

Public Spending Code
Quality Assurance Report for 2014
Limerick City & County Council


To be submitted to
National Oversight and Audit Commission (NOAC)

September 2015

Certificate

This Annual Quality Assurance Report sets out Limerick City & County Council's approach to completing the Quality Assurance requirements as set out in the Public Spending Code. It is based on the best financial, organisational and performance related information available across the various areas of responsibility.

Signature of Head of Finance:


Sean Coughlan
A/Head of Finance
Limerick City & County Council

Date:

6/10/15

Introduction

Limerick City & County Council has completed the Quality Assurance (QA) requirements as set out in the Public Spending Code. The purpose of this report is to present the results of each of the 5 Steps in the QA exercise and to report on compliance with the requirements of the Public Spending Code as established during this exercise.

2014 is the first year that the Local Government Sector has been required to meet the QA requirements within the Public Spending Code as required by the Department of Public Expenditure and Reform.

The Public Spending Code was written specifically with Government Departments in mind and some of the terminology is very specific to that sector. In order to inform the QA exercise for the Local Government Sector a Guidance Note was developed for the sector to assist in providing interpretations from a Local Government perspective.

Requirements of the Quality Assurance Aspect of the Public Spending Code

The Quality Assurance obligation involves a 5 step process as follows:

- **Step 1** - Drawing up inventories of projects/programmes at the different stages of the Project Life Cycle that have a total Project Life Cost of €500k or more.
- **Step 2** - Publishing summary information on the organisation's website of all procurements in excess of €10m, related to projects in progress or completed in the year under review. (The PSC originally required projects in excess of €2m to be published under this requirement but this has now been changed to €10m) 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.
- **Step 3** - Completing the 7 checklists contained in the PSC. Only one of each checklist per Local Authority is required. Checklists are not required for each project/programme.
- **Step 4** - Carrying out a more in-depth check on a small number of selected projects/programmes based on criteria established within the Public Spending Code.
- **Step 5** - Completing a short summary report for the National Oversight and Audit Commission (NOAC). The report, which will be generated as a matter of course through compliance with steps 1-4 set out above

STEP 1 – Project Inventory

The project inventory presents a list of all projects/programmes with 2014 activity and which have a *total project life cost* of €500,000 or more. The inventory is presented in three stages as set out in the attached table which also outlines the Expenditure Category/Band relevant for inclusion in each stage:

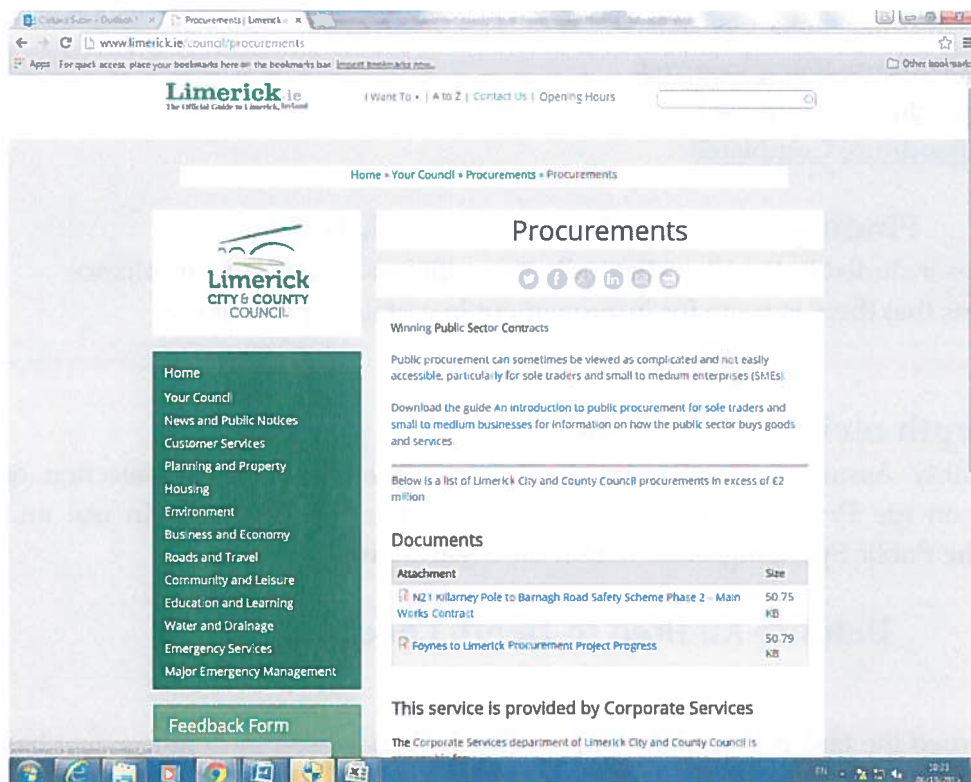
Project/Programme Stage		Category/Band
1	Expenditure being considered	Capital Projects between €0.5m - €5m
		Capital Projects between €5m - €20m
		Capital Projects over €20m
		Current Expenditure programme - Increases over €0.5m
2	Expenditure being incurred	Capital Projects greater than €0.5m
		Current Expenditure greater than €0.5m
3	Expenditure that has recently ended	Capital Projects greater than €0.5m
		Current Expenditure greater than €0.5m

The Project inventory, set out in the format described above, is included in Appendix A. Appendix A – Inventory of Projects and Programmes Over €0.5m - 2014

STEP 2 - Summary of Procurements in excess of €10m

In compliance with the requirement to publish all procurements in excess of €10m on our website we confirm that the location of the publication will be:

<http://www.limerick.ie/council/procurements>



Limerick City & County Council has reported no projects with a procurement of €10m or more for the 2014 financial year.

STEP 3 - Checklists

Step three of the Quality Assurance procedure for the Public Spending Code involves the compilation of a number of checklists. There are 7 checklists in all. Checklist 1 captures general information while Checklists 2, 4 and 6 related to capital projects and checklists 3, 5 and 7 are Revenue Expenditure related.

The Checklists are informed by the Project Inventory and the following table outlines the approach taken for the completion of the Checklists

Checklist Completion aligned with Project Inventory	
Expenditure Type	Checklist to be completed
General Obligations	General Obligations - Checklist 1
A. Expenditure being considered	Capital Projects/Programmes - Checklist 2 Current Expenditure - Checklist 3
B. Expenditure being incurred	Capital Projects/Programmes - Checklist 4 Current Expenditure - Checklist 5
C. Expenditure that has recently ended	Capital Projects/Programmes - Checklist 6 Current Expenditure - Checklist 7

All checklists as outlined below have been completed and can be found in [Appendix B](#) of this document.

1. [General Obligations Not Specific to Individual Projects/ Programmes.](#)
2. [Capital Projects or 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](#)

Findings on Completion of Checklists

While the responses included in the Checklist indicate a satisfactory level of compliance there are indications that there is room for improvement in certain aspects of the requirements.

STEP 4 - In-Depth review of a sample number of projects

Step 4 of the Quality Assurance Process involved the examining a sample selection of projects included on the Project Inventory to test the standard of practices in use and compliance with the Public Spending Code within the organisation.

Deloitte Audited In-Depth Checks

Deloitte were assigned the task of completing the in-depth checks. The In-depth review has been completed and a list of the projects selected and a note of the number of recommendations which arose as a result of the in-depth check completed. The projects, value are summarised in the following table:

Category of Expenditure	Project / Programme	Revenue / Capital Expenditure	Value of project
Expenditure being considered	City Centre Pedestrianisation	Capital	€6.2m
Expenditure being incurred	E11 Operation of Fire Services	Revenue	€11.9m
Expenditure recently ended	Gortadroma Development Fund	Capital	€30.3m
Total Value of Projects selected for review			€48.4million or 18% of total value
Overall total value of all projects in inventory listing from 2014 to 2016			€269million or 100%

Conclusion

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

- A Project Inventory has been prepared outlining the various projects/programmes – capital and revenue that were being considered, being incurred or recently completed by Limerick City & County Council within the 2014 financial year.
- The relevant publication in relation to procurements over €10m has been placed on Limerick City & County Council's website.
- 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. The level of compliance reported would suggest there are elements of the expenditure life cycle that could be improved.
- An in-depth review of a sample of three projects contained in the Project inventory has been completed.
- Of the three projects reviewed, the project "E11 Operation of Fire Services", was noted by Deloitte as being clearly defined which encompassed a competitive process when spending public money. However, in relation to two capital projects selected for review (City Centre Pedestrianisation and Gortadroma Development Fund projects), Deloitte noted that LCCC are not fully compliant with the Public Spending Code requirements.
- This non-compliance may be directly related to the fact that Circular 13/13 Public Spending Code was introduced in September 2013 and the City Centre Pedestrianisation project was first initiated in 2002 /2003. In addition, the Gortadroma Development Fund project commenced in 1990 and was fully completed in 2014. Deloitte have recommended that further work is required to implement all requirements relating to the appraisal, planning, implementation and post project review stages of a project lifecycle. Issues raised in this report will be reviewed by management in the short to medium term. There is a firm commitment from management to fully review the report recommendations and implement changes where appropriate.
- 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 Limerick City & County Council. The contents of this report provide an overview on the QA exercise completed which has been certified by the Head of Finance.

The Public Spending Code has only been recently introduced to the Local Government Sector and while the results of the 2014 QA are satisfactory it is acknowledged that additional improvements are possible in both the compliance at project level and in the QA exercise. Overall the QA exercise has provided recommendations to the management of Limerick City & County Council which will ensure going forward that the requirements of the Public Spending Code are being met.

Appendix A – Inventory of Projects and Programmes Over €0.5m - 2014

Limerick City & County Council

2014 Inventory of Projects and Programmes over €0.5m The following contains an inventory of Expenditure on Projects/Programmes with a value above €0.5m, categorised by Expenditure being considered, Expenditure being incurred and Expenditure recently ended. Only projects with Total Project Expenditure matching these criteria are included in the Inventory table

Expenditure Being Considered						
Project/ Programme Description	Revenue Expenditure			Capital Expenditure		
	€0.5m - €5m	€5m - €20m	Over €20m	€0.5m - €5m	€5m - €20m	Over €20m
Projects of total value						
Housing Programme						
Regeneration Construction Schemes					16.51	
Other Regeneration Projects					5.5	
Roads Service Programme						
Road Design & Construction				2.9		
City Centre Pedestrianisation					6.2	
National Primary					7.3	
Regional and Local Roads				2.2		
Environmental Services Programme						
Historic Unlicensed Landfills				0.50		
Other Projects						
Fire Equipment					5.4	
Economic Development Initiatives				3.2		
Tourism- Walkway Kilmallock				0.50		
Tourism- Adare Destination Plan				0.75		
Development of Service Enterprise Sites				0.90		
Structures Cat 5 urgent repair				2.1		

Expenditure Being Incurred							
Project/ Programme Description		Revenue Expenditure			Capital Expenditure		
		€0.5m - €5m	€5m - €20m	Over €20m	€0.5m - €5m	€5m - €20m	Over €20m
Projects of total value Housing Programme							
Regeneration Southside Environment & Small Cap Works					0.6		
Regeneration Southside Environment & Small Cap Works Pro 2					0.6		
Regeneration Pilot Energy Upgrade					0.6		
Regeneration Demolitions					2.3		
Regeneration Refurbishment & Remodelling					3.3		
A01 Maintenance/Improvement LA Housing			5.7				
A03 Housing Rent & TP Administration		1.1					
A04 Housing Community Development Support		0.5					
A05 Administration of Homeless Service		3.2					
A06 Support to Housing Capital Programme		1.5					
A07 RAS Programme			8.0				
A08 Housing Loans Programme		0.67					
A09 Housing Grants		2.2					
A11 Agency & Recoupable Services		1.7					

Expenditure Being Incurred (Continued)							
Project/ Programme Description	Revenue Expenditure			Capital Expenditure			
	€0.5m - €5m	€5m - €20m	Over €20m	€0.5m - €5m	€5m - €20m	Over €20m	
Projects of total value							
Roads Programme							
Southern Green Route Construction				3.8			
Coonagh to Knockalisheen				5.7			
Smarter Travel				3.9			
B01 NP Road – Maintenance & Improvement	1.3						
B02- NS Road- Maintenance and Improvement	0.5						
B03 Regional Roads – Maintenance & Improvement		6.5					
B04 Local Road – Maintenance & Improvement		13.5					
B05 Public Lighting	2.7						
B06 Traffic Management Improvement	0.9						
B08 Road Safety Promotion/Education	0.5						
B09 Maintenance & Management of Car Parking	0.9						

Expenditure Being Incurred (Continued)		Project/ Programme Description		Revenue Expenditure		Capital Expenditure	
		€0.5m - €5m	€5m - €20m	Over €20m	€0.5m - €5m	€5m - €20m	Over €20m
Projects of total value							
Water Services Programme							
C01	Water Supply		9.2				
C02	Waste Water Treatment	3.5					
C05	Admin of Group & Private Water Installation	1.1					
Waste Disposal							
E01	Landfill Operation and Aftercare		5.4				
E02	Recovery & Recycling Facilities	0.7					
E04	Provision of Waste to Collection Services	0.6					
E05	Litter Management	0.8					
E06	Street Cleaning	3.4					
E08	Waste Management Planning	0.7					
E09	Maintenance of Burial Grounds	0.9					
E10	Safety of Structures & Places	2.8					
E11	Operation of Fire Services		11.9				
E13	Water Quality, Air, Noise Pollution	0.8					
E14	Agency & Recoupable Services	2.6					

Expenditure Being Incurred (Continued)							
Project/ Programme Description	Revenue Expenditure			Capital Expenditure			
	€0.5m - €5m	€5m - €20m	Over €20m	€0.5m - €5m	€5m - €20m	Over €20m	
Projects of total value							
Promotion of Interest of the Local Community							
D01 Forward Planning	1.4						
D02 Development Management – Planning	1.4						
D03 Planning Enforcement	0.5						
D05 Tourism Development & Promotion	2.8						
D06 Community & Enterprise Function	0.6						
D09 Economic Development & Promotion	1.5						
D10 Property Management	0.8						
D12 Agency & Recoupable Services		7.2					
F01 Leisure Facilities Operations	0.9						
F02 Operation of Library & Archive Services	3.5						
F03 Outdoor Leisure Areas Operations	1.7						
F05 Operation of Arts Programme	1.1						
G04 Veterinary Services	0.9						
G05 Educational Support Services	2.2						
H03 Administration of Rates		10.1					
H09 Local Representation/Civic Leadership	2.0						
H10 Motor Taxation	0.9						
H11 Agency & Recoupable Services	1.6						

Appendix B - Checklists of Compliance

Checklist 1

General Obligations not specific to Individual Projects or Programmes

Checklist 1 - To be completed by All Local Authorities

General Obligations not specific to individual projects/programmes	Self-Assessed Compliance Rating: 0 - 4	Comment/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?	3	All approvers on Agresso have been circulated with a copy of "Procurement Procedures and Thresholds" adopted policy document and informed of any updates.
Has there been participation by relevant staff in external training on the Public Spending Code (i.e. DPER)	2	At least 50% of all approvers have attended training with Achilles Training.
Has Internal training on the Public Spending Code been provided to relevant staff?	1	Identified as a requirement. Programme being developed for 2016
Has the Public Spending Code been adapted for the type of project/programme that your Local Authority is responsible for? i.e. have adapted guidelines been developed?	1	Corporate Procurement Policy being prepared for adoption by Management Team in September 2015.
Has the Local Authority in its role as Sanctioning Authority satisfied itself that agencies that it funds comply with the Public Spending Code?	1	Ad hoc in nature at present. Programme being developed for 2016
Have recommendations from previous Quality Assurance exercises (incl. old Spot-Checks) been disseminated, where appropriate, within the Local Authority and to your agencies?	1	As discovered in ad hoc enquiries above. Committed to meeting compliance obligations as progress is made on points above.
Have recommendations from previous Quality Assurance exercises been acted upon?	2	Local Government and Internal Audit queries dealt with.
Has an annual Public Spending Code Quality Assurance Report been submitted to the National Oversight and Audit Commission (NOAC)?	0	First Report.
Was the required sample subjected to a more in-depth Review i.e. as per Step 4 of the QA process?	1	Required Sample reviewed
Has the Accounting Officer signed off on the information to be published to the website?	4	No such project.
Self-Assessed Ratings:		
0 - Not Done, 1 - < 50% compliant, 2 - 50-75% Compliant, 3 - > 75% Compliant, 4 - 100% Compliant		

Checklist 2 – Capital Expenditure Being Considered

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: 0 - 4	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?	N/A	
Was the appraisal process commenced at an early stage to facilitate decision making? (i.e. prior to the decision)	4	
Was an Approval in Principle granted by the Sanctioning Authority for all projects before they entered the Planning and Design Phase (e.g. procurement)?	4	
If a CBA/CEA was required was it submitted to the CEEU for their view?	N/A	
Were the NDFA Consulted for projects costing more than €20m?	N/A	
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?	4	
Was approval granted to proceed to tender?	4	
Were Procurement Rules complied with?	4	
Were State Aid rules checked for all supports?	3	
Were the tenders received in line with the Approval in Principle in terms of cost and what is expected to be delivered?	3	
Were Performance Indicators specified for each project/programme which will allow for the evaluation of its efficiency and effectiveness?	3	
Have steps been put in place to gather the Performance Indicator data?	2	
Self-Assessed Ratings: 0 - Not Done, 1 - < 50% compliant, 2 - 50-75% Compliant, 3 - > 75% Compliant, 4 - 100% Compliant		

Checklist 3 – Current Expenditure Being Considered

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

Current Expenditure being considered - Appraisal and Approval	Self-Assessed Compliance Rating: 0 - 4	Comment/Action Required
Were objectives clearly set?	4	
Are objectives measurable in quantitative terms?	3	
Was an appropriate appraisal method used?	3	
Was a business case incorporating financial and economic appraisal prepared for new current expenditure?	3	
Has an assessment of likely demand for the new scheme/scheme extension been estimated based on empirical evidence?	4	
Was the required approval granted?	4	
Has a sunset clause been set?	N/A	
Has a date been set for the pilot and its evaluation?	3	
Have the methodology and data collection requirements for the pilot been agreed at the outset of the scheme?	4	
If outsourcing was involved were Procurement Rules complied with?	4	
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?	3	
Have steps been put in place to gather the Performance Indicator	3	
Self-Assessed Ratings: 0 - Not Done, 1 - < 50% compliant, 2 - 50-75% Compliant, 3 - > 75% Compliant, 4 - 100% Compliant		

Checklist 4 – Incurring Capital Expenditure

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

Incurring Capital Expenditure	Self-Assessed Compliance Rating: 0 – 4	Comment/Action Required
Was a contract signed and was it in line with the approval in principle?	4	
Did management boards/steering committees meet regularly as agreed?	4	
Were Programme Co-ordinators appointed to co-ordinate implementation?	4	
Were Project Managers, responsible for delivery, appointed and were the Project Managers at a suitable senior level for the scale of the project?	4	
Were monitoring reports prepared regularly, showing implementation against plan, budget, timescales and quality?	3	
Did the project keep within its financial budget and its time schedule?	1	
Did budgets have to be adjusted?	2	
Were decisions on changes to budgets/time schedules made promptly?	2	
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)	N/A	
If circumstances did warrant questioning the viability of a project was the project subjected to adequate examination?	N/A	
If costs increased was approval received from the Sanctioning Authority?	4	
Were any projects terminated because of deviations from the plan, the budget or because circumstances in the environment changed the need for the investment?	N/A	
For significant projects were quarterly reports on progress submitted to the MAC (Management Team) and to the Minister?	N/A	
Self-Assessed Ratings:		
0 - Not Done, 1 - < 50% compliant, 2 - 50-75% Compliant, 3 - > 75% Compliant, 4 - 100% Compliant		

Checklist 5 - Incurring Current Expenditure

Checklist 5: - For Current Expenditure

Incurring Current Expenditure	Self-Assessed Compliance Rating: 0 - 4	Comment/Action Required
Are there clear objectives for all areas of current expenditure?	3	
Are outputs well defined?	3	
Are outputs quantified on a regular basis?	2	
Is there a method for monitoring efficiency on an ongoing basis?	2	
Are outcomes well defined?	3	
Are outcomes quantified on a regular basis?	3	
Is there a method for monitoring effectiveness on an ongoing basis?	3	
How many formal VFMs/FPAs or other evaluations been completed in the year under review?	1	
Is there an annual process in plan to plan for new VFMs, FPAs and evaluations?	0	
Have all VFMs/FPAs been published in a timely manner?	0	
Is there a process to follow up on the recommendations of previous VFMs/FPAs and other evaluations?	0	
How have the recommendations of VFMs, FPAs and other evaluations informed resource allocation decisions?	0	
Self-Assessed Ratings:		
0 - Not Done, 1 - < 50% compliant, 2 - 50-75% Compliant, 3 - > 75% Compliant, 4 - 100% Compliant		

Checklist 6 - Capital Expenditure Completed

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: 0 - 4	Comment/Action Required
How many post-project reviews were completed in the year under review?	2	
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?	1	
Were lessons learned from post-project reviews disseminated within the Sponsoring Agency and to the Sanctioning Authority?	2	
Were changes made to the Sponsoring Agencies practices in light of lessons learned from post-project reviews?	2	
Was project review carried out by staffing resources independent of project implementation?	0	
Self-Assessed Ratings:		
0 - Not Done, 1 - < 50% compliant, 2 - 50-75% Compliant, 3 - > 75% Compliant, 4 - 100% Compliant		

Checklist 7 – Current Expenditure at end of planned timeframe or discontinued

Checklist 7: - to be completed if current expenditure programmes that 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: 0 - 4	Comment/Action Required
Were reviews carried out of, current expenditure programmes that matured during the year or were discontinued?	2	
Did those reviews reach conclusions on whether the programmes were effective?	2	
Did those reviews reach conclusions on whether the programmes were efficient?	2	
Have the conclusions reached been taken into account in related areas of expenditure?	2	
Were any programmes discontinued following a review of a current expenditure programme?	0	
Was the review commenced and completed within a period of 6 months?	1	
Self-Assessed Ratings:		
0 - Not Done, 1 - < 50% compliant, 2 - 50-75% Compliant, 3 - > 75% Compliant, 4 - 100% Compliant		

Notes:

- (a) The scoring mechanism for the above tables is set out below@
 - I. Scope for significant improvements = a score of 1
 - II. Compliant but with some improvement necessary = a score of 2
 - III. Broadly Compliant = a score of 3

- (b) For some questions, the scoring mechanism is not always strictly relevant. In these cases, it is appropriate to mark as N/A and provide the required information in the commentary box as appropriate.

- (c) The focus should be on providing descriptive and contextual information to frame the compliance ratings and to address the issues raised for each question. It is also important to provide summary details of key analytical outputs for those questions which address compliance with appraisal/evaluation requirements i.e. the annual number of CBAs, VFMs/FPAs and post project reviews.