



Kildare County Council

PUBLIC SPENDING CODE

Quality Assurance Report for 2019

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:



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

Date:

28th of August 2020

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**¹ 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.

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

The Quality Assurance process contains five steps:

Step 1	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.
Step 2	Publish Summary information on Kildare County Council's website of procurements in excess of €10 million.
Step 3	Complete the checklists (7) contained in the Public Spending Code.
Step 4	Carry out a more in-depth check on a small number of selected projects / programmes.
Step 5	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 137 projects/programmes with a total value of €779,641,100

*NOTE:- Following a review of Version 3 of the Guidance Note and having regard to the methodology used by other Local Authorities, it was agreed that the methodology for creating the Inventory should be changed from 2016 onwards to reflect the "life time costs" of capital projects, i.e. the total cost of the project including land costs, consultants fees and contract costs.

It should be noted that Irish Water became responsible for water services on 1st 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/>

Kildare County Council
Comhairle Contae Chill Dara

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Finance

Home - Public Spending Code

Annual Financial Statements

Audit Report

Budget 2020

Capital Programme 2020

Commercial Rates

Forms

Loan Arrears - Mortgage Arrears Resolution Process (MARF)

Local Property Tax

NPPR (Non-Principal Private Residence) Charge

Online Payments

Prompt Payment Reports

Public Spending Code

Purchase Orders over 20000

Rates Revaluation

Restart Grant

Procurement in excess of €10 million

Pursuant to the requirements of the Public Spending Code, procurements (by Kildare County Council) in excess of €10 million will be published here.

2019
There were no procurements (by Kildare County Council) in excess of €10 million in 2019

2018
There were no procurements (by Kildare County Council) in excess of €10 million in 2018

2017
There was 1 procurement (by Kildare County Council) in excess of €10 million in 2017 - details hereunder

The information published below is in respect of Kildare County Council's obligations for the year under review i.e. 2017

Year	2017
Contracting Body	Kildare County Council
Name of Project / Description	M7 Naas Newbridge Bypass Upgrade + M7 Osbertstown Interchange & R407 Sallins Bypass

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 Internal Audit is required to carry out an in-depth check of 5% of the total of all capital projects on the project inventory over the three-year period 2017-2019.

The Public Spending Code Capital projects reviewed over the three-year period were:

2017 – NRO M7 Osberstown Interchange & R407 Sallins Bypass - €55m

2018 – Athy Community Library Capital Project - €4M

2019 – Social Housing Acquisitions – €83M

On this basis, Internal Audit has covered the required 5% three-year quota.

The guidance also states that Internal Audit is required to carry out an in-depth check of 1% of the total of all revenue expenditure on the project inventory over the 3-year period 2017 - 2019.

The Public Spending Code Revenue projects reviewed over the 3-year period were:

2017 – Social Housing Leasing - Social Housing Current Expenditure Programme €154,215,420

2018 – Public Lighting €3,729,926

2019 – Procurement & Management of Pay Parking Enforcement Contract €2,534,883

On this basis Internal Audit has covered the required 1% three-year quota.

The total value of Kildare County Council's 2019 project inventory was €779,641,100 and the projects selected for an in-depth check were as follows:

Revenue Project Selected for In-Depth Check

Project 1: Procurement & Management of Pay Parking Enforcement Contract

Value of Revenue Project selected	€2,534,883
Total Value of Revenue Projects in Project Inventory	€163,348,688
% of the total value of all Revenue Projects in the Project Inventory	1.55%

Capital Projects Selected for In-Depth Check

Project 2: Social Housing Acquisitions

Value of Capital Project selected	€82,873,385
Total Value of Capital Projects in Project Inventory	€616,292,412
% of the total value of all Capital Projects on the Project Inventory	13.45%

Project 1 Procurement & Management of Pay Parking Enforcement Contract
(Revenue Expenditure)

Summary of In-Depth Check

The objective of this In-Depth check was to carry out an evaluation of the 2019 current expenditure on Parking Enforcement.

Internal Audit examined the procurement of the parking enforcement contract to see if it complied with EU and National policies and with Kildare County Council's procurement policies and procedures. The appointment of the contractor to operate the enforcement of on and off-street parking was conducted in accordance with the procurement regulations in the areas examined.

"The management stage of a contract is where value for money (VFM) gained during the preceding stages is realised. A contract needs to be effectively managed by the user not just left to the supplier. Proactive involvement in the management of the contract is essential to maximise VFM"

There is evidence of active management of the contract, detailed reports on APCOA's activities are submitted routinely and the KPIs are monitored by the staff in the Pay Parking Section. There are regular meetings between both organisations. Data and information is available to monitor expenditure and performance of the contractors.

Audit Opinion

It is the opinion of Internal Audit that the Procurement & Management of the Pay Parking Enforcement Contract is in substantial compliance with the Public Spending Code.

Project 2: Social Housing Acquisitions 2019 (Capital Expenditure)

Summary of In-Depth Check

€82.9m was spent by Kildare County Council on acquiring 379 houses in 2019 (new build turnkeys, second-hand dwellings and Part V). These monies were recouped from the Department of Housing, Planning and Local Government. The acquisition of these units is shown on the 2019 inventory as a capital expenditure being incurred.

Internal Audit reviewed a sample of 38 newbuild houses at Oaktree Avenue, Tully Road, Kildare to assess if there was broad compliance with the Public Spending Code.

Process & Procedures for New Builds

An understanding of the process surrounding the acquisition of new builds was established by reviewing Kildare County Council's written procedures and from discussions with staff in the Housing Section. Housing Circular 31/2019 was reviewed to establish if the Council's housing process was broadly in line with the circular.

Internal Audit reviewed each of the steps in the process to establish if the KCC housing process had been followed for the acquisitions at Oaktree Avenue and if there was broad compliance with the Public Spending Code.

38 new-build houses at Oaktree Avenue, Tully Road, Kildare (€11,174,500)

The Housing Agency were tasked with sourcing units on behalf of the Local Authority's and Approved Housing Bodies. The Housing Agency informed the Council about the availability of the 38 new houses for sale at Oaktree Avenue.

Planning permission, location map, site plan, house types & floor plans, local amenities and cost of units were submitted to the Housing Section. An independent valuation of the property was carried out by the Valuers.

A capital project appraisal was completed and submitted to the DHPLG setting out the project description, demonstrating the need and fulfilment of social housing target, sustainability, cost details & value for money and an assessment against the Department's Social Housing Guidelines.

Letters of Authorisation were forwarded to the Housing Agency and to the Housing Agency solicitors by the Council; (i) allowing the Housing Agency to act on behalf of the Council in purchasing the units and (ii) authorising the Solicitors who were acting on behalf of the Housing Agency to take all instructions from the Housing Agency in the purchase of the units.

All safety files were received from the Housing Agency and the Clerk of Works completed the snagging of the properties.

A Director's Order was completed for the purchase of the units and signed by the Director of Services of Housing & Corporate Services.

A reconciliation was maintained by the Housing Section to monitor the outflow of funds to the Housing Agency & to track the recoupment of funds from the Department.

The expenditure sum of €11,114,976 has been recouped from the Department with the remaining €49,988 to be recouped over coming months (legal & consultant fees).

All the dwellings have been included on the Local Authority's Fixed Asset Register and Property Interest Register and have been allocated to meet the housing need of families approved for social housing support in accordance with Kildare County Council's Allocation Scheme.

Audit Opinion

It is the opinion of Internal Audit that the Housing Acquisition programme 2019 is in substantial compliance with the requirements of the Public Spending Code.

Note:- Quality Assurance – In Depth Check reports are attached in full in Appendix C

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 2017 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.
- In-depth checks have been completed and it has confirmed that there is substantial 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 previous years and the feedback from NOAC in order to ensure that the 2019 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
PROJECT INVENTORY 2019

Op & Maint of Leisure Facilities						€574,340						
Operation of Library and Archival Service						€7,726,508						
Op. Mtce & Imp of Outdoor Leisure Areas						€1,635,345						
Community Sport & Rec Dev						€1,062,311						
Operation of Arts Programme						€941,420						
North Kildare Swimming Pool				€11,500,000								
Kildare County Central Library				€8,000,000								
Naas Library								€7,500,000				
Bawnogues Amenity Land Development			€3,000,000									
Bawnogues Multi Purpose Facility			€2,500,000									
Library Improvements			€2,428,000									
Wonderful Barn Improvement Works			€5,000,000									
Kildare Cherry Avenue Park				€7,000,000								
Riverbank Arts Theatre				€6,000,000								
Playground Development			€1,550,000									
Celbridge Area Rec Development			€1,383,953									
Town Park Development			€600,000									
Sallins Amenity Lands				€7,000,000								
Agriculture, Education, Health and Welfare												
Veterinary Service						€755,321						
Miscellaneous Services												
Administration of Rates						€9,078,944						
Franchise Costs						€585,786						
Local Representation / Civic Leadership						€7,330,998						
Motor Taxation						€1,118,061						
Agency & Recoupable Services						€565,814						
Cotton Mills Building Restoration			€1,900,000									
	€	€	€91,162,456	€180,298,596	€	€163,348,688	€	€340,054,360	€	€	€4,777,000	

137 projects/programmes

Total Value **€779,641,100**

APPENDIX B

CHECKLISTS OF COMPLIANCE

Checklist 1: – to be completed in respect of general obligations not specific to individual projects/programmes		
General Obligations not specific to individual projects/programmes	Self-Assessed Compliance Rating: 1 - 3	Discussion/Action Required
1.1 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 (incl. through training)?	3	Yes – all budget holders informed / made aware of the requirements of the PSC
1.2 Has training on the Public Spending Code been provided to relevant staff within the authority?	3	Yes
1.3 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, reviewed and updated to take account of feedback from NOAC
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	In 2019 there were 1 agency that was in receipt of funds in excess of €500,000. Monitoring includes the submission of an Annual Compliance Report (AHB) inclusive of a financial and governance statement
1.5 Have recommendations from previous QA reports (incl. spot-checks) been disseminated, where appropriate, within the local authority and to agencies?	3	Yes
1.6 Have recommendations from previous QA reports been acted upon?	3	Yes
1.7 Has an annual Public Spending Code QA Report been certified by the local authority's Chief Executive, submitted to NOAC and published on the authority's website?	3	Yes – report submitted and published
1.8 Was the required sample of projects/programmes subjected to a more in-depth checking as per Step 4 of the QAP?	3	Yes – Required sample subjected to in-depth checking
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.	N/A	Not applicable
1.10 How many formal Post Project Review evaluations have been completed in the year under review?	N/A	Not applicable
1.11 Is there a process to follow up on the recommendations of previous evaluations/Post Project reviews?	N/A	Not applicable
1.12 How have the recommendations of previous evaluations/post project reviews informed resource allocation decisions?	N/A	Not applicable

Checklist 2: – to be completed in respect of capital projects/programmes & capital grant schemes that were under consideration in the past year.		
Capital Expenditure being considered - Appraisal and Approval	Self-Assessed Compliance Rating: 1 - 3	Comment/Action Required
2.1 Was a Preliminary Appraisal undertaken for all projects > €5m	3	Yes
2.2 Was an appropriate appraisal method used in respect of each capital projects or capital programmes/grant schemes?	3	Yes – in conjunction with the relevant Government body/agency
2.3 Was a CBA/CEA completed for all projects exceeding €20m?	N/A	There were no projects exceeding €20 million
2.4 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
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	Yes – approval would be required in order to secure (grant) funding from the relevant government body/agency.
2.6 If a CBA/CEA was required was it submitted to the relevant Department for their views?	N/A	There were no projects which required a CBA/CEA
2.7 Were the NDFA Consulted for projects costing more than €20m?	N/A	No such projects
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?	N/A	No such projects
2.9 Was approval granted to proceed to tender?	N/A	No such projects
2.10 Were Procurement Rules complied with?	N/A	No such projects
2.11 Were State Aid rules checked for all supports?	N/A	Not applicable to Local Government Sector
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	No such projects
2.13 Were Performance Indicators specified for each project/programme that will allow for a robust evaluation at a later date?	N/A	No such projects
2.14 Have steps been put in place to gather Performance Indicator data?	N/A	Not applicable

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

Current Expenditure being considered - Appraisal and Approval	Self-Assessed Compliance Rating: 1 - 3	Comment/Action Required
3.1 Were objectives clearly set out?	N/A	Not applicable
3.2 Are objectives measurable in quantitative terms?	N/A	Not applicable
3.3 Was a business case, incorporating financial and economic appraisal, prepared for new current expenditure?	N/A	No such projects
3.4 Was an appropriate appraisal method used?	N/A	Not applicable
3.5 Was an economic appraisal completed for all projects exceeding €20m or an annual spend of €5m over 4 years?	N/A	No such projects
3.6 Did the business case include a section on piloting?	N/A	Not applicable
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	Not applicable
3.8 Have the methodology and data collection requirements for the pilot been agreed at the outset of the scheme?	N/A	Not applicable
3.9 Was the pilot formally evaluated and submitted for approval to the relevant Department?	N/A	Not applicable
3.10 Has an assessment of likely demand for the new scheme / scheme extension been estimated based on empirical evidence?	N/A	Not applicable
3.11 Was the required approval granted?	N/A	Not applicable
3.12 Has a sunset clause (as defined in section B06, 4.2 of the Public Spending Code) been set?	N/A	Not applicable
3.13 If outsourcing was involved were procurement rules complied with?	N/A	Not applicable
3.14 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
3.15 Have steps been put in place to gather performance indicator data?	N/A	Not applicable

Checklist 4: - To be completed in respect of capital projects/programmes & capital grant schemes incurring expenditure in the year under review.		
Incurring Capital Expenditure	Self-Assessed Compliance Rating: 1 - 3	Comment/Action Required
4.1 Was a contract signed and was it in line with the approval in principle?	3	Yes, where appropriate
4.2 Did management boards/steering committees meet regularly as agreed?	3	Yes, where appropriate
4.3 Were Programme Co-ordinators appointed to co-ordinate implementation?	3	Yes, in most cases internal project/programme co-ordinators were put in place
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	Yes, in most cases internal project/programme co-ordinators were put in place
4.5 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
4.6 Did projects/programmes/grant schemes keep within their financial budget and time schedule?	3	Yes in most cases – variations from the original budgets and timescales were agreed with the relevant government body/agency
4.7 Did budgets have to be adjusted?		Yes – up and down
4.8 Were decisions on changes to budgets / time schedules made promptly?	3	Yes
4.9 Did circumstances ever warrant questioning the viability of the project/programme/grant scheme and the business case incl. CBA/CEA? (exceeding budget, lack of progress, changes in the environment, new evidence)	N/A	No
4.10 If circumstances did warrant questioning the viability of a project, was the project subjected to adequate examination?	N/A	Not applicable
4.11 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
4.12 Were any projects/programmes/grant schemes terminated because of deviations from the plan, the budget or because circumstances in the environment changed the need for the investment?	N/A	No

Checklist 5: - To be completed in respect of current expenditure programmes including expenditure in the year under review

Incurring Current Expenditure	Self-Assessed Compliance Rating: 1 -3	Comment/Action Required
5.1 Are there clear objectives for all areas of current expenditure?	3	Yes – spending programme defined as part of the Annual Budget process
5.2 Are outputs well defined?	1	Not relevant to all services / departments. National KPIs are in place for some services in the Local Government Sector.
5.3 Are outputs quantified on a regular basis?	1	Not relevant to all services / departments. Regular budget performance and monitoring is in place
5.4 Is there a method for monitoring efficiency on an ongoing basis?	1	Yes; budget performance and monitoring is in place
5.5 Are outcomes well defined?	1	The development of the Annual Service Plans will enhance this measurement
5.6 Are outcomes quantified on a regular basis?	1	The development of the Annual Service Plans will enhance this measurement
5.7 Are unit costings compiled for performance monitoring?	1	In some instances and where possible
5.8 Is other data compiled for performance monitoring	1	In some instances and where possible
5.9 Is there a method for monitoring effectiveness on an ongoing basis?	1	In some instances and where possible
5.10 Has the organisation engaged in any other 'evaluation proofing' of programmes/projects?	N/A	Not applicable

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

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

Capital Expenditure Completed	Self-Assessed Compliance Rating: 1 - 3	Comment/Action Required
6.1 How many post project reviews were completed in the year under review?	N/A	No projects relevant to the PSC in 2019
6.2 Was a post project review completed for all projects/ programmes exceeding €20m?	N/A	No projects relevant to the PSC in 2019
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	No projects relevant to the PSC in 2019
6.4 Aside from projects over €20m and grant schemes over €30m, was the requirements to review 5% (Value) of all other projects adhered to?	1	Yes
6.5 If sufficient time has not elapsed to allow a proper assessment, has a post project review been scheduled for a future date?	N/A	No projects relevant to the PSC in 2019
6.6 Were lessons learned from post-project reviews disseminated within the Sponsoring Agency and to the Sanctioning Authority? (or other relevant bodies)	N/A	No projects relevant to the PSC in 2019
6.7 Were changes made to practices in light of lessons learned from post-project reviews?	N/A	No projects relevant to the PSC in 2019
6.8 Were project reviews carried out by staffing resources independent of project implementation?	N/A	No projects relevant to the PSC in 2019

Checklist 7: - to be completed if current expenditure programmes that reached the end of their planned timeframe during the year or were discontinued.		
Current Expenditure that (i) reached the end of its planned timeframe or (ii) Was discontinued	Self-Assessed Compliance Rating: 1 - 3	Comment/Action Required
7.1 Were reviews carried out of current expenditure programmes that matured during the year or were discontinued?	N/A	No programmes relevant to the PSC in 2019
7.2 Did those reviews reach conclusions on whether the programmes were effective?	N/A	No programmes relevant to the PSC in 2019
7.3 Did those reviews reach conclusions on whether the programmes were efficient?	N/A	No programmes relevant to the PSC in 2019
7.4 Have the conclusions reached been taken into account in related areas of expenditure?	N/A	No programmes relevant to the PSC in 2019
7.5 Were any programmes discontinued following a review of a current expenditure programme	N/A	No programmes relevant to the PSC in 2019
7.6 Were reviews carried out by staffing resources independent of project implementation?	N/A	No programmes relevant to the PSC in 2019
7.7 Were changes made to the organisation's practices in light of lessons learned from reviews?	N/A	No programmes relevant to the PSC in 2019

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.

The focus should be on providing descriptive and contextual information to frame the compliance ratings and to address the issues raised for each question. It is also important to provide summary details of key analytical outputs covered in the sample for those questions which address compliance with appraisal/evaluation requirements i.e. the annual number of appraisals (e.g. Cost Benefit Analyses or Multi Criteria Analyses), evaluations (e.g. Post Project Reviews). Key analytical outputs undertaken but outside of the sample should be noted in the report.

APPENDIX C

IN-DEPTH CHECKS



Kildare County Council,
Internal Audit Unit
Áras Chill Dara, Devoy Park
Naas, Co. Kildare

Audit: Public Spending Code – Revenue
Audit No: 2020/1

Internal Audit Unit

Kildare County Council

20.1 Public Spending Code

In Depth Check 2019 – Procurement & Management of Pay Parking Enforcement Contract

Final Report Prepared by:	Audit Team
Final Report Approved by:	Mairead Sweeney
Date of Issue:	12 th August 2020

Distribution List	
Management Team	
Audit Committee	

Approved by: Mairead Sweeney
Head of Internal Audit
& Corporate Governance

Date: 12th August 2020

Public Spending Code

Circular 13/13 "The Public Spending Code: Expenditure Planning, Appraisal & Evaluation in the Irish Public Service – Standard Rules & Procedures" details the obligations of those responsible for spending public money as well as guidance material on how to comply with the obligations outlined. The Co-ordinator, in cooperation with various Departments, completes the first three steps of the Code, namely;

1. Drawing up inventories of projects/programmes.
2. Publishing summary information on the website of all procurements in excess of €10m, whether new, in progress or completed.
3. Completing checklists in respect of the different stages of the spending life cycle.

Step 4 requires Internal Audit to carry out a more in-depth check on a small number of projects. The value of the projects selected for in depth review each year must follow the criteria set out below:

- **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.

1. Objectives and scope of the Audit

The purpose of this review is to provide an independent professional opinion on compliance with the Public Spending Code and on the quality of appraisal, planning and implementation of a sample programme.

The scope of the Audit included a review of compliance with the Public Spending Code.

2. Methodology and Approach

The programme that was selected for in-depth review was based on an inventory of €779,641,100 (€163,348,688 Revenue & €616,292,412 Capital).

As per the Public Spending Code, we are required to carry out an in-depth check of 1% of the total of all revenue expenditure on the project inventory over the 3-year period 2017 - 2019.

The Public Spending Code Revenue projects reviewed over the 3-year period were:

2017 – Social Housing Leasing - Social Housing Current Expenditure Programme €154,215,420

2018 – Public Lighting €3,729,926

2019 – Procurement & Management of Pay Parking Enforcement Contract €2,534,883

On this basis Internal Audit has covered the required 1% three-year quota.

We are also required to carry out an in-depth check of 5% of all capital projects on the project inventory over the 3-year period. This quota has also been covered.

Projects selected for in-depth check for 2019 were as follows:

Capital Projects 2019			
Name of Project Audited	Total as per Inventory	Total Capital Inventory	% of Capital Inventory
Social Housing Acquisitions	€82,873,385	€616,292,412	13.45%
Revenue Projects 2019			
Name of Project Audited	Total as per Inventory	Total Revenue Inventory	% of Revenue Inventory
Procurement & Management of Pay Parking Enforcement Contract	€2,534,883	€163,348,688	1.55%

Quality Assurance – In-Depth Check

Section A: Introduction

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

Programme or Project Information	
Name	Procurement & Management of Kildare County Council's Pay Parking Enforcement Contract
Detail	Review of the contract entered into to enforce pay parking and the ongoing management of that contract
Responsible Body	Kildare County Council
Current Status	Expenditure being Incurred
Start Date	Contract effective from 01/07/2015
End Date	Original contract ran to 30/06/2016. The contract stated that <i>"the Client reserves the right to extend the term for a period or periods of up to 12 months with a maximum of 3 such extensions permitted subject to its obligations at law."</i> The contract was extended from 01/07/2016 until 30/06/2019. There have been several short-term extensions to the contract while KCC went to tender again.
Overall Cost	The Maintenance & Management of Car Parking was €2,534,883 in 2019, as per the Project Inventory

Programme Description

Kildare County Council's mission statement as set out in the Corporate Plan (2015 – 2019) was to *"Make Kildare the Place to: Live, Learn, Work, Visit and Do Business"*. The plan contained the following objectives:

Objective 2.16: *"consider implementing an incentive which would make on-street pay parking more acceptable."*

Objective 3.12: *"improve travelling times and road safety by implementing efficient traffic management measures and build on the capabilities and scale of the Council's traffic management centre, subject to appropriate funding."*

Objective 3.15: *"provide adequate car parking facilities and regulated parking in towns and villages subject to available budget."*

Objective 4.4: *"ensure value for money in the procurement of goods and services through the use of best practice and compliance with national procurement policies."*

Kildare County Council's County Parking Policy states that KCC aims to provide a professional and consistent parking management service for the benefit of all its citizens and visitors to the County.

The Pay Parking Section is responsible for the enforcement of parking regulations and policies. This is achieved by regulating illegal parking and managing parking spaces on public roads and in public car parks. It aims to maintain a high level of compliance with parking restrictions in the Council's administrative area. These restrictions are designed to make life in the County more pleasant, more orderly and more convenient for everyone. They are intended to help the motorist by eliminating obstructions, reducing congestion, improving road safety, ensuring a regular turnover of parking spaces with the aim of making towns more accessible and more attractive to shoppers, customers, business people and tourists.

A system of parking fees, restrictions and fines is in place throughout towns in Kildare. A Pay and Display parking system is operated for both on-street and off-street parking in the following towns:

- Kildare Town
- Athy
- Celbridge
- Newbridge
- Naas
- Maynooth
- Leixlip

Members of the public are required to purchase a ticket from a ticket machine or online, in advance, that entitles them to park on designated streets or public car parks, for a set duration of time.

KCC engages a contractor to enforce parking regulations in these administrative areas. Vehicles that do not display valid parking discs or that have not used the online payment system are issued with a fine.

The objectives to be achieved from the enforcement of parking restrictions are as follows:

- To achieve and maintain a high level of compliance with KCC's pay parking bye laws and road traffic legislation throughout KCC's parking bye-laws areas. The target compliance rate is a minimum of 90%.
- To provide a high level of customer service.
- To minimise the cost to KCC of providing the service.

The services to be provided by the contractor are the enforcement of pay parking and other parking restrictions on public roads and in public off-street car parks owned or leased by KCC to include; identifying and issuing Fixed Charge Offence Notices (FCONs) to illegally parked vehicles and all related parking management, correspondence management, call management, first appeals service, court enforcement and compliance monitoring.

Contract

KCC tendered for the contract by open procedure in accordance with the requirements of Directive 2004/18/EC. The request for tender (RFT) documents were placed on the E-tenders website on the 18th November 2014. A return date of the 5th January 2015 for the submission of tenders was set, this was subsequently extended to the 30th January 2015. The contract was awarded to the Parking Enforcement Contractor from 1st July 2015 for a period of 1 year. There was an option to extend the contract for a period or periods of up to 12 months with a maximum of 3 such extensions permitted.

KCC employs 4 full time administrative staff in the Pay Parking Section who are responsible for the management, administration and monitoring of this contract. This requires regular meetings with the contractor. Both operational and financial aspects of the contract are monitored. Key Performance Indicators (KPIs) must be achieved each period by the contractor. The contract allows for Consumer Price Index (CPI) increases over the duration of the contract. Any review of KPIs and financial increases must be agreed by both parties.

Parking charges and fines provide a source of revenue for KCC which is vital for the provision of the service.

Section B - Step 1: Logic Model Mapping

As part of this In-Depth Check, Internal Audit, KCC completed a Programme Logic Model (PLM) for the *Procurement & Management of the Pay Parking Enforcement Contract*. 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
<p>To ensure that members of the public park safely and legally in accordance with legislation.</p> <p>To ensure a regular turnover of parking spaces by managing parking spaces on public roads and in public car parks.</p> <p>To ensure that parking is readily available for all road users on an on-going basis.</p> <p>To make towns more accessible and more attractive for shoppers, delivery vehicles, business people and tourists.</p> <p>To improve public safety by regulating illegal parking.</p> <p>To ensure that loading bays, taxi stand areas, bus step-down areas and accessible parking areas are used as intended.</p> <p>Assist with traffic flow in towns around the County.</p>	<p>Financial Expenditure of €979,245 in 2019.</p> <p>Human 4 full time administrative staff to:</p> <ul style="list-style-type: none"> - manage the pay parking enforcement function - manage and monitor the pay parking enforcement contract and related services contracts. <p>Systems</p> <ul style="list-style-type: none"> - PEZ (parking fines software). - Smartfolio (pay parking machines software). - Agresso (financial system). - Pay by Phone Parking system for customers. - Online fixed charge notice payment facility for customers. - Online fixed charge notice appeal facility for customers. 	<p>Open procurement process to engage contractor.</p> <p>Assess the applicants who tendered for the contract.</p> <p>Director’s Order: Authorises entering into Contract with the Parking Enforcement Contractor.</p> <p>Management of the contract to ensure that all services are carried out as per the contract (management of the KPIs set in the contract, weekly meetings with subcontractor, compliance tests to monitor compliance levels).</p> <p>Processing of appeals and queries within the timeframe set in the contract.</p> <p>Provision of reports (KPIs, warden rotas, warning letters and summons listing)</p>	<p>Outputs from the Parking Enforcement Contractor 25,022 parking fines issued in 2019.</p> <p>Issuing of fortnightly warning letters listings and monthly summons listings</p> <p>Weekly reports submitted to KCC detailing the KPIs and rotas for the period.</p> <p>18 traffic wardens rostered on a weekly basis to enforce pay parking in the 7 towns of County Kildare as per each town’s parking bye laws.</p> <p>Processing of appeals and nominations as per the adopted KCC appeals and nominations policy within the contract timeframe.</p> <p>Processing of queries and complaints within the contract timeframe.</p>	<p>Good enforcement of parking regulations and bye laws throughout the County.</p> <p>Parking for 2,855 parking bays in the 7 towns where pay parking is enforced.</p> <p>Reduction in illegal parking.</p> <p>Income for the towns / MDs where pay parking is enforced.</p> <p>Increase in commercial activities for towns where pay parking is enforced.</p> <p>Reduced congestion and road obstructions.</p> <p>Increase in number of parking spaces available for use.</p>

		<p>as per the term of the contract.</p> <p>Monitoring of the annual budget for parking enforcement.</p> <p>Data file transfer from the fine system (PEZ) to our financial system (agrosso) on a daily basis:</p> <ol style="list-style-type: none"> 1. Upload of parking fines from PEZ to Agresso. 2. Upload of parking fines payment from Agresso to PEZ. <p>Authorisation of the payment of the contractor charges.</p>	<p>Upload and process re-appeal decisions made by KCC.</p> <p>Monthly reports from the Parking Enforcement Contractor on fines issued, parking fees, etc.</p> <p>Monthly financial report submitted to KCC detailing income received.</p> <p>Joint Output</p> <p>The Parking Enforcement Contractor & KCC</p> <p>Weekly meeting to discuss operational issues, e.g. all back office, on-street, court, staff issues, etc. A record of these issues is kept by Pay Parking Section.</p>	
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Description of Programme Logic Model

Objectives:

The overall objective of the programme is the provision of cost-effective parking enforcement in Naas, Newbridge, Maynooth, Celbridge, Leixlip, Kildare Town and Athy.

The enforcement of pay parking ensures that the following objectives are met:

- Regular turn over of parking spaces on public roads and in public car parks ensuring that parking is readily available;

- Public safety is improved by regulating illegal parking;
- Towns are more accessible and more attractive to shoppers, delivery vehicles, business people and tourists;
- Members of the public park safely and legally in accordance with the legislation.

Inputs:

Financial Inputs: The primary financial input to the programme for 2019 is the expenditure of €979,245

Human Inputs: The staff and management of the Pay Parking Section (4 full time administrative staff) manage the pay parking enforcement function by monitoring the enforcement contract as well as pay parking related services contracts (pay parking machines contract and cash collection contracts). Weekly meetings are held with the contractor to discuss operational activities, compliance tests to monitor compliance levels, monitoring of the KPIs, etc.

System Inputs: The systems used for the Scheme are listed below.

System	Used for
PEZ	Parking fines software
Agresso	Financial Management System
Smartfolio	Pay parking machines software
APCOA Connect	Pay by phone facility for customers
https://kildare.apcoa.ie	Online payment facility and online appeal facility for fixed charge notices for customers

Activities:

Procurement Process

The Request for Tender (RFT)

Invitation to tender for a Contract was published on 18th November 2014. Two tenders were received by the closing date and the tenders were opened and recorded on 2nd February 2015 in accordance with KCC Procurement Procedures, the tendered amount given on the Forms of Tender (excluding VAT) were recorded. Notice of the award of contract was published on 1st July 2015.

Tender Assessment

The Procedures require that *“the evaluation and award process must be demonstrably objective and transparent and based solely on the criteria published in the RFT”*.

A member of the Procurement Section assessed and evaluated the submissions for tender. The criteria used for assessment was the “Most Economically Advantageous Tender”.

The suitability of Tenderers was checked by the Employer’s Representative in accordance with the criteria for (a) service delivery, (b) contract performance and (c) back office support and administration of the contract. The Most Economically Advantageous Tender (assessed in accordance with the award criteria laid out in the *Instruction for Tendering*) was identified and the successful contractor was appointed based on a tender sum of €502,787 (excluding VAT).

The unsuccessful applicant was notified in writing and given a breakdown of their scoring for the criteria.

Appointment of Contractor

A Director’s Order was signed on 20th April 2015 to approve the signing of the contract.

The successful contractor was required to submit the following prior to the signing of contracts:

- Evidence of a minimum annual financial turnover of not less than €2,000,000 per year for 3 out of the last 5 years;
- Valid tax clearance certificate;
- Evidence of a current Health & Safety Statement;
- Evidence of membership of the Irish Parking Association;
- Evidence of current insurances – Public and Employer’s Liability.

The contract award notice was published on 1st July 2015.

Management of Contractor Performance

Pay Parking Section ensures that all services are carried out as per the agreed contract. This includes:

- monitoring the KPIs set in the contract (compliance levels, court attendance, appeals service, reports, responding to queries), weekly meetings with the contractor, compliance tests to monitor compliance levels set in the contract, etc.
- processing appeals, queries and complaints within the timeframe set in the contract.
- providing reports as per the term of the contract (KPIs, warden’s rotas, warning letters and summons listings to issue legal proceeding).

The following activities are also carried out:

- monitoring of the annual budget for the pay parking section.
- transferring of data files from fine system (PEZ) to our financial system (Agresso) daily (upload of parking fines from PEZ to Agresso and upload of fine payments from Agresso to PEZ).

Outputs:

Outputs from the Parking Enforcement Contractor

- 18 wardens rostered on a weekly basis to enforce pay parking bye laws in the 7 towns of County Kildare.
- 25,022 parking fines issued in 2019.
- Issuing of weekly warning letters (after day 57 of PCN date) and monthly summons listings (after day 95 of PCN date).
- Weekly reports submitted to the Parking Section supervisors (KPIs and wardens rotas).
- Processing of appeals and nominations as per the adopted Kildare County Council appeals and nomination policy within 14 days of receiving the appeal/nomination.
- Processing of queries and complaints within 14 days of receiving the query/complaint.
- Compliance levels of 90% is contractually obliged in all parking bye laws towns. KCC monitor compliance levels by means of compliance surveys.

Joint outputs from the Parking Enforcement Contractor and KCC are as follows:

- Weekly meetings are held to discuss any operational issues.
- Completion of an issue log which is discussed and updated on a weekly basis.

Outcomes:

- Good enforcement of parking regulations and parking bye laws throughout the County in a way that benefits all.
- 2,855 parking bays in the 7 towns where pay parking is enforced by the Parking Enforcement Contractor.
- Reduction in illegal parking and increase commercial activities.
- Income for towns/MD where pay parking is enforced.

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

The following section tracks *Procurement & Management of the Pay Parking Enforcement Contract* from inception to date in terms of major project /programme milestones.

Date	Milestones
November 2014	Preparation of tender notice. Request for Tenders advertised and publication of invitation to tender in OJEU.
February 2015	Tenders received were assessed in accordance with the criteria for (a) service delivery, (b) contract performance and (c) back office support and administration of the contract.
April 2015	Order of the Director of Services approving entering into a contract with the Parking Enforcement Contractor for Pay Parking (Management and Enforcement) Services. Contract period 1 st July 2015 until 30 th June 2016 and may be extended for a period or periods of up to 12 months with a maximum of 3 such extensions permitted.
1 st July 2015	Contract agreement signed between KCC and the Parking Enforcement Contractor from this date until 30 th June 2016
1 st July 2016	Contract agreement signed between KCC and the Parking Enforcement Contractor from this date until 30 th June 2017
1 st July 2017	Contract agreement signed between KCC and the Parking Enforcement Contractor from this date until 30 th June 2018
1 st July 2018	Contract agreement signed between KCC and the Parking Enforcement Contractor from this date until 30 th June 2019
1 st July 2019	Contract agreement signed between KCC and the Parking Enforcement Contractor from this date until 31 st October 2019
1 st November 2019	Contract agreement signed between KCC and the Parking Enforcement Contractor from this date until 31 st January 2020
1 st February 2020	Contract agreement signed between KCC and the Parking Enforcement Contractor from this date until 30 th April 2020
Ongoing	<ul style="list-style-type: none"> - weekly operational meetings with the Parking Enforcement Contractor. - monitoring the KPIs set in the contract (compliance levels, court attendance, appeals service, reports, responding to queries), weekly meetings with the contractor, compliance tests to monitor compliance levels set in the contract, etc. - processing appeals, queries and complaints within the timeframe set in the contract. - providing reports as per the term of the contract (KPIs, wardens rotas, warning letters and summons listings to issue legal proceeding). - monitoring of the annual budget for the pay parking section. - transferring of data files from fine system (PEZ) to our financial system (Agresso) daily (upload of parking fines from PEZ to Agresso and upload of fine payments from Agresso to PEZ).

Section B - Step 3: Analysis of Key Documents

The following section reviews the key documentation relating to appraisal, analysis and evaluation for *Procurement & Management of the Pay Parking Enforcement Contract*

Project/Programme Key Documents	
Title	Details
1. National Public Procurement Policy Framework	This policy document was drawn up by the National Procurement Policy Unit, Dept. of Finance, as part of ongoing public procurement reform work in the public sector.
2. Kildare County Council's Procurement Policy	KCC's policy and procedure document for procurement.
3. Kildare County Council's RFT for Provision of Pay Parking (Management & Enforcement) Services	KCC's invitation to tender published on 14 th November 2014.
4. Assessment Board Summary and Marking Sheets	Summary information on the evaluation of the tenders received for enforcement services and the marks granted to each one.
5. Contract between the Parking Enforcement Contractor and KCC for the management and enforcement of pay parking services (1 st July 2015 to 30 th June 2016)	The terms of the contract are contained in the <ul style="list-style-type: none"> - RFT issued by KCC - the tender submitted by the Parking Enforcement Contractor - the letter of offer made by KCC
6. Director's Order DO899	Director's Order signed to award contract to the Parking Enforcement Contractor.
7. Various extensions of contract between the Parking Enforcement Contractor and KCC for the management and enforcement of pay parking services (1 st July 2016 – 30 th April 2020)	The various contract extension options were agreed and signed by KCC and the Parking Enforcement Contractor and approved by DOS Orders.
8. County Parking Policy Framework Document	KCC's Parking Policy Framework was adopted on 30 th May 2016.
9. Parking Bye Laws as adopted by the Elected Members	Parking Bye Laws are the pay parking regulations adopted by the elected members for each of the towns where pay parking is enforced.

10. Pay parking appeals and nominations policy adopted by the elected members	The Pay Parking appeals and nominations policy was adopted by KCC elected members in January 2013.
11. Section 3 (inserted by section 12(1) of the Road Traffic Act and as amended by section 15 of the Road Traffic Act 2006) of the Local Authorities (Traffic Wardens) Act 1975	The legislation under which fixed charged notices are issued.
12. Records of meetings	Records of issues that have been discussed at meetings between the Parking Enforcement Contractor and KCC.
13. KPIs and rosters	The Parking Enforcement Contractor send monthly KPIs and weekly rosters for the traffic wardens.
14. Monthly pay parking income and expenditure report	Monthly financial report is compiled splitting income and expenditure per town.

Key Document 1: National Public Procurement Policy Framework

The National Public Procurement Policy Unit, (NPPPU) was established within the Department of Finance to develop public service procurement, policy and practice through a process of procurement management reform.

The policy framework defines public procurement as *“...the acquisition, whether under formal contract or not, of works, supplies and services by public bodies. It ranges from the purchase of routine supplies or services to formal tendering and placing contracts for large infrastructural projects by a wide and diverse range of contracting authorities”*.

The policy sets out the core principles underpinning national procurement policy and the practical process changes which support procurement management reform. It advises a strategic approach to public procurement and the making of a corporate procurement plan to support best practice procurement and corporate governance.

Key Document 2: KCC's Procurement Policy

In keeping with best practice corporate governance, KCC's Procurement Unit developed a set of procurement procedures. This document addresses the Council's policies and procedures in all areas of procurement. It includes tendering procedures in line with the EU/National legislation and also KCC's own purchasing

approval procedures. The policy forms the basis of KCC's procurement responsibilities and should be consulted for information on types of procurement procedure, timescales, thresholds, etc.

Key Document 3: Kildare County Council's RFT for the Provision of Pay Parking (Management & Enforcement) Services

The RFT was published on www.etenders.ie and the OJEU on 18th November 2014. The RFT set out the requirements necessary to bid for the contract as the supplier of Pay Parking (Management & Enforcement) Services. KCC conducted an open procedure and the contract was to be granted on the basis of the most economically advantageous tender. The selection criteria and the evaluation criteria were clearly stated in the RFT document. The RFT defined KCC's objectives to be achieved from the enforcement of pay parking bye laws and road traffic legislation as follows:

- to achieve and maintain a high level of compliance with KCC's pay parking bye laws and road traffic legislation throughout KCC's parking bye-laws areas. The target compliance level is a minimum of 90%.
- to provide a high level of customer service.
- to minimise the cost to KCC of providing the service.

Procedural requirements involved in the tendering process have been complied with in respect of the appointment of the contractor. There is documentary evidence to verify that all tenders were advertised and assessed in accordance with the relevant legislation.

Key Document 4: Assessment Board Summary and Marking Sheets

This is the summary information on the evaluation of the tenders received. The tenders were evaluated, and the findings were summarised in a table with each criterion given a mark (as per the RFT).

Key Document 5: Contract between KCC and the Parking Enforcement Contractor

The terms of the contract are contained in the

- RFT issued by KCC;
- The tender submitted by the Parking Enforcement Contractor;
- The letter of offer made by KCC

The Service contract agreement between Kildare County Council and the Parking Enforcement Contractor was signed on 1st of July 2015 for a period of one year.

Key Document 6: Director's Order

DO899 was signed on 24th April 2015 awarding the contract to the Parking Enforcement Contractor.

Key Document 7: Various extensions of contract between the Parking Enforcement Contractor and KCC for the management and enforcement of pay parking services (1st July 2016 – 30th April 2020)

On 30th of June 2019, the current contract between KCC and the Parking Enforcement Contractor ceased. Kildare County Council engaged with the OGP (Office of Government Procurement) to finalise a Tender for Car Park Management Services for County Kildare. In the meantime, first monthly, and then three-monthly extensions of the contract with the Parking Enforcement Contractor were granted as follows.

- CE24012, signed on 28th of June 2019, granted a further contractual agreement for signing and sealing between KCC and the Parking Enforcement Contractor for the period of 1st of July 2019 to 31st of July 2019.
- CE24243, signed on 17th of July 2019, granted a further contractual agreement for signing and sealing between KCC and the Parking Enforcement Contractor for the period of 1st of August 2019 to 31st of October 2019.
- CE26105, signed on 19th of November 2019, granted a further contractual agreement for signing and sealing between KCC and the Parking Enforcement Contractor for the period of 1st of November 2019 to 31st of January 2020.

Key Document 8: County Parking Policy Framework Document

Kildare County Parking Policy framework was adopted on 30th May 2016. The framework document set out Kildare County Council overall mission for the parking in County Kildare. It sets out the parking policies for the County for the bye law regulation times, the tariff parking charges and maximum stay periods, long-term parking, etc.

Key Document 9: Parking Bye Laws

Each town has its own set of adopted Parking Bye Laws outlining the parking tariff, the maximum stay periods, the provision of parking permits, etc. Wardens will enforce each town regulations as per their parking bye laws.

Key Document 10: Pay Parking Appeals and Nominations policy adopted by the elected members in 2013

The Pay Parking Appeals and Nominations Policy sets out the grounds acceptable for appeals and nominations. The first appeal is administered by the Parking Enforcement Contractor. They can reject/waive an appeal in accordance with the appeal policy. If a re-appeal is made the decision to waive or reject the appeal is made by a supervisor in the Pay Parking Section. The Parking Enforcement Contractor will upload the re-appeal and submit the re-appeal documents to KCC for a decision. The Pay Parking Section emails the decision to the Parking Enforcement Contractor who advise the applicant of the outcome.

Key Document 11: Section 3 (inserted by section 12(1) of the Road Traffic Act and as amended by section 15 of the Road Traffic Act 2006 of the Local Authorities (Traffic Wardens) Act 1975

This is the legislation under which Fixed Charged Notices are issued.

Key Document 12: Meetings

There is evidence of meetings that were held throughout the lifetime of the contract. These meetings included representatives from KCC and the Parking Enforcement Contractor. The records show matters discussed, outcomes agreed, and actions required along with assigned responsibilities.

Key Document 13: KPIs and rosters

The Parking Enforcement Contractor provides monthly KPIs reports. The KPIs provide the following information:

- Hours deployed per week per town;
- Number of Fixed Charge Notices issued per town per week;
- Value of Fixed Charge Notices issued;
- Number of void Fixed Charge Notices.

The Parking Enforcement Contractor provides the weekly warden rosters which shows the total number of hours deployed per town per warden. The clock card report shows the breakdown per week per warden and the monthly invoices can be checked against these.

Key Document 13: Monthly pay parking income and expenditure report

Pay parking income and expenditure are compiled by town per month. The value of Fixed Charge Notices paid in each town is allocated to the relevant town.

Section B - Step 4: Data Audit

The following section details the data audit that was carried out for *Procurement & Management of the Pay Parking Enforcement Contract*. It evaluates whether appropriate data is available for the future evaluation of the project/programme.

Data Required	Use	Availability
Contractor Procurement / Report on Tenders	Contractor Procurement process examined including Contract Notice, Completed Suitability Questionnaires, Tenders and Report on Tenders.	Available
Main Contract	Signed on behalf of KCC. The final awarded contract for the programme.	Available
Chief Executive / DOS Order	A DOS Order was signed to accept the tender. Chief Executive Orders were signed to extend the term.	Available
Records of meetings / reports issued	Details of meetings / reports that have been held / issued throughout the term of the contract to demonstrate that any issues have been discussed and agreed upon.	Available
Record of KPI management	Records to demonstrate that agreed KPIs and other performance measurements are being monitored on a regular basis.	Available

Data Availability and Proposed Next Steps

It can be seen from the table above that the data required to evaluate the project is available.

Section B - Step 5: Key Evaluation Questions

The following section looks at the key evaluation questions for *Procurement & Management of the Pay Parking Enforcement Contract* based on the findings from the previous sections of this report.

1.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)

Yes – the programme is in line with the standards. The tender process was conducted in accordance with procurement regulations. There is documentary evidence to verify that the tender was advertised and assessed in accordance with relevant legislation. Orders were signed in accordance with procedures.

Suitably experienced staff have been assigned responsibility for managing and monitoring the contract. Regular monitoring of agreed KPIs ensures that objectives are met.

There is evidence of meetings that were held throughout the duration of the contract. There are agreed KPIs in place and there is on-going monitoring of same. Expenditure is also monitored on an ongoing basis.

Audit Opinion: It is the opinion of Internal Audit that the programme is in substantial compliance with the Public Spending Code.

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

Yes, there is sufficient data and information available to make an evaluation of the management of the expenditure on an on-going basis.

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

Internal Audit recommends that written procedures, which describe each process in a step by step manner, should be contained in 1 procedure manual which is easily available to all staff and is updated regularly. There is a significant workload associated with managing the pay parking enforcement contract and this procedure manual will assist in transfer of knowledge to new staff and will be of benefit for succession planning in the future. Procedure documents that are already in place should be reviewed and updated as necessary for inclusion in this manual (for example invoice process, file transfer process, etc.) Any outdated procedures should be archived or updated.

Management comment:

The current written procedures in place were not updated as the contract for the provision of pay parking and management enforcement services was due to expire. The contract officially expired on 30th June 2019 and was further extended while the parking unit in the Roads Department were drafting a new SRFT in conjunction with the Office of Government Procurement. This new SRFT and proposed contract was of a larger scale, incorporating three other services (purchase and maintenance of parking machines, cash in transit) as well as the provision of other on-line services for customers. The provision of these new services would change the processes and procedures in the way the parking unit processes work. It was the opinion of the parking unit that it would be best to wait until the new SRFT was awarded and the new methods/processes and services were firmly in place before the current and new procedures and processes were drafted. The new contract under the most recent SRFT by Kildare County Council and the Office of Government Procurement commenced on 1st May 2020. The parking unit within the Roads Section are currently working on finalising these new processes, on-line services and systems with the contractor. It is expected that these will be finalised in the near future, once the parking unit within the Roads Department are satisfied with these new processes, procedures and services, the current written procedures as well as new written procedures will be drafted. It is expected that the new processes and written procedures will be finalised and in place by 31st October 2020.

Section: In-Depth Check Summary

The following section presents a summary of the findings of this In-Depth Check on *Procurement & Management of the Pay Parking Enforcement Contract*.

Summary of In-Depth Check

The objective of this In-Depth check was to carry out an evaluation of the 2019 current expenditure on Parking Enforcement.

Internal Audit examined the procurement of the parking enforcement contract to see if it complied with EU and National policies and with KCC's procurement policies and procedures. The appointment of the contractor to operate the enforcement of on and off-street parking was conducted in accordance with the procurement regulations in the areas examined.

"The management stage of a contract is where value for money (VFM) gained during the preceding stages is realised. A contract needs to be effectively managed by the user not just left to the supplier. Proactive involvement in the management of the contract is essential to maximise VFM"²

There is evidence of active management of the contract, detailed reports on APCOA activities are submitted routinely and the KPIs are monitored by the staff in the Pay Parking Section. There are regular meetings between both organisations. Data and information is available to monitor expenditure and performance of the contractors.

Audit Opinion: It is the opinion of Internal Audit that the *Procurement & Management of the Pay Parking Enforcement Contract* is in **substantial** compliance with the Public Spending Code.

² Public Procurement Checklist, Office of Government Procurement 2009

Appendix 1

Audit Assurance Categories and Criteria

ASSURANCE CATEGORY	ASSURANCE CRITERIA	
SUBSTANTIAL	Evaluation Opinion:	There is a robust system of risk management, control and governance which should ensure that objectives are fully achieved.
	Testing Opinion:	The controls are being consistently applied
SATISFACTORY	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.
LIMITED	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.
UNACCEPTABLE	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.



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Audit: Public Spending Code – Capital
Audit No: 2020/2

Internal Audit Unit

Kildare County Council

20.2 Public Spending Code

In Depth Check 2019 – Social Housing Acquisitions 2019

Final Report Prepared by:	Audit Team
Final Report Approved by:	Mairead Sweeney
Date of Issue:	11 th August 2020

Distribution List	
Management Team	Audit Committee

Approved by: Mairead Sweeney
Head of Internal Audit
& Corporate Governance

Date: 11th August 2020

Public Spending Code

Circular 13/13 “The Public Spending Code: Expenditure Planning, Appraisal & Evaluation in the Irish Public Service – Standard Rules & Procedures” details the obligations of those responsible for spending public money as well as guidance material on how to comply with the obligations outlined. The Co-ordinator, in co-operation with various Departments, completes the first three steps of the code, namely;

1. Drawing up inventories of projects/programmes.
2. Publishing summary information on the website of all procurements in excess of €10m, whether new, in progress or completed.
3. Completing checklists in respect of the different stages of the spending life cycle.

Step four requires Internal Audit to carry out a more in-depth check on a small number of projects. The value of the projects selected for in depth review each year must follow the criteria set out below:

- **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.

1. Objectives and scope of the Audit

The purpose of this review is to provide an independent professional opinion on compliance with the Public Spending Code and on the quality of appraisal, planning and implementation of a sample project. The scope of the audit included a review of compliance with the Public Spending Code.

2. Methodology and Approach

The project that was selected for in-depth review was based on an inventory of € 779,641,100.

(€163,348,688 Revenue, €616,292,412 Capital)

As per the Public Spending Code, Internal Audit is required to carry out an in-depth check of 5% of the total of all capital projects on the project inventory over the 3 year period 2017-2019.

The Public Spending Code Capital projects reviewed over the 3 year period were:

2017 – NRO M7 Osberstown Interchange & R407 Sallins Bypass - €55m

2018 – Athy Community Library Capital Project - €4M

2019 – Social Housing Acquisitions – €83M

On this basis, Internal Audit has covered the required 5% three-year quota.

Under guidelines introduced in 2017, we are also required to carry out an in-depth check of 1% of Revenue expenditure. This quota has also been covered. Projects selected for in-depth check for 2019 are as follows:

Capital Projects 2019			
Name of Project Audited	Total Cost of Project	Total Capital Inventory	% of Capital Inventory
Social Housing Acquisitions	€82,873,385	€ 616,292,412	13.45%
Revenue Projects 2019			
Name of Project Audited	Total Cost of Project	Total Revenue Inventory	% of Revenue Inventory
Procurement & Management of Pay Parking Enforcement Contract	€2,534,883	€163,348,688	1.55%

Quality Assurance – In-Depth Check

Section A: Introduction

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

Programme or Project Information	
Name	Social Housing Acquisitions 2019
Detail	To acquire units to provide accommodation to those on Kildare County Councils social housing list under the Social Housing Investment Programme(SHIP) under Rebuilding Ireland: Action Plan for Housing and Homelessness (2018 – 2021)
Responsible Body	Kildare County Council (KCC)
Current Status	Expenditure Being Incurred
Start Date	Social Housing Investment Programme (SHIP) under Rebuilding Ireland: Action Plan for Housing and Homelessness (2018 – 2021)
End Date	Social Housing Investment Programme (SHIP) under Rebuilding Ireland: Action Plan for Housing and Homelessness (2018 – 2021)
Overall Cost	The 2019 Inventory indicates a Capital spend of €82,873,385 on this project in the category of 'expenditure being incurred' broken down as follows: 1) Housing Upgrade Other Costs €4,216,597 2) Housing Legal and Associated Costs €764,762 3) 2019 House Purchases €63,070,000 4) Part V House Purchases €14,822,026

Project Description

KCC'S housing targets for 2019 are aligned to the Rebuilding Ireland: An Action Plan for Housing and Homelessness as follows;

	Overall Target 2018 - 2021	Target 2019
Rebuilding Ireland, An Action Plan for Housing & Homelessness	2,426	547 *

*The overall target was 547 units, 96 of which were to come from acquisitions.

2016 – Rebuilding Ireland, An Action Plan for Housing & Homelessness

In July 2016 the Minister for Housing, Planning, Community and Local Government launched the Rebuilding Ireland Action Plan for Housing and Homelessness. It's mission is to ensure that everyone can access a home, either on their own or with state support. It comprises of five pillars of concerted actions right across Government.

- Pillar 1. Addressing homelessness
- Pillar 2. Accelerating social housing
- Pillar 3. Building more homes
- Pillar 4. Improving the rental sector
- Pillar 5. Utilising existing housing

2017 - Rebuilding Ireland, An Action Plan for Housing & Homelessness (Revised)

A review of Rebuilding Ireland was launched July 2017. Following the review, the Minister established Housing summits and gave a commitment to drive greater transparency and accountability on the delivery of targets.

In 2018, KCC received a social housing target of 2,426 units for the period 2018-2021.

Kildare County Council Housing Capital Team

1. At the end of 2015, the Housing Capital Team was set up within KCC's Housing Department in order to progress delivery of the Capital Programme which includes the acquisition of units.
2. The Housing Department has delegated functions from the DHPLG and can purchase individual units without prior approval from the Department, provided that they fall under the cost guidelines as set out by the DHPLG in Circular: Housing 15/2019.
3. A Project Appraisal must be submitted by the Local Authority to the Department for projects in excess of €600,000 and for new build turnkey units. Housing acquisitions are identified from the market, the Housing Agency and from Expressions of Interest submitted to the Council.

In 2019, KCC received an acquisition target of 96 units. In 2019, a total of 379 acquisitions were made. This included 81 Turnkey acquisitions and 67 Part V acquisitions. The total expenditure on Social Housing Acquisitions for 2019 is €82,873,385.

Section B - Step 1: Logic Model Mapping

As part of this In-Depth Check, Internal Audit, KCC completed a Programme Logic Model (PLM) for Social Housing Acquisitions. 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
<p>Increase housing provision in line with the national objectives of Rebuilding Ireland, an Action Plan for Housing & Homelessness (Pillar 2) (2018 – 2021) as set out in the Minister’s letter dated 18 April 2018 (Minister’s letter dated 5 January 2018 also relates).</p>	<p>Capital funding provided by DHPLG for house purchase costs, consultants’ fees and upgrade cost, where applicable.</p> <p>Staff resources from Finance & Housing.</p> <p>IT Systems:</p> <ul style="list-style-type: none"> • Agresso Financial Management System. • IHouse. • Housing Portal. 	<p>Work with the appointed agent & the Housing Agency to identify suitable properties.</p> <p>Process Expressions of Interest for turnkey developments.</p> <p>Check property for vacant possession.</p> <p>Issue drawdown instructions.</p> <p>Refer property for planning checks.</p> <p>Refer properties for survey.</p> <p>Check survey.</p> <p>Process contracts and Directors Order.</p> <p>Request boundary inspection.</p> <p>Draw up and finalise payment and subsequent updating of the Property Interest Register.</p> <p>For multiple units in excess of €600,000, a Project Appraisal must be submitted to DHPLG for approval.</p>	<p>Actual number of units acquired in 2019 – 379.</p>	<p>Provision of social housing accommodation for persons on KCC social housing list.</p>

Description of Programme Logic Model

Objectives:

KCC is delivering units through the Social Housing Investment Programme (SHIP) which includes the acquisition of housing units in order to increase the supply of social housing units. The acquisition of units is capitally funded by the Department of Housing, Planning and Local Government (DHPLG) and the units are allocated to persons on the social housing list.

Inputs:

Financial Inputs: Acquisition costs made to Vendors through Solicitors and are recouped from the DHPLG.

Human Inputs: The following staff are involved in the Acquisition Programme and the operation of the scheme:

Director of Services

Senior Executive Officer

Administrative Officer

Staff Officer(s)

Assistant Staff Officer

Clerical Officer

Senior Architect, Senior Executive Architect & Executive Architect

Clerk of Works (s)

External resources utilised

Solicitors

Valuers

Architects

System Inputs:

Agresso Financial Management system

IHouse

Housing Portal

Activities: There are a number of key activities carried out throughout the project including:

1	Assessing units identified for acquisition from the market, through the Council's Valuer, through the Housing Agency or through representations from the RAS/HAP/Homeless Section. Assessing proposals submitted through the Expressions of Interest process. Each unit assessed on the grounds of social housing demand in the area and demand for unit type i.e. number of bedrooms. Each unit is also assessed to see if it is in line with ' <i>Quality Housing for Sustainable Communities</i> ¹ ' i.e. will the location of the units lead to a concentration of social housing, number of existing social housing within the vicinity of the scheme and other schemes in progress, the population of the area. The quality of the design, condition of the property, value for money would be assessed.
2	Inclusion of properties on the Housing Portal.
3	Making the decision to support or reject the acquisition.
4	Completing project appraisal for new build turnkey units and forwarding to the DHPLG seeking approval for the project.
5	Receipt of approval letter issued from Department approving the Turnkey project under Rebuilding Ireland.
6	Preparing a memo seeking the approval of the Director of Services to purchase the units to provide social housing accommodation. Director's Order is signed by the Director of Housing.
7	Contracts are prepared for signing by KCC and the Vendor.
8	Depending on the unit being purchased, a memo is issued through the Housing Portal to the Housing Maintenance and Allocations Sections outlining the details for the unit acquired including property size, details of tenant, BER rating, property survey and photo. Units acquired through the Part V and Expressions of Interest process are referred to Housing Capital Clerk of Works to close out prior to tenant inductions.
9	Induction of tenants from KCC social housing list to the new properties.
10	Claim form HCA4 completed and sent to the Department.
11	Ongoing – Completion of Quarterly reports, Monthly reports for the CE Management report.

¹ The Quality Housing for Sustainable Communities document was published in 2007 by the then Department of Environment, Heritage & Local Government.

Outputs: Provision of additional social housing units. The total number of units purchased in 2019 was 379.

Outcomes: The envisaged outcome of the programme is to acquire units under Rebuilding Ireland Capital Programme in order to provide accommodation for those on Kildare County Council social housing list.

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

The following section tracks the process from inception to conclusion in terms of major programme milestones for the acquisition of Social Housing.

Timeline	Milestones
1 – 4 weeks	Receipt of Sales Advice Note. Drawdown instructions issued to Solicitors. Request for condition survey on property forwarded to KCC's Architects. Purchase set up on Housing Portal.
5 – 10 weeks	Contracts received from Solicitors. Request for boundary survey requested from Architects. When all reports are received, Manager's Order is drawn up and signed with contracts. Signed contracts and purchase monies are forwarded to the Solicitors.
11 – 16 weeks	Solicitors advise when sale has closed. Referrals are then forwarded to Housing Maintenance and Allocations Sections and Finance Department advising that the sale is closing. Recoupment requests are forwarded to Department on HCA 3 and HCA 4 Forms. Files are forwarded to Property Interest Register for registration of properties on Council's database and the properties are included on the Council's Fixed Asset Register.

It should be noted that the above is an estimation of the process. The acquisition process is dependent on whether the units are vacant/ occupied, new/second-hand, under construction/completed etc.

Section B - Step 3: Analysis of Key Documents

The following section reviews the key documentation relating to appraisal, analysis and evaluation for the acquisition of Social Housing units.

Programme Key Documents	
Title	Details
1. Procedure Manual	Procedure Manual in place outlining the steps at each stage of the Acquisition Process.
2. Sales Advise Notice in instances where Valuer has acted on LA's behalf on the acquisition.	Where the Valuer has negotiated the purchase of a property on the Council's behalf, Sales advice notice submitted with details of the dwelling and Vendor's Solicitor.
3. Property Valuation Report	Report providing details of the unit (s) being acquired and market valuation.
4. Project Appraisal	Project Appraisal document in instances where purchases exceed €600,000 or units being acquired through the expressions of interest process.
5. Signed off survey report	Survey undertaken by Architects and is signed off by Executive Architect / Senior Executive Architect. Reports may also be required from Fire Safety Consultant in relation to fire safety issues or a structural report from Engineers if identified in the property condition report or subsequent recommendation from the Architects Section.
6. Boundary Report	Report from Technician on the ground position of unit to be acquired and assessed against Land Registry Folio maps.
7. Expression of interest	Expression of interest received from Developer/Developer's agent in response to notice published on KCC's website.
8. Administrative Officer Recommendation	Recommendation prepared for approval by Administrative Officer outlining the proposed units to be purchased.
9. HCA3 and HCA4 forms	The HCA4 form and HCA3 forms are completed for each unit acquired by KCC and is returned to DHPLG. The HCA3 form must be submitted with Project of Appraisals as referenced at (4) above. The HCA3 form for single acquisitions can be submitted with the HCA4 form during the recoupment process.
10. Approval letter to KCC from the Department	Letter issued by Department of Housing, Planning & Local Government approving the funding.

11. Memo and Director of Service Order	Memo prepared seeking the approval of the Director of Services to purchase the unit (s). Director of Services Order signed.
12. Memo to Allocations Section/Housing Maintenance section	Memo to Housing Allocations and Housing Maintenance Sections giving details on the unit purchased. Details include: Property Size, property survey, photo, BER, new build heating systems details.
13. Monthly and Quarterly Management Report	Monthly & Quarterly Reports are prepared for management outlining the number of units acquired including Part Vs and Turnkeys and the totals under the various categories of Rebuilding Ireland for the purpose of providing social housing.

Key Document 1: Procedure Manuals

The Procedure documents were reviewed. The document gives step by step guidance on all stages of the Acquisition process.

Key Document 2: Sales Advice Notice in instances where Valuer has acted on LA's behalf on the acquisition.

Notice document providing details on the unit being acquired.

Key Document 3: Property Valuation Report

Property Valuation Report provides details on the unit being acquired and the market value of the property.

Key Document 4: Project Appraisal Document for turnkey projects

This is a template document; the purpose of this document is to enable the DHPLG to undertake an appraisal of the project for the purpose of determining if the subject properties should be included in the investment programme for social housing. This appraisal is in accordance with the requirements of Circular 31/2019 and contains the requirements set out in the Circular under Appendix B.

Key Document 5: Survey Report

Standard template for the survey report provides details of the units being acquired. A cover memo that accompanies the survey report is a standard template document.

Key Document 6: Signed off survey report

Report prepared by Technician in the Architects Section on the subject unit being acquired.

Key Document 7: Expressions of Interest Form

Standard Template document for completion by anyone who has a turnkey development for sale to the Council. Form can be accompanied by additional information such as drawings, completed design assessment, text document providing additional information on the proposal.

Key document 8: Recommendation from Administrative Officer

Standard template memo providing details on the unit and purchase price recommending purchase.

Key document 9: HCA4 form/HCA3 Form

Template documents provided by the DHPLG for the purposes of recouping purchase price and associated costs of the property.

Key document 10: Approval letter to KCC from Department

A letter of approval issues from the DHPLG. The approval is subject to the conditions specified in the approval letter.

Key Document 11: Memo and Director of Services Order

There is a standard template for the memo to the Director of Housing seeking approval to purchase the units. A Director of Service's Order approving the purchase of the unit is duly signed.

Key Document 12: Memo to Allocations Section/Housing Maintenance section.

There is a standard template for this memo which is run from the Housing Portal. It outlines the house details, location, number of bedrooms, whether the unit is occupied, vacant, new build.

Key Document 13: Monthly and Quarterly Management Reports

There is a template for the quarterly report which details the number of social housing units that were acquired by KCC during the quarter and the number of people who were provided with social housing accommodation during that period. The monthly report for the Chief Executive's Report contains the number of acquisitions in the month.

Section B - Step 4: Data Audit

The following section details the data audit that was carried out for the Rebuilding Ireland Acquisitions Programme 2019. It evaluates whether appropriate data is available for the future evaluation of the project/programme.

Data Required	Use	Availability
Agresso FMS System – Financial Reports	Expenditure and income details for capital job code relevant to this Scheme	Yes
Number of applicants on the social housing list - IHouse system	Evaluate the demand for housing units / Planning resources	Yes
Number of units purchased under Rebuilding Ireland Programme	Assist future budgeting/planning resources	Yes
Key documents for assessing approving and purchasing housing units – Electronic and Paper Files	Future Audits	Yes
Recoupment Claims sent to the Department – Electronic and paper files	To ensure all monies due are recouped	Yes
Reconciliation system – Electronic files	To reconcile acquisitions costs made through Solicitors –V- monies recouped from the DPHLG	Yes

Data Availability and Proposed Next Steps

It can be seen from the table above that the data required to evaluate the Social Housing Acquisitions in 2019 is readily available. Should further data be required then the Council will follow Department instructions and guidelines in this respect.

Section B - Step 5: Key Evaluation Questions

The following section looks at the key evaluation questions for Social Housing Acquisitions 2019 based on the findings from the previous sections of this report.

1. 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)

€82.9m was spent by KCC on acquiring 379 houses in 2019 (new build turnkeys, second hand dwellings and Part V). These monies were recouped from DHPLG. The acquisition of these units is shown on the 2019 inventory as a capital expenditure being incurred.

Internal Audit reviewed a sample of 38 newbuild turnkey houses at *Oaktree Avenue, Tully Road, Kildare* to assess if there is broad compliance with the Public Spending Code. The delivery of this project broadly complies with the standards set out in the Public Spending Code.

1. *Appraisal Stage:* The Housing Agency were tasked with sourcing units on behalf of the Local Authority's and Approved Housing Bodies. The Housing Agency identified 38 newbuild turnkeys for sale at Oaktree Avenue and informed KCC. A capital project appraisal was completed and submitted by KCC to the DHPLG setting out the project description, demonstrating the need and fulfilment of social housing target, sustainability, cost details & value for money and an assessment against the Department's Social Housing Guidelines.
2. *Implementation Stage:*
 - a) *Assigned responsibility for delivery:* The Housing Capital Team was set up in KCC at the end of 2015 in order to progress delivery of the Capital Programme which includes the acquisition of units. The Director of Services for Housing assumed responsibility for the Housing Acquisition Programme.
 - b) *An appropriate structure to monitor & manage the implementation phase:* The 38 units were acquired in order to satisfy the housing targets set down in Rebuilding Ireland, An Action Plan for Housing & Homelessness (2018 – 2021). The proposed housing completion targets set down by the Housing Agency's Auctioneers for each of the phases in Oaktree Avenue were broadly achieved and acquisitions were completed on a timely basis. The Housing Capital Team were in constant contact with the Housing Agency throughout the duration of the project to ensure various milestones were achieved. Spreadsheets were maintained by the Housing Section to monitor the outflow of funds to the Housing Agency & to track the recoupment of funds from DHPLG.

c) *Regular reporting & means of measuring if the project, programme, capital grant scheme or current expenditure intervention is delivering on its expectations:* Monthly and quarterly reports are prepared for management outlining the total number of units acquired under the various categories of Rebuilding Ireland Programme. Quarterly reports are also sent to the DHPLG outlining the number of units acquired at estate level.

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

It is the opinion of Internal Audit that the data and information available can be subjected to a full evaluation in the future as all documents and files are readily available both in an electronic and paper format. There is a clear audit trail and documentary back up on file.

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

Recommendation 1: Implementation of previous recommendations

In 2016, Internal Audit performed an in-depth review of Housing Acquisitions 2015 to assess compliance with Public Spending Code. There were 3 recommendations arising from this review, 1 of which has yet to be implemented;

Background: A framework agreement for land valuation & argronomy services allows for the 'Valuation of land and other related property.' This framework was used for the valuation of houses resulting in a situation where only 1 valuer out of the 3 valuers on the framework carries out the work. A mini tender competition should have been held as per framework guidelines.

Recommendation: The provision of valuation services for the Housing Department to be properly procured.

Management Comment: Drafting of tender documents for the establishment of a Framework Agreement for Valuation Services was commenced but due to workload and staff changes this process was not concluded. The engagement of a single supplier off the original framework agreement continued. This local supplier had provided an efficient, responsive and cost-effective service.

In order to regularise this matter a mini-tender competition will be conducted under the OGP national framework agreement for the Provision of Property and Valuation Professional Services for the award of a drawdown contract for valuation services. This framework is valid until September 2021. In the intervening period, an assessment will be carried out to determine the requirements for valuation services for the organisation, including the Housing Department, with a view to either continuing to use the OGP framework or to put in place our own arrangements, following appropriate procurement processes.

Recommendation 2: Improvement to written procedures

There are detailed written procedures that encompass all types of housing acquisitions, new build turnkeys, second hand dwelling & Part V's. However, Management should consider dividing the written procedures into 3 distinct, stand-alone sections for the different types of acquisitions; new build turnkeys, second hand dwellings & Part Vs.

Management Comment: Written procedures will be divided into three distinct, stand-alone sections for the different types of acquisitions.

Section: In-Depth Check Summary

The following section presents a summary of the findings of this In-Depth Check of Social Housing Acquisitions 2019

Summary of In-Depth Check

€82.9m was spent by KCC on acquiring 379 houses in 2019 (new build turnkeys, second hand dwellings and Part V). These monies were recouped from DHPLG. The acquisition of these units are shown on the 2019 inventory as a capital expenditure being incurred.

Internal Audit reviewed a sample of 38 newbuild houses at Oaktree Avenue, Tully Road, Kildare to assess if there was broad compliance with the Public Spending Code.

Process & Procedures for New Builds

An understanding of the process surrounding the acquisition of new builds was established by reviewing KCC's written procedures and from discussions with staff in the Housing Section.

The Housing Circular 31/2019 was reviewed to establish if the KCC housing process was broadly in line with the circular.

Internal Audit reviewed each of the steps in the process to establish if the KCC housing process had been followed for the acquisitions at Oaktree Avenue and if there was broad compliance with the Public Spending Code.

38 Newbuild houses at Oaktree Avenue, Tully Road, Kildare (€11,174,500)

The Housing Agency were tasked with sourcing units on behalf of the Local Authority's and Approved Housing Bodies. The Housing Agency informed KCC about the availability of the 38 new houses for sale at Oaktree Avenue.

Planning permission, location map, site plan, house types & floor plans, local amenities and cost of units were submitted to the Housing Section in KCC.

An independent valuation of the property was carried out by the Valuers.

A capital project appraisal was completed and submitted to the DHPLG setting out the project description, demonstrating the need and fulfilment of social housing target, sustainability, cost details & value for money and an assessment against the Department's Social Housing Guidelines.

Letters of Authorisation were forwarded to the Housing Agency and to the Housing Agency solicitors by KCC; (i) allowing the Housing Agency to act on behalf of KCC in purchasing the units and (ii) authorising the Solicitors who were acting on behalf of the Housing Agency to take all instructions from the Housing Agency in the purchase of the units.

All safety files were received from the Housing Agency and the Clerk of Works completed the snagging of the properties.

A Director's Order was completed for the purchase of the units and signed by the Director of Services of Housing & Corporate Services.

A reconciliation was maintained by the Housing Section to monitor the outflow of funds to the Housing Agency & to track the recoupment of funds from DHPLG.

The expenditure sum of €11,114,976 has been recouped from DHPLG with the remaining €49,988 to be recouped over coming months (legal & consultant fees).

All the dwellings have been included on the Local Authority's Fixed Asset Register and Property Interest Register and have been allocated to meet the housing need of families approved for social housing support in accordance with KCC's Allocation Scheme.

Audit Opinion It is the opinion of Internal Audit that the Housing Acquisition programme 2019 is in substantial compliance (See Appendix 1) with the requirements of the Public Spending Code.

Appendix 1

Audit Assurance Categories and Criteria

ASSURANCE CATEGORY	ASSURANCE CRITERIA	
SUBSTANTIAL	Evaluation Opinion:	There is a robust system of risk management, control and governance which should ensure that objectives are fully achieved.
	Testing Opinion:	The controls are being consistently applied
SATISFACTORY	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.
LIMITED	Evaluation Opinion:	There is considerable risk that the system will fail to meet it's 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.
UNACCEPTABLE	Evaluation Opinion:	The system has failed or there is a real and substantial risk that the system will fail to meet it's 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.

