cells or headings should not be inserted into the documents. Any additional information should be provided by way of a detailed note.
- If there is no information to provide for a particular question this should be left blank or marked as n/a where indicated.

Submissions that do not follow the above will be returned.

You are encouraged to check the code and circulars that contain amendments to the code at <https://www.gov.ie/en/publication/public-spending-code/>

Please ensure that the required documents are submitted by email to info@noac.ie by the deadline of Friday 29 May 2020.

Thank you again for your co-operation in this matter.

A handwritten signature in black ink that reads "Michael McCarthy". The signature is written in a cursive style with a large initial 'M' and a long, sweeping tail on the 'y'.

Yours sincerely,

Michael McCarthy

Chairman

National Oversight & Audit Commission

To all Chief Executives

30 March 2020

Public Spending Code - Quality Assurance Reporting 2019

Extension of Deadline

As you are aware the deadline for submission of your local authority Public Spending Code Quality Assurance return is 29 May 2020.

In light of current events around COVID-19, NOAC has considered this deadline and has confirmed its extension to **31 August 2020**. This will be further reviewed if required.

Further to this NOAC have agreed to release staff members of the Secretariat to be redeployed to assist in the important work of various Government Departments and other entities.

With this in mind it is likely that over the coming months there will not be any Secretariat staff available to answer questions around PSC returns.

Any queries received will be answered upon the Secretariat's return.

Regards

Colin Flood

NOAC Secretariat

Teach an Chustaim, Baile Átha Cliath 1. D01 W6X0

Custom House, Dublin 1, D01 W6X0

Appendix 2

NOAC Public Spending Code Quality Assurance Reports for Local Authorities - Compliance Checklist

| Local Authority | Step 1: Project Inventories | Step 2: Online Publication of Summary Information of all Procurements in Excess of €10m | Step 3: 7 Checklists Completed | Step 4: In-Depth Check on selected projects/programmes | Step 5: Summary Report |
|-----------------|-----------------------------|---|--------------------------------|--|------------------------|
| Carlow | Yes | No Link Provided | Yes | Yes | Yes |
| Cavan | Yes | Yes - Link Provided | Yes | Yes | Yes |
| Clare | Yes | No Link Provided | Yes | Yes | Yes |
| Cork City | Yes | Yes - Link Provided | Yes | Yes | Yes |
| Cork County | Yes | Yes - Link Provided | Yes | Yes | Yes |
| Donegal | Yes | No Procurement fell within the category in 2019 | Yes | Yes | Yes |
| Dublin City | Yes | Yes - Link Provided | Yes | Yes | Yes |
| DLR | Yes | No Procurement fell within the category in 2019 | Yes | Yes | Yes |
| Fingal | Yes | No Procurement fell within the category in 2019 | Yes | Yes | Yes |
| Galway City | Yes | No Procurement fell within the category in 2019 | Yes | Yes | Yes |
| Galway Co | Yes | No Procurement fell within the category in 2019 | Yes | Yes | Yes |
| Kerry | Yes | No Link Provided | Yes | Yes | Yes |
| Kildare | Yes | Yes - Link Provided | Yes | Yes | Yes |
| Kilkenny | Yes | No Procurement fell within the category in 2019 | Yes | Yes | Yes |
| Laois | Yes | No Procurement fell within the category in 2019 | Yes | Yes | Yes |
| Leitrim | Yes | No Procurement fell within the category in 2019 | Yes | Yes | Yes |
| Limerick | Yes | Yes - Link Provided | Yes | Yes | Yes |
| Longford | Yes | No Procurement fell within the category in 2019 | Yes | Yes | Yes |
| Louth | Yes | No Procurement fell within the category in 2019 | Yes | Yes | Yes |
| Mayo | Yes | Yes - Link Provided | Yes | Yes | Yes |
| Meath | Yes | No Procurement fell within the category in 2019 | Yes | Yes | Yes |
| Monaghan | Yes | No Procurement fell within the category in 2019 | Yes | Yes | Yes |
| Offaly | Yes | No Procurement fell within the category in 2019 | Yes | Yes | Yes |

| | | | | | |
|--------------|-----|---|-----|-----|-----|
| Roscommon | Yes | Yes - Link Provided | Yes | Yes | Yes |
| Sligo | Yes | Yes - Link Provided | Yes | Yes | Yes |
| South Dublin | Yes | Yes - Link Provided | Yes | Yes | Yes |
| Tipperary | Yes | No Procurement fell within the category in 2019 | Yes | Yes | Yes |
| Waterford | Yes | No Procurement fell within the category in 2019 | Yes | Yes | Yes |
| Westmeath | Yes | Yes - Link Provided | Yes | Yes | Yes |
| Wexford | Yes | Yes - Link Provided | Yes | Yes | Yes |
| Wicklow | Yes | No Procurement fell within the category in 2019 | Yes | Yes | Yes |

Appendix 3

| | Expenditure being considered | | | | | Expenditure being incurred | | | Expenditure recently ended | | |
|------------------------|------------------------------|-------------------------------|------------------|----------------|----------------|----------------------------|-----------------------|------------------|----------------------------|-----------------------|------------------|
| | Current | Capital | | | | > €0.5m | | | > €0.5m | | |
| | > €0.5m | Capital Grant Schemes > €0.5m | Capital Projects | | | Current Expenditure | Capital Grant Schemes | Capital Projects | Current Expenditure | Capital Grant Schemes | Capital Projects |
| | | | €0.5 - €5m | €5 - €20m | €20m plus | | | | | | |
| Carlow | 0.00 | 0.00 | 17,143,224.00 | 18,860,000.00 | 0.00 | 44,818,838.00 | 0.00 | 43,630,011.00 | 0.00 | 0.00 | 41,745,058.88 |
| Cavan | 4,216,230.97 | 1,200,000.00 | 42,635,193.42 | 11,050,000.00 | 0.00 | 61,106,522.95 | 3,700,000.00 | 559,155,982.00 | 0.00 | 0.00 | 12,434,114.06 |
| Clare | 2,611,481.00 | 0.00 | 33,265,726.00 | 43,910,000.00 | 0.00 | 101,633,961.00 | 16,500,000.00 | 493,162,313.00 | 0.00 | 700,000.00 | 11,773,395.00 |
| Cork City | 34,363,625.00 | 0.00 | 44,529,467.20 | 104,861,210.00 | 170,564,000.00 | 168,606,982.26 | 0.00 | 413,321,450.04 | 0.00 | 0.00 | 65,990,269.80 |
| Cork Co | 13,491,731.00 | 0.00 | 73,709,305.00 | 20,866,500.00 | 61,921,028.00 | 320,309,910.00 | 0.00 | 443,332,030.00 | 0.00 | 0.00 | 79,587,622.00 |
| Donegal | 4,916,735.00 | 0.00 | 64,080,505.00 | 83,800,000.00 | 143,600,000.00 | 156,330,553.00 | 0.00 | 1,079,275,088.00 | 0.00 | 0.00 | 14,113,098.00 |
| Dublin City | 0.00 | 0.00 | 91,021,426.00 | 97,262,244.00 | 94,500,000.00 | 975,141,000.00 | 0.00 | 1,868,532,050.00 | 0.00 | 0.00 | 192,586,209.00 |
| Dun Laoghaire Rathdown | 9,870,200.00 | 0.00 | 52,721,627.00 | 115,584,500.00 | 380,005,892.00 | 187,294,114.59 | 0.00 | 85,524,304.00 | 0.00 | 0.00 | 23,039,450.71 |
| Fingal | 7,570,700.00 | 0.00 | 60,431,000.00 | 48,875,000.00 | 30,000,000.00 | 243,336,379.00 | 0.00 | 313,291,577.00 | 0.00 | 0.00 | 5,287,000.00 |
| Galway City | 0.00 | 0.00 | 5,000,000.00 | 43,500,000.00 | 0.00 | 86,707,658.00 | 14,000,000.00 | 66,000,000.00 | 900,000.00 | 7,000,000.00 | 6,800,000.00 |
| Galway Co | 0.00 | 0.00 | 7,831,951.00 | 21,907,518.00 | 34,200,000.00 | 125,636,018.00 | 99,045,071.00 | 818,257,422.00 | 0.00 | 0.00 | 16,973,052.00 |
| Kerry | 11,075,025.00 | 0.00 | 73,486,267.00 | 188,298,017.00 | 109,239,558.00 | 148,474,341.00 | 0.00 | 500,728,231.63 | 0.00 | 0.00 | 27,699,617.13 |
| Kildare | 0.00 | 0.00 | 91,162,456.00 | 180,298,596.00 | 0.00 | 163,348,688.00 | 0.00 | 340,054,359.83 | 0.00 | 0.00 | 4,777,000.00 |
| Kilkenny | 0.00 | 0.00 | 53,193,855.00 | 82,460,000.00 | 0.00 | 82,129,206.00 | 9,570,000.00 | 85,700,660.00 | 0.00 | 4,930,787.00 | 11,767,017.00 |
| Laois | 4,355,519.00 | 0.00 | 52,357,168.00 | 55,477,889.00 | 0.00 | 61,809,565.00 | 0.00 | 64,363,473.00 | 0.00 | 0.00 | 7,150,538.00 |
| Leitrim | 0.00 | 0.00 | 44,932,500.00 | 12,100,000.00 | 115,500,000.00 | 35,955,557.00 | 15,200,000.00 | 16,058,983.00 | 0.00 | 530,157.00 | 2,686,499.00 |
| Limerick | 132,694,733.24 | 77,657,577.00 | 104,403,413.21 | 114,321,317.00 | 131,250,000.00 | 624,946,281.69 | 120,316,212.33 | 390,227,262.07 | 0.00 | 0.00 | 63,161,276.91 |
| Longford | 1,420,614.00 | 0.00 | 9,056,631.00 | 0.00 | 0.00 | 42,135,573.00 | 0.00 | 33,532,495.00 | 0.00 | 0.00 | 12,653,232.00 |
| Louth | 25,523,817.00 | 4,919,640.00 | 56,972,298.00 | 54,110,000.00 | 129,019,300.00 | 97,816,535.00 | 12,277,589.00 | 27,441,589.00 | 0.00 | 18,500,000.00 | 0.00 |
| Mayo | 4,683,287.60 | 0.00 | 110,549,473.00 | 162,405,884.00 | 294,925,517.00 | 149,950,633.00 | 0.00 | 113,791,738.00 | 0.00 | 0.00 | 25,368,734.00 |
| Meath | 10,916,893.00 | 0.00 | 94,832,234.00 | 139,066,800.00 | 178,000,000.00 | 127,201,172.00 | 0.00 | 127,585,190.00 | 0.00 | 0.00 | 68,844,272.00 |
| Monaghan | 0.00 | 103,688,064.00 | 23,860,000.00 | 19,100,000.00 | 0.00 | 61,122,226.00 | 93,816,955.00 | 8,286,810.00 | 0.00 | 16,660,087.00 | 3,721,099.00 |
| Offaly | 5,276,831.00 | 0.00 | 2,236,976.00 | 30,574,097.00 | 0.00 | 63,964,088.00 | 0.00 | 23,793,247.00 | 0.00 | 0.00 | 12,466,046.00 |

| | | | | | | | | | | | |
|--------------|---------------|--------------|----------------|----------------|----------------|----------------|--------------|----------------|------|---------------|---------------|
| Roscommon | 0.00 | 1,000,000.00 | 6,875,062.00 | 0.00 | 0.00 | 55,303,087.00 | 0.00 | 304,361,889.23 | 0.00 | 1,512,611.00 | 4,783,335.00 |
| Sligo | 880,005.00 | 0.00 | 27,867,961.00 | 43,269,456.00 | 833,430,000.00 | 49,664,302.00 | 0.00 | 279,384,111.00 | 0.00 | 0.00 | 0.00 |
| South Dublin | 15,687,300.00 | 0.00 | 42,313,928.00 | 84,721,600.00 | 27,850,400.00 | 247,843,921.71 | 1,650,000.00 | 311,958,341.53 | 0.00 | 0.00 | 53,659,729.44 |
| Tipperary | 9,588,258.00 | 0.00 | 76,743,500.00 | 84,042,600.00 | 0.00 | 170,191,197.50 | 1,000,000.00 | 120,116,427.00 | 0.00 | 0.00 | 19,960,000.00 |
| Waterford | 7,421,934.00 | 0.00 | 32,686,064.25 | 11,178,328.00 | 0.00 | 132,335,660.00 | 0.00 | 180,358,790.25 | 0.00 | 0.00 | 44,854,506.66 |
| Westmeath | 0.00 | 0.00 | 52,611,000.00 | 90,400,000.00 | 33,000,000.00 | 63,266,358.92 | 0.00 | 70,483,562.72 | 0.00 | 28,700,235.25 | 0.00 |
| Wexford | 0.00 | 0.00 | 110,660,000.00 | 120,995,000.00 | 81,156,000.00 | 113,097,446.00 | 0.00 | 158,036,283.00 | 0.00 | 0.00 | 57,412,343.00 |
| Wicklow | 0.00 | 0.00 | 32,391,981.00 | 79,795,302.00 | 111,536,472.00 | 93,332,155.09 | 8,875,000.00 | 519,603,860.28 | 0.00 | 0.00 | 45,082,954.04 |

Carlow County Council

The Quality Assurance process provides for in-depth checks to be carried out by Internal Audit.

The value of the projects selected for in-depth review each year must follow the criteria set out as follows:-

- Capital projects – projects selected must represent a minimum of 5% of the total value of all capital projects on the project inventory
- Revenue projects – projects selected must represent a minimum of 1% of the total value of current projects on the project inventory.

In respect of the 2019 return, a review of two projects was completed to assess the level of compliance with the Code through a more detailed analysis.

The projects chosen were as follows:-

- Expenditure in respect of Restoration Improvement Roadworks
- Expenditure in respect of a Capital Advance Leasing Facility project (housing development)

(PROJECT 1)

1. ROAD RESTORATION IMPROVEMENT EXPENDITURE

1. BACKGROUND

The Department of Transport Tourism and Sport provided €2,760,000.00 for regional and local restoration improvement works in 2019, of which €1,173,268 was allocated to Regional Road Restoration Improvement. The funding provided by Restoration Improvement grant monies allowed works be undertaken on six roads in the Carlow Municipal District and on a further six roads in the Bagenalstown Municipal District.

2. PROJECT DETAILS

Works provided under the Restoration Improvement Programme caters for surface restoration, structural overlay, reconstruction and surface dressing.

In compliance with Department requirements, Circular RW 8/2018, Carlow County Council prepared a works schedule for the next three-year period, ie 2019 – 2021, outlining the schemes requiring works under the Restoration Improvement Programme. The road projects for which funding is applied for are prioritised taking account of the condition of the pavement and traffic levels, with an emphasis on early intervention before major structural deterioration of the pavement takes place.

3. AUDIT OPINION

After review of the available information and meeting with senior staff in the Roads Department it can be concluded that there is satisfactory compliance with the Public Spending Code in relation to this expenditure. Outlined below are the reasons for this conclusion: -

- Expenditure on individual road schemes is within budget
- Evidence of adherence to procurement requirements
- Schemes selected for work are in line with the Multi Annual Programme previously submitted to the Department
- Payments are made to suppliers in a timely manner
- Expenditure is recouped from the Department in accordance with the Guidelines

(PROJECT 2)

ACQUISITION OF 59 HOUSES UNDER THE CAPITAL ADVANCE LEASING FACILITY (CALF)

1. BACKGROUND

The Department of Housing, Planning & Local Government (DHPLG) offers financial support to Approved Housing Bodies (AHBs) in the form of a long-term loan under the Capital Advance Leasing Facility (CALF) to assist with financing the construction or the acquisition of housing units. This loan

facility can support up to 30% of the eligible capital cost of the project, with the units being provided under long term lease arrangements to Local Authorities for social housing use. The overall cost of this project was €12,975,500.

When a scheme is approved by the DHPLG, the AHB and the LA enter two agreements: -

- **Payment and Availability (P&A) Agreement** - *details the conditions under which the properties will be made available*
- **Capital Advance Agreement** - *stipulates terms and conditions under which funding is made available and repayment requirements*

The purpose of the scheme is that the capital advance will assist AHBs in securing finance and make projects more viable from a liquidity or cash flow perspective, particularly in the initial years. Properties available under the programme are used to accommodate households from the Local Authorities housing waiting list. Under the Capital Advance Agreement for this construction project, drawdown by the Túath Housing Association was permitted as sales closed. The loan facility in this instance was 23% of the overall capital cost of the project and was drawn down in a number of tranches.

The following sets out the stakeholder relationships and responsibilities: -

DHPLG: Project approval, funding provision

Carlow County Council: Confirm need, sign Payment & Availability Agreement & Capital Advance Agreement, nominate/allocate tenants, approve funding to Túath Housing Association

Túath Housing Association: Submit proposal, provide and manage properties, finance project

2. PROJECT DETAILS

This development relates to the provision of 59 houses, comprising a mix of two, three and four bed houses, at Browns Hill Road, Carlow. The proposal was put forward by Túath Housing Association Ltd, an Approved Housing Body.

The total cost of the development was €12,975,500. Approval was received for a capital advance payment in the amount of €2,984,365, which is 23% of the capital outlay. Form LN005 was returned by Carlow County Council to the DHPLG on the 5th March, 2018, outlining the Council's interest in the project and the need for social housing in the area.

The development was completed in six phases. The properties became available for tenant occupation over the period of a year, ie from the 12th December, '18 to the 17th October, '19.

3. AUDIT OPINION

After reviewing the available information, it can be concluded that there is satisfactory compliance with the Public Spending Code. Outlined below are the reasons for this conclusion: -

- This project provided 59 housing units to alleviate the need of people on the Council's housing waiting list.
- The objectives of sustainable communities were met; there is not already an over-concentration of social housing in the area.
- Correspondence from the Department on the 10th July, '18 (2018:7174) approved the details of this development in respect of:-
 - ✓ The capital advance payment
 - ✓ Payment and availability arrangements
 - ✓ General terms and conditions of the agreement
- Payments and recoupments were made in a timely fashion by the Housing Department and Carlow County Council
- Chief Executive Orders (or delegated orders) were present in respect of payments and contract documentation

Cavan County Council

The Quality Assurance Guidelines – version 3 (as amended), required closer examination of projects / programmes identified in the Inventory List for the year under review to be undertaken. It stipulates that Capital projects / programmes selected must represent at least 5% of the total value of all Capital projects / programmes identified in the Inventory list and Current projects / programmes selected must represent at least 1% of the total value of all Current (revenue) projects / programmes identified in the Inventory list.

For 2019 - The Internal Auditor selected One Current (revenue) Programme and one Capital Project for further in-depth checks.

Current (revenue) Programme Selected –

1. **F02 - Operation of Library and Archival Service** - Total Expenditure Value
€ 2,084,717.49

This represents **3%** of the total value of all Current (revenue) projects / programmes identified in the Inventory list for **2019**.

Capital Project Selected –

1. **22100057 - N3 Virginia Bypass** - Total Estimated Lifetime Cost = **€280,000,000.00**

The Capital Project represents **44%** of the total value of all Capital projects / programmes identified in the Inventory list for **2019**.

F02 - Operation of Library and Archival Service – Current (revenue) Programme – Expenditure Type – Being Incurred

The following section presents a summary of the findings of this In-Depth Check on the Library and Archival Revenue Programme 2019.

Summary of In-Depth Check: Under section 4 of the Quality Assurance provisions contained in the Public Spending Code Cavan County Council is required to carry out an in-depth review on a minimum of 1% of the total value of all Revenue Projects on the PSC inventory list, averaged over a three-year period. In line with this requirement an in-depth review of the Council's Library Service Revenue Programme - Revenue Code F02 was undertaken. The current expenditure value of this programme for 2019 was **€2,084,717.49** which represents approximately **3%** of the total value of Cavan County Council PSC revenue projects of **€65,322,753.92**.

Cavan County Council's Public Library is a trusted and valued asset at the heart of the community, facilitating social, economic and cultural development and supports communities to take advantage of the opportunities afforded to them by a modern society. The core objective of Cavan Library and Archival Services is to foster reading literacy, to support equal access to learning and information, provide cultural spaces/facilities and enhance civic participation in society. The service currently comprises of three full-time Libraries and six part-time Libraries across County Cavan. Johnston Central Library is a catalyst in driving economic, social and cultural progress for Cavan Town and the County. It also provides a Prison Library Service at Loughan House Open Centre. It offers free public access to Information and Communication Technology and a fully interactive online library.

The Library Service Development Plan for 2017-2021 and the Annual Business Plan for 2019 clearly identifies the core objectives, activities, proposed outputs and outcomes of Cavan Library Service which are regularly monitored by all the relevant stakeholders. The Development Plans includes the roll out of My Open Library (self-service access outside of normal opening hours) and the building of a new state-of-the art Library in Virginia Town encompassing a Theatre and Civic Centre which is at an advanced planning stage.

Risk management procedures are in place together with assessments of key KPIs undertaken by the County Librarian and the Senior Executive Team of Cavan County Council. On completing the review Internal Audit is of the opinion that Cavan Library Service operated in accordance with all relevant protocols and that the related Revenue Expenditure Programme was effectively managed for 2019.

Based on findings of the In-depth Review of Cavan Library & Archival Service Internal Audit is of the opinion that this Revenue Expenditure Programme appears to be **broadly/substantially compliant** with the relevant requirements of the Public Spending Code.

22100057 - N3 Virginia Bypass – Capital Project –

Expenditure Type – Being Incurred

The following section presents a summary of the findings of this In-Depth Check on the **Proposed N3 Virginia Bypass Roads Capital Project**

Summary of In-Depth Check: Under section 4 of the Quality Assurance provisions contained in the Public Spending Code Cavan County Council is required to carry out an in-depth review on a minimum of 5% of the total value of all Capital Projects on the PSC inventory list, averaged over a three-year period. In line with this requirement an in-depth review was undertaken on the Proposed N3 Virginia Bypass Road's Capital Project as Expenditure being Incurred by

the Roads & Infrastructure Dept of the Council. On drafting the inventory list for 2019 the estimated lifetime value of proposed roads capital project is **€280,000,000.00** which represents approximately **44%** of the total value of Cavan County Council's PSC Capital Projects of **€630,175,289.48**.

The Proposed N3 Virginia bypass is consistent with National, Regional and local Policy documentation including the National Planning Framework, National Development Plan, Northern and Western Regional Spatial and Economic Strategy and Cavan County Council Development Plans 2014 - 2020. The need for a bypass of Virginia was initially identified by Cavan County Council in the 1980's and formally acknowledged nationally by its inclusion in the National Road Needs Study (1998) by the National Road Authority (NRA). It is envisaged that this bypass should greatly improve traffic congestion, road safety and the environment within Virginia town. It will also improve safety on the existing N3 and improve accessibility, social inclusion, integration and physical activity within Virginia, Cavan and the wider region.

Cavan County Council submitted a Project Appraisal Plan for the N3 Virginia Bypass to the TII and the Department of Transport Tourism and Sport (DTTas) on the 17th July 2018. The Dept concluded that the proposed outline of the appraisal methodology was compliant with the relevant guidelines. In November 2018 Cavan County Council completed Phase 0 of the TIIs project management guidelines and TII approval was sought to proceed to the subsequent Planning and Design Phases of the N3 Virginia Bypass and to undertake a competition for the procurement of Technical Advisors (Multi-disciplinary Engineering Consultants) to progress the scheme through Phases 1 to 4 of the Project Management Guidelines. TII approval was granted in December 2018.

On completion of the necessary procurement protocols Cavan County Council appointed JB Barry Transportation Ltd (t/a Barry Transportation Ltd) as Technical Advisors to progress the N3 Virginia Bypass through Phases 1 to 4 of the TII Project Management Guidelines. The relevant project management structure and scheduled key milestone are also in place up to Phase 4. TII PMG Phase 1 deliverables were undertaken by the Technical Consultants including the Feasibility Working Costs, Project Execution Plan together with the updated Project Brief. On the 19th Dec 2019 a Phase 1 Gate Review Statement was submitted by the Council to TII seeking approval to progress to Phase 2- Options Selection to identify the preferred/recommended route option. TII Approval was issued to Cavan County Council on 23rd Dec 2019 to progress to Phase 2- Assessment of Route Options. Monthly Sponsoring Agency management group meetings and Technical Meetings are held to collaborate on all aspects of the scheme. Quarterly Steering Group meetings are scheduled for all subsequent phases.

As required by the Public Spending Code and the Project Management Guidelines the initial project appraisals (Phase 0- 1) appear to have been strategically managed to date with the view of achieving the prime objective of the scheme and maximising the proposed outputs and outcomes.

Based on findings of the in-depth review on the Proposed Virginia Bypass the audit opinion is that Cavan County Council appears to **be broadly/substantially compliant** with the relevant requirements of the Public Spending Code.

Addressing Quality Assurance Issues

Through the completion of this Quality Assurance (QA) report, Cavan County Council is satisfied that it is meeting the obligations set out in the Public Spending Code (PSC). Assurances have been collated, by sampling various projects / programmes, by conducting in-depth checks and from signed letters/Memos of assurance of compliance with the Public Spending Code submitted annually by each Head of Section / Department.

The completion of the five steps of the QA Process is very important and the process will continue to be embedded into how Cavan County Council conducts its business. However, this report must again note that the QA process is extremely time consuming, and the administrative burden of the QA process has not eased over time as had been expected. This report also recommends the importance of Training and would welcome a national training course/programme on the PSC for the Local Government Sector.

Going forward, It is envisaged that the 5 steps of the Quality Assurance element of the PSC will continue to be coordinated by the Procurement Officer with in-depth checks being undertaken by the Internal Auditor. It is also recommended that the Quality Assurance report will continue to be published on the Council's website.

Finally, as not all Sections / Departments will be subject to in-depth checks, Letters/Memos of assurance of compliance with the Public Spending Code will continue to be sought annually from the Heads of each Section / Department. This will provide a basic level of comfort to the Chief Executive and Head of Finance with regard to each section's compliance with the Code.

Conclusion

The publication of this report fulfils Cavan County Councils obligation to produce a summary report outlining its expenditure and level of compliance with the PSC. Overall the report noted that the checklists completed by Cavan County Council showed a high level of compliance with the Public Spending Code and the in-depth checks carried out on a selection of projects / programmes revealed no major issues which would cast doubt on the Councils compliance with the Code.

The inventory outlined in this report clearly lists the current and capital expenditure for the 2019 period under the 3 different expenditure stages - expenditure being considered, expenditure being incurred, and expenditure recently ended.

Cavan County Council has and will continue to publish details of all procurements in excess of €10 million on its website as and when they arise. No new procurements in excess of €10 million arose in 2019.

The samples used to inform the Self-Assessed Compliance Checklists were very useful and showed the Council to be broadly compliant with the PSC.

The in-depth reviews undertaken by the Internal Auditor also showed the Council to be broadly/Substantially compliant (see Appendix 3) with the relevant requirements of the PSC.

This QA report has again identified a number of areas where assurance compliance is being met. These will continue to be monitored and where improvements can be made, they will be addressed accordingly.

Clare County Council

The requirement is to carry out an in-depth check of projects amounting to 5% per annum for capital expenditure over a rolling three year period, and 1% per annum for current expenditure, similarly. The report for 2019 marks the first year of a rolling three years for the purposes of the in-depth quality assurance process check. One capital project and one current programme was subject to an in-depth check for this 2019 report.

Required: in-depth check must average 5% per annum for capital expenditure over 3 years. 2019 is y'r 1.

Required: in-depth check must average 1% per annum for current expenditure over 3 years. 2019 is y'r 1

| | Current - total on inventory in the year | value of project or programme reviewed in depth | % in depth reviewed in the year | Stage of expenditure in-depth checked |
|------|---|--|--|--|
| 2019 | 104,245,442 | €3,171,339 | 3% | current being incurred |
| 2020 | tbc | tbc | tbc | |
| 2021 | tbc | tbc | tbc | |
| | | total % checked | 3% | |
| | | average % over the three years | 2019 is year 1 | |
| | Capital - total on inventory in the year | value of project or programme reviewed in depth | % in depth reviewed in the year | |
| 2019 | 599,311,434 | 20,000,000 | 3.33% | capital being incurred |
| 2020 | tbc | tbc | tbc | |
| 2021 | tbc | tbc | tbc | |
| | | total % checked | 3.33% | |
| | | average % over the three years | 2019 is year 1 | |

Shannon Town and Environs Flood Relief Scheme

The Shannon Town and Environs Flood Relief Scheme has the objective of being a technically, socially, environmentally and economically acceptable alleviation of the risk of flooding to the Shannon town and environs area, which includes Shannon airport. The project stems from the OPW Shannon Catchment Flood Risk Assessment and Management (CFRAM) study, which identified both Shannon town and the airport as vulnerable to significant flooding (coastal in the case of the airport, and coastal and fluvial in the case of the town). The CFRAM study identified the need for a flood relief scheme which is being advanced as a single scheme, in a cooperative approach involving the Council as the lead, the OPW and the Shannon Group.

The key activity in 2019 was the preparation of tender documents for the procurement of engineering and environmental consultants to advance the scheme. An open procedure tender was published in the OJEC in December 2019 and consultants are now appointed. The scheme is lead by Clare County Council with participation by the OPW and the Shannon Group in the steering group established for the project. Funding is in place for the consultancy for stages 1 (option assessment, scheme development and design) and stage 2 (planning/development consent stage). The project is jointly funded by the OPW (2/3 of the consultancy cost for stages 1 and 2) and the Shannon Group (1/3 of the consultancy cost for stages 1 and 2).

The review completed for this report showed there is assigned management responsibility for the Shannon town and environs FRS, that there is monitoring and monthly reporting of progress with formal structures and schedules in place, and that the means of analysing and measuring performance are and will be available. Internal audit has recommended procurement timelines are adhered to.

This check enables the provision of satisfactory assurance that there is broad compliance with the PSC in relation to the Shannon town and environs FRS.

Housing Grants – current expenditure being incurred

Housing grants is an annual ongoing expenditure programme, a value in 2019 of €3.1m. The grants are provided to private householders to either make accessibility adaptations to their houses, or to assist with the making of basic repairs to houses. The administration of the grants schemes is based on government regulation and Department guidance.

There is ongoing monitoring and reviewing of the scheme, so as to ensure budget overruns do not occur. Demand exceeds available resources every year. In October 2018, the Council suspended accepting new grant applications due to the volume already on the waiting list and the unavailability of sufficient financial resources to deal with same. Grant applications processed in 2019 were therefore applications on hand at the start of 2019, or the allowed exception of highest priority medical cases referred in 2019 by the Health Service Executive.

The review completed for this report showed there is assigned management responsibility, that there is monitoring and monthly reporting on the schemes, and that the means of analyzing and measuring performance are available through the records being maintained. While the administration of the scheme complies with public spending code principles, internal audit has recommended some enhancement of existing controls. At a national level,

the grants schemes are periodically reviewed, as evidenced by an evaluations/reviews carried out by the Housing Agency in 2010 and 2013. As recently as Autumn 2019, a further review was undertaken by the Department of Housing, Planning and Local Government, which resulted in updated sets of guidance material on each scheme being issued to local authorities to standardize the administration of the grants nationwide and introduce an integrated information pack and single application form for all applicants. The administration of the schemes will be improved by this innovation (implementation date January 2020).

This check enables the provision of satisfactory assurance that there is broad compliance with the PSC in relation to housing grant scheme administration.

Conclusion

Clare County Council notes that the Public Spending Code has been reviewed and the new code came into effect on 1 January 2020. This report for 2019 is based on the code prior to being reviewed.

A deficit in training on the public spending code has been identified each year. Since a revised code came into effect in January 2020, the need for training is again highlighted. It should be delivered to project managers in local authorities. In regard to sector specific appraisal, more training and guidance on smaller scale capital projects (<€5m) would help local authority staff. In 2019, 54 of the 76 capital projects on the PSC inventory (or 71%) were of values not exceeding €5m. As in previous years, the majority of items on the inventory, whether capital or current expenditure (91 out of 119 or 76%) are of a value not exceeding €5m. More guidance and training on doing post expenditure reviews, *at any level of value*, would also be welcomed.

Two expenditure areas were subject to in-depth checks for this report, the current expenditure on housing grants and the Shannon town and environs flood relief scheme capital project. Both were found to be broadly compliant with the public spending code.

Cork City Council

In-Depth Checks

The Council's Internal Audit function carried out the in-depth checks required under Step 4 of the Quality Assurance process. For 2019 four projects / programmes were selected, one from a Current Expenditure programme with Expenditure being Incurred and three Capital Projects also under Expenditure Being Incurred on the Project Inventory. The In-Depth Checks included covering a total of 7% of overall project/ programme costs. Details of the checks are as follows:

| In- Depth Checks 2019 | € millions |
|--|------------|
| <i>Revenue Programme – Expenditure being Incurred</i> | |
| Public Lighting Programme | €3.74m |
| Total Value of Revenue Programme In-depth Reviews | |
| Total Revenue Programme Inventory 2019 | €168.61m |
| % Reviewed | 2% |
| <i>Capital Project – Expenditure Being Incurred</i> | |
| Boyce's Street Housing Project | €17.02m |
| City Northwest Quarter Regeneration Phase 2A Housing Project | €11.85m |
| City Northwest Quarter Regeneration Phase 2B Housing Project | €10.13m |
| Total Value of Capital Projects In-depth Reviews | |
| Total Capital Project Inventory 2019 | €413.32m |
| % Reviewed | 9% |
| 2019 Overall Percentage Reviewed | |
| | 7% |

The set of completed In-Depth Check Reports are contained in **Appendix 3** of this report.

Current Expenditure Programme - Expenditure being Incurred Programme Selected:

Public Lighting

For the purpose of the in-depth checks requirement, Internal Audit chose a sample of one current expenditure programme representing. The current expenditure Programme under review is the Public Lighting Programme. The in-depth check has shown that there are robust controls and monitoring in place in relation to the operation of public lighting and that there is sufficient oversight of contractors engaged to carry out public lighting maintenance and services. There is also Value for Money being achieved on the programme as a majority of the expenditure is procured through national and local procurement frameworks. Overall the public lighting programme is broadly compliant with the relevant requirements of the public spending code, however Internal Audit have recommend that a formal detailed policy of the processes involved in managing the public lighting function be documented.

Capital Expenditure Projects Selected:

1. **Housing Capital** - Boyce's Street Housing Project (Expenditure being incurred)
2. **Housing Capital** – City Northwest Quarter Regeneration Phase 2A Housing Project (Expenditure being incurred)
3. **Housing Capital** – City Northwest Quarter Regeneration Phase 2B Housing Project (Expenditure being incurred)

For the purpose of the in-depth checks requirement, Internal Audit chose a sample of three capital expenditure programme.

The ***Boyce's Street project*** involves the development of fifty-one dwelling units in Boyce's Street/Upper Cattle Market Street, Cork with an approved overall budget of €17,019,856.42. The in-depth review found the application process is aligned and consistent with the requirements of the Public Spending Code, the Capital Works Management Framework, Public Financial Procedures and EU and National Procurement Requirements. Overall, the capital expenditure project being incurred – Boyce's Street/Upper Cattle Market Street Development Project is well managed and it is reasonable to conclude that Cork City Council is in compliance with the Public Spending Code.

The ***City Northwest Quarter Regeneration Phase 2A Housing Project*** involves the development of 47 dwelling units in Knocknaheeny, Cork with an approved overall budget of €11,852,988.31. The site was demolished and redeveloped. An application for capital funding for the project was made to the Department of Housing, Planning and Local Government and progressed through each stage. The in-depth review reports that the application process is aligned and consistent with the requirements of the Public Spending Code, the Capital Works Management Framework, Public Financial Procedures and EU and National Procurement Requirements. Overall the CNWQR Phase 2A Development Project is well managed and it is reasonable to conclude that Cork City Council is in compliance with the Public Spending Code.

The **City Northwest Quarter Regeneration Phase 2B Housing Project** involves the development of 38 dwelling units in Knocknaheeny, Cork with an approved overall budget of €10,125,873.52. An application for capital funding for the project was made to the Department of Housing, Planning and Local Government. The in-depth review reports that the application process is aligned and consistent with the requirements of the Public Spending Code, the Capital Works Management Framework, Public Financial Procedures and EU and National Procurement Requirements. Overall, the capital expenditure project being incurred – CNWQR Phase 2B Development Project is well managed and it is reasonable to conclude that Cork City Council is in compliance with the Public Spending Code.

All in-depth capital project reviews recommend that post-project reviews should be completed within a reasonable timeframe once the project is complete. Internal audit also recommends that staff is made aware or refreshed of the principles and procedures of the Public Spending Code and the importance of compliance with the Code particularly in light of the movement and transfer of staff arising from the boundary extension of Cork City Council in May 2019.

Next Steps: Quality Assurance Process

Cork City Council has operated in broad compliance with the requirements of the Public Spending Code in 2019, borne out by the checklists completed by the project owners and the in-depth reviews carried out by Internal Audit. Lessons learned over the last number of years show that continuous communication of the requirements of the public spending code is key to both maintaining this level and making the improvements necessary. The experience gained by staff in completing this quality assurance process and ongoing capital budget controls all support the keeping of PSC requirements in the day to day priorities of Council staff.

A new directorate 'Infrastructure Development' has been established to centralise the management, design, tender and delivery of capital projects for Roads, Parks, Recreation, LIAF and Flood Defence in the City. This centralised management of capital projects will further assist with the embedding of best practice in project management implement the PSC requirements and will promote corporate learning from past experiences. All Housing Capital delivery remains with Housing Directorate due to its strategic importance.

Cork City Council is committed to providing ongoing internal training in relation to areas such as procurement, capital management and delivery and 2020.

5. Conclusion

The inventory outlined in this report lists the capital expenditure that is being considered, being incurred, and that has recently ended. Cork City Council has published details of all procurements in excess of €10 million on its website. The checklists completed by the organisation show a satisfactory level of compliance with the Public Spending Code. The in-depth checks carried out on a selection of programmes revealed no major issues which would cast doubt on the Council's compliance with the Code. However the Quality Assurance Process has identified areas where the Council can improve both at a broad

level in implementing the Code and in specific areas across all three expenditure categories. Cork City Council has faced many changes in 2019 due to the expansion of the city; this has afforded the opportunity to roll out further training and awareness to existing and new staff and this knowledge sharing will continue to be priority for 2020.

The main areas of improvement identified in this report will be incorporated to enhance its reporting and ensure high levels of compliance with the PSC in the future.

Cork County Council

In-Depth Reviews

Introduction

Cork County Council has carried out an In-Depth Review of the following projects to provide assurance that Cork County Council departments and functions comply with the Public Spending Code.

| Review Area | Current Expenditure | Capital Expenditure | Value |
|---------------------------------|----------------------|----------------------|-------------|
| Operation of Library Service | Yes (Under Progress) | | €7,925,581 |
| Haulbowline Remediation Phase 4 | | Yes (Under Progress) | €19,901,513 |
| Social Housing Project | | Yes (Under Progress) | €2,716,200 |
| Acquisition Turnkey Units | | Yes (Under Progress) | €12,321,500 |

These reviews cover approx 5.14% of Cork County Council total capital expenditure and 2.37% of current expenditure for 2019.

The reviews cover approx 18.76% of Cork County Council total capital expenditure and 7.9% of current expenditure as an average for 2017-2019.

Summary

Cork County Council considers that it complies with Public Spending Code requirements.

In terms of future progress:

- Cork County Council is committed to continue to build on existing Public Spending Code knowledge and experience to further improve practitioners' application of its principles and practices.
- Cork County Council is enhancing internal governance models to further increase consistency in the application of the Public Spending Code across the organisation.

Donegal County Council

The value of the projects selected for in depth review each year must follow the criteria set out below:

- Capital Projects: Projects selected must represent a minimum of 5% of the total value of all capital projects on the Project Inventory.
- Revenue Projects: Projects selected must represent a minimum of 1% of the total value of all revenue projects on the Project Inventory.

This minimum is an average over a **three-year period**. This requirement has been met.

There now follows a summary of the in-depth checks undertaken by Donegal County Council's Internal Audit Unit in respect of the 2019 Public Spending Code Quality Assurance process.

CatchmentCARE Project

Value: €13,792,435 **Percentage of Inventory: 1.00%**

Summary & Conclusions

Under the auspices of the INTERREG programme, CatchmentCARE is a five year project bringing together eight partners to restore the water quality in 3 important cross-border river catchments – River Blackwater, River Finn and the Arney River.

The objective of this review was to identify what systems, procedures and controls are in place to ensure that the project is implemented and managed by Donegal County Council (DCC), as a lead partner, in an efficient and effective manner.

This project is included in the Inventory as 'Capital Expenditure being incurred' and has a proposed completion date of 2022 for Phase 1. The completed In-Depth template is attached as Appendix A.

The controls in place for the management and governance of the project provide adequate assurance that there is compliance with the Public Spending Code to-date.

Local Improvement Scheme (LIS)

Value: €677,456 Percentage of Inventory: 0.42%

6.2.1 Summary and Conclusions

Under the auspices of the Department of Rural and Community Development, the Roads Directorate of Donegal County Council carries out improvement works on private and non-publicly maintained roads through the Local Improvement Scheme.

The objective of this review was to identify what systems, procedures and controls are in place to ensure that the Local Improvement Scheme carried out by Donegal County Council is being carried out in an efficient and effective manner and that the public are being assured of Value for Money in the carrying out of the various individual schemes.

Local Improvement Scheme is included in the Inventory under 'Current Expenditure Being Incurred'. The complete In-Depth template is attached as Appendix B.

The procedures in place for the management and governance of the Local Improvement Scheme provide adequate assurance that there is compliance with the Public Spending Code to-date.

Staff Travel and Subsistence

Value: €2,333, 114 Percentage of Inventory: 1.44%

Summary and Conclusions

Donegal County Council currently reimburses its staff for travel and subsistence expenses incurred in the course of their duties. These payments are made under the Directives set out originally by S.I. No. 161/1943 — Local Government (Officers) Regulations, 1943 and subsequent Circulars under the auspices of the Department of Housing, Planning, Community & Local Government.

The audit focused on how expenses were processed and approved by staff under the current policy and procedures as well as the costs incurred by the organisation over the course of a 12 month period. The audit also examined the systems and controls in place to ensure that Travel and Subsistence is being processed within the organisation in accordance with the regulations in place.

Staff Travel and Subsistence is included in the Inventory under 'Current Expenditure Being Incurred'. The complete In-Depth template is attached as Appendix C.

The procedures in place for processing Travel and Subsistence expenses within Donegal County Council provide adequate assurance that there is compliance with the Public Spending Code to-date.

Dublin City Council

The PSC – QA requirements state that the value of projects selected for in-depth review each year should be at least 1% of the total value of revenue and 5% of the total capital value on the project inventory and can be achieved over a 3 year period. It also states that over a 3-5 year period all stages of the project life cycle and every scale of project should have been included in the in-depth check. The Internal Audit Unit addressed these requirements for 2019 by conducting in-depth checks into two capital projects and one that has both capital and revenue elements.

- In-depth check of Dalymount Park Redevelopment **Capital**
- In-depth check of the Delivery of Social Housing through Approved Housing Bodies, facilitated by Dublin City Council **Capital & Revenue**
- In-depth check of the Appraisal, Planning and Incurring Expenditure of the Phase 2 Volumetric Rapid Build Housing (Bundle 1) **Capital**

Dalymount Park Redevelopment Project is project at the *incurring* stage. The project has a budgeted capital spend of €35.6m.

Delivery of Social Housing through Approved Housing Bodies, facilitated by Dublin City Council is a project at *all stages* of spend, across a variety of projects and has a budgeted capital spend of €158.7m and a 2019 AHB Revenue Expense mostly included within Revenue Code A07 RAS and Leasing Programme of €45.7m.

The Appraisal, Planning and Incurring Expenditure of the Phase 2 Volumetric Rapid Build Housing (Bundle 1) is project at the *incurring* stage. The project has a budgeted capital spend of €82.3M for Phase 2 (Bundle 1).

The overall objective of the audits was to ascertain if the management of the spending was in compliance with the Public Spending Code (PSC). Formal reports on the in-depth reviews have been completed and submitted to the Chief Executive.

The overall finding for the **Dalymount Park Redevelopment Project** is that work carried out to date for the Appraisal and Planning/Design Stages of the project complies with the requirements of the Public Spending Code, for the areas examined and the rating of **Satisfactory** was given. One recommendation was made, which has been accepted by the Chief Executive as follows:

- All contracts should be sent for sealing by the Law Agent.

The overall finding for the ***Delivery of Social Housing through Approved Housing Bodies, facilitated by Dublin City Council*** complied with some, but not all, of the areas examined under the requirements of the Public Spending Code and the rating of ***Needs Improvement*** was given.

The Chief Executive has indicated that he agrees with the overall rating. He has also accepted 5 of the 10 recommendations contained in the Internal Audit report as follows:

- Housing Department should complete the outline cost analysis and consider same.
- The Housing Department should liaise with the Finance Department to develop Oracle reports that capture all Capital and Revenue costs for Housing Projects, so that Housing Project costs are readily available on an ongoing basis.
- That DCC should take minutes of all meetings with AHBs in relation to projects.
- The Executive Manager to confirm to Internal Audit that AHB properties have been included on the Open House Management System (OHMS) and that there will be ongoing capture of AHB property changes on OHMS.
- Comprehensive DCC CAS and CALF procedures should be put in place and documented.

These recommendations are being implemented. In relation to 2 of the remaining recommendations he accepts the recommendations but has advised that there are significant resource constraints, which will delay full implementation. These recommendations are as follows:

- In respect of CALF properties, Housing Management to obtain the Annual report on the condition of properties.
- Housing Management to devise a policy on inspection regime for relevant AHB properties.

In relation to the balance of the recommendations he has advised that while he is sympathetic to what the recommendations are intended to achieve there are political sensitivities in relation to the recommendations and he does not propose to implement them at this stage. These recommendations are as follows:

- When considering options for social housing delivery using LA property, there should be documentation of the rationale for going the AHB route versus the main alternatives for social housing provision in any given situation.
- Market value of sites should be available and considered for comprehensive costing of projects.
- DCC should always seek recovery of the market value of DCC sites provided to AHBs for social housing.

The overall finding for ***The Appraisal, Planning and Incurring Expenditure of the Phase 2 Volumetric Rapid Build Housing (Bundle 1)*** was that the Appraisal, Planning and Implementation Stages of the Volumetric Phase 2(Bundle 1) addressed some but not all of the requirements of the PSC for the areas examined.

The rating of **Needs Improvement** was given. The Chief Executive has indicated that he agrees with the overall rating. He has also accepted 3 of the 4 recommendations contained in the Internal Audit report as follows

- A Steering Committee and/or formal Project Board should be put in place for large Housing Projects.
- A formal project reporting process should be put in place for recording detail on individual Housing Projects
- Regulatory approvals should be obtained from the Sanctioning Authority for all projects.

The other recommendation is as follows:

- In the interest of enhanced Governance and Project oversight, the H&CS Department projects should be brought under the DCC Corporate Project Governance Board and Capital Project Support Office.

The Chief Executive has indicated that he does not accept this recommendation. His position is that housing capital projects are subject to very considerable oversight including a staged approval process by the Department of Housing, Local Government & Heritage. If housing capital projects are brought under the DCC Corporate Project Governance Board and Capital Project Support Office it will require additional resources, involve a degree of unnecessary replication and delay the delivery of high priority social housing projects.

Conclusion

The City Council has completed the necessary steps in the QA process and has prepared the required Inventory showing all relevant expenditure. There are 10 new procurements in excess of €10m requiring publishing for 2019, bringing it to a total of 14.

The PSC QA Report for 2018 has been published on the website.

The PSC QA Report for 2019 will also be published on the website in due course. The checklists and in-depth checks have demonstrated a satisfactory level of compliance with the Public Spending Code, with some issues or concerns being highlighted through the process. Areas for improvement identified in this report will be incorporated into the project governance within the organisation and progress monitored so as to ensure high compliance with the PSC within the City Council.

Dun Laoghaire – Rathdown County Council

DLR's Internal Audit Unit carried out an in-depth check of two projects from the Project Inventory with a combined project budget of €11.29 million

From the projects recently ended Corbawn Lane Beach Access Improvements and Coastal Works was selected and from the projects current expenditure, Library Service Operations (F02) on the Revenue project inventory was selected.

The following presents a summary of the findings of these In-Depth Checks.

Corbawn Lane Beach Access Improvements and Coastal Works

Internal audit has examined the controls in place for the Corbawn Lane Beach Access Improvements and Coastal Works and can give reasonable assurance that there is compliance with the PSC.

A post project review has yet to be completed for this substantially completed project.

Internal audit recommends that dlr consider the following:

- That all information relating to the project is stored in a central location of the Road Maintenance, Public Lighting and Cleansing Section of Municipal Services

Having reviewed the available documentation in relation to the expenditure incurred under this capital project in 2019, Internal Audit is of the opinion there is compliance with the standards set out in the PSC.

Given the outcome of this review, it is the opinion of Internal Audit that there is overall reasonable assurance that there is compliance with the PSC within dlr.

Library Service Operations (F02)

The vision outlined in the 2013-2017 Public Library Strategy 'Opportunities for All', proposes 'Ireland's public libraries promote community cohesion and well-being, economic growth, stability and cultural identity. They will enhance self-worth and confidence. Ireland's public libraries will enable learning, deliver information and skills and animate culture, both in the community and online, with a skilled workforce working with citizens and partners, locally and nationally.'

The objectives of the dlr Corporate Plan 2015-2019 supports implementation of the Public Library National Strategy 2013-2017, the preparation of a Library Development Plan 2015-2019, delivering a cultural strategy for the Lexicon and developing a virtual library to enhance accessibility to materials/services.

The Library Operations Programme is managed and monitored to a high standard, ensuring the successful implementation of Corporate Goals 14.1, 14.2, 14.3 and 21.5. The programme is on-going, processes are under constant review and improvements are considered and implemented.

Internal Audit recommends dlr purchasing regulations are adhered to.

Having reviewed the documentation in relation to the expenditure incurred under this programme in 2019, Internal Audit is of the opinion there is compliance with standards set out in the PSC.

Given the outcome of this review, it is the opinion of Internal Audit that there is overall reasonable assurance that there is compliance with the PSC within dlr.

Conclusion

The inventory outlined in this report clearly lists the current and capital expenditure that is being considered, that is being incurred and that has recently ended.

dlr has no procurements in excess of €10 million for 2019 and thus no procurement details require publishing on the dlr website.

The checklists completed by dlr shows an adequate level of compliance with the PSC.

The in-depth checks carried out by Internal Audit revealed no major issues which would cast doubt on this Council's compliance with the Code and showed an overall level of compliance with the PSC. All recommendations arising from the in-depth check were accepted and will be implemented.

The compilation of both the inventory and checklists for the QA process was a significant co-ordination task in terms of liaising with various sections, departments and directors.

This process of engagement has meant progress has been made in incorporating the PSC and its requirements and ensuring a consistent level of compliance into all relevant activities throughout dlr and among the relevant staff.

The Capital Dashboard System continues to be used to centralise and streamline all areas of monitoring and reporting in respect of its capital projects onto a single system. This system contains a suite of PSC requirements, forms and checklists.

A Project Governance Board (PGB) was established during 2018 to provide a governance framework for capital projects in dlr. It has done considerable work at approval, monitoring and funding stages of projects and post project reviews are now an important focus of this board.

While dlr has complied with the requirements of the PSC in respect of 2019, any areas of improvement identified in this report will be incorporated to enhance its reporting and ensure high levels of compliance with the PSC in the future.

Fingal County Council

The Capital Projects subject to in-depth checks are listed in the following table:

| Summary of Capital Projects Subject to In-Depth Checks | | |
|--|------------------|------------|
| Project Name | Value €m | PSC Status |
| Balbriggan Improvement Scheme | 10.0 | Considered |
| Donabate Road | 18.0 | Incurred |
| Total Value of In-depth Checks | €28.0m | |
| Total Value of Capital Inventory | €457.884m | |
| % of Inventory Value Analysed | 6.12% | |

The Revenue Programmes subject to an in-depth check is outlined in the table below:

Summary of Revenue Programmes Subject to In-Depth Checks

| Programme | Value €m |
|--|------------------|
| E06 – Regional Roads General Maintenance Works | 6.50 |
| Total Value of In-depth Checks | €6.50m |
| Total Value of Revenue Inventory | €250.907m |
| % of Inventory Value Analysed | 2.6% |

3.3.1 Balbriggan Improvement Scheme

Project Value €10.0m

PSC Status: Expenditure Being Considered

Project Description: The objective of the proposed scheme is the delivery of a new vision for the town of Balbriggan to connect residents, public services and business in a meaningful way to ensure that the town of Balbriggan will prosper in its community, economic development and public realm.

Audit Objective: To provide an independent opinion on compliance with the Public Spending Code and to provide assurance that the decision to progress with the project was soundly based and well managed.

Findings:

This project is at a very early stage and there is minimal spend in relation to the Capital Job Code.

The overall expenditure for the total project is €50m (across all service departments), the EETD department's portion of this spend is €10m. Fingal's Capital Programme 2019-2021 listed the expenditure for the project for EETD department at €10m, the following year in the Capital Programme 2020-2022 the expenditure was split out across the four design teams and the total expenditure for the period had risen to €16.321m.

SPEND ALLOCATION

It is noted that expenditure to date is being costed to both a Revenue and a Capital Job code, the Department should consider how it can accurately capture the expenditure related to this project. It is advised that all expenditure should be costed to one job code and consideration should be given to including op codes to reflect this spend against each element of the project.

CAPITAL EXPENDITURE

In 2019 the spend on the Capital Job Code was €6,100 across 2 purchase orders, both purchase orders raised under had been procured in line with Fingal County Council's procurement policy.

REVENUE EXPENDITURE

The total expenditure under the Revenue Job Code was €400,200, this figure includes associated staff costs in the amount of €55,200, leaving €345,000 expenditure that was paid to suppliers. Expenditure incurred to the value of €125,031 was authorised under Regulation 32 due to exceptional and ambitious timelines agreed by the leadership committee. As the project progresses Internal Audit have been advised that this is no longer an issue and all future expenditure will be procured in line with Fingal County Council's procurement policy.

Audit Opinion: The opinion was informed from the review carried out by the Internal Audit Unit that the decision to go ahead with the project was soundly based and the project is being well managed. Overall, the project provides Satisfactory Assurance (see Appendix 4) that there is compliance with the Public Spending Code.

3.3.2 Donabate Road

Project Value €18.0m

PSC Status: Expenditure Being Incurred

Project Description: The objective of the proposed infrastructure is to provide a 4km of new high-quality road and provide a second bridge crossing over the mainline Dublin- Belfast railway line, thereby bypassing Donabate town centre and alleviating traffic in Donabate village and providing alternative access for Portrane and eastern parts of Donabate. A further objective of the proposed infrastructure is to provide access to Council owned lands resulting with the potential to accommodate 2,200 residential units.

Audit Objective: To provide an independent opinion on compliance with the Public Spending Code and to provide assurance that the decision to progress with the project was soundly based and well managed.

Findings: The appointments of consultants and contractor were carried out in compliance with proper procurement procedures. The contract costs have increased by €4,853,981.93 exclusive of VAT circa 48%, bringing the total cost of the scheme, excluding land costs, to €18,652,269.28 inclusive of VAT. This increase relates to several additional infrastructural works within the confines of the road project which were identified as being necessary to complete the project in a way that best served the future development needs of the urgency of the new housing developments. These included gas pipelines, broadband ducting and two new road junctions to facilitate access to development lands. €2,649,793.05 inclusive of VAT is recoupable by Fingal County Council from third-parties. The increase has been sanctioned by the Department of Housing, Planning and Local Government, and approval for grant funding €10.62m was received.

Audit Opinion: The opinion was informed from the review carried out by the Internal Audit Unit that the decision to go ahead with the project was soundly based and the project is being well managed. Overall, the project provides Satisfactory Assurance (see Appendix 4) that there is compliance with the Public Spending Code.

3.3.3 Street Cleaning

Project Value €6.50m

PSC Status: Expenditure Being Incurred

Project Description: The street cleaning works programme includes the provision of the road sweeping schedule, the maintenance and replacement of litter bins and the litter picking service.

Audit Objective: To provide an independent opinion on compliance with the Public Spending Code and to provide assurance that the decision to progress with the project was soundly based and well managed.

Findings: The procurement of services under existing Framework Agreements and Collaborative Procurement Arrangements maximises procurement efficiency and value for the Framework Clients in this case the Council. With regard to requirements for the purchase of supplies, services and works as set out in Procurement Governance CE Order CA/48/16 weakness in the area of monitoring spend on the purchase of white refuse sacks was noted in one instance where the cumulative value of the RFT was not monitored and resulted in an overspend. Given that refuse sacks are widely used in the delivery of the street cleaning service a policy in relation to going to annual tender for such items should be considered rather than the current arrangement of multiple requests for tender (RFT) being sought throughout the year.

Having reviewed the documentation in relation to the expenditure incurred under this programme in 2019, Internal Audit is of the opinion that this programme complies with the standards set out in the Public Spending Code.

Audit Opinion: The opinion was informed from the review carried out by the Internal Audit Unit that the decision to go ahead with the project was soundly based and the project was well managed. Overall, the project provides Satisfactory Assurance (see Appendix 4) that there is compliance with the Public Spending Code.

Galway City Council

Rebuilding Ireland Home Loans

Project Description

The Rebuilding Ireland Home Loan scheme is an initiative under the Rebuilding Ireland Housing Policy. It will enable credit worthy first time buyers to access sustainable mortgage lending to purchase new or second-hand properties or self-build in a suitable price range.

Conclusion

On completion of the IA Report, Internal Audit can provide partial assurance that the Revenue Programme implementation stage of Rebuilding Ireland Home Loans as operated by Galway City Council's Housing Department was effectively managed and adhered to the standards set out in the Public Spending Code. Some minor weaknesses identified during the internal audit related to ambiguities in the Procedures adopted nationally.

The in-depth checks carried out on sampled programmes / projects revealed no substantive issues that would cast doubt on the City Council's compliance with the Code. It is acknowledged that ongoing efforts will be required to ensure complete compliance with the Public Spending Code.

Galway County Council

Summary of the findings on the Revenue Project - Housing Grants Scheme 2019.

Galway County Council administer and part fund three types of Housing Grants under the Housing Grants Programme Schemes:

- Mobility Grants
- Housing Adaptation for Disabled Persons
- Housing Aid for Older People

The terms and conditions for the three schemes are set out in the Housing (Adaptation Grants for Older People and People with a Disability) Regulations, 2007 & 2014. Galway County Council administer the grant schemes on behalf of the Department of Housing, Planning, Local Government as part of overall national housing policy with appraisal for this programme carried out at national level. The 2019 total grant expenditure was €2,206,870 of which 80% is recoupable from the Department of Housing, Planning & Local Government. The recoupable amount at 80% is €1,765,496. The total amount recouped showing on the recoupment claim forms and financial reports was €1,751,236 leaving a balance of €14,260 which was in relation to grants paid in December 2019 and recouped in January 2020.

A sample of grant files were examined as part of the in-depth check process and findings show that the grants applications were processed, approved and paid out and the expenditure recouped in compliance with the regulations and guidelines in place. On notification of completion of works the Council carry out an onsite or photographic inspection prior to payment of grants. This was evident from the sample of grant files examined.

Audit Opinion: It is Internal Audits opinion that Galway County Councils 2019 Housing Grants Programme as examined was administered in compliance with the Housing Grant Regulations and therefore considered to be in compliance with Public Spending Code.

Summary of the findings on the Capital Project - Gilmartin Road Redevelopment Project

Project Description:

The projects comprises the design, planning and construction of 40 new homes (21 no. 2-bed, two-storey, 11 no. 3-bed, two-storey, 6 no. 2-bed, single storey, 2 no. 3-bed, single storey); the refurbishment of 21 existing vacant or occupied houses and all associated site development works.

Audit Opinion: It is Internal Audit findings that the provisions of the Capital Work's Management Framework were complied with and are of the opinion that the project was carried out in line with the Public Spending Code Requirements.

Kerry County Council

Kerry County Council has carried out in-depth checks on projects representing 2.3% of the total value of 2019 Capital Project Inventory. A review of the 2019 SICAP programme was also undertaken, this expenditure represents 1% of 2019 Revenue Inventory.

The following projects were the subject of in-depth checks for the 2019 PSC return: -

| Project reviewed | Inventory | Status | Value |
|---|-----------|----------------------------|---------|
| N 8/ 2/ 518 Lohercannon Housing Construction Project, Tralee | Capital | Expenditure Being Incurred | € 15.6m |
| N70 Killorglin Town & N70 Tinnahally to Stealroe Pavement Improvement Project | Capital | Expenditure Being Incurred | € 4.7m |
| Social Inclusion and Community Activation Programme 2019 | Revenue | Expenditure Being Incurred | €1.6m |

Reports on the checks, in the required template format, have been completed and submitted to Senior Management. Below are the summary and conclusion sections for each project: -

N 8/ 2/ 518 Lohercannon Housing Construction Project, Tralee

The objective of Lohercannon Housing Construction Project is to provide 61 modern and efficient housing units which will be used to address the identified social housing need in the area. The primary input to the programme is capital funding provided by the Department. Using this funding, KCC provides staff resources to monitor and manage the programme, technical expertise to compile drawings and layouts, and procured consultants and Building Contractor to facilitate the construction of the project.

Internal Audit carried out an in-depth check of Lohercannon Housing Construction Project – stage 4 approval was granted by the Department and the construction of the units is due to commence shortly. For the purposes of PSC return, the project is categorised as expenditure being incurred. As part of the check, Internal Audit spoke with key staff, reviewed documentation, examined a randomly selected sample of invoices and inspected the department recoupment claims. Internal Audit considered management and governance arrangements, decision making, maintenance of documentation recording checks and controls, the level of checks and controls in place, adherence to policies and procedures and the implementation of best practice.

Internal Audit has concluded that there is evidence that Lohercannon Housing Construction Project is actively managed with clear governance arrangements in place. There is evidence of Department oversight and there are control processes in place to support compliance with the Public Spending Code – segregation of duties, department oversight, management decision-making, performance review and maintenance of documentation.

N70 Killorglin Town & N70 Tinnahally to Stealroe Pavement Improvement Project

The objective of this project is to provide improved pavement facilities for pedestrians, provide a safe environment for communities and road network users and to facilitate economic and tourism development in the area. The primary input to the programme is capital funding provided by TII. Other inputs include KCC staff time, TII staff time, expert advice, consultants, technology, materials, equipment, project brief.

Internal Audit carried out an extensive examination of documentation including files, reports, minutes of meetings, e-mail records, tendering and procurement documentation, monitoring and progress reports. A randomly selected sample of invoices and TII recoupment claims were also examined. Consideration was also given to project management structures and processes. The review demonstrated a high level of compliance with the principles of the public spending code - appraisal, planning, design, management and monitoring.

Internal Audit is satisfied that strong governance processes are in place, in conjunction with TII, that ensure management and oversight. Decisions and approvals are documented; clear procurement processes are utilised and accord with Financial Policies and Procedures of Kerry County Council; there is strong evidence of assessment and consideration of options and risks; there is evidence of ongoing monitoring of progress - both financial and operational progress. The records maintained by Kerry NRDO in relation to this project are substantial, clear, easily retrievable and legible.

The construction work has finished and a final account report is currently at draft stage. This report will include a review of the project, outline lessons learned and will provide guidance on any changes or improvements to be considered for future projects.

Review Management of SICAP (Social Inclusion and Community Activation Programme) 2019

The objective of this audit is to review the processes for the management of the SICAP programme in Kerry and to assess compliance with the requirements of the Public Spending Code.

Internal Audit carried out an extensive examination of documentation including files, reports, minutes of meetings, e-mail records, funding agreements with PIs, monitoring and progress reports and financial records using the Agresso Financial Management System. Submissions made by KCC requesting draw down of funds from Department of Rural and Community Development (DRCD) were also examined, along with payments made by KCC to the Programme Implementers (PIs). Consideration was also given to project management structures and processes.

The findings of the audit confirm that there is significant compliance with the requirements of the code. There is a management structure in place; there is strong evidence of management and oversight; there is guidance documentation; there are funding agreements in place with the PIs, communications with DRCD, Pobal, the SICAP Subgroup, and the LCDC. There were no issues of high risk identified.

Conclusion

An in-depth review of a sample of the projects contained in the Project inventory has been completed and further confirmed that there is, in general, compliance with the requirements of the Public Spending Code

Overall, the QA exercise has provided reasonable assurance to the management of Kerry County Council that the requirements of the Public Spending Code are being met.

Kilkenny County Council

Crokers Hill, Kennyswell Rd., Kilkenny Phase 1 (51 Units)

The project involves the construction of 51 residential units in Cokershill, Kilkenny. This is the first phase of a total of 86 units which are proposed in this scheme. The target cost of this phase of the project is €13.39million.

In 2017, Kilkenny County Council purchased 2.34 hectares of land at Cokershill, Kilkenny. This is a Greenfield site located in the western environs of Kilkenny City. An additional area of 0.14 acres, containing a disused pumping station is already owned by Kilkenny County Council and can be added to the site. The site is zoned "Phase 1 Residential" under the City and Environs Development Plan.

Stage 1 Approval for 80 units at an estimated cost of €13.7million was originally approved by the Department of Housing, Planning and Local Government in June 2017. Following Stage 1 approval, it was decided to split the scheme into two phases. Stage 2 approval for €13.39million was received in June 2019 for Phase 1 of the project for the construction of 51 units.

Kilkenny County Council applied for planning permission for the full project to An Bord Pleanala under Section 177AE of the Planning and Development Act 2000-2010 as a Natura Impact Statement was required for this development. Permission was received from An Bord Pleanala in January 2020.

A design team was appointed in December 2017. Tender documents are currently being prepared to appoint a main contractor. The proposed start date is Q1 2021 and estimated completion date is Q2 2022.

Conclusion

It is Important to point out that the construction of social housing is in line with national and local housing policy and there is an obvious housing need in the area. The houses are to be built on land in the ownership of Kilkenny County Council and zoned for residential development. Procurement and planning guidelines were all complied with and authorisation was received from the Department at the approval stages.

This project was initially approved by the Department of Housing, Planning, Community and Local Government as an 80-unit construction with an estimated budget of €13.7 million. Kilkenny County Council then decided to split the project into two phases. 51 units would be constructed under Phase 1 with a further 35 units being proposed for Phase 2. Stage 2 approval was received for Phase 1 with a target budget of €13.39 million. Under the Public Spending Code, a project of this scale should be appraised using a Multi Criteria Analysis (MCA) at a minimum. However, the likely combined budget of Phase 1 and Phase 2 will be greater than €20 million. Projects over €20 million should be subjected to a Cost Benefit Analysis (CBA) or Cost Effectiveness Analysis (CEA). Prior to Approval in Principle, the CBA or CEE should be submitted to the Central Expenditure Evaluation Unit in the Dept. of Public Expenditure & Reform for their views. The splitting of a project into two separate phases should not negate the obligations outlined in the Public Spending Code.

As construction work has not commenced on this project, Internal Audit cannot evaluate compliance with implementation or post implementation stages of the Public Spending Code. It is important that procedures are in place to manage the project such as reporting procedures to management on milestones being met and budgets being adhered to. I would recommend that a post project evaluation be carried out within a specific time frame

after the tenants have moved in to the houses. Its purpose should evaluate whether project objectives were met, to determine how effectively the project was run, to learn lessons for the future, and to ensure that the organization gets the greatest possible benefit from the project.

Rebuilding Ireland Home Loans:

A Rebuilding Ireland Home Loan is a Government backed mortgage for first time buyers, available nationwide from local authorities. Kilkenny County Council administer the loan for properties in County Kilkenny It can be used to purchase a new or second-hand property or for self-build.

Conclusion:

The operation of Rebuilding Ireland Home Loans programme complies with the principals of the Public Spending Code.

There is sufficient data available to evaluate the Rebuilding Ireland Home Loan programme.

The guidelines issued by the Dept. ensure adherence to the Public Spending Code.

Robust approval procedures are in place with an external approval process by the Housing Agency and an internal process by the Credit Committee.

Laois County Council

Portarlinton Flood Relief Scheme:

It is the opinion of Internal Audit that Laois County Council is in substantial compliance with the Public Spending Code in respect of its responsibilities for the Portarlington Flood Relief Scheme (FRS).

The project is in line with national flood relief policy and appropriate appraisal of the scheme was conducted as evidenced by the South Eastern CFRAM Study. It details the key objective of the project and decided on a preferred method following studies on the flood cell, viable flood relief options, analysis of constraints and cost estimates. It also demonstrates the requirement of a flood relief scheme for Portarlington.

Pre Tender approval was received from the Sanctioning Body, the OPW, and the tender process was completed through etenders in line with proper procurement procedures. Back-up documentation for necessary approvals from Senior Management, OPW and Offaly County Council are on file. There is strong project management in situ and a system of robust controls in place as the project moves from its initial stage.

The thresholds and methodologies for appraisal set out in the PSC indicate that projects between €5 million and €20 million should be subject to preliminary and detailed appraisal, which includes, at a minimum a Multi-Criteria Analysis (MCA). On this project a MCA was documented for the preferred option. An economic assessment of the costs and benefits highlights the economic justification of the scheme.

Overall, the process and procedures carried out to date in respect of the Portarlington FRS comply with the relevant guidelines and frameworks and are in substantial compliance with the Public Spending Code.

Leitrim County Council

Lahard Housing Project , Ballinamore:

This scheme is the construction of 10 residential units at Lahard Estate, Ballinamore. The Lahard Estate currently consists of 47 properties, 21 which are in private ownership and 26 of which are owned by LCC. There is approximately 1 hectare of the overall site in the ownership of LCC on which the 10 units will be developed. We spoke to the PSC Co-ordinator, Financial Management Accountant and Senior Executive Officer, Housing Delivery to discuss the overall management, planning and design of this project.

The above housing scheme is a direct response to the Department of Housing Planning and Local Government (DHPLG) Housing Delivery Targets 2018-2021 issued for Leitrim Co. Co. Overall, the Government has committed €6 billion to support the accelerated delivery of 50,000 additional social housing homes by end 2021, through build (33,500), acquisition (6,500) and leasing (10,000) programmes, including 156 homes in County Leitrim.

These overall objectives are further reflected in the Leitrim County Development Plan Housing Strategy 2015-2021. The specific delivery of these Housing Units is spelt out in detailed site locations in the Strategic Development and Management Plans for Local Authority Land published in November 2019. The Council has a land bank across the county and will deliver new homes by bringing forward sites in areas of demand in their ownership for development. The Report identified Lands across immediate development, secondary sites and rural cluster sites.

The Housing Needs Assessment, HNA, undertaken in September 2016 recorded 367 households requiring social housing supports. It is estimated that 50% of those households recorded on the HNA are in receipt of rent supplement and will in time be transferred across to the Housing Assistance Payment scheme. When this transfer process is complete this will reduce the HNA figure to 184 households. The Council intends to provide 150 suitable high quality mixed tenure housing units in the medium term through a variety of platforms. The housing stock vacant rate is on average 4%; 40 units, these houses are undergoing repairs and refurbishment prior to being relet, it should be noted that the Council are experiencing a 43% refusal rate when re-letting properties, therefore more houses remain vacant longer than would normally be expected. The Council is currently developing these sites, including Lahard, and with the current housing need assessed at June 2020 of 523 is seeking to acquire additional lands for social housing developments.

The Lahard site was identified as a site owned and available to LCC with planning permission and immediate access to services and amenities. Approval was received to progress to Stage 1 (design expenditure) on 4th December 2019 with an outline budget of €1.95m.

LCC ran a competition for (1) to appoint an Architect for an initial contract and (2) to form the “Framework Agreement for provision of Architect Led Design Team for Residential Projects in Co. Leitrim”. The Framework agreement contract was awarded to Wynne Gormley Gilsean in December 2019. The process is following the “Social Housing Approval Process” flowchart from site identification through Approval Stages 1 to 4. The overall review of the project performance and delivery will be completed after all costs have been discharged following resident occupation in 2021.

Conclusion:

This project was adequately appraised by the Project Manager in compliance with National and Local Housing Strategies. The Design Brief and the appointment of Lead Architects was conducted in accordance with Procurement procedures. The Project Manager has adopted the Scheme to align with available funds from the DHPLG of €1.95m whilst adhering to the Social Housing 4 stage approval process. Post implementation review of the project will be conducted in 2021 following final account payment.

Carrick on Shannon Flood Relief Scheme:

Following publication of the Flood Risk Management Plan (FRMP) for the River Shannon Upper and Lower by the Office of Public Works (OPW) in 2018, the OPW identified a number of Flood Relief Schemes throughout the country to progress to detailed design and construction stage. Carrick on Shannon was one of these schemes.

The FRMP analysed what flood defences were required to protect property in certain areas. These Areas for Further Assessment (AFA) were identified by the OPW and a Multi-Criteria Assessment (MCA) was used as part of the process for assessing potential options for reducing or managing flood risk for each AFA. Only AFA’s that showed a Benefit Cost Ratio greater than one in the FRMP were allowed to progress to detailed design and construction.

The Carrick on Shannon Flood Relief Scheme involves the detailed analysis of the flood risk in the town plus deciding on the expected flood level to protect against this risk. Once this is decided, flood defences will be designed and constructed to protect relevant property in the town.

The FRMP has identified the following flood defences for Carrick on Shannon but these will have to be confirmed during the design phase and exact number and extent of various flood defences may change:

- Construction 1,799m of new flood defence walls
- Construction 846m of new embankments

- Construction a 2m floodgate.
- Installation of a simple flood forecasting unit

Following consultation with the OPW, they also agreed to add to the scheme the following options :

- Raising of road levels in parking area in town centre in accordance with Leitrim County Council schemes approved under planning permission Ref 16-C-03
- Assessment of options to prevent flooding on National Primary Road N4 in Carrick on Shannon between the Shannon roundabout and the Attifinlay Roundabout.

This flood relief scheme will take place in both Counties Leitrim and Roscommon (i.e. Cortober). A section 85 agreement is in place to allow Leitrim County Council to act as the lead authority on the scheme.

Conclusion:

The Project, to date, is compliant with the PSC Code, having identified the need, completed a Flood Risk Management Plan and appointed Design Consultants. The Project is progressing as Capital funding has been made available to the Local Authority.

Limerick County Council

Public Lighting:

Project Description

Clare County Council and Limerick City & County Council tendered a new public lighting maintenance contract from suitably qualified contractors. Tenders for the **Provision of Public Lighting Maintenance and Associated Services** were supervised by Clare County Council.

Each Local Authority manage these contracts separate and independently. The Public Lighting Maintenance and New Works Contract is 100% funded by Limerick City and County Council's own resources. The contract was tendered as one package but the successful tenderer (Airtricity) was invited to sign two separate contracts, one with Clare County Council and one with Limerick City & County Council.

The Contract covers the following items/elements of Public Lighting of both Local Authorities:

- Public lights powered by underground Council network
- Public lights powered by overhead Council network
- Public lights powered by overhead ESB network
- Public Lighting on piers, harbours, etc.
- Public Lighting in Housing Estates, Pedestrian Areas, Grassed Areas and Local, Regional, National routes (including dual carriageway)

Limerick City and County has approximately 23,000 streetlights. The lights are located along roads, footpaths, pedestrian walkways with some floodlights mounted on buildings, structures & monuments. The designation of Limerick's road network is shown below:

| | |
|---------------------------|---|
| Motorway | 0 km (Covered by NRA Network Maintenance Contract) |
| National Primary Routes | 107km (Covered by NRA Network Maintenance Contract) |
| National Secondary Routes | 53 km |
| Regional Routes | 520 km |
| Local / Urban Routes | 3,177km |

Summary of In-Depth Check

Limerick City & County Council in conjunction with Clare County Council tendered a new public lighting maintenance and new works contract for an initial period of twelve months with an option to rollover for a further three twelve month periods. Both Local Authorities appointed the recommended contractor separately. Following in-depth review, the project documentation provides satisfactory assurance that there is compliance with the procurement process and Public Spending Code.

Local Road- Maintenance and Improvement

Project Description

The Operations and Maintenance Services Department provides for the maintenance and improvement of national and non-national roads.

This involves a wide range of functions including the following:

- Bridge Maintenance
- Bridge Rehabilitation
- Damage to a Public Road
- Arterial Drainage
- Pothole repair and patching
- Retexturing of surfaces
- Surface Dressing
- Road Reconstruction (Restorative Improvements)
- Traffic Calming/Ramps/Pedestrian Crossings
- Felling of Trees
- Provision of Drains
- Temporary Storage of Materials
- Public Lighting/ Traffic Lights/ School Flashing Lights
- Verge Maintenance
- Footpath Re-Construction & Repair
- Road Lining/ Marking Maintenance & Installation

- Salting and Winter Maintenance
- Kerb & Slab Construction Repairs
- Street Cleaning
- Litter Control
- Tree/ Hedge Cutting
- Working near a Roadside
- Pothole repairs/ Road Re-Surfacing/ Weed Control
- Trimming of Grass Verges
- Road Signage
- Grass Cutting of Open Spaces/ Green Areas
- Dangerous Roadside Trees/ Structures

Works are completed by Operations and Maintenance staff and procured contractors.

Internal Audit reviewed Road Works Non- National (Public Road Maintenance) documentation for County Limerick. In order to verify procurement compliance the following were sampled:

- Bitumen Emulsion Mini- Competition
- Roadmaking's- Framework Agreement
- Micro Surfacing Contract
- Supply of Driver Feedback Signs
- Road Surfacing
- JCB Hire

Summary of In-Depth Check

Internal Audit has examined the controls in place for Local Road Maintenance and Improvement and can give reasonable assurance that there is compliance with the Public Spending Code. The project team has maintained extensive documentation on the project and in the sample reviewed, it is adhering to the Public Spending Code.

Flood Relief Scheme- Limerick City & Environs

Project Description

The OPW, working in partnership with *Limerick City & County Council* and other Local Authorities, commissioned and have completed the Shannon Upper & Lower River Basing (UoM 25/26) *Catchment Flood Risk Assessment and Management (CFRAM) Study*. Limerick City & Environs was included as an *Area for Further Assessment (AFA)* and it was concluded that a flood relief scheme would be viable and effective for the community.

The OPW are the lead Agency for Flood Risk Management and Limerick City & County Council are supportive of the OPW plans and programmes for Flood Relief Works, which closely align with the Council's strategic priorities to promote projects that will contribute to the sustainable development of its cities, towns and communities.

Limerick City & County Council adopted the Flood Risk Management Plans in July 2018. The plans were brought to outline concept design stage and require to be further developed to detailed project level design. A number of these projects have been prioritised for implementation in a first phase of investment. The Limerick City & Environs Flood Relief Scheme, which includes King's Island as an accelerated scheme, is one of those projects.

Due to the strong-shared common objective with the OPW, it has been agreed between the parties that the Council shall act as the lead body for the implementation and day-to-day management of the Project supported by a steering group-comprising representative of the OPW and Council.

The need for the scheme is based on consideration of a number of key factors including:

- Flood event Shannon Banks Corbally, Co Clare
- Coonagh Flooding Event
- Kings Island-Flooding

Conclusions:

Following the conclusions of the OPW's CFRAM study, the subsequent adoption of the Flood Risk Management Plans by Limerick City & County Council and the Government's provision of funding, the Limerick City and Environs Flood Relief & Public Realm Scheme is advancing towards design and planning stages in 2020/2021. Internal Audit has examined the controls in place for the Flood Relief Scheme- Limerick City & Environs, and can give assurance future procurement will be compliant with the public spending code. The project team have extensive documentation on all aspects of the project retained on SharePoint.

Longford County Council

The Internal Audit Unit of Longford County Council was assigned the task of completing the In-depth checks. The approach taken was to select one capital project and one revenue programme from the inventory.

The In-depth checks have been completed and the projects selected were 33 Houses Knock Manor, Lanesboro and the Revenue Expenditure B05 Public Lighting. In general, there is satisfactory compliance with the Public Spending Code. In some instances, there is scope for improvement and the in-depth checks are an opportunity to promote best practice and recommendations have been made. Listed below are the summaries from these in-depth checks.

Summary of Turnkey Acquisition of 33 Houses Knock Manor, Lanesboro In-Depth Check

It is the opinion of Internal Audit that there is satisfactory compliance with the Public Spending Code in respect of this project acquiring thirty-three units for social housing as part of the Social Housing Targets 2018-2021 under the Rebuilding Ireland programme. The main objective of this project was the acquisition of social housing units in a cost-effective manner to contribute to the targets set out and to reduce the number of approved applicants on the Council's housing list.

The Council complied with Circular 11/2018 - Social Housing Investment Programme – Acquisition of properties for Social Housing.

The project was 61 weeks in duration and the houses were available for immediate occupancy. Thirty-three families (forty-four adults and forty-one children) were appointed tenants from 1 March 2019, resulting in an additional €2,212.50 rental income per week for the Council. Thirty-three families were removed from the Council's housing list. The development has contributed to a sustainable village community in accordance with national and local statutory planning policy.

Summary of Operation of Public Lighting Revenue Expenditure 2019 Programme In-Depth Check

From the analysis and examination of Public Lighting operations, it is the opinion of Internal Audit that public lighting operations are carried out in satisfactory compliance with the Public Spending Code.

Public lighting accounts for 28% of the Councils total energy spend including electricity, gas, heating oil and motor vehicle fuel.

In 2019 Longford County Council spent €929,000 on public lighting electricity and in 2018 these costs were approx. €894,000 representing an approx. 4% increase in expenditure year on year. However, in 2019 the Council used 2,126,000 kilowatt hours (kwhrs) of electricity on public lighting and in 2018, 2,253,000 kwhrs representing an approximate 6% reduction year on year. This picture is complicated by the fact that unmetered electricity rates are increasing and masking the effectiveness of the work being done by the Roads section in achieving energy efficiencies.

House-keeping issues regarding record retention and ease of access to records were the only issue raised in the review and Internal Audit will follow up on the recommendation of implementation of a filing/document management system.

Conclusion

This report has set out all the requirements of the Quality Assurance aspect of the Public Spending Code.

- An inventory of projects and programmes has been prepared outlining the various projects/programmes – capital and revenue that were being considered, being incurred or recently completed by Longford County Council within the 2019 financial year.
- The relevant publication in relation to procurements over €10m will be placed on Longford County Council's website if applicable.
- The 7 checklists required to be completed under the terms of the Public Spending Code Quality Assurance requirement have been completed and provide reasonable assurance that there is satisfactory compliance with the Public Spending Code.
- An in-depth review of one capital projects and one revenue programme contained in the Project inventory has been completed and further confirmed that there is, in general, satisfactory compliance with the requirements of the Public Spending Code.

- The final step of the QA exercise, as required under the Public Spending Code, is the compilation and publication of a summary report outlining the Quality Assurance Exercise undertaken by Longford Co Council. The contents of this report provide an overview on the QA exercise completed which has been certified by the Accounting Officer, Chief Executive.

Overall the QA exercise has provided satisfactory assurance to the management of Longford Co Council that the requirements of the Public Spending Code are being met.

Louth County Council

Projects selected for review

| Project | Category | Total Amount Incurred | Amount of samples reviewed |
|--|--|-----------------------|----------------------------|
| Clanbrassil Street and St Nicholas Quarter | Expenditure being incurred > €0.5m Capital Projects | €5.0m | €5.0m |
| Purchase of Social Houses (Housing & Building) | | €1.2m | €0.41m |
| E06 – Street Cleaning | Expenditure being incurred > €0.5m Current/Revenue Expenditures | €2.7 | €1.28m |

Internal Audit performed detailed compliance test on a sample of 3 (three) projects against public procurement guidelines.

Results of our tests reported the following gaps: -

- There was no **business case** developed for all 3 (three) projects selected.
- On 1 (one) sample tested, the **tender scoresheet** (MEAT analysis) was not on file.

On 1 (one) sample tested, there was no **contract** signed by LCC and the winning contractor on file.

In 2019, LCC engaged a third-party contractor to conduct tendering procedures on a number of projects, on their behalf. The contractor also supports LCC in tenders' evaluation.

Internal Audit tested 3 (three) Tenders ran by the Contractor in 2019.

Results of our tests reported the following gaps: -

- In all 3 (three) instances, there were no evidence to confirm that **conflict of interest** has been considered during the tender evaluation stage.

In 2 (two) instances, there was no **Confidentiality Agreement** signed and retained on file between LCC and third-party contractor.

For all 3 (three) procurement samples selected for testing, Internal Audit observed that **post project completion reviews** have not been carried out by end users to determine whether the initial objectives of the project were met and/or whether expected benefits from the project have materialised.

Our review did not identify any **High** risks findings that may result in a material financial loss to the Louth County Council or operational disruption.

Apart from 5 **medium** and 2 **Low** risks issues raised, controls tested appear to be operating effectively.

Mayo County Council

The CCMA Finance Committee has prepared and issued a guidance document called "Public Spending Code (PSC) Quality Assurance Requirements -A Guidance Note for the Local Government Sector". Included in this document is an example of an in-depth check methodology that Local Authorities shall

use in their Quality Assurance (QA) reports. This identifies best practice evaluation tools and details the methodology which follows on the principals and guidance within the Public Spending Code (PSC or Code). There are 5 steps in this process as detailed in the table below.

In Depth Checks – Steps Involved

| | |
|------------|---|
| Step One | Logic Model Mapping |
| Step Two | Summary Timeline of Project/Programme Lifecycle |
| Step Three | Analysis of Key Documents |
| Step Four | Data Audit |
| Step Five | Key Evaluation Questions |

Details of the specified format are included at Appendix 3. The presentation of the in-depth review findings for the sample of projects and programmes selected in Mayo County Council in 2019 follows this format. Three projects were randomly selected by the Internal Auditors from the inventory prepared for the Public Spending Code Report 2019.

| Category of Expenditure | Project / Programme | Current / Capital Expenditure | Value of project € |
|------------------------------|--|----------------------------------|-----------------------|
| Expenditure being considered | Castlebar Military Barracks | Capital | 29,925,517 |
| Expenditure being incurred | Lough Lannagh Leisure Complex | Current | 1,109,942 |
| Expenditure recently ended | Cushin & Ayle Group Water Scheme | Capital | 1,306,364 |
| | TOTAL | | 32,341,823 |
| | Overall total value of all projects in inventory listing 2019 (Capital & Current | | 861,675,267 |

| | | |
|---|---------|--------------------|
| Inventory | Capital | 707,041,346 |
| Inventory | Current | 154,633,921 |
| % Selected and Reviewed 2019 as a percentage of 2019 inventory | Capital | 4.42% |
| | Current | 0.72% |
| % Selected and Reviewed over 3 year Period 2017-2019 | Capital | 11.68% |
| | Current | 2.37% |

The Public Spending Code recommends that a minimum of 5% of the total value of all capital projects and 1% of the total value of all revenue services in the inventory listing be selected for review by internal audit, on average over a three-year rolling period. For the year ended 31st December 2019, 4.42% of capital and 0.71% of revenue projects were selected for review. This brings the three-year rolling average to 11.68% of Capital and 2.36% of Revenue, thus meeting the sampling requirements for the Quality Assurance process.

The following section presents a summary of the findings of this In-Depth Check Report as prepared by the Internal Auditors:

1. Castlebar Military Barracks

Project Description: This project is the redevelopment of the Castlebar Military Barracks to promote Urban Regeneration within the area in which the Barracks are located. The development will comprise a number of different streams involving private and public investment. The development will also connect with the town centre and maximise and promote the other services and attractions in the surrounding Urban area. In order to draft and develop the Masterplan Mayo County Council has engaged consulting services. The cost of the development of this plan was part funded under the Urban Rural Development Fund Round 1 and in order to progress the project a further application has been submitted under the Second Call in 2020.

No matters came were noted which indicated non-compliance with the provisions of the Spending Code. Relevant controls upon which reliance can be placed included:

- MEMO detailing the approval for the appointment of consultants following tender competition.
- The Consultants Business Case Masterplan for the redevelopment of Castlebar Military Barracks.
- The URDF Application Form submitted for funding.

2. Lough Lannagh Leisure Complex

Programme Description: This programme is the operational aspect of the new swimming pool, gymnasium and related services which commenced in April 2019 at Lough Lannagh, Castlebar and expenditure pertaining to same.

Mayo County Council developed and own the new facility. The Council manage the swimming pool operations and hire of rooms while a service agreement is in place with a third party that supplies staff to manage the gym facilities and front of house.

The following section presents a summary of the findings of this In-Depth Check on this programme

No matters were noted which indicated non-compliance with the provisions of the Spending Code. Relevant controls upon which reliance can be placed included:

- Business Plan completed by Mayo County Council on the Operations & Service Delivery of the project.
- MEMO detailing the recommended service provider following an analysis of EOI's received.
- The signed contract agreement with the third party service provider.

- Monthly leisure centre operational reports.
- Evidence of review and oversight of leisure centre operations by MCC management.

3. Cushin and Ayle Group Water Scheme

Project Description: This Group Water Scheme project comprised works to improve the quality of water provided and treated in the Cushin and Ayle area. The works included the detection of leaks, upgrading of facilities and the installation of meters. The project which was identified as a priority project was funded by the Department of Environment, Community and Local Government as part of the 'Multi-Annual Rural Water Programme 2016-2018'.

The following section presents a summary of the findings of this In-Depth Check on the Cushin and Ayle Scheme.

The auditors recommended that following the completion of a project, documentation of the Post Project Review be maintained on file

Other than the point above no matters came to the attention of the auditors which indicated non-compliance with the provisions of the Spending Code.

Relevant controls upon which reliance can be placed included:

- Preliminary Report completed by Ryan Hanley consultant engineer.
- Project Brief as prepared by Mayo County Council.

- Approval for funding by the Sanctioning Authority (Department of Environment, Community and Local Government).

- Signed contract agreements.

Meath County Council

The following section details the in-depth checks which were carried out by the Council as part of the Public Spending Code. The value of the projects selected for in depth review must follow the criteria set out below:

- Capital Projects: Projects selected must represent a minimum of 5% of the total value of all capital projects on the project inventory.
- Revenue Projects: Projects selected must represent a minimum of 1% of the total value of all revenue projects on the project inventory.

The minimum sample requirements can be achieved over a three year period. The following table summarises the capital and revenue sample averages achieved over the period 2017 – 2019.

| | Capital | Revenue |
|--------------------------------------|----------------------|----------------------|
| Inventory 2017 | 385,376,105 | 111,656,546 |
| Inventory 2018 | 532,875,289 | 129,614,500 |
| Inventory 2019 | 608,328,496 | 138,118,065 |
| Total value of Inventory 2017 - 2019 | 1,526,579,890 | 379,389,111 5 |
| Value of projects audited 2017 -2019 | 112,079,694 | 9,942,738 |
| % achieved over period 2017 -2019 | 7.34% | 2.6% |

In selecting projects for audit each year an attempt is made to ensure that the sample is reflective of the broad range of activities that the Council carries out. Projects are selected for sample in such a way as to ensure that all of the biggest spending service divisions are represented over a three to five year period. This approach to sampling is in keeping with the requirements of the Public Spending Code.

The in-depth check methodology used in this report is based on the principals and guidance in the Public Spending Code and best practice evaluation tools. As part of this methodology an outline template must be completed by the evaluator when carrying out an in-depth check as part of the Quality Assurance Process. The templates once completed are the in-depth check and are attached as an appendix to the Quality Assurance Report. The three projects which were selected for in-depth check this year were as follows:

- Acquisition of Social Units at Cois Glaisin, Navan, Co. Meath
- N51 Dunmoe Phase 2 Realignment Scheme
- Payment and Availability Agreements with Approved Housing Bodies

The in-depth checks were carried out by the Internal Audit Section of the Council in March and April 2020.

Acquisition of Social Units at Cois Glaisin, Navan, Co. Meath

The acquisition of social units at Cois Glaisin is shown on the 2019 inventory as a capital project that has recently ended.

Meath County Council currently has 2024 applicants approved for social housing support (April 2020). This figure does not include those currently in receipt of HAP or on the transfer list. Accordingly, as part of the Rebuilding Ireland Action Plan for Housing and Homelessness, Meath County Council, in conjunction with Approved Housing Bodies has been asked to provide 1190 new social units through construction, acquisition (including Part V agreements) and leasing in the period 2018-2021.

In an effort to meet this target Meath County Council pursued turnkey opportunities which resulted in the purchase of 36 new units, in addition to the Part V acquisition of 26 new dwellings at Cois Glaisin, Navan, Co. Meath. These agreements were made in 6 phases.

A capital appraisal document was prepared for each phase of the Turnkey and Part V acquisitions. Each appraisal considered the housing need in the Navan area including the number and types of accommodation that were required. The appraisal also highlighted the ongoing difficulties in identifying alternative means to meet the housing need and while a small number of properties had been identified for purchase and had been availed of, this would not be considered adequate on an ongoing basis. It further notes that there are no unfinished estates within a 10km radius of the development. Project management arrangements and value for money are also considered.

The purchase of the units was approved by the Senior Executive Officer by Approved Officers Order and the Administrative Officer in the Housing Section had full oversight of the project until its completion in December 2019. Payments are approved by the Director of Services of Housing which provides a further oversight of the Scheme. The units were delivered in stages over 6 phases and were conveyed through the Local Authority's appointed legal representatives.

Registration of title has been undertaken as required under Section 23 of the Registration of Title Act 1964. A boundary issue arose on one property which resulted in a smaller back garden to the rear of the property, the issue was identified prior to the closing of the sale and a reduced purchase price was agreed with the developer. The expenditure in the sum of €14,279,694 has been fully recouped from DHPLG.

All of the dwellings have been included on the Local Authority's Fixed Asset Register and have been allocated to meet the housing need of families approved for social housing support in accordance with Meath County Council's Allocation Scheme.

Post project reviews are only mandatory for projects with lifetime costs that exceed €20m, therefore, a post project review was not required for this project. The prices were fixed, sanctioned by the DHPLG and delivered on budget. The purchases were made incrementally so a post project review may

appear immaterial. However, there are merits to undertaking a post project review and the Housing Office should consider reviewing their procedures to include post project reviews of significant capital expenditure projects.

Does the delivery of the project comply with the standards set out in the Public Spending Code?

Audit Opinion: This opinion was formed by a review of records held on file by the Council's Housing Section and by discussions held with staff that managed this project. It is considered that the decision to proceed with the project was soundly based and that the project was well managed. The project provides Satisfactory Assurance that there is compliance with the Public Spending Code.

N51 Dunmoe Phase 2 Realignment Scheme

The N51 Dunmoe Phase 2 Realignment Scheme is shown on the 2019 inventory as a capital project under consideration. The project is currently at Phase 5 enabling and procurement. Preparation for the procurement process for construction is on-going, as is land acquisition. The project appraisal process determined a budget of €16.8 million.

The N51 is significant with its connection to other national primary and secondary routes. It connects with the M1 at Drogheda and N2 at Slane, with M3 to Dublin at Navan. This project involves a 4.2 km realignment of a section of the N51 between including 5 new at grade junctions and a number of local access points. The location of this scheme is approximately 2.5 km northeast of Navan and 3.5 km southwest of Slane in County Meath.

A route selection report (June 2015) considered a number of viable options and identified a preferred route. The project proceeded through the Part 8 planning process, which included appropriate assessments and public consultation. Conditional Planning approval was received in January 2017. The design report (May 2017) further developed the preferred route and identified an accurate assessment of the lands which would need to be acquired.

The Project Appraisal Report was finalised in June 2017 and includes an economic assessment of the project which was undertaken using the TII Simple Appraisal Tool. Traffic Modelling was also undertaken as well as a full multi criteria analysis, which considered the total impact of the project under five main headings. The results demonstrate that the scheme is economically viable and concludes by stating that the proposed N51 upgrade scheme have a beneficial effect on road safety. Following this, a submission was made to TII for permission to publish a compulsory purchase order. The CPO process has progressed, and TII has also approved permission to proceed with Notice to Treat.

All projects seeking capital funding from Transport Infrastructure Ireland (TII) must follow a number of guidance documents including the TII Project Management Guidelines and the TII Project Appraisal Guidelines. These guidelines are appropriately aligned and consistent with the requirements of the Public Spending Code and EU and National Procurement Rules.

Audit Opinion: This opinion was formed by a review of records held on file by the Council's Transportation section and by discussions held with staff managing this project. It is considered that the initial decision to go ahead with the project was soundly based and that the project has been well managed to date. The project provides Satisfactory Assurance that there is compliance with the Public Spending Code.

Payment and Availability Agreements with Approved Housing Bodies

The Payment and Availability Programme is shown on the 2019 inventory as revenue spend that is being incurred.

Meath County Council currently has 2024 applicants approved for social housing support (April 2020). This figure does not include those currently in receipt of HAP or on the transfer list. Accordingly, as part of the Rebuilding Ireland Action Plan for Housing and Homelessness, Meath County Council, in conjunction with Approved Housing Bodies has been asked to provide 1190 new social units through construction, acquisition (including Part V agreements) and leasing in the period 2018-2021.

The Capital Advance Leasing Facility (CALF) - Payment and Availability (P&A) Programme is one of the main funding mechanisms for the supply of social housing by AHBs. The process was reviewed in 2019 and updated guidance on the future operation of CALF was provided by the Dept. Housing, Planning and Local Government (DHPLG) in July 2019. In 2019, Meath County Council entered into P&A Agreements with several AHBs, resulting in 147 additional dwellings being made available for social housing. Since the CALF Programme commenced Meath County Council has entered into P&A Agreements for circa 463 dwellings throughout the County. The total revenue expenditure incurred for all P&A Agreements in 2019 was €5,610,456.

As part of this in-depth review, Internal Audit reviewed a sample of files where P&A Agreements were commenced in 2019. In the sample reviewed, funding applications were made by AHBs to the DHPLG which included Forms LN008b as completed by AHBs and the Housing Authority. P&A Agreements and P&A Continuation Agreements have been finalised in accordance with the DHPLG funding correspondence and guidelines. P&A payments have been made to the AHBs and have been recouped to the Local Authority by the DHPLG.

Monitoring of compliance with the P&A Agreements is ongoing and the AHBs have provided details of occupancies of dwellings to the Housing Authority. Review of the availability payments is being undertaken in accordance with the provisions of the Payment Review Schedule. It is noted that some units have been subject to an on-site inspection to ensure properties remain in a lettable condition in accordance with the Housing (Standards for Rented Houses) Regulations 2008 (as amended). However, it is recommended that a more robust procedure should be put in place and perhaps these dwellings should form part of the Housing Authority's Rent Inspection Programme.

Does the delivery of the project comply with the standards set out in the Public Spending Code?

Audit Opinion: This opinion was formed by a review of records held on file by the Council's Housing Section and by discussions held with staff that managed this programme. The Payment and Availability Programme provides Satisfactory Assurance that there is compliance with the Public Spending Code.

As part of the Quality Assurance provisions contained in the Public Spending Code, Monaghan County Council is required to carry out an in-depth review on a minimum of 1% of the total value of all Revenue Projects on the PSC Inventory. In relation to Capital Projects, Monaghan County Council must carry out a review on 5% of the Capital Projects listed on the PSC Inventory or 15% over a 3 year period.

In line with these requirements the Internal Audit Unit of Monaghan County Council was assigned the task of completing the in-depth check. For 2019 the Internal Auditor selected the following projects:-

- a) D06 - Community and Enterprise Function
- b) N2 Phase 3 Corracrin to Emyvale Road Improvement Scheme

D06 - Community and Enterprise Function

The Community Section in Monaghan County Council is responsible for supporting and implementing various and wide-ranging community programmes and initiatives within the County. There are a series of priorities and objectives outlined in the Community Sections Annual Service Delivery Plan, which are monitored.

The value Service level D06 on the inventory is €3.3 million and represents 5.40% of the total current expenditure on the inventory. D06 is listed as "Expenditure being incurred". This €3.3 million represents the total of D06 in the 2019 AFS, which comprises of D0601 – General Community & Enterprise Exp, D0602 – RAPID costs, D0603 – Social Inclusion and D0699 – Service Support Costs.

In conducting the 'In Depth Check', Internal Audit Staff had meetings with staff from the Community and Enterprise Section, they viewed a number of key documents and they discussed a sample of data available in relation to the section overall. Internal Audit also viewed the files for 2 initiatives which were implemented during 2019;

a) Community Alert Scheme

b) The Community Enhancement Scheme.

Based on the information provided during the course of this review, Internal Audit is of the opinion that the Community and Enterprise Section is generally compliant with the Public Spending Code requirements for this revenue code. However, Internal Audit noted that there is room for improvement. Internal Audit has made 5 recommendations in its report. These, together with a number of recommendations from the LG Auditor that have already been agreed for implementation in the 2020 Community Enhancement Programme, will contribute to strengthening compliance with the PSC.

N2 Phase 3 Corracrin to Emyvale Road Improvement Scheme

This project is listed under 'Capital Expenditure being incurred' on the inventory and has a value of €13,000,000. The 'in depth check' on this projects means that an in depth review has now been carried out on 15.65% of the value of the project inventory over the last 3 years.

The main objective of the project was to improve the existing substandard horizontal and vertical alignment and cross section of the existing road. The road improvements have seen the road upgraded to an acceptable standard to cater for national primary route traffic.

In conducting the 'In Depth Check', Internal Audit Staff viewed and examined a sample of relevant documents, had meetings with staff from the Roads Section to discuss the project and any issues found.

Based on the information provided during the course of this review, Internal Audit is of the opinion that the project is generally compliant with the Public Spending Code requirements. However, Internal Audit noted that there is room for improvement.

Offaly County Council

The following details the in-depth checks which were carried out in Offaly County Council as part of the Public Spending Code. The Internal Audit Unit of OCC undertook these reviews.

The following projects were selected for in-depth review:

- Current Expenditure Programme: 'Being Incurred' 'Rural Water Programme', €1,450,000
- Capital Project: 'Being Considered' 'Edenderry Library and Arts Space €9,000,000.

An overall 'Satisfactory Assurance' rating of compliance with the Public Spending Code was assigned following the reviews.

The Guidance Document issued for the Local Government Sector sets out the criteria for in-depth checks as follows:

- Capital Projects: Projects selected must represent a minimum of 5% of the total value of all capital projects on the project inventory.
- Revenue Projects: Projects selected must represent a minimum of 1% of the total value of all revenue projects on the project inventory.

This minimum is an average over a three-year period (2017-2019).

The table below outlines the percentage of projects subjected to in-depth review over the previous three years. As per the table Offaly County Council is compliant with the rolling percentage requirements.

| Offaly County Council In-depth Checks 2017 - 2019 | | | | | |
|--|----------------|-------------|-------------|-------------|----------------------|
| | | 2017 | 2018 | 2019 | Overall Total |
| Capital | Total Reported | €43.9 | €59.0 | €69 | €171.9 |
| | In-depth Check | €1.5 | €2.3 | €9 | €12.8 |
| | % | 3% | 4% | 13% | 7.4% |
| Revenue | Total Reported | €52.9 | €66.7 | 69.2 | €188.8 |
| | In-depth Check | €0.8 | €0.9 | €1.45 | €3.14 |
| | % | 1.5% | 1% | 2% | 1.66% |
| (All figures in Millions) | | | | | |

South Dublin County Council

The following section details the in-depth checks which were carried out by South Dublin County Council's Internal Audit Unit as part of the Public Spending Code Quality Assurance process.

The purpose of the in-depth review is to provide an independent opinion on the level of assurance in relation to compliance with the code. The objective is to review a subset of projects to assess if structures in place are operating at a high standard. The scope of the reviews was aligned with the criteria set out in the code. The value of the projects selected for an in-depth review each year must follow these criteria:

- Capital Projects: Projects selected must represent a minimum of 5% of the total value of all capital projects over a three year period
- Revenue Projects: Projects selected must represent a minimum of 1% of the total value of all revenue projects over a three year period

The volume of the in-depth checks over the three years 2017 to 2019 is in keeping with this requirement i.e. 1.7% for revenue checks carried out and 8.8% for capital checks carried out.

The projects subject to in-depth checks for 2019 and a summary of the in-depth checks are detailed below.

| | | Total Value of In-Depth Checks | Total Value of Projects | % Analysed |
|--|--------------------------|--------------------------------|---------------------------|------------|
| Expenditure Being Considered 2019 | | | | |
| Revenue | Payment and Availability | €7,161,600 | €263,531,221 ¹ | 2.72% |
| Capital | Airlie Park | €9,935,000 | €413,940,700 ² | 2.40% |
| | Innovation Centre | €7,800,000 | €413,940,700 ² | 1.88% |

¹ Public Spending Code Inventory Appendix 1

² Capital Programme 2019-2021

Summary of In-Depth Check 1

An in-depth check on the overall budget increase of €7,161,600 in Service Area A07, subservice A0703 Payment & Availability, was carried out to assess compliance with the standards set out in the Public Spending Code.

The number of new Payment & Availability units and scheduled rent reviews substantiated the basis for the revenue increase in this area. However, the business template including analyses should have been completed.

An overall satisfactory rating has been assigned to this review

Summary of In-Depth Check 2

Airlie Park was reviewed for compliance with the Public Spending Code at the stage of “expenditure under consideration”. Internal Audit is satisfied that the delivery of the project to date substantially complies with the standards set out in the code; strong controls are in place to ensure compliance and these standards should be maintained throughout the remaining stages of the project.

Summary of In-Depth Check 3

The Enterprise/Innovation Centre was reviewed for compliance with the Public Spending Code at the stage of “expenditure under consideration”. Internal Audit is satisfied that the delivery of the project to date complies with the standards set out in the code.

Sligo County Council

Capital Project – Peace IV Programme

The PEACE IV Programme is a cross-border initiative, financed through the European Union and managed by the Special EU Programmes Body (SEUPB). It is designed to support peace and reconciliation in Northern Ireland and the Border Region of Ireland. The Programme also contributes to the promotion of social and economic stability, in particular through actions to promote cohesion between communities.

As Lead Partner, Sligo County Council is responsible for the delivery of the PEACE IV action plan which promotes peace and reconciliation in the County the overall budget for the programme is €979,395. The plan focuses on three key themes: ‘Children and Young People’, ‘Shared Spaces and Services’ and ‘Building Positive Relations’.

Delivery of the programme is governed by the terms of the Letter of Offer, Conditions of Grant and Programme Rules. Each stage from design to delivery is subject to checking and approval and a post project report will be prepared.

Overall, the Peace IV programme which was reviewed is substantially in compliance with the requirements of the Public Spending Code.

Tipperary County Council

The following table summarises the projects selected for in-depth review over the next 3 years as a % of the capital and revenue project inventories:

| QA Year under review | Total Capital Project Inventory | Total Revenue Project Inventory | Value of Capital Projects selected for In-depth review | Value of Revenue Projects selected for In-depth review | % of Projects Selected of Total Capital Inventory | % of Projects Selected of Total Revenue Inventory |
|---------------------------|---------------------------------|---------------------------------|--|--|---|---|
| | €m | €m | €m | €m | % | % |
| 2019 | 301.86 | 179.79 | 18.28 | 1.07 | 6% | 0.6% |
| 2020 | | | | | | |
| 2021 | | | | | | |
| Total over 3 years | 301.86 | 179.79 | 18.28 | 1.07 | 6% | 0.6% |

The Public Spending Code states that over a 3 – 5 year period all stages of the project life cycle and every scale of project should have been included in the in-depth check. The table below sets out the programmes groups that have been sampled over the 2016 – 2019 period:

| QA: Year under review | Value of Capital Projects selected for In-depth review | Programme Group |
|---------------------------|--|---|
| | €m | |
| 2016 | 2.3 | Housing & Environment |
| 2017 | 6.0 | Economic Development |
| 2018 | 19.03 | Municipal District, Library Service & Roads |
| 2019 | 18.28 | Recreation and Amenity & Emergency Services |
| Total over 4 years | 45.61 | |

Internal Audit independently selected five projects, four capital and one revenue, from the Project Inventory having regard to the value of the projects, the spending department within the Local Authority and the stage which the project was at during 2019 in order to have a good range of project types and scales to review. The projects selected for in-depth review were as follows:

- Capital Project- Regeneration of Kickham Barracks - €6,120,000
- Capital Project- Clonmel Regional Sports Hub- €8,162,174
- Capital Project- New Fire station Cashel- €1,500,000
- Capital Project- Aherlow/Tipperary Town Greenway - €2,500,000

- Revenue Programme- Administration of Homeless Service - €1,066,810

The in-depth checks were carried out by the Internal Audit unit of TCC in July/August 2019. The following summaries the in-depth checks, including internal audit opinion, any recommendations made and managements response to these recommendations:

1. Capital Project: Regeneration of Kickham Barracks - €6,120,000- Capital expenditure being incurred- €6,120,000

The objective of this project (Phase I & II) is to redevelop the Kickham Barracks site into an educational, cultural and civic quarter for Clonmel. The files in respect of the appraisal and preliminary stages of this project present a clear audit trail of the project from inception to its current status. It is Internal Audits opinion that the documentation provides satisfactory assurance that there is compliance with the Public Spending Code.

2. Capital Project: Clonmel Regional Sports Hub - Capital expenditure being considered- €8,162,174

The provision of a Regional Sports hub is part of an overall plan 'Clonmel 2030 Transformational Regeneration' which is a multi-dimensional, public/private/community partnership. The site will be developed as a top class regional sports hub providing shared facilities for local and regional clubs, schools, groups and the public, and will address a deficit in the town. The overall objective of this project is to provide state of the art sports facilities for the town and region to meet the requirements of existing clubs and citizens and the need to improve the attractiveness of Clonmel as a place to live, work and invest.

Internal Audit are satisfied that the project objectives were clearly defined and that the needs that are to be met are outlined. The evaluation and appraisal process undertaken by management with regard to this project appear to have aided good decision making. Internal Audit recommend that TCC:

1. Draft a memo which clearly identifies the roles and responsibilities of the various partners, specifically TCC and LIT. TCC need to ensure that expenditure is being incurred in accordance with the principles of the URDF and the Public Spending Code. Assurance may need to be sought by TCC from LIT that expenditure is being incurred and the project is being delivered in accordance with the principles of the URDF, CWMF and the Public Spending Code.
2. Address any data gaps so that a post project evaluation could take place at a later date.
3. Consider the scale of appraisal required for all capital projects and ensure that the scale of the appraisal is in line with the requirements of the Public Spending Code.
4. Ensure that the facilities agreement between LIT and TCC is finalised and signed before any works commence.

Management Response :

1. (a) The Facilities Agreement (which is in draft format) governs the delivery and operational phases of the project. To supplement this, a memo will now be placed on file identifying the roles/responsibilities of the main project partners, specifically TCC and LIT, in terms of managing the various aspects of the project.

(b) Assurance has already been sought by TCC from LIT in respect of expenditure recouped to date. Going forward, future invoices from LIT will require to be confirmed/certified as:

- relating solely to the Regional Sports Hub project approved for URDF support;
- being in respect of vouched expenditure incurred by LIT;
- having been the subject of an appropriate procurement process by LIT; and
- having been incurred in accordance with the provisions of the Public Spending Code.

2. Work on data gathering will be undertaken once the construction phase begins so that a post project evaluation can take place at a later date (example of data will be membership levels in the various clubs involved, etc).

3. A multi-criteria analysis was not carried out as the original project estimate was <€5m. The overall URDF application form and accompanying document submitted to the Department in September 2018 contained many elements of what would be seen in a dedicated appraisal report, for example Need/Rationale, Outcomes, Financial Appraisal, Viability, etc. It is worth noting that the application process was amended by the Department for the URDF Round 2 Call in 2020 to more coherently accord with PSC appraisal requirements, for example, the completed application form now represents the PSC's Strategic Assessment stage.

4. Work on finalising the Facilities Agreement between LIT and TCC continues and it will be signed before construction works commence.

3. Capital Project: New Fire Station Cashel - Capital expenditure being considered- €1,500,000

The objective of this project is to provide a fit for purpose fire station to allow for the speedy response of a fire brigade to incidents. The files in respect of the appraisal and preliminary stages of this project present a clear audit trail of the project from inception to its current status. It is Internal Audits opinion that the documentation provides satisfactory assurance that there is compliance with the principles of the Public Spending Code.

4. Capital Project: Aherlow/Tipperary Town Greenway - Capital expenditure being considered- €2,500,000

This project is "being considered" since 2017. The project objectives have not yet been defined although some initial appraisal work has been undertaken. As the project is still at an early stage, only the preliminary work carried out so far can be reviewed in terms of the Public Spending Code. Based on the preliminary work carried out to date this project complies with the broad principles of the Public Spending Code. Internal Audit may decide to revisit this project as part of future Quality Assurance Step 4 reviews should the project progress after an appraisal have been completed.

Internal Audit reminded the Project Owner of the requirements of the Public Spending Code and the need for compliance with same.

5. Revenue Programme: Administration of Homeless Services - Revenue Expenditure - €1,066,810

The aim of this programme/ service is to reduce the need for the use of emergency accommodation to meet the needs of those presenting as homeless and ultimately provide housing stability for individuals and families experiencing homelessness. Internal Audit noted there is regular and effective monitoring in place over expenditure by Housing with regard to the administration of the homeless service and as a result conclude that there is satisfactory compliance with the requirements of the Public Spending Code in relation to this current expenditure.

Waterford City & County Council

The project/areas chosen were as follows:

Current:

- €1,271,176 – LEO Measure 1 and Measure 2 supports (2019)

Capital:

- €2,443,379 - Construction of 12 no. housing units at Coolfin, Portlaw, Co. Waterford
- €9,000,000 - Acquisition of 40 no. units at The Walk, Fairfield Park, Kilcohan, Waterford under the Accelerated Capital Advance Programme by Circle Voluntary Housing Association
- €9,959,000 - Acquisition of 55 no. housing units at Knights Grange, Lacken Road, Waterford

Purpose, Objectives & Scope

The purpose of the review was to provide an opinion on compliance with the Public Spending Code. The expenditure was examined in order to assess if the practices implemented are of a high standard.

The scope of the audit included a review of compliance with the Public Spending Code.

The total value of projects/expenditure included in the 2019 Report for Waterford City & County Council is €408,835,283.

The current expenditure project selected value of €1,271,176 represents 0.91% of the total current expenditure projects value of €139,757,594 on the inventory.

The capital projects selected value of €21,403,379 represents 7.95% of the total capital projects value of €269,077,689 on the inventory.

Methodology

No methodology for the completion of the in depth review/check is prescribed in the Circular. As a result the decision has been taken to apply methodology used in the preparation of Internal Audit reports within the Council.

These include the following;

- Expenditure data to date was extracted from the Financial Management system Agresso.
- Communication with Senior Staff within the relevant departments.
- The examination of any procedures and policies that are currently in place.
- Supporting files and documentation were examined.
- Relevant departmental circulars and legislation were also examined.

Current expenditure project: Local Enterprise Office (LEO) Measure 1 and Measure 2 – 2019

Background

LEO Waterford is one of 31 such Local Enterprise Offices established in 2014 after the dissolution of the previous County and City Enterprise Boards and acts as a “First Stop Shop” for the enterprise and business community in Waterford and for anyone seeking information and support on starting or growing a business. Its role is to drive the development of local enterprise and to support entrepreneurship, putting local micro and small business at the heart of job creation. Whether it is via direct financial support or through the provision of information, advice, mentoring or training or by hosting events or by delivering a variety of enterprise and training programmes, the key objectives are to support business start-ups and business expansions as well as to support a culture of entrepreneurship in Waterford. Ultimately, the primary objective of the LEO is the creation and retention of high quality, sustainable jobs through supporting client businesses and entrepreneurs.

This document reviews two supports administered by LEO Waterford. Measure 1 – direct financial support and Measure 2 provides for general development such as training, mentoring and support.

Audit Opinion

From Internal Audits review of the programme documentation and through communication with those involved in the programme Internal Audit is satisfied that the programme objectives are clearly defined. All relevant documentation in relation to this programme was available and filed as appropriate for audit trail purposes. There is continuous monitoring and assessment of the programme – both financial and non-financial. There is an independent skilled evaluation and approvals committee in place. Quarterly reporting to Enterprise Ireland including reconciliation to the LA FMS occurs. A comprehensive set of procedure manuals are in place.

Based on Internal Audits review of this programme it appears that this programme complies with the principles of the Public Spending Code

Project Status

31 clients secured Measure 1 (financial support) to the value of €703,315 in 2019. During 2019, 2,144 Measure 2 clients received support to the value of €567,861. Work is ongoing within the Local Economic Office with regard to all elements of this programme in conjunction with Enterprise Ireland. Publicising the services available, reviewing applications for Measure 1 clients, checking eligibility, reconciliation/preparation of the quarterly drawdown reports, support the Evaluation and Approvals committee. For Measure 2 supports ensuring panels of trainers and mentors are in place. Organising and publicising training and other related events.

Recommendations

Due to the restrictions and challenges presented by the Covid-19 pandemic rescheduling of review meetings with the relevant stakeholders should now be rescheduled. The LEO team had to develop new ways of delivering their services and meeting objectives throughout the restrictions. Procedure manuals should be updated to reflect the changes in work practices that have been put in place during the pandemic.

Capital Project No. 1: Construction of 12 no. housing units at Coolfin Woods, Portlaw, Co. Waterford

Background

The housing construction development at Coolfin Woods, Portlaw, Co Waterford delivered 12 no. social housing units during 2019 (6 no. three bed two storey dwellings and 6 no. two bed bungalow dwellings). These properties help address some of the demand for social housing identified by Waterford City and County Council through the housing needs assessment. The Council acquired land for this development in 1982. The scheme has been successful and provided 12 no. housing units in what was previously a green field site adjacent to an existing housing estate. All units are allocated and occupied.

Audit Opinion

From review of the files and through communication with those involved in the project, Internal Audit is satisfied that the project objective was clearly defined and that the needs that were to be met were outlined. All relevant documentation in relation to this project was available and filed as appropriate for audit trail purposes. This project complies with the principles of the Public Spending Code.

Project Status

The scheme has been successful and provided 12 no. housing units in what was previously a green field site adjacent to an existing housing estate. All units are allocated and occupied.

Recommendations

With regard to the post project review report Internal Audit notes that additional areas may be included which would enhance future reviews. Possible additional areas to be included are referenced in Circular SHIP 2010/12 Appendix D and CWMF Pillar 4 – GN 4.1 - Project Reviews. Lessons learned etc could be noted in the post project review for the benefit of future projects.

Capital Project No. 2: Acquisition of 40 no. units at The Walk, Fairfield Park, Kilcohan, Waterford under the Accelerated Capital Advance Programme by Circle Voluntary Housing Association

Background

This project relates to the acquisition (turnkey) of 40 no. units (3 bed houses) at The Walk, Fairfield Park, Kilcohan, Waterford under the capital advance programme by Circle Voluntary Housing Association (CVHA) for social housing use. Total cost of the scheme is €9,000,000.

Audit Opinion

From review of the files and through communication with those involved in the project, Internal Audit is satisfied that the project objective was clearly defined and that the needs that were to be met were outlined. All relevant documentation in relation to this project was available and filed as appropriate for audit trail purposes. Based on Internal Audits review this project complies with the principles of the Public Spending Code.

Project Status

This project is due to be finalised in 2020.

Recommendations

The requirements of the Public Spending Code were complied with at all completed stages of the project. There is sufficient data for a post project review to be completed on this project

Capital Project No. 3: Acquisition of 55 no. housing units at Knights Grange, Lacken Road, Waterford (Turnkey)

Background

The acquisition of 55 no. housing units at Lacken, Waterford project is categorised under Capital Expenditure recently ended in 2019. Although the project is approved for 55 no. housing units the project has been split into a number of phases. Phase 1 and 2 delivering 34 no. housing units in 2019 with the remaining units due to be completed in 2020.

Audit Opinion

After reviewing available information it can be concluded that this project complies with the principles of the Public Spending Code. Outlined below are the reasons as to why this conclusion can be drawn:

- The project timeline provides evidence that this project has been identified in various policies/plans over a period of time.

- The Council's Capital assessment and recommendation document outlines the need, the options reviewed to meet this housing need.
- Value for Money was demonstrated through the independent valuation process for these properties.
- The appropriate claim and recoupment process was evident during the review process.
- The Council's systems will enable a full evaluation to be made at a later date.
- Houses completed in Phase 1 & 2 have been allocated to Council tenants.

Project Status

This project is due to be completed in 2020.

Recommendation

A post project review should be carried out after the project has been completed to evaluate if the project objectives have been met. This would determine if the project was managed well and if anything could be done differently or better for future projects.

Westmeath County Council

In July/August 2020 the Internal Audit Unit of Westmeath County Council carried out an in-depth check of three projects in order to determine if Westmeath County Council is in compliance with Circular 13/13 'The Public Spending Code: Expenditure Planning, Appraisal & Evaluation in the Irish Public Service – Standard Rules & Procedures'.

A review of the three projects was completed to assess the level of compliance with the Code through a more detailed analysis.

The projects chosen, set out below, were:

| Local Authority | Expenditure being considered | | | | | Expenditure being incurred | | |
|---|------------------------------|---|-----------|--|--|----------------------------|-----------------------|------------------|
| | Current | Capital | | | | > €0.5m | | |
| | > €0.5m | Capital Grant Schemes 100% funded by LA > €0.5m | | Capital Projects 100% funded by Gov. Grant | | Current Expenditure | Capital Grant Schemes | Capital Projects |
| | | €0.5 - €5m | €5 - €20m | €20m plus | | Refer to Notes | Refer to Notes | |
| Westmeath County Council | | | | | | | | |
| Housing & Building | | | | | | | | |
| Acquisition of 12 Housing Units at Cloonlara. | | | | | | | | €2,9m |
| Development Management | | | | | | | | |
| Blackhall Regeneration Project | | | | | | | | €3.2m |
| D09 – LEO Measure 2 | €0.5m | | | | | | | |

URDF 130 Blackhall, Mullingar

Technical assistance and active land management is required to develop and implement an overall project for the comprehensive regeneration and redevelopment of the southwest quadrant of Mullingar's urban core (Blackhall) into a dynamic urban quarter that will capitalise and extend upon the

commercial and civic potential of Mullingar. These strategically located lands comprise a stated area of 2.86ha. The project is transformative as it will create a new coherent urban structure with distinct identity, dramatically enhancing the town's profile so that it becomes a desirable urban destination for residents, workers and visitors alike.

The project is funded under the Urban Regeneration and Development Fund (URDF). It is 75% funded from the DHPLG and Westmeath County Council are providing 25% matched funding.

Summary of In-Depth Check

This project is at an early stage with technical consultants about to be appointed to carry out the Urban Design and Economic led Masterplan. However, as the land has been acquired by Westmeath County Council significant expenditure has been incurred. The technical consultants are being procured on eTenders as is required and an independent valuation was secured in relation to the site purchase. Governance is particularly strong with a Project Manager, Advisory Group and Regeneration Project Team set up in order to progress the project. Regular reports are submitted to the Advisory Group and the Chairperson of that body report to the Management Team and Chief Executive. Having carried out the in-depth check on the project it is my opinion that the project is substantially in compliance with the Public Spending Code.

D09 – Local Enterprise Office (LEO) - Measures 2

Westmeath County Council's Local Enterprise Office offers a range of training and mentoring developing supports to help new and existing micro enterprise to start and develop their business. It also rolls out national initiatives as set by Enterprise Ireland and the LEO Network such as national competitions and initiatives to promote their business and opportunities to take part at prospective meet the buyer events. In addition, it hosts several seminars and events to actively encourage networking among clients and across counties. Seminars and events are also scheduled to allow LEO to promote its offering and to promote the grants and initiatives we have available to Small and Medium Sized Enterprises.

Summary of In-Depth Check

This in-depth check focussed on the activities of LEO measure 2 which essentially provides for training and mentoring for new and existing micro enterprises. Budgetary control and monitoring are particularly strong with a senior staff member responsible for implementation of the programme. There is significant liaison between staff within LEO and Enterprise Ireland. Furthermore, the objectives of the programme are very clear to all staff. Data gathering and retention is facilitated by the LEO Grant Maintenance System (GMIS) and all relevant documentation will be retained for 7 years in accordance with European Guidelines. The activities are therefore broadly in line with the principles of the Public Spending Code. I have recommended a slight change in how budgets should be assigned in order to improve reporting and to link the budget to the activity.

Acquisition of 12 no. Houses at Cloon Lara

The project is to provide for the delivery of 12 no. new housing units at Cloon Lara, Mullingar, Co. Westmeath. The houses are to be delivered through the 'Turnkey' mechanism under Re-building Ireland. In the case of this project, the developer made an expression of interest to Westmeath County Council to consider 12 housing units as 'Turnkey' Social housing. Following consideration, Westmeath County Council deemed the project suitable for social housing and entered into an agreement for the delivery of the housing units, following approval from DHPLG.

Summary of In-Depth Check

The acquisition of 12 no. housing units at Cloon Lara was carried out in accordance with DHPLG guidelines and protocol and there was regular liaison between WCC and the Department throughout the process. The budget allocated by the Department was the final sum paid to the developer, so the project was on target. Documents relating to the procurement and appraisal carried out are available, along with financial data from Agresso and all correspondence with the Department. I have recommended an in-house review in order that learning from the process be passed on to all housing personnel. In my opinion, based on the in-depth review, the project was broadly in compliance with the principles of the Public Spending Code.

Wexford County Council

| Projects selected for In Depth Review | | | | | |
|--|------------------|--|----------------|------------------|----------------|
| No | Section | Project | Cap/Rev | Stage | Value € |
| 1. | Special Projects | Trinity Wharf Project | Capital | Being Considered | 28.16M |
| 2. | Housing | 10 House Scheme, Slippery Green, Wexford | Capital | Being Incurred | 2.35M |
| 3. | Roads | New Ross Flood Relief Scheme | Capital | Recently Ended | 3.875M |
| Total | | | | | 34.385M |

The objectives of this review were as follows:

- To provide an independent professional opinion on compliance with the Public Spending Code and more specifically, the quality of the appraisal, planning and implementation of work done within each programme. The projects were examined in order to assess if the practices implemented are of a high standard.
- The scope of the audit included a review of compliance with the Public Spending Code within each of the selected projects.
- Projects selected for in depth review comprise a representative sample from Projects at all stages of the life cycle. Priority was given to projects which were potentially higher risk. The value of capital projects selected for in depth review should be at least 5% of the total value of all capital projects on the project inventory and, the value of revenue projects selected for in depth review should be 1% of the total value of revenue projects on the project inventory. This minimum is an average calculated over a three year period. The total value of all projects selected in respect of 2014 to 2018 and the average percentages over a three year period are shown below:

Inventory and Selected Project Values 2014-2019 (€M)

| YEAR | INVENTORY VALUE | | TOTAL | SELECTED PROJ.S. | | % SELECTED | | AVG. % 3 YRS | |
|------|-----------------|---------|---------|------------------|---------|------------|---------|--------------|---------|
| | CAPITAL | REVENUE | | CAPITAL | REVENUE | CAPITAL | REVENUE | CAPITAL | REVENUE |
| 2014 | €100.10 | €100.60 | €200.70 | €11.70 | €0.00 | 11.69% | 0% | | |
| 2015 | €127.31 | €97.27 | €224.58 | €50.67 | €0.00 | 39.80% | 0% | | |
| 2016 | €208.75 | €95.96 | €304.71 | €13.00 | €6.03 | 6.23% | 6.28% | 19.24% | 2.09% |
| 2017 | €339.90 | €101.97 | €441.87 | €2.00 | €1.40 | 0.59% | 1.37% | 15.54% | 2.55% |
| 2018 | €406.04 | €110.60 | €516.64 | €12.30 | €0.00 | 3.03% | 0.00% | 3.284% | 2.55% |
| 2019 | €528.26 | €113.10 | €641.36 | €34.385 | €0.00 | 6.51% | 0.00% | 3.377% | 0.46% |

Given the outcome of the various reviews set out in the table below, it is our opinion that in general there is satisfactory compliance with the Public Spending Code within Wexford County Council.

The following table summarises the results of our work.

| | Project Reviewed | Compliance | Recommendations |
|---|---|--------------|-----------------|
| 1 | Trinity Wharf Project | Satisfactory | 0 |
| 2 | 10 House Scheme, Slippery Green Wexford | Satisfactory | 0 |

| | | | |
|---|------------------------------|--------------|---|
| 3 | New Ross Flood Relief Scheme | Satisfactory | 0 |
|---|------------------------------|--------------|---|

Wicklow County Council

The following section details the in-depth checks which were carried out in Wicklow County Council as part of the Public Spending Code. As recommended by NOAC in their Local Authority Quality Assurance Report 2017 (NOAC Report No. 20 – October 2018), inventory totals and percentages have been adjusted for 2017, 2018 and 2019 to include legacy road schemes which were previously included in the Inventory but not included for calculation purposes in the in-depth checks. The in-depth analysis of Wicklow County Council's inventory is detailed below:

| Year | Inventory Value | Inventory Value | Inventory Value | Selected Projects Value | Selected Projects Value | % Selected | % Selected |
|----------------|-----------------|-----------------|-----------------|-------------------------|-------------------------|----------------|----------------|
| | Total | Capital | Current | Capital | Current | Capital | Current |
| 2017 | €579,079,504 | €489,418,558 | €89,660,946 | €11,263,683 | €2,169,971 | 2.30% | 2.42% |
| 2018 | €759,620,055 | €663,803,344 | €95,816,711 | €66,386,529 | €1,473,113 | 10.00% | 1.53% |
| 2019 | €890,617,723 | €797,285,569 | €93,332,154 | €27,634,774 | €1,387,214 | 3.5% | 1.49% |
| 3 Years | €2,229,317,282 | €1,950,507,471 | €278,809,811 | €105,284,986 | €5,030,298 | 5.4% | 1.80% |

| Year | Spend | Project | Status |
|------|---------|--|------------------------------|
| 2017 | Capital | Emoclew Road Housing Scheme | Expenditure being incurred |
| | Current | Public Lighting | Expenditure being incurred |
| 2018 | Capital | Wicklow Port Access & Town Relief Road | Expenditure being incurred |
| | Capital | Coastal Erosion Protection Works | Expenditure being considered |
| | Capital | Part V Turnkey Housing | Expenditure recently ended |

| | | | |
|------|---------|------------------------------|------------------------------|
| 2019 | Current | Housing Grants | Expenditure being incurred |
| | | | |
| | Capital | Kilbride Lane Housing Scheme | Expenditure being incurred |
| | Capital | Baltinglass Fire Station | Expenditure being considered |

Wicklow County Council's Internal Audit Unit was assigned the task of completing the in-depth checks. Projects were selected from the inventory having regard to the various stages of the life cycle and the values of the projects listed. The selected projects, levels of compliance and number of recommendations per project are summarised in the following table:

| Compliance Levels | | | |
|--------------------------|---|------------------------------------|------------------------------|
| | Project Reviewed | Compliance | Total Recommendations |
| 1 | <i>Kilbride Lane Housing Scheme</i> | Substantial Assurance | 2 |
| 2 | <i>Baltinglass Fire Station</i> | N/A : Too early to rate compliance | 0 |
| 3 | <i>Administration of Homeless Service</i> | Substantial Assurance | 2 |
| 4 | Turnkey acquisition At Vale Road, Arklow | Substantial Assurance | 2 |