

Public Spending Code

Quality Assurance Report for 2015

Donegal County Council

To Be Submitted to the National Oversight & Audit Commission in
Compliance with the Public Spending Code

Certification

This Annual Quality Assurance Report reflects Donegal 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 Chief Executive:

A handwritten signature in black ink, appearing to be 'John 28', written over a horizontal line.

Date: 30th May 2016

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1. Introduction

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

The Quality Assurance procedure aims to gauge the extent to which the Council is meeting the obligations set out in the Public Spending Code. One of the objectives of the Public Spending Code is that the State achieves value for money in the use of all public funds.

The Quality Assurance Process contains five steps:

- 1. Drawing up Inventories of all projects/programmes at different stages of the Project Life Cycle** (appraisal, planning/design, implementation, post implementation). The three sections are expenditure being considered, expenditure being incurred and expenditure that has recently ended and the inventory includes all projects/programmes above €0.5m.
- 2. Publish summary information on website of all procurements in excess of €10m, whether new, in progress or completed.**
- 3. Checklists to be completed in respect of the different stages.** These checklists allow the Council to self-assess their compliance with the code in respect of the checklists which are provided through the PSC document.
- 4. Carry out a more in-depth check on a small number of selected projects/programmes.** A number of projects or programmes (at least 5% of total spending) are selected to be reviewed more intensively.
- 5. Complete a short report for the 'National Oversight & Audit Commission'** 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 requirements of the QA Process for Donegal County Council for 2015. It is important to note that 2014 was the first year in which the QA process applied to local authorities. Projects and programmes which predate Circular 13/13 were subject to prevailing guidance covering public expenditure, e.g. the Capital Appraisal Guidelines 2005.

2. Interpretation of the PSC for the Local Government Sector

The Public Spending Code was written specifically with Government Departments in mind and some of the terminology is very specific to that sector. To aid local authorities meet their obligations in a uniform manner, a Guidance Note was prepared by the CCMA Finance Committee, prior to the 2014 QA Reports being compiled. The Guidance Note described each stage of Quality Assurance requirements and provided interpretations from a Local Government perspective.

NOAC's report on Quality Assurance for 2014 later made some observations on how the LG sector had interpreted PSC requirements, pointing out some areas where they disagreed with the interpretation adopted.

The CCMA Finance Committee subsequently reconvened a working group to carry out a review of the Guidance Note. Following due consideration, some updates and amendments were deemed warranted. A revised Guidance Note (Version 2) was prepared and circulated to local authorities for use in preparing their 2015 QA Reports.

This Quality Assurance Report follows the methodology outlined in the Guidance Note (Version 2).

[Note: The Guidance Note focuses on the Quality Assurance element of the PSC only.]

3. Expenditure Analysis

3.1. Inventory of Projects/Programmes

This section details the inventory drawn up by Donegal County Council (DCC) in accordance with the guidance on the Quality Assurance process. The inventory lists all of the Council's projects and programmes at various stages of the project life cycle 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

Deciding at what point a job/project transitions from "being considered" to "being incurred" can be subjective. The approach adopted for this QA Report is that once any expenditure commences on a job/project, it is included in the "being incurred" category.

As well as being included below as Table 1, the inventory is also provided separately as an Excel spreadsheet, in the form prescribed by NOAC.

Table1: Inventory of Relevant Projects/Programmes

Expenditure Being Considered		
Project/ Programme Description	Revenue Expenditure	Capital Expenditure
Maintenance/Improvement of LA Housing	1,232,323	
Housing Grants	579,331	
Regional Road - Maintenance and Improvement	4,738,484	
Agency & Recoupable Services	1,452,563	
Housing Capital Programme - 2016-2020		55,000,000
Parents & Friends Voluntary Housing Dungloe		700,000
Ascent Project - Northern Periphery Area (Errigal)		1,600,000
Peace IV Management & Implementation		5,500,000
Designated Urban Grant Scheme		4,000,000
Bundoran Fire Station		1,025,600
Ballyshannon Fire Station		821,600
Glencolmcille Fire Station		600,000
Rathmullen Pier Refurbishment		2,600,000
Portsalon Pier Refurbishment		1,400,000
Inver Pier		2,200,000
Groyne at Magheraroarty		500,000
Lifeboat Berth at Bunrana		500,000
Bunagee Pier Extension		1,000,000
Leenan Pier		1,000,000
Gola Island Pier		1,000,000

Expenditure Being Incurred		
Project/ Programme Description	Revenue Expenditure	Capital Expenditure
Maintenance/Improvement of LA Housing	5,073,801	
Housing Assessment, Allocation and Transfer	1,266,881	
Housing Rent and Tenant Purchase Administration	978,149	
Support to Housing Capital & Affordable Prog.	1,850,418	
RAS Programme	4,039,412	
Housing Loans	1,268,112	
Housing Grants	826,732	
H10011A - CARNDONAGH 2015 - 4 NO. SOCIAL HOUSES		680,000
H2227D - DRUMROOSKE 2015 (24 NO.SOCIAL HOUSES)		3,650,000
H300007 LETTERMACAWARD -13 HOUSES		3,300,000
H2217E- ARDARA (MOLLOYS) 2015 - 8 NO.HOUSES		1,136,141
H1090B - DUNFANAGHY-6 NO. SOCIAL HOUSES (2015)		905,000
COUNTY HOUSE RENOVATIONS PHASE 2		3,240,000
LIFFORD ARMY BARRACKS		1,250,000
Rockytown, Buncrana 20 Houses		3,280,003
Newtowncunningham 7 Houses		844,620
Killybegs - Emerald Drive 10 Houses		1,405,112
Manorcunningham - 8 Houses		1,250,000
Letterkenny Longlane - 30 Houses		4,983,933
Letterkenny Mountain Top - 20 Houses		3,300,000
Laghey - 10 Houses		1,650,000
Lifford - 12 Houses		3,300,000
Raphoe - 7 Houses		1,320,000
FABRIC UPGRADE PROGRAMME 2013		2,800,000
ANVERS VOLUNTARY HOUSING ASSOCIATION		710,000
DONEGAL WOMEN'S VOLUNTARY HOUSING ASS V24 REFUGE		822,608
NP Road - Maintenance and Improvement	1,503,155	
NS Road - Maintenance and Improvement	1,479,557	
Regional Road - Maintenance and Improvement	12,181,170	
Local Road - Maintenance and Improvement	19,934,280	
Public Lighting	2,060,575	
Road Safety Engineering Improvement	667,237	
Maintenance & Management of Car Parking	1,058,166	
Support to Roads Capital Prog.	617,012	
Roads Management Office (RMO) operation costs	2,558,745	
CASTLETREAGH- FIVE POINTS		605,457
BBOFEY/STRANORLAR BYPASS DL 99 120		191,000,000
BSHANNON/BUNDORAN BYPASS DL 99 110		83,307,302
N56 MCHARLES TO INVER (DL00200&DL07189)		25,700,000
N56 DUNGLOE TO GLENTIES		72,000,000
N56 COOLBOY KILMACRENNAN REALIGNMENT 2011		9,800,000
N15 BLACKBURN BRIDGE REALIGNMENT SCHEME 2011		7,940,000
N15 KILLYGORDON TO LISCOOLEY PAVEMENT 2012		700,000
N56 FANABOY UPPER 2014		650,000
N15 LISCOOLEY PAVEMENT OVERLAY 2014		580,000
N15 CONEYBURROW PAVEMENT SCHEME 2014		500,000

N56 DUNCANS BRIDGE 2015 (PAVEMENT)		830,000
N56 KILTOY ROUNDABOUT		2,000,000
N14 LIFFORD TO R264 JUNCTION		1,000,000
NATIONAL ROADS OFFICE ADMINISTRATION		1,816,494
N56 Letterkenny Relief Road (Bonagee Link)		42,000,000
N14 - Manorcunningham Roundabout to Lifford (Including A5 Link)		110,000,000
N13 Stranorlar to Derry		430,900,000
N15 Lifford to Stranorlar		166,500,000
Clar Barnes Realignment Scheme		38,000,000
Port Bridge Roundabout		1,200,000
Operation and Maintenance of Water Supply	10,623,874	
Operation and Maintenance of Waste Water Treatment	2,854,187	
Collection of Water and Waste Water Charges	902,562	
Support to Water Capital Programme	1,763,381	
Agency & Recoupable Services	888,517	
Local Authority Water and Sanitary Services	926,421	
ANSWER PROJECT (W&E)		2,500,000
TORY ISLAND GWS UPGR 2003		900,000
LETTERKENNY CAS CAPITAL		1,842,676
Forward Planning	704,447	
Development Management	2,194,011	
Enforcement	843,218	
Tourism Development and Promotion	817,839	
Community and Enterprise Function	3,293,060	
Economic Development and Promotion	1,670,761	
SLIABH LIAG		6,500,000
MALIN HEAD EU INTERREG PROJECT		1,000,000
SICAP [Lots 33-1, 33-2 & 33-3]		5,400,000
RURAL DEVELOPMENT PROGRAMME (RDP) 2014 - 2020		12,900,000
TERMON PROJECT PETTIGO		8,060,000
Operation, Maintenance and Aftercare of Landfill	1,906,302	
Op & Mtce of Recovery & Recycling Facilities	530,400	
Litter Management	1,319,510	
Safety of Structures and Places	628,353	
Operation of Fire Service	6,856,581	
Water Quality, Air and Noise Pollution	516,786	
Operation and Maintenance of Leisure Facilities	1,248,528	
Operation of Library and Archival Service	3,636,322	
Op, Mtce & Imp of Outdoor Leisure Areas	1,356,388	
Operation of Arts Programme	1,803,708	
Ballybofey/Stranorlar Leisure Centre		7,023,505
BUNCRANA SWIM POOL COMM LEISURE CNTR RE-FURB 06		6,200,000
Operation and Maintenance of Piers and Harbours	1,655,976	
Veterinary Service	610,794	
Educational Support Services	1,072,952	
Rannagh Pier		2,300,000
Profit/Loss Machinery Account	6,179,931	
Adminstration of Rates	8,156,812	
Local Representation/Civic Leadership	1,172,147	

Motor Taxation	1,825,145	
Agency & Recoupable Services	6,402,603	
Expenditure recently Ended		
Project/ Programme Description	Revenue Expenditure	Capital Expenditure
ELECTRICAL AND FIRE ALARM UPGRADE OF COUNTY HOUSE		707,049
07 TIRLIN TO DRUMNARAW CREESLOUGH		860,000
N56 Crollly to Dore Junction		761,751
BUNBEG DERRYBEG SEWERS		16,000,000
LOUGH MOURNE WATER CON PIPE REPLACEMENT 2011		727,084
DUNGLOE/GLENTIES SS DBO MAJOR CAPITAL CONSTRUCTION		5,800,000
DGL BAY GROUP B CONST. BUND, KILYB. GLEN.CONVOY		17,900,000
LETTERKENNY SEWERAGE SCHEME (NETWORK) 2013		1,012,365
RURAL WATER DBO 2003 (STH DONEGAL W/S TREATMENT WKS CON 2)		964,201
FRESHWATER PEARL MUSSEL PROJECT		2,306,280
SAIL WEST INTERREG IV A		5,991,830
RIVERLINKS PROJECT		1,878,277
BALLYNACARRICK PHASE I & 2 RESTORATION		1,929,555

Notes:

1. All expenditure headings at "Service" level in the 2015 Annual Financial Statement (AFS) which incurred expenditure > €0.5m are included in the report. In a change from the 2014 Report, Services in the 2016 Budget (considered during 2015) which are either new or show an increase of €500k or more over the 2015 budget are included under the "Being Considered" heading.
2. Local government accounting practices result in some expenditure that other organisations would classify as "capital" being reported here under the "current" heading – and visa versa.
3. The cost stated in all cases for uncompleted capital projects is the estimated final total cost at completion, not expenditure to date as of the end of 2015. There are some very high value projects included where actual expenditure incurred to date is relatively small and there is little likelihood of the project proceeding to delivery in the foreseeable future (e.g. N13 Stranorlar to Derry Road).
4. Segregation of overall projects: it can be difficult to establish what constitutes a 'phase' or a continuation of a multi-annual project/programme and what is a new project/programme (e.g. major roads projects delivered in stages that can have a decades- long lifecycle). Best judgement has been used on a case by case basis in this report.
5. In the case of some very long-term projects, expenditure information is only readily available from as far back as the commencement of the Agresso financial management system, i.e. since 2001.

6. *Donegal County Council was still incurring expenditure during 2015 on a number of Irish Water Capital Projects. Some of these projects were not completed during 2015 but transitioned to Irish Water's responsibility during that year. DCC takes the view that these are best placed in the 'Recently Completed' category and that the project value is equivalent to the total amount of money spent to date by DCC on that project. In reality, these projects may not be complete, and will see continuing expenditure on the part of Irish Water directly.*
7. *Figures quoted in current expenditure (programmes) include overheads and administration costs*
8. *Figures quoted include transfers to/from reserves if appropriate*
9. *Figures quoted include central management charges*

4. Published Summary of Procurements

As part of the Quality Assurance process, Donegal County Council is required to publish summary information on our website of all procurements in excess of €10m. During 2015, no procurements above this threshold occurred. Hence, no summaries were published.

5. Assessment of Compliance

5.1. 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 Council, 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 the Council – see following pages.

The scoring mechanism for these above tables is as follows:

- (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

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?	3	All senior staff at Divisional Manager level engaged fully with the process
Has there been participation by relevant staff in external training on the Public Spending Code? (i.e. DPER)	3	IPA Training May 2016 attended by relevant senior staff
Has internal training on the Public Spending Code been provided to relevant staff?	2	PSC documentation disseminated to relevant senior staff
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?	2	Yes in respect of the QA stage. However, the PSC in general has not been adapted to suit the local authority context
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	Requirements are not clear in this regard. This area is still under consideration by the sector. For the purposes of clarification, no external agencies have been advised of the PSC to date.
Have recommendations from previous Quality Assurance exercises (incl. old Spot-Checks) been disseminated, where appropriate, within the Local Authority and to your agencies?	3	NOAC's report of February 2016 has been shared with all relevant staff
Have recommendations from previous Quality Assurance exercises been acted upon?	1	It is anticipated that the IPA training and enhanced awareness of PSC requirements will contribute to improved compliance over time
Has an annual Public Spending Code Quality Assurance Report been submitted to NOAC (National Oversight and Audit Commission)?	3	This report is being submitted to NOAC
Was the required sample subjected to a more in-depth Review i.e. as per Step 4 of the QA process	3	Internal Audit has completed 5 in-depth reviews for 2015
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	Only Housing Capital Programme relevant to this category
Was an appropriate appraisal method used in respect of each capital project or capital programme/grant scheme?	3	All projects appraised appropriately depending on scale and individual requirements
Was a CBA/CEA completed for all projects exceeding €20m?	N/A	Only Housing Capital Programme relevant to this category. Central Government Allocation.
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 requirement exists
Were the NDFA Consulted for projects costing more than €20m?	N/A	No requirement exists
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	Projects under consideration have not yet reached this stage
Was approval granted to proceed to tender?	N/A	See above
Were Procurement Rules complied with?	N/A	See above
Were State Aid rules checked for all supports?	N/A	See above
Were the tenders received in line with the Approval in Principle in terms of cost and what is expected to be delivered?	N/A	See above
Were Performance Indicators specified for each project/programme that will allow for the evaluation of its efficiency and effectiveness?	2	Requirement/relevance is project-dependent
Have steps been put in place to gather Performance Indicator data?	2	Requirement/relevance is project-dependent

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	Budget increases applied for specific purposes
Are objectives measurable in quantitative terms?	3	Dependent on spend category
Was an appropriate appraisal method used?	N/A	Increased expenditure primarily relates to expansion of existing work programmes
Was a business case incorporating financial and economic appraisal prepared for new current expenditure?	2	Increases in expenditure are due to identified demands and specific objectives
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	Statutory Revenue Budget approved by Elected Members on 18 th November 2015
Has a sunset clause been set?	N/A	
Has a date been set for the pilot and its evaluation?	N/A	
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	Expenditure to occur in 2016
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?	2	Project/Programme dependent
Have steps been put in place to gather Performance Indicator data?	3	Yes, where appropriate

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	It is normal practice to sign contracts for major capital projects and that they be in line with approval in principle
Did management boards/steering committees meet regularly as agreed?	3	
Were Programme Co-ordinators appointed to co-ordinate implementation?	3	Divisional Managers coordinate delivery of all projects/programmes within their Service Division
Were Project Managers, responsible for delivery, appointed and were the Project Managers at a suitable senior level for the scale of the project?	3	It is normal practice that responsibility for overseeing/coordinating the delivery of each capital project is assigned to a staff member of appropriate grade
Were monitoring reports prepared regularly, showing implementation against plan, budget, timescales and quality?	3	Project progress is tracked and regular project meetings are held involving Council representatives, contractor representatives and, where relevant, consultant representatives
Did the project keep within its financial budget and its time schedule?	2	Most projects, once they go to construction, stick as close as is practicable to budget and time schedule, given their nature
Did budgets have to be adjusted?	2	On some occasions budgets have to be adjusted to meet contingencies, but changes are kept to a minimum
Were decisions on changes to budgets / time schedules made promptly?	3	
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)	1	
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?	3	
Were any projects terminated because of deviations from the plan, the budget or because circumstances in the environment changed the need for the investment?	1	
For significant projects were quarterly reports on	3	Yes, to the relevant department where

progress submitted to the MAC and to the relevant Department?		required
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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	Spending programme defined as part of the statutory annual budget process
Are outputs well defined?	3	
Are outputs quantified on a regular basis?	3	
Is there a method for monitoring efficiency on an ongoing basis?	3	Yes, budget performance and monitoring is in place. Internal Audit Unit, Audit Committee and Value-for-Money Committee are in place
Are outcomes well defined?	2	The development of the Annual Service Plans will enhance this measurement
Are outcomes quantified on a regular basis?	2	The development of the Annual Service Plans will enhance this measurement
Are unit costings compiled for performance monitoring?	1	No specific requirements currently exist, however the value of implementing such measures in some cases is recognised
Is there a method for monitoring effectiveness on an ongoing basis?	2	Yes, where relevant; measures can vary depending on service. Internal Audit Unit, Audit Committee and Value-for-Money Committee contribute to this. Local democracy and public accountability are also relevant here.
Is there an annual process in place to plan for new VFMs, FPAs and evaluations?	3	Internal Audit Work Programme as overseen/fostered by the Audit Committee and periodic reports to the Value-for-Money Committee
How many formal VFMs/FPAs or other evaluations have been completed in the year under review?	2	VFM is considered as part of Internal Audit Reports and periodic reports to the Value-for-Money Committee
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?	3	Internal Audit Implementation & Progress Report formally presented to Audit Committee twice annually
How have the recommendations of VFMs, FPAs and other evaluations informed resource allocation decisions?	-	Through formal consideration by Senior Management

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	One completed
Was a post project review completed for all projects/ programmes exceeding €20m?	N/A	
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	
Were lessons learned from post-project reviews disseminated within the Sponsoring Agency and to the Sanctioning Authority?	1	
Were changes made to the Sponsoring Agencies practices in light of lessons learned from post-project reviews?	2	Recommendations/lessons-learned are to be incorporated into future project plans
Were project reviews carried out by staffing resources independent of project implementation?	Yes	

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	
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.

DCC Notes:

1. *A local authority has a range of different projects and programmes across many services, funded through a myriad of different sources, conducted according to various and diverse regulations and requirements. Completing a single set of QA documents for the organisation is challenging and does not necessarily provide an accurate picture of compliance generally throughout the organisation.*
2. *Whilst some minor wording changes were made, the QA Checklists are not considered to be particularly well tailored for the local government sector – some of the questions are not applicable or are irrelevant (e.g. references to MAC).*
3. *Some of the questions presuppose an element of choice in whether or not DCC spends money in a particular area (Value and Subject). This is not always the case – as in direct grant funding from Government to do a certain thing.*

6. In-Depth Checks

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

6.1. N13 Stranorlar to Derry Road

Value: €430,900,000

Percentage of Inventory: 28%

6.1.1. Introduction

The N13 National Primary Route is part of the Atlantic corridor that runs from the junction of the N15 and N13 in Stranorlar to the County boundary with Derry at Bridgend.

The N13 Stranorlar to Derry Road project runs from the junction of the N13 with the R236 at Kilross, Stranorlar to a termination point at Derry City.

A scheme to upgrade the N13 was identified in a number of Regional and National Development Plans published since 1998.

However, the actual project has only progressed to Constraints Study phase to-date.

6.1.2. Objective

The objective of this review was to:

- Identify what systems, procedures and controls are in place in relation to the N13 Stranorlar to Derry Road project.
- To establish compliance with the Public Spending Code.

6.1.3. Audit Opinion

The systems, procedures and controls in place in relation to the Scheme Concept and Feasibility Studies for this project provide **adequate assurance** that there is compliance with the Public Spending Code.

The project objective was clearly defined and all options and constraints were explored and documented. The project objectives for Phase 1 and Phase 2 were met and evaluation was on-going. Controls upon which reliance can be placed include:

- Risks were considered at design stage.
- The tendering process was adhered to in line with DCC Procurement guidelines.
- There was a management structure in place for the project.
- Monthly Cost reports were submitted to National Roads Authority on a regular basis.
- The Technical Project Steering group met on a periodic basis, to monitor the project.

6.1.4. Matters Arising

- There were no matters arising during the audit review and consequently Internal Audit is satisfied at the level of governance in place.

- Due to financial constraints, the N13 Stranorlar to Derry project only progressed to the initial stages and a route was not selected. This scheme will however, form part of the TEN-T (Trans-European Transport Network Executive Agency) proposals to upgrade the national road network.

6.2. RA16 - Rates Write-Off – Current Expenditure

Value: € 8,156,812.00 Percentage of Inventory: 0.52%

6.2.1. Introduction

Under the Local Government (Financial Procedures and Audit) Regulations 2002, as updated by the Local Government (Financial & Audit Procedures) Regulation, 2014, a Rating Authority shall, not later than 30 days after the close of a local financial year, prepare a “schedule of uncollected rates” (RA 16) at the close of that year and indicate thereon the reasons for non collection of the Rates.

6.2.2. Objective

The objective of this review was to:

- Identify what systems, procedures and controls are in place to assess and validate the reasons given for failure to collect the listed outstanding Rate Accounts.
- To ensure compliance with the Public Spending Code.

6.2.3. Audit Opinion

The controls in place for the management and oversight of the preparation of the “schedule of uncollected rates” (RA 16) provide adequate assurance that there is compliance with the Public Expenditure Code in relation to current expenditure.

Internal audit found the following:

- The RA16 process was clearly defined in Rates legislation.
- The Income Collection Staff are provided with a Guide/Procedures Manual. A meeting is held between the Collection Staff and the Area Manager approximately every 2 months, in an effort to maintain a consistent approach to the RA 16 process.
- There is a well defined management structure in the preparation and finalisation of the “schedule of uncollected rates” (RA 16).

6.2.4. Matters Arising

Internal Audit carried out spot checks on a sample of write-offs for 2015 and it is noted that in some cases there was inadequate documentation on file to support the decision for inclusion on the RA 16.

Recommendations for RA16 write-offs prepared by Income Collection staff are not always counter-signed. Internal Audit recommends that all RA 16 recommendations are signed by the Area Manager.

The 2015 RA16 included write-offs for Informal Temporary Apportionment. However, Internal Audit notes that “Informal temporary apportionment” has no legal basis. Internal Audit recommends that Informal Temporary Apportionments should not be included in the RA16 process.

Signed RA 16's are currently stored in the Income Collection Unit. Internal audit recommends that these statutory documents be stored more securely.

Internal audit also recommends that customer files be stored more securely. These files contain personal/sensitive information and therefore should only be available to relevant Income Collection staff.

There was a Judgement Mortgage in the sum of €41,026.91 in respect of 2015 for which a Chief Executive Order had not been signed. This has been brought to the attention of the Area Manager.

6.3. ANSWER – Capital Expenditure being incurred.

Value: €2,500,000.00 Percentage of Inventory: 0.16%

6.3.1. Introduction

The ANSWER Project (Agricultural Need for Sustainable Willow Effluent Recycling) is a project that engaged in the use of Short Rotation Coppice (SRC) willow for the bioremediation of effluents and leachates.

The ANSWER project was funded by the European Union's European Regional Development Fund through the INTERREG IVA Cross-border Programme managed by the Special EU Programmes Body (SEUPB) and match-funding was provided by Donegal County Council and the Department of the Environment, Community and Local Government.

Importance is placed in finding alternative approaches to wastewater management which is environmentally safe and sustainable. There is evidence that willow is the most suitable plant to be used in Ireland for bioremediation and a wide range of wastewater streams could potentially be handled in this way.

A pilot project site was identified at Bridgend that was centrally located in the vicinity of a sewerage scheme with suitable lands to target for willows and the irrigation process. Two further projects, a closed landfill at Churchtown, Lifford and Ballinacarrick, Ballintra were identified for the bio-remediation of leachate.

6.3.2. Objective

The objective of this review was to:

- Identify the systems, procedures and controls that are in place for the management and evaluation of the ANSWER project
- To establish compliance with the Public Spending Code.

6.3.3. Audit Opinion

The controls in place for the management and governance of the project for the development of bioremediation of effluents and leachates provide **adequate assurance** that there is compliance with the Public Spending Code to-date.

Controls upon which reliance can be placed include:

- The project objective was clearly defined and all options and constraints were explored and documented.
- The Project Management structure was clearly defined with The Agri-Food & Biosciences Institute (AFBI) as the lead partner and Donegal County Council as one of the project partners.
- A project brief was prepared.
- The tendering process was adhered to in line with Donegal County Council Procurement guidelines.
- The project objectives were met and evaluation is on-going.
- Periodic meetings and reviews are held with the lead partner.
- The lead partner (AFBI) have acknowledged the work that has been undertaken by Donegal County Council during this project was of a high standard and very successful. Donegal County Council will be considered for future funding for projects of a similar nature.

6.3.4. Outcomes

Internal Audit noted that, when works were required to be carried out at Ballinacarrick, Ballintra as part of the ANSWER project, the contract was awarded to a supplier, based on a tender received from them, for the Ballinacarrick Landfill Site Restoration Contract – Phase 1.

Internal Audit feel this additional contract could have been awarded through the appropriate procurement processes as per Donegal County Council's Procurement Procedures for Goods and Services (November 2005). However the Funder (SEUPB) was satisfied with how the supplier was procured.

There were no other matters arising during the audit review and consequently Internal Audit is satisfied at the level of governance in place.

6.4. Higher Education Grants – Current Expenditure

Value: €1,072,952

Percentage of Inventory: 0.07%

6.4.1. Introduction

Prior to SUSI (Student Universal Support Ireland) being established in 2012, Donegal County Council issued grants for higher education to eligible candidates in accordance with the provisions of the Local Authorities (Higher Education Grants) Acts 1968 to 1992.

Since 2012 Donegal County Council is only responsible for students to whom they were already paying grants prior to SUSI and until those students have completed their courses.

6.4.2. Objective

The objective of this review was to:

- Identify what systems, procedures and controls are in place for assessing and subsequently awarding or refusing Higher Education Grant applications.
- To ensure compliance with the Public Spending Code.

6.4.3. Audit Opinion

The controls in place for the management and oversight of Higher Education Grants provide **adequate assurance** that there is compliance with the code in relation to current expenditure.

Internal audit found the following:

- The Higher Education grant process was clearly defined in legislation.
- There is a well defined management structure in place in the Higher Education Grants section.

6.4.4. Matters Arising

- Internal Audit recommends that files be stored more securely.
- Internal Audit recommends relevant job codes on Agresso continue to be fully reconciled to grant claims made to the Department of Education and Skills.
- Donegal County Council must have a revenue neutral position on grant payments.

Internal Audit is satisfied at the level of governance in place for Higher Education Grant expenditure.

6.5. Pettigo/Tullyhommon – Capital Expenditure being Incurred

Value: €8,060,000

Percentage of Inventory: 0.52%

6.5.1. Introduction

The Pettigo/Tullyhommon – The Termon Project was awarded €8,325,728 under Priority 2 Contributing to a Shared Society Theme 1 Creating Shared Public Spaces. The Project focuses on the twin border villages of Pettigo (Co. Donegal) and Tullyhommon (Co. Fermanagh).

The Project partners are:

- Donegal County Council (Lead Partner)
- Fermanagh District Council (Project Partner)
- ADoPT (Association for the Development of Pettigo & Tullyhommon) (Project Partner)

The overall aim of the Project is as follows:

“To create a facility that will be shared between people throughout the island of Ireland to improve cross border and cross community relations.”

Specific outputs of the project include the following:

- Termon River Project
- Core Project
- Environmental Improvement Project
- Heritage Architectural Project
- Community in Action Plan

6.5.2. Objective

The objective of this review was to:

- Identify the systems, procedures and controls that were in place for the management and evaluation of the Pettigo/ Tullyhommon project.
- To ensure compliance with the Public Spending Code.

6.5.3. Audit Opinion

The controls in place for the management and governance of the Pettigo, Tullyhommon and Termon Project provide **adequate assurance** that there is compliance with the Public Spending Code in the period covered in this review.

Controls upon which reliance can be placed include:

- Information contained in an audit carried out by the Department of Finance and Personnel, Northern Ireland (DFP).
- The project objectives were clearly defined and all options and constraints were explored and documented.
- The Project Management structure was clearly defined with Donegal County Council as the lead partner, Fermanagh District Council and ADoPT (Association for the Development of Pettigo and Tullyhommon) were identified as a project partners.
- A project brief was prepared in the form of an economic appraisal.
- The post project evaluation indicates that the project objectives were met.
- Regular steering group meetings were held and minutes are available of same.

6.5.4. Outcomes

The application for funding for the project clearly outlines the levels of governance in place for this project. It is a requirement of SEUPB that this must be adhered to through regular reporting and steering group meetings as detailed in the Findings section below.

Internal Audit found that tendering procedures were complied with, in general.

However, some information requested in relation to the procurement of consultancy services was not made available to Internal Audit. Therefore, Internal Audit was not in a position to carry out the necessary checks to establish whether procurement was adhered to in this instance.

7. Next Steps: Addressing Quality Assurance Issues

The compilation of information for this report, while not quite as onerous as last year, was still a complex task. However, with most service managers now being familiar with what was required of them, they were able to be better prepared for meetings.

It is hoped that the administrative burden of the QA process will progressively ease as the process becomes embedded over time in annual Council work programmes.

For the 2014 QA Report, due to time constraints, DCC had to rely on various audits that were deemed suitable but had not been commissioned specifically for the purpose of fulfilling In-Depth Check requirements. However, for this 2015 Report, the Council's Internal Audit Unit has undertaken a series of In-Depth checks specifically for this purpose, the results of which are included at Section 6.

This being the Internal Audit Unit's first involvement in the process of carrying out In-depth checks, it is expected that the workload involved will become more integrated into its regular annual work programme for future years. Equally, Services will become more familiar with the requirements of the In-Depth checks.

Each individual report highlights any process shortcomings identified during the in-depth check and, where appropriate, makes recommendations for procedural changes.

As with any Internal Audit report, if/where issues requiring rectification are identified; Internal Audit will revisit the matter in due course to confirm that the matter has been addressed.

In order for the organisation as whole to learn and benefit from the QA process, issues identified and/or procedural changes recommended, which could have wider application across the organisation, will be compiled and circulated to Service Managers.

So far, external bodies that the Council funds or otherwise works with have not been advised by DCC of obligations arising under the PSC. However, it is not yet clear in what circumstances such obligations arise, or the extent of such obligations.

8. Conclusion

This QA Report has been compiled in as comprehensive a manner as possible within the timeframe and resources available. It has been prepared in line with the interpretations provided in the *Guidance Note (Version 2)* prepared for the local government sector.

The process of compiling this report once again highlighted a range of issues that require further consideration in terms of tailoring the PSC for the local government sector. Some of these issues, originally highlighted last year, have been noted again within this report.

The Council looks forward to the evolution of the code and developing its usefulness in future years, developing Internal Audit's role in the in-depth analysis and configuring the PSC in a more useful context for the sector.

Donegal County Council has complied to a high degree with the spirit of the PSC in terms of procurement discipline, safeguarding the public purse, achieving best value for money and managing projects in an efficient and economical manner, for the betterment of the county, the improvement of infrastructure and delivery of public services.



Local Authority	Expenditure being considered			Expenditure being incurred	
	Current >€0.5m	Capital Grant Schemes >	Capital Projects	Capital Projects	Capital Projects
		€0.5m	€0.5 - €5m		
Council					
Housing & Building					
Maintenance/Improvement of LA Housing	1,232,323			5,073,801	
Housing Assessment, Allocation and Transfer				1,266,881	
Housing Rent and Tenant Purchase Administration				978,149	
Support to Housing Capital & Affordable Prog.				1,850,418	
RAS Programme				4,039,412	
Housing Loans				1,268,112	
Housing Grants	579,331			826,732	
H10011A - CARNDONNAGH 2015 - 4 NO. SOCIAL HOUSES				680,000	
H2227D - DRUMROOSKE 2015 (24 NO. SOCIAL HOUSES)				3,650,000	
H300007 LETTERMACAWARD -13 HOUSES				3,300,000	
H2217E- ARDARA (MOLLOYS) 2015 - 8 NO. HOUSES				1,136,141	
H1090B - DUNFANAGHY-6 NO. SOCIAL HOUSES (2015)				905,000	
COUNTY HOUSE RENOVATIONS PHASE 2				3,240,000	
LIFFORD ARMY BARRACKS				1,250,000	
ELECTRICAL AND FIRE ALARM UPGRADE OF COUNTY HOUSE					707,049
Rockytown, Buncrana 20 Houses				3,280,003	
Newtowncunningham 7 Houses				844,620	
Killybegs - Emerald Drive 10 Houses				1,405,112	
Manorcunningham - 8 Houses				1,250,000	
Letterkenny Longlane - 30 Houses				4,983,933	
Letterkenny Mountain Top - 20 Houses				3,300,000	
Laghey - 10 Houses				1,650,000	
Lifford - 12 Houses				3,300,000	
Raphoe - 7 Houses				1,320,000	
Housing Capital Programme - 2016-2020			55,000,000		
FABRIC UPGRADE PROGRAMME 2013				2,800,000	
ANVERS VOLUNTARY HOUSING ASSOCIATION				710,000	
DONEGAL WOMEN'S VOLUNTARY HOUSING ASS V24 REFUGEE Parents & Friends Voluntary Housing Dungloe		700,000		822,608	
Road Transportation and Safety					
NP Road - Maintenance and Improvement				1,503,155	
NS Road - Maintenance and Improvement				1,479,557	
Regional Road - Maintenance and Improvement	4,738,484			12,181,170	
Local Road - Maintenance and Improvement				19,934,280	
Public Lighting				2,060,575	
Road Safety Engineering Improvement				667,237	
Maintenance & Management of Car Parking				1,058,166	
Support to Roads Capital Prog.				617,012	

Miscellaneous Services																					
Profit/Loss Machinery Account																					
Administration of Rates																					
Local Representation/Civic Leadership																					
Motor Taxation																					
Agency & Recoupable Services			1,452,563																		
			8,002,701					0	18,947,200	5,500,000	55,000,000	131,724,916	0	1,281,482,851	0	0					56,838,392

1,557,496,059

