

Public Spending Code
Quality Assurance Report for 2016
Limerick City & County Council



Comhairle Cathrach
& Contae **Luimnigh**

Limerick City
& County Council

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

May 2017

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 Chief Executive:


Conn Murray
Chief Executive
Limerick City & County Council

Date:

30 / 5 / 2017.

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:

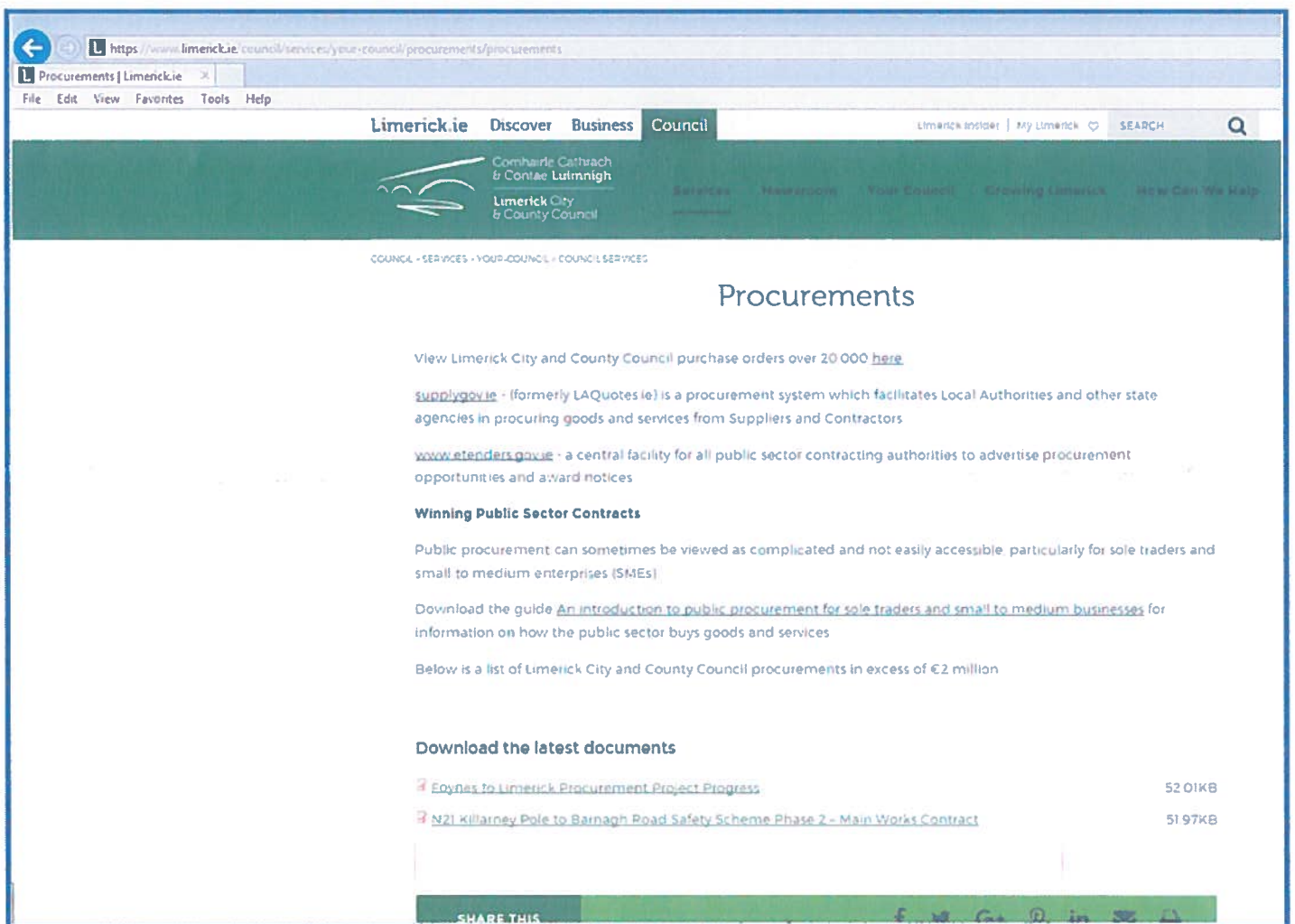
Project/Programme Stage		Category/Band
1	Expenditure being considered	Capital Projects between €0.5m - €5m
		Capital Projects between €5m - €20m
		Capital Projects over €20m
		Current Expenditure programme - Increases over €0.5m
2	Expenditure being incurred	Capital Projects greater than €0.5m
		Current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

<https://www.limerick.ie/council/services/your-council/procurements/procurements>



The screenshot shows the Limerick City & County Council website. The page title is "Procurements". The breadcrumb trail is "COUNCIL > SERVICES > YOUR COUNCIL > COUNCIL SERVICES". The main content area includes:

- A link to view purchase orders over 20,000: [View Limerick City and County Council purchase orders over 20 000 here](#)
- Information about [supply.gov.ie](#): (formerly LAQuotes.ie) is a procurement system which facilitates Local Authorities and other state agencies in procuring goods and services from Suppliers and Contractors
- Information about [www.etenders.gov.ie](#): a central facility for all public sector contracting authorities to advertise procurement opportunities and award notices
- Winning Public Sector Contracts**
- Text: Public procurement can sometimes be viewed as complicated and not easily accessible, particularly for sole traders and small to medium enterprises (SMEs).
- Text: Download the 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
- Text: Below is a list of Limerick City and County Council procurements in excess of €2 million
- Download the latest documents**
- Document list:
 - [Eoynas to Limerick Procurement Project Progress](#) 52.01KB
 - [N21 Killarney Pole to Barnagh Road Safety Scheme Phase 2 - Main Works Contract](#) 51.97KB

At the bottom, there is a "SHARE THIS" button and social media sharing icons for Facebook, Twitter, LinkedIn, and YouTube.

Limerick City & County Council has no projects with a procurement value exceeding €10m for the 2016 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	Foynes to Limerick Road Improvement Scheme	Capital Expenditure	€ 7,000,000
Expenditure being incurred	REGEN SOUTHILL AREA CENTRE N30A/2/23 (Churchfield Site)	Capital Expenditure	€ 10,376,000
Expenditure being incurred	Cap (LK) - Mungret Road Improvement Scheme	Capital Expenditure	€4,000,000
Expenditure being considered	Flood Protection St Marys Park, Corbally Banks, Condell Rd	Capital Expenditure	€ 11,000,000
Total value of projects selected for review			€32,376,000 or 4.2% of total value
Overall total value of all projects in LCCC inventory listing for year ended 2016			€764,253,818 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 2016 financial year.
- The relevant publication in relation to procurements over €10m has been placed on Limerick City & County Council's website. Limerick City & County Council has no projects with a procurement value exceeding €10m for the 2016 financial year.
- 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 four projects contained in the Project inventory has been completed by Deloitte.
- Based on the sample reviews of these Projects, Deloitte concluded that for this sample Limerick City & County Council were compliant with the requirements as set out in the Public Spending Code in 2016.
- 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 Chief Executive.

The Public Spending Code has only been recently introduced to the Local Government Sector and while the results of the 2016 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 - 2016

Limerick City & County Council

2016 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 tables on the attached excel file as requested.



2016 PSC QA report
Inventory (Limerick C

Appendix B – Checklists of Compliance

Checklist 1 – To be completed in respect of general obligations not specific to individual projects/programmes

General Obligations not specific to individual projects/programmes	Self-Assessed Compliance Rating: 1 - 3	Comment/Action Required
1.1 Does the local authority ensure, on an on-going basis, that appropriate people within the authority and its agencies are aware of the requirements of the Public Spending Code (incl. through training)?	3	A Procurement portal which is accessible to all staff & updated on an on-going basis is available on the Council's intranet home page.
1.2 Has training on the Public Spending Code been provided to relevant staff within the authority?	2	
1.3 Has the Public Spending Code been adapted for the type of project/programme that your local authority is responsible for? i.e., have adapted sectoral guidelines been developed?	N/A	Public Spending Code has not been adapted
1.4 Has the local authority in its role as Sanctioning Authority satisfied itself that agencies that it funds comply with the Public Spending Code?	3	
1.5 Have recommendations from previous QA reports (incl. spot checks) been disseminated, where appropriate, within the local authority and to agencies?	1	
1.6 Have recommendations from previous QA reports been acted upon?	2	
1.7 Has an annual Public Spending Code QA report been certified by the local authority's Chief Executive, submitted to NOAC and published on the authority's website?	3	
1.8 Was the required sample of projects/programmes subjected to in-depth checking as per step 4 of the QAP?	3	Independent review by Deloitte
1.9 Is there a process in place to plan for ex post evaluations/Post Project Reviews? Ex-post evaluation is conducted after a certain period has passed since the completion of a target project with emphasis on the effectiveness and sustainability of the project.	1	
1.10 How many formal Post Project Review evaluations have been completed in the year under review? Have they been issued promptly to the relevant stakeholders / published in a timely manner?	1	
1.11 Is there a process to follow up on the recommendations of previous evaluations/Post project reviews?	1	
1.12 How have the recommendations of previous evaluations / post project reviews informed resource allocation decisions?	1	

Checklist 2 – To be completed in respect of capital projects/programmes & capital grant schemes that were under consideration in the past year

Capital Expenditure being Considered – Appraisal and Approval	Self-Assessed Compliance Rating: 1 - 3	Comment/Action Required
2.1 Was a preliminary appraisal undertaken for all projects > €5m?	3	
2.2 Was an appropriate appraisal method used in respect of capital projects or capital programmes/grant schemes?	3	
2.3 Was a CBA/CEA completed for all projects exceeding €20m?	3	
2.4 Was the appraisal process commenced at an early stage to facilitate decision making? (i.e. prior to the decision)	3	
2.5 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	
2.6 If a CBA/CEA was required was it submitted to the relevant Department for their views?	N/A	
2.7 Were the NDFA consulted for projects costing more than €20m?	N/A	
2.8 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	
2.9 Was approval granted to proceed to tender?	3	
2.10 Were procurement rules complied with?	3	
2.11 Were State Aid rules checked for all supports?	2	
2.12 Were the tenders received in line with the Approval in Principle in terms of cost and what is expected to be delivered?	3	
2.13 Were performance indicators specified for each project/programme that will allow for a robust evaluation at a later date?	2	
2.14 Have steps been put in place to gather performance indicator data?	2	

Checklist 3 – To be completed in respect of new current expenditure under consideration in the past year

Current Expenditure being Considered – Appraisal and Approval	Self-Assessed Compliance Rating: 1 - 3	Comment/Action Required
3.1 Were objectives clearly set out?	3	
3.2 Are objectives measurable in quantitative terms?	3	
3.3 Was a business case, incorporating financial and economic appraisal, prepared for new current expenditure?	2	
3.4 Was an appropriate appraisal method used?	3	
3.5 Was an economic appraisal completed for all projects exceeding €20m or an annual spend of €5m over 4 years?	N/A	
3.6 Did the business case include a section on piloting?	N/A	
3.7 Were pilots undertaken for new current spending proposals involving total expenditure of at least €20m over the proposed duration of the programme and a minimum annual expenditure of €5m?	N/A	
3.8 Have the methodology and data collection requirements for the pilot been agreed at the outset of the scheme?	N/A	
3.9 Was the pilot formally evaluated and submitted for approval to the relevant Department?	N/A	
3.10 Has an assessment of likely demand for the new scheme/scheme extension been estimated based on empirical evidence?	2	
3.11 Was the required approval granted?	3	
3.12 Has a sunset clause (as defined in section B06, 4.2 of the Public Spending Code) been set?	1	
3.13 If outsourcing was involved were procurement rules complied with?	3	
3.14 Were performance indicators specified for each new current expenditure proposal or expansion of existing current expenditure programme which will allow for a robust evaluation at a later date?	2	
3.15 Have steps been put in place to gather performance indicator data?	2	

Checklist 4 – To be completed in respect of capital projects/programmes & capital grants schemes incurring expenditure in the year under review

Incurring Capital Expenditure	Self-Assessed Compliance Rating: 1 - 3	Comment/Action Required
4.1 Was a contract signed and was it in line with the Approval in Principle?	3	
4.2 Did management boards/steering committees meet regularly as agreed?	2	
4.3 Were programme co-ordinators appointed to co-ordinate implementation?	3	
4.4 Were project managers, responsible for delivery, appointed and were the project managers at a suitably senior level for the scale of the project?	2	
4.5 Were monitoring reports prepared regularly, showing implementation against plan, budget, timescales and quality?	3	
4.6 Did projects/programmes/grant schemes keep within their financial budget and time schedule?	2	
4.7 Did budgets have to be adjusted?	2	
4.8 Were decisions on changes to budgets / time schedules made promptly?	3	Yes
4.9 Did circumstances ever warrant questioning the viability of the project/programme/grant scheme and the business case incl. CBA/CEA? (exceeding budget, lack of progress, changes in the environment, new evidence, etc.)	3	Yes
4.10 If circumstances did warrant questioning the viability of a project/programme/grant scheme, was the project subjected to adequate examination?	3	Yes
4.11 If costs increased was approval received from the Sanctioning Authority?	3	Yes
4.12 Were any projects/programmes/grant schemes terminated because of deviations from the plan, the budget or because circumstances in the environment changed the need for the investment?	N/A	NO

Checklist 5 – To be completed in respect of current expenditure programmes incurring expenditure in the year under review

Incurring Current Expenditure	Self-Assessed Compliance Rating: 1 - 3	Comment/Action Required
5.1 Are there clear objectives for all areas of current expenditure?	3	
5.2 Are outputs well defined?	3	
5.3 Are outputs quantified on a regular basis?	3	
5.4 Is there a method for monitoring efficiency on an on-going basis?	2	
5.5 Are outcomes well defined?	3	
5.6 Are outcomes quantified on a regular basis?	2	
5.7 Are unit costings compiled for performance monitoring?	2	
5.8 Are other data compiled to monitor performance?	2	
5.9 Is there a method for monitoring effectiveness on an on-going basis?	2	
<u>5.10 Has the organisation engaged in any other 'evaluation proofing'[1] of programmes/projects?</u>	2	

[1] Evaluation proofing involves checking to see if the required data is being collected so that when the time comes a programme/project can be subjected to a robust evaluation. If the data is not being collected, then a plan should be put in place to collect the appropriate indicators to allow for the completion of a robust evaluation down the line.

Checklist 6 – To be completed in respect of capital projects/programmes & capital grant schemes discontinued and/or evaluated during the year under review

Capital Expenditure Recently Completed	Self-Assessed Compliance Rating: 1 - 3	Comment/Action Required
6.1 How many post project reviews were completed in the year under review?	N/A	
6.2 Was a post project review completed for all projects/programmes exceeding €20m?	N/A	
6.3 Was a post project review completed for all capital grant schemes where the scheme both (1) had an annual value in excess of €30m and (2) where scheme duration was five years or more?	N/A	
6.4 Aside from projects over €20m and grant schemes over €30m, was the requirement to review 5% (Value) of all other projects adhered to?	1	
6.5 If sufficient time has not elapsed to allow for a proper assessment, has a post project review been scheduled for a future date?	1	
6.6 Were lessons learned from post-project reviews disseminated within the Sponsoring Agency and to the Sanctioning Authority? (Or other relevant bodies)	N/A	
6.7 Were changes made to practices in light of lessons learned from post-project reviews?	N/A	
6.8 Were project reviews carried out by staffing resources independent of project implementation?	N/A	

Checklist 7 – To be completed in respect of 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: 1 - 3	Comment/Action Required
7.1 Were reviews carried out of current expenditure programmes that matured during the year or were discontinued?	N/A	
7.2 Did those reviews reach conclusions on whether the programmes were efficient?	N/A	
7.3 Did those reviews reach conclusions on whether the programmes were effective?	N/A	
7.4 Have the conclusions reached been taken into account in related areas of expenditure?	N/A	
7.5 Were any programmes discontinued following a review of a current expenditure programme?	N/A	No
7.6 Were reviews carried out by staffing resources independent of project implementation?	N/A	No
7.7 Were changes made to the organisation's practices in light of lessons learned from reviews?	N/A	

Notes:

❖ The scoring mechanism for the above checklists is as follows:

- Scope for significant improvements = a score of 1
- Compliant but with some improvement necessary = a score of 2
- Broadly compliant = a score of 3

❖ 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.

❖ 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 covered in the sample for those questions which address compliance with appraisal/evaluation requirements i.e. the annual number of appraisals (e.g. Cost Benefit Analyses or Multi Criteria Analyses), evaluations (e.g. Post Project Reviews). Key analytical outputs undertaken but outside of the sample should also be noted in the report.

