



# **Kildare County Council**

## **PUBLIC SPENDING CODE**

### **Quality Assurance Report for 2015**

**To be submitted to the**

**National Oversight and Audit Commission (NOAC)**

## Certification

This Annual Quality Assurance Report sets out the position in relation to Kildare County Council's assessment of its compliance with the Public Spending Code. It is based on the best financial and organisational information available at the time of publication of the report.

**Signature of Accounting Officer:**



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**Mr. Peter Carey  
Chief Executive  
Kildare County Council**

**Date:**

26/5/2016

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## Introduction

Kildare County Council has completed this Annual Quality Assurance Report as part of its on-going compliance with the Public Spending Code. The purpose of this report is to present the results of each of the five steps in the Quality Assurance exercise and to report on compliance with the requirements of the Public Spending Code as established during this exercise.

The **Public Spending Code**<sup>1</sup> brings together in one place details of the obligations that those responsible for spending public money are obliged to adhere to as well as guidance material on how to comply with the obligations outlined. The Public Spending Code applies to both Capital and Current expenditure. The Code sets out to explain what is required of public service managers at different points of the expenditure lifecycle and offers advice on how to fulfil those requirements. All Government Departments and public bodies and all bodies in receipt of public funding must comply, as appropriate, with the relevant requirements of the Public Spending Code.

## Quality Assurance Procedure

The Public Spending Code requires public bodies to establish an internal, independent, quality assurance procedure involving annual reporting on how organisations are meeting their Public Spending Code obligations. This new Quality Assurance procedure replaces and updates the “spot check” requirements previously laid down in Circular letter dated 15th May 2007.

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<sup>1</sup><http://publicspendingcode.per.gov.ie/>

The Quality Assurance process contains five steps:

<b>Step 1</b>	Draw up an Inventory of projects/programmes under three categories; expenditure being considered, expenditure being incurred and expenditure recently ended. The inventory should include all projects/programmes over €0.5 million.
<b>Step 2</b>	Publish Summary information on Kildare County Council's website of procurements in excess of €10 million.
<b>Step 3</b>	Complete the checklists (7) contained in the Public Spending Code.
<b>Step 4</b>	Carry out a more in-depth check on a small number of selected projects / programmes.
<b>Step 5</b>	Complete summary report for NOAC and Kildare County Council's website.

## Step 1 – Project Inventory

Kildare County Council's Project Inventory is included in Appendix A.

The inventory of Expenditure on Projects/Programmes with a value above €0.5 million is categorised as follows;

Category 1 – Expenditure being considered

Category 2 – Expenditure being incurred

Category 3 – Expenditure recently ended

Kildare County Council's inventory contains 62 projects/programmes with a total value of €192,583,508.00.

It should be noted that Irish Water became responsible for water services on 1<sup>st</sup> January 2014 (Water Services (No. 2) Act 2013). There is some water services expenditure in the "expenditure being incurred" table of the project inventory as Kildare County Council acts as an agent for Irish Water in accordance with a service level agreement. Irish Water is subject to its own financial governance framework and subject to oversight by the Commission for Energy Regulation.

## Step 2 – Publish summary information on all procurements in excess of €10 million

Kildare County Council has established a section on its website in order to publish summary information of all procurements in excess of €10 million. Listed below is the link to this publication page and an illustration of its location.

<http://kildare.ie/CountyCouncil/PublicSpendingCode/>



## Step 3 – Checklist Completion

There are seven checklists to be completed and they are as follows;

Checklist 1 - General Obligations not specific to individual projects/programmes

Checklist 2 – Capital Expenditure being considered

Checklist 3 – Current Expenditure being considered

Checklist 4 – Capital Expenditure being incurred

Checklist 5 – Current Expenditure being incurred

Checklist 6 – Capital Expenditure completed

Checklist 7 – Current Expenditure completed

A full set of checklists (1-7) was completed by Kildare County Council and is set out in Appendix B.

## Step 4 – In-depth Check

The Internal Audit (IA) Unit of Kildare County Council was assigned the task of completing the in-depth check. The guidance document states that the value of the projects selected for in depth review each year should be at least 5% of the total value of all projects on the Project Inventory. The total value of Kildare County Council's 2015 project inventory was €192.5 million and the project selected for an in-depth check was Acquisition of Houses for Social Housing with expenditure of €11 million "being incurred" which represents 6% of the total value of all projects.

**Audit Scope:** The audit scope was based on the purchasing of houses and the expenditure incurred in 2015. The areas covered were; responsibility for the acquisition of houses under the Social Housing Strategy 2015 - 2017, the structure for monitoring and management of delivery, progress reporting to Management, elected members and the Sanctioning Authority and controls in place to measure if on target with expectations.

**Audit Opinion:** The controls in place for the Housing Acquisition Programme provide assurance that there is compliance with the Public Spending Code. Internal Audit verified these controls for the purpose of this audit. A formal report has been completed and submitted to the Management Team of Kildare County Council.

## **Step 5 – Summary Report for NOAC and Kildare County Council’s website**

This report has set out all of the Quality Assurance requirements of the Public Spending Code and has confirmed that Kildare County Council is in compliance with said requirements.

With respect to each of the required steps:

- A project inventory has been prepared outlining the various projects/programmes (capital and revenue) that were being considered, being incurred or recently ended; within the 2014 financial year.
- Information relating to procurements over €10 million has been published on Kildare County Council’s website.
- The 7 checklists have been completed and provide reasonable assurance that there is satisfactory compliance with the Public Spending Code.
- An in-depth check of a project (the value of which was in excess of 5% of the total value of the project inventory) has been completed and has confirmed that there is satisfactory compliance with the Public Spending Code.
- A summary report has now been completed and certified by the Accounting Officer / Chief Executive of Kildare County Council. The summary report has also been published on Kildare County Council’s website and returned to NOAC.

As 2014 was the first year that this Quality Assurance process applied to Local Authorities there have been opportunities for relevant staff to gain experience and knowledge in relation to the Public Spending Code and the obligations it places on the spending of public monies. It has been possible to learn from the process completed in 2014 and the feedback from NOAC in order to ensure that the 2015 Quality Assurance Report meets all requirements.

Finally I can confirm that this Quality Assurance exercise has provided reasonable assurance to the management of Kildare County Council that there is satisfactory compliance with the Public Spending Code.



APPENDIX A – Kildare County Council's Project Inventory for 2015

KILDARE COUNTY COUNCIL PUBLIC SPENDING CODE	Expenditure being considered					Expenditure actually entered			
	Current	Capital Grant Schemes	Capital Projects						
INVENTORY OF PROJECTS AND PROGRAMMES OVER €0.5M	> €0.5m	> €0.5m	€0.5 - €5m	€5 - €20m	€20m plus	> €0.5m			
<b>Kildare County Council</b>									
<b>Housing &amp; Building</b>									
Maintenance/Improvement of LA Housing						€8,410,343.00			
Housing Rent & Tenant Purchase Admin						€782,618.00			
Housing Community Development Support						€848,659.00			
Administration of Homeless Service						€2,118,666.00			
Support to Housing Capital & Affordable Prog						€5,325,966.00			
RAS Programme						€9,103,805.00			
Housing Loans						€2,680,386.00			
Housing Grants						€2,775,420.00	€11,106,293.00		
House Purchases							€3,135,500.00		
RAS Revenue Surplus Fund									
Social Housing Construction Programme			€3,982,551.00						
Long Term Leasing	€520,000.00								
<b>Road Transportation and Safety</b>									
Regional Road - Maintenance & Improvement						€7,768,752.00			
Local Road - Maintenance & Improvement						€15,951,558.00			
Public Lighting						€3,891,279.00			
Traffic Management Improvement						€1,101,816.00			
Road Safety Promotion/Education						€821,896.00			
Maintenance & Management of Car Parking						€2,368,675.00			
Support to Roads Capital Programme						€2,784,724.00			
NRO Carlow By-Pass							€5,912,799.00		
NRO Kilkullen-Carlow							€1,331,844.00		

KILDARE COUNTY COUNCIL		Expenditure being considered					Expenditure already entered		
PUBLIC SPENDING CODE	Current	Capital Grant Schemes	Capital Projects			> €15m			
INVENTORY OF PROJECTS AND PROGRAMMES OVER €0.5M	> €0.5m	> €0.5m	€0.5 - €5m	€5 - €20m	€20m plus	Current Expenditure	Capital Grant Schemes	Capital Projects	
<b>Road Transportation and Safety (Continued)</b>									
NRO N7 Naas Rd Interchange/Widening							€668,438.00		
NRO Post Admin Costs							€2,063,649.00		
NRO Leinster Bridge Strengthening							€626,355.00		
Naas Sallins Rd/Monread Rd Roundabout							€1,001,335.00		
NTA Main Street Bus Stops Naas							€616,126.00		
NRA Network annual allocation									
M7 Oberstown Interchange & Sallins By-Pass				€1,950,000.00	€10,000,000.00				
<b>Water Services</b>									
Operation & Maintenance of Water Supply							€4,699,775.00		
Operation & Maint of Waste Water Treatment							€4,709,616.00		
Collection of Water and Waste Water Charges							€516,436.00		
Support to Water Capital Programme							€1,259,137.00		
Morell Surface Water Scheme				€2,000,000.00					
<b>Development Management</b>									
Forward Planning							€1,352,452.00		
Development Management							€3,638,864.00		
Enforcement							€837,201.00		
Community & Enterprise Function							€2,691,786.00		
Unfinished Housing Estates							€978,309.00		
Economic Development & Promotion							€1,168,133.00		
Heritage and Conservation Services							€538,582.00		
<b>Environmental Services</b>									
Operation, Maint. & Aftercare of Landfill							€1,014,514.00		
Litter Management							€1,489,637.00		
Street Cleaning							€2,337,584.00		



## APPENDIX B – CHECKLISTS OF COMPLIANCE

<b>Checklist 1: – to be completed by all Local Authorities</b>		
<b>General Obligations not specific to individual projects/programmes</b>	<b>Self-Assessed Compliance Rating: 1 - 3</b>	<b>Discussion/Action Required</b>
Does the Local Authority ensure, on an ongoing basis that appropriate people within the authority and in its agencies are aware of the requirements of the Public Spending Code?	3	Yes – all budget holders informed / made aware of the requirements of the PSC
Has there been participation by relevant staff in external training on the Public Spending Code? (i.e. DPER)	2	DPER Training being provided to the LG sector at the end of May 2016
Has internal training on the Public Spending Code been provided to relevant staff?	3	Yes
Has the Public Spending Code been adapted for the type of project/programme that your authority is responsible for? i.e. have adapted sectoral guidelines been developed?	3	Yes – a guidance note for Local Authorities has been developed
Has the Local Authority in its role as Sanctioning Authority satisfied itself that agencies that it funds comply with the Public Spending Code?	N/A	In 2015 there were no agencies that were in receipt of funds in excess of €500,000. This situation will continue to be monitored
Have recommendations from previous Quality Assurance exercises (incl. old Spot-Checks) been disseminated, where appropriate, within the Local Authority and to your agencies?	3	Yes
Have recommendations from previous Quality Assurance exercises been acted upon?	3	Yes
Has an annual Public Spending Code Quality Assurance Report been submitted to NOAC (National Oversight and Audit Commission)?	3	Yes – report submitted
Was the required sample subjected to a more in-depth Review i.e. as per Step 4 of the QA process	3	Yes – Required sample reviewed
Has the Chief Executive signed off on the information to be published to the website?	3	Yes

**Checklist 2:** – to be completed in respect of capital projects or capital programme/grant scheme that is or was under consideration in the past year.

Capital Expenditure being considered - Appraisal and Approval	Self-Assessed Compliance Rating: 1 - 3	Comment/Action Required
Was a Preliminary Appraisal undertaken for all projects > €5m	3	Yes
Was an appropriate appraisal method used in respect of each capital project or capital programme/grant scheme?	3	Yes – in conjunction with the relevant Government body/agency
Was a CBA/CEA completed for all projects exceeding €20m?	N/A	There were no projects exceeding €20 million
Was the appraisal process commenced at an early stage to facilitate decision making? (i.e. prior to the decision)	3	Yes – in conjunction with the relevant government body/agency
Was an Approval in Principle granted by the Sanctioning Authority for all projects before they entered the Planning and Design Phase (e.g. procurement)?	3	Yes – approval would be required in order to secure (grant) funding from the relevant government body/agency.
If a CBA/CEA was required was it submitted to DPFR (CEEU) for their views?	N/A	There were no projects which required a CBA/CEA
Were the NDFA Consulted for projects costing more than €20m?	N/A	No such projects
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?		No such projects
Was approval granted to proceed to tender?	N/A	No such projects
Were Procurement Rules complied with?	N/A	No such projects
Were State Aid rules checked for all supports?	N/A	Not applicable to Local Government Sector
Were the tenders received in line with the Approval in Principle in terms of cost and what is expected to be delivered?	N/A	No such projects
Were Performance Indicators specified for each project/programme that will allow for the evaluation of its efficiency and effectiveness?		No
Have steps been put in place to gather Performance Indicator data?		No

**Checklist 3: - New Current expenditure or expansion of existing current expenditure under consideration**

<b>Current Expenditure being considered - Appraisal and Approval</b>	<b>Self-Assessed Compliance Rating: 1 - 3</b>	<b>Comment/Action Required</b>
Were objectives clearly set?	3	Targets set and agreed with the relevant Government Department
Are objectives measurable in quantitative terms?	3	Yes
Was an appropriate appraisal method used?	3	Yes
Was a business case incorporating financial and economic appraisal prepared for new current expenditure?	N/A	Kildare County Council is implementing national policy under the Social Housing Strategy
Has an assessment of likely demand for the new scheme/ scheme extension been estimated based on empirical evidence?		Same response
Was the required approval granted?	N/A	Targets set and agreed with the relevant Government Department
Has a sunset clause been set?	N/A	No sunset clause applicable
Has a date been set for the pilot and its evaluation?	N/A	No pilot project
Have the methodology and data collection requirements for the pilot been agreed at the outset of the scheme?	N/A	Not applicable
If outsourcing was involved were Procurement Rules complied with?	N/A	Not applicable
Were Performance Indicators specified for each new current expenditure proposal or expansion of existing current expenditure which will allow for the evaluation of its efficiency and effectiveness?	N/A	Not applicable
Have steps been put in place to gather Performance Indicator data?	N/A	Not applicable

**Checklist 4: - Complete if your authority had capital projects/programmes that were incurring expenditure during the year under review.**

Incurring Capital Expenditure	Self-Assessed Compliance Rating: 1 - 3	Comment/Action Required
Was a contract signed and was it in line with the approval in principle?	3	Yes, where appropriate
Did management boards/steering committees meet regularly as agreed?	3	Yes, where appropriate
Were Programme Co-ordinators appointed to co-ordinate implementation?	3	Yes, in most cases internal project/programme co-ordinators were put in place
Were Project Managers, responsible for delivery, appointed and were the Project Managers at a suitable senior level for the scale of the project?	3	Yes, in most cases internal project/programme co-ordinators were put in place
Were monitoring reports prepared regularly, showing implementation against plan, budget, timescales and quality?	3	Progress was reported on a regular basis in most cases – formally and informally
Did the project keep within its financial budget and its time schedule?	3	Yes in most cases – variations from the original budgets and timescales were agreed with the relevant government body/agency
Did budgets have to be adjusted?		Yes – up and down
Were decisions on changes to budgets / time schedules made promptly?	3	Yes
Did circumstances ever warrant questioning the viability of the project and the business case incl. CBA/CEA? (exceeding budget, lack of progress, changes in the environment, new evidence)	N/A	No
If circumstances did warrant questioning the viability of a project, was the project subjected to adequate examination?	N/A	Not applicable
If costs increased, was approval received from the Sanctioning Authority?	3	Yes – approval would be required in order to draw down (grant) funding from the relevant government body/agency
Were any projects terminated because of deviations from the plan, the budget or because circumstances in the environment changed the need for the investment?	N/A	No
For significant projects were quarterly reports on progress submitted to the MAC and to the relevant Department?	N/A	Updates were provided to the Council's Management Team and Council on a monthly basis and to the relevant government body/agency periodically or as required

### Checklist 5: - For Current Expenditure

Incurring Current Expenditure	Self-Assessed Compliance Rating: 1 -3	Comment/Action Required
Are there clear objectives for all areas of current expenditure?	3	Yes – spending programme defined as part of the Annual Budget process
Are outputs well defined?	1	Not relevant to all services / departments. National KPIs are in place for some services in the Local Government Sector.
Are outputs quantified on a regular basis?	1	Not relevant to all services / departments. Regular budget performance and monitoring is in place
Is there a method for monitoring efficiency on an ongoing basis?	1	Yes; budget performance and monitoring is in place
Are outcomes well defined?	1	The development of the Annual Service Plans will enhance this measurement
Are outcomes quantified on a regular basis?	1	The development of the Annual Service Plans will enhance this measurement
Are unit costings compiled for performance monitoring?	1	In some instances and where possible
Is there a method for monitoring effectiveness on an ongoing basis?	1	In some instances and where possible
Is there an annual process in place to plan for new VFMs, FPAs and evaluations?	N/A	The Audit Committee have a role in terms of VFM. This role will be developed in 2016. The Internal Audit Team and the LG Auditor also have regard/evaluate VFM. FPAs are not relevant to LG Sector
How many formal VFMs/FPAs or other evaluations have been completed in the year under review?		
Have all VFMs/FPAs been published in a timely manner?	N/A	Not entirely relevant to the Local Government Sector, i.e. VFMs/FPAs are not published by Kildare County Council. VFM reviews /audits are considered by the Senior Management Team and the Audit Committee.
Is there a process to follow up on the recommendations of previous VFMs/FPAs and other evaluations?	2	VFM reviews /audits are considered by the Senior Management Team and the Audit Committee and the agreed recommendations are
How have the recommendations of VFMs, FPAs and other evaluations informed resource allocation decisions?	N/A	Resources are allocated to services on the basis of the Council's statutory duties/functions.



**Checklist 6:** - to be completed if capital projects were completed during the year or if capital programmes/grant schemes matured or were discontinued.

<b>Capital Expenditure Completed</b>	<b>Self-Assessed Compliance Rating: 1 - 3</b>	<b>Comment/Action Required</b>
How many post project reviews were completed in the year under review?	N/A	No projects relevant to the PSC in 2015
Was a post project review completed for all projects/ programmes exceeding €20m?	N/A	No projects relevant to the PSC in 2015
If sufficient time has not elapsed to allow a proper assessment of benefits, has a post project review been scheduled for a future date?	N/A	No projects relevant to the PSC in 2015
Were lessons learned from post-project reviews disseminated within the Sponsoring Agency and to the Sanctioning Authority?	N/A	No projects relevant to the PSC in 2015
Were changes made to the Sponsoring Agencies practices in light of lessons learned from post-project reviews?	N/A	No projects relevant to the PSC in 2015
Were project reviews carried out by staffing resources independent of project implementation?	N/A	No projects relevant to the PSC in 2015

<b>Checklist 7: - to be completed if current expenditure programmes reached the end of their planned timeframe during the year or were discontinued.</b>		
<b>Current Expenditure that (i) reached the end of its planned timeframe or (ii) Was discontinued</b>	<b>Self-Assessed Compliance Rating: 1 - 3</b>	<b>Comment/Action Required</b>
Were reviews carried out of current expenditure programmes that matured during the year or were discontinued?	N/A	No programmes relevant to the PSC in 2015
Did those reviews reach conclusions on whether the programmes were effective?	N/A	No programmes relevant to the PSC in 2015
Did those reviews reach conclusions on whether the programmes were efficient?	N/A	No programmes relevant to the PSC in 2015
Have the conclusions reached been taken into account in related areas of expenditure?	N/A	No programmes relevant to the PSC in 2015
Were any programmes discontinued following a review of a current expenditure programme?	N/A	No programmes relevant to the PSC in 2015
Was the review commenced and completed within a period of 6 months?	N/A	No programmes relevant to the PSC in 2015

Notes:

(a) The scoring mechanism for the above tables is set out below:

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

(b) For some questions, the scoring mechanism is not always strictly relevant. In these cases, it is appropriate to mark as N/A and provide the required information in the commentary box as appropriate.

(c) The focus should be on providing descriptive and contextual information to frame the compliance ratings and to address the issues raised for each question. It is also important to provide summary details of key analytical outputs for those questions which address compliance with appraisal/evaluation requirements i.e. the annual number of CBAs, VFMs/FPAs and post project reviews.