

Galway County Council
Comhairle Chontae Na Gaillimhe



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Galway County Council

Quality Assurance Report for 2015

Galway County Council

To Be Submitted to the National Oversight and Audit Commission (NOAC), In
Compliance with the Public Spending Code

Certification

This Annual Quality Assurance Report reflects Galway County Councils 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:



Mr. Kevin Kelly
Chief Executive

Date: 31st May 2016

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2 Introduction

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

GCC have noted the changes to the 2015 reporting requirements over that reported in reference year 2014. A summary of the changes for 2015 are:

- The revised deadline for submission of this is 31st May each year.
- The agreed change in the Project Inventory for Current Expenditure “Being Considered” has been included, i.e.: Include any variances of €500k or more in 2016 Budget versus 2015 Budget – 2016 Budget considered in 2015
- The Revised Format of Project Inventory which will be submitted in Excel format.
- Revisions in Checklist Questions
- Scoring Mechanism for Checklists changed

We have followed guidance prepared by Heads of Finance in recent months in the compilation of this report (PSC Quality Assurance Guidelines – A guidance note for the Local Government Sector) as issued in April 2016.

The information provided is based on responses from “Project Owners” who are integral to both the application of the PSC & the filing of this Report. Project Owners were asked to confirm / verify the contents of the Inventory listing.

2.1 Quality Assurance Reporting

The Public Spending Code requires public bodies to establish an internal, independent, quality assurance procedure involving annual reporting on how organisations are meeting their Public Spending Code obligations. This new Quality Assurance procedure replaces and updates the “spot check” requirements previously laid down in Circular letter dated 15th May 2007. The Public Spending Code seeks to ensure that the state achieves value for money in the use of all public funds.

2.2 The Quality Assurance Process contains the following five steps:

1. Drawing up Inventories of all projects/programmes at different stages of the Project (expenditure) Life Cycle. The four stages of the life cycle are:

1. Appraisal,
2. Planning / Design,
3. Implementation (Management)
4. Post –Project / Post Implementation Review

The inventory must include all current and capital Projects / Programmes whose expenditure is above €0.5m for the year under review. Each Project / Programme must be categorised under one of the following areas /stages of expenditure:

- Expenditure being considered - (Appraisal, Planning)
- Expenditure being incurred - (Management, Monitoring, Evaluation)
- Expenditure that has recently ended - (Review, Evaluation)

2. Publishing summary information on website of all procurements in excess of €10m, whether new, in progress or completed in the year under review.

3. Completing checklists in respect of the different areas / stages of expenditure.

This self-assessed estimate of compliance can be based on an appropriate sample of the projects/areas of expenditure that are relevant to the checklist. The sample could be 5-10% of projects/programmes. The sample should rotate from year to year.

These are high level checks that should be readily completed within each organisation. Only one of each checklist per Organisation/Agency/Local Authority is required. Checklists are not required for each project/programme. The QA process for verifying the accuracy of responses on the checklist is based on a sample of projects/programmes and is Step 4 of the process.

4. Carrying out a more in-depth check on a small number of selected projects/programmes.

The value of the projects selected per annum, should be at least 5% of the total value of all projects in the inventory

5. Completing a short report for the National Oversight and Audit Commission (NOAC). The report will be generated as a matter of course through compliance with steps 1-4 above. It includes:-

- The inventory of all projects/programmes above €0.5m
- The website reference for the publication of procurements above €10m
- The completed checklists
- The Organisation's judgement on the adequacy of processes given the findings from the in-depth checks and
- The Organisation's proposals to remedy any discovered inadequacies.
-

3 Expenditure Analysis

3.1 Inventory of Projects/Programmes

This section details the inventory drawn up by GCC in accordance with the guidance on the Quality Assurance process. The inventory lists all of GCCs projects and programmes at various stages of the project life cycle for 2015 whose expenditure was above €0.5m. It is noted that the Public Spending Code provides that expenditure increases by €0.5m or a new programme exceeding €0.5m shall be included. This inventory is divided between current and capital projects / programmes (incl Capital Grant Schemes) which are further categorised under one of the following relevant areas / stages of expenditure:

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

For the Purposes of this Report:-

- Capital Expenditure refers to Capital Projects/Programmes for **2015** whose lifetime cost (all costs that arise over the lifetime of a project) is estimated to exceed €0.5m.
- Current Expenditure refers to revenue expenditure for services exceeding €0.5m in **2015** (base on services identified in the AFS for the year under review)

Tables 1, 2 and 3 below, list a summary per Service Division of Galway County Councils compiled inventory. Full tables including details of each project / programme are listed in **Appendix 1**. For the purposes of clarity and accuracy the inventory in appendix 1 was compiled using the suggested template that accompanied the Quality Assurance Requirements - Guidance note dated 30th July 2015.

3.2 Summary of Inventory Analysis

a) Expenditure Being Considered

Table 1 provides a summary of the inventory of expenditures above €0.5m being considered by Galway County Council. As the table identifies (see below), there are 11 projects being considered across the various spending categories.

b) Expenditure Being Incurred

Table 2 provides a summary of the inventory of expenditures above €0.5m being incurred by Galway County Council. In total there are 73 projects or programmes which are currently incurring expenditure of over €0.5m. The split between capital and current expenditure projects and across the three value categories is 28 Capital Projects and 45 Current Expenditure Projects. The full breakdown and description of these projects is listed in Appendix 1.

c) Expenditure Recently Ended

Table 3 provides a summary of the inventory of expenditures above €0.5m recently ended by Galway County Council. There are 12 projects or programmes that have recently ended which incurred expenditure of over €0.5m. The projects or programmes are listed as: 8 in the €0.5-€5m / none in the €5 - €20m and 4 >€20m value category. The full breakdown and description of these projects is listed in Appendix 1.

Tables 1-3

Table 1: No of Expenditure Projects "Being Considered" by Category

Service /Division	Current Expenditure			Capital Expenditure		
	A	B	C	A	B	C
Housing Programme				6	4	
Roads Programme						
Water Services Programme						
Planning & Development						
Environmental Services Programme				1		
Recreation & Amenity						
Agriculture, Education, Health & Welfare						
Miscellaneous Services						
Total:						

A: €0.5-€5m, B: €5m-€20m, C: > €20m

Table 2: No of Expenditure Projects "Being Incurred" by Category

Service /Division	Current Expenditure			Capital Expenditure		
	A	B	C	A	B	C
Housing Programme	7			5	2	
Roads Programme	6	2		10	3	4
Water Services Programme	1					
Planning & Development	6			1		
Environmental Services Programme	7	1		2		
Recreation & Amenity	4			1		
Agriculture, Education, Health & Welfare	5					
Miscellaneous Services	5	1				
Total:	41	4		19	5	4

A: €0.5-€5m, B: €5m-€20m, C: > €20m

Table 3: No of Expenditure Projects "Recently Completed" by Category

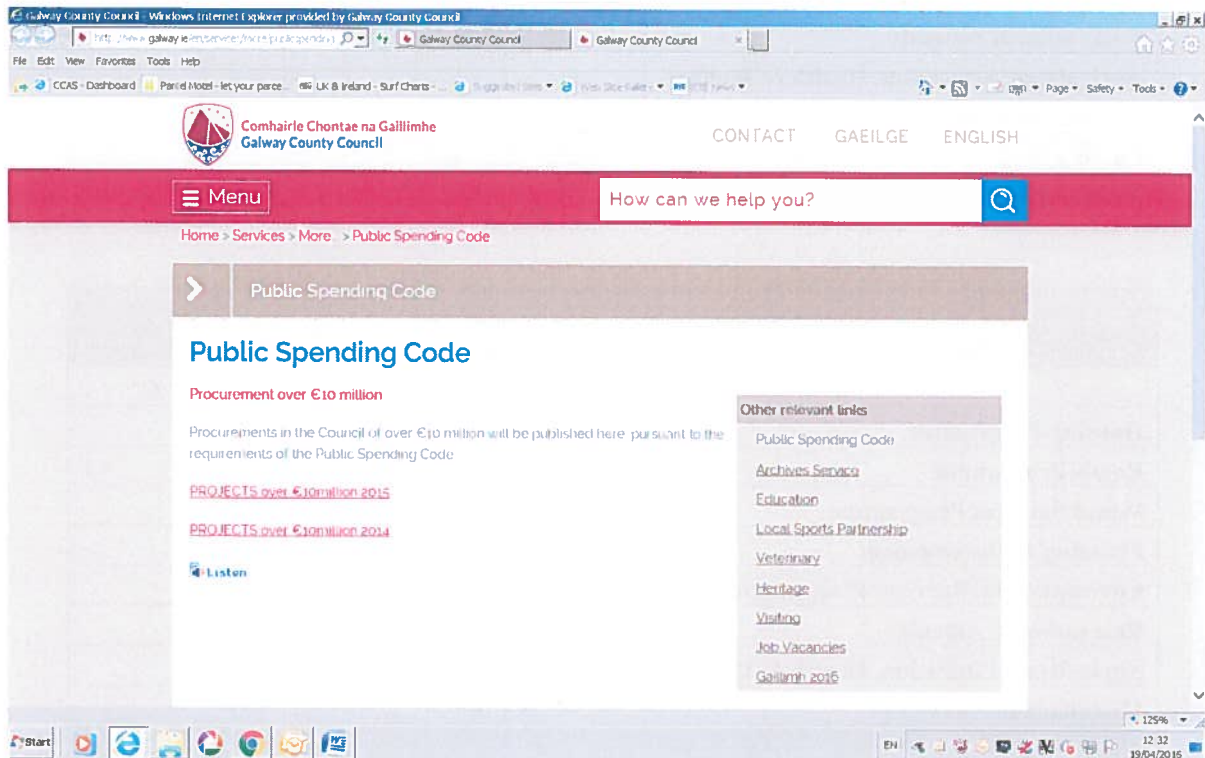
Service /Division	Current Expenditure			Capital Expenditure		
	A	B	C	A	B	C
Housing Programme						
Roads Programme				6		3
Water Services Programme						
Planning & Development						
Environmental Services Programme						1
Recreation & Amenity				1		
Agriculture, Education, Health & Welfare						
Miscellaneous Services				1		
Total:				8		4

A: €0.5-€5m, B: €5m-€20m, C: > €20m

3.3 Published Summary of Procurements

As part of the Quality Assurance process Galway County Council has published, summary information on the Council's website of all procurements in excess of €10m. Listed below is the link to this publication page and an illustration of its location.

Link to Procurement Publications:



Source: <http://www.galway.ie/en/services/more/publicspendingcode/>

4 Assessment of Compliance

4.1 Checklist Completion

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-assessments carried out within the relevant sections / departments of Galway County 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

4.2 Procedure used

Checklist 1 - General obligations not specific to Individual Projects/Programmes:

The first checklist captures obligations / good practice that apply to the organisation as a whole. This was completed and verified by the Procurement Officer and Head of Finance.

Checklist 2-7 – Galway County Council, compiled the overall checklists for the organisation, based on individual checklists completed by the relevant sections / organisations within Galway County Council.

Each relevant section / organisation within Galway County Council was required to produce a checklist on the spend categories (i.e.: Considered/Incurred/Recently Ended) as identified in the Inventory list and applicable to them. Only one checklist per section per stage of expenditure (expenditure type) was required.

4.3 Checklists

4.3.1 Current Expenditure

Checklist No 5 was completed in relation to all service types as selected from the inventory list.

Service Division	Service Expenditure €'000
HOUSING and BUILDING	10,297,083
ROAD TRANSPORTATION and SAFETY	34,783,558
WATER SERVICES	3,312,973
DEVELOPMENT MANAGEMENT	7,022,488
ENVIRONMENTAL SERVICES	15,903,383
RECREATION and AMENITY	7,270,948
AGRICULTURE, EDUCATION, HEALTH and WELFARE	4,017,858
MISCELLANEOUS SERVICES	13,889,416

4.3.2 Capital Expenditure

Relevant sections / Organisations were required to comply with either (i) or (ii) below:-

(i) If a section had only one project/Programme, then they were required to complete the correct checklist (based on relevant expenditure type) for that project/programme.

Or

(ii) If a section had a number of projects/programmes, then under the relevant expenditure type, they were required to complete a checklist based on **one** of the relevant projects/programmes or based on **10%** of the total number of relevant projects/programmes applicable to them - (rounded up) - whichever was the greater.

The following capital projects/programmes were selected:-

4.4 Checklist Results

The full set of checklists for Galway County Council are set out in Table 4 (Appendix 2). In addition to the self-assessed scoring, the vast majority of answers are accompanied by explanatory comments. Each question in the checklist is judged by a scoring scale-

- Score 1 = Scope for significant improvements
- Score 2 = Compliant but with some improvement necessary
- Score 3 = Broadly compliant

4.5 Main Issues Arising from Checklist Assessment

The completed check lists show the extent to which Galway County Council believes it complies with the Public Spending Code. Overall, the checklists show a good level of compliance with the Code although perhaps in a less formal manner than set out in the code.

Galway County Council's set of checklists takes an overview of expenditure covering the organisation as a whole. Individual checklists from relevant sections / Organisations within Galway County Council have informed the completion of the Councils checklists.

The following are the main issues arising from the relevant checklist:-

4.5.1 General Obligations

- a) **Checklist 1 – General Obligations:** - demonstrates Galway County Councils commitment to adhering to the Public Spending Code and the desire for formal / structured training in this area.

4.5.2 Expenditure being considered

- a) **Checklist 2 – Capital Expenditure:** - 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 Organisation guidelines.
- b) **Checklist 3 - Current Expenditure:** - No new current expenditure programmes were under consideration in 2015.

4.5.3 Expenditure being incurred

- a) **Checklist 4 – Capital Expenditure:** - 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 Organisation guidelines for projects under the control of Galway County Council. There are numerous TII projects which the council has limited input and merely act as a conduit for processing contractual payments. Our function on these projects typically concerns land acquisition, works accommodation and arbitration/legal expenditure.
- b) **Checklist 5 – Current Expenditure:** - Well defined process in place which ensures that services are delivered efficiently and within budget. It should be noted that 40% on average of a service is comprised of payroll costs which is subject to regular audit.

4.5.4 Expenditure that has recently ended

- a) Checklist 6 – Capital Expenditure:** - The Council recognises the need for post project reviews in a formal manner.
- b) Checklist 7 Current Expenditure:** - This checklist did not apply as we did not have any current expenditure recently ended.

4.6 In-Depth Checks

The following section details the in-depth checks which were carried out by Galway County Councils Internal Auditor as part of the Public Spending Code. Existing spot check processes in the Council were examined as part of the in-depth checks. The checks analysed here represent 6%* of the number of projects / programmes whose total value per annum, was at least 5% of the total value of all projects in the inventory

The projects subject to review were:

- M17- Galway – Tuam
- N17 - Tuam Bypass
- M18 - Oranmore - Gort

5 Internal Audit Report

COMHAIRLE CHONTAE NA GAILLIMHE

GALWAY COUNTY COUNCIL

Public Spending Code

Quality Assurance in depth review



Comhairle Chontae na Gaillimhe
Galway County Council

Issued by

INTERNAL AUDIT UNIT

5.1 Introduction

In compliance the quality assurance requirement of the Public Spending Code an in depth review of the Appraisal & Planning Stages of the M17/N18 Gort to Tuam Capital project was undertaken.

The Appraisal and Planning Stages of the project was carried out by Galway County Council with the Implementation Stages of the project carried out by the PPP unit of the TII previously known as the NRA.

This project is a culmination of 3 separate projects namely;

M17 Galway – Tuam

N17 Tuam Bypass

M18 Oranmore - Gort

Each project has their own individual job codes for recording of expenditure up to 2008.

In 2009 a decision was made by the TII to combine the 3 schemes and progress as a PPP scheme with one job code (02022008) to record expenditure.

The combined expenditure on the 3 schemes up to 2009 was €41.5m, but for the purpose of the PSP inventory only expenditure on code 02022008 from 2009 onwards is included. This code is showing expenditure to date of €112,940,978.81 out of the overall projected life cycle cost of €400,000,000.

The value of the project examined for the purpose of this report represents 6% of the overall inventory projected spend of €1.8 billion.

Project description and audit findings on the Appraisal & Planning Stages of the projects are outlined below.

Revenue expenditure increased by over €0.5 m over 2014 spend on 3 services and as per the requirement of the Public Spending Code the reasons for these increases were examined and are outlined in the Report.

5.2 Purpose and Objective

The purpose of the review was to provide an independent opinion on compliance with the Public Spending Code with regard to the Appraisal & Planning of M17/M18 Gort Tuam PPP Scheme and to examine revenue expenditure on services where an increase of over €0.5m over the 2014 spend occurred

5.3 Assurance

Based on the findings of the in depth review carried out it is Internal Audit Opinion that there is satisfactory compliance with the requirements of the Public Spending Code. The findings of an examination of the projects are outlined below.

5.4 In Depth Examination of Project Findings

5.4.1 Project Name: M17 Galway to Tuam

The scheme involves the construction of 25.5 km of new motorway, 10km of non-national roads and 5km of access/accommodation roads.

Project Appraisal Stage

- The need for this scheme was outlined on **the 1998 National Roads Needs Study**.
- The scale in which the needs were to be met were outlined in the **National Development Plan 2000-2006** strategy for national roads. The strategy outlined the upgrading of the N17 from dual carriageway to motorway within the timescale of the plan.
- The objective of this scheme changed on the basis of a **Directive** received from the TII (Former NRA).
- A **Constraints Study** was carried out in December 2001 which justified the progression of the project and the progression to a route selection report.
- A **Route Selection Report** was prepared in 2003.

- A **cost quantification** and an economic assessment were completed for all viable options – chapter 6 of the Route Selection Report refers.
- A **Cost Benefit Analysis** was carried out as part of the route selection process.
- The risks associated with each option were assessed as part of the **Constraints Report** and the preferred route was identified.
- The **Route Selection Report** did not include a time profile for actions and expenditure as the scheme could take years before approval issues to progress.

Project Planning Stage

- A project management structure was agreed between NRA and Galway County Council. There is a **Task Order** in place that outlines the structure. A Steering Committee with a representative from Galway County Council forms part of the management structure. A design team leader was appointed by the Consultants. The information flows were as established under the 2000 Project Management Guidelines.
- There was no project brief prepared at this time as it was not part of the guidelines in place. There were no cost limits or targets outlined and the estimated cost could only be approximate at route selection stage.
- Changes were made at the planning and design stage and were recorded in a **Supplementary Route Selection Report** in done in 2006.
- **Planning permission** was approved by An Board Pleanála in 2009.
- This scheme was incorporated by Transport Infrastructure Ireland as a component of the N17/ N18 Public Private Partnership scheme. The TII tendered for the scheme and the contract was awarded in 2014.

5.4.2 Project Name: N17 Tuam Bypass

This project initially consisted of a 4.5km of single carriageway and was upgraded to dual carriageway. The value of the project was €48.9m.

Project Appraisal Stage

- The need for this scheme was outlined on the **1998 National Roads Needs Study**.
- The scale in which the needs were to be met were outlined in the **National Development Plan 2000-2006**.
- The objective of the Scheme changed and several junctions were altered to bridges and single carriageway was upgraded to dual carriageway as part of a **junction strategy review** carried out in 2004.
- A **Constraints Study** was carried out in February 2001 which justified the progression of the project.
- A **Route Selection Report** was prepared in 2002.
- A **cost quantification** was completed as part of the **Route Selection Report**– Page 158 & 159 refers.
- No specific Cost Benefit Analysis was carried out but costs are incorporated into the Route Selection Report (– Pg. 158 & 159.)
- Risks are identified in the **route selection report** but it was unclear to IA if there was a strategy to consider the risks identified.
- The reasons and justification for the preferred option are outlined in the **2002 Route Selection Report**.
- The **Route Selection Report** did not include a time profile for actions and expenditure as the scheme could take years before approval issues would progress.

Project Planning Stage

- A Project Management Structure was agreed between NRA and Galway County Council. A **Steering Committee** with a representative from Galway County Council forms part of the management structure. The N17 Tuam Bypass Inception Report outlines the project design team. The information flows are established under the **1998 Project Management Guidelines**.
- There was no Project Brief prepared at this time as it was not part of the guidelines in place.

- The planning and design was not completed with the RSR as the project changed from single to dual carriageway and junctions were altered as well. The changes were outlined in the **Junction Strategy Review Report** which included a revised costing.
- Galway County Council were responsible for expenditure on advanced preparation works i.e. Land acquisition, surveys costs, environmental reports etc. which were subject to NRA approval and monitoring.
- **Planning permission** was approved by An Board Pleanála in 2006.
- This scheme incorporated by Transport Infrastructure Ireland as a component of the N17 N18 Public Private Partnership Scheme. The TII tendered for the scheme and the contract was awarded in 2014.

5.4.3 **Project Name:** Oranmore to Gort

This project consisted of a 28 km of dual carriageway. The value of the project was €191m.

Project Appraisal Stage

- The objective of this scheme was outlined in the **National Roads Needs Study**.
- The objectives changed and a **Motorway Order** dated 02/07/2009 was approved.
- The **Route Selection Report** of July 2005 contained options and realistic alternatives
- There was no significant environmental impact identified for the selected route.
- A **cost quantification** was completed on all viable options as part of the route selection report.
- The **cost quantification** in this case did not include ongoing capital and life cycle cost.
- The risks associated with the project were analysed in section 4 of the **Route selection report**.
- A framework analysis of the options justifying the preferred route is contained in the **route selection report**.
- A strategy to consider the risks is contained in the **Constraints Report**

- There was no time profile for actions and expenditure prepared at this point as the project was taken over by TII as a PPE scheme.
- Approval for the Route Selection Report was requested by the NRA as per letter dated 2nd September, 2005, as seen by Internal Audit.

Project Planning Stage

- A project management structure was defined by a **Task Order** as seen by Internal Audit which included a liaison representative from Galway County Council and a design team leader as appointed by consultants.
- In compliance with the guidelines in place at the time of planning this scheme (**National Roads Project Management Guidelines 2000**) information flow needs were formally established.
- There was no project brief in place but a detailed planning and design was completed in line with the **2000 National Roads Project Management Guidelines**.
- An **EIS** was approved and **planning permission was granted** by An Bord Pleanála on 06/06/2007.
- A **Project Appraisal** as seen by internal audit was completed in December 2008 to outline changes made to the scheme.
- The scheme was then tendered by the TII as part of the N17/N18 PPP scheme

5.5 Tendering carried out by Galway County Council

A sample of 3 tenders advertised by Galway County Council for the Oranmore to Gort scheme were examined and the following are the findings:

5.5.1 Tender Name: **Archaeology Survey & Excavations Contract** *Value of Contract €2.5m*

- This contract was advertised on etenders on 24th February, 2010.
- 7 tenders were received.
- A tender assessment report dated June 2007 was seen on file.
- Letters to 6 unsuccessful applicants were seen on file.
- Managers Order Ref. 2776 dated 21st June, 2007, appointing the contractor refers.
- NRA approval to the appointment of Contractor noted on file.

5.5.2 Tender Name: **Detailed ground Investigation Contract** *Value of Contract €749,844.00*

- This contract was advertised on e tenders on 27th February, 2009.
- 5 tenders were received.
- A tender assessment report dated June 2007 was seen on file.
- Managers Order Ref. 2814 dated 17th July, 2007, appointing the contractor refers.
- NRA approval to the appointment of Contractor noted on file.

5.5.3 Tender Name: **Garrylands Bat House & Hibernaculum** *Value of Contract €79,079.00*

- This contract was advertised on e tenders on 26th October, 2010.
- 2 tenders were received.
- A tender assessment report dated November 2010 was seen on file.
- Letter to the unsuccessful applicant was seen on file.

- Managers Order Ref. 5314 dated 10th December, 2010, appointing the contractor refers.
- NRA approval to the appointment of Contractor noted on file.

5.6 New / Additional 2015 Revenue Expenditure in excess of €0.5m over 2014 Spend

5.6.1 Introduction

The inventory includes 3 services G03, H11 & E11 where the increase in revenue expenditure exceeded €0.5 over the 2014 spend.

Agresso service code G03 refers to storm damage costal protection works and is showing a net increase in expenditure of €887,045.00 over 2014. The majority of the increase is due to new expenditure on the 3 jobs below:

- Job 02293206- Necessary storm damage costal protection works on Frenchman's Strand incurred new expenditure of €382,916.00.
- Job 02293204 – necessary storm damage costal protection works on the south facing shore at Inishbofin incurred new expenditure of €300,000.00.
- Job 02293103-necessary storm damage costal minor improvements works on the south facing shore at Inishbofin incurred new expenditure of €477,367.00.

Job code 02293204 & 02293103 are the same project but as some of the expenditure related to repair works and some related to new works it was an OPW stipulation that 2 separate job codes be used .

5.6.2 Coastal Protection Works on the south facing shore at Inishboffin

Repair works in the value of €300,000.00 and new works in the value of €441,000.00 were funded by the Office of Public Works under the *Minor Capital Works Programme* with the remainder funded by Galway County Council.

Consulting Engineers were engaged by Galway County Council to assess the storm damage and to provide detailed designs of necessary project works.

The project was tendered under the public works contract for *Minor Buildings and Civil Engineering works designed by the Employer.*

All the necessary documentation associated with the tendering of this project was seen by Internal Audit.

Works were continuously monitored by a site representative from Galway County Council and the Senior Executive Engineer.

Interim account invoices from the contractor were checked against site progress prior to payment.

5.6.3 Coastal protection works at Frenchmans Strand inishboffin

The OPW part funded this project to the value of €397,171.00.

An initial report on storm damage was carried out by a Consulting Engineering firm and assessed by Galway County Council's Engineers.

All the necessary documentation associated with the tendering of this project was seen by Internal Audit.

Works were continuously monitored by a site representative from Galway County Council and the Senior Executive Engineer.

Interim account invoices from the contractor were checked against site progress prior to payment.

Agresso service code EII refers to the operation of the **Fire Service** and is showing a net increase in expenditure of €506,326.96.00 over 2014.

The increase is mainly due to additional expenditure on the 3 jobs as outlined below:

- Job 05041009: Repairs & maintenance of buildings – incurred an increase of expenditure of €118,595.00.

The increase in expenditure relates to the refurbishment and upgrading of 3 fire stations located on the east side of the County. The works & facilities upgraded were required to comply with Health & Safety work legislation.

- Job 05041013: Firefighting Courses City & County – incurrence of additional expenditure of €153,788.00.

The increase in expenditure in 2015 is attributable to training required for a newly employed fire crew to operate a new fire service station which opened in the south Connemara region during 2015.

- Job 05041030: Fire fighters wages - incurrence of additional expenditure of €200,191.00.

The increase in expenditure in 2015 is attributable to a national decision taken to pay arrears of incremental pay due to firefighters.

Agresso service code H11 Refers to Agency & Recoupable service and is showing a net increase in expenditure of €778,965.67.00.

The increase is mainly due to expenditure on the 2 jobs as outlined below:

- Job 09087004: Insurance premium's employer & public liability incurred an increase of €686,260.25.

This code is showing an increase in expenditure due to the non-apportionment of insurance costs across the coding structure in 2015.

In 2014, and previous years, it was the practice to allocate insurance costs to a variation of job codes across the relevant services.

- Job 09087003: HC holiday pay incurred an increase in expenditure of €104,623.00.

This is attributable to an increase in waged workers' pay in 2015 over 2014.

5.7 Recommendation

It would be beneficial if relevant training on the Public spending code was provided to Local Authority Staff.

B Welby

Head of Internal Audit

6 Next Steps: Addressing Quality Assurance Issues

The compilation of both the inventory and checklists for 2015 which is the second year of this QA process was a significant co-ordination task in terms of liaising with all relevant sections / Organisations within Galway County Council and collating of relevant information for the inventories and the checklists.

It is envisaged that with proper training, the administrative burden of the QA process will ease over time. The process will be embedded in how the Council conducts its business.

As discussed in Section 3, in-depth checks carried out on 3 large projects:

The projects subject to review were:

- M17- Galway – Tuam
- N17 - Tuam Bypass
- M18 - Oranmore - Gort

In addition, completed Value for Money and Policy Reviews (VFMs) and Focused Policy Assessments (FPAs) will assist in the QA process by highlighting the types of expenditure areas which merit in-depth checks. A summary of the proposed future process for in-depth checks by the Council is set out below.

6.1 Summary of Future Process for In-Depth check by Galway County Council

1. Inventory Compiled/Updated by Procurement Officer
2. Random Selection of those projects / programmes whose total value per annum, is at least 5% of the total value of all projects in the inventory by Internal Auditor
3. Internal Auditor Informs Relevant Section / Department of Selection
4. Relevant Section / Department Provides Internal Auditor with All Relevant Material
5. Internal Auditor Completes In-Depth Check to Assess Compliance with PSC

6.2 Recommendations for future year QA reports

1. Last years' recommendation to indicate a process of information and training throughout the organisation was carried out through an awareness briefing session in November 2015 which included the circulation of guidance notes plus a full suite of information / guidance placed on the intranet. Face to face meetings occurred with the relevant seniors in each section. Also, as previously advised in the past where our Internal Auditor has carried out spot checks (on services), reports and recommendations would have been sent to the relevant unit for review and application
2. Post Project Review – This is an area where we are compliant but with some improvement necessary. TII projects which are a significant proportion of our project Inventory have a formalised post review process in place.
3. “Rolling” capital project codes should be avoided and we note that there is scope for improvement in this area.

7 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. As required, The Council has published details of any procurements in excess of €10 million on its website. The checklists completed by the Council and its agencies show a 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 the Councils compliance with the Code. However, it is acknowledged that additional work is required in order to ensure there is full information and understanding of the Public Spending Code and with appropriate training to ensure its full implementation and a structural approach to the Quality Assurance process.

Appendix 1A - Summary Inventory of Projects and Programmes > €0.5m

(Amounts in €'000)

Capital Expenditure	CHK 2			CHK 4			CHK 6		
	Expenditure Being Considered			Expenditure Being Incurred			Expenditure Recently Ended		
	Projects	Value	%	Projects	Value	%	Projects	Value	%
A Housing Programme	10	40	97%	7	20	2%	0	0	0%
B Roads Programme	0	0	0%	17	1,031	97%	9	600	96%
C Water Services Programme	0	0	0%	0	0	0%	0	0	0%
D Planning & Development	0	0	0%	1	1	0%	0	0	0%
E Environmental Services Programme	1	1	3%	2	5	0%	1	23	4%
F Recreation & Amenity	0	0	0%	1	1	0%	1	4	1%
G Agriculture, Education, Health & Welfare	0	0	0%	0	0	0%	0	0	0%
H Miscellaneous Services	0	0	0%	0	0	0%	1	1	0%
Total:	11	42		28	1,058		12	628	

CHK
5

Revenue/Current Expenditure	Expenditure Being Considered			Expenditure Being Incurred			Expenditure Recently Ended		
	Projects	Value	%	Projects	Value	%	Projects	Value	%
	A Housing Programme	0	0		7	10	11%	0	0
B Roads Programme	0	0		8	35	36%	0	0	
C Water Services Programme	0	0		1	3	3%	0	0	
D Planning & Development	0	0		6	7	7%	0	0	
E Environmental Services Programme	0	0		8	16	16%	0	0	
F Recreation & Amenity	0	0		4	7	8%	0	0	
G Agriculture, Education, Health & Welfare	0	0		5	4	4%	0	0	
H Miscellaneous Services	0	0		6	14	14%	0	0	
Total:	0	0		45	97		0	0	

	€'000
Total Value of Projects	1,823
Total value of Projects Audited	113
Relevant %	6%

Appendix 1B - Full Inventory Listing

Local Authority	Expenditure being considered				Expenditure being incurred		Expenditure recently ended			
	Current > €0.5m	Capital Grant Schemes		Capital Projects	Current Expenditure	> €0.5m Capital Grant Schemes	Capital Projects	Current Expenditure	> €0.5m Capital Grant Schemes	Capital Projects
		€0.5m - €5m	€5 - €20m							
Galway County Council										
Local Authority										
Galway County Council										
Housing & Building										
Weir Road			5,800,000							
Gilmartin Road			8,000,000							
Garbally Drive		1,600,000								
Dunlo Hill (AHB Cluid)		2,759,443								
Letterfrack - (AHB Cluid)		2,866,793								
Mountbellew (AHB Mountbellew)		824,250								
Claregalway (AHB - Claregalway)		1,980,000								
Gilmartin Road Urban Renewal Project			7,800,000							
Rurals 2015		980,000								
House Acquisitions - 59 No.			7,633,500							
Maintenance & Improvement of La Housing Units					€3,862,466					
Housing Assessment, Allocation and Transfer					€527,192					
Housing Rent & Tenant Purchase Administration					€613,591					
Support To Housing Capital Prog.					€633,380					
Ras Programme					€3,139,456					
Housing Loans					€943,744					
Housing Grants					€577,254					
Cap-Additional Capital Housing Works									€8,258,628	
Cap-Letterfrack Voluntary Project Cas									€1,502,477	

Cap- Atheny N & S Relief Roads Design Gc/10/5640										€15,000,000			
Cap-N63 Laughil Pavement Strengthening Gc/14/11802										€1,450,151			
Cap-N17 Milltown Pav & Traffic Calm Gc/14/11993										€1,024,938			
Cap-N18 Creganna Mor To Hillpark Gc/14/12005												€1,282,351	
Cap-N66 Gort To Peterswell Section 2 Gc/15/12533												€1,578,870	
Cap-N18 Rocklands To Creganna Mor Gc/15/12585												€885,158	
Cap-N18 Ardahan To Lisatunny Gc/15/12654										€2,570,922			
Cap-N63 Abbeyknockmoy To Annagh Hill										€7,000,000			
Cap-Signature Discover Point Derrigmlagh Waw 2015										€1,200,000			
Cap-Dunkellin River & Aggard Stream Flood Relief										€5,000,000			
Cap-N6 Galway To East Ballinasloe												€226,190,996	
Cap-N18 Gort-Crusheen												€185,139,693	
Cap-N6 Ballinasloe To Athlone												€177,050,612	
N17 Carrownurlaur Realignment 10/5982 2011												€4,245,427	
N67 Ballinderreen/Kinvara Realig 11/7515 2011-2014												€1,409,922	
Cap - Rehab Of Gal, Sligo & Mayo Bridges 11/8147 2011-12												€2,264,755	
Water Services													
Admin of Group and Private Installations											€3,312,973		
Development Management													
Forward Planning											€760,625		
Development Management											€2,101,524		

Appendix 2 - Reports Arising from In-Depth Checks

Checklist 1:

Galway County Council's Compiled Set of Checklists

Based on responses to the samples taken:

General Obligations not specific to individual projects/programmes

General Obligations not specific to individual projects/programmes	Self-Assessed Compliance Rating: 1 - 3	Discussion/Action Required
Does the Local Authority ensure, on an ongoing basis that appropriate people within the authority and in its agencies are aware of the requirements of the Public Spending Code?	2	2015 is the second year of the PSC in Local Government. Staff have been briefed on their obligations
Has there been participation by relevant staff in external training on the Public Spending Code? (i.e. DPER)	1	No Training provided for Local Government sector to date. Training is planned to occur shortly.
Has internal training on the Public Spending Code been provided to relevant staff?	1	2015 is second year of PSC and training needs, have yet to be identified. A revised National QA Guidance document has been developed and circulated to all relevant staff & agencies.
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	2015 is second year of PSC and while the revised National QA Guidance is being complied with, Guidance has issued for the sector. Local sectoral guidelines have as yet to be refined, which will, if necessary, be done in line with relevant training.
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 Projects relevant to the PSC currently
Have recommendations from previous Quality Assurance exercises (incl. old Spot-Checks) been disseminated, where appropriate, within the Local Authority and to your agencies?	2	The recommendation to indicate a process of information and training throughout the organisation was carried out through an awareness briefing session in November 2015 which included the circulation of guidance notes plus a full suite of information / guidance placed on the intranet. Face to face meetings occurred with the relevant seniors in each section. Also, as previously advised in the past where our Internal Auditor has carried out spot checks (on services), reports and recommendations would have been

		sent to the relevant unit for review and application
Have recommendations from previous Quality Assurance exercises been acted upon?	2	Yes, see above answer. Also, Internal Audit recommendations have been acted upon.
Has an annual Public Spending Code Quality Assurance Report been submitted to NOAC (National Oversight and Audit Commission)?	3	Report submitted for 2014
Was the required sample subjected to a more in-depth Review i.e. as per Step 4 of the QA process	3	Required Sample reviewed
Has the Chief Executive signed off on the information to be published to the website?	3	Yes. CE has signed off

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	Yes
Was an appropriate appraisal method used in respect of each capital project or capital programme/grant scheme?	3	Yes
Was a CBA/CEA completed for all projects exceeding €20m?	3	No projects in this category
Was the appraisal process commenced at an early stage to facilitate decision making? (i.e. prior to the decision)	3	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)?	3	Yes
If a CBA/CEA was required was it submitted to DPER (CEEU) for their views?	3	No projects in this category
Were the NDFA Consulted for projects costing more than €20m?	3	No projects in this category
Were all projects that went forward for tender in line with the Approval in Principle and if not was the detailed appraisal revisited and a fresh Approval in Principle granted?	3	Full tender process complied with
Was approval granted to proceed to tender?	3	Yes where applicable
Were Procurement Rules complied with?	3	Full tender process complied with
Were State Aid rules checked for all supports?	3	We understand that this applies to grants which are subject to separate audit.
Were the tenders received in line with the Approval in Principle in terms of cost and what is expected to be delivered?	3	Full tender process complied with where received
Were Performance Indicators specified for each project/programme that will allow for the evaluation of its efficiency and effectiveness?	3	KPIs were set for each project.
Have steps been put in place to gather Performance Indicator data?	3	Ongoing monitoring in place

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?	N/A	No programmes relevant to PSC in 2015
Are objectives measurable in quantitative terms?	N/A	No programmes relevant to PSC in 2015
Was an appropriate appraisal method used?	N/A	No programmes relevant to PSC in 2015
Was a business case incorporating financial and economic appraisal prepared for new current expenditure?	N/A	No programmes relevant to PSC in 2015
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 2015
Was the required approval granted?	N/A	No programmes relevant to PSC in 2015
Has a sunset clause been set?	N/A	No programmes relevant to PSC in 2015
Has a date been set for the pilot and its evaluation?	N/A	No programmes relevant to PSC in 2015
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 2015
If outsourcing was involved were Procurement Rules complied with?	N/A	No programmes relevant to PSC in 2015
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 2015
Have steps been put in place to gather Performance Indicator data?	N/A	No programmes relevant to PSC in 2015

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: 1 - 3	Comment/Action Required
Was a contract signed and was it in line with the approval in principle?	3	Contracts were awarded and signed following procurement tender competitions
Did management boards/steering committees meet regularly as agreed?	3	No formal Steering Committee's in place - however regular meetings take place to review ongoing contracts by appropriate parties. In the case of TII projects formal Steering Committees are in place
Were Programme Co-ordinators appointed to co-ordinate implementation?	3	Formal programme co-ordinators are appointed
Were Project Managers, responsible for delivery, appointed and were the Project Managers at a suitable senior level for the scale of the project?	3	Formal project managers are appointed
Were monitoring reports prepared regularly, showing implementation against plan, budget, timescales and quality?	3	Progress reports reviewed at regular Management Team Meetings – Monthly meetings of the Steering Committee include progress reports.
Did the project keep within its financial budget and its time schedule?	3	Yes
Did budgets have to be adjusted?	3	Yes – with consent of relevant body (TII)
Were decisions on changes to budgets / time schedules made promptly?	3	Yes
Did circumstances ever warrant questioning the viability of the project and the business case incl. CBA/CEA? (exceeding budget, lack of progress, changes in the environment, new evidence)	Yes	Economic & Environmental conditions dictated/changed progression.
If circumstances did warrant questioning the viability of a project, was the project subjected to adequate examination?	3	Re-appraisals were carried out
If costs increased, was approval received from the Sanctioning Authority?	3	Yes – with consent of relevant body (TII)
Were any projects terminated because of deviations from the plan, the budget or because circumstances in the environment changed the need for the investment?	Yes	Some projects were postponed or curtailed
For significant projects were quarterly reports on progress submitted to the MAC and to the relevant Department?	3	Progress reports were sent to DECLG

Checklist 5:
For current expenditure being incurred

Incurring Current Expenditure	Self-Assessed Compliance Rating: 1 -3	Comment/Action Required
Are there clear objectives for all areas of current expenditure?	3	Yes, as per Budget Report and Annual Business Plan.
Are outputs well defined?	3	National KPI's are in place for Galway County Council
Are outputs quantified on a regular basis?	3	Yes
Is there a method for monitoring efficiency on an ongoing basis?	3	Yes, based on regular reviews of business plan, financial reporting, and SMT Meetings. FMS reviews on budgets v's actual
Are outcomes well defined?	3	Outcomes are considered as part of the business plan objectives
Are outcomes quantified on a regular basis?	3	Outcomes are directly measured & correlated back to expenditure/inputs
Are unit costings compiled for performance monitoring?	Yes	LGMA performance Management Indicators (eRtns)
Is there a method for monitoring effectiveness on an ongoing basis?	3	Yes, based on regular reviews of business plan, financial reporting, and SMT Meetings
Is there an annual process in place to plan for new VFMs, FPAs and evaluations?	3	No formal VFM/FPA Carried out – Ongoing annual IA programme in place which includes VFM's
How many formal VFMs/FPAs or other evaluations have been completed in the year under review?	3	This would form part of the Internal Audit work programme
Have all VFMs/FPAs been published in a timely manner?	3	No formal VFM/FPA Carried out – Ongoing annual IA programme in place + results published in a timely manner.
Is there a process to follow up on the recommendations of previous VFMs/FPAs and other evaluations?	3	All previous audit reports are reviewed for compliance
How have the recommendations of VFMs, FPAs and other evaluations informed resource allocation decisions?	3	IA report recommendations were highlighted to the relevant Management for decision making

Checklist 6:

To be completed if capital projects (Ended) – 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	As reported previously, In the main no formal post project reviews were carried out except in the case of the main TII projects.
Was a post project review completed for all projects/ programmes exceeding €20m?	1	Project reviews carried out for TII projects
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?	1	
Were project reviews carried out by staffing resources independent of project implementation?	1	

Checklist 7:

**To be completed if current expenditure programmes
that reached the end of their planned timeframe during the year or were discontinued.**

Current Expenditure that (i) reached the end of its planned timeframe or (ii) Was discontinued	Self-Assessed Compliance Rating: 1 - 3	Comment/Action Required
Were reviews carried out of current expenditure programmes that matured during the year or were discontinued?	N/A	No programmes relevant to PSC in 2015
Did those reviews reach conclusions on whether the programmes were effective?	N/A	No programmes relevant to PSC in 2015
Did those reviews reach conclusions on whether the programmes were efficient?	N/A	No programmes relevant to PSC in 2015
Have the conclusions reached been taken into account in related areas of expenditure?	N/A	No programmes relevant to PSC in 2015
Were any programmes discontinued following a review of a current expenditure programme?	N/A	No programmes relevant to PSC in 2015
Was the review commenced and completed within a period of 6 months?	N/A	No programmes relevant to PSC in 2015

