

Public Spending Code
Quality Assurance Report for 2017
Louth County Council

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

May 2018

Certificate

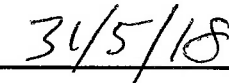
This Annual Quality Assurance Report sets out Louth County Council's approach to completing the Quality Assurance requirements as set out in the Public Spending Code. It is based on the best financial, organisational and performance related information available across the various areas of responsibility.

Signature of Accounting Officer:



Joan Martin
Chief Executive
Louth County Council

Date:



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Introduction

Louth County Council has completed the Quality Assurance (QA) requirements as set out in the Public Spending Code and 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.

2017 is the fourth 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. The person responsible for the Quality Assurance process should be satisfied that they have a full and complete inventory.
- **Step 2** - The Organisation should publish summary information on its 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 Department / Agency / Local Authority is required. Checklists are not required for each project/programme. The QA process for verifying the accuracy of responses on the checklist is based on a sample of projects / programmes and is Step 4 of the process.
- **Step 4** - Carry out a more in-depth check on a small number of selected projects/programmes.
- **Step 5** - Complete 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, should be submitted by the end of May in respect of the previous calendar year.

STEP 1 – Project Inventory

The project inventory presents a list of all projects/programmes with 2017 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 Grant Schemes greater than €0.5m |
| | | Capital Projects greater than €0.5m |
| | | Current Expenditure greater than €0.5m |
| 3 | Expenditure that has recently ended | Capital Grant Schemes greater than €0.5m |
| | | 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 - 2017

The Inventory contains 83 Projects under the three stages and comprise a total value of €297m. The following table provides an overview of the number of projects under each Project/Programme stage and under each of the categories/bands in each of these stages. It also provides an overview of the Project Costs under each category.

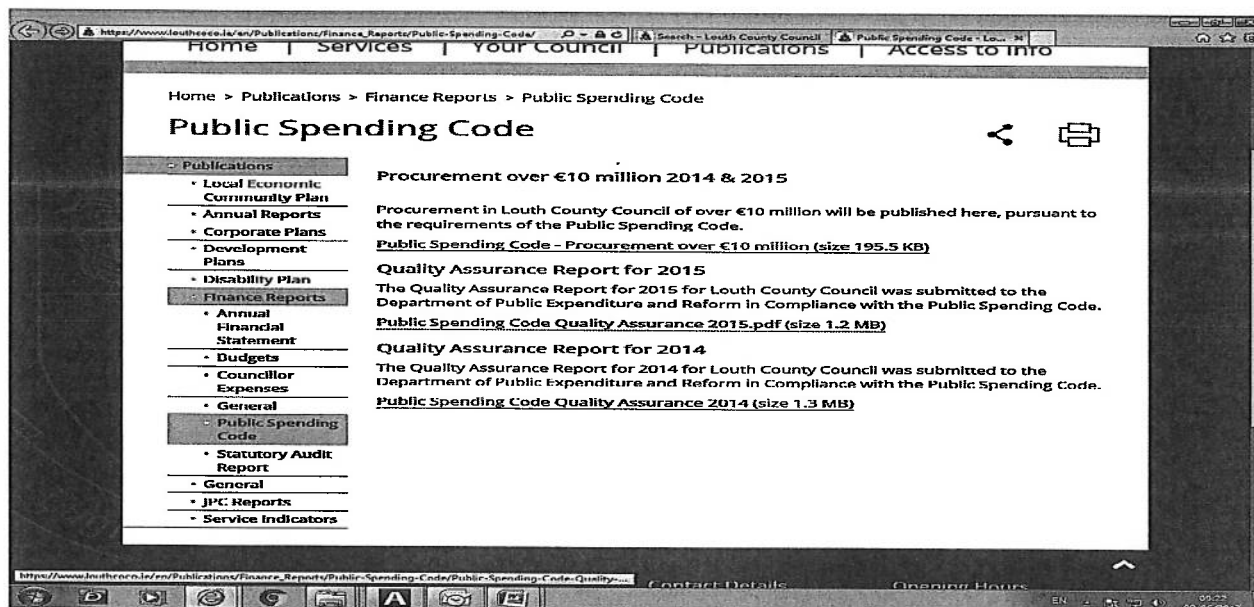
| Project Numbers | Revenue Expenditure | | | Capital Expenditure | | | Totals |
|------------------------------|---------------------|------------|-----------|---------------------|------------|-----------|-----------|
| | €0.5m - €5m | €5m - €20m | Over €20m | €0.5m - €5m | €5m - €20m | Over €20m | |
| Expenditure Being considered | 1 | 0 | 0 | 13 | 1 | 0 | 15 |
| Expenditure Being Incurred | 33 | 4 | 0 | 17 | 8 | 1 | 63 |
| Expenditure recently ended | 0 | 0 | 0 | 5 | 0 | 0 | 5 |
| Totals | 34 | 4 | 0 | 35 | 9 | 1 | 83 |

| Project Total Values | Revenue Expenditure | | | Capital Expenditure | | | Totals |
|------------------------------|---------------------|-------------|-----------|---------------------|--------------|-----------|------------|
| | €0.5m - €5m | €5m - €20m | Over €20m | €0.5m - €5m | €5m - €20m | Over €20m | |
| | €M | €M | €M | €M | €M | €M | €M |
| Expenditure Being considered | 1.8 | 0 | 0 | 19.6 | 6.0 | 0 | 27.4 |
| Expenditure Being Incurred | 49.1 | 37.3 | 0 | 48.9 | 95.2 | 30.0 | 260.5 |
| Expenditure recently ended | 0 | 0 | 0 | 9.1 | 0 | 0 | 9.1 |
| Totals | 50.9 | 37.3 | 0 | 77.6 | 101.2 | 30 | 297 |

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

Louth Co. Council has eight procurement projects related to projects in progress with a procurement value of €10m or more for the 2017 financial year. However one of the projects is being conducted by the National Development Finance Agency (Dunleer housing development) and is not published on the website.

In compliance with the requirement to publish all procurements in excess of €10m on our website we confirm that we will publish same on our website as soon as possible.



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 Projects or Capital Grant Schemes being incurred
5. Current Expenditure being incurred
6. Capital Projects & Capital Grant Schemes completed.
7. Current Expenditure completed

Findings on Completion of Checklists

The responses included in the Checklist indicate a satisfactory level of compliance. There are indications that there is some room for improvement in certain aspects of the requirements. However, no specific serious issues/concerns were evident during the completion of this element of the QA exercise.

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.

Internal Audit In-Depth Checks

ASM, our Internal Auditors was assigned the task of completing the In-depth check. The approach taken was to select six capital projects from the inventory.

The In-depth review has been completed and the projects selected were as follows:

| Project Reviewed | Category | Compliance |
|---|---------------------|--------------|
| Expenditure Being Incurred | | |
| Fr. Finn Park, Phase II | Capital Expenditure | Satisfactory |
| Bothar Brugha | Capital Expenditure | Satisfactory |
| Regeneration Works Scheme Cox's Demesne Phase 2.B | Capital Expenditure | Satisfactory |
| Carlingford Lough Greenway | Capital Expenditure | Satisfactory |
| Expenditure Recently Ended | | |
| Landfill Renewable Energy Project & Ancillary Works | Capital Expenditure | Satisfactory |
| Ardee Town Pavement Renewal N2 | Capital Expenditure | Satisfactory |

A formal report on the In-depth review has been completed and submitted to the Management Team within Louth Council. There is a general sense of satisfactory compliance with the Public Spending Code with four specific recommendations which are listed below:

- Post project reviews of all capital projects that exceed a certain threshold should be carried out at an appropriate time after project completion.
- There is a need for a standardised project file checklist to be used in all appropriate projects that relates to the requirements of the Public Spending Code.
- There is also a need to develop a standardised methodology of the project / contract management principles to be used by all relevant staff.
- The procurement steering committee should have the public spending code on it's meeting agendas as a standard item and ensure all relevant staff are appropriately updated.

Conclusion

This report has set out all the requirements of the Quality Assurance 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 Louth County Council within the 2017 financial year.
- The relevant publication in relation to procurements over €10m will be placed on Louth 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 but nothing of a serious nature was highlighted during this compliance exercise.
- An in-depth review of the sample projects contained in the Project inventory has been completed and further confirmed that there is, satisfactory compliance with the requirements of the Public Spending Code. Six projects were examined and ? recommendations arose from the review. These recommendations related to .
- 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 Louth Co Council. The contents of this report provide an overview on the QA exercise completed which has been certified by the Accounting Officer, Chief Executive.

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

The results of the 2017 QA are satisfactory.

All relevant staff will attend any future workshops organised by the Department of Public Expenditure and Reform when these information sessions arise.

The ongoing development of specific guidance in relation to the QA requirements from a local government perspective and the experience gained by staff completing the exercise for the 2017 projects will enhance the process for future years.

Appendix A - Inventory of Projects and Programmes over €0.5M, 2017 - Louth County Council

The following contains an inventory of expenditure on projects and programmes with a value of more than €0.5M, categorised by expenditure being considered, being incurred or recently ended. Only projects with total project expenditure matching these criteria are included in the inventory table.

| Local Authority | Expenditure being considered | | | Expenditure being incurred | | Expenditure recently ended | | NOTES |
|--|------------------------------|--|------------------|-----------------------------|-------------------------------|----------------------------|-------------------------------|-------|
| | Current > €0.5m | Capital Capital Grant Schemes > Capital Projects | Capital Projects | Current Expenditure > €0.5m | Capital Grant Schemes > €0.5m | Capital Projects > €0.5m | Capital Grant Schemes > €0.5m | |
| Louth County Council | €0.5m | €0.5 - €5m | €5 - €20m plus | | | | | |
| Council | | | | | | | | |
| Housing & Building | | | | | | | | |
| LCC Construction | | | | | | | | |
| Mell Phase II - Boice Court | | | | | | €15.7 | | |
| Mount Avenue | | | | | | €12.0 | | |
| Muirhevnamor Infill | | €3.0 | | | | | | |
| Riverside Crescent | | €3.1 | | | | | | |
| Bothar Brugha | | | | | | €0.7 | | |
| Fr. Finn Park Phase II | | | | | | €3.6 | | |
| Acquisition of vacant units - CPO - Drogheda & Dundalk | | | | | | €4.8 | | |
| Regeneration Works Scheme Coxs Demense Phase 2.A | | | | | | | €2.2 | |

| Local Authority | Expenditure being considered | | | Expenditure being incurred | | Expenditure recently ended | NOTES |
|--|------------------------------|-------------------------------|------------|----------------------------|------------------|----------------------------|-------|
| | Current > €0.5m | Capital | | Current Expenditure | Capital Projects | | |
| | | Capital Grant Schemes > €0.5m | €0.5 - €5m | | | | |
| Louth County Council | | | | | | | |
| Council | | | | | | | |
| Regeneration Works Scheme Coxs Demense Phase 2.B | | | | | €4.4 | | |
| Single Stage - Loakers and Rathmullen | | €1.5 | | | | | |
| CAS & CALF Schemes | | | | | | | |
| AHB Tierney Street, Ardee - 7 Units of accommodation | | | | | €0.5 | | |
| AHB Clós na Manach, Carlingford - 10 Units | | | | | €2.0 | | |
| AHB Development of Barrack Street - 10 Units | | | | | €0.8 | | |
| AHB Acquisition of 7 Units in Saltown Dundalk | | €1.4 | | | | | |
| AHB Clontigora, Dundalk - 43 Units | | | | | €5.0 | | |
| AHB Ard Dealgain, Dundalk - 38 units | | | | | €5.0 | | |
| AHB Scarlett St., Drogheda - 15 units | | | | | €2.0 | | |
| AHB Various Acquisitions - 12 units | | | | | | | |
| AHB Coultter Park, Dundalk - 2 units plus 4 units of accommodation | | €1.6 | | | | | |
| AHB Boice Court, Drogheda - 15 units | | €1.4 | | | | | |
| | | €2.2 | | | | | |

| Local Authority | Expenditure being considered | | | Expenditure being incurred | | Expenditure recently ended | NOTES | |
|--|------------------------------|----------------------------------|------------|----------------------------|-----------------------|----------------------------|-------|------------------|
| | Current > €0.5m | Capital | | Current Expenditure | Capital Grant Schemes | | | Capital Projects |
| | | Capital Grant Schemes > €0.5m | €0.5 - €5m | | | | | |
| Louth County Council | | | | | | | | |
| Council | | | | | | | | |
| AHB 98 & 99 Woodlands, Dunleer - 8 units of accommodation | | €1.0 | | | | | | |
| AHB Cockle Road, Kilineer, Drogheda - 5 units of accommodation | | €0.7 | | | | | | |
| NDFA PPP Project, Dunleer | | | | | €15.0 | | | |
| A01 Maintenance/Improvement LA Housing | | | | €7.0 | | | | |
| A02 Housing Assessment, Allocation and Transfer | | | | €0.9 | | | | |
| A03 Housing Rent & TP Administration | | | | €1.0 | | | | |
| A05 Administration of Homeless Service | | | | €1.8 | | | | |
| A06 Support to Housing Capital Prog. | | | | €2.3 | | | | |
| A07 RAS Programme | | | | €5.4 | | | | |
| A07 Increase in RAS expenditure - long term leasing | €1.8 | | | | | | | |
| A08 Housing Loans Programme | | | | €1.6 | | | | |
| A09 Housing Grants | | | | €1.9 | | | | |

| Local Authority | Expenditure being considered | | | Expenditure being incurred | | Expenditure being ended | NOTES |
|--|------------------------------|-------------------------|------------------|----------------------------|------------------|-------------------------|-------|
| | Current | Capital | | Current Expenditure | Capital Projects | | |
| | > €0.5m | Capital Grant Schemes > | Capital Projects | Capital Grant Schemes | Capital Projects | | |
| Louth County Council | €0.5m | €0.5 - €5m | €5 - €20m plus | €0.5m | €0.5m | €0.5m | |
| Council | | | | | | | |
| St Dominicks Bridge Refurbishment | | €0.5 | | | | | |
| Surface Water Scheme | | €1.5 | | | | | |
| Carlingford Lough Greenway | | | | | €3.0 | | |
| Ash walk to N52 | | | | | €0.8 | | |
| Ardee By Pass N52 | | | | | €12.5 | | |
| N53 Phase 4 - Hackballscross to Rassan | | | €6.0 | | | | |
| Narrow Water Bridge | | | | | €30.0 | | |
| Port Access Northern Cross Route - phase 1 - land purchase | | | | | €10.0 | | |
| Bellurgan Embankment Improvement Works | | | | | €0.8 | | |
| Mount Avenue LIHAF | | | | | €3.8 | | |
| Newtown LIHAF | | | | | €1.3 | | |
| Cianbrasil Street Refurbishment ERDF Grant | | | | | €4.6 | | |
| Ardee Town Pavement Renewal N2 | | | | | | €0.8 | |
| Tattyboys to Harristown Pavement Renewal N2 | | | | | | €0.5 | |

| Local Authority | Expenditure being considered | | | Expenditure being incurred | | Expenditure recently ended | NOTES | |
|--|------------------------------|------------|------------------|----------------------------|------------------------|----------------------------|-------|------------------|
| | Current > €0.5m | Capital | Capital Projects | Current Expenditure | Capital Grants Schemes | | | Capital Projects |
| | €0.5m | €0.5 - €5m | €5 - €20m | €20m plus | €0.5m | | | €0.5m |
| Louth County Council | | | | | | | | |
| Council | | | | | | | | |
| Other Projects | | | | | | | | |
| 8 Classroom Primary School at Ardee | | | | | €5.3 | | | |
| Post Primary School at Marshes Lanes, Dundalk | | | | | €18.0 | | | |
| Carlingford Library | | €0.5 | | | | | | |
| Drogheda Office Refurbishment | | | | | €12.0 | | | |
| Ardee Castle Refurbishment | | €1.2 | | | | | | |
| B01 NP Road - Maintenance and Improvement | | | | | €0.6 | | | |
| B03 Regional Roads – Maintenance & Improvement | | | | | €4.0 | | | |
| B04 Local Road – Maintenance & Improvement | | | | | €9.3 | | | |
| B05 Public Lighting | | | | | €1.4 | | | |
| B07 Road Safety Engineering Improvement | | | | | €0.6 | | | |
| B09 Maintenance & Management of Car Parking | | | | | €1.1 | | | |
| B10 Support to Roads Capital Prog | | | | | €0.7 | | | |

| Local Authority | Expenditure being considered | | | Expenditure being incurred | | | Expenditure already incurred | NOTES |
|---|------------------------------|-------------------------|------------------|----------------------------|-----------------------|------------------|------------------------------|-------|
| | Current | Capital | | Current Expenditure | Capital Grant Schemes | Capital Projects | | |
| | > €0.5m | Capital Grant Schemes > | Capital Projects | > €0.5m | > €0.5m | > €0.5m | | |
| Louth County Council | €0.5m | €0.5m | €0.5 - €5m | €5 - €20m | €20m plus | | | |
| Council | | | | | | | | |
| Water Services | | | | | | | | |
| C01 Water Supply | | | | | | €3.3 | | |
| C02 Waste Water Treatment | | | | | | €1.8 | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| Development Management | | | | | | | | |
| D01 Forward Planning | | | | | | €0.7 | | |
| D02 Development Management – Planning | | | | | | €1.7 | | |
| D03 Enforcement | | | | | | €0.8 | | |
| D06 Community and Enterprise Function | | | | | | €3.0 | | |
| D09 Economic Development & Promotion & Peace IV | | | | | | €3.5 | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| Environmental Services | | | | | | | | |
| Landfill Renewable Energy Project & Ancillary Works | | | | | | | €3.0 | |

| Local Authority | Expenditure being considered | | | Expenditure being incurred | | Expenditure recently ended | NOTES |
|--|------------------------------|-------------------------------|------------------|----------------------------|-----------------------|----------------------------|-------|
| | Current > €0.5m | Capital | | Current Expenditure | Capital Grant Schemes | | |
| | | Capital Grant Schemes > €0.5m | Capital Projects | | | | |
| Louth County Council | | €0.5m | €0.5 - €5m | €5 - €20m | €20m plus | €0.5m | |
| Council | | | | | | | |
| Drogheda Landfill Capping Contract 2017 | | | | | | €0.5 | |
| E01 Operation, Maintenance & Aftercare of Landfill | | | | | | | |
| E13 Water Quality and Noise | | | | | | €0.7 | |
| E05 Litter Management | | | | | | €0.7 | |
| E06 Street Cleaning | | | | | | €1.0 | |
| E09 Mtc & Upkeep of Burial Grounds | | | | | | €2.0 | |
| E11 Operation of Fire Services | | | | | | €0.5 | |
| | | | | | | €7.8 | |
| Recreation and Amenity | | | | | | | |
| Redevelopment of Sports Centre 2012 | | | | | | | €2.6 |
| F02 Operation of Library & Archive Services | | | | | | €2.8 | |
| F03 Outdoor Leisure Areas Operations | | | | | | €1.4 | |
| F04 Community, Sports & Recreation Development | | | | | | €1.5 | |
| F05 Operation of Arts Programme | | | | | | €1.8 | |

| Local Authority | Expenditure being considered | | | Expenditure being incurred | | Expenditure actually ended | | NOTES |
|---|------------------------------|-------------|------------------|----------------------------|-----------------------|----------------------------|-----------------------|---------------|
| | Current > €0.5m | Capital | Capital Projects | Current Expenditure | Capital Grant Schemes | Capital Projects | Capital Grant Schemes | |
| | €0.5m | €0.5 - €5m | €5 - €20m | €20m plus | €0.5m | €0.5m | €0.5m | |
| Louth County Council | | | | | | | | |
| Council | | | | | | | | |
| Agriculture, Education, Health and Welfare | | | | | | | | |
| G04 Veterinary Service | | | | | €0.6 | | | |
| Miscellaneous Services | | | | | | | | |
| H01 Profit & Loss Machinery Account | | | | | €1.3 | | | |
| H03 Administration of Rates | | | | | €7.8 | | | |
| H09 Local Representation/Civic Leadership | | | | | €0.9 | | | |
| H10 Motor Taxation | | | | | €1.0 | | | |
| H11 Agency & Recoupable Services | | | | | €0.3 | | | |
| | €1.8 | €0.0 | €19.6 | €6.0 | €86.4 | €0.0 | €0.0 | €9.1 |
| | | | | | | €174.1 | €0.0 | €297.0 |

Louth County Council

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 | Discussion/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)? | 2.5 | All relevant staff and agencies have been informed of the requirements of the PSC |
| 1.2 Has training on the Public Spending Code been provided to relevant staff within the authority? | 1 | Guidance is provided in preparation of the PSC inventory but specific training has not been undertaken |
| 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? | 3 | Yes. A guidance document has been developed for the QA adapting the PSC to Local Government structures & approach |
| 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? | N/A | No projects relevant to the PSC |
| 1.5 Have recommendations from previous QA reports (incl. spot checks) been disseminated, where appropriate, within the local authority and to agencies? | 3 | 2017 is the 4 th year of the QA exercise in Local Government sector. |
| 1.6 Have recommendations from previous QA reports been acted upon? | 2 | 2017 is the 4 th year of the QA exercise in Local Government sector. |
| 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 | Yes - Report submitted |
| 1.8 Was the required sample of projects/programmes subjected to in-depth checking as per step 4 of the QAP? | 3 | Required sample reviewed |
| 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 | All projects are reviewed in line with the original submission to the relevant Department / Agency to ensure they meet the targets. |

| | | |
|--|-----|---|
| 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 | None |
| 1.11 Is there a process to follow up on the recommendations of previous evaluations/Post project reviews? | 1 | Will be on the agenda for discussion at the next Procurement Steering Committee |
| 1.12 How have the recommendations of previous evaluations / post project reviews informed resource allocation decisions? | N/A | |

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 | Yes, only applies to N53, Phase 4 |
| 2.2 Was an appropriate appraisal method used in respect of capital projects or capital programmes/grant schemes? | 3 | Yes. |
| 2.3 Was a CBA/CEA completed for all projects exceeding €20m? | N/A | There are no projects of this value |
| 2.4 Was the appraisal process commenced at an early stage to facilitate decision making? (i.e. prior to the decision) | 2 | Yes. In conjunction with the relevant government body / agency |
| 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 | Required to secure grants |
| 2.6 If a CBA/CEA was required was it submitted to the relevant Department for their views? | 3 | Yes. In conjunction with the relevant government body / agency |
| 2.7 Were the NDFA consulted for projects costing more than €20m? | N/A | There are no projects of this value |
| 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 | Tenders were in line with approvals |
| 2.9 Was approval granted to proceed to tender? | 3 | Yes |
| 2.10 Were procurement rules complied with? | 3 | Yes |
| 2.11 Were State Aid rules checked for all supports? | 3 | N/A in Local Government |
| 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 | Yes |
| 2.13 Were performance indicators specified for each project/programme that will allow for a robust evaluation at a later date? | 1 | No |
| 2.14 Have steps been put in place to gather performance indicator data? | 1 | No |

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? | N/A | No programmes relevant to PSC in 2017 |
| 3.2 Are objectives measurable in quantitative terms? | N/A | No programmes relevant to PSC in 2017 |
| 3.3 Was a business case, incorporating financial and economic appraisal, prepared for new current expenditure? | N/A | No programmes relevant to PSC in 2017 |
| 3.4 Was an appropriate appraisal method used? | N/A | No programmes relevant to PSC in 2017 |
| 3.5 Was an economic appraisal completed for all projects exceeding €20m or an annual spend of €5m over 4 years? | N/A | No programmes relevant to PSC in 2017 |
| 3.6 Did the business case include a section on piloting? | N/A | No programmes relevant to PSC in 2017 |
| 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 | No programmes relevant to PSC in 2017 |
| 3.8 Have the methodology and data collection requirements for the pilot been agreed at the outset of the scheme? | N/A | No programmes relevant to PSC in 2017 |
| 3.9 Was the pilot formally evaluated and submitted for approval to the relevant Department? | N/A | No programmes relevant to PSC in 2017 |
| 3.10 Has an assessment of likely demand for the new scheme/scheme extension been estimated based on empirical evidence? | N/A | No programmes relevant to PSC in 2017 |
| 3.11 Was the required approval granted? | N/A | No programmes relevant to PSC in 2017 |
| 3.12 Has a sunset clause (as defined in section B06, 4.2 of the Public Spending Code) been set? | N/A | No programmes relevant to PSC in 2017 |
| 3.13 If outsourcing was involved were procurement rules complied with? | N/A | No programmes relevant to PSC in 2017 |
| 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? | N/A | No programmes relevant to PSC in 2017 |

| | | |
|---|-----|---------------------------------------|
| 3.15 Have steps been put in place to gather performance indicator data? | N/A | No programmes relevant to PSC in 2017 |
|---|-----|---------------------------------------|

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 | Yes where appropriate |
| 4.2 Did management boards/steering committees meet regularly as agreed? | 2 | Yes where appropriate |
| 4.3 Were programme co-ordinators appointed to co-ordinate implementation? | 2 | Internal co-ordinating team in place in most cases |
| 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 | Internal co-ordinating team in place in most cases |
| 4.5 Were monitoring reports prepared regularly, showing implementation against plan, budget, timescales and quality? | 2 | Internal co-ordinating team in place in most cases |
| 4.6 Did projects/programmes/grant schemes keep within their financial budget and time schedule? | 2 | In most cases |
| 4.7 Did budgets have to be adjusted? | 2 | Yes. Up and down |
| 4.8 Were decisions on changes to budgets / time schedules made promptly? | 2 | 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 | No |
| 4.10 If circumstances did warrant questioning the viability of a project/programme/grant scheme, was the project subjected to adequate examination? | N/A | |
| 4.11 If costs increased was approval received from the Sanctioning Authority? | 3 | Yes. This would be a requirement for grant approval |
| 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? | | 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 | Yes. Spending Programme defined as part of the Annual Budget process |
| 5.2 Are outputs well defined? | 3 | National KPIs are in place for Local Government |
| 5.3 Are outputs quantified on a regular basis? | 3 | KPIs are established each year for specific services |
| 5.4 Is there a method for monitoring efficiency on an on-going basis? | 3 | Yes. Budget performance and monitoring is in place |
| 5.5 Are outcomes well defined? | 3 | The Annual Service Delivery Plan enhances this measurement |
| 5.6 Are outcomes quantified on a regular basis? | 1 | The Annual Service Delivery Plan enhances this measurement |
| 5.7 Are unit costings compiled for performance monitoring? | 1 | No |
| 5.8 Are other data compiled to monitor performance? | 2 | Yes |
| 5.9 Is there a method for monitoring effectiveness on an on-going basis? | 2 | The Annual Service Delivery Plan enhances this measurement |
| 5.10 Has the organisation engaged in any other 'evaluation proofing' ¹ of programmes/projects? | | No |

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? | 2 | In conjunction with the relevant funding agency |
| 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? | 3 | Yes |
| 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? | 2 | Yes |
| 6.6 Were lessons learned from post-project reviews disseminated within the Sponsoring Agency and to the Sanctioning Authority? (Or other relevant bodies) | 2 | Yes |
| 6.7 Were changes made to practices in light of lessons learned from post-project reviews? | 2 | Yes |
| 6.8 Were project reviews carried out by staffing resources independent of project implementation? | 1 | Any project may be subject to examination by the internal or local government auditor |

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 | No programmes relevant to PSC in 2017 |
| 7.2 Did those reviews reach conclusions on whether the programmes were efficient? | N/A | No programmes relevant to PSC in 2017 |
| 7.3 Did those reviews reach conclusions on whether the programmes were effective? | N/A | No programmes relevant to PSC in 2017 |
| 7.4 Have the conclusions reached been taken into account in related areas of expenditure? | N/A | No programmes relevant to PSC in 2017 |
| 7.5 Were any programmes discontinued following a review of a current expenditure programme? | N/A | No programmes relevant to PSC in 2017 |
| 7.6 Were reviews carried out by staffing resources independent of project implementation? | N/A | No programmes relevant to PSC in 2017 |
| 7.7 Were changes made to the organisation's practices in light of lessons learned from reviews? | N/A | No programmes relevant to PSC in 2017 |

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.

Louth County Council

Audit fieldwork 2018

Quality Assurance review of the Public Spending Code Submission

31 May 2018



Ref: BC/jb/rb

Private and Confidential

Joan Martin
Chief Executive
Louth County Council
County Hall
Millennium Centre
Dundalk
A91 KFW6
31 May 2018
Dear Madam

ASM
20 Rosemary Street
Belfast
BT1 1QD

Background

2. The Council is responsible for establishing an internal, independent, quality assurance procedure, the outcome of which is a quality assurance report on how the organisation is meeting its obligations under the Public Spending Code. This report is required to be returned to the National Oversight and Audit Commission ("NOAC") on an annual basis.
3. We understand that the conclusion of the quality assurance review will also be included in the Council's submission to the Department of Housing, Planning and Local Government ("DHPLG").
4. The Public Spending Code issued under Circular 13/13 is designed to ensure that the State gets the best possible value from the resources at its disposal. The Public Spending Code applies to both capital and current expenditure and sets out the processes that should be applied by public service managers at different points of the expenditure lifecycle. It does not examine payroll cost or numbers. The Accountable Officer must complete and publish a signed annual Quality Assurance Report that assesses compliance with the requirements set out in the Public Spending Code.
5. The Public Spending Code requires the Council to assess its own level of compliance with the requirements set out in the Public Spending Code. This assessment requires a number of steps to be taken by the Council. These include the following:

Introduction

- a) **Step 1:** draw up an inventory list of capital projects and current expenditure programmes in place where money was spent in 2017. This also includes projects or programmes under consideration or completed in 2017. This will form an appendix to the Quality Assurance Report which will be submitted by the Council to NOAC in May 2018;

1. We have completed our quality assurance review of Louth County Council's ("the Council") submission to be made in relation to the Public Spending Code. This report summarises our findings.

- b) **Step 2:** publish a summary of all capital or current expenditure procurements with an individual capital or programme value in excess of €10m that were tendered for in 2017;
- c) **Step 3:** the compilation of a number of checklists. These are self-assessment checklists, which are completed by the Council to assess its compliance with the Public Spending Code requirements. The process requires the Council to assign ratings to 7 checklists that indicates the level of compliance with the Public Spending Code in the following areas:
- i) a comprehensive business case is in place for the expenditure;
 - ii) sanctions and approvals are in place from the sanctioning authority;
 - iii) appropriate appraisals are carried out;
 - iv) performance indicators are in place;
 - v) procurement rules are being complied with;
 - vi) effective governance or management structures and processes are in place; and
 - vii) post project reviews are undertaken.
- The self-assessment mechanism assigns ratings to indicate the level of compliance. The three rating options are outlined, as follows:
- scope for significant improvements – a score of 1;
 - compliant but with some improvement necessary – a score of 2; and
 - broadly compliant – a score of 3.

- d) **Step 4:** In-depth review of 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

6. As internal auditors for the Council, ASM have completed the in-depth review at Step 4. We have completed an in-depth review of 6 of the projects to assess the level of compliance with the Public Spending Code.

Scope

7. During the Audit and Risk Committee on 29 March 2018, the Audit and Risk Committee approved the completion of an internal audit assignment to complete a quality assurance review of the Council's Public Spending Code Submission.
8. The fieldwork visit focussed on assessing the following control objective in respect of the systems operating in respect of quality assurance of the Public Spending Code submission:
- a) to quality assure the Public Spending Code Submission to be made by the Council, via the review of a sample of projects or programmes of capital or revenue expenditure incurred by the Council during 2017 (i.e. 'step 4' of the process outlined above).
9. As part of this review we have also considered the draft Quality

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Assurance Report for 2017, which outlines how the Council is meeting its obligations under the Public Spending Code (i.e. how it is meeting its requirements in respect of steps 1 to 3 above)

10. This report is addressed to the Chief Executive and it is not to be released beyond the Council's management and staff, without our prior written consent. No duty of care is accepted to any party other than those to whom the report is addressed. No responsibility is accepted for any reliance placed upon our report, should it be used for any purpose other than that stated above.

Basis of assurance

11. We conducted our internal audit work in accordance with the Internal Audit Standards issued by the Chartered Institute of Internal Auditors ("CIAA"). Our work included an examination, on a test basis, of transactions processed in accordance with the Council's system of internal control.

12. We planned and performed our internal audit work to obtain reasonable assurance that the systems were operating as described. However, you should not rely on our work to identify all instances of fraud or error which may exist. The responsibility for these matters rests with management and the Chief Executive.

Findings

13. We reviewed a sample of 6 projects. The total expenditure for the projects selected amounted to €15.5m, which equates to 5.21% of the total value of all projects (€297m).

14. The Public Spending Code requires that at least 5% of the total value of all projects is subject to closer examination each year.

15. We have attached at **Appendix A** the category, number and

value of the projects disclosed by the Council in its "Inventory of Projects and Programmes Over €0.5m – 2017" and details of the projects selected for review.

16. We have attached at **Appendices B to G** the project overviews for the 6 projects selected for review. We reviewed all records that were made available to us and held discussions with staff that were involved with the 6 projects that were selected for review.

17. Our review identified that the Council's Public Spending Code checklists were available for inspection at the time of audit. We note that in assessing its own compliance with the requirements of the Public Spending Code in this area, the Council has arrived at a self-assessment rating of **2 – Compliant but with some improvement necessary**. The findings and recommendations arising from our review are consistent with this self-assessment.

18. Our review identified that project files did not consistently contain the same standardised contents. Information was generally available when requested but was not always contained within the relevant file and had to be requested from the relevant officer within the Council.

19. Appropriate documentation was reviewed for all 6 projects to confirm that tendering and procurement processes had been completed and that governance/ management structures were in place. We noted significant variations in the levels of governance / management structures in place across different projects.

20. Post project evaluation reviews had not been completed for the 4 of the 6 projects reviewed, as these were on-going and had not reached the point where it is appropriate to complete a post project analysis. In addition there was no evidence of specific performance indicators being measured for the projects reviewed.

21. Although our fieldwork was focused on an in-depth review of a sample of 6 projects, we also considered the contents of the other sections of the draft Public Spending Code Quality Assurance Report for 2017. We noted that in relation to the initial versions of the self-

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assessment checklists we reviewed, which had been completed by the Council, there were a number of instances where we had recommended the Council to consider revising their individual scores. It is noted that the Council has subsequently amended these scores accordingly.

22. We noted that the Council maintained a list of capital projects and current expenditure programmes in place during 2017, and had published a summary of all capital or current expenditure procurements with an individual capital or programme value in excess of €10 million.

23. Our review identified that Capita, the Council's previous Internal auditors, made four recommendations to the Council in relation to 2016 Quality Assurance review of the Public Spending Code submission. In our opinion those recommendations are not yet fully implemented. We consider that the Council should re-visit those recommendations and ensure they are implemented before the end of 2018.

24. We completed an internal audit of 'Procurement and Contract Management' as part of the 2017 internal audit plan which made a number of recommendations which should also be considered by the Council as part of the wider management of projects, in particular at the early stages of procurement and on-going contract management.

25. We have attached at **Appendices H** the key findings identified in the course of our work:

| Findings | Appendix |
|----------------|----------|
| File structure | H |

26. These findings were discussed with Mr Alan Sherry (Senior Executive Officer, Corporate Services and European Relations) on 14 May 2018. A draft of this report was issued on 29 May 2018. Client comments were received on 31 May 2018 and an updated report was subsequently issued on 31 May 2018.

27. We have attached definitions of our priority levels at **Appendix I**.

Other matters

28. We would like to take this opportunity to thank Council's management and staff for their assistance and co-operation during the course of this assignment.

29. If you have any queries in relation to this correspondence, please do not hesitate to contact Brian Clerkin or Jonathan Buick.

Yours faithfully

ASM (B) Ltd

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Number and value of projects and projects selected for review

A

| Category | Number and value of projects | | Total Expenditure |
|--|------------------------------|--|-------------------|
| | Number of Projects | | |
| Expenditure being considered > €0.5m | | | |
| Current expenditure > €0.5m | 1 | | €1.8m |
| Capital grant schemes > €0.5m | - | | - |
| Capital projects €0.5m - €5m | 13 | | €19.58m |
| Capital projects €5m - €20m | 1 | | €6.0m |
| Capital projects €20m plus | - | | - |
| Expenditure being incurred > €0.5m | | | |
| Current expenditure | 37 | | €86.45m |
| Capital grants schemes | - | | - |
| Capital Projects | 26 | | €174.07m |
| Expenditure recently ended > €0.5m | | | |
| Current expenditure | - | | - |
| Capital grant schemes | - | | - |
| Capital projects | 5 | | €9.1m |
| Total | 83 | | €297.0m |

| Projects selected for review | | Category | Appendix |
|---|--|---|----------|
| Project (and value) | | | |
| Bothar Brugha (€0.7M) | | | B |
| Father Finn Park – Phase II (€3.6M) | | Expenditure being Incurred >0.5m – Capital Projects | C |
| Regeneration Works Scheme Coxs Demense – Phase II.B (€4.4M) | | | D |
| Carlingford Lough Greenway (€3M) | | | E |
| Ardee Town Pavement Renewal N2 (€0.8M) | | Expenditure recently ended >0.5m – Capital Projects | F |
| Landfill Renewable Energy Project and Ancillary Works (€3M) | | | G |

Bothar Brugha

B

Findings

B1. Our review identified that this project relates to the redevelopment of 3 houses at Bothar Brugha, Drogheda, Co. Louth. The Council submitted a single stage application to the then Department of Housing, Planning, Community and Local Government (“DHPCLG”), now the Department of Housing, Planning and Local Government (“DHPPLG”) during June 2016, which included a costing of €736,585. DHPCLG responded to the application during September 2016, recommending the project for approval, authorising expenditure up to a costing of €751,813, and making a number of recommendations in relation to the project.

B2. The Council developed a Tender and Schedule for the “Demolition and Reconstruction of 3 dwelling houses at 55-57 Bothar Brugha, Drogheda, Co. Louth” and invited 6 organisations to respond. Our review identified that 4 of those organisations provided a response to the Tender and Schedule; we note that there was appropriate evidence on file to show that the Council had reviewed and evaluated the responses submitted.

B3. Our review identified that the Council selected the preferred contractor and notified them of their success on 2 February 2017. The Council also notified the 3 unsuccessful tenderers on 2 February 2017. The contractor was required to complete the works and the consulting civil and structural engineer firm reviewed and certified the work completed. We note that the contract value was €495k and during December 2017 the successfully appointed consulting civil and structural engineer firm had certified that €503k of work had been completed.

B4. Management of the contract was appropriately assigned to an Executive Engineer within the Council. Our review identified that management meetings were held regularly during the year, and we noted minutes of 13 meetings, in relation to the Bothar Brugha project, which were held between February 2017 and September 2017.

B5. We reviewed a digital contract file in relation to this project. Our review of this file identified that various supporting documentation and information was retained on file to evidence the following:

- a) a comprehensive business case was in place for the expenditure;
- b) sanctions and approvals were in place from the sanctioning authority;
- c) appropriate appraisals had been carried out;
- d) procurement rules were complied with; and
- e) effective governance or management structures and processes were in place.

B6. However, we note that we were unable to confirm the following from the file:

- a) performance indicators in place; and
- b) post project reviews had not been undertaken, as the project remains ongoing.

Father Finn Park – Phase II

C

Findings

C1. Our review identified that this project relates to the proposed development of 17 residential units on lands off the Green Road at Father Finn Park, Louth Village, Co. Louth. We note that approval was received for stage 1 of the capital appraisal, during April 2015; approval for the stage 2 pre-planning was then received during September 2016. We also note that the Council received planning approval during January 2017.

C2. We note that during February 2017, the Council submitted a supplementary request for tender for "Architecturally led full, integrated design team services". Our review identified that 6 responses were received in relation to this tender and that these responses were then reviewed on a Most Economically Advantageous Tender ("MEAT") basis of 30% Price and 70% Quality. We note that the winning tender signed a contract with the Council during April 2017.

C3. We reviewed a hard copy file in relation to this project. Our review of this file identified that information was retained on file to evidence the following:

- a) procurement rules were complied with;
- b) appropriate appraisals were carried out; and
- c) effective governance or management structures and processes were in place.

C4. However, we note that we were unable to confirm the following from the file:

- a) a comprehensive business case for the expenditure;
- b) sanctions and approvals in place from the sanctioning authority;
- c) performance indicators in place; and
- d) post project reviews had not been undertaken, as the project remains ongoing.

Regeneration Works Scheme Coxs Demense – Phase II.B

D

Findings

D1. Our review identified that this project was in relation to the next phase in the refurbishment of Aishling Park, Dundalk. We note that the project represents the next phase of a plan first proposed in 2010 to improve the lives and environments of people living in West Dundalk generally and Aishling Park and Cox's Demense particularly. We note that the project received approval of the stage 1 capital appraisal, during July 2013, and approval of the stage 2 pre planning during July 2013. We also note that the Council received planning approval during, July 2013.

D2. We note that during September 2016, the Council submitted a supplementary request for tender for an "Architecturally Led Full, Integrated Design Team Services". Our review identified that a number of responses were received in relation to this tender and that these responses were then reviewed on a MEAT basis. We note that the winning tender signed a contract with the Council during 2017.

D3. We reviewed a hard copy file in relation to this project. Our review of this file identified that information was retained on file to evidence the following:

- a) a comprehensive business case was in place for the expenditure;
- b) sanctions and approvals were in place from the sanctioning authority;
- c) appropriate appraisals had been carried out;
- d) procurement rules were complied with; and
- a) effective governance or management structures and processes were in place.

D4. However, we note that we were unable to confirm the following from the file:

- a) performance indicators in place; and
- b) post project reviews had not been undertaken, as the project remains ongoing.

E

Carlingford Lough Greenway

Findings

E1. Our review identified that this project was in relation to the redevelopment of Carlingford Lough Greenway. The Carlingford Lough Greenway project comprises the creation of 10.1 km of new cross-border Greenway, linking Newry City in Northern Ireland to Carlingford in the Republic of Ireland. The new stretch of Greenway will link with the previously completed Portadown to Newry element, resulting in a total length of 52km of cross border Greenway along the East coast of the island of Ireland. The project construction is to be completed by December 2019 and is part financed by the European Union's INTERREG Programme, managed by the Special European Union Programmes Body.

E2. Our review identified that a detailed business plan was developed and completed by PKF-FPM during April 2016 and that a construction plan was developed and outlines the project will aim to be finalised and handed over during December 2019 or January 2020.

E3. The Council developed a Tender and Schedule for "Engineering and Environmental Consultancy Services" and invited 6 organisations to respond to the Tender and Schedule. Our review identified that 2 of those organisations provided a response to the Tender and Schedule. We note that the Council reviewed and evaluated the responses submitted.

E4. Our review identified that a notice of award was issued to the winning tenderer on 15 May 2018 and letter of rejection was issued to the other tenderer on the same date.

E5. We reviewed a digital contract file which provided evidence to the procurement process. Our review of this file identified that information was retained on file to evidence the following:

- a) a comprehensive business case was in place for the expenditure;
- b) sanctions and approvals were in place from the sanctioning authority;
- c) appropriate appraisals had been carried out;
- d) procurement rules were complied with; and
- e) effective governance or management structures and processes were in place.

E6. However, we note that we were unable to confirm the following:

- a) performance indicators in place; and
- b) post project reviews had not been undertaken, as the project remains ongoing.

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Ardee Town Pavement Renewal N2

F

Findings

F1. Our review identified that this project relates to the capital investment programme to provide a pavement inlay to the N2 in Ardee and provision of all road signage and road markings. The overall project consists of a number of sub-projects, including resurfacing, reconstruction, drainage and exploratory holes.

F2. In preparation for this project the Council prepared an Invitation to Tender (“ITT”) to procure an appropriate contractor, to complete the works. This ITT required the successful contractor for each specific sub-project to be able to complete the following:

- a) establishing the location of all underground and overhead services prior to the commencement of works;
- b) reconstruction of predetermined sections in carriageway;
- c) provision of road signage and road markings in compliance with national standards;
- d) ensuring that all signing, lighting and guarding at the road works are carried out in accordance with Chapter 8 “signs for road works” issued by the Department of Environment;
- e) ensuring the safe unloading and storage of construction materials; and
- f) devising and implementing an effective traffic management programme to minimize traffic and pedestrian disruption.

F3. We reviewed 5 separate hard copy files which contained information in relation to the following:

Resurfacing scheme

F4. Tender process carried out and awarded based on lowest price. 10 contractors from the LCC Multiparty Framework Agreement for Road Pavement and Minor Road Works 2014-2017 were invited to tender.

F5. 6 tenders were received by the required deadline and were opened and assessed in October 2017. A preferred contractor was selected and appointed.

F6. Our review identified that a preliminary Health and safety plan was developed during September 2017.

Reconstruction area

F7. A tender process was carried out in June 2017 and awarded on the basis of most economically advantageous tender, we noted that this tender was also the tender with the lowest price. Our review identified that a preliminary Health and safety plan was developed during September 2017.

F8. A comprehensive schedule of rates was contained on file and training records retained for sub-contractors work on the site. There was also a waste management plan developed.

Drainage contract

F9. A tender process was carried out in May 2017 and awarded based on lowest price. Our review also identified that a preliminary Health and safety plan was developed during September 2017.

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Ardee Town Pavement Renewal N2

F

F10. We note that there was a signed copy of the Chief Executive order register on file, in relation to the specific contractors appointed.

Ardee Town Pavement Renewal N2 (cont'd)

F

Findings

Exploratory holes

F11. On completion of the procurement exercise and in accordance with the Office of Government Procurement (“OGP”) guidance a contractor was appointed and approved by executive management. An approval letter and relevant letter to unsuccessful applicants were issue in November 2017. The tender was based on the ‘Most Economically Advantageous Tender’ (“MEAT”) as per the OGP framework.

F12. We reviewed a contract file which provided evidence to the procurement process. Supplementary documentation surrounding the appraisal process including business case was limited. Management reports underlining the implementation stage of the programme expenditure were reviewed. Management met the contractor formally, monthly, with a performance review completed once the project had been completed.

F13. We reviewed a hard copy contract file in relation to this project. Our review of this file identified that information was retained on file to evidence the following:

- a) a comprehensive business case was in place for the expenditure;
- b) sanctions and approvals were in place from the sanctioning authority;
- c) appropriate appraisals had been carried out;
- d) procurement rules were complied with; and
- e) effective governance or management structures and processes were in place.

F14. However, we note that we were unable to confirm the following from the file:

- a) performance indicators in place; and
- b) post project reviews had not been undertaken, as the project has only recently been completed.

Landfill Renewable Energy Project and Ancillary Works

G

Findings

G1. Our review identified that the current stage of the project relates to upgrades to the Landfill renewable energy project and ancillary works. The Landfill renewable energy project is a significant project which initially commenced in 2012. As a result there is a significant amount of documentation and supporting information held on file outlining how the development of a Landfill renewable energy project could lead to viable commercial renewable energy source for the Council.

G2. We note that the original Application to the Commission for Energy Regulation (“CER”), to construct a Landfill Gas Unit in order to generate electricity for LCC and supply to the grid, was submitted during September 2012. Documentation was on file to support the application made.

G3. We note that the CER approved construction during November 2012, further we note that testing of site was completed in March 2014 and was noted working and active.

G4. Our review noted that the Sustainable Energy Authority Of Ireland (“SEAI”) Final Report was completed in May 2013 with a number of recommendations which detailed the ESB Network Grid Connection Offer, CER Licence Photographic Plates etc.

G5. We reviewed tender award document for the current stage of the project, for upgrades to the Landfill renewable energy project and ancillary works, which noted the MEAT basis as 70% Cost and 30% Quality.

G6. We reviewed a hard copy contract file which provided evidence to the procurement process. Our review of this file identified that information was retained on file to evidence the following:

- a) a comprehensive business case was in place for the expenditure;
- b) sanctions and approvals were in place from the sanctioning authority;
- c) appropriate appraisals had been carried out;
- d) procurement rules were complied with; and
- e) effective governance or management structures and processes were in place.

G7. However, we note that we were unable to confirm the following:

- a) performance indicators in place; and
- b) post project reviews had not been undertaken, as the project has only recently been completed.

File structure

Findings

H1. During our review the Council provided us with hard copy files for 4 of the projects and digital copy files for 2 of the projects which were reviewed. We note that there was no apparent structure to hard copy the files provided and that this made it difficult for Internal Audit to obtain the required information to complete the review efficiently.

H2. We consider that the Council would benefit from the development of a project management file structure for all capital projects from the decision to begin the project to approval of the project to the post project evaluation which encompasses all stages of the project to ensure that a project, including the management of projects, has been documented and retained adequately and that the staff members with responsibility for the project are also identified via the completion of a file check list.

Effects

H3. The appropriate project management documentation is being retained on file with no apparent structure.

Recommendations and management action plans

| Recommendations | Priority | Status (Recommendation accepted / not accepted) | Comment | Responsibility | Timeframe |
|--|-----------------|---|----------------|-----------------------|------------------|
| H4. We recommend that the Council develop a file structure for all capital projects from approval to post project evaluation which encompasses all stages of the project to ensure that all project management documentation has been adequately retained. | 3 | | | | |
| H5. We recommend that the Council develop a file checklist to ensure that the project management sign off that all appropriate documentation has been retained. | 3 | | | | |

Priority levels

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In prioritising recommendations for action, we have used the following definitions:

| Priority rating | Definition |
|-----------------|--|
| 1 | An issue which requires urgent management decision and action without which there is a substantial risk to the achievement of key business / system objectives, to the reputation of the organisation, or to the regularity and propriety of public funds. |
| 2 | An issue which requires prompt attention, as failure to do so could lead to a more serious risk exposure. |
| 3 | Improvements that will enhance the existing control framework and / or represent best practice. |

Priority levels

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