

Public Spending Code
Quality Assurance Report for 2015
Limerick City & County Council



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

May 2016

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 Deputy Chief Executive:


Pat Dowling
Deputy Chief Executive
Limerick City & County Council

Date:

30/5/16

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.

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. 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 2015 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:

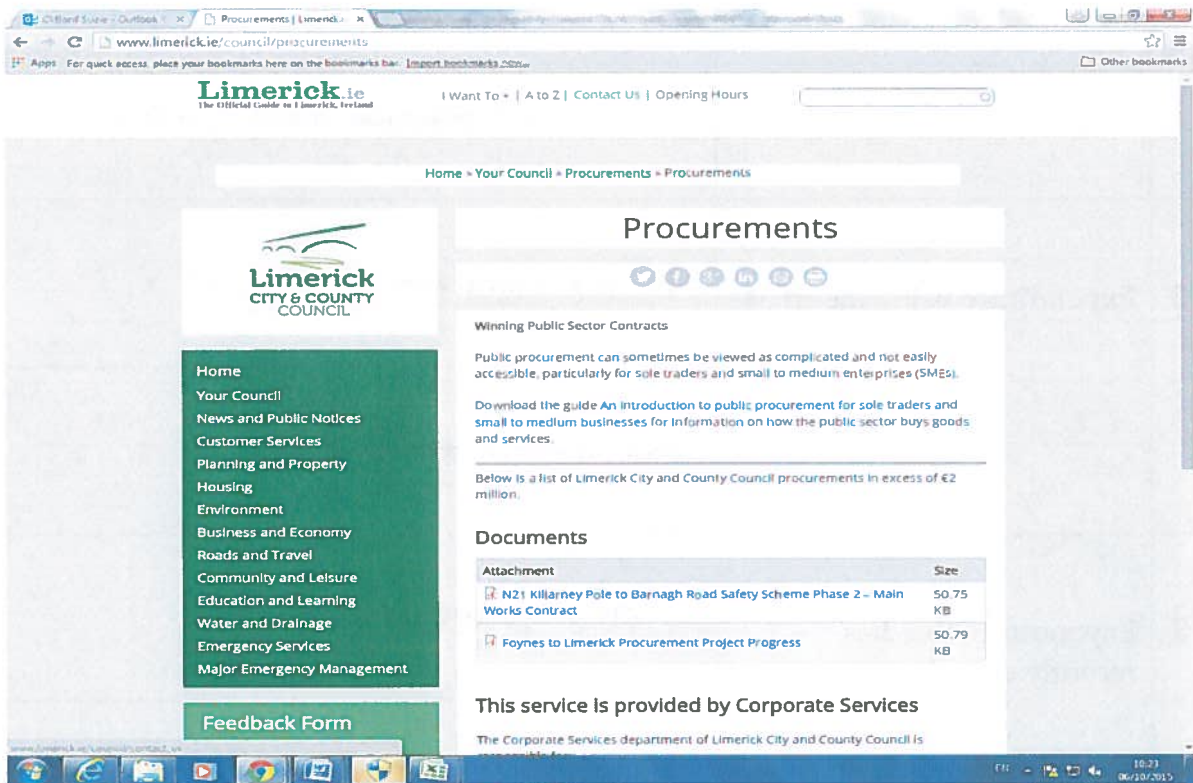
| Project/Programme Stage | | Category/Band |
|-------------------------|-------------------------------------|--|
| 1 | Expenditure being considered | Capital Projects between €0.5m - €5m |
| | | Capital Projects between €5m - €20m |
| | | Capital Projects over €20m |
| | | Current Expenditure programme - 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](#).

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>



The screenshot shows the Limerick City & County Council website. The page title is "Procurements". The breadcrumb trail is "Home > Your Council > Procurements > Procurements". The page content includes a navigation menu on the left with categories like Home, Your Council, News and Public Notices, Customer Services, Planning and Property, Housing, Environment, Business and Economy, Roads and Travel, Community and Leisure, Education and Learning, Water and Drainage, Emergency Services, and Major Emergency Management. The main content area features a section titled "Winning Public Sector Contracts" with a sub-heading "Public procurement can sometimes be viewed as complicated and not easily accessible, particularly for sole traders and small to medium enterprises (SMEs)." Below this is a link to download a guide "An Introduction to public procurement for sole traders and small to medium businesses for information on how the public sector buys goods and services." A section titled "Documents" lists two attachments: "N21 Killarney Pole to Barnagh Road Safety Scheme Phase 2 - Main Works Contract" (50.75 KB) and "Foynes to Limerick Procurement Project Progress" (50.79 KB). The page footer states "This service is provided by Corporate Services" and "The Corporate Services department of Limerick City and County Council is responsible for..."

Limerick City & County Council has reported no projects with a procurement of €10m or more for the 2015 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 Internal Audit, on behalf of Limerick City and County Council Audit Committee, performed a Public Spending Code review. 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 incurred | Housing Assistance Payment Programme | Current Expenditure | €16,950,843 |
| Expenditure being incurred | Regen Cap (L) - Lord Edward Street Development | Capital Expenditure | €18,000,000 |
| Expenditure recently ended | Killarney Pole to Barnagh Phase II | Capital Expenditure | €4,719,942 |
| Total Value of Projects selected for review | | | €39,670,785 or 8.6% of total value |
| Overall total value of all projects in inventory listing as at 31 December 2015 | | | €463million 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 2015 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.
- Based on the sample reviews of all three Projects, Deloitte concluded that Limerick City & County Council were fully compliant with the requirements as set out in the Public Spending Code in 2015.
- 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 Deputy Chief Executive ([Delegation Order attached](#))

The Public Spending Code has only been recently introduced to the Local Government Sector and while the results of the 2015 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 - 2015

Limerick City & County Council

2015 Inventory of Projects and Programmes over €0.5mThe 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 tables on the attached excel file as requested.



Appendix A Final
Inventory Report 2015

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 - 3 | 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 | Limerick City and County Council are currently rolling out Agresso MS4 and there is significant emphasis on Procurement - training will be provided for all staff |
| Has Internal training on the Public Spending Code been provided to relevant staff? | 1 | Identified as a requirement - will be incorporated with MS4 roll-out as above |
| 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? | 2 | Corporate Procurement Policy |
| 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)? | 3 | Yes |
| Was the required sample subjected to a more in-depth Review i.e. as per Step 4 of the QA process? | 3 | Required Sample reviewed |
| Has the Chief Executive signed off on the information to be published to the website? | 3 | Yes |

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 - 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 | Yes, in conjunction with the relevant government body/agency |
| Was a CBA/CEA completed for all projects exceeding €20m? | 3 | Road Design Projects applicable |
| Was the appraisal process commenced at an early stage to facilitate decision making? (i.e. prior to the decision) | 3 | Yes, in conjunction with the relevant government body/agency |
| 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 | Required for grant approval |
| If a CBA/CEA was required was it submitted to DPER (CEEU) for their views? | N/A | No projects listed at this level. |
| Were the NDFA Consulted for projects costing more than €20m? | 3 | Hanging Gardens & Opera Centre - Revenue component will be NDFA vetted |
| 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? | 3 | |
| Was approval granted to proceed to tender? | 3 | Yes |
| Were Procurement Rules complied with? | 3 | Yes |
| Were State Aid rules checked for all supports? | n/a | Not applicable to Local Government |
| Were the tenders received in line with the Approval in Principle in terms of cost and what is expected to be delivered? | 2 | |
| Were Performance Indicators specified for each project/programme which will allow for the evaluation of its efficiency and effectiveness? | 2 | |
| Have steps been put in place to gather the Performance Indicator data? | 2 | Project Management Team in place for Projects under Economic Development |

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 – 3 | Comment/ Action Required |
|---|---|--|
| Were objectives clearly set? | 3 | |
| Are objectives measurable in quantitative terms? | 3 | Applicable to Roads: Surface Dressings and Pavement Conditions Survey Index (PCSI) |
| Was an appropriate appraisal method used? | 3 | |
| Was a business case incorporating financial and economic appraisal prepared for new current expenditure? | 2 | |
| Has an assessment of likely demand for the new scheme/scheme extension been estimated based on empirical evidence? | 2 | |
| Was the required approval granted? | 3 | Applicable to Roads: Multi Annual Programme |
| Has a sunset clause been set? | N/A | |
| Has a date been set for the pilot and its evaluation? | N/A | |
| Have the methodology and data collection requirements for the pilot been agreed at the outset of the scheme? | N/A | |
| If outsourcing was involved were Procurement Rules complied with? | 3 | |
| 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? | 2 | |
| Have steps been put in place to gather the Performance Indicator | 2 | |

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 – 3 | Comment/Action Required |
|---|---|-------------------------|
| Was a contract signed and was it in line with the approval in principle? | 3 | Yes where appropriate |
| Did management boards/steering committees meet regularly as agreed? | 3 | Yes where appropriate |
| Were Programme Co-ordinators appointed to co-ordinate implementation? | 3 | Yes where appropriate |
| Were Project Managers, responsible for delivery, appointed and were the Project Managers at a suitable senior level for the scale of the project? | 2 | |
| 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? | 2 | |
| Did budgets have to be adjusted? | 2 | |
| Were decisions on changes to budgets/time schedules made promptly? | 3 | Yes |
| 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) | 3 | Yes |
| If circumstances did warrant questioning the viability of a project was the project subjected to adequate examination? | 3 | Yes |
| If costs increased was approval received from the Sanctioning Authority? | 3 | |
| 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 | No |
| For significant projects were quarterly reports on progress submitted to the MAC (Management Team) and to the relevant Department? | N/A | No |

Checklist 5 - Incurring Current Expenditure

Checklist 5: - For Current Expenditure

| Incurring Current Expenditure | Self-Assessed Compliance Rating: 0 - 3 | Comment/Action Required |
|--|---|--|
| Are there clear objectives for all areas of current expenditure? | 3 | Yes. Spending Programme defined as part of the Annual Budget Process. |
| Are outputs well defined? | 3 | Road Works Programme |
| Are outputs quantified on a regular basis? | 3 | KPIs produced on particular services. |
| Is there a method for monitoring efficiency on an ongoing basis? | 3 | Yes |
| Are outcomes well defined? | 3 | |
| Are outcomes quantified on a regular basis? | 3 | |
| Are unit costingd complied for performance monitoring? | 3 | Various returns to Department i.e. road lengths for various categories of works completed. |
| Is there a method for monitoring effectiveness on an ongoing basis? | 2 | PCSI |
| How many formal VFMs/FPAs or other evaluations been completed in the year under review? | N/A | None |
| Is there an annual process in plan to plan for new VFMs, FPAs and evaluations? | 2 | National VFMs |
| Have all VFMs/FPAs been published in a timely manner? | N/A | |
| Is there a process to follow up on the recommendations of previous VPMs/FPAs and other evaluations? | N/A | |
| How have the recommendations of VFMs, FPAs and other evaluations informed resource allocation decisions? | N/A | |

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 - 3 | Comment/Action Required |
|---|---|---|
| How many post-project reviews were completed in the year under review? | 2 | Roads: Close out Reports completed in 2016 for 2015 Construction Projects |
| 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? | 2 | Road Design Projects: two cases carried out, one independent. |

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 - 3 | 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? | N/A | |
| Was the review commenced and completed within a period of 6 months? | N/A | |

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.