

Public Spending Code
Quality Assurance Report for 2015
Monaghan County Council

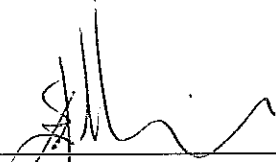
To be submitted to
National Oversight and Audit Commission (NOAC)

May 2016

Certificate

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

Signature of Accounting Officer:



Eamonn O' Sullivan
Chief Executive
Monaghan County Council

Date:

30/5/16

Introduction

Monaghan County Council has completed the Quality Assurance (QA) requirements as set out in the Public Spending Code. This report presents the results of each of the 5 Steps in the QA exercise and reports on compliance with the requirements of the Public Spending Code as established during this exercise.

Requirements of the Quality Assurance Aspect of the Public Spending Code

The Quality Assurance obligation involves a **5 step** process as follows:

1. Drawing up inventories of projects/programmes at the different stages of the Project Life Cycle that have a total Project Life Cost of €500k or more.
2. Publishing summary information on the organisation’s website of all procurements in excess of €10m, related to projects in progress or completed in the year under review.
3. Completing the 7 checklists contained in the PSC.
4. Carrying out a more in-depth check on a small number of selected projects/programmes based on criteria established within the Public Spending Code.
5. Completing this short summary report for the National Oversight and Audit Commission (NOAC).

STEP 1 – Project Inventory

This section presents the project inventories of Monaghan County Council for projects with a total project cost in excess of €500,000. The inventory is presented in three stages as set out in the attached table which also outlines the Expenditure Category/Band relevant for inclusion in each stage:

| Project/Programme Stage | | Category/Band |
|--------------------------------|-------------------------------------|------------------------------------------------------|
| 1 | Expenditure being considered | Capital Projects between €0.5m - €5m |
| | | Capital Projects between €5m - €20m |
| | | Capital Projects over €20m |
| | | Capital Grant schemes > €0.5m |
| | | Current Expenditure programme - Increases over €0.5m |
| 2 | Expenditure being incurred | Capital Projects greater than €0.5m |
| | | Capital Grant Schemes greater than €0.5m |
| | | Current Expenditure greater than €0.5m |
| 3 | Expenditure that has recently ended | Capital Projects greater than €0.5m |
| | | Capital Grant Schemes greater than €0.5m |
| | | Current Expenditure greater than €0.5m |

The Project inventory, set out in the format described above, is included in Appendix A.

The Inventory contains 55 Projects under the three stages and comprise a total value of €129.71m. The following table provides an overview of the number of projects under each Project/Programme stage and under each of the categories/bands in each of these stages. It also provides an overview of the Project Costs under each category.

Monaghan County Council – Project Inventory

| Project Numbers | Revenue Expenditure | | | Capital Expenditure | | | Totals |
|------------------------------|---------------------|------------|-----------|---------------------|------------|-----------|-----------|
| | €0.5m - €5m | €5m - €20m | Over €20m | €0.5m - €5m | €5m - €20m | Over €20m | |
| Expenditure Being considered | 2 | 1 | | 11 | 2 | | 16 |
| Expenditure Being Incurred | 27 | | | 6 | 3 | | 36 |
| Expenditure recently ended | | | | 2 | 1 | | 3 |
| Totals | | | | | | | 55 |

| Project Total Values | Revenue Expenditure | | | Capital Expenditure | | | Totals €m |
|------------------------------|---------------------|------------|-----------|---------------------|------------|-----------|---------------|
| | €0.5m - €5m | €5m - €20m | Over €20m | €0.5m - €5m | €5m - €20m | Over €20m | |
| | €M | €M | €M | €M | €M | €M | €M |
| Expenditure Being considered | 3.67 | 7.50 | | 18.72 | 13.67 | | 43.56 |
| Expenditure Being Incurred | 49.61 | | | 10.76 | 19.41 | | 79.78 |
| Expenditure recently ended | | | | 1.28 | 5.09 | | 6.37 |
| Totals | | | | | | | 129.71 |

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

Information on all procurements in excess of €10m is published at:

<http://www.monaghan.ie/en/yourcouncil/publications/finance/>

For 2015 Monaghan Co Council has reported no projects in this category.

STEP 3 - Checklists

Step three of the Quality Assurance procedure for the Public Spending Code involves the compilation of 7 checklists. Checklists 1, 3, 5 and 7 are Revenue/Expenditure-related, while Checklists 2, 4 and 6 are capital-related.

The Checklists are informed by the Project Inventory and the following table outlines the approach taken for the completion of the Checklists:

| Checklist Completion aligned with Project Inventory | |
|-----------------------------------------------------|--------------------------------------------------------------------------------|
| Expenditure Type | Checklist to be completed |
| General Obligations | General Obligations - Checklist 1 |
| A. Expenditure being considered | Capital Projects/Programmes - Checklist 2 Current Expenditure – Checklist 3 |
| B. Expenditure being incurred | Capital Projects/Programmes – Checklist 4 Current Expenditure – Checklist 5 |
| C. Expenditure that has recently ended | Capital Projects/Programmes – Checklist 6 Current Expenditure – Checklist 7 |

All checklists as outlined below have been completed and can be found in Appendix B of this document.

1. General obligations not specific to individual projects/programmes
2. Capital projects or Capital Grant schemes being considered
3. Current expenditure being considered
4. Capital Expenditure being incurred
5. Current Expenditure being incurred
6. Capital Expenditure Completed
7. Current expenditure Completed

Findings on Completion of Checklists

The QA exercise indicates a satisfactory level of compliance with the requirements of the Public Spending Code. No specific instances that would give rise to serious concern were identified in completing the exercise. It is recognised that there are some areas for improvement. Monaghan County Council will continue to ensure that relevant staff are aware of and understand their obligations in relation to the Public Spending Code, and of the annual reporting requirements. The Council will continue to monitor and report on compliance with the Code.

STEP 4 - In-Depth review of a sample number of projects

Step 4 of the Quality Assurance Process involved the examining a sample selection of projects included on the Project Inventory to test the standard of practices in use and compliance with the Public Spending Code within the organisation.

The Internal Audit Unit of Monaghan County Council was assigned the task of completing the in-depth check. For 2015 the Internal Auditor selected two related projects, Phases 2 and 4 of the Coolkill East to Corracrin Realignment Scheme, with a combined value of €10.6m, and examined the appraisal, planning, implementation and post-implementation phases of the project. The auditor concluded that:

"In relation to these 2 related projects - Phase 2 & 4 Coolkill East to Corracrin, Realignment Scheme - it is my opinion the project documentation available at time of audit provided satisfactory assurance that there is compliance with the Public Spending Code. "

A formal report on the In-depth review has been completed and will be submitted to the Management Team within Monaghan County Council and the Audit Committee. The auditor made two recommendations, as follows:

1. *I would recommend a brief post project review be carried out by "in house" staff after each phase completion. This review should highlight areas that were found to have worked well and highlight areas that could be improved upon. This could save time and money in future projects.
(This review is not intended to be a replacement for those required under legislation /Guidelines or request from other bodies.)*
2. *Provide training to Staff on the requirements of the PSC.*

Conclusion

This report has set out all the requirements of the Quality Assurance aspect of the Public Spending Code.

- A Project Inventory has been prepared outlining the various projects/programmes – capital and revenue that were being considered, being incurred or recently completed by Monaghan County Council within the 2015 financial year.
- The relevant link in relation to publishing procurements over €10m has been placed on Monaghan County Council's website.
- The 7 checklists required to be completed under the terms of the Public Spending Code Quality Assurance requirement have been completed and provide reasonable assurance that there is satisfactory compliance with the Public Spending Code. While it is recognised that there are some areas for improvement, no serious concerns were raised as a result of the QA exercise.
- An in-depth review of a sample of the projects contained in the Project inventory has been completed and the internal auditor has reported receiving satisfactory assurance that there is compliance with the Public Spending Code. Two projects were examined and two recommendations arose from the review. These recommendations related to the carrying out of post-project review, and training for staff on the requirements of the PSC.
- The final step of the QA exercise, as required under the Public Spending Code, is the compilation and publication of a summary report outlining the Quality Assurance Exercise undertaken by Monaghan Co Council. The contents of this report provide an overview on the QA exercise completed which has been certified by the Accounting Officer, the Chief Executive and will be published on Monaghan Co. Council's website.

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

Appendix A Monaghan County Council

2015 Inventory of Projects and Programmes over €0.5m

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

| Local Authority Monaghan Co. Council | Expenditure being considered | | | | Expenditure being incurred | | | Expenditure recently ended | |
|------------------------------------------------------|------------------------------|----------------------------|--------------------------------|-----------|----------------------------|--------------------------|------------------|----------------------------|----------------------------|
| | Current > €0.5m | Capital Grant Schemes > | Capital Capital Projects | | Current Expenditure | Capital Grant Schemes | Capital Projects | Current Expenditure | Capital Grant Schemes > |
| | | €0.5m | €0.5 - €5m | €5 - €20m | | €20m plus | | | |
| Water Services | | | | | | | | | |
| C01 Operation and Maintenance of Water Supply | | | | | 2.064 | | | | |
| C02 Operation and Maint. of Waste Water Treatment | | | | | 1.492 | | | | |
| C05 Admin of Group and Private Installations | | | | | 2.610 | | | | |
| C07 Agency & Recoupable Services | | | | | 0.799 | | | | |
| Repayment of HFA Water Services Loans | | | | | | | | | 5.090 |
| Development Management | | | | | | | | | |
| D02 Development Management | | | | | 0.997 | | | | |
| D06 Community and Enterprise Function | | | | | 1.694 | | | | |
| D09 Economic Development and Promotion | | | | | 2.340 | | | | |
| Clones Erne East Blackwater - INTERREG | | | | | | | 1.680 | | |
| Carrickmacross TEK Building | | | | | | | 0.828 | | |
| Industrial Lands Monaghan | | | 1.000 | | | | | | |
| Tullyherim Road | | | 0.650 | | | | | | |
| Peace Programme | 3.040 | | | | | | | | |
| Leader Programme | 7.500 | | | | | | | | |
| Peace Campus | | | 5.000 | | | | | | |
| Environmental Services | | | | | | | | | |
| E01 Operation, Maintenance and Aftercare of Landfill | | | | | 2.812 | | | | |
| E06 Street Cleaning | | | | | 0.592 | | | | |
| E11 Operation of Fire Service | | | | | 2.694 | | | | |
| E13 Water Quality, Air and Noise Pollution | | | | | 0.925 | | | | |
| Capping Phase 2&3 Landfill | | | 1.200 | | | | | | |
| Leachate on-site treatment system | | | 1.200 | | | | | | |
| Civil Defence HQ Building | | | 0.500 | | | | | | |
| Fire Station Castleblayney | | | 1.400 | | | | | | |

| Local Authority | Expenditure being considered | | | | | | Expenditure being incurred | | | Expenditure recently ended | |
|---------------------------------------------------|------------------------------|-------------------------------|---------------|------------------|---|---------------------|-------------------------------|------------------|---------------------|-------------------------------|------------------|
| | Current > €0.5m | Capital Grant Schemes > €0.5m | | Capital Projects | | Current Expenditure | Capital Grant Schemes > €0.5m | Capital Projects | Current Expenditure | Capital Grant Schemes > €0.5m | Capital Projects |
| | | €0.5 - €5m | €5 - €20m | €20m plus | | | | | | | |
| Monaghan Co. Council | | | | | | | | | | | |
| Local Authority | | | | | | | | | | | |
| Recreation and Amenity | | | | | | | | | | | |
| F02 Operation of Library and Archival Service | | | | | | 2.156 | | | | | |
| F03 Op, Mtce & Imp of Outdoor Leisure Areas | | | | | | 0.665 | | | | | |
| F05 Operation of Arts Programme | | | | | | 1.153 | | | | | |
| Clones Erne East Sports Project | | | | | | | | 8.800 | | | |
| Leisure Centre Upgrade & Accessibility works | | | | 0.773 | | | | | | | |
| Agriculture, Education, Health and Welfare | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| [Insert other category/s if required] | | | | | | | | | | | |
| | | | | | | | | | | | |
| Miscellaneous Services | | | | | | | | | | | |
| H09 Local Representation/Civic Leadership | | | | | | 1.709 | | | | | |
| H10 Motor Taxation | | | | | | 0.730 | | | | | |
| H11 Agency & Recoupable Services | | | | | | 3.920 | | | | | |
| Clones Market House | | | | 1.000 | | | | | | | |
| | 11.168 | - | 18.723 | 13.668 | - | 49.605 | 0.828 | 29.342 | - | - | 6.366 |

Appendix B – Checklists of Compliance

Checklist 1: – to be completed by all Local Authorities

| General Obligations not specific to individual projects/programmes | Self-Assessed Compliance Rating: 1 - 3 | Discussion/Action Required |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|------------------------------------------------------------------------------------------------------------------------|
| 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? | 2 | Further awareness-raising and training needed. |
| Has there been participation by relevant staff in external training on the Public Spending Code? (i.e. DPER) | 2 | A limited number of staff have attended training. Training needs to be offered to a wider group. |
| Has internal training on the Public Spending Code been provided to relevant staff? | 1 | Some training provided, further training needed. |
| 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 document has been developed for the QA , adapting the PSC to Local Government structures and approach. |
| Has the Local Authority in its role as Sanctioning Authority satisfied itself that agencies that it funds comply with the Public Spending Code? | n/a | No relevant projects identified |
| Have recommendations from previous Quality Assurance exercises (incl. old Spot-Checks) been disseminated, where appropriate, within the Local Authority and to your agencies? | 3 | Yes |
| Have recommendations from previous Quality Assurance exercises been acted upon? | 3 | NOAC recommendations from 2014 QA report have been taken on board |
| Has an annual Public Spending Code Quality Assurance Report been submitted to NOAC (National Oversight and Audit Commission)? | 3 | Yes, report submitted and published |
| Was the required sample subjected to a more in-depth Review i.e. as per Step 4 of the QA process | 3 | Yes, two related roads projects examined in depth |
| Has the Chief Executive signed off on the information to be published to the website? | 3 | Yes |

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

| Capital Expenditure being considered - Appraisal and Approval | Self-Assessed Compliance Rating: 1 - 3 | Comment/Action Required |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------|
| Was a Preliminary Appraisal undertaken for all projects > €5m | 3 | |
| Was an appropriate appraisal method used in respect of each capital project or capital programme/grant scheme? | 3 | Where applicable |
| Was a CBA/CEA completed for all projects exceeding €20m? | n/a | No projects in this category |
| Was the appraisal process commenced at an early stage to facilitate decision making? (i.e. prior to the decision) | 3 | |
| 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 | |
| If a CBA/CEA was required was it submitted to DPER (CEEU) for their views? | n/a | No projects identified in this category |
| Were the NDFA Consulted for projects costing more than €20m? | n/a | No projects identified in this category |
| Were all projects that went forward for tender in line with the Approval in Principle and if not was the detailed appraisal revisited and a fresh Approval in Principle granted? | 3 | Where applicable |
| Was approval granted to proceed to tender? | 3 | Where applicable |
| Were Procurement Rules complied with? | 3 | Where applicable |
| Were State Aid rules checked for all supports? | n/a | |
| Were the tenders received in line with the Approval in Principle in terms of cost and what is expected to be delivered? | 3 | Where applicable |
| Were Performance Indicators specified for each project/programme that will allow for the evaluation of its efficiency and effectiveness? | 3 | Where applicable |
| Have steps been put in place to gather Performance Indicator data? | 3 | Where applicable |

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

| Current Expenditure being considered - Appraisal and Approval | Self-Assessed Compliance Rating: 1 - 3 | Comment/Action Required |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|--------------------------------------------------------------------------------|
| Were objectives clearly set? | 3 | |
| Are objectives measurable in quantitative terms? | 3 | |
| Was an appropriate appraisal method used? | 3 | |
| Was a business case incorporating financial and economic appraisal prepared for new current expenditure? | 3 | |
| Has an assessment of likely demand for the new scheme/ scheme extension been estimated based on empirical evidence? | 3 | |
| Was the required approval granted? | 3 | |
| Has a sunset clause been set? | 3 | |
| Has a date been set for the pilot and its evaluation? | n/a | Programmes are new but are follow-on from existing long-established programmes |
| Have the methodology and data collection requirements for the pilot been agreed at the outset of the scheme? | n/a | |
| If outsourcing was involved were Procurement Rules complied with? | n/a | |
| 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? | 3 | |
| Have steps been put in place to gather Performance Indicator data? | 3 | |

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

| Incurring Capital Expenditure | Self-Assessed Compliance Rating: 1 - 3 | Comment/Action Required |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------------------------|
| Was a contract signed and was it in line with the approval in principle? | 3 | |
| Did management boards/steering committees meet regularly as agreed? | 3 | |
| Were Programme Co-ordinators appointed to co-ordinate implementation? | 3 | |
| Were Project Managers, responsible for delivery, appointed and were the Project Managers at a suitable senior level for the scale of the project? | 3 | |
| Were monitoring reports prepared regularly, showing implementation against plan, budget, timescales and quality? | 3 | |
| Did the project keep within its financial budget and its time schedule? | 2 | Overspend incurred on certain elements of construction projects |
| Did budgets have to be adjusted? | Yes | |
| Were decisions on changes to budgets / time schedules made promptly? | Yes | |
| Did circumstances ever warrant questioning the viability of the project and the business case incl. CBA/CEA? (exceeding budget, lack of progress, changes in the environment, new evidence) | No | |
| If circumstances did warrant questioning the viability of a project, was the project subjected to adequate examination? | N/A | |
| If costs increased, was approval received from the Sanctioning Authority? | Yes | |
| Were any projects terminated because of deviations from the plan, the budget or because circumstances in the environment changed the need for the investment? | yes | In certain housing projects, where environment or needs changed |
| For significant projects were quarterly reports on progress submitted to the MAC and to the relevant Department? | 3 | Progression submitted to Dept. |

Checklist 5: - For Current Expenditure

| Incurring Current Expenditure | Self-Assessed Compliance Rating: 1 -3 | Comment/Action Required |
|----------------------------------------------------------------------------------------------------------|----------------------------------------------|---------------------------------------|
| Are there clear objectives for all areas of current expenditure? | 3 | Annual Service Delivery plan prepared |
| Are outputs well defined? | 3 | Monaghan Stat process in place |
| Are outputs quantified on a regular basis? | 3 | As above |
| Is there a method for monitoring efficiency on an ongoing basis? | 3 | As above |
| Are outcomes well defined? | 3 | As above |
| Are outcomes quantified on a regular basis? | 3 | As above |
| Are unit costings compiled for performance monitoring? | 2 | Where applicable |
| Is there a method for monitoring effectiveness on an ongoing basis? | 3 | Monaghan Stat process |
| Is there an annual process in place to plan for new VFMs, FPAs and evaluations? | N/A | |
| How many formal VFMs/FPAs or other evaluations have been completed in the year under review? | N/a | |
| Have all VFMs/FPAs been published in a timely manner? | N/A | |
| Is there a process to follow up on the recommendations of previous VFMs/FPAs and other evaluations? | N/A | |
| How have the recommendations of VFMs, FPAs and other evaluations informed resource allocation decisions? | N/A | |

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

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

Checklist 7: - to be completed if current expenditure programmes 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 |
|---------------------------------------------------------------------------------------------------------------|----------------------------------------|-----------------------------------------|
| Were reviews carried out of current expenditure programmes that matured during the year or were discontinued? | n/a | No projects identified in this category |
| Did those reviews reach conclusions on whether the programmes were effective? | n/a | |
| Did those reviews reach conclusions on whether the programmes were efficient? | n/a | |
| Have the conclusions reached been taken into account in related areas of expenditure? | n/a | |
| Were any programmes discontinued following a review of a current expenditure programme? | n/a | |
| Was the review commenced and completed within a period of 6 months? | n/a | |

Notes:

- (a) The scoring mechanism for the above tables is set out below:
 - I. Scope for significant improvements = a score of 1
 - II. Compliant but with some improvement necessary = a score of 2
 - III. Broadly compliant = a score of 3

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

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