

Quality Assurance Report for 2014

Kilkenny County Council

To Be Submitted to NOAC in Compliance with the Public Spending Code

Certification

This Annual Quality Assurance Report reflects Kilkenny County Council's assessment of compliance with the Public Spending Code.

It is based on the best financial, organisational and performance related information available across the various areas of responsibility.

Signature of Accounting Officer:

Collette Byrne

Date: *29th September 2015*

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1. Introduction

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

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

The Quality Assurance Process contains five steps:

- 1.** Drawing up Inventories of all projects/programmes at different stages of the Project Life Cycle (appraisal, planning/design, implementation, post implementation). The three Sections are expenditure being considered, expenditure being incurred and expenditure that has recently ended and the inventory includes all projects/programmes above €0.5m.
- 2.** Publish summary information on website of all procurements in excess of €10m, whether new, in progress or completed.
- 3.** Checklists to be completed in respect of the different stages. These checklists allow Kilkenny County Council to self-assess its compliance with the code in respect of the checklists which are provided through the PSC document.
- 4.** Carry out a more in-depth check on a small number of selected projects/programmes.
A number of projects or programmes (averaging at least 5% of total spending over 3 years) are selected to be reviewed more intensively. This includes a review of all projects from ex-post to ex-ante.
- 5.** Complete a short report which includes the inventory of all projects, the website reference for the publication of procurements above €10m, the completed checklists, the Council's judgement on the adequacy of processes given the findings from the in-depth checks and the Council's proposals to remedy any discovered inadequacies.

This report fulfils the requirement of the QA Process for Kilkenny County Council for 2014. This is the first year in which the QA process has applied. Projects and programmes which predate Circular 13/13 were subject to prevailing guidance covering public expenditure, e.g the Capital Appraisal Guidelines 2005.

2. Expenditure Analysis

2.1 Inventory of Projects/Programmes

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

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

Appendix 1 lists Kilkenny County Councils compiled inventory for the year 2014

Expenditure Being Considered

As the spreadsheet identifies, there are a total of 17 projects being considered across the various spending and price categories. The primary area where projects are listed as being considered is between €0.5 and €5 million with 14 projects listed. There are 3 projects between €5 and €20 million and none over €20 million. The full breakdown and description of these projects is listed in Appendix 1.

Expenditure Being Incurred

The spreadsheet also provides a summary of the inventory of expenditures above €0.5m being incurred by Kilkenny County Council. In total there are 40 projects or programmes which are currently incurring expenditure of over €0.5m. The majority of items are current expenditure are in the lower value category. However, some significant capital projects within the €5 and €20million categories commenced in 2014. The full breakdown and description of these projects is listed in Appendix 1.

Expenditure Recently Ended

The final section of the spreadsheet provides a summary of the inventory of expenditures above €0.5m recently ended by Kilkenny County Council. There are 11 projects that have recently ended which incurred expenditure of over €0.5m. All of the completed projects in 2014 fall under the €0.5-€5m value category. The full breakdown and description of these projects is listed in Appendix 1.

2.2 Published Summary of Procurements As part of the Quality Assurance process Kilkenny County Council has to publish summary information on our website on our procurements over €10 million. No item came within that category for 2014.

3. Assessment of Compliance

3.1 Checklist Completion: Approach Taken and Results

The third step in the Quality Assurance process involves completing a set of checklists covering all expenditure. The high level checks in Step 3 of the QA process are based on self-assessment by the relevant budget holders, in respect of guidelines set out in the Public Spending Code. There are seven checklists in total:

Checklist 1: General Obligations Not Specific to Individual Projects/Programmes

Checklist 2: Capital Projects or Capital Grant Schemes 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 Kilkenny County Council. In addition to the self-assessed scoring, where appropriate, answers are accompanied by explanatory comments. Each question in the checklist is judged by a 5 point scale- **0.** Not Done, **1.** < 50% compliant, **2.** 50-75% compliant, **3.** > 75% compliant or **4.** 100% compliant.

3.2 Main Issues Arising from Checklist Assessment

The completed check lists show the extent to which Kilkenny County Council believe they comply with the Public Spending Code. Allowing that 2014 is the first year that the local government sector are required to complete a quality assurance report, the checklists show a generally good level of compliance with the Code.

With regard to expenditure being considered, no new current expenditure programmes were under consideration in 2014. The checklist for capital expenditure under consideration suggests good levels of compliance with the PSC in general with regard to areas such as appraisal, procurement and compliance with tendering procedures. For expenditure being incurred, again good levels of compliance are evident in checklist responses. With regard to checklists for expenditure completed in 2014, current expenditure programmes are primarily ongoing, year-to-year programmes as agreed by elected members at budget time and are subject to ongoing monthly/quarterly budgetary reviews and annual audit rather than once off reviews. For capital expenditure completed in 2014, it is important to note that the completion of these projects preceded this code and the generally lower checklists score reflects same.

3.3 In-Depth Checks

This section details the in-depth checks which were carried out by the Internal Auditor of Kilkenny County Council as part of the Public Spending Code. Appendix 3 details the methodology and conclusions of the checks on 4 significant capital projects. The checks analysed here represent just over 3% of the Council's overall inventory. They also represent a significant in depth examination of the Housing Capital programme. In accordance with

the PSC Kilkenny County Council will have to achieve a target of 5% over an average of 3 years 2014-2016.

4. Next Steps: Addressing Quality Assurance Issues

It should be noted that organisations like Kilkenny County Council operate in a highly regulated environment and the process of identifying projects, seeking funding and engaging in public consultation for same requires them to adhere to the principles of the PSC before they can proceed with any significant project.

The compilation of both the inventory and checklists for the first year of this QA process was a significant co-ordination task in terms of liaising with different sections and collating of relevant information for the inventories and the checklists. It is envisaged that the administrative burden of the QA process will ease as the process becomes embedded over time as the deadline for completion of the Annual Quality Assurance Report will dovetail with the timeframe for the substantive completion of the AFS.

Training and further information sessions will take place with relevant project leaders and budget holders to raise awareness and embed the requirements under the PSC within the organisation.

Now that an inventory of projects and programmes is in place, the Internal Audit function is better positioned to select an appropriate sample of programmes for further assessment via the in-depth check process. In addition, sections will be advised to ensure that Value for Money and Policy Reviews will form part of their Annual Team plans and advise the budgetary process.

5. Conclusion

The inventory outlined in this report clearly lists the current and capital expenditure that is being considered, being incurred, and that has recently ended. Kilkenny County Council is aware of its requirement to publish details of procurements of over €10 million on its website. Given that this is the first year of the process, the checklists completed in this report following input from the relevant sections show a generally high level of compliance with the Public Spending Code. The in-depth checks carried out on a selection of programmes revealed no major issues which would cast doubt on Kilkenny County Council's compliance with the Code. However, it is acknowledged that future in-depth checks are required in different areas and at different stages of the project life cycle.

The report concludes with recommendations to conduct further information sessions with appropriate staff. These measures together with focusing on VFM at all stages of projects and as part of the budgetary process can ensure high levels of compliance with the Public Spending Code.

Appendix 1

2014 Inventory of Projects and Programmes over €0.5m

The following contains an inventory of Expenditure on Projects/Programmes with a value above €0.5m, categorised by Expenditure being considered, Expenditure being incurred and Expenditure recent

Expenditure Being (Considered 2014 year but not commenced)						
Project/ Programme Description	Revenue Expenditure			Capital Expenditure		
	€0.5m - €5m	€5m - €20m	Over €20m	€0.5m - €5m	€5m - €20m	Over €20m
Projects of total value						

Housing

Construction of 10 units at Gaol Road, Kilkenny

Construction of 6 houses at Rosehill, Kells Road, Kilkenny

CAS Project at Brooke House, Thomastown

CAS Project at Friary Walk Callan 12 units

St. Catherine's HS Phase 2 (4 units)

Land Acquisition - Housing

Roads

N24 Mooncoin Pavement Rehabilitation

N77 Ballyragget Pavement Rehabilitation

N76 Callan Road Realignment

Kilkenny Northern Ring road Extension

Fire Services

Graiguenamanagh FS

Other Programmes

County & City Library - Build Cost

Replacement Track - Scanlon Park

Recreational & Amenity Grant Scheme

Thomastown Library and Community Arts Centre

Traveller Horse Project

Saint Francis Abbey Site

€1.247m	
€1.131m	
€982k	
€1.49m	
€777k	
€1m	
€2.48m	
€744k	
	€7m
	€14m
€1.3m	
€4.5m	
€600k	
€750k	
€550k	
€500k	
	€12.3m

€18.05m €33.3m

Expenditure Being Incurred.						
Projects of total value	€0.5m - €5m	€5m - €20m	Over €20m	€0.5m - €5m	€5m - €20m	Over €20m

Housing and Building

A01 Maintenance & Improvement of LA Housing Units	€2.86m					
A07 RAS Programme		€5.28m				
A08 Housing Loans	€1.43m					
A09 Housing Grants	€1.83m					
Saint Catherines Halting Site Phase 1 (2 houses)				€552k		

Road Transport & Safety

B01 NP Road - Maintenance and Improvement	€944k					
B02 NS Road - Maintenance and Improvement	€523k					
B03 Regional Road - Maintenance and Improvement	€3.1m					
B04 Local Road - Maintenance and Improvement		€11.24m				
B05 Public Lighting	€1.2m					
B09 Car Parking	€563k					
B11 Agency & Recoupable Services	€1m					
Kilkenny Central Access Scheme					€16.7m	
Medieval Mile / High Street				€1.37m		
Graiguenamanagh Urban and Village Renewal				€502k		
N77 Ballynaslee Realignment					€6m	
Thomastown Urban and Village Renewal				€889k		

Water Services

C01 Water Supply	€4.7m
C02 Waste Water Treatment	€2.3m
C05 Admin of Group and Private Installations	€904k

Development Management

D01 Forward Planning	€517k
D02 Development Management	€1.39m

D03 Enforcement	€582k		
D05 Tourism Development and Promotion	€744k		
D06 Community and Enterprise Function	€741k		
D09 Economic Development and Promotion	€1.23m		
Saint Marys Complex			€5.8m
Recreation Capital Grants Fund		€815k	

Environmental Services

E025 Recovery & Recycling Facilities Operations	€741k		
E06 Street Cleaning	€954k		
E11 Operation of Fire Service	€3.9m		

Recreation and Amenity

F02 Operation of Library and Archival Service	€2.7m		
F03 Outdoor Leisure Areas Operations	€1.57m		

Agriculture, Education, Health & Welfare

G04 Veterinary Service	€551k		
G05 Educational Support Services	€1.2m		

Miscellaneous Services

H03 Administration of Rates	€3.5m		
H09 Local Representation & Civic Leadership	€1.2m		
H10 Motor Taxation	€913k		
H11 Agency & Recoupable Services	€1.23m		
Better Energy Communities Programme 2014		€650k	
		€4.778m	€28.5m

Expenditure Recently Ended (2014)

Retrofitting 2013 Newpark Close
 KBC PEDESTRIAN BRIDGE - DCS 2006
 KBC HIGH STREET REHABILITATION 2013 PHASE
 1
 TOURISM PUBLIC REALM - SECTION C
 LIBRARY AT FERRYBANK
 Housing Void Management
 Housing SEAI Project
 PURCHASE OF 6 UNITS @ AVONREE COURT
 CALLAN HC13/08
 N77 Hennebry's Cross to Ardalo

€850k
€690k
€586K
521k
€1.6m
€1.1m
€2.3m
€639k
€1.327m

N25 New Ross By Pass Residual Work

€743k
€10.356m

TOTAL	€45,000,000	€16,520,000	€33,184,000	€61,800,000	€156,504,000
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APPENDIX 2

PUBLIC SPENDING CODE (PSC) CHECKLISTS 1 - 7

Checklist 1 – To be completed by All Local Authorities

General Obligations not specific to individual projects/programmes	Self-Assessed Compliance Rating: 0 - 4	Comment/Action Required
Does the Local Authority ensure, on an ongoing basis that appropriate people within the Local Authority and in its agencies are aware of the requirements of the Public Spending Code?	3	2014 is the first year of the PSC in Local Government and all relevant staff agencies have been notified of their obligations under the PSC
Has there been participation by relevant staff in external training on the Public Spending Code (i.e. DPER)	N/A	No training provided for Local Government Sector to date.
Has Internal training on the Public Spending Code been provided to relevant staff?	3	2014 is the first year of PSC and detailed training needs have yet to be identified. The guidance document has been developed and circulated. The coordinator made a presentation to management and some other senior staff
Has the Public Spending Code been adapted for the type of project/programme that your Local Authority is responsible for? i.e. have adapted guidelines been developed?	4	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 single project is relevant to the PSC
Have recommendations from previous Quality Assurance exercises (incl. old Spot-Checks) been disseminated, where appropriate, within the Local Authority and to your agencies?	3	Any feedback and recommendations are notified to relevant parties for review and information on future projects
Have recommendations from previous Quality Assurance exercises been acted upon?	N/A	2014 is the first year of the QA requirement in Local Government.
Has an annual Public Spending Code Quality Assurance Report been submitted to the National Oversight and Audit Commission (NOAC)?	4	Yes report submitted.
Was the required sample subjected to a more in-depth Review i.e. as per Step 4 of the QA process?	3	Sample returned. Kilkenny County Council are aware that an average sample of 5 % must be achieved in 2014-2016
Has the Accounting Officer signed off on the information to be published to the website?	4	Yes. CE has signed off
Self-Assessed Ratings: 0 - Not Done, 1 - < 50% compliant, 2 - 50-75% Compliant, 3 - > 75% Compliant, 4 – 100% Compliant		

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: 0 - 4	Comment/Action Required
Was a Preliminary Appraisal undertaken for all projects > €5m	3	Appraisals are undertaken for any project of this size.
Was an appropriate appraisal method used in respect of each capital project or capital programme/grant scheme?	3	Kilkenny County Council apply appropriate appraisal methods subject to the guidelines and requirements of each programme
Was a CBA/CEA completed for all projects exceeding €20m?	N/A	No project exceeding €20 million
Was the appraisal process commenced at an early stage to facilitate decision making? (i.e. prior to the decision)	4	Yes
Was an Approval in Principle granted by the Sanctioning Authority for all projects before they entered the Planning and Design Phase (e.g. procurement)?	4	Yes
If a CBA/CEA was required was it submitted to the CEEU for their view?	N/A	N/A for 2014
Were the NDFA Consulted for projects costing more than €20m?	N/A	N/A for 2014
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?	4	Yes
Was approval granted to proceed to tender?	4	Yes
Were Procurement Rules complied with?	4	Yes
Were State Aid rules checked for all supports?	n/a	Not applicable to Local Government
Were the tenders received in line with the Approval in Principle in terms of cost and what is expected to be delivered?	4	Yes
Were Performance Indicators specified for each project/programme which will allow for the evaluation of its efficiency and effectiveness?	3	Yes. Each project that has gotten to Tender stage would have a detailed specification including an expected time scale for completion of a project
Have steps been put in place to gather the Performance Indicator data?	2	Each project leader would be expected to review the progress of the project in comparison with initial targets.

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

Current Expenditure being considered - Appraisal and Approval	Self-Assessed Compliance Rating: 0 - 4	Comment /Action Required
Were objectives clearly set?	N/A	No programmes relevant to PSC in 2014
Are objectives measurable in quantitative terms?	N/A	No programmes relevant to PSC in 2014
Was an appropriate appraisal method used?	N/A	No programmes relevant to PSC in 2014
Was a business case incorporating financial and economic appraisal prepared for new current expenditure?	N/A	No programmes relevant to PSC in 2014
Has an assessment of likely demand for the new scheme/scheme extension been estimated based on empirical evidence?	N/A	No programmes relevant to PSC in 2014
Was the required approval granted?	N/A	No programmes relevant to PSC in 2014
Has a sunset clause been set?	N/A	No programmes relevant to PSC in 2014
Has a date been set for the pilot and its evaluation?	N/A	No programmes relevant to PSC in 2014
Have the methodology and data collection requirements for the pilot been agreed at the outset of the scheme?	N/A	No programmes relevant to PSC in 2014
If outsourcing was involved were Procurement Rules complied with?	N/A	No programmes relevant to PSC in 2014
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	No programmes relevant to PSC in 2014
PSC – Quality Assurance Requirement (Guidance Note for Local Authorities)		

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

Incurring Capital Expenditure	Self-Assessed Compliance Rating: 0 – 4	Comment/Action Required
Was a contract signed and was it in line with the approval in principle?	4	Yes contracts in place underpinning capital expenditure
Did management boards/steering committees meet regularly as agreed?	3	Relevant teams within departments meet on a regular basis.
Were Programme Co-ordinators appointed to co-ordinate implementation?	3	Project coordinators were appointed for all projects
Were Project Managers, responsible for delivery, appointed and were the Project Managers at a suitable senior level for the scale of the project?	3	Staff at the appropriate level are given responsibility for specific projects or a specific programme of works e.g works within a specific town or village.
Were monitoring reports prepared regularly, showing implementation against plan, budget, timescales and quality?	3	Management accounts are produced monthly which measure expenditure against budget. Returns are made and updates produced to the DOEHLG and other relevant 3 rd parties
Did the project keep within its financial budget and its time schedule?	2	One project has incurred significant extra costs and an altered time schedule due to 3 rd party protests.
Did budgets have to be adjusted?	2	See previous response
Were decisions on changes to budgets/time schedules made promptly?	3	Yes, to the best knowledge available, changes in budgets and schedules have been made in a timely manner.
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 project was the project subjected to adequate examination?	No	

Checklist 5: - For Current Expenditure

Incurring Current Expenditure	Self-Assessed Compliance Rating: 0 - 4	Comment/Action Required
Are there clear objectives for all areas of current expenditure?	4	Yes. Annual spending programme reflects core objectives of each department
Are outputs well defined?	3	Yes. Annual Service Plans and Budget Reviews
Are outputs quantified on a regular basis?	3	Yes, by way of annual service indicators, departmental returns and internal reviews
Is there a method for monitoring efficiency on an ongoing basis?	3	Yes by way of periodic reviews by Department and frequent reporting to outside agencies such as NRA, Irish Water EPA and FSAI
Are outcomes well defined?	2	Not always clearly defined e.g.. what is impact of good quality water or village renewal works on economy of communities.
Are outcomes quantified on a regular basis?	3	Kilkenny County Council Annual Report. There are also a number of independent assessments where the performance of KCC has been a major contributor to positive outcomes e.g. IBAL litter leagues, Tidy Towns results etc.
Is there a method for monitoring effectiveness on an ongoing basis?	3	Meetings with and reports to DOEHLG and to outside agencies such as NRA, Irish Water EPA and FSAI. Reviews of results e.g. tonnages collected
How many formal VFMs/FPAs or other evaluations been completed in the year under review?	0	2014 is the first year of the current PSC. With increased awareness of the requirements, Kilkenny County Council will prioritise complying with all relevant aspects of same.
Is there an annual process in plan to plan for new VFMs, FPAs and evaluations?	1	The drawing up of the annual service plan will form the basis of future evaluations.
Have all VFMs/FPAs been published in a timely manner?	N/A	

Is there a process to follow up on the recommendations of previous VPMs/FPAs and other evaluations?	2	Any feedback and recommendations are notified to relevant parties for review and information on future projects
How have the recommendations of VFMs, FPAs and other evaluations informed resource allocation decisions?	2	See previous answer

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: 0 - 4	Comment/Action Required
How many post-project reviews were completed in the year under review?	1	A post project review would not normally take place the year of completion
Was a post project review completed for all projects/programmes exceeding €20m?	N/A	No project within 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?	N/A	2014 is the first year of the QA requirement in Local Government. Kilkenny County Council will prioritise complying with all relevant aspects of same
Were lessons learned from post-project reviews disseminated within the Sponsoring Agency and to the Sanctioning Authority?	3	Kilkenny County Council fully engaged with any post project reviews carried out by sanctioning authorities, e.g. the NRA
Were changes made to the Sponsoring Agencies practices in light of lessons learned from post-project reviews?	n/a	No individual project comes within the range of this return
Was project review carried out by taffing resources independent of project implementation?	N/A	
Self-Assessed Ratings: 0 - Not Done, 1 - < 50% compliant, 2 - 50-75% Compliant, 3 - > 75% Compliant, 4 - 100% Compliant		

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: 0 - 4	Comment/Action Required
Were reviews carried out of, current expenditure programmes that matured during the year or were discontinued?	N/A	No programmes relevant to PSC in 2014
Did those reviews reach conclusions on whether the programmes were effective?	N/A	No programmes relevant to PSC in 2014
Did those reviews reach conclusions on whether the programmes were efficient?	N/A	No programmes relevant to PSC in 2014
Have the conclusions reached been taken into account in related areas of expenditure?	N/A	No programmes relevant to PSC in 2014
Were any programmes discontinued following a review of a current expenditure programme?	N/A	No programmes relevant to PSC in 2014
Was the review commenced and completed within a period of 6 months?	N/A	No programmes relevant to PSC in 2014
Self-Assessed Ratings: 0 - Not Done, 1 - < 50% compliant, 2 - 50-75% Compliant, 3 - > 75% Compliant, 4 - 100% Compliant		

Notes:

- (a) The scoring mechanism for the above tables is set out below@
 - I. Scope for significant improvements = a score of 1
 - II. Com liant 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.

Appendix 3

In-Depth Checks

KILKENNY COUNTY COUNCIL

Public Spending Code Section 4 Review

Issued by

INTERNAL AUDIT

KILKENNY COUNTY COUNCIL

SEPTEMBER 2015

1. Introduction

Circular 13/13:

The Public Spending Code: Expenditure Planning, Appraisal & Evaluation in the Irish Public Service - Standard Rules & Procedures was issued in September 2013 implementing a comprehensive set of expenditure appraisal, Value for Money requirements and related guidance covering all public expenditure. Having completed Section 3 involving high level checklists that capture various areas of compliance, a more in depth review was carried out on one large project to assess the level of compliance with the code.

The projects chosen were;

- 1) **Construction of 10 Units at Gaol Road Kilkenny – consisting of 7 no. 1 bed units and 3 no. 2 bed units**
- 2) **Construction of 6 Units at Rosehill, Kells Road, Kilkenny – consisting of all 3 bed units**
- 3) **Capital Assistance Scheme (CAS) – Provision of 5no. units at Brooke House, Thomastown. Service Provider – Camphill Communities of Ireland**
- 4) **Capital Assistance Scheme (CAS) – Provision of 12 no. units at Friary Walk, Callan. Service Provider - Cluid**

1.1 Purpose, Objectives & Scope

The purpose of the review, as stated in the PSC, is to provide an opinion on compliance with the Public Spending Code. The project was examined in order to assess if:

- 1) The project is in line with National Policy
- 2) The project is in line with Local Policy
- 3) Procedures are adhered to
- 4) The practices implemented are of a high standard.

The scope of the audit included a review of compliance with the Public Spending code.

The total value of projects included in the 2014 Return for Kilkenny County Council is €4,808,151. The projects selected for review are

- A) Gaol Road - €1,247,405
- B) Rosehill - €1,130,735
- C) Brooke House (CAS) - €942,000
- D) Friary Walk (CAS) - €1,488,011

which represents a sample of over 3%. This will satisfy the average minimum value required under the code of 5% over three years(2014 – 2016 inclusive).

1.2 Methodology

The decision has been taken to apply the same methodology used in the preparation of Internal Audit reports within the Council. These include but are not limited to the following:

- Is there National Policy/Legislation/Guidelines/Regulation concerning this topic and if so was it adhered to?
- Is there Local Policy concerning this issue and if so was it adhered to?
- Were organisational procedures followed?
- Extraction of information from FMS and other management systems to confirm that correct procedures were followed
- Interviewing of Senior Staff within the relevant departments.
- Supporting files and documentation were examined.

2. Background

2.1 National Social Housing Policy

National Social Housing Strategy - *Social Housing Strategy will support the realisation of a new vision: that to the greatest extent possible, every household in Ireland will have access to secure, good quality housing suited to their needs at an affordable price and in a sustainable community.*

It will:

Provide 35,000 new social housing units, over a 6 year period, to meet the additional social housing supply requirements as determined by the Housing Agency

2.2 Local Social Housing Policy

The Social Housing Strategy (Kilkenny County Council 2015) has identified *that a total of 790 additional social housing units are to be delivered in Kilkenny over the six years of the strategy 2015-2020. In addition Kilkenny County Council is to actively promote and administer both the recently introduced HAP scheme and the older RAS scheme to provide housing accommodation for the bulk of those on the housing waiting list and those presenting as in need of housing into the future.*

Essentially then the twin objectives of any Social Housing Strategy that the Council must now put in place are

- 1. To plan to provide housing accommodation for those in the greatest need of such accommodation either directly, or in conjunction with AHB's, and*
- 2. To facilitate the majority of applicants to access social housing accommodation under either the HAP or RAS schemes.*

In Kilkenny there are currently 2,714 (1622 in the Kilkenny City Area) applications on the housing waiting list. This includes elderly applicants and persons with special needs.

The following is the breakdown for housing preference in the Kilkenny City area:

Number of bedrooms	Number of applicants
1 bed	792
2 bed	484
3 bed	297
4 bed	49

The demand for housing in Kilkenny City and Council is nationally recognised to be high. In Kilkenny City it is exceptionally high and represents almost 60% of the total demand. This is accompanied by an acute homeless problem and the Council has found it necessary to block book rooms in a local hotel to deal with the situation.

These projects involve the construction of 16 new social houses in Kilkenny City. Both sites are owned by Kilkenny County Council. The site at Gaol Road is currently undergoing registration by Kilkenny County Council. The site was purchased by Kilkenny Borough Council in 2006 for €1,075,000. Kilkenny Borough Council had appropriate Department of Environment sanction for same. The Site at Rosehill was transferred to Kilkenny County Council under a Part V agreement some time ago.

3. Audit Opinion

After reviewing available information it can be concluded that there is satisfactory compliance with the Public spending code in relation to this project. Outlined below are the reasons as to why this conclusion can be drawn.

3.1 Policy

- The construction of social housing in Kilkenny City is in line with National Policy – Social Housing Strategy 2020 – Support, Supply and Reform - 26th November 2014.
- The construction of social housing in Kilkenny City is in line with current Kilkenny County Council policy – The Social Housing Strategy 2015

- There is currently chronic shortage of social housing in Ireland. This problem is exceptional acute in Kilkenny City. This project will only small way to help alleviate the issue.

3.2.1 Appropriate Authorisation and Approval – Gaol Road

- Preliminary Budget Approval was sought by the Housing Section on the 3rd July 2014, the Housing Section sought Post Tender Approval on 20th February 2015. Budgetary Approval of €1,247,405 was granted on 30th March 2015.
- Kilkenny County Council proposed the Development under Part 8 of the Planning and Development Acts 2000 – 2013 on the 7th March 2014 and this was adopted by resolution of the Council on the 23rd June 2014.

3.2.2 Appropriate Authorisation and Approval – Rosehill

- Preliminary Budget Approval was sought by the Housing Section on the 23rd July 2014, the Housing Section sought Post Tender Approval on 20th February 2015. Budgetary Approval of €1,247,405 was granted on 30th March 2015.
 - Pre Tender budget approval of €1,129,235 granted 19th August 2014. Post Tender approval sought 14th September 2015.
- Kilkenny County Council proposed the Development under Part 8 of the Planning and Development Acts 2000 – 2013 on the 9th April 2014 and this was adopted by resolution of the Council on the 21st July 2014.

3.2.3 Appropriate Authorisation and Approval – Brooke House

- CAS1 Application submitted to Kilkenny County Council 14th March 2014.
- Agreement in Principle under CAS Programme 2014 – 2016 received 23rd May 2014 based on prioritised “Call for Proposals” from Approved Housing Bodies. Budgetary Approval - €595,000, later pre-tender budget €942,000.
- CAS 2 Application submitted to Department of Environment, Community and Local Government made on 18th June 2014 based on prioritised “Call for Proposals” from Approved Housing Bodies

3.2.4 Appropriate Authorisation and Approval – Friary Walk

- CAS1 Stage 1 – Appraisal submitted to Kilkenny County Council 13th March 2014.

Appraisal contains

- Project Brief
- General Details
- Outline of Project
- Housing Need to be met
- Site Information
- Project Management Arrangements
- Cost Estimates
- Sustainable Community Proofing
- Authorisation of Approved Body
- Agreement in Principle under CAS Programme 2014 – 2016 received 23rd May 2014 based on prioritised “Call for Proposals” from Approved Housing Bodies
- Application made to Department of Environment, Community and Local Government made on 18th June 2014
- Pre-tender budget approval received on 23rd July 2014
- Budget approval received on 22nd December 2014 for €1,488,011

3.3 Procurement (Gaol Road and Rosehill only)

- Quantity Surveying Services, Mechanical & Electrical Services and Architectural and Drafting Services were appointed to the project in line with the procurement requirement set out for services – at least three written quotations as it is estimated that the value of these consultancy services will fall within the procurement threshold of €5,000 and €25,000. All were appointed by Managers Order.
- The Gaol Road Project was advertised on E-Tenders on 25th September 2014 with closing date 30th October 12.00. Report on Tenders was issued by the contracted QS on the 26th November 2014. It should be noted that both successful tenders ranked 1 & 2 withdrew from the process before the contract was awarded. This was in line with procedure.
- Rosehill did not go to tender in 2014.

3.4 Procedure and Controls (Gaol Road and Rosehill)

- Monitoring arrangements have been put in place to ensure adequate progress is being achieved once the project commences. Both projects have a designated Job Code (Capital) on the FMS.
- Anticipated benefits to undertaking this project have been clearly identified.
- Responsibility for monitoring the project has been clearly allocated to suitably skilled staff in the Council.

4. Project Status & Recommendations

4.1 Project Status

- A) Gaol Road is underway and should be completed toward end of 2015.
- B) Rosehill went to Tender in 2015 and a report on tenders was submitted on 30th June 2015.
- C) Brooke Houses went to tender on 10th July 2015.
- D) Friary Walk is underway and should be completed toward end of 2015.

4.2 Recommendation

All four projects comply with the spending code.

Niall McCabe

Internal Audit

Kilkenny County Council

21/09/15