



Comhairle Cathrach na Gaillimhe
Galway City Council

PUBLIC SPENDING CODE

Quality Assurance Report 2019

As submitted to the National Oversight and Audit Commission
in compliance with the Public Spending Code

Certification

This Annual Quality Assurance Report reflects the Galway City 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.

Signed:

A handwritten signature in black ink, appearing to read 'Brendan McGrath', written over a horizontal line.

**Brendan McGrath,
Chief Executive.**

Dated: August, 2020.

Part A – Introduction

Galway City 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 Galway City Council and its associated agencies are meeting the obligations set out in the Public Spending Code. The Public Spending Code seeks to ensure that all branches of the state achieve effective expenditure and value for money in the use of all public funds.

The Quality Assurance Process contains five steps:

1. **Draw 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 recently ended. The inventory includes all projects above €0.5m in either total capital cost, or revenue cost for 2019.
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 different stages.** These checklists allow Galway City Council and its agencies to self-assess their compliance with the code, 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 and programmes are selected to be reviewed more intensively. At least 5% of total declared Capital spending each year, and 1% of Revenue spending each year, with both averaged over a 3-year period.
5. **Complete a short report for the National Oversight and Audit Commission (NOAC),** which includes the inventory of all projects, the publication of procurements over €10m, the completed checklists, the City Council's judgement on the findings from the in-depth checks and any proposals to remedy discovered inadequacies.

This report fulfils the requirements of the QA Process in Galway City Council for 2019. It is important to note that 2014 was the first year in which the QA process was applied, as detailed in Circular 13/13.

Part B – Expenditure Analysis

Inventory of Projects / Programmes

This section details the inventory drawn up by Galway City Council in accordance with the guidance on the Quality Assurance process. The inventory lists all the City Council's projects and programmes at various stages of the project life cycle, which amounted to more than €0.5m. The inventory is based on Capital Projects (individual jobs), and Revenue Programmes based on the Service Level listing in Appendix 2 of the Annual Financial Statement for 2019.

The inventory is divided between three stages:

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

The following Table 1 lists the City Council's compiled inventory for 2019.

Expenditure Being Considered

Expenditure being considered, comprised capital projects recently initiated or likely to commence during the following year. Table 1 lists five Capital Projects as being considered during 2019. These projects are at planning stage, with some advanced to tender phase.

New revenue Service Levels are usually the result of national or regional initiatives, but none affected the expenditure reports of Galway City Council during 2019.

Expenditure Being Incurred

The Public Spending Code requires that all revenue Service Levels incurring expenditures over €0.5m would be declared. Accordingly, there are 32 revenue programmes listed in Table 1 for 2019.

Table 1 also lists eight ongoing Capital Projects in various Directorates.

Expenditure Recently Ended

Table 1 confirms that four of the ongoing capital projects were concluded during 2019.

There was one revenue expenditure programme terminated in 2019. This expenditure related to a Roads Project funded through revenue.

Galway City Council

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

[illegible]

A01 – Maint of LA Housing						6,122,500						
A02 – Housing Assess, Allocate & T'fer						508,682						
A03 – Housing Rent Admin						853,733						
A04 – Housing Community Dev						562,831						
A05 – Homeless Services						9,143,979						Region HQ
A06 – Support to Hsg Capital						3,637,189						Various Jobs
A07 – RAS Programme						5,062,715						Incl. LTL
A08 – Housing Loans						5,134,977						Redeemed
Road Transportation and Safety												
N6 CORRIDOR ENHANCEMENT								14,000,000				Multi-phase
PEDESTRIANISED – REFURB WORKS								15,000,000				Multi-phase
SALMON WEIR CYCLE BRIDGE				7,800,000								
B01 – National Primary Roads - Maint						1,417,137			900,000			N6 Pavement
B03 – Regional Roads - Maint						4,257,247						Various Jobs
B04 – Local Roads - Maint						2,256,873						
B05 – Public Lighting						2,803,831						
B06 – Traffic Management						2,017,905						
B09 – Car Parking						1,312,879						
Water Services												
C01 – Water Supply						2,333,173						Agency
C02 – Waste Water Treatment						1,010,873						Agency
Development Management												
D01 – Forward Planning						832,420						
D02 – Development Management						1,122,121						
D06 – Community & Enterprise						1,688,894						

D09 – Economic Dev & Promote						1,356,742						Expanded Role
Environmental Services												
E05 – Litter Management						730,574						
E06 – Street Cleaning						2,874,528						
E09 – Burial Grounds						789,099						
E11 – Operation of Fire Service						4,944,000						Agency
Recreation and Amenity												
EUROPEAN CAPITAL OF CULTURE 2020							6,000,000					
CAPPAGH PARK – ALL WEATHER PITCH										700,000		
CITY MUSEUM – REDEVELOPMENT				10,200,000								Plan Stg
F01 – Leisure Facilities Ops						2,494,235						
F02 – Library & Archival Service						1,622,250						Agency
F03 – Outdoor Leisure Area Ops						4,660,789						Various Jobs
F04 – Sport & Recreation Devs						2,004,462						
F05 – Arts Programme						7,116,812						
Agri, Educate, Health & Welfare												
N/A												
Miscellaneous Services												
H03 – Administration of Rates						3,289,886						Various Jobs
H09 – Local Reps & Civic Leaders						1,243,603						
H11 – Agency & Recoup Service						1,500,719						
Grand Totals:	0	0	5,000,000	43,500,000	0	86,707,658	14,000,000	66,000,000	900,000	7,000,000	6,800,000	

Note 1: Capital Project is included at individual project level

Revenue Programme is included at Service Level.

Note 2: Capital Expenditure is included as total value of project

Revenue Expenditure is included as annual total of Service.

Appendix 1 details the Inventory in excel format as requested.

Published Summary of Procurements

As part of the Quality Assurance process in the Public Spending Code, Galway City Council is required to publish summary information of all procurements in excess of €10 million.

It has been confirmed that the City Council **did not undertake** any single procurement over €10 million during 2019.

Part C – Assessment of Compliance

Checklist Completion: Approach Taken and Results

The third step in the Quality Assurance process involves completing a set of checklists covering all listed expenditure. The high level checks in Step 3 of the QA process are based on self-assessment by the various Directorates in Galway City 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 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

Galway City Council has completed the full set of checklists 1 – 7. The following pages list the completed checklist results. In addition to the self-assessed scoring, the majority of answers are accompanied by explanatory comments. Each question in the checklist is judged on a 4-point scale:

- | | |
|------------|--|
| 1 | Scope for significant improvements = a score of 1 |
| 2 | Compliant but with some improvement necessary = a score of 2 |
| 3 | Broadly Compliant = a score of 3 |
| N/A | Not Applicable |

Checklist 1 – GALWAY CITY COUNCIL
To be completed in respect of 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
1.1 Does the organisation ensure, on an on-going basis, that appropriate people within the organisation and its agencies are aware of their requirements of the Public Spending Code (incl. through training)?	2	Relevant staff have been notified of their obligations under the PSC. Follow-up Training is required.
1.2 Has training on the Public Spending Code been provided to relevant staff within the organisation?	2	Further PSC training required for relevant staff.
1.3 Has the Public Spending Code been adapted for the type of project / programme that your local authority is responsible for? i.e., have adapted sectoral guidelines been developed?	3	Yes. Guidance document has been adapted for LA sector and is available on the intranet.
1.4 Has the local authority in its role as Sanctioning Authority satisfied itself that agencies that it funds comply with the Public Spending Code?	2	Agreements in place with relevant agencies.
1.5 Have recommendations from previous QA reports (incl. spot checks) been disseminated, where appropriate, within the organisation and to agencies?	3	Audit recommendations are distributed to Senior Management Team (SMT) and Audit Committee.
1.6 Have recommendations from previous QA reports been acted upon?	2	SMT progress reports on all audit recommendations.
1.7 Has an annual Public Spending Code QA report been certified by the local authority's Chief Executive, submitted to NOAC and published on the organisation's website?	3	PSC QA Report has been signed by CE, issued to NOAC; and published on the City Council website.
1.8 Was the required sample of projects / programmes subjected to in-depth checking as per step 4 of the QAP?	2	Required samples or both Revenue and Capital spending have been reviewed.
1.9 Is there a process in place to plan for ex post evaluations / Post Project Reviews? Ex-post evaluation is conducted after a certain period has passed since the completion of a target project with emphasis on the effectiveness and sustainability of the project.	3	The Purchasing and Procurement rules adopted by Galway City Council include the mandatory requirement for Post Project reviews.
1.10 How many formal Post Project Review evaluations have been completed in the year under review? Have they been issued promptly to the relevant stakeholders / published in a timely manner?	0	No Capital Projects Post Project Reviews were compiled during 2019.
1.11 Is there a process to follow up on the recommendations of previous evaluations / Post project reviews?	3	SMT progress reports on all audit recommendations.
1.12 How have the recommendations of previous evaluations / post project reviews informed resource allocation decisions?	2	Decisions are based in part on SMT progress reports on all audit recommendations.

Checklist 2 –

To be completed in respect of Capital projects / programmes & capital grant schemes that were under consideration in the past year

Capital Expenditure being Considered – Appraisal and Approval	Self-Assessed Compliance Rating: 1 - 3	Comment / Action Required
2.1 Was a preliminary appraisal undertaken for all projects > €5m?	3	Business cases presented and approved by Elected Members.
2.2 Was an appropriate appraisal method used in respect of capital projects or capital programmes / grant schemes?	3	Business cases presented and approved by Elected Members.
2.3 Was a CBA/CEA completed for all projects exceeding €20m?	N/A	Max project value estimated at €15 million.
2.4 Was the appraisal process commenced at an early stage to facilitate decision making? (i.e. prior to the decision)	3	Business cases presented and approved by Elected Members.
2.5 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	Compliance with Gov Dept funding requires Approval in Principle.
2.6 If a CBA/CEA was required was it submitted to the relevant Department for their views?	N/A	
2.7 Were the NDFA consulted for projects costing more than €20m?	N/A	
2.8 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	Departmental Guidelines on Project Development used when preparing appraisals.
2.9 Was approval granted to proceed to tender?	3	Departmental Guidelines on Project Development.
2.10 Were procurement rules complied with?	3	Departmental Guidelines on Project Development.
2.11 Were State Aid rules checked for all supports?	3	Rules applied when Funding Requests made.
2.12 Were the tenders received in line with the Approval in Principle in terms of cost and what is expected to be delivered?	2	Tenders subject to MEAT and Weightings.
2.13 Were performance indicators specified for each project/programme that will allow for a robust evaluation at a later date?	2	Departmental Guidelines on Project Development.
2.14 Have steps been put in place to gather performance indicator data?	2	Ongoing.

Checklist 3 –

To be completed in respect of new Current expenditure under consideration in the past year

Current Expenditure being Considered – Appraisal and Approval	Self-Assessed Compliance Rating: 1 - 3	Comment / Action Required
3.1 Were objectives clearly set out?	N/A	No new National or Regional Initiatives or new current expenditures over €0.5m were being considered.
3.2 Are objectives measurable in quantitative terms?	N/A	
3.3 Was a business case, incorporating financial and economic appraisal, prepared for new current expenditure?	N/A	
3.4 Was an appropriate appraisal method used?	N/A	
3.5 Was an economic appraisal completed for all projects exceeding €20m or an annual spend of €5m over 4 years?	N/A	
3.6 Did the business case include a section on piloting?	N/A	
3.7 Were pilots undertaken for new current spending proposals involving total expenditure of at least €20m over the proposed duration of the programme and a minimum annual expenditure of €5m?	N/A	
3.8 Have the methodology and data collection requirements for the pilot been agreed at the outset of the scheme?	N/A	
3.9 Was the pilot formally evaluated and submitted for approval to the relevant Department?	N/A	
3.10 Has an assessment of likely demand for the new scheme / scheme extension been estimated based on empirical evidence?	N/A	
3.11 Was the required approval granted?	N/A	
3.12 Has a sunset clause (as defined in section B06, 4.2 of the Public Spending Code) been set?	N/A	
3.13 If outsourcing was involved were procurement rules complied with?	N/A	
3.14 Were performance indicators specified for each new current expenditure proposal or expansion of existing current expenditure programme which will allow for a robust evaluation at a later date?	N/A	
3.15 Have steps been put in place to gather performance indicator data?	N/A	

Checklist 4 –

To be completed in respect of capital projects / programmes & capital grants schemes incurring expenditure in the year under review

Incurring Capital Expenditure	Self- Assessed Compliance Rating: 1 - 3	Comment / Action Required
4.1 Was a contract signed and was it in line with the Approval in Principle?	3	Agreed with Funding Dept and / or Council approved
4.2 Did management boards / steering committees meet regularly as agreed?	2	Regular Meetings were held
4.3 Were programme co-ordinators appointed to co-ordinate implementation?	3	Yes – Senior Engineer or Admin Officer
4.4 Were project managers, responsible for delivery, appointed and were the project managers at a suitably senior level for the scale of the project?	3	Yes – Senior Engineer / Appointed Consultants
4.5 Were monitoring reports prepared regularly, showing implementation against plan, budget, timescales and quality?	2	Yes – Monthly Projects Reports prepared
4.6 Did projects / programmes / grant schemes keep within their financial budget and time schedule?	2	Stages of Roads Project have been delayed
4.7 Did budgets have to be adjusted?	2	Yes – Due to noted delays
4.8 Were decisions on changes to budgets / time schedules made promptly?	2	Amendments were negotiated
4.9 Did circumstances ever warrant questioning the viability of the project / programme / grant scheme and the business case incl. CBA/CEA? (exceeding budget, lack of progress, changes in the environment, new evidence, etc.)	3	Land issues and Stalled stages of projects questioned by Council
4.10 If circumstances did warrant questioning the viability of a project / programme / grant scheme, was the project subjected to adequate examination?	2	Decision at Executive and Council levels
4.11 If costs increased was approval received from the Sanctioning Authority?	2	Pre-spending approvals were sought
4.12 Were any projects / programmes / grant schemes terminated because of deviations from the plan, the budget or because circumstances in the environment changed the need for the investment?	0	

Checklist 5 –

To be completed in respect of Current expenditure programmes incurring expenditure in the year under review

Incurring Current Expenditure	Self-Assessed Compliance Rating: 1 -3	Comment / Action Required
5.1 Are there clear objectives for all areas of current expenditure?	2	The majority of the 32 Service Levels have stated objectives
5.2 Are outputs well defined?	2	Key Performance Indicators and objective targets are set
5.3 Are outputs quantified on a regular basis?	2	Quarterly reports to SPCs and to Council
5.4 Is there a method for monitoring efficiency on an ongoing basis?	2	Monthly and quarterly Finance Reporting
5.5 Are outcomes well defined?	2	Quarterly monitoring of KPI progress
5.6 Are outcomes quantified on a regular basis?	2	Monthly and quarterly KPI and objective reporting
5.7 Are unit costings compiled for performance monitoring?	2	Limited evidence of the use of Unit Costings as part of performance monitoring
5.8 Are other data compiled to monitor performance?	2	Monthly and quarterly KPI and objective reporting
5.9 Is there a method for monitoring effectiveness on an ongoing basis?	2	Monthly and quarterly KPI and objective reporting
5.10 Has the organisation engaged in any other 'evaluation proofing' ¹ of programmes / projects?	2	Limited evidence of the use of non-financial data gathering as part of performance monitoring

¹ Evaluation proofing involves checking to see if the required data is being collected so that when the time comes a programme / project can be subjected to a robust evaluation. If the data is not being collected, than a plan should be put in place to collect the appropriate indicators to allow for the completion of a robust evaluation down the line.

Checklist 6 –

To be completed in respect of Capital projects / programmes & capital grant schemes discontinued and / or evaluated during the year under review

Capital Expenditure Recently Completed	Self-Assessed Compliance Rating: 1 - 3	Comment / Action Required
6.1 How many post project reviews were completed in the year under review?	0	No Post Project Reviews completed in 2019
6.2 Was a post project review completed for all projects / programmes exceeding €20m?	N/A	
6.3 Was a post project review completed for all capital grant schemes where the scheme both (1) had an annual value in excess of €30m, and (2) where scheme duration was five years or more?	N/A	
6.4 Aside from projects over €20m and grant schemes over €30m, was the requirement to review 5% (Value) of all other projects adhered to?	N/A	
6.5 If sufficient time has not elapsed to allow for a proper assessment, has a post project review been scheduled for a future date?	1	No Post Project Reviews arranged for future dates
6.6 Were lessons learned from post-project reviews disseminated within the Sponsoring Agency and to the Sanctioning Authority? (Or other relevant bodies)	N/A	
6.7 Were changes made to practices in light of lessons learned from post-project reviews?	N/A	
6.8 Were project reviews carried out by staffing resources independent of project implementation?	N/A	

Checklist 7 –

To be completed in respect of **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
7.1 Were reviews carried out of current expenditure programmes that matured during the year or were discontinued?	1	No review was made of the one Project finished during 2019
7.2 Did those reviews reach conclusions on whether the programmes were efficient?	N/A	
7.3 Did those reviews reach conclusions on whether the programmes were effective?	N/A	
7.4 Have the conclusions reached been taken into account in related areas of expenditure?	N/A	
7.5 Were any programmes discontinued following a review of a current expenditure programme?	N/A	
7.6 Were reviews carried out by staffing resources independent of project implementation?	N/A	
7.7 Were changes made to the organisation's practices in light of lessons learned from reviews?	N/A	

Notes:

- ❖ The scoring mechanism for the above checklists is as follows:
 - Scope for significant improvements = a score of **1**
 - Compliant but with some improvement necessary = a score of **2**
 - Broadly compliant = a score of **3**
- ❖ 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.
- ❖ 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 covered in the sample for those questions which address compliance with appraisal / evaluation requirements i.e. the annual number of appraisals (e.g. Cost Benefit Analyses or Multi Criteria Analyses), evaluations (e.g. Post Project Reviews). Key analytical outputs undertaken but outside of the sample should also be noted in the report.

Main Issues Arising from Checklist Assessment

The completed checklists show the extent to which Galway City Council believe they comply with the Public Spending Code. Overall, the checklists show a good level of compliance with the Code.

This is the sixth year that the Public Spending Code is being reported on by the Local Government sector. The process of embedding the principles of the code remains ongoing, and will be monitored as part of the Quality Assurance process in forthcoming years.

With regard to Checklist 2 – capital expenditure being considered, there were only five capital jobs to which the declaration criteria applied. These projects are at the planning stage, with funding and final approvals awaited. The standard of compliance may vary in future as additional capital projects are commenced.

For Checklist 3 – current expenditure being considered, there were no new revenue programmes to be declared for 2019. New funding initiatives are usually commenced at a national or regional level, with specific councils selected to operate the schemes on pilot basis.

Checklist 4 – capital expenditure incurred related to eight ongoing projects in 2019. The declared standards may vary over time depending on the changing quantity and value of capital projects.

For Checklist 5 – current expenditure incurred during 2019, the results are based on the average compliance of the listed 32 service level revenue programmes.

Checklist 6 – capital projects completed during 2019, the checklist reveals that four of the ongoing projects reached conclusion in 2019.

With regard to Checklist 7 – there were one current expenditure programmes terminated during 2019. The expenditure related to a completed Roads Project funded through revenue. It is rare that a revenue initiative would reach conclusion locally instead of the programme being varied or terminated at national level.

Part D – In-Depth Checks

The in-depth checks conducted by Internal Audit for this Public Spending Code Quality Assurance report are based on audits, in-depth reviews, and staff interviews conducted.

The Public Spending Code has listed the requirement to complete in-depth reviews of 15% Capital and 3% Revenue expenditures, averaged over the last three years. The checks analysed for the PSC represented **16.1%** of Galway City Council's declared Capital projects inventory, and amounted to **3.8%** of Revenue Service Levels, averaged over the 3-year period permitted.

Assessments

The annual Internal Audit Work Programme includes the requirement to conduct in-depth checks on sample projects and programmes, as part of the annual PSC Report to NOAC.

The recurring themes arising from in-depth reviews and from the Local Government Auditor's reports remain the ongoing benefits of robust enforcement of regulatory compliance.

From the reviews previously conducted by Internal Audit, there was an identified need to complete Post Project Reviews, to record the lessons learned both positive and negative, as a means of influencing future decision making.

The need for further PSC Training, especially with regards to new staff appointments and promotions, was reported during audit meetings. Also, regular reviews to confirm GDPR compliance were welcomed.

Part E – Addressing Quality Assurance Issues

The Audit Committee continues to examine the completeness of recorded Policies and Procedures within Galway City Council.

The in-depth checks carried out on sampled programmes / projects revealed no substantive issues that would cast doubt on the City Council's compliance with the Code. It is acknowledged that ongoing efforts will be required to ensure complete compliance with the Public Spending Code.