

**Public Spending Code
Quality Assurance Report for 2018
Louth County Council**

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

May 2019

Certificate

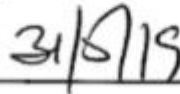
This Annual Quality Assurance Report sets out Louth County Council's approach to completing the Quality Assurance requirements as set out in the Public Spending Code. It is based on the best financial, organisational and performance related information available across the various areas of responsibility.

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.

2018 is the fifth 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:

- o **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.
- o **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.
- o **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.
- o **Step 4** - Carry out a more in-depth check on a small number of selected projects/programmes.
- o **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 2018 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 - 2018

The Inventory contains both Capital & Revenue Projects under the three stages and comprise a total value of €630.55m. 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	21	4	2	28
Expenditure Being Incurred	35	5	0	19	9	2	70
Expenditure recently ended	0	0	0	3	0	0	3
Totals	36	5	0	43	13	4	101

Project Total -Value	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	2.1	0	0	35.62	47.22	269	353.94
Expenditure Being Incurred	56.88	41.10	0	46.43	82.7	46.0	273.11
Expenditure recently ended	0	0	0	3.5	0	0	3.5
Totals	58.98	41.10	0	85.55	129.92	315	630.55

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

Louth Co. Council has one procurement project related to projects in progress with a procurement value of €10m or more for the 2018 financial year.

In compliance with the requirement to publish all procurements in excess of €10m on our website we confirm that we have published same on our website.

Summary Information on Website

The Project Inventory will inform the projects to be published on the organisation's website. Summary details of all procurements (capital and current) where the value exceeds €10m are required to be published under a heading PROCUREMENT/PROJECT PROGRESS. The list must be published by March each year and should include the information on the following table for each project/procurement greater than €10m regardless of its status. All €10m + projects/procurements will remain on the list until they have been reported as completed.

Project Details

Year: 2018

Parent Department: Infrastructure

Name of Contracting Body: Louth County Council

Name of Project / Description: New Build 1000 Pupil Post Primary School

Colaiste Chu Chulainn at the Marshes,

Dundalk.

Procurement Details

Advertisement Date: 22-04-2014 System ID 83625

Tender Advertised in: OJEU

Awarded to: Ganson Building & Civil Engineering Ltd.

EU Contract Award Notice Date:

Contract Price: €14,380,000 ex VAT

Progress

Start Date: 9th January 2017

Expected Date of Completion per Contract: 27th July 2018

Spend in Year under Review: €7,562,480.71 incl Vat

Cumulative Spend to End of Year: €16,043,082.21 incl Vat

Projected Final Cost: Not available at this time

Value of Contract Variations: Not available at this time

Date of Completion: 21st December 2018

Outputs

Expected Output on Completion (e.g. xx kms of Road, No. of units etc)

1,000 plus Pupil Post Primary School

Output Achieved to date (e.g. xx kms of Road, No. of Units etc.)

1,000 plus Pupil Post Primary School completed.

Notes:

The requirement to publish relates specifically to procurement and not the project so where it is reported at over €10m the interpretation here is that the project is examined and only the elements of that project that were the subject of a procurement process for a contract in excess of €10m needs to be reported. Therefore if a project with a total expenditure in excess of €10m is made up of procurements assigning more than one contractor and none of these contracts exceed the €10m threshold then there is no requirement to include them in the list for publication.

2018 Year – Year of review.

Parent Department = Louth County Council/Department of Education

The link on the website is: Louth County Council > Publications> Finance Reports> Public Spending Code> select Public Spending Code Procurement over €10m 2018.

The screenshot shows a web browser window with the URL <https://www.louthcoco.ie/en/publications/finance>. The page title is 'Public Spending Code - Lo...'. The main content area is titled 'Quality Assurance Reports' and contains a table with the following data:

Year	Description	Link to Report
2017	The Quality Assurance Report for 2017 for Louth County Council was submitted to the Department of Public Expenditure and Reform in Compliance with the Public Spending Code.	Public Spending Code Quality Assurance Report for 2017 (size 3.7 MB)
2016	The Quality Assurance Report for 2016 for Louth County Council was submitted to the Department of Public Expenditure and Reform in Compliance with the Public Spending Code.	Public Spending Code Quality Assurance 2016 (size 4.3 MB)
2015	The Quality Assurance Report for 2015 for Louth County Council was submitted to the Department of Public Expenditure and Reform in Compliance with the Public Spending Code.	Public Spending Code Quality Assurance 2015.pdf (size 1.2 MB)
2014	The Quality Assurance Report for 2014 for Louth County Council was submitted to the Department of Public Expenditure and Reform in Compliance with the Public Spending Code.	Public Spending Code Quality Assurance 2014 (size 1.3 MB)

Below this table, there is a section titled 'Procurement over €10 million 2014 & 2015' with another table:

Year	Description	Link to Report
2018	Procurement in Louth County Council of over €10 million will be published here, pursuant to the requirements of the Public Spending Code	Public Spending Code - Procurement over €10 million - 2018.pdf (size 151.4 KB)
2014 &	Procurement in Louth County Council of over €10 million will be published here, pursuant to the requirements of	Public Spending Code - Procurement

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 and the internal auditors have recommended a review of the responses. 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 were assigned the task of completing the In-depth check. The approach taken was to select capital projects having a value of 5.51% of total value of Capital Project inventory, and Revenue Projects having a total value of 1.23% of revenue expenditure. The In-depth review has been completed and the projects selected were as follows:

Project Reviewed	Category	Compliance
Expenditure Being Incurred		
NDFMA PPP Projects at Dromin, Dunleer 80 Units	Capital Expenditure	Satisfactory
Upgrade of changing villages in Louth County Council Swimming Pools	Capital Expenditure	Satisfactory
Colaiste Chú Chulainn, Post Primary School at Marshes Lane Dundalk	Capital Expenditure	Satisfactory
Road Restoration Works (3 Projects) 2018	Revenue Expenditure	Satisfactory

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

- It is recommended that the Council review those areas of the self-assessment checklists where a score of '1' indicated a need for improvement and ensure positive corrective action is taken.
- It is recommended that the Council ensure that tenders are conducted in a manner which is fair and transparent and affords an equal opportunity for all suppliers to compete.
- It is recommended that the council review the responses to the 7 checklists to ensure that they are appropriate.
- It is recommended that the Council seeks confirmation from the National Oversight and Audit Commission ("NOAC") in relation to which projects should and should not be included in the PSC Quality Assurance Report for 2018 specifically when the Council do not have responsibility.

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 2018 financial year.
- The relevant publication in relation to procurements over €10m has been 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. Projects were examined and 4 recommendations arose from the review.
- 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, The 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 2018 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 2018 projects will enhance the process for future years.

APPENDIX A

Appendix A - Inventory of Projects and Programmes over €0.5M, 2018 - 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 a 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	Capital	Capital			Current Expenditure	> €0.5 m	Capital Projects	Current Expenditure	> €0.5 m	Capital Projects	
Local Authority Name	> €0.5 m	Capital Grant Schemes >	€0.5 m	€5 - €20 m	€20m plus							
Council												
Housing & Building												
LCC Construction												
Mell Phase 11 - Boice Court				15.70							100% funded	
Mount Avenue				16.00							100% funded	
Muirhevnamor Infill			3.00								100% funded	
Riverside Crescent			3.10								100% funded	
Bothar Brughra									0.70		100% funded	
Fr. Finn Park Phase II						4.50					100% funded	
Acquisition of vacant units - CPO - Bundle 1 and 2							5.20				100% funded	
Acquisition of vacant units - CPO - Bundle 3 and 4							5.30				100% funded	
Acquisition of vacant units - CPO - Bundle 5 & 6							3.00				100% funded	
Regeneration Works Scheme Coxs Demesne Phase 2.A						2.20					100% funded	
Regeneration Works Scheme Coxs Demesne Phase 2.B							4.40				100% funded	
Single Stage - Moneymore and Rathmullen			1.30								100% funded	
Single Stage - Loakers and Goirt Uaine			1.00								100% funded	
Modular Family Hub, Drogheda			2.50								100% funded	
CAS & CALF Schemes											100% funded	
AHB Tierney Street, Ardee - 7 Units of accommodation CAS			0.80								100% funded	
AHB Clós na Manach, Carlingford - 10 Units CALF									1.20		100% funded	
											100% funded	

Local Authority	Expenditure being considered					Expenditure being incurred			Expenditure recently ended			Notes
	Current	Capital	Capital			> €0.5 m	> €0.5 m	> €0.5 m	> €0.5 m	> €0.5 m		
Local Authority Name	> €0.5 m	Capital Grant Schemes > €0.5 m	€0.5 - €5m	€5 - €20 m	€20m plus	Current Expenditure	Capital Grant Schemes	Capital Projects	Current Expenditure	Capital Grant Schemes	Capital Projects	
Council												
AHB Development of Barrack Street - 27 Units CAS			2.70									
AHB Acquisition of 7 Units in Saltown Dundalk CAS							1.40					100% funded
AHB Clontigora, Dundalk - 43 Units CALF			3.00									100% funded
AHB Ard Dealgan, Dundalk - 38 units CALF			3.00									100% funded
AHB Scarlet St., Drogheda - 15 units CALF							2.00					100% funded
AHB Coulter Park, Dundalk - 7 units CAS			1.60									100% funded
AHB Castleguard Ardee, 102 units CALF								6.80				100% funded
AHB Rathmullen Road, NEHA 54 Units CALF								3.40				100% funded
AHB Rathmullen Road, Tuath 51 Units CALF								3.20				100% funded
AHB Dundoogan, Tuath 112 Units CALF								6.40				100% funded
AHB, Dublin Road, Dundalk, Respond 31 Units								2.10				100% funded
AHB, Mounthamilton, Dundalk, Cluid, 43 Units							2.00					100% funded
Cois Cuain, Upper Point Road, Dundalk							1.04					100% funded
Other Social Housing Units Capital Projects												
NDFMA PPP Projects at Dromin Dunleer 80 units								15.00				100% funded
Other Capital Projects												
Traveller Group Housing			1.50									100% funded
A01 Maintenance/Improvement LA Housing						6.29						
A02 Housing Assessment, Allocation and Transfer						0.99						
A03 Housing Rent & TP Administration						1.23						
A04 Housing Community and Development Support						0.64						
A05 Administration of Homeless Service						3.98						
A06 Support to Housing Capital Programme						2.34						

Local Authority	Expenditure being considered					Expenditure being incurred			Expenditure recently ended			Notes
	Current	Capital	Capital			> €0.5 m	> €0.5 m	> €0.5 m	> €0.5 m	> €0.5 m		
Local Authority Name	> €0.5 m	Capital Grant Schemes > €0.5 m	€0.5 m	€5 - €20 m	€20m plus	Current Expenditure	Capital Grant Schemes	Capital Projects	Current Expenditure	Capital Grant Schemes	Capital Projects	
Council												
A07 RAS and leasing Programme						6.56						
A08 Housing Loans						1.36						
A09 Housing Grants						1.50						
Road Transportation and Safety												
Footpath Replacement Programme			0.75									
St Dominic's Bridge Refurbishment			1.10									
Obelisk Bridge Refurbishment			1.40									
Carlingford Lough Greenway								3.50				ERDF Grant - 85%
Ash Walk to N52			0.70									
Ardee By Pass N52							26.00					
N53 Phase 4 - Hackballscross to Rassan				6.00								
Port Access Northern Cross Route Ph 1 - Land Purchase/Construction								20.00				
Bellurgan Embankment Improvement Works								0.75				
Mount Avenue LIHAF								3.80				
Newtown LIHAF								1.22				
Clanbrassil Street Refurbishment ERDF Grant								6.60				Specific Improvement grant €2m
CFRAM					83.00							100% funded by OPW
N2 Ardee Town Pavement Renewal - Phase 11								0.80				
Park & Share Pilot HD17			0.95									
N2 Annaglog Hunterstown Pavement Renewal			0.80									
N2 Blakestown											1.60	
N53 Barronstown to HBX minor								1.70				
N53 Barronstown to Newtownbalregan minor								7.40				
Dundalk Western Infrastructure					186.00							
Pay Parking Upgrades	€2.1											
Playground & MUGA Upgrades								0.52				

Local Authority	Expenditure being considered					Expenditure being incurred			Expenditure recently ended			Notes
	Current	Capital	Capital			> €0.5 m	> €0.5 m	> €0.5 m	> €0.5 m	> €0.5 m		
Local Authority Name	> €0.5 m	Capital Grant Schemes > €0.5 m	€0.5 - €5m	€5 - €20 m	€20m plus	Current Expenditure	Capital Grant Schemes	Capital Projects	Current Expenditure	Capital Grant Schemes	Capital Projects	
Council												
Other Projects												
8 Classroom Primary School at Ardee								4.90				Dept of Education & Skills funding.
Post Primary School at Marshes Lanes, Dundalk								18.00				Dept of Education & Skills funding.
Drogheda Office Refurbishment								12.00				
Ardee Castle Refurbishment			2.00									Project 2040 Rural Regeneration
B01 NP Road - Maintenance and Improvement						0.77						
B02 NS Road- Maintenance & Improvement						0.50						
B03 Regional Roads - Maintenance and Improvement						4.33						
B04 Local Road - Maintenance and Improvement						14.20						
B05 Public Lighting						1.60						
B09 Maintenance & Management of Car Parking						1.20						
B10 Support to Roads Capital Programme						0.53						
B11 Agency & Recoupable Services						0.51						
Water Services - Agency Service for Irish Water												
C01 Water Supply						3.03						
C02 Waste Water Treatment						1.70						
Development Management												
Refurbishment of O'Reilly Building, Drogheda			2.00									
D01 Forward Planning						0.89						
D02 Development Management						2.19						
D03 Enforcement						0.87						
D06 Community and Enterprise Function						3.99						

Local Authority	Expenditure being considered					Expenditure being incurred			Expenditure recently ended			Notes
	Current	Capital	Capital			> €0.5 m	Capital	Capital	Current	> €0.5 m	Capital	
Local Authority Name	> €0.5 m	Capital Grant Schemes > €0.5 m	€0.5 - €5m	€5 - €20 m	€20m plus	Current Expenditure	Capital Grant Schemes	Capital Projects	Current Expenditure	Capital Grant Schemes	Capital Projects	
Council												
D09 Economic Development and Promotion						3.41						
Environmental Services												
Drogheda Landfill Capping Project 512017			1.90									
Whiteriver Landfill				9.52								
E01 Landfill Operation and Aftercare						0.81						
E03 Waste to Energy Facilities Operations						0.51						
E05 Litter Management						1.22						
E06 Street Cleaning						2.46						
E07 Waste Regulations, Monitoring and Enforcement						0.67						
E11 Operation of Fire Service						8.10						
Recreation and Amenity												
Upgrade of changing villages in LCC swimming pool						0.52						
F02 Operation of Library and Archival Service						2.64						
F03 Outdoor Leisure Areas Operations						1.45						
F04 Community Sport & Recreational Development						1.50						
F05 Operation of Arts Programme						2.20						
Agriculture, Education, Health and Welfare												
G04 Veterinary Service						0.61						
Miscellaneous Services												
H01 Profit and Loss Machinery Account						1.11						
H03 Administration of Rates						5.95						
H09 Local Representation and Civic Leadership						0.92						
H10 Motor Taxation						1.01						
H11 Agency and Recoupable Services						2.21						

Local Authority	Expenditure being considered					Expenditure being incurred			Expenditure recently ended			Notes
	Current		Capital				> €0.5 m			> €0.5 m		
Local Authority Name	> €0.5m	Capital Grant Schemes > €0.5m	€0.5 - €5m	€5 - €20m	€20m plus	Current Expenditure	Capital Grant Schemes	Capital Projects	Current Expenditure	Capital Grant Schemes	Capital Projects	
Council												
[Insert other category/s if required]												
Total Costs	€2.10		€35.10	47.22	269.00	97.98	39.14	135.99	0.00	1.90	1.60	630.55

APPENDIX B

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 ongoing 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 & PSC included as an item on the agenda of Procurement Steering Committee Meetings.
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 provided to relevant staff within the authority?	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) has been disseminated, where appropriate, within the local authority and to agencies?	3	2018 is the 5 th years of the QA exercise in Local Government sector.
1.6 Have recommendations from previous QA reports been acted upon?	2	2018 is the 5 th year of the QA exercise in Local Government sector.
1.7 Has an annual Public Spending Code 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 Projects 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	2.5	All projects are reviewed in line with the original submission to the relevant Department/Agency to ensure they meet the targets. Post Project Review Template developed & presented at Procurement Steering Committee Meeting.
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?	2	Relevant stakeholders notified of the Post Project Review
1.11 Is there a process to follow up on the recommendations of previous evaluations/Post Project Reviews?	1	Included as agenda item on Procurement Steering Committee Meetings for discussion, and Post Project Review template developed.
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 & Approval	Self-Assessed Compliance Rating 1-3	Comment/Action Required
2.1 Was a preliminary appraisal undertaken for all projects > €5m?	3	Yes, where applicable
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?	2	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?	2	Post Project Review Template developed & used to assess performance

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 2018
3.2 Are objectives measurable in quantitative terms?	N/A	No programmes relevant to PSC in 2018
3.3 Was a business case, incorporating financial and economic appraisal, prepared for new current expenditure?	N/A	No programmes relevant to PSC in 2018
3.4 Was an appropriate appraisal method used?	N/A	No programmes relevant to PSC in 2018
3.5 Was an economic appraisal completed for all projects exceeding €20m or an annual spend of €Sm over 4 years?	N/A	No programmes relevant to PSC in 2018
3.6 Did the business case include a section on piloting?	N/A	No programmes relevant to PSC in 2018
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 2018
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 2018
3.9 Was the pilot formally evaluated and submitted for approval to the relevant Department?	N/A	No programmes relevant to PSC in 2018
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 2018
3.11 Was the required approval granted?	N/A	No programmes relevant to PSC in 2018
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 2018
3.13 If outsourcing was involved were procurement rules complied with?	N/A	No programmes relevant to PSC in 2018
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 2018

3.15 Have steps been put in place to gather performance indicator data?	N/A	No programmes relevant to PSC In 2018
-------------------------------------------------------------------------	-----	---------------------------------------

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?	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	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	grant approval received
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	Yes. Spending Programme Defined as part of the Annual Budget process.
5.2 Are outputs well defined?	3	National KPI's are in place for Local Government
5.3 Are outputs quantified on a regular basis?	3	KPI's 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 organization engaged in any other evaluation profiling of programmes/projects?	N/A	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	One, in conjunction with the relevant funding agency
6.2 Was a post project review completed for all projects/programmes exceeding €20m?	N/A	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	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 the 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 2018
7.2 Did those reviews reach conclusions on whether the programmes were efficient?	N/A	No programmes relevant to PSC in 2018
7.3 Did those reviews reach conclusions on whether the programmes were effective?	NA	No programmes relevant to PSC in 2018
7.4 Have the conclusions reached been taken into account in related areas in expenditure?	N/A	No programmes relevant to PSC in 2018
7.5 Were any programmes discontinued following a review of a current expenditure programme?	N/A	No programmes relevant to PSC in 2018
7.6 Were reviews carried out by staffing resources independent of project implementation?	N/A	No programmes relevant to PSC in 2018
7.7 Were changes made to the organisation's practices in light of lessons from the reviews?	N/A	No programmes relevant to PSC in 2018

Notes:

The scoring mechanism for the above checklists is as follows:

- o Scope for significant improvements = a score of 1
- o Compliant but with some improvement necessary= a score of 2
- o 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.

APPENDIX C

Louth County Council

Audit fieldwork 2019

Quality Assurance Review of Public Spending Code Submission

11 June 2019



Ref: CH/rb

Private and Confidential

Joan Martin Chief
Executive
Louth County Council
County Hall Millennium
Centre Dundalk
A91 KFW6

ASM
4th Floor
Glendenning House 6
Murray Street
Belfast
BT1 6DN

11 June 2019

Dear Madam

Re: Fieldwork visit – Quality Assurance Review of Public Spending Code Submission

Introduction

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 ("the PSC"). This report summarises our findings.

Background

2. The Council is responsible for establishing an internal, independent, quality assurance procedure in respect of how the Council is meeting its obligations under the PSC. The outcome of this is a quality assurance report to the National Oversight and Audit Commission ("NOAC") on an annual basis.

3. The PSC, issued under Circular 13/13, is designed to ensure that the State gets the best possible value from the resources at its disposal. The PSC 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.

4. The Council's Accountable Officer must complete and publish a signed annual Quality Assurance Report that assesses compliance with the requirements set out in the PSC.

5. The PSC requires public bodies to establish an internal, independent, quality assurance procedure involving annual reporting on how organisations are meeting their PSC obligations. This assessment requires a number of steps to be taken by the Council. These include the following:

- a) **Step 1:** draw up an inventory list of capital projects and current expenditure programmes in place where money was spent in 2018. This also includes projects or programmes under consideration or completed in 2018. This will form an appendix to the Quality Assurance Report which will be submitted by the Council to NOAC in May 2019;
- 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 2018;
- 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 PSC requirements. The process requires the Council to assign ratings to 7 checklists that indicates the level of compliance with the PSC in the following areas:
 - i) a comprehensive business case is in place for the expenditure;

- i) sanctions and approvals are in place from the sanctioning authority;
- ii) 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:

- i) scope for significant improvements – a score of 1;
 - ii) compliant but with some improvement necessary – a score of 2; and
 - iii) 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 PSC within the organisation; and
- e) **Step 5:** Complete a short summary report for the 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.

6. The Council have completed the review requirements set out at Steps 1, 2, 3 and 5. As set out in the guidance, ASM, as internal auditors for the Council, have completed the in-depth review requirement set out at Step 4.

Scope

7. This review was undertaken in accordance with the Council's Internal Audit Plan, approved by the Audit Committee on 9 August 2018. The fieldwork visit focused on assessing the following control objectives:

- a) to quality assure the PSC Submission to be made by the Council, via a review of a sample of projects, programmes of capital, and revenue expenditure incurred by the Council during the 2018 year; and
- b) to report on how the Council is meeting its obligations under the PSC, with regards to maintaining a list of capital projects and current expenditure programmes for 2018 year, publishing a summary of all capital or current expenditure procurements with an individual capital or programme value in excess of €10 million and the completion of self-assessment reviews to ensure that capital projects and capital expenditure programmes are being managed in compliance with the PSC.

8. The quality assurance process requires that the value of the projects selected for in depth review each year should be at least 5% of the total value of all capital projects on the Project Inventory and 1% of the total value of all revenue projects on the Project Inventory, with this minimum value being calculated as an average over a three year period. On this basis, we have completed an in-depth review of 6 projects listed on the Council's Project Inventory to assess the level of compliance with the PSC.

9. As part of this review we have also considered the draft Quality Assurance Report for 2018, which outlines how the Council is meeting its obligations under the PSC (i.e. how the Council is meeting its requirements in respect of steps 1, 2, 3 and 5 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 ("CIIA"). 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. Our review identified that as required by **Step 1** the Council drew up an inventory of projects. We have attached at **Appendix A**, a summary of the category, number and value of the projects disclosed by the Council to NOAC in its PSC Quality Assurance Report for 2018 namely the "*Inventory of Projects and Programmes Over €0.5m – 2018*" and details of the projects we selected for review.

14. We noted during our review of projects and our review of the content of the draft PSC Quality Assurance Report for 2018, the Council have included some projects that they do not have responsibility for, in terms of procurement, delivery or contract management. In these instances, we consider that they may not be projects that the Council need to include in their "*Inventory of Projects and Programmes Over €0.5m – 2018*". However, the Council should seek advice from NOAC or the Department in this respect.

15. Our review identified that as required by **Step 2** the Council published the details of the one project that, during 2018, had an individual capital value in excess of €10m. However, on inspection we noted that this project was tendered for by the Department of Education and the Council were only responsible for the delivery of the project i.e. the project management. In these instances, we cannot comment on the procurement actions taken as they were not in scope.

16. Our review identified that as required by **Step 3**, the Council completed its self-assessment against the PSC by completing the 7 checklists set out within the PSC guidelines. We obtained and reviewed the Council's Final self-assessment checklists and noted that the Council had not fully completed 3 of the 7 checklists i.e. some responses were left blank e.g. Checklist 4 Question 4.11. While the Council subsequently confirmed that in some areas of the checklists that were left blank, that "not applicable" should have been the correct answer.

17. Except for the Council's response to question 2.10, where we do not agree the findings and recommendations arising from our review are broadly consistent with the Council's self-assessment. We have recommended at **Appendix E** our conclusion on this assessment.

18. ASM completed **Step 4**. We selected a sample of 6 projects listed on the Project Inventory. The total expenditure for the projects selected amounted to €34.75m, which equates to 5.51% of the total value of all Council projects of €630.39m (£530.31m capital and £100.08m revenue). Our sample comprised consideration of 3 capital projects which amounted to €33.52m (6.32%) and 3 revenue projects which amounted to €1.23m (1.23%).

19. Our review identified that project files were not standardised and we noted variations in the level of information held on file. While information was generally available when requested, it was not always retained within the relevant project file and had to be requested from the responsible Officer within the Council. This is consistent with our findings in the prior year.

20. We have attached at **Appendices B to E** the project overview for each of the 6 projects selected for review. We reviewed all records that were made available to us and held discussions with relevant staff.

21. We considered documentation made available for all 6 projects to confirm that appropriate tendering and procurement processes had been completed and that governance and management structures were in place. Given the complexity of each of the projects selected, we noted as expected, significant variations in the levels of governance and management structures in place across different projects. However, as the documentation required to be retained was not standardised, this makes an assessment of the Council's compliance with the PSC more difficult.

22. Post project evaluation reviews had not been completed, and are not yet due for review for 4 of the 6 projects. In addition, we note that there was no evidence of specific performance indicators being set and measured for each of the projects which we reviewed and limited evidence of business cases. We consider that further work is required by the Council to improve control in these areas.

23. While not repeated within this report, we note that there are 6 prior year recommendations arising from the 2016 and the 2017 quality assurance reviews which have not yet been actioned. We consider those recommendations to be valid actions for improvement and recommend that management revisit this area.

24. We have attached at **Appendices B, E and F** the key findings identified in the course of our work:

Findings	Appendix
Upgrade of changing villages in LCC swimming pool	B
Road – Maintenance and Improvement (3 Projects)	E
Content of the PSC Quality Assurance Report	F

25. These findings were discussed with Mr Barry Woods (Procurement Officer) on 9 May 2019. A draft of this report was issued on 10 June 2019. Client comments were received on 11 June 2019.

26. We have attached definitions of our priority levels at **Appendix G**.

Other matters

27. 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.

28. If you have any queries in relation to this correspondence, please do not hesitate to contact Christine Hagan or Ruairi Blee.

Yours faithfully

ASM (B) Ltd

Email: christine.hagan@asm Belfast.com ruairi.blee@asm Belfast.com

Number and value of projects and projects selected for review

A

Number and value of projects			Projects selected for review		
Category	Number of Projects	Total Expenditure	Project	Category	Appendix
Expenditure being considered > €0.5m					
Current expenditure > €0.5m	1	€2.10m	Upgrade of changing villages in LCC swimming pool	Expenditure being considered €0.5m – €5m Capital Projects	B
Capital grant schemes > €0.5m	-	-	Post Primary School at Marshes Lower, Dundalk	Expenditure being incurred > €0.5m – Capital Projects	C
Capital projects €0.5m - €5m	20	€35.10m	NDFMA PPP Projects at Dromin Dunleer 80 units	Expenditure being incurred > €0.5m – Current Expenditure	D
Capital projects €5m - €20m	4	€47.22m			
Capital projects €20m plus	2	€269.00m			
Expenditure being incurred > €0.5m					
Current expenditure	40	€97.98m	Road – Maintenance and Improvement (3 Projects)		E
Capital grants schemes	7	€39.14m			
Capital Projects	23	€135.99m			
Expenditure recently ended > €0.5m					
Current expenditure	2	€1.90m			
Capital grant schemes	2	€1.96m			
Capital projects	5	€9.1m			
Total	101	€630.39m			

Upgrade of changing villages in LCC swimming pool

B

Findings

B1. Our review identified that this project relates to the redevelopment of the changing facilities at leisure centres operated by Aura Leisure under a Licence Agreement with the Council. The Leisure Centres are based in Drogheda and Dundalk.

B2. We reviewed a hard copy file in relation to this project. Our review of this file identified the following supporting documentation and information being retained on file to evidence the following:

- a) sanctions and approvals being in place from the Department;
- b) appropriate appraisals being carried out;
- c) procurement rules being complied with for the appointment of consultants for both the design and build phases; and
- d) effective governance and management structures and processes being put in place. We note that during the project, to date, ongoing project management meetings have been held fortnightly with the Council and the consultants.

B3. We were unable to confirm the following from information retained on the file or from conversations from the Responsible Officers whether:

- a) a comprehensive business case was in place for the expenditure, as required due to the value of the project;
- b) performance indicators were set or monitored;

B4. The lack of information in this regard is consistent with the Council's self-assessment score of "1" in the respective checklist. B5. We noted that as the project is continuing post project reviews are not yet required.

Effects

B6. Failure to ensure a proper business case is prepared and performance indicators set increases the risk that the Council will be non-compliant with aspects of the PSC.

Upgrade of changing villages in LCC swimming pool (cont'd)

B

Recommendations and management action plans					
Recommendations	Priority	Status (Recommendation accepted / not accepted)	Comment	Responsibility	Timeframe
B7. We recommend that the Council review those area of the self-assessment checklists where a score of "1" indicated a need for improvement and ensure positive corrective action is taken.	2	Accepted	Review to be undertaken, and recommendations made for corrective action.	Procurement Office/Head of Finance	Q4 of 2019

Post Primary School at Marshes Lower, Dundalk

C

Findings

C1. Our review identified that this project related to the development of a Post Primary School at Marshes Lower, Dundalk. Our review identified that the Council were appointed as the Project Management Team on behalf of the Department of Education and Skills (“the Department”). We understand from our discussions with Responsible Officers that the Department completed the initial stages of the project governance i.e. the business case appraisal up to the tendering and appointment of the contractor for the build phase. Once tendering was completed by the Department, the Council were expected to project manage the build phase of the project.

C2. Our review identified that the Council successfully delivered the project and also completed the post project inspection, including the compilation of the snagging works for action by the Contractor.

C3. We reviewed the hard copy project file in relation to this project. Our review of this file identified the following supporting documentation and information being retained on file to evidence the following:

- a) sanctions and approvals being in place from the Department;
- b) effective governance and management structures and processes being in place e.g. evidence of project meetings; and
- c) Post project reviews being completed.

C4. However, as the Department were responsible for the procurement part of the project, we were unable to confirm the following from information retained on the file or from conversations from the Responsible Officers whether:

- a) a comprehensive business case was established for the expenditure;
- b) performance indicators were set for the Contractors. We noted no management of performance indicators by the Council;
- c) appropriate appraisals were being carried out; and
- d) procurement rules were being complied with.

C5. We consider that in this respect, the Council complied with the relevant aspects of the PSC as required by them. However, the Council should take advice from NOAC in respect of what project should be included within their project inventory. We have provided our recommendation in the respect at **Appendix F**.

NDFMA PPP Projects at Dromin Dunleer 80 units

D

Findings

D1. Our review identified that this project was in relation to the development of 80 social housing units on land which is owed by the Council. We note that Council staff are member of the Steering Committee. However, we note that the Council has no direct responsibility for this project.

D2. Our review identified that this project is being managed by Dublin City Council on behalf of the Department of Housing, Planning, Community and Local Government and the National Development Finance Agency of National Treasury Management Agency. The project has required the Council to lease the Council's land to a social housing provider for a period of 20 years and as part of that project, all rights and responsibilities of ownership have passed to that lease holder. Dublin City Council are project managing the design and build of the project. We understand that the Council will remain on the Steering Committee because after the term of the lease agreement expires, the Council will own the estate.

D3. We reviewed the hard copy project file in relation to this project. However, we were unable to confirm the following as compliant with the PSC:

- a) whether a comprehensive business case was in place for the expenditure;
- b) whether sanctions and approvals were in place from the sanctioning authority;
- c) whether appropriate appraisals had been carried out;
- d) whether procurement rules were complied with;
- e) whether effective governance and management structures and processes were in place;
- f) whether performance indicators in place; and
- g) post project reviews had not been undertaken. In this case, as the project remains ongoing.

D4. In this instance we do not believe this project should have been included on the Council's list of projects for consideration in its compliance with the PSC. We consider that the Council should take advice from NOAC in this instance. We have provided our recommendation in this respect at **Appendix F**.

Road – Maintenance and Improvement (3 Projects)

E

Findings

E1. Our review identified that 3 separate road projects, reference numbers: the R-172-2; the R-177-5; and the R-167 and R-108 were presented to the Council as part of the 2018 draft Road Work Programme at the March 2018 Municipal District of Dundalk Meeting. We note that the 2018 draft Road Work Programme was agreed by the members of the Council at that meeting.

E2. We obtained and reviewed the tender documentation for each of the 3 projects selected. We noted no issues in relation to the tender processes completed for 2 of the 3 projects (i.e. R-172-2 and R-177-5). We understand that Council Engineers complete regular inspections of the projects as they are on-going and snagging reports are completed once the project has been completed.

E3. In relation to 1 of the 3 projects (i.e. R-167 and R-108), our review identified that the tender exercise closed on 9 May 2018 at 12pm with a total of 8 tenders being received. Our review noted that 3 of those 8 tenders failed to meet the minimum eligibility criteria as they had failed to provide all the required documentation by the closing date, as stipulated by the request for tenders. However, we noted that 1 of these 3 bids was permitted to be considered for the tender award. Furthermore, we note that the successful tenderer was the tenderer who failed to meet the minimum eligibility criteria. In this instance, we noted that the required documents for eligibility were submitted on 10 May 2018, one day after the tender deadline and initial review by the Council.

E4. In relation to the Council's responses to the self-assessment checklists, we note at "Checklist 2 Question, 2.10 Were procurement rules complied with?", the Council has a self-assessed score of "3" meaning "broadly compliant". However, due to the issue identified above and other procurement related issues reported by us to the Council, that a revised assessment should be made.

E5. We reviewed the hard copy project file for each of the three projects which provided evidence to support the appropriateness of the procurement process completed. Our review of these files identified that information was retained on file to evidence the following:

- a) whether sanctions and approvals were in place from the sanctioning authority;
- b) whether appropriate appraisals had been carried out;
- c) whether effective governance or management structures and processes were in place. E6.

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

- a) whether a comprehensive business case was in place for the expenditure as required;
- b) whether procurement rules were complied with in one of the three instances; and
- c) whether performance indicators were established for the project.

E7. As these projects remain ongoing post project reviews are not yet due for completion.

E8. We have set out at **Appendix B**, our concerns in relation to the Council's compliance with the Business Case and Performance Indicators requirements of the PSC.

Road – Maintenance and Improvement (3 Projects) (cont'd)

Effects					
E9. The Council remains open to legal and reputational damage as a result of weaknesses in its tendering processes.					
E10. Failure to correctly complete the self-assessment checklists may indicate a lack of understanding of the control environment necessary to ensure compliance with the PSC.					
Recommendations and management action plans					
Recommendations	Priority	Status (Recommendation accepted / not accepted)	Comment	Responsibility	Timeframe
E11. We recommend that the Council ensure that tenders are conducted in a manner which is fair and transparent and affords an equal opportunity for all suppliers to compete.	2	Accepted	The key Principles of Procurement are restated at Procurement Steering Committee Meetings to all Project Officers	Project Officers Responsible for Procurement Process	Ongoing
E12. We recommend that the Council review the responses to the 7 checklists to ensure that they are appropriate.	2	Accepted	Responses are reviewed annually in accordance with our obligations under the PSC	Procurement Office	Q4 2019

Content of the PSC Quality Assurance Report

Findings					
<p>F1. Although our fieldwork was focused on undertaking an in-depth review of a sample of 6 projects we were also required to consider the other sections of the Council's draft PSC Quality Assurance Report for 2018.</p> <p>F2. Our review identified that there are a number of projects disclosed within the Council's project listing where we consider that it may not be appropriate because the Council does not have full responsibility for the project and hence compliance with the PSC. Specifically, we note that in respect of the NDFMA PPP Project at Dromin Dunleer (Appendix D) that the Council has no direct management or financial responsibilities in relation to this project so it should not be deemed a Council project. We also consider that the Council's role in the delivery of the Post Primary School project at Marshes Lower, Dundalk (Appendix C) to be a Department of Education and Skills project.</p>					
Effects					
<p>F3. There is a risk that the Council have disclosed projects in the PSC Quality Assurance Report for 2018 which should not have been included and hence the Council are not required to assess and quality assure compliance with the PSC.</p>					
Recommendations and management action plans					
Recommendations	Priority	Status (Recommendation accepted / not accepted)	Comment	Responsibility	Timeframe
F4. We recommend that the Council seeks confirmation from the National Oversight and Audit Commission ("NOAC") in relation to which projects should and should not be included in the PSC Quality Assurance Report for 2018 specifically when the Council do not have responsibility.	3	Accepted	Agreed, clarifications to be sought on this issue.	Procurement Office/Head of Finance	Q4 2019

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.