

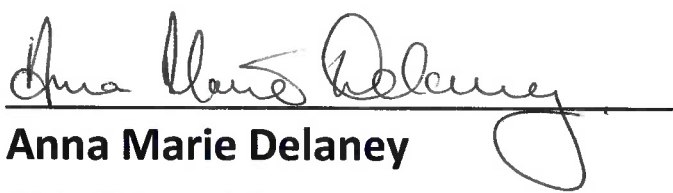
**Public Spending Code:  
Quality Assurance Report for 2018  
Offaly County Council**



Submitted to the National Oversight and Audit Commission (NOAC) in  
Compliance with the Public Spending Code

## **Certification**

This Annual Quality Assurance Report reflects Offaly County Council's assessment of compliance with the Public Spending Code. It is based on the best financial, organisational and performance related information available across the various areas of responsibility.

A handwritten signature in black ink, appearing to read 'Anna Marie Delaney', is written over a horizontal line. The signature is cursive and extends slightly below the line.

**Anna Marie Delaney**

**Chief Executive**

**Offaly County Council**

**28<sup>th</sup> May 2019**

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## **1. Introduction**

Offaly County Council (OCC) has completed this Quality Assurance (QA) Report as part of its on-going compliance with the Public Spending Code (PSC).

The Quality Assurance procedure aims to gauge the extent to which Public Bodies are meeting the obligations set out in the Public Spending Code. The Public Spending Code ensures that the state achieves value for money in the use of all public funds.

The Quality Assurance Process contains five steps:

### **1. Drawing up Inventories of all projects/programmes at different stages of the Project Life Cycle (appraisal, planning/design, implementation, post implementation).**

The three sections are expenditure being considered, expenditure being incurred and expenditure that has recently ended and the inventory includes all projects/programmes above €0.5m.

### **2. Publish summary information on website of all procurements in excess of €10m, whether new, in progress or completed.**

### **3. Checklists to be completed in respect of the different stages.**

These checklists allow the organisation to self-assess their compliance with the code in respect of the checklists, which are provided through the PSC document.

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

Revenue Projects selected must represent a minimum of 1% of the total value of all Revenue Projects reported on the Project Inventory.

Capital Projects selected must represent a minimum of 5% of the total value of all Capital Projects reported on the Project Inventory.

These minimums are an average over a rolling three-year period.

### **5. Complete a short report for the National Oversight and Audit Commission**

This report should include the inventory of all projects, the website reference for the publication of procurements above €10m, the completed checklists, the organisation's judgment on the adequacy of processes given the findings from the in-depth checks and the organisation's proposals to remedy any discovered inadequacies.

This report fulfils the fifth requirement of the QA Process for Offaly County Council for 2018. This is the fourth year in which the QA process has been completed by Local Authorities.

## 2. Expenditure Analysis

### 2.1 Inventory of Projects/Programmes

This section details the inventory drawn up by Offaly County Council in accordance with the guidance on the Quality Assurance process. The inventory lists all of the Council's projects and programmes at various stages of the project life cycle that amount to more than €0.5m. This inventory is divided between current (revenue) and capital expenditure (capital grant schemes and capital projects) and between three stages:

- Expenditure being considered
- Expenditure being incurred
- Expenditure that has recently ended

Table 1 lists a summary of the Council's compiled inventory.

Table 1: Summary of Number of Projects/Services and Expenditure by Category				
	Current Expenditure	Capital Expenditure		
Projects of total value	€0.5m - €5m	€0.5m - €5m	€5m - €20m	Over €20m
Expenditure Being Considered	3	8		
Expenditure Being Incurred	32	13	2	
Expenditure Recently Ended		2		
<b>Total Value (€125.8m)</b>	<b>€66.7m</b>	<b>€59.0m</b>	<b>€1.8m</b>	

#### Expenditure Being Considered

Table 1 provides a summary of the inventory of expenditures above €0.5m being considered by OCC. As the table identifies, there is one programme/service area where there is expansion of existing current expenditure being considered in 2018.

There are eight capital projects under the category of 'Expenditure Being Considered' in 2018.

#### Expenditure Being Incurred

Table 1 provides a summary of the inventory of expenditures above €0.5m being incurred by OCC. There are thirty-two projects or services, which are currently incurring current (revenue) expenditure of over €0.5m. The majority of these services are routine annual expenditure e.g. Housing Maintenance, Road Maintenance. There are thirteen capital projects incurring expenditure of €0.5m - €5M. There are two capital project being incurred over €5m.

## **Expenditure Recently Ended**

Table 1 provides a summary of the inventory of expenditures above €0.5m recently ended by OCC. There are two capital expenditure projects under this category and no current expenditure projects within this category.

The inventory of projects/programmes for OCC is set out in Appendix 1.

## **2.2 Published Summary of Procurements**

As part of the Quality Assurance process Offaly County Council was required to publish summary information on its website of all procurements in excess of €10m.

OCC did not engage in any procurement in excess of €10m in 2018. Therefore, there were no publications on its website [www.offaly.ie](http://www.offaly.ie).

### **3. Assessment of Compliance**

#### **3.1 Checklist Completion: Approach Taken and Results**

The third step in the Quality Assurance process involves completing a set of checklists covering all expenditure. The Council, in respect of guidelines set out in the Public Spending Code, bases the high level checks in Step 3 of the QA process on self-assessment.

There are seven checklists in total:

**Checklist 1:** General obligations not specific to individual projects/programmes.

**Checklist 2:** Capital projects/programmes & capital grant schemes under consideration.

**Checklist 3:** New current expenditure under consideration.

**Checklist 4:** Capital projects/programmes & capital grants schemes incurring expenditure.

**Checklist 5:** Current expenditure programmes incurring expenditure.

**Checklist 6:** Capital projects/programmes & capital grant schemes discontinued and / or evaluated.

**Checklist 7:** Current expenditure programmes that reached the end of their planned timeframe or were discontinued.

Checklists 1,2,3,4,5 and 6 were completed by Offaly County Council (OCC). OCC did not record any expenditure under the category of checklist 7 during 2018; therefore, all responses to this checklist are recorded as non-applicable.

The set of checklists completed by OCC is set out in Appendix 2.

Checklists completed are representative of a 27.7% sample of the Inventory. The following Departments completed checklists: Housing, Roads, Environment, Libraries, Finance, Tullamore Municipal District and Arts and Management.

Each question in the checklists is assessed by a 3-point scale 1-3:

a score of 1 = Scope for significant improvements

a score of 2 = Compliant but with some improvement necessary

a score of 3 = Broadly compliant

#### **3.2 Main Issues Arising from Checklist Assessment**

The completed checklists show the extent to which Offaly County Council believe they comply with the Public Spending Code. Overall, the checklists show a good level of compliance with the Code.

Checklist 1 demonstrates that the Council has been proactive in implementing the QA process by ensuring that an independent unit (Internal Audit) oversees the process in line with Public Spending Code recommendations. Process guidelines were prepared and circulated to Offaly County Council's Senior Management.



With regard to post project reviews, all revenue expenditure is continually reviewed to highlight areas for improvement. This is a key feature of all team meetings.

No significant capital projects were completed recently, so there were not any formal post project reviews of capital projects in 2018. The Council recognise the importance and benefit of post project review and will continue to regularly review revenue spend for improvements and are also committed to developing a formal process to conduct post project reviews of significant capital projects. Briefing sessions for Project Managers will be rolled-out in the Council to increase awareness of the PSC requirements at all stages of project life cycle.

Checklist 2 & 3; for revenue and capital expenditure under consideration suggests good levels of compliance with the PSC in general with regard to areas such as appraisal and planning and the setting of clear objectives.

Checklists 4 & 5; for expenditure being incurred, good levels of compliance are evident in checklists responses. Current expenditure programmes are primarily rolling, year-to-year programmes such as the Housing Maintenance and Road Maintenance programmes and are subject to ongoing performance monitoring, rather than once off reviews.

Checklist 6 & 7; for expenditure discontinued in 2018, there were 2 capital projects that ended in 2018 and no current (revenue) expenditure under this category in 2018.

Of all the responses recorded through the checklists, the majority indicated a compliance level of 3 '*broadly compliant*' with the requirements of the PSC. Trends in responses to checklists will be monitored from year to year and responses indicating compliance levels of 2 '*compliant but with some improvement necessary*' and under will be followed-up and monitored as part of the quality assurance process in future years.

### **3.3 In-Depth Checks**

The following section details the in-depth checks, which were carried out in OCC as part of the Public Spending Code. The Internal Audit Unit of OCC undertook these reviews.

The following projects were selected for in-depth review:

- Current Expenditure Programme: 'Being Incurred' 'Public Lighting Programme', €970, 610
- Capital Project: 'Being Considered' 'Frankford, Kilcormac (Turnkey) Housing €2,324,985

An overall 'Satisfactory Assurance' rating of compliance with the Public Spending Code was assigned following the reviews.

The report from the in-depth reviews is set out in Appendix 3.



The Guidance Document issued for the Local Government Sector sets out the criteria for in-depth checks as follows:

- Capital Projects: Projects selected must represent a minimum of 5% of the total value of all capital projects on the project inventory.
- Revenue Projects: Projects selected must represent a minimum of 1% of the total value of all revenue projects on the project inventory.

This minimum is an average over a three-year period (2016-2018).

Table 2 below outlines the percentage of projects subjected to in-depth review over the previous three years. As per the table Offaly County Council is compliant with the rolling percentage requirements.

Table 2: OCC In-depth Checks 2014 - 2017					
		2016	2017	2018	2018 Overall Total
<b>Capital</b>	Total Reported	€34.0	€43.9	€59.0	€136.9
	In-depth Check	€3.3	€1.5	€2.3	€7.1
	%	10%	3%	4%	5%
<b>Revenue</b>	Total Reported	€53.0	€52.9	€66.7	€172.6
	In-depth Check	€3.5	€0.8	€0.9	€5.2
	%	7%	1.5%	1%	3%
(All figures in Millions)					

#### **4. Next Steps: Addressing Quality Assurance Issues**

The compilation of both the inventory and checklists for the fifth year of this QA process was a significant co-ordination task in terms of liaising with divisions within the Council and collating of relevant information for the inventories and the checklists.

As discussed in Section 3, in-depth checks carried out for one Current Programme 'Being Incurred' and one Capital Project 'Being Considered' was useful in terms of setting out the controls, which are place to ensure compliance with the PSC.

However, the PSC also requires that in-depth checks take a broader evaluation view of project/programmes assessing project management, project appraisal and post project reviews amongst other things.

Now that an inventory of projects and programmes is in place, the Internal Audit Unit is better positioned to select an appropriate sample of programmes for further assessment via the in-depth check process. Line managers will be informed of this process and will be asked to submit relevant documentation on the selected programmes.

Over a 3-5 year period every stage of the project life-cycle and every scale of project will be subject to a closer examination.

Due to limitation of set parameters for in-depth checks and the timelines of the project completion, Offaly County Council had limited options when selecting projects for in-depth reviews as part of this quality assurance process. For projects reported as recently ended, sufficient time had not lapsed from when the project ended to allow for formal post project review and in-depth check.

In the 2018 project inventory, there are fifteen capital projects 'incurring expenditure' and a number 'being considered'. We will endeavor to select some of these projects in future years for closer examination to assess compliance with the Public Spending Code, either at 'incurring' or 'recently ended' stages.

Project Managers are aware of the Public Spending Code requirements and will be informed of the quality assurance in-depth check process and will be asked to submit relevant documentation on the selected programmes.

#### **5. Conclusion**

The inventory outlined in this report clearly lists the current and capital expenditure being considered, being incurred and recently ended in 2018. The Council had no procurements in excess of €10 million in 2018; therefore, there was no requirement for publication on its website.

The checklists completed by the Council show a high level of compliance with the Public Spending Code.

The in-depth checks carried out on the selected projects indicated a 'satisfactory assurance' rating on the Council's compliance with the Code. Recommendations from the in-depth reviews will be addressed and implemented.

This Public Spending Code Quality Assurance Report for 2018 will be published on Offaly County Council's website [www.offaly.ie](http://www.offaly.ie).

## Appendix 1: Inventory of Projects and Programmes over €0.5M

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

Local Authority	Expenditure being considered			Expenditure being incurred			Expenditure recently ended			Notes
	Current > €0.5m	Capital		Current Expenditure	Capital Grant Schemes > €0.5m	Capital Projects	Current Expenditure	Capital Grant Schemes > €0.5m	Capital Projects	
		Capital Grant Schemes > €0.5m	€0.5 - €5m							
<b>Offaly County Council</b>										
<b>Housing Programme</b>										
A01 Maintenance / Improvement of LA Housing				€2,595,920						
A03 Housing Rent & Tenant Purchase Administration				€1,061,372						
A05 Administration of Homeless Service				€840,733						
A06 Support to Housing Capital & Affordable Programme				€1,789,704						
A09 RAS & Leasing Programme				€4,957,499						
A09 Housing Grants				€1,577,382					€611,732	21 acquisitions complete in 2018
Millrace, Ferbane (0116026C) Turnkey Acquire Family Homes 2018							€3,129,000			
Blundell wood, Edenderry (Construction) (0116074C)								€7,128,331		
Chancery Lane, Tullamore (Construction) (0116150C)								€4,537,202		
Kylebeg Banagher Phase 2 & 3 (Construction) (0116249C)								€3,164,000		
Circular Rd, Daingain (Construction) (0116248C)								€1,337,262		
Cloghan – Cluain na Spideoga Turnkey								€1,040,400		6 units
Scurraigh, Birr (CAS)								€1,053,775		6 units 'Cluaid'
Mount Bolus (CAS)								€746,378		4 units mid Offaly Housing Assoc.

Offaly County Council	Expenditure being considered				Expenditure being incurred			Expenditure recently ended			Notes
	Current > €0.5m	Capital Grant Schemes > €0.5m	Capital Projects		Current Expenditure	Capital Grant Schemes > €0.5m	Capital Projects	Current Expenditure	Capital Grant Schemes > €0.5m	Capital Projects	
			€0.5 - €5m	€5 - €20m							
Birr Macgregol (Turnkey) (12units)						€2,195,000					
Kearneys Field, (CAF/AHB) Oaklee, Tuillamore (12units)			€3,616,005			€5,517,083					2 <sup>nd</sup> stage approval
Clonminch (CAS funding) Oaklee) (19units)			€1,527,649								
Killane Drive (CAF funding, AHB-Tuath) 25 Units											
An Corran, Crinkill (CALF funding) (AHB-Coop Housing) (11Units)			€1,210,000								2 units CAS €343,537 30%, 25 CAF €1,184112
Frankford, Kilcormac, Turnkey (12units)			€2,324,985								€302,500 30% funding.
Walsh Island, Coolgarry			€892,110								
<b>Road Transportation and Safety</b>											
B02 NS Road - Maintenance & Improvement	€1,502,068				€4,944,253						
B03 Regional Road - Maintenance & Improvement					€5,428,218						
B04 Local Road - Maintenance & Improvement	€2,140,619				€5,809,480						
B05 Public Lighting					€970,610						
B07 Road Safety Engineering Improvement					€591,390						
B10 Support to Roads Capital programme					€509,947						
B11 Agency & Recoupable Services					€2,037,880						
<b>Water Services</b>											
C01 Operation and Maintenance of Water Supply					€2,371,371						
C02 Operation and Maintenance of Waste Water Treatment					€1,573,774						
C05 Admin of Group & Private Installations	€521,600				€1,252,116						
<b>Development Management</b>											
D01 Forward Planning					€698,899						



Local Authority	Expenditure being considered				Expenditure being incurred			Expenditure recently ended			Notes
	Current > €0.5m	Capital Grant Schemes > €0.5m	Capital Projects		Current Expenditure	Capital Grant Schemes > €0.5m	Capital Projects	Current Expenditure	Capital Grant Schemes > €0.5m	Capital Projects	
			€0.5 - €5m	€5 - €20m							
<b>Offaly County Council</b>											
D02 Development Management					€1,585,021						
D06 Community & Enterprise Function					€3,365,131						
D09 Economic Development & Promotion					€1,278,577						
Tullamore Enhancement Plan - 0437602C						€1,500,000					
Slieve Bloom Mountain Trail						€1,452,000					
<b>Environmental Services</b>											
E01 Operation, Maintenance & Aftercare of Landfill					€751,242						
E02 Operation, Maintenance of Recovery & Recycling Facilities					€697,274						
E04 Provision of Waste to Collection Services					€907,878						
E07 Waste Regulations, Monitoring & Enforcement					€645,721						
E11 Operation of Fire Services					€3,255,350					€1,200,000	
0542103C New Ferbane Fire Station											
Tullamore Fire Services Training Centre Extension		€1,400,000									
New Clara Fire Station		€1,200,000									
<b>Recreation and Amenity</b>											
F02 Operation of Library & Archival Service					€2,431,893						
F05 Operation of Arts Programme					€716,954						
Tullamore Community Arts Centre - 0642001C						€3,376,301					
0612106C Clara Swimming Pool Refurb/Upgrade						€1,154,578					Dept. Transport, Tourism & Sport Grant: €784k
Edderbury Community Library						€3,000,000					DECLG Funding €1.9m, OCC Dev Cont €1.5m

Local Authority	Expenditure being considered					Expenditure being incurred			Expenditure recently ended			Notes
	Current > €0.5m	Capital Grant Schemes > €0.5m	Capital Projects			Current Expenditure	> €0.5m Capital Grant Schemes	Capital Projects	Current Expenditure	> €0.5m Capital Grant Schemes	Capital Projects	
			€0.5 - €5m	€5 - €20m	€20m plus							
<b>Offaly County Council</b>												
Edenderry Swimming Pool												
<b>Other Programmes</b>												
H01 Profit & Loss Machinery Account						€919,522						
H03 Administration of Rates						€3,682,896						
H09 Local Representation & Civic Leadership						€1,663,150						
H10 Motor Taxation						€710,502						
H11 Agency & Recoupable Services						€987,451						
<b>Inventory Total:</b>	<b>€4,164,287</b>	<b>€0</b>	<b>€16,920,749</b>	<b>€0</b>	<b>€0</b>	<b>€62,609,110</b>	<b>€0</b>	<b>€40,331,310</b>	<b>€0</b>	<b>€0</b>	<b>€1,811,732</b>	
<b>€125,837,188</b>												



## Appendix 2: Self-Assessment Checklists

**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	Communication with Management Team / Senior Management Group and Procurement Policy.
1.2 Has training on the Public Spending Code been provided to relevant staff within the authority?	1	Limited Training in 2015. A National Training Programme for the Local Authority Sector is required. Briefing Sessions for Project Managers in Offaly County Council are planned.
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	QA Process adapted for LAs. PSC applied as per guidelines.
1.4 Has the local authority in its role as Sanctioning Authority satisfied itself that agencies that it funds comply with the Public Spending Code?	3	Compliance with procurement monitored, regular meetings, transparency. Templates are in use and specific required documentation is requested from applicants for some funding.
1.5 Have recommendations from previous QA reports (incl. spot checks) been disseminated, where appropriate, within the local authority and to agencies?	2	Project Brief now a requirement for all capital projects. Internal Audit completes follow-ups on implementation of recommendations.
1.6 Have recommendations from previous QA reports been acted upon?	2	As Above.

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. Compliant in years 2014-2018.
1.8 Was the required sample of projects/programmes subjected to in-depth checking as per step 4 of the QAP?	3	Yes.
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.	3	All revenue expenditure is subject to ongoing review. Issues are highlighted, reviewed and addressed at team meetings. A process is being put in place for evaluations / post-project reviews.
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?	3	As above.
1.11 Is there a process to follow up on the recommendations of previous evaluations/Post project reviews?	3	Lessons learned noted and implemented across all departments.
1.12 How have the recommendations of previous evaluations / post project reviews informed resource allocation decisions?	3	Projects managed more efficiently as a result of reviews. Decisions were made on increases in match funding.

**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?	N/A	N/A. Project approx. €2m.
2.2 Was an appropriate appraisal method used in respect of capital projects or capital programmes/grant schemes?	3	Frankford Housing: DPHLG Capital Appraisal format used. Clonminch & Killane Housing: Yes, significant housing need in Tullamore & Edenderry.
2.3 Was a CBA/CEA completed for all projects exceeding €20m?	N/A	N/A
2.4 Was the appraisal process commenced at an early stage to facilitate decision making? (i.e. prior to the decision)	3	Yes. Housing waiting list sets out need in the area.
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	Frankford Housing Project was an unfinished estate. Planning was awarded prior to approval to proceed. Clonminch & Killane Housing: Yes, stage 1 approval issued as grant in principle.
2.6 If a CBA/CEA was required was it submitted to the relevant Department for their views?	N/A	N/A
2.7 Were the NDFA consulted for projects costing more than €20m?	N/A	N/A
2.8 Were all projects that went forward for tender in line with the Approval in Principle and, if not, was the detailed appraisal revisited and a fresh Approval in Principle granted?	3	Frankford Housing: Tendering was not applicable for this project. Expressions of interest were sought and purchase price was agreed with DPHLG prior to budget approval. Clonminch Housing: Not at tender yet (currently at planning stage). Killane

		Housing: Yes, Stage 4 (tender approval has issued to the DHPLG.).
2.9 Was approval granted to proceed to tender?	3	Frankford Housing: N/A. Clonminch Housing: Not yet. Killane: Imminent.
2.10 Were procurement rules complied with?	3	Frankford Housing: Yes. Clonminch Housing: Yes, consultants procured by the approved housing body through e-tenders. Killane: Yes, consultants procured by the approved housing body through e-tenders & construction project was advertised on e-tenders.
2.11 Were State Aid rules checked for all supports?	N/A	N/A
2.12 Were the tenders received in line with the Approval in Principle in terms of cost and what is expected to be delivered?	N/A	Frankford Housing: Costs were received and were as expected for the delivery. Clonminch Housing: N/A – no tenders yet. Killane Housing: Yes, 10% difference due to inflation in construction costs.
2.13 Were performance indicators specified for each project/programme that will allow for a robust evaluation at a later date?	3	Frankford Housing: No. of units. Timeframes were set, but were not met. Clonminch & Killane Housing: Yes, part of appraisal. Performance Indicators included in submission to DHPLG e.g. deadlines, no. of units.
2.14 Have steps been put in place to gather performance indicator data?	3	Clonminch & Killane Housing: timelines for housing delivery

		will be required when construction starts.
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**Checklist 3 – To be completed in respect of new current expenditure under consideration in the past year**

Current Expenditure being Considered – Appraisal and Approval	Self-Assessed Compliance Rating: 1 - 3	Comment/Action Required
3.1 Were objectives clearly set out?	3	Water Services Admin of Group & Private installations: Increase in subsidy Circ. L2/18 DHPLG Programmes for planned maintenance, pre-lets are setout each year.
3.2 Are objectives measurable in quantitative terms?	3	Local Road Maintenance: Works recorded on Maproad PMS System.
3.3 Was a business case, incorporating financial and economic appraisal, prepared for new current expenditure?	3	NS Road Maintenance/Improvement: TII Allocation is received annually. The Council prepare a PARR report to seek approval to procure contractors and seek approval prior to appointing contractors. Local Road Maintenance/Improvement: Annual Roads Programme. Water Services Admin of Group & Private installations: N/A. Increase in subsidy payments to GWS applicable for annual subsidy 2018 and advance subsidy 2019. Housing Maintenance: Monthly Reports
3.4 Was an appropriate appraisal method used?	3	NS Road Maintenance: In line with TII procedures. Local Road Maintenance: MapRoad PMS System road rating and agreement at MD level. Water Services Admin

		of Group & Private installations: N/A.
3.5 Was an economic appraisal completed for all projects exceeding €20m or an annual spend of €5m over 4 years?	3	NS Road Maintenance: 1 Major National Scheme in Offaly – N52 Tullamore to Kilbeggan link roads – approx. €35m over 10years. Allocation for 2019 is €300,000. Water Services Admin of Group & Private installations: N/A.
3.6 Did the business case include a section on piloting?	N/A	NS Road Maintenance & Water Services Admin of Group & Private installations: N/A.
3.7 Were pilots undertaken for new current spending proposals involving total expenditure of at least €20m over the proposed duration of the programme and a minimum annual expenditure of €5m?	N/A	NS Road Maintenance & Water Services Admin of Group & Private installations: N/A.
3.8 Have the methodology and data collection requirements for the pilot been agreed at the outset of the scheme?	N/A	NS Road Maintenance & Water Services Admin of Group & Private installations: N/A.
3.9 Was the pilot formally evaluated and submitted for approval to the relevant Department?	N/A	NS Road Maintenance & Water Services Admin of Group & Private installations: N/A.
3.10 Has an assessment of likely demand for the new scheme/scheme extension been estimated based on empirical evidence?	N/A	NS Road Maintenance & Water Services Admin of Group & Private installations: N/A.
3.11 Was the required approval granted?	3	NS Road Maintenance: Approval for stages 1-4 (planning & design). Water Services Admin of Group & Private installations: Circular L2/18 DHPLG.



<p>3.12 Has a sunset clause (as defined in section B06, 4.2 of the Public Spending Code) been set?</p>	<p>N/A</p>	<p>NS Road Maintenance &amp; Water Services Admin of Group &amp; Private installations: N/A.</p>
<p>3.13 If outsourcing was involved were procurement rules complied with?</p>	<p>3</p>	<p>NS Road Maintenance: Procurement of Consulting Engineers ongoing; All TII pavement works procured in compliance with rules. Local Road Maintenance: All works procured in line with procurement rules appropriate to cost of works. Water Services Admin of Group &amp; Private installations: N/A.</p>
<p>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?</p>	<p>3</p>	<p>NS Road Maintenance: No LA performance indicators for national roads. (R1,R2,R3 – regional and local roads) Finished works inspected by TII. Water Services Admin of Group &amp; Private installations: N/A. Local Road Maintenance: MapRoad PMS</p>
<p>3.15 Have steps been put in place to gather performance indicator data?</p>	<p>3</p>	<p>NS Road Maintenance: N/A  Water Services Admin of Group &amp; Private installations: N/A.  Local Road Maintenance: MapRoad PMS</p>

**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	Contract signed with Kenny Lyons Associates for Design Consultancy services – tender documents for construction stage near completion – funding dependant.
4.2 Did management boards/steering committees meet regularly as agreed?	3	Regular meetings held by the Board of TCAC Ltd, and by Design & Construction Sub-Committee of the Board.
4.3 Were programme co-ordinators appointed to co-ordinate implementation?	3	Project at Design stage only.
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?	3	Project at Design stage only.
4.5 Were monitoring reports prepared regularly, showing implementation against plan, budget, timescales and quality?	3	As part of development of Business Plan and Funding applications.
4.6 Did projects/programmes/grant schemes keep within their financial budget and time schedule?	3	Project at Design stage only, Design decisions dependant on available funding – review ongoing.
4.7 Did budgets have to be adjusted?	3	Project at Design stage only, Design decisions dependant on available funding – review ongoing.
4.8 Were decisions on changes to budgets / time schedules made promptly?	3	Project at Design stage only, Design decisions dependant on available funding – review ongoing.

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	Project at Design stage only, Design decisions dependant on available funding – review ongoing.
4.10 If circumstances did warrant questioning the viability of a project/programme/grant scheme, was the project subjected to adequate examination?	3	Project at Design stage only, Design decisions dependant on available funding – review ongoing.
4.11 If costs increased was approval received from the Sanctioning Authority?	3	Project at Design stage only, Design decisions dependant on available funding – review ongoing.
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?	3	

**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	<p>Annual Arts Plan and Budget.</p> <p>Admin of Rates: The projected expenditure is itemised based on vacancy experience.</p> <p>Regional Road Maintenance &amp; Improvement Programme: Works recorded on MapRoad PMS System. Roads rated on MapRoad &amp; type of works defined based on condition of road. All costs and unit costs recorded &amp; analysed.</p> <p>Libraries: Yes, there are commitments and budget projects in place.</p> <p>Housing Maintenance programmes for planned maintenance, pre-lets are set-out each year.</p>
5.2 Are outputs well defined?	3	<p>Arts Plan and evaluation.</p> <p>Admin of Rates: All cost is supported by specific documentary evidence.</p> <p>Housing Maintenance: Yes, although voids can be difficult to plan at start of year as work is completed as a void arises.</p>
5.3 Are outputs quantified on a regular basis?	3	<p>Arts Monthly recorded outputs.</p> <p>Admin of Rates: Annual Exercise.</p> <p>Libraries There are service indicators in place and reviewed.</p>

		Housing Maintenance monthly reports.
5.4 Is there a method for monitoring efficiency on an on-going basis?	3	Arts Monthly report against Arts Plan and Budget. Admin of Rates: Each property is separately assessed each year. Housing Maintenance annual KPIs for Voids, costs & turnaround times.
5.5 Are outcomes well defined?	3	Arts Strategy and Arts Council framework agreement priorities. Admin of Rates: Yes. Charge of write off to revenue account. Libraries: There are daily, weekly and monthly stats collected, reviewed and compared. Housing Maintenance: annual reports & returns sent to DHPLG.
5.6 Are outcomes quantified on a regular basis?	3	Arts: Quarterly and Annually – reporting in line with Framework Agreement. PMS Admin of Rates: Annually. Housing Maintenance: Monthly report data.
5.7 Are unit costings compiled for performance monitoring?	3	Arts: N/A. Each Arts programme / event is monitored as per plan and budget. Admin of Rates: Each property is individually assessed. Libraries: More improvement is needed in this area. Water Services Admin of Group & Private Installations: N/A. Housing Maintenance: annual reports & returns sent to DHPLG & KPIs.

<p>5.8 Are other data compiled to monitor performance?</p>	<p>3</p>	<p>Arts: Post evaluation reports on grants and questionnaires / reports on events &amp; programmes. Admin of Rates: Not applicable. Recycling Facilities: Yes, Annual returns to EPA and DCCAЕ regarding Environmental compliances. Libraries: Service Indicators. Water Services Admin of Group &amp; Private Installations: N/A. Housing Maintenance: Yes, turnaround time &amp; costs of acquisitions.</p>
<p>5.9 Is there a method for monitoring effectiveness on an on-going basis?</p>	<p>3</p>	<p>Arts Programme: On-going evaluation. Recycling Facilities: Yes, Annual Environmental Returns to EPA. Libraries: More improvement is needed in this area. There is ongoing promotion. Housing Maintenance: Yes, KPIs &amp; Annual report</p>
<p>5.10 Has the organisation engaged in any other 'evaluation proofing'<sup>1</sup> of programmes/projects?</p>	<p>3</p>	<p>Framework agreement with the Arts Council including complying with evaluation being built into Arts Programme delivery. Admin of Rates: Authorisation of all write in place. Recycling Facilities: Yes, WERLA-EMR are evaluating operations of Civic Amenity Facilities within the Region in 2019. Offaly has a candidate site for this evaluation.</p>

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<sup>1</sup> 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.

	<p>Libraries: There are reports compiled on events and service indicators.</p> <p>Water Services Admin of Group &amp; Private Installations: N/A.</p> <p>Housing Maintenance: Yes, cost reactive maintenance per unit reported as KPI &amp; compared with other local authorities.</p>
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**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	There were no other projects under review. 'Millrace' Housing was the first capital housing project under 'Re-Building Ireland Action Plan'
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?	2	See 6.1 above.
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?	3	
6.6 Were lessons learned from post-project reviews disseminated within the Sponsoring Agency and to the Sanctioning Authority? (Or other relevant bodies)	2	Early agreement on exact specification of houses is essential.
6.7 Were changes made to practices in light of lessons learned from post-project reviews?	2	Early agreement on specifications are significantly improved on new projects.
6.8 Were project reviews carried out by staffing resources independent of project implementation?	2	Normally carried out on capital projects when a final account claim is required. In this case full

		drawdown is made on project completion without retention, therefore, no final account claim required.
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**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 expenditure in this category.
7.2 Did those reviews reach conclusions on whether the programmes were efficient?	N/A	
7.3 Did those reviews reach conclusions on whether the programmes were effective?	N/A	
7.4 Have the conclusions reached been taken into account in related areas of expenditure?	N/A	
7.5 Were any programmes discontinued following a review of a current expenditure programme?	N/A	
7.6 Were reviews carried out by staffing resources independent of project implementation?	N/A	
7.7 Were changes made to the organisation’s practices in light of lessons learned from reviews?	N/A	

Notes:

The scoring mechanism for the above checklists is as follows:

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

For some questions, the scoring mechanism is not always strictly relevant. In these cases, N/A is marked and appropriate comments are provided.

**Appendix 3: Summary Report Arising from In-depth Check of Two  
Projects**

**Public Spending Code**

**Quality Assurance 2018: Step 4 In-depth Check,**

**completed by Internal Audit,**

**Offaly County Council.**



**May 2019**

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## Introduction and Summary of Findings

Step 4 of the Public Spending Code QA process requires all Local Authorities to 'Carry out a more in-depth checks on a small number of selected projects/programmes'.

The Guidance Document issued for the Local Government sector sets out the criteria for in-depth checks as follows:

- Revenue Projects: Projects selected must represent a minimum of 1% of the total value of all revenue projects on the project inventory.
- Capital Projects: Projects selected must represent a minimum of 5% of the total value of all capital projects on the project inventory.

This minimum is an average over a three-year period.

Internal Audit was appointed by the Chief Executive of Offaly County Council to complete step 4.

The purpose of the review was to provide an independent professional opinion on compliance with the Public Spending Code and, more specifically, the quality of the appraisal, planning, and implementation of work done within each programme. The projects were examined in order to assess if the practices implemented are of a high standard.

**The following projects were selected by the Internal Audit Unit for In-depth Review:**

<b>Project Name</b>	<b>Project Category (2018)</b>	<b>Project Budget / Expenditure</b>
Public Lighting	Current Expenditure – Being Incurred	€970,610
Frankford Park, Kilcormac, Turnkey, Social Housing	Capital Expenditure – Being Considered	€2,324,985

The total value of the Offaly County Council's Inventory listing for 2019 was €125,837,188 (includes Current (Revenue) and Capital Expenditure). Therefore, the above two projects represent approximately an 2.6% sample.

The audit related to the stage at which these projects were identified as being at during the year 2018.

### **Summary of Findings**

Given the outcome of the reviews summarised individually below, it is our opinion that there is, overall, 'Satisfactory Assurance' (see Appendix 1) that there is compliance with the Public Spending Code within Offaly County Council.

#### **Project 1: Current (Revenue) Expenditure Programme €970,610**

A Review at the 'Implementation Stage' of the 'Public Lighting' expenditure programme took place. This programme was categorised as 'Current Expenditure Being Incurred' in the 2018 Public Spending Code Quality Assurance Inventory listing.

Based on review of documentation/data this programme provides 'Satisfactory Assurance' that there is compliance with the Public Spending Code.

At the 'Implementation Stage' of the current expenditure the following is required:

- Assigned responsibility for delivery
- An appropriate structure to monitor and manage the implementation phase
- Regular meetings
- A means of measuring if the project/programme is delivering on its expectations.

Offaly County Council's 'Public Lighting' Programme has a management structure in place for the programme delivery and co-ordination. The A/Senior Engineer and A/Senior Executive Engineer has responsibility for management and oversight of the programme. IT systems are utilised for monitoring fault, repairs and spend.

To enhance compliance and for future evaluation, some recommendations have been made in relation to regular meetings, improving the means for measuring programme delivery, performance indicators, reporting on the programme performance and outcomes and record keeping. The Roads Department Management have noted the recommendations and confirmed



these will be implemented. Internal Audit will complete a follow-up on implementation of recommendations at a later date.

### **Project 2: Capital Expenditure Programme €2,324,985**

Frankford Park, Kilcormac (Turnkey) Social Housing is a Capital Project 'Being Considered'.

Frankford Park, Kilcormac (Turnkey) Social Housing is a capital project categorised as Capital Expenditure 'Being Considered' in the 2018 PSC Inventory listing. This Project was reviewed for compliance as a 'Capital Project being considered'. The 'Appraisal Stage' of the project was reviewed.

At the 'Appraisal' Stage of the capital expenditure the following steps are required:

- i. Define the objective
- ii. Explore options taking account of constraints
- iii. Quantify the costs of viable options and specify sources of funding
- iv. Analyse the main options
- v. Identify the risks associated with each viable option
- vi. Decide on a preferred option
- vii. Make a recommendation to the Sanctioning Authority

Offaly County Council prepared a detailed Capital Appraisal Document and submitted same to DHPLG. The steps above were followed. A Senior Executive Engineer is assigned responsibility as project manager for each stage of the capital project.

Based on a review of documentation this project at 'appraisal stage' provides 'Satisfactory Assurance' that there is compliance with the Public Spending Code.

## Appendix 4: In-depth Check Reports

### In-depth Check Report No. 1

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#### Section A: Introduction

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This introductory section details the headline information on the programme or project in question.

<b>Programme or Project Information</b>	
<b>Name</b>	Public Lighting Programme 2018
<b>Detail</b>	Revenue Expenditure on Public Lighting function in Offaly County Council
<b>Responsible Body</b>	Offaly County Council
<b>Current Status</b>	Expenditure Being Incurred
<b>Start Date</b>	Jan 2018
<b>End Date</b>	December 2018
<b>Overall Cost</b>	€970,610

## Project Description

Offaly County Council is responsible for the operation, maintenance and provision of public lighting throughout the county of Offaly.

Public lighting includes street lights, traffic lights, pedestrian lighting and street lights in housing estates taken-in-charge by the Council. Offaly County Council has approximately 8,000 street lights in its administrative area which spans, urban and rural communities.

Offaly County Council's Public Lighting Programme is carried out annually and is managed by the Roads Department. Public Lighting Expenditure comprises principally of maintenance, energy and upgrades to the network.

The budget for the service in 2018 was €979,372. The cost for providing public lighting in 2018 was €970,610<sup>2</sup>. The costs included energy costs, maintenance, improvements & LED replacements project and other.

The electricity supplier for the county is 'Energia' for all unmetered public lighting. The contractor providing maintenance and repair is 'Killaree Lighting Services' (KLS).

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<sup>2</sup> OCC also received a funding allocation from 'Transport Infrastructure Ireland' for energy, maintenance and upgrading of public lighting on national routes under the Council's Road Programme. The focus of the in-depth review is on the €970,610 current expenditure programme reported in the Council's Annual Financial Statement 2018.

### Section B - Step 1: Logic Model Mapping

As part of this In-Depth Check, Internal Audit have completed a Programme Logic Model (PLM) for the Public Lighting Programme. A PLM is a standard evaluation tool and further information on their nature is available in the [Public Spending Code](#).

Objectives	Inputs	Activities	Outputs	Outcomes
Provide a safer environment for road users, pedestrians and cyclists.	Budget Allocation of €979,372 in 2018.	Monitoring and maintaining Public Lighting Infrastructure.	Provision of public lighting in the county	Supply public lighting in the county.
To maintain and improve the public lighting network in the county.	Staff resources. External suppliers of energy & maintenance contractors.	Monitoring of the county's public lighting through contact with elected representatives and the general public. Public lighting is also scouted frequently.	8,000 lights in operation Approximately 600 lights upgraded in 2018.	Safer Environment for the public. Achieving targets in relation to reduction in energy.
To continue the programme of upgrading Public Lighting to LED in the interest of energy efficiency.		Provision of public lighting maintenance contract services.	Replacement of lanterns with LEDs. No. of issues closed in 2018 was 1572.	Energy efficiency. Cost saving on energy bills. Better quality lighting

<p>Offaly County Council aims to reduce energy use by 33% by May 2020.</p> <p>To achieve Value for Money.</p> <p>OCC's Roads Department will upgrade approximately 600 lights through its own resources in 2018.</p>		<p>Monitoring of maintenance contractor's activities by completing spot-checks on 'Deadsure' system.</p> <p>Upgrading of Public Lighting to LED.</p> <p>Management of budget/expenditure.</p> <p>Processing of payments for supply &amp; maintenance etc.</p>	<p>Effective and efficient lighting throughout County Offaly.</p>	
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## **Description of Programme Logic Model**

*Objectives:* The objectives of the Public Lighting Current (Revenue) Expenditure Programme is for the provision and maintenance of public lighting throughout County Offaly.

*Inputs:* The primary input to the programme is the Council's Budget Allocation of €979,372 in 2018, which was adopted in November 2017. Staff Resources, energy supply and public lighting maintenance contractor is also an input.

*Activities:* There were a number of key activities carried out through the project including monitoring and maintenance of public lights in the county of Offaly together with an on-going programme of upgrading to LED. Management of the budget and processing of payments relating to energy supply, maintenance etc., also takes place within the Roads Department.

*Outputs:* Having carried out the identified activities using the inputs, the outputs of the programme are the provision of an effective public lighting function, closure of service requests relating to faults and upgrading of lights.

*Outcomes:* The envisaged outcomes of the project were to provide a safer environment for the public and a long-term outcome of achieving a saving on energy costs for Offaly County Council.




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## Section B - Step 2: Summary Timeline of Project/Programme

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The following section tracks the **Public Lighting Programme** from inception to conclusion in terms of major project/programme milestones.

The Public Lighting Programme is an annual revenue spend.



Early 2000s	'ESB', 'Airtricity' were energy suppliers and maintenance contractors for Public Lighting.
2000s	Independent energy suppliers were appointed (11-15% energy discount resulted)
2009	'Energia' commenced as energy supplier in Offaly.
2011	Tendering took place for provision of Public Lighting Maintenance
2013	Tendering took place for provision of Public Lighting Maintenance in May 2013.
May 2017	Advertising of Tender for Public Lighting Maintenance on the lighting network took place in May 2017. Laois County Council on behalf of Laois and Offaly Local Authorities completed the tender process. The successful tender was awarded to 'Killaree Lighting Services' (KLS) for a period of 1 year.
During 2018	KLS continue to operate as Maintenance Contractor.
Jan-Dec 2018	OCC upgrade approx. 600 lights through own resources.

### Section B - Step 3: Analysis of Key Documents

The following section reviews the key documentation relating to appraisal, analysis and evaluation for the **Public Lighting Programme**.

<b>Project/Programme Key Documents</b>	
<b>Title</b>	<b>Details</b>
Energy Supplier Contact with Offaly County Council	During the in-depth review Internal Audit were informed that 'Energia' is the energy supplier for Offaly County Council. There is a national framework in place for energy supply.
Tendering Document for Public Lighting Maintenance & Associated works.	<p>Some information in relation to the tender of public lighting maintenance and associated services was available on file in the Procurement Section. Laois &amp; Offaly Local Authorities prepared a joint tender for the provision of maintenance and associated worked for public lighting.</p> <p>The tender document is a comprehensive document that set out all the requirements for the provision of maintenance &amp; associated works for public lighting.</p>
Contract between 'Killaree Lighting Services' & Offaly County Council	<p>'Killaree Lighting Services' is the contractor for Public Lighting Maintenance for Laois &amp; Offaly Local Authorities.</p> <p>The following documents were available and reviewed:</p> <ol style="list-style-type: none"> <li>1. 'Form of Letter of Acceptance' issued to KLS by Laois County Council on behalf of the two authorities 18/01/2018 stating that the contract would commence on 1<sup>st</sup> March 2018.</li> <li>2. An Internal OCC Memorandum recommending KLS appointment as PSDP / PSCS for supply of maintenance and associated services for Public Lighting in Offaly Local Authorities from 1<sup>st</sup> September 2018.</li> <li>3. Signed Acknowledgements of Appointment as Project Supervisor</li> </ol>

	Construction Phase (PSCS) and Project Supervisor Design Process (PSDS) by KLS dated September 2018 was available on file.
Chief Executive Orders	2018 Chief Executive Orders no. 18/36 and 18/37 appointing KLS as PSCS & PSDS for supply of maintenance and associated services for public lighting in Offaly were available on file.
Offaly County Councils Budget 2018 & supplementary documents.	<p>The Budget document details the allocation of €979,372 for Public Lighting. It was adopted on 20<sup>th</sup> November 2017.</p> <p>The breakdown of budget 2018: Public Lighting Operating Costs €814,500, Public Lighting Improvements €85,000 and Service Support Costs €79,872.</p> <p>One of the objectives of the Road's Department in 2018 budget was to <i>'maintain sufficient funding levels in relation to the maintenance/energy costs associated with the public lighting network.'</i></p> <p>The Council <i>'aims to improve energy efficiency by 33% by 2020. In April 2017 Energy Consultants conducted an audit of Áras an Chontae to explore opportunities for reducing energy consumption and energy costs. The report identified energy efficiency measures in the main County building. Offaly County Council aim to implement the recommended measure and with the ongoing programme of replacing Public Lighting to LEDS will meet our target by 2020.'</i></p>
Offaly County Council's Roads Department Team Development Plan 2018	This plan includes priorities & actions for 2018 included the 'Provision and Maintenance of Public Lighting': Manage Public Lighting Maintenance Contractor, upgrading of LEDs as funding permits – all national road light LED, 300-500 LEDs for replacement in estates with own resources.
Offaly County Council's Annual Financial Statement (AFS) 2018.	The AFS details the expenditure of €970,610 in 2018 for public lighting.

Financial Reports: extracted from 'Agresso' Financial Management System	Reports generated from 'Agresso Financial Management System' are used to monitor the work programme expenditure.
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### **Key Document 1: Energy Supplier Contact with Offaly County Council**

Evidence of a contract between 'Energia' and Offaly County Council and/or related documentation was not available for review during the In-depth Review.

### **Key Document 2: Tender Document for Public Lighting Maintenance**

The tender document is a comprehensive document that set out all the requirements for the provision of maintenance & associated works for public lighting. It is maintained in the Procurement Section. The tender was advertised on E-tenders in May 2017. Laois County Council acting on behalf of Offaly County Council tendered for provision of public lighting maintenance works and associated services for both counties

### **Key Document 3: Contract between 'Killaree Lighting Services & Offaly County Council**

The tender for provision of maintenance & associated works for public lighting was awarded to 'Killaree Lighting Services', Kilkenny in January 2018.

Internal Audit were informed that the maintenance contract was initially to operate for a period of 1 year and could be extended annually up to a further 3 years at the discretion of the contracting authorities subject to an annual review to ensure satisfactory compliance with the terms of the contract.

A 'Form of Letter of Acceptance' was issued by Laois County Council to KLS on 18<sup>th</sup> January 2018 outlining acceptance of the tender. It outlined that contract would commence on 1<sup>st</sup> March 2018. A required signed acknowledgement of the letter by KLS was not available for review.

An Internal OCC Memorandum recommending KLS appointment as PSDP / PSCS for supply of maintenance and associated services for Public Lighting in Offaly Local Authorities from 1<sup>st</sup> September 2018 was available on file. It outlines that KLS was assessed by the A/Senior Executive Engineer and Health & Safety Advisor.

Signed Acknowledgement of Appointment as Project Supervisor Construction Phase (PSCS Project Supervisor Design Process (PSDS) by KLS dated September 2018 was available on file.

### **Key Document 4: Chief Executive's Orders**

2018 Chief Executive's Order were available for review i.e. R18/36 dated 13<sup>th</sup> September 2018 appointing KLS as Project Supervisor Construction Phase (PSCS) and R18/37 dated 13<sup>th</sup>

September 2018 appointing KLS as Project Supervisor Design Process (PSDS) for supply of maintenance and associated services for public lighting in Offaly.

**Key Document 5: Offaly County Councils Budget 2018**

Offaly County Council approved the provision of €979,372 for Public Lighting at the Council's Budget Meeting on 20<sup>th</sup> November 2017.

**Key Document 6: Offaly County Council's Roads Department Team Development Plan 2018**

This plan includes priorities & actions for 2018 included the 'Provision and Maintenance of Public Lighting': Manage Public Lighting Maintenance Contractor, upgrading of LEDs as funding permits – all national road light LED, 300-500 LEDs for replacement in estates with own resources. The plan approval date and review dates of the plan were not evident.

**Key Document 7: Offaly County Council's Annual Financial Statement (AFS) 2018**

The AFS details the expenditure of €970,610 in 2018 for public lighting.

**Key Document 8: 'Financial Reports extracted from 'Agresso Financial Management System'**

Reports generated from 'Agresso Financial Management System' can be used to monitor expenditure for the work programme and against allocated budget.

## Section B - Step 4: Data Audit

The following section details the data audit that was carried out for the **Public Lighting Programme**. It evaluates whether appropriate data is available for the future evaluation of the project/programme.

Data Required	Use	Availability
Financial.	<p>Expenditure Monitoring. To accurately measure expenditure.</p> <p>To review spend on energy supply.</p> <p>To monitor payment transactions.</p>	Available.
Data on Public Lighting supply, faults reported and repairs.	<p>Data on faults logged and closure of repair requests / can be used for reporting on the programmes progress and on maintenance service activity/performance.</p> <p>Status of repair requests and turnaround times can be reviewed.</p>	<p>Available.</p> <p>Reports can be extracted from 'DeadSure' Management System to monitor / evaluate maintenance and if contractor is operating effectively.</p> <p>Data can also be viewed by the public &amp; elected representatives via 'Deadsure App'.</p>
Performance Indicators / Performance Reports	To monitor progress of the work programme and report on activities & programmes outcomes.	<p>Limited Availability.</p> <p>One 'General Update on Public Lighting 2018-2019' was presented at a Municipal District Meeting in April 2019. This was made available during the in-depth check. The report detailed: no. of installations, unit owner details, upgrades to LEDs, energy cost increases.</p>
Meetings Records	Useful for recording operational planning	Unavailable.

	decisions, decisions made, reporting of issues, progress updates, performance indicators etc.	Minutes of Meetings relating to the 'Public Lighting Programme' were unavailable.
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## Data Availability and Proposed Next Steps

Data requirements listed above as 'Financial' were available and can be extracted from 'Agresso' Financial Management System, the Council's budget book and Annual Financial Statement. This information can be used to monitor ongoing expenditure, reporting and to budget for future costs.

Data on lighting fault reports & repairs was available. 'Deadsure' data can be useful in monitoring the activity of the maintenance contractor and for compiling data for record keeping and reporting.

For the 'Implementation Stage' of current expenditure the following data is required:

- Performance Reports / Performance Indicators
- Minutes of meetings

During the review data relating to reporting on the programme's performance and minutes of meetings were unavailable. The following are recommendations for improvements:

1. It is recommended that programme priority objectives & targets/performance indicators, measurements are included, monitored and reviewed as part of the 'Roads Department Team Development Plan' or a programme plan.
2. It is recommended that progress reports are prepared regularly on the programme e.g. for reporting on stages of the programme to Senior Management, Elected Representatives etc.
3. Performance Indicators:
  - Should be compiled regularly e.g. no. of faults, no. of repairs carried out, no. of upgrades etc.
  - A means for analysing/ assessing energy efficiency and recording, reporting of same should be considered going forward (*to include savings resulting from LED upgrades*).
  - It was noted during the in-depth check the energy bills are monitored on an 'as required' basis. It is recommended that any monitoring / comparisons of energy supply bills be recorded to include any cost increases / efficiencies and that this data be used in performance reports.
4. It is recommended that the 'Public Lighting Programme' be included regularly on Agenda of Meetings, e.g. Road Dept, Management Meetings. Minutes of meeting should be maintained.

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## Section B - Step 5: Key Evaluation Questions

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The following section looks at the key evaluation questions for **Public Lighting Programme** based on the findings from the previous sections of this report.

### **Does the delivery of the project/programme comply with the standards set out in the Public Spending Code? (Appraisal Stage, Implementation Stage and Post-Implementation Stage)**

*At the 'implementation stage' of the current expenditure the following is required:*

- *Assigned responsibility for delivery*
- *An appropriate structure to monitor and manage the implementation phase*
- *Regular meetings*
- *A means of measuring if the project/programme is delivering on its expectations.*

The 'Public Lighting Programme' was reviewed at 'Implementation Stage' Offaly County Council's 'Public Lighting Programme' has a management structure in place for the programme delivery and co-ordination. The A/Senior Engineer and A/Senior Executive Engineer has responsibility as Project Managers for the management and oversight of the programme.

*Active management should involve monitoring against plans and expectation, regular reporting, monitoring and the use of performance indicators. For current programmes regular analysis of performance indicators should take place. A project manager assigned should be assigned personal responsibility for monitoring progress of the project against contract requirements and for reporting progress and issues arising to Senior Management.*

The A/Senior Executive Engineer has access to data on 'Deadsure' Management System and 'Agresso' Financial System for review of maintenance service and expenditure activity. There are contractual turnaround times set for fault repairs. Other performance indicators milestones may be developed as a means of gathering data to support performance indicator measurement. These performance indicators can then be issued as part of monitoring and management at 'Implementation Stage'.

It was noted during the in-depth review that the implementation and outcome of the various operational elements of the 'Public Lighting Programme' is not regularly recorded, and reported on in relation to objectives.

*Milestones in operational / programme plan and in contracts can be used by the project manager to ensure that the programme is on schedule and within budget.*

There is a means of measuring maintenance contractors activities and financial transactions, these can be used for reporting.

No regular meetings with the 'Public Lighting Programme' updates on the Agenda take place.

Overall the programme at 'Implementation Stage' was found to comply with the Public Spending Code, however, there are some recommendations for improvements which are outlined see below.

**Is the necessary data and information available such that the project/programme can be subjected to a full evaluation at a later date?**

Electronic records of data are available on the 'Agresso Financial Management' System.

Financial data is available in the Council's Budget 2018 and Annual Financial Statement 2018. Data from 'Agresso' can be used to record and monitor ongoing expenditure. Invoices can be extracted for review and checking. Expenditure is reviewed and evaluated to ensure that programme is staying within budget.

The 'Deadsure' Road Network System is utilised to review or complete spot-checks on maintenance contractor turnaround times on repairs and closure of issues. It can be used to compile data for record keeping and for performance reporting.

Finance data and lighting fault data is collected by the Roads Dept, Offaly County Council on an 'as required' basis.

Efficiency is monitored in terms of staying in line with the allocated budget and reviewing turnaround times of the maintenance contractor and reviewing energy bills.

Some of the available data listed above will assist should the programme be subjected to an evaluation at a later date, however, data is currently not used for any form of regular reporting on the expenditure programme to senior management, elected representatives etc.

During the in-depth check it was found that there was no comprehensive file available detailing information of the energy supply and public lighting maintenance contracts.

Signed copies of Chief Executive Orders dated 2018 authorising the appointment of 'KLS' as PDSC and PDS were available. Chief Executive's Order approving Energy Supplier and/or related documents was unavailable for review.

From the information provided during the In-depth check (May 2019), the status / renewal date of the maintenance contract was unclear. Internal Audit were informed that the Council were in the process of appraising health & safety requirements with the Maintenance Contractor and that the process to extend the contract was expected to commence shortly.

**What improvements are recommended such that future processes and management are enhanced?**

**1. Monitoring & Reporting**

As part of the Road's Department Team Development Plan: priority objectives, targets, performance indicators, measurement and review dates of 'Public Lighting Programme' should be prepared annually. This will assist in analysis of operational performance and reporting.

At the time of the in-depth check there was no formal governance structure for reporting on the progress of the expenditure programme. There are limited reporting documents prepared and maintained throughout the year 2018 i.e. one general update in 2019 to Municipal District Meeting was made available during the in-depth check.

It is recommended that for the Public Lighting Programme, performance indicators be prepared & reported on a regular basis e.g. number of faults reported, number of repairs, number of services requested closed and number of LED Lanterns upgraded.

A means for measuring energy costs and any efficiencies should be formally adopted, documented and reported on.

It is recommended that monthly/quarterly Public Lighting reports be prepared outlining e.g. expenditure to-date, updates on operations / works completed, funding allocations, performance indicators etc. This will provide transparency and will be useful for future evaluations.

There are no regular meetings with the 'Public Lighting Programme' on the Agenda. Inclusion on relevant meeting agendas should be given consideration.

**2. Documented Policies & Procedures for the management of the programme**

Currently there is no documented procedure manual in place outlining the process for monitoring and reporting on the Public Lighting Programme. It is recommended that procedure documents be put in place, outlining required monitoring processes, controls checks & reporting.

**3. Public Lighting Contracts & Record Keeping**

It is recommended that up-to-date files relating to energy supplier and maintenance contract be maintained. It is recommended that all documentation relating to contracts from inception to-date and related correspondence be maintained centrally for future reference and evaluation.

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## Section: In-Depth Check Summary

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The following section presents a summary of the findings of this In-Depth Check on the **Public Lighting Programme**.

### Summary of In-Depth Check

A Review at the 'Implementation Stage' of the 'Public Lighting' expenditure programme took place. This programme was categorised as 'Current Expenditure Being Incurred' in the 2018 Public Spending Code Quality Assurance Inventory listing.

Based on review of documentation/data this programme provides 'Satisfactory Assurance' that there is compliance with the Public Spending Code.

At the 'Implementation Stage' of the current expenditure the following is required:

- Assigned responsibility for delivery
- An appropriate structure to monitor and manage the implementation phase
- Regular meetings
- A means of measuring if the project/programme is delivering on its expectations.

Offaly County Council's 'Public Lighting' Programme has a management structure in place for the programme delivery and co-ordination. The A/Senior Engineer and A/Senior Executive Engineer has responsibility for management and oversight of the programme. IT systems are utilised for monitoring fault, repairs and spend.

To enhance compliance and for future evaluation, some recommendations have been made in relation to regular meetings, improving the means for measuring programme delivery, performance indicators, reporting on the programme performance and outcomes and record keeping. The Roads Department Management have noted the recommendations and confirmed these will be implemented. Internal Audit will complete a follow-up on implementation of recommendations at a later date.

## In Depth Check Report No. 2

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### Section A: Introduction

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This introductory section details the headline information on the programme or project in question.

<b>Programme or Project Information</b>	
<b>Name</b>	Frankford, Kilcormac, Co. Offaly (Turnkey) Social Housing Project
<b>Detail</b>	Purchase of 12 properties at Frankford, Kilcormac, Co. Offaly.
<b>Responsible Body</b>	Offaly County Council
<b>Current Status</b>	Expenditure Being Considered
<b>Start Date</b>	March 2018 (Expression of Interest Advertised)
<b>End Date</b>	Proposed June 2019
<b>Overall Cost</b>	€2,324,985



## **Project Description**

Local Authorities have the key central role in the identification of social housing need within their areas and developing and nurturing projects for new social housing construction projects to meet that need.

Offaly County Council as one of its many objectives, strives to implement national housing policy to ensure that every household that needs it has access to quality, affordable housing in an acceptable environment. Individual housing needs are met through a number of different schemes and initiatives.

In the Council's Service Delivery Plan 2018 one of the objectives is to meet the targets set for Offaly under 'Rebuilding Ireland, the action plan for Housing and Homelessness' with regard to direct build, acquisitions, voids, Leasing and the Capital Assistance Scheme. Offaly's target under 'Rebuilding Ireland' 2018-2021 for build, acquisition, leasing is 437. The 2018 target for build was 19 and acquisition was 4.

In March 2018, Offaly County Council advertised 'Purchase of Schemes of Housing for Social Housing'. The criteria for decision to purchase included: social housing need in the area concerned; timescale for delivery; value for money and quality and design. Expression of interest in providing housing were sought in the advertisement.

Following an advertisement process, 'Ravada Group' acting on behalf of a client submitted an expression of interest to the council in providing the council with 12 turnkey units in Frankford, Kilcormac. The Council assessed the proposal and were satisfied that it met the criteria. Ravada's client 'CFC Construction' was engaged by the council to progress with construction at Frankford, Kilcormac. The units identified were unfinished and will be purchased by the council for the purpose of providing social housing.

In July 2018, OCC made an application to Department of Housing, Planning and Local Government (DHPLG) for funding to purchase the units. A Capital Appraisal Document was submitted to the DHPLG with the funding application an all in cost of €2,324,985 was estimated to construct/finish 12 units. The DHPLG approved a budget of €2,324,985.

In 2018 OCC had 61 applicants on its housing list in Kilcormac, Co. Offaly.

### The Design

The housing units at Frankford, Kilcormac had been granted planning permission on 19/10/2007. The original development that was granted planning permission contained 22 semi-detached units and 1 detached unit (all with 3 bedrooms). As planning permission was already granted for the units being considered for purchase, to satisfy planning requirements the items remaining outstanding to allow OCC to take the development in - charge was the installation of the tarmacadam wearing course and the construction of a new pedestrian crossing outside the boundary of the site.



The council proposed to complete this and it was included as part of the proposal to the DHPLG.

Copies of Design details were available on file.

#### Cost /VFM

The units were offered to Offaly County Council for a total cost of €2,279,400, inclusive of VAT. This equated to €189,950 per unit and the Council considered this as good value for money in 2018. In considering whether the units were value for money, it considered the unit cost ceiling provided to the Council by the DHPLG at the beginning of 2018. The all in unit cost ceiling for the construction of a 3-bedroom unit in Offaly is €189,600

A budget cost of €€2,324,985 approved by the DHPLG.

#### Approval to proceed

Frankfurt Park, Kilcormac (Turnkey) Housing Capital Project was agreed in principle to be included in the DHPLG's / OCC capital work programme for the construction of 12 Units to house persons from housing list and to accommodate homeless persons.

The agreed completion date is June 2019.

This main focus of this review relates to 'Appraisal Stage' of the project in 2018.

### Section B - Step 1: Logic Model Mapping

As part of this In-Depth Check, Internal Audit have completed a Programme Logic Model (PLM) for the Frankford, Kilcormac, Turnkey, Social Housing Construction Project: A PLM is a standard evaluation tool and further information on their nature is available in the [Public Spending Code](#).

Objectives	Inputs	Activities	Outputs	Outcomes
Provide Housing to persons on Offaly County Council's Housing List.	Funding / Capital Assistance of approx. €2.3m from DHPLG.  Developer.  Staff Resources.	<ul style="list-style-type: none"> <li>• Advertising of 'Expressions of Interest'</li> <li>• Assessment of Expressions of Interest.</li> <li>• Identification of Units</li> <li>• Drafting of Project Documents / Briefings / Costings</li> <li>• Submissions of Proposals (submission of funding application including appraisal document to the Department of Housing, Planning &amp; Local Government.</li> </ul>	Developer Engaged.  Appraisal Document Prepared.  Funding Applications submitted to DHPLG.  Confirmation of Planning requirements / compliance.  Legal / Professionals Engaged.  Senior Management approval to proceed sought.	Funding Approval from DHPLG.  Engagement of Developer.  Construction of houses.  Housing list: reduced numbers for those seeking accommodation.  Persons provided with housing.

		<ul style="list-style-type: none"> <li>• Liaising with Planning Department, Offaly County Council in relation to approved planning procedures (<i>Planning Permission was approved 19/10/2007</i>), development contributions &amp; taking in charge.</li> <li>• Liaising with Solicitor.</li> <li>• Proposed purchase of 12 Units at Frankford, Kilcormac, Co. Offaly.</li> <li>• Approval by CE for purchase of units.</li> <li>• Inspections by Clerk of Works</li> </ul>	<p>Properties inspected during various stages of the project.</p>	
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## **Description of Programme Logic Model**

**Objectives:** The objectives of the provide project was to provide housing for persons on Offaly County Council's Housing List.

**Inputs:** The primary input to the programme was the capital funding of approximately €2.3 million which was approved by Department of Housing, Planning and Local Government. Council staff resources and work of the Developer are also inputs. Advertising of 'Expressions of Interest'

**Activities:** There were a number of key activities which will be carried out throughout the project including: advertising of 'Expressions of Interest', assessment of applications received and identifying housing. Preparing proposals in the form of appraisal documents for DHPLG for funding application. Liaising with the Planning Department regarding planning permission, development contributions and taking in charge, consulting with the Council's solicitor regarding the purchase of units and legal matters. Engagement with Developer and purchase of units and approval of purchase.

**Outputs:** Having carried out the identified activities using the inputs, the outputs of the project are engagement of a developer for construction of housing units.


**Outcomes:** The envisaged outcomes of the project are to provide Housing for persons on Housing List and homeless persons. This in turn will lead to reduced numbers of persons seeking accommodation. Receipt of funding from DHPLG.

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## Section B - Step 2: Summary Timeline of Project/Programme

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The following section tracks the **Frankfort Park, Kilcormac, Turnkey Social Housing Capital Project** from inception to conclusion in terms of major project/programme milestones



22 <sup>nd</sup> March 2018.	'Purchase of schemes of houses for social housing' was advertised in local newspaper & website seeking expressions of interest in providing houses'.
24 <sup>th</sup> April 2018	An 'Expression of Interest' dated 24 <sup>th</sup> April 2018 was received from 'Ravada Group' on behalf of a client.
16 <sup>th</sup> July 2018.	OCC - Submission of funding application & capital appraisal document to DHPLG.
30 <sup>th</sup> July 2018.	Approval in Principle for funding from DHPLG €2,279,000.
2018.	Engagement of a developer 'CRF Construction Ltd' through 'Ravada Group'.
September 2018	Commencement of construction at Frankford Park, Kilcormac.
April 2019	Proposed Acquisition of 4 of 12 units.
June 2019	Anticipated Completion Date.

## Section B - Step 3: Analysis of Key Documents

The following section reviews the key documentation relating to appraisal, analysis and evaluation for the **Frankfort Park, Kilcormac, Turnkey, Social Housing Capital Project**.

<b>Project/Programme Key Documents</b>	
<b>Title</b>	<b>Details</b>
OCC Targets under 'Rebuilding Ireland: Action Plan for Housing and Homelessness'.	Offaly County Council's targets for provision of housing under 'Rebuilding Ireland' 2018-2021 are outlined in Appendix A of letter from the Minister for Housing, Planning and Local Government dated 18 <sup>th</sup> April 2018
Application Form HCA 3 'Acquisition of private dwellings' for Capital Funding to DHPLG	DHPLG's Form HCA 3 was completed and provided by OCC in accordance with Circular Housing 24/2015, where an application is made for an exchequer capital grant (Form HCA4) in relation to the acquisition of a dwelling for use as social housing unit.
Housing Capital Appraisal Document – Frankford, Kilcormac, Co. Offaly	A proposal was prepared by the Council in the form of a capital appraisal document. It included the housing need, information on design, planning permission, costs and value for money. This was submitted to the DHPLG for consideration for funding.
Funding Approval from DHPLG	A funding Approval in Principal from DHPLG was granted in July 2018. The letter outlined that approval was subject to a number of conditions. The recommended budget was €2,324,985.

### **Key Document 1: County Council Targets for Rebuilding Ireland.**

'Re-building Ireland – Action Plan for Housing and Homelessness' outlines long term targets for the provision of social housing. Offaly County Council's targets for provision of housing under 'Rebuilding Ireland' 2018-2021 are outlined in Appendix A of letter from the Minister for Housing, Planning and Local Government dated 18<sup>th</sup> April 2018. The targets for 2018-2021 for Build, Acquisition, leasing for Offaly County Council is 437. For 2018 the target for build was 19 and acquisition is 4.

**Key Document 2: *Application Form for DHPLG Capital Funding***

In July 2018, OCC made an application to DHPLG for funding for the acquisition of private dwellings. The DHPLG's Form HCA 3 was completed and provided by OCC in accordance with Circular Housing 24/2015, where an application is made for an exchequer capital grant (Form HCA4) in relation to the acquisition of a dwelling for use as social housing unit. The application included required details relating to dwellings i.e. gross floor area, BER rating, type of dwelling, general state of repair, details of accommodation, details of land registry folio number. Details of all-in-cost was clearly outlined on the application. The total all-in-cost was €2,324,985.

**Key Document 3: *Capital Appraisal Document for Frankford, Social Housing Project***

The Housing Capital Project Appraisal for the Purchase of 12 Dwellings at Frankford, Kicormac was submitted to the DHPLG on 16<sup>th</sup> July 2018. The document provides a background to the project being considered and the assessment of expressions of interest received following advertisement. The need for housing in the area is clearly outlined. There were 61 applicants on the housing list in Kicormac in 2018. Information on planning permission and design of dwellings is included in the appraisal document. Detail on cost, value for money and delivery arrangements is also provided.

**Key Document 4: *Capital Funding Approval from DHPLG***

A funding 'Approval in Principal' from DHPLG was granted on 30<sup>th</sup> July 2018. The letter outlined that approval was subject to a number of conditions. The recommended budget was €2,324,985 which included purchase price of the housing units for €2,279,400 and legal and professional fees of €45,585.



## Section B - Step 4: Data Audit

The following section details the data audit that was carried out for the **Frankfort, Kilcormac, (Turnkey) Social Housing Capital Project**. It evaluates whether appropriate data is available for the future evaluation of the project/programme.

Data Required	Use	Availability
Costs	To consider a budget. To assess VFM.	Available.  Costs are outlined in capital Appraisal Document and application to DHPLG for funding.
Financial Records	Expenditure Monitoring, To monitor activity in 2018. To accurately measure expenditure.	Available.  Agresso Financial Management System in use for monitoring of budget / spend.
Documentation/Validation of Key Decisions.	Governance. Record Keeping. Audit Trail.	Available  Assessment of Expression of Interest and related correspondence with developer was available. Application to DHPLG was available. Approval of Funding was on file. Internal correspondence and correspondence with professional Services were on file.

### Data Availability and Proposed Next Steps

Costs were detailed in the Capital Appraisal document. Other financial data can be assessed on the Agresso Financial Management System i.e. invoices for all stages of the project e.g. legal fees.

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## Section B - Step 5: Key Evaluation Questions

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The following section looks at the key evaluation questions for **Frankfort, Kilcormac, (Turnkey) Social Housing Capital Project** based on the findings from the previous sections of this report.

### **Does the delivery of the project/programme comply with the standards set out in the Public Spending Code? (Appraisal Stage, Implementation Stage and Post-Implementation Stage)**

This Project was reviewed for compliance as a 'Capital Project being considered'. The 'Appraisal stage' of the project was reviewed.

Under the Public Spending Code, the following are the steps to be completed at the Appraisal Stage:

- i. Define the objective
- ii. Explore options taking account of constraints
- iii. Quantify the costs of viable options and specify sources of funding
- iv. Analyse the main options
- v. Identify the risks associated with each viable option
- vi. Decide on a preferred option
- vii. Make a recommendation to the Sanctioning Authority

From the self-assessed checklist completed there is compliance of level 3 (*broadly compliant*) with regard to an appropriate appraisal method being used in respect to the capital project.

#### Appraisal & Planning Review:

A Senior Executive Engineer was assigned the role of project coordinator for management of the project.

Tendering process was not applicable for this particular project and expressions of interest were advertised in Local Newspapers and on the Council's website.

Copies of emails/letters were also on file relating to correspondence with the Developer.

The appraisal process commenced at an early stage. A detailed Project 'Appraisal Document' is in place for the proposed construction of 12 housing units for social housing. It outlines the objectives and the needs for the housing units. Alternative options and constraints are clearly outlined in the document. Detailed cost and design details of the partially complete units were available. This detailed appraisal document was completed and submitted to the DHPLG on 16<sup>th</sup> July 2018.

An approval in principle was granted by the DHPLG following assessment of the Council's application for funding / capital appraisal document. The approval was to proceed with the purchase of 12 Units at Frankfort, Kilcormac and was issued by the DHPLG on 30<sup>th</sup> July 2018.

Compliance with Building and Planning Regulations:

The original grant of planning permission for this housing scheme dates back to October 2007. The Project File examined contains details of planning permission for housing at Frankford, Kilcormac, from 2007 and record of correspondence with the Planning Department in relation to correct procedures and requirements. The scheme design was compliant with building and planning regulations at that time and works on site were substantially complete before any further amendments to the building control act and building regulations. All properties are to be certified compliant with the relevant planning and building regulations by a suitably qualified professional prior to handover to Offaly County Council. In addition, the council's technical housing and planning staff plan to carry out final checks on properties & the entire housing estate to ensure standards set out in the specification proposed by the developer's initial proposal are met.

Project Commencement:

Correspondence with stakeholders in relation to proposal details and project requirements were available on the project file. The Developer commenced on site in 2018 with anticipated completion date of June 2019. From discussions with Project Manager (SEE Housing) and review of onsite records there has been no major issue with the 'Appraisal / Planning' stage of this project. The final account is not expected to have any major overruns on agreed cost. Funding claims will be made to the DHPLG on completion of construction in 2019.

This in-depth check has found that the project is compliant with the requirement of the Public Spending Code (Appraisal Stage).

**Is the necessary data and information available such that the project/programme can be subjected to a full evaluation at a later date?**

Internal Audit found the following were in place:

1. Appraisal Document.
2. The sources of funding have been clearly documented.
  - o Record of funding applications made to DHPLG.
  - o The rationale and suitability of the selected units were clearly outlined.
  - o Record of 'Approval in Principle' received from DHPLG.
3. The process for the selection of units: copies of correspondence with 'Ravada', legal advisers and planning department were available.

**What improvements are recommended such that future processes and management are enhanced?**

There are no matters arising from this stage of the review and consequently Internal Audit is satisfied with the level of compliance at 'Appraisal stage'. The project manager has been made aware of the Public Spending Code requirements for all stages in the lifecycle of a capital expenditure project.

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### **Section: In-Depth Check Summary**

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The following section presents a summary of the findings of this In-Depth Check on the **Frankford, Kilcormac, Turnkey, Social Housing Construction Project**.

#### **Summary of In-Depth Check**

This project was categorised as Capital Expenditure 'Being Considered' in the 2018 PSC Inventory listing. The review of this project was on the appraisal and planning elements.

At the 'Appraisal' Stage of the capital expenditure the following steps are required:

- viii. Define the objective
- ix. Explore options taking account of constraints
- x. Quantify the costs of viable options and specify sources of funding
- xi. Analyse the main options
- xii. Identify the risks associated with each viable option
- xiii. Decide on a preferred option
- xiv. Make a recommendation to the Sanctioning Authority

Offaly County Council prepared a detailed Capital Appraisal Document and submitted same to DHPLG. The steps above were followed. A Senior Executive Engineer is assigned responsibility as project manager for each stage of the capital project.

Based on a review of documentation this project at 'appraisal stage' provides 'Satisfactory Assurance' that there is compliance with the Public Spending Code.

## Appendix 5: Assurance Category

ASSURANCE CATEGORY	ASSURANCE CRITERIA	
<b>SUBSTANTIAL</b>	Evaluation opinion:	there is a robust system of risk management, control and governance which should ensure that objectives are fully achieved, and/or
	Testing opinion:	the controls are being consistently applied.
<b>SATISFACTORY</b>	Evaluation opinion:	there is some risk that objectives may not be fully achieved. Some improvements are required to enhance the adequacy and / or effectiveness of risk management, control and governance.
	Testing opinion	there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
<b>LIMITED</b>	Evaluation opinion:	there is considerable risk that the system will fail to meet its objectives. Prompt action is required to improve the adequacy and effectiveness of risk management, control and governance.
	Testing opinion:	the level of non-compliance puts the system objectives at risk.
<b>UNACCEPTABLE</b>	Evaluation opinion:	the system has failed or there is a real and substantial risk that the system will fail to meet its objectives. Urgent action is required to improve the adequacy and effectiveness of risk management, control and governance.
	Testing opinion:	significant non-compliance with the basic controls leaves the system open to error or abuse.