



**Public Spending Code
Quality Assurance Report for 2017**

Meath County Council

**To be submitted to the National Oversight and Audit
Commission in compliance with the Public Spending Code**

Certification

This Annual Quality Assurance Report reflects Meath 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 Officer

25th May 2018

Contents

	Page
1 Introduction	4
2 Expenditure Analysis	5
3 Assessment of Compliance	6
4 Next Steps: Addressing Quality Assurance Issues	11
5 Conclusion	12

Appendix 1: Inventory of Projects and Programmes above €0.5m

Appendix 2: Self Assessment Checklists

Appendix 3: In Depth Checks

Appendix 4: Audit Assurance Categories and Criteria

1. Introduction

Meath County Council has completed this Quality Assurance Report as part of its on-going compliance with the Public Spending Code. The Quality Assurance procedure aims to gauge the extent to which Meath County Council and its associated agencies are meeting the obligations set out in the Public Spending Code¹. 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. **Compiling inventories of all projects/programmes at different stages of the Project Life Cycle** (appraisal, planning/design, implementation, post implementation). Expenditure is examined under three headings, namely 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 the Council's 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 and its agencies to self-assess their compliance with the code in respect of the checklists which are provided in 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 the total value of the capital inventory and at least 1% of the total value of the revenue inventory) are selected for closer examination.
5. **Complete a short report for the National Oversight and Audit Commission** which includes an inventory of all projects, the website reference for the publication of procurements above €10m, the completed checklists, the completed in-depth check templates, 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 inadequacies found during the QA process.

This report fulfils the fifth requirement of the QA process for Meath County Council. 2017 is the fourth year in which the QA process has applied to local authorities. Projects and programmes which predate Circular 13/13² were subject to prevailing guidance covering public expenditure, namely the *Department of Finance Guidelines for the Appraisal and Management of Capital Expenditure Proposals in the Public Sector 2005*.

¹Public Spending Code, DPER, <http://publicspendingcode.per.gov.ie/>

²Circular13/13: The Public Spending Code: Expenditure Planning, Appraisal and Evaluation in the Irish Public Services – Standard Rules and Procedures.

2. Expenditure Analysis

2.1 Inventory of Projects/Programmes

This section details the inventory compiled by Meath County Council 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 capital and revenue projects and between three stages, Expenditure being considered, Expenditure being incurred and Expenditure recently ended.

An inventory of projects and programmes was compiled for the 2016 PSC Quality Assurance Report and the 2017 inventory builds on this baseline. It can be found in Appendix 1 of this report and appears in the required format issued by NOAC.

All consideration of current (revenue) expenditure is carried out as part of the statutory Budget process as set out in the Local Government Act 2001 (as amended). As per the Public Spending Code Guidance Document for local authorities budget increases of €0.5m or more from one year to the next are to be included as expenditure under consideration. Three revenue service categories increased by more than €0.5m between budget 2017 and budget 2018. The value of the increase appears against "expanded" service categories A7, B4 and E7. The total increase amounts to €4.65 million.

For expenditure being incurred revenue services have been included where the increase in expenditure from 2016 to 2017 is greater than €0.5 million. This is in line with the Public Spending Code which confirms that the appraisal requirements do not apply to routine administrative budgets already in place and the focus of the Code is on new or extending current programme expenditure. Current expenditure included in the inventory for 2017 amounts to €107 million.

It has been agreed with the Department of Public Expenditure and Reform that the Capital Grant Scheme element of the project inventory will only be used in exceptional circumstances where a local authority commences its own grant scheme or primarily funds such a scheme. All other grant schemes relate to schemes commenced at Departmental level and are accounted for in the capital programme column of the QA inventory. There were no Council funded capital grant schemes in 2017.

In respect of capital projects there are twenty two under consideration, thirty nine incurring expenditure and ten which have recently ended. The value of all capital projects at all stages of the project life cycle in 2017 is €385 million. Total revenue programmes included in the 2017 inventory amount to €112 million. The total value of the 2017 inventory, both capital and revenue funded, for Meath County Council is €497 million.

2.2 Published Summary of Procurements

As part of the QA process the Council is obliged to publish summary information on our website for all procurements in excess of €10m. There were no procurements in 2017 which exceeded this threshold. A note to this effect has been added to <http://www.meath.ie/CountyCouncil/Publications/FinancePublications/PublicSpendingCodeQualityAssuranceReports/>

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 Council and it's agencies 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 Expenditure being considered

Checklist 3: Current Expenditure being considered

Checklist 4: Capital Expenditure being Incurred

Checklist 5: Current Expenditure being Incurred

Checklist 6: Capital Expenditure Completed

Checklist 7: Current Expenditure Completed

The checklists are informed by the Project Inventory. 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

A full set of checklists 1-7 was completed by Meath County Council, copies of which can be found in Appendix 2 of this report. Each question in the checklist is judged by a 3 point scale as follows:

1. Scope for significant improvements
2. Compliant but with some improvement necessary
3. Broadly compliant

In addition to the self-assessed scoring the answers are accompanied by explanatory comments.

3.2 Main Issues arising from Checklist Assessment

The completed checklists show the extent to which the Council and its agencies believe they comply with the Public Spending Code. Overall, the checklists show a satisfactory level of compliance with the Code.

A revised guidance document (Version 3) was produced by the Finance Committee of the County and City Management Association in February 2017 to assist local authorities in meeting their obligations under the Code. The guidance document highlights the basic principles applicable under the PSC and offers a definition of these principles from a local government perspective. The Council, in implementing the Public Spending Code and in producing this report, have been guided in large part by this document.

Checklist 1 provides an overview of awareness and compliance with the Public Spending Code and it's requirements across the Council. It demonstrates good overall levels of compliance.

Capital expenditure within the Council is project-based and largely funded through capital grants, development levies, provisions from the Revenue Account and borrowing. The checklist for capital expenditure under consideration (checklist 2) suggests satisfactory levels of compliance with the Public Spending Code in regard to the area of appraisal and evaluation.

Current expenditure can be defined as Revenue expenditure which is formally adopted by Council Members each year as part of the statutory budget process. The Public Spending Code confirms that the appraisal requirements do not apply to routine administrative budgets already in place and that the focus of the Code is on new or extending programme expenditure (checklist 3). Only new or extended revenue expenditure to the value of €0.5m or greater is subject to the application of the Code.

For Capital expenditure being incurred (checklist 4) satisfactory levels of compliance are evident in the checklist responses. There is a good level of compliance with internal controls and reporting as well as appropriate liaison with Sanctioning Authorities.

Checklist 5 details responses in relation to current expenditure during 2017. Revenue expenditure is determined by the annual budget process. National Key Performance Indicators are in place for the Local Government sector and they supplement the internal management and monitoring framework already in place.

Checklist 6 deals with capital projects completed during the year under review. Ten capital projects were completed in 2017 with an outturn cost of approximately €38 million.

Checklist 7 relates to current expenditure programmes that reached the end of their planned timeframe during the year or were discontinued. No current expenditure programmes fell into this category in 2017.

Overall the checklists reveal good levels of adherence to the principals and processes of the Public Spending Code. Responses indicating compliance levels of 2 and under will be followed up and monitored as part of the Quality Assurance process in future years.

3.3 In-Depth Checks

The following section details the in-depth checks which were carried out by the Council as part of the Public Spending Code. The value of the projects selected for in depth review must follow the criteria set out below:

- Capital Projects: Projects selected must represent a minimum of 5% of the total value of all capital projects on the project inventory.
- Revenue Projects: Projects selected must represent a minimum of 1% of the total value of all revenue projects on the project inventory.

The minimum sample requirements can be achieved over a three year period. The following table summarises the capital and revenue sample averages achieved over the period 2015 – 2017.

	Capital	Revenue
Inventory 2015	343,270,365	97,144,100
Inventory 2016	253,037,342	108,582,245
Inventory 2017	385,376,105	111,656,546
Total value of Inventory 2015 - 2017	981,683,812	317,382,891
Value of projects audited 2015 -2017	50,301,374	6,088,000
% achieved over period 2015 -2017	5.12%	1.92%

In selecting projects for audit each year an attempt is made to ensure that the sample is reflective of the broad range of activities that the Council carries out. Projects are selected for sample in such a way as to ensure that all of the biggest spending service divisions are represented over a three to five year period. In summary the service divisions that have been sampled over the 2015 – 2017 period are as follows:

2015 Roads & Water Services

2016 Housing & Environment

2017 Roads

This approach to sampling is in keeping with the requirements of the Public Spending Code.

The in-depth check methodology used in this report is based on the principals and guidance in the Public Spending Code and best practice evaluation tools. As part of this methodology an outline template must be completed by the evaluator when carrying out an in-depth check as part of the Quality Assurance Process. The templates once completed are the in-depth check and are attached as an appendix to the Quality Assurance Report. The two projects which were selected for in-depth check this year were as follows:

N52 Grange to Clontail Road Realignment Scheme

Public Lighting Programme 2017

The in-depth checks were carried out by the Internal Audit section of the Council in April and May 2018. Full copies of these in-depth checks can be found in Appendix 3.

3.3.1 N52 Grange to Clontail Road Realignment Scheme

The N52 Grange to Clontail Road Realignment Scheme is shown on the 2017 inventory as a capital project with expenditure being incurred. Because the project is still at design stage it is impossible to accurately predict what the lifetime cost will be. The latest preferred route option suggests an outturn cost of approximately €18 million.

The N52 was identified as one of the country's most important national secondary routes in both local and national transport policies going back as far as 2002. The project involves a 4.8 km realignment of a section of the N52 between Kells and Ardee including four new at grade junctions, a railway line crossing and a new junction with the R162.

The Project Appraisal Report for the original (smaller) road realignment scheme is dated February 2015 and includes an economic assessment of the project which was undertaken using a Cost Benefit Analysis Program in accordance with NRA Project Appraisal Guidelines. A full multi criteria analysis was also carried out and considered the total impact of the

project under five main headings. The results demonstrate that the scheme is economically viable in all scenarios assessed and concludes by stating that the proposed N52 upgrade scheme will contribute to enhance connectivity between radial transport corridors and defined Gateway centres. Despite covering the smaller original scheme only it is considered that the report's findings are equally applicable to the revised larger scheme that is the subject of this review. A further cost benefit analysis and multi criteria analysis will be carried out before the revised scheme proceeds to CPO stage and construction.

A revised Project Appraisal Plan dated December 2017 was approved by Transport Infrastructure Ireland in February 2018. The report concludes that the proposed scheme is feasible in that it will improve safety along the route, reduce journey times and will greatly reduce the carbon footprint of the vehicles using the route. The scheme is also feasible in a regional context as it is in line with the substantial investment being made by neighbouring local authorities in upgrading the overall length of the N52. The scheme is currently at Phase 2 Route Selection Stage.

All projects seeking capital funding from Transport Infrastructure Ireland (TII) must follow a number of guidance documents including the NRA 2010 Project Management Guidelines and the TII Project Appraisal Guidelines. These guidelines are appropriately aligned and consistent with the requirements of the Public Spending Code and EU and National Procurement Rules.

Audit Opinion: This opinion was formed by a review of records held on file by the Council's Transport section and by discussions held with staff involved with this project. It is considered that the initial decision to go ahead with the project was soundly based and that the project has been well managed during the planning and design phase. The project provides **Satisfactory Assurance** (see Appendix 4) that there is compliance with the Public Spending Code.

3.3.2 Public Lighting Programme 2017

Meath County Council is responsible for the provision and maintenance of public lighting throughout the rural and urban areas of County Meath. There are approximately 19,000 public lights throughout the county. Revenue expenditure in 2017 amounted to €2,043,753.

The main components in the provision of this service are energy supply and the installation and maintenance of lamp poles and light fittings. Both of these areas have been properly procured either through a national framework agreement established by the Office of Government Procurement or through a nationally advertised tendering process. The current contracts for energy supply and maintenance reflect the best value available at the time of awarding contracts.

Data required to evaluate the Public Lighting Programme is readily available and this information can be used to monitor ongoing expenditure and to budget for future costs arising from proposals to increase the number of public lights each year. It can also help evaluate the performance of the maintenance contractor and the cost of energy supply and this in turn will inform the procurement process going forward.

A Public Lighting Policy document was published in November 2017 and outlines public lighting strategy for the county. Due to ongoing changes to the lighting industry in relation to design standards and evolving technologies it is proposed that this document will be reviewed and updated every three years.

This in-depth check demonstrates that the Council is fulfilling its obligations under the Public Spending Code in respect of its public lighting programme.

Audit Opinion: This opinion was formed by a review of records held on file by the Council's Public Lighting section and by discussions held with staff involved with this programme. The Public Lighting Programme provides **Substantial Assurance** (see Appendix 4) that there is compliance with the Public Spending Code.

4. Next Steps: Addressing Quality Assurance Issues

The compilation of both the inventory and checklists for the fourth year of this Quality Assurance process involved liaison with all sections and directorates within the Council. The in-depth checks carried out over the period 2014 - 2017 were useful in setting out the controls which are in place to ensure compliance with the Public Spending Code and the in-depth checks which form part of the quality assurance process are part of the Internal Audit annual work programme. The Public Spending Code requires that the in-depth checks take a broader evaluation review of projects and programmes assessing such things as project management, project appraisal and post project reviews.

The in depth reviews undertaken by internal audit this year cover the required sample percentages under Section 4 of the Quality Assurance Process. Although the results of the reviews this year indicate substantial compliance with the public spending code in respect of one project and satisfactory compliance with the public spending code in respect of the other project this may or may not accurately reflect compliance across the entire organisation due to the small number of projects sampled. An overview of general compliance levels is provided in the checklists completed under section 3.

A constant review of processes and procedures is carried out across all spending departments in order to ensure high compliance with the Public Spending Code on an ongoing basis. Capital project spending codes are only created in the Council's financial management system where it can be demonstrated by project owners that the

requirements of the Public Spending Code will be met in full. Management will continue to ensure that Directorates comply fully with the requirements of the Public Spending Code.

5. Conclusion

The inventory outlined in this report clearly lists the capital and revenue expenditure that is being considered, being incurred and that has recently ended. There were no procurements in excess of €10m in the year under review. The checklists completed by the Council show a satisfactory level of compliance with the Public Spending Code. The in-depth checks carried out on a small selection of projects showed a satisfactory level of compliance with the Public Spending Code overall. A constant review of processes and procedures is carried out across all spending departments in order to ensure high compliance with the Public Spending Code on an ongoing basis.