

Sligo County Council

Public Spending Code Quality Assurance Report for the Year Ended 31st December 2015

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1. Introduction

Circular 13/13: *“The Public Spending Code: Expenditure Planning, Appraisal & Evaluation in the Irish Public Service-Standard Rules & Procedures*, came into effect in September 2013. The objective of the code is to ensure that the state achieves best value for the resources it has at its disposal. The Code covers all bodies in receipt of public funding, including Local Authorities. Each Authority is required to publish an annual report, signed by the Chief Executive, following the completion of a Quality Assurance process. This report is the “Public Spending Code-Quality Assurance Report” for Sligo County Council for the year ended 31st December 2015.

2. Format of Report

The Public Spending Code sets out five steps in the Quality Assurance Process, as follows:

1. Compilation of a list of all projects/programmes, at the different stages of the Project Life Cycle, with an anticipated cost in excess of €500,000 (“Project Inventories”). This list of Capital and Current Expenditure schemes/programmes are further classified under the categories of:
 - Being considered
 - Being incurred
 - Recently ended
2. Where there are procurements in excess of €10m, relating to projects in progress or completed in the year under review, the Authority should publish summary information on its website.
3. Completion of checklists included in the Code.
4. Conduction of an in-depth check on a sample of projects/programmes, to cover at least an annual average of 5% of total inventory values, over a three year rolling period.
5. Preparation and submission of a short report to NOAC, summarising the information covered in steps 1-4 of the Quality Assurance process. The report is to be signed by the Chief Executive and be published on the authority’s website.

3. Inventory of Projects/Programmes (Step 1 of QA Process)

Appendix 1 sets out the inventory of Sligo County Council, for the year ended 31st December 2015. The current expenditures, capital grant schemes and capital projects are categorised under the three phases of:

- Expenditure being considered
- Expenditure being incurred
- Expenditure recently ended

Expenditure “being considered” is further analysed by total project cost as follows:

- Between €0.5m - €5m
- Between €5m - €20m
- Greater than €20m

Expenditure being considered

This heading includes expenditure for capital projects and grant schemes that are or were under consideration during the year and new current expenditure programmes/extensions to existing programmes, with annual expenditure greater than €0.5m per annum. Capital projects “under consideration” include those at appraisal and planning and design phases.

Expenditure being incurred

This covers capital projects that are at the implementation stage, capital grant schemes that are incurring expenditure and current expenditure schemes or programmes that are incurring expenditure.

Expenditure recently ended

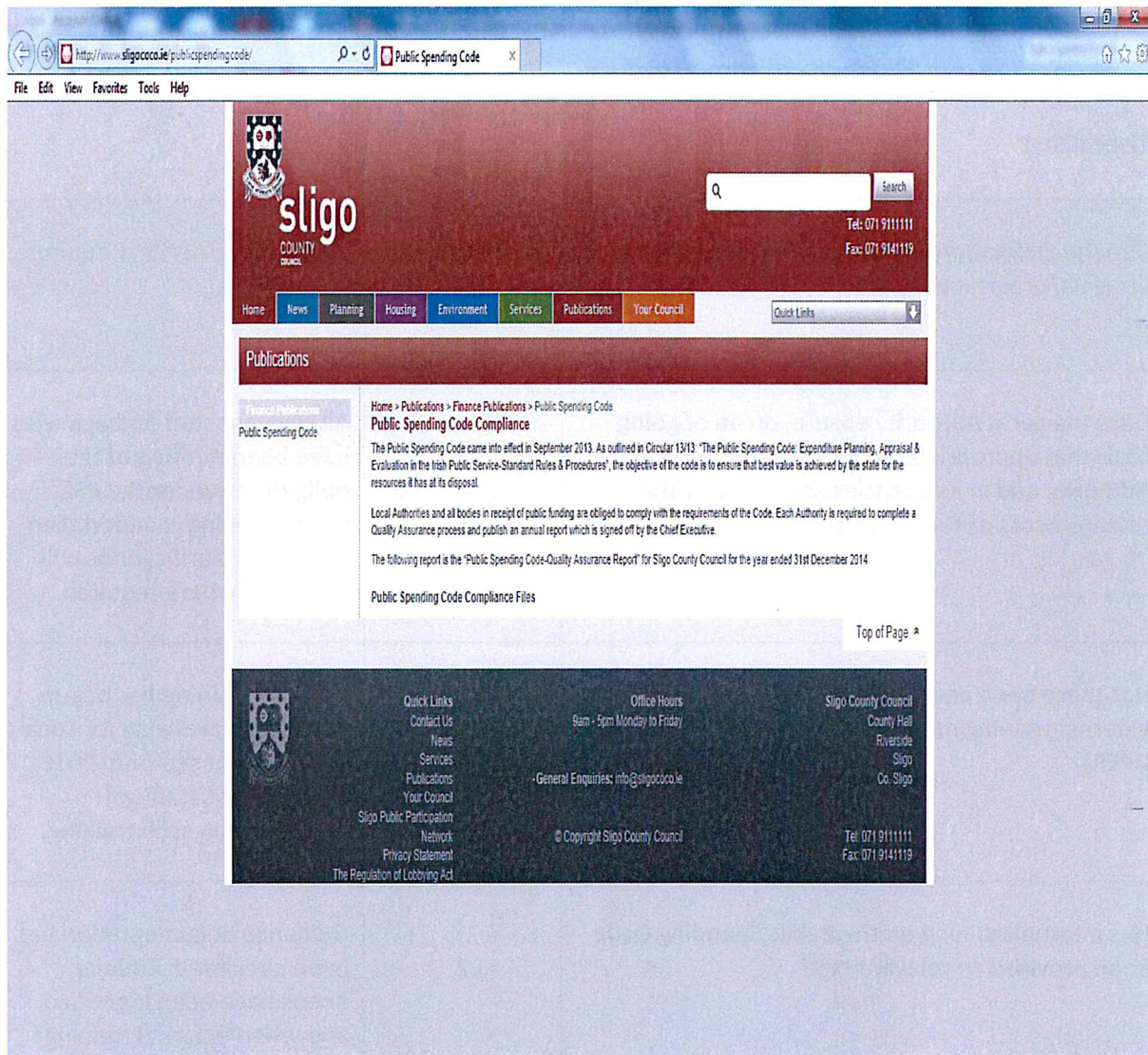
This includes Capital Projects that were completed in the year, capital grant schemes that were completed/discontinued and current expenditure schemes or programmes that were completed/discontinued.

The total inventory value for Sligo County Council for the year ended 31st December 2015 is €310.2M.

4. Published Summary of Procurements (Step 2 of QA Process)

Sligo County Council will publish its Quality Assurance Report and details of procurements in excess of €10m, for 2015 inventories, on its website at the following link:

<http://www.sligococo.ie/publicspendingcode/>



The Authority will continue to update the information as new relevant procurements arise.

5. Assessment of Compliance (Step 3 of QA Process)

The following high level checklists have been completed by the Authority:

1. General Obligations not specific to individual projects/programmes
2. Capital Projects/Capital Grant Schemes being considered
3. Current Expenditure being considered
4. Capital Expenditure being incurred
5. Current Expenditure being incurred
6. Capital Expenditure completed
7. Current Expenditure completed

Checklist 1

General Obligations not specific to individual projects/programmes	Self-Assessed Compliance Rating: 1 – 3	Discussion/Action Required
Does the Local Authority ensure, on an ongoing basis that appropriate people within the Local Authority and in its agencies are aware of the requirements of the Public Spending Code?	2	All relevant staff and agencies have been notified of their obligations under the PSC. When training is undertaken additional clarifications will be issued where required.
Has there been participation by relevant staff in external training on the Public Spending Code (i.e. DPER)	2	External training has begun to become available for Local Government sector in 2016 and relevant staff will participate in such training.
Has internal training on the Public Spending Code been provided to relevant staff	2	Guidance documentation has been circulated. Training needs have been identified and when external training occurs the relevant information will be circulated to staff.
Has the Public Spending Code been adapted for the type of project/programme that your Authority is responsible for? i.e. have adapted sectoral guidelines been developed?	3	Yes. A guidance document has been developed for the QA adapting the PSC to Local Government structures and approach.

Has the Local Authority in its role as Sanctioning Authority satisfied itself that agencies that it funds comply with the Public Spending Code?	N/A	Authority is not a Sanctioning Agency
Have recommendations from previous Quality Assurance exercises (incl. Old Spot-Checks) been disseminated, where appropriate, within the Local Authority and to your agencies?	3	Recommendations are notified to relevant parties for review and application
Have recommendations from previous Quality Assurance exercises been acted upon?	2	Recommendations are reviewed by relevant parties
Has an annual Public Spending Code Quality Assurance Report been submitted to NOAC?	3	2015 report submitted
Was the required sample subjected to a more in-depth Review i.e. as per Step 4 of the QA process?	3	Yes the required sample > 5% of total inventory was subjected to an in-depth review
Has the Chief Executive signed off on the information to be published to the website?	3	Yes, CE has signed off on the information for publication.
Self-Assessed Ratings: 1 - Scope for significant improvements, 2 - Compliant but with some improvement necessary, 3 - Broadly compliant		

Checklist 2: - to be completed in respect of **capital projects or capital programme/grant scheme** that is or was **under consideration** in the past year.

Capital Expenditure being considered – Appraisal and Approval	Self-Assessed Compliance Rating: 1 – 3	Comment/Action Required
Was a Preliminary Appraisal undertaken for all projects > €5m	3	
Was an appropriate appraisal method used in respect of each capital project or capital programme/grant scheme?	3	

Was a CBA/CEA completed for all projects exceeding €20m?	3	Yes, where required.
Was the appraisal process commenced at an early stage to facilitate decision making? (i.e. prior to the decision)	3	
Was an Approval in Principle granted by the Sanctioning Authority for all projects before they entered the Planning and Design Phase (e.g. procurement)?	3	
If a CBA/CEA was required was it submitted to the CEEU for their view?	2	Was approved through the relevant funding Authority
Were the NDFA Consulted for projects costing more than €20m?	2	Was approved through the relevant funding Authority
Were all projects that went forward for tender in line with the Approval in Principle and if not was the detailed appraisal revisited and a fresh Approval in Principle granted?	2	
Was approval granted to proceed to tender?	3	
Were Procurement Rules complied with?	2	Yes sample audit checks should be conducted to verify compliance
Were State Aid rules checked for all supports?	3	Yes where applicable
Were the tenders received in line with the Approval in Principle in terms of cost and what is expected to be delivered?	2	Where costs were significantly higher re-tenders were issued
Were Performance Indicators specified for each project/programme which will allow for the evaluation of its efficiency and effectiveness?	2	Each project would have budgets and expected outcome defined. Less formality where projects were smaller.
Have steps been put in place to gather the Performance Indicator data?	2	Yes project managers to track and monitor against objectives.
Self-Assessed Ratings: 1 - Scope for significant improvements, 2 - Compliant but with some improvement necessary, 3 - Broadly compliant		

Checklist 3: - New Current expenditure or expansion of existing current expenditure under consideration

Current Expenditure being considered – Appraisal and Approval	Self-Assessed Compliance Rating: 1 – 3	Comment/Action Required
Were objectives clearly set?	No Projects in this Category for 2015	
Are objectives measurable in quantitative terms?	No Projects in this Category for 2015	
Was an appropriate appraisal method used?	No Projects in this Category for 2015	
Was a business case incorporating financial and economic appraisal prepared for new current expenditure?	No Projects in this Category for 2015	
Has an assessment of likely demand for the new scheme/scheme extension been estimated based on empirical evidence?	No Projects in this Category for 2015	
Was the required approval granted?	No Projects in this Category for 2015	
Has a sunset clause been set?	No Projects in this Category for 2015	
Has a date been set for the pilot and its evaluation?	No Projects in this Category for 2015	
Have the methodology and data collection requirements for the pilot been agreed at the outset of the scheme?	No Projects in this Category for 2015	
If outsourcing was involved were Procurement Rules complied with?	No Projects in this Category for 2015	
Were Performance Indicators specified for each new current expenditure proposal or expansion of existing current expenditure which will allow for the evaluation of its efficiency and effectiveness?	No Projects in this Category for 2015	
Have steps been put in place to gather the Performance Indicator data?	No Projects in this Category for 2015	
Self-Assessed Ratings: 1 - Scope for significant improvements, 2 - Compliant but with some improvement necessary, 3 - Broadly compliant		

Checklist 4: - Complete if your organisation had **capital projects/programmes** that were incurring expenditure during the year under review (2015)

Incurring Capital Expenditure	Self-Assessed Compliance Rating: 1 – 3	Comment/Action Required
Was a contract signed and was it in line with the approval in principle?	3	
Did management boards/steering committees meet regularly as agreed?	2	Yes for all large projects, less formal for smaller scale projects
Were Programme Co-ordinators appointed to co-ordinate implementation?	3	
Were Project Managers, responsible for delivery, appointed and were the Project Managers at a suitable senior level for the scale of the project?	3	
Were monitoring reports prepared regularly, showing implementation against plan, budget, timescales and quality?	2	Yes for all large projects, less formal for smaller scale projects
Did the project keep within its financial budget and its time schedule?	2	
Did budgets have to be adjusted?	2	There were a small number of instances where the tender was higher than original budget
Were decisions on change to budgets/time schedules made promptly?	3	
Did circumstances ever warrant questioning the viability of the project and the business case incl. CBA/CEA? (exceeding budget, lack of progress, changes in the environment, new evidence)	2	Change in market conditions and price increases from original scheme budget necessitated the need for review of the business case.
If circumstances did warrant questioning the viability of a project was the project subjected to adequate examination?	3	

If costs increased was approval received from the Sanctioning Authority?	3	Yes Sanctioning Authority approved increased costs where relevant
Were any projects terminated because of deviations from the plan, the budget or because circumstances in the environment changed the need for the investment?	No	
For significant projects were quarterly reports on progress submitted to the MAC (Management Team) and to the Minister?	Yes	
Self-Assessed Ratings: 1 - Scope for significant improvements, 2 - Compliant but with some improvement necessary, 3 - Broadly compliant		

Checklist 5: - For Current Expenditure

Incurring Current Expenditure	Self-Assessed Compliance Rating: 1 – 3	Comment/Action Required
Are there clear objectives for all areas of current expenditure?	3	Annual Budget defines the expenditure for the year
Are outputs well defined?	2	National KPI's set out
Are outputs quantified on a regular basis?	2	Yes, National KPI's are set annually
Is there a method for monitoring efficiency on an ongoing basis?	2	Budget monitoring on a monthly basis and regular team meetings to review activities carried out
Are outcomes well defined?	2	The introduction of Annual Service Plans will aid definition of outcomes
Are outcomes quantified on a regular basis?	2	The introduction of Annual Service Plans will aid definition of outcomes
Is there a method for monitoring effectiveness on an ongoing basis?	2	Monitoring on effectiveness is not formalised apart from KPI's as set out nationally

How many formal VFMs/FPAs or other evaluations been completed in the year under review? (<i>Focused Policy Assessment</i>)	None	
Is there an annual process in place to plan for new VFMs, FPAs and evaluations?	No	No formal process but considered as part of the Internal Audit Plan Annually
Have all VFMs/FPAs been published in a timely manner?	N/a	
Is there a process to follow up on the recommendations of previous VFMs/FPAs and other evaluations?	N/a	
How have the recommendations of VFMs, FPAs and other evaluations informed resource allocation decisions?	N/a	
Self-Assessed Ratings: 1 - Scope for significant improvements, 2 - Compliant but with some improvement necessary, 3 - Broadly compliant		

Checklist 6: - to be completed if **capital projects** were **completed** during the year or if capital programmes/grant schemes matured or were **discontinued**.

Capital Expenditure Completed	Self-Assessed Compliance Rating: 1 – 3	Comment/Action Required
How many post-project reviews were completed in the year under review?	None	
Was a post project review completed for all projects/programmes exceeding €20m?	N/a	
If sufficient time has not elapsed to allow a proper assessment of benefits has a post project review been scheduled for a future date?	Not as Yet	Will implement procedure to ensure projects recently ended are subject to post project review.
Were lessons learned from post-project reviews disseminated within the Sponsoring Agency and to the Sanctioning Authority?	N/a	

Were changes made to the Sponsoring Agencies practices in light of lessons learned from post-project reviews?	N/a	
Was project reviews carried out by staffing resources independent of project implementation?	N/a	Will build this into procedure to be implemented
Self-Assessed Ratings: 1 - Scope for significant improvements, 2 - Compliant but with some improvement necessary, 3 - Broadly compliant		

Checklist 7: - to be completed if current expenditure programmes reached the end of their planned timeframe during the year or were discontinued.

Current Expenditure that (i) reached the end of its planned timeframe or (ii) was discontinued	Self-Assessed Compliance Rating: 1 – 3	Comment/Action Required
Were reviews carried out of current expenditure programmes that matured during the year or were discontinued?	No Projects in this Category for 2015	
Did those reviews reach conclusions on whether the programmes were effective?	No Projects in this Category for 2015	
Did those reviews reach conclusions on whether the programmes were efficient?	No Projects in this Category for 2015	
Have the conclusions reached been taken into account in related areas of expenditure?	No Projects in this Category for 2015	
Were any programmes discontinued following a review of a current expenditure programme?	No Projects in this Category for 2015	
Was the review commenced and completed within a period of 6 months?	No Projects in this Category for 2015	
Self-Assessed Ratings: 1 - Scope for significant improvements, 2 - Compliant but with some improvement necessary, 3 - Broadly compliant		

Main issues arising from Checklist Assessment

The above checklists represent Sligo County Council's assessment of its compliance with the Public Spending Code. Overall, while there is a good level of compliance in most areas, the quality assurance process also has assisted in identifying areas where there are weaknesses and where improvements are required.

The authority has met the obligations in preparing and submitting to NOAC, the PSC report for the expenditure year ended 31st December 2015, which includes the completion of the required inventories and checklists and the conduction of an in depth review on the required sample of total inventory.

Under the current expenditure categories there were no new/extended programmes under consideration in 2015 and no programmes ended/discontinued within the year. Where current expenditure was incurred during the year, the rating of compliance was mainly in band 2 which is "Compliant with some improvement necessary". The authority will review the measurements of output, efficiency and effectiveness currently employed and assess if additional methods of monitoring outcomes could be developed to strengthen the process.

The capital checklists prepared for 2015 show, in general, a high level of compliance with the code. In the case of smaller scale schemes/projects there is the opportunity to introduce more structured procedures to strengthen documentation and management of such projects. Regarding the conduction of VFMs/FPAs, consideration will be given to including a VFM review as one assignment, when developing future Internal Audit Programmes.

The QA process highlighted the need for training, to ensure that all staff, who will be involved in expenditure and budgetary management, will be familiar with the code and its related obligations. In addition to internal training, access to external training is required to assist in clarifying queries arising during the QA process. The Authority welcomes the commencement of the provision of training within the sector.

6. In-depth Checks (Step 4 of QA Process)

This section summarises the findings of the Internal Audit section, when it conducted the in-depth checking of the relevant sample under stage 4 of the Quality Assurance Process. The total project cost meets the required sample of total inventory to be sampled for the year.

Project(s)/Grant Scheme(s): N4 Collooney to Castlebaldwin

Objectives: To conduct an in-depth review on the scheme and form an opinion on the level of assurance that can be provided on compliance with the PSC requirements.

Findings: The review found that controls in place in relation to the management of the "N4 Collooney to Castlebaldwin" road scheme would provide reasonable assurance that the project meets the requirements of the Public Spending Code. While the appraisal and

management processes followed were generally in keeping with best practice, there are areas of control weaknesses where improvements could be implemented.

Because the scheme, which was initially identified in the NRA's, National Roads Need Study 1998, has been in development for a number of years, much of the work to date predated the Public Spending Code. The review was conducted with a reference to the current guidelines and gave consideration to good practice and commented on learning for future projects. The recommendations included the following:

- Formal approval to proceed from the Preliminary to the detailed Appraisal stage should be obtained and noted for all projects with a cost in excess of €5m for future projects.
- Where multi criteria analysis techniques are used, the ranking of potential options should have a matrix approach and assessment headings should be weighted to arrive at a final score per option.
- All viable options should be assessed with reference to risk and constraints.
- While the format of meetings is quite structured, formal appointment of roles and responsibilities should be set out.
- Each of the main options should be analysed using the CBA during the detailed appraisal.
- Minutes should note all key decisions and approval requests and sanctions.
- While staff in the Project Design Office and Road Sections were generally aware of the Public Spending Code, additional training is required on the detail of the Code to ensure all staff involved in the progression of schemes will be aware of the requirements.

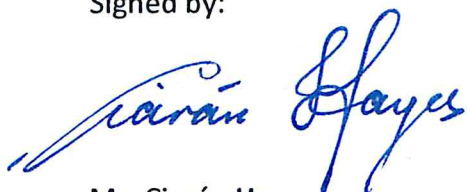
7. Conclusion

The Public Spending Code Quality Assurance Report, inventories and checklists have been completed by the Authority for the year ended 31st December 2015. While there are no serious areas of non-compliance with the PSC noted in the report, the Authority has identified where conformance with the PSC requirements could be strengthened and improved. The Authority will continue to review these areas and identify and implement improvements in its processes.

8. Certification

This Annual Quality Assurance Report reflects Sligo County Council's assessment of compliance with the Public Spending Code. It is based on the best financial, organisational and performance related information available across the various areas of responsibility.

Signed by:



Mr. Ciarán Hayes,
Chief Executive

31st May 2016

9. Appendices

Inventory Templates Attached

Local Authority: Sligo County Council	Expenditure being considered					Expenditure being incurred			Expenditure recently ended		
	Current	Capital			Capital Projects	Current Expenditure	Capital Grant Schemes	Capital Projects	Current Expenditure	Capital Grant Schemes	Capital Projects
		Capital Grant Schemes	€0.5 - €5m	€5m - €20m							
	> €0.5m	> €0.5m			€20m plus						
B11 Agency & Recoupable Services							€1.6				
N4 Cloonamahon to Castlebaldwin					€100.0						
N16 Gortnagrelly			€2.5								
Active Travel Towns								€4.0			
Hughes Bridge								€3.0			
Western Distributor Road				€12.0							
Eastern Garavogue River Bridge & Approach Roads					€18.0						
N17/R294 Roundabouts			€1.1								
N17 Thornhill Bridge			€0.5								
Development Management											
D01 Forward Planning							€0.8				
D02 Development Management							€0.8				
D03 Enforcement							€0.5				
D06 Community and Enterprise Function							€0.7				
D09 Economic Development and Promotion							€1.3				
Environmental Services											
E06 Street Cleaning							€0.6				
E11 Operation of Fire Services							€3.5				
Remedial Works on Structures in Graveyards								€0.8			
Recreation and Amenity											
F02 Operation of Library and Archival Service							€2.0				
F03 Operation, Maintenance and Improvement of Outdoor Leisure							€0.7				
F05 Operation of the Arts Programme							€0.7				
Border Uplands Project											€0.6
Peace Project Phase III							€2.4				

Local Authority: Sligo County Council	Expenditure being considered					Expenditure being incurred			Expenditure recently ended		
	Current	Capital				> €0.5m			> €0.5m		
		Capital Grant Schemes	€0.5 - €5m	€5m - €20m	€20m plus	Current Expenditure	Capital Grant Schemes	Capital Projects	Current Expenditure	Capital Grant Schemes	Capital Projects
	> €0.5m	> €0.5m									
Housing and Building											
Social Housing Development at Knappagh Road											
Social Housing Development at Maugheraboy			€6.6								
CAS Projects (Ballymote & Tonaphubble)			€17.9								
Housing Development at Strandhill			€1.5								
Social Housing Project Fr. Flanagan Terrance			€3.1								
CAS Project Oaklee Housing Trust, Johnsons Court			€3.3								
CAS Project Newgrove Housing Assoc, Strandhill						€1.4					
CAS Project St. Vincent De Paul, 5A Charles Street						€0.6					
CAS Project Nazareth House, Church Hill						€0.7					
CAS Project Sophia Housing Assoc, Tubbercurry						€6.6					
CAS Project Focus Housing, Old Quay Court						€9.5					
Energy Efficiency Programme 2015						€0.6					
Housing Acquisition Programme 2015						€3.3					
Housing Disability Grants 2015						€1.0					
Housing Acquisition Programme 2014						€2.2					
Cranmore Regeneration						€55.5					
A01 Maintenance/Improvement of LA Housing						€2.1					
A02 Housing Rent and Tenant Purchase Administration						€1.0					
A06 Support to Housing Capital & Affordable Programme						€0.9					
A07 RAS Programme						€3.8					
A08 Housing Loans						€1.6					
A09 Housing Grants						€1.2					
Road Transportation and Safety											
B01 NP Road -Maintenance and Improvement						€3.7					
B02 NS Road -Maintenance and Improvement						€2.2					
B03 Regional Road-Maintenance and Improvement						€4.0					
B04 Local Road-Maintenance and Improvement						€7.3					
B05 Public Lighting						€0.7					
B07 Road Safety Engineering Improvement						€1.5					

