



**Comhairle Contae
Dhún na nGall**
Donegal County Council

INTERNAL AUDIT DEPARTMENT

FINAL REPORT

**IA19/1 - Social Inclusion and Community
Activation Programme (SICAP)**

June, 2019

Table of Contents

1	Executive Summary	3
2	Assurance Rating	3
3	Introduction & Scope	3
4	Objective & Methodology	5
5	Background	5
6	System Analysis	6
7	Relevant Legislation and Guidance	7
8	Findings	7
8.1	Policy & Procedures	7
8.2	Tendering Process	7
8.3	Project Implementation	9
8.4	Financial Requirements	10
8.5	Monitoring & Review	11
8.6	Data Protection	15
9	Conclusions and Recommendations	15
9.1	Policy & Procedures	15
9.2	Tendering process	16
9.3	Project implementation	16
9.4	Financial requirements	16
9.5	Monitoring & Review	17
9.6	Data Protection	18
10	Acknowledgement	19
	<i>Appendix 1 – Circulation List</i>	<i>20</i>
	<i>Appendix 2 – Audit Classification</i>	<i>21</i>
	<i>Appendix 3 – IA19/1 - SICAP - Summary Recommendations</i>	<i>22</i>
	<i>Appendix 4 – SICAP Annual Plan Reports</i>	<i>24</i>

1 Executive Summary

Internal Audit has carried out an Audit on the procedures and controls in place for the operation of the Social Inclusion and Community Activation Programme (SICAP) within Donegal County Council (DCC). This audit was carried out as part of the 2019 Internal Audit Work Programme.

The new Social Inclusion and Community Activation Programme (SICAP) commenced on 1st January 2018 and will run until the end of 2022. It replaced the previous SICAP programme which ran from 2015-2017.

The processes examined during the course of this audit were found to be in compliance with the guidelines issued.

The findings and recommendations of this audit are set out hereunder.

2 Assurance Rating

This Audit has been assigned an assurance rating of:

Level 2 – Adequate

See **Appendix 2** for Classification of Audit Assurance.

There are generally adequate procedures and controls in place to ensure that the objectives of the SICAP Programme are being met to within Donegal County Council and the policies and procedures in place ensure that the programme is being delivered in an efficient and transparent manner.

3 Introduction & Scope

The SICAP Programme aims to reduce poverty and promote social inclusion and equality within local communities. The programme is managed at a local level by Local Community Development Committees (LCDCs) throughout the country, with support from Local Authorities and actions are delivered by Programme Implementers (PI's).

The SICAP Programme is overseen nationally by Pobal on behalf of the Department of Rural & Community Development with each Local Authority also engaging with Pobal, acting on behalf of the Department of Housing, Planning and Local Government (DHPCLG), as a nominated representative.

Local Community Development Committees were established on a statutory basis in all 31 Local Authorities as part of the Government's Action Programme for effective Local Government through the Local Government Reform Act 2014 (Part 6). Their purpose is to bring a co-ordinated approach to community development at a local level through experienced members of both the private and public sector.

In Donegal, SICAP is managed by the Donegal Local Community Development Committee with support from Donegal County Council. The Donegal LCDC consists of nineteen board members and is made up of Donegal County Council staff, County Councillors, state agency employees, members of the business & farming communities and community volunteers.

It should be noted that under the SICAP 2015-2017 programme, Pobal had an agreement in place to audit the programme within each Local Authority nationally. This agreement expired at the end of 2017 and the DHPCLG suggested that the role of auditing the programme should be carried out by each individual Local Authority's Internal Audit Department. This suggestion raises a number of issues which will be discussed further in this report.

Each LCDC agrees annual targets for their area based on local needs to ensure the Programme achieves its goals. SICAP is then delivered by the Programme Implementers (PI's) who are engaged by the LCDC in each area and work with disadvantaged groups within local communities. Donegal Local Development Company CLG and Inishowen Development Partnership act as the Programme Implementers within County Donegal.

The Programme has two core goals that focus on supporting both community groups and individuals:

- Goal One: To support communities and target groups and engage with relevant stakeholders in identifying and addressing social exclusion and equality issues whilst developing the capacity of local community groups and creating more sustainable communities.

A target has been set for work under Goal 1: Key Performance Indicator (KPI) (1) will measure the total number of local community groups supported under SICAP.

- Goal Two: To support disadvantaged individuals to improve the quality of their lives through the provision of lifelong learning and labour market supports.

This goal makes up KP1 (2) which keeps a record of the total number of individuals (aged 15 and upwards) that are engaged in the programme on a one-to-one basis.

The SICAP Programme also has specific "target groups" to ensure that the programme focuses on disadvantaged and marginalized groups. These groups consist of:

- Disadvantaged children and families
- Disadvantaged young people (aged 15-24)

- Disadvantaged women
- Lone parents
- New communities (including refugees and asylum seekers)
- People living in disadvantaged communities
- People with disabilities
- Roma
- The unemployed
- Low income workers/households
- Travellers
- The disengaged from the Labour Market (economically inactive)
- An emerging needs target group selected at local level by the Local Community Development Committee to reflect the specific needs of the local area if not otherwise addressed

The scope of this audit was to examine the procurement and application process of the SICAP Programme, as well as assess how the programme is implemented by the Donegal Local Community Development Committee with support from Donegal County Council.

4 Objective & Methodology

The objective of this audit was to examine the procedures and controls in place for the operation of the SICAP Programme within the auspices of Donegal County Council.

The audit was approached as follows:

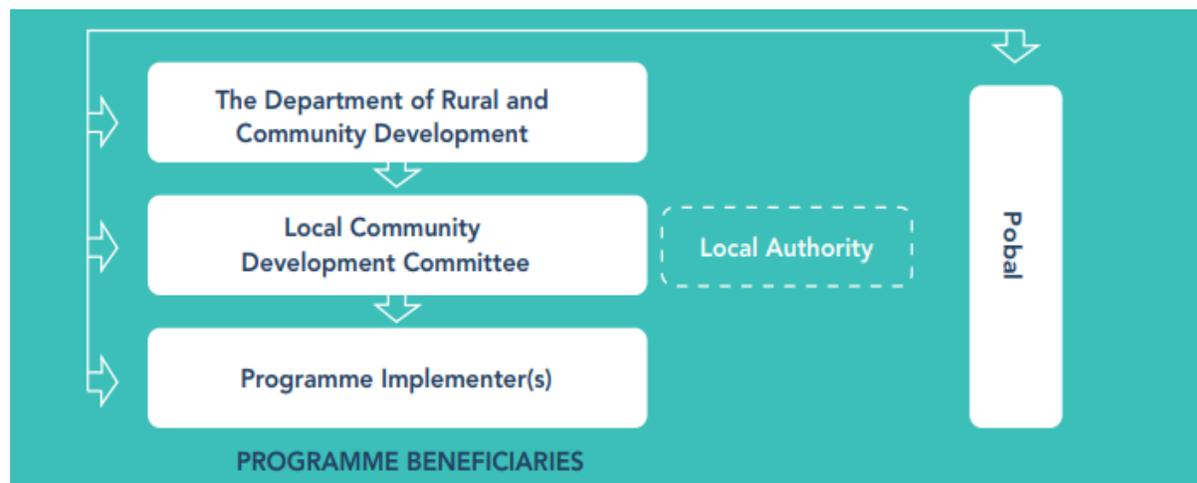
- Meetings were held with relevant staff
- The directives and legislation for the programme nationally were examined
- Training on the IRIS system was undertaken
- The guidelines and programme implementation within Donegal County Council were examined

A draft report was issued to relevant staff on 3rd May 2019 and responses received have been incorporated into the Final Report where appropriate.

5 Background

The SICAP Programme is funded by the Department of Rural & Community Development with a countrywide total of €38.02m being provided in 2018 (€2,008,917 of this is apportioned to Donegal). The programme also receives co-financing support under the ESF Programme for Employability, Inclusion and Learning (PEIL 2014 - 2020) in the amount of €30m. Donegal's projected allocation for the 2018-2022 Programme is €12,053,502.

Operating/Delivery structure



For the purposes of drawdown of the fund, individual contracts were awarded across the Local Authority areas. These contracts were divided into 33 separate “lots” to encompass the 33 Local Community Development Committees (LCDC’s) with Donegal being lot 33. The County was then sub-divided into 3 further lots as follows:

Lot No.	Lot Name	Programme Implementer
33-1	Donegal Inishowen	Inishowen Development Partnership
33-2	Donegal Gaeltacht	Donegal Local Development CLG
33-3	Central Donegal	Donegal Local Development CLG

6 System Analysis

The SICAP programme uses a CRM system called IRIS (Integrated Reporting and Information System) for inputting and storing all relevant data in relation to the programme.

- All SICAP data is inputted and stored in the IRIS database
- IRIS is a customised online Microsoft Dynamics CRM system
- IRIS records core non-finance and finance information for each Lot
- IRIS is used to demonstrate progression against programme targets and outcomes

Core non-finance and finance data recorded on IRIS has to be backed up by relevant documentation.

At present there are [REDACTED] in the Community Development and Planning Services Directorate of DCC with access to this system: the [REDACTED]. System training has been provided by Pobal.

7 Relevant Legislation and Guidance

- ESF Programme for Employability, Inclusion and Learning (PEIL)
- Directive 2014/24EU of the European Parliament and of the Council of 26th February 2014 on Public Procurement - S.I 284 of 2016 – European Union (Award of Public Authority Contracts) Regulations 2016
- Remedies Directive 2007/66/EC of the European Parliament and the Council of the European Union
- S.I. No. 130/2010 - European Communities (Public Authorities' Contracts) (Review Procedures) Regulations 2010
- S.I. No. 192/2015 - European Communities (Public Authorities' Contracts) (Review Procedures) (Amendment) Regulations 2015
- Data Protection Act of 1988 and 2003

8 Findings

8.1 Policy & Procedures

The following Policy and Procedures have been provided by the Department of Rural and Community Development and The Community Development and Planning Directorate of DCC.

1. Social Inclusion and Community Activation Programme 2018 – 2022 Programme Framework.
2. SICAP Programme Requirements 2018-2022.
3. SICAP Procurement: Request for Tender for the Provision of Services in Relation to the Social Inclusion and Community Activation Programme 2018 – 2022.
4. Social Inclusion and Community Activation Programme Funding Agreement.

Internal Audit has found that all the above Policy and Procedures were communicated to both the Local Community Development Committees and the Programme Implementers by staff in the Community Development & Planning Directorate and are also available on the Donegal County Council and Pobal websites.

8.2 Tendering Process

In accordance with guidelines on EU thresholds set down by the Office of Government Procurement (OGP), the Community Development and Planning Services Directorate, on behalf of Donegal County Council as contracting authority, published a Request for Tender (RFT) on the e-tenders website on 31st July 2017. The response deadline for tenders was set for 6th October 2017.

Tenderers could submit tenders for all lots; however the maximum number of lots any one economic operator could win was five.

Award Criteria

The following award criteria were allocated to the tender:

- Lot Profile & Understanding of Lot Needs/Weighting:15
- Strategic Plan 2018–2022/Weighting:15
- 2018 Annual Plan/Weighting:25
- Methodology/Weighting:15
- Staffing Resources/Weighting:15
- Management/Weighting:15
- Budget Allocation/Weighting: 0

The tenders were examined by the LCDC sub-committee which was made up of three Members of the LCDC and the Chief Officer who was a non-voting Member. Each project was assessed and marked in accordance with the procurement procedure and the contracts were then awarded in adherence to the Office of Government Procurement Directive 2014/24/EU.

Based on the criteria in the RFT and the responses received, the LCDC sub-committee met on 25th October 2017 and awarded the lots as follows:

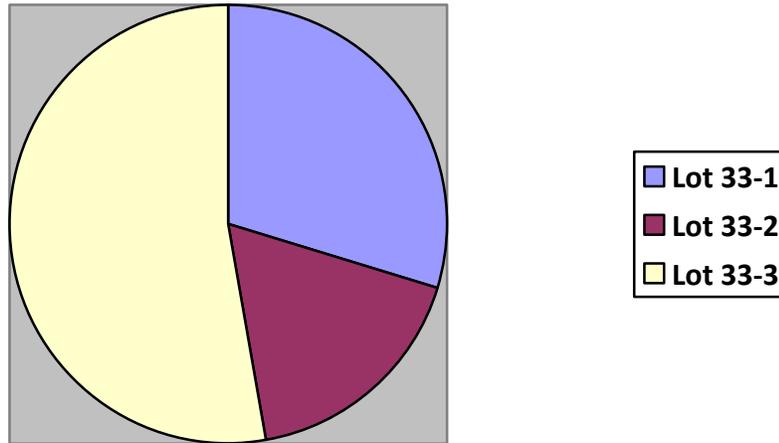
- Lot 33-1: Inishowen Development Partnership
- Lot 33-2: Donegal Local Development CLG (Forbairt Aitiuil Dhún na nGall)
- Lot 33-1: Donegal Local Development CLG

Tender awards

Each LDC (Programme Implementer) was allocated a portion of funding per year based on their finances and previous experience of providing similar services. The programme amounts allocated were as follows:

Lot	Name	Amount (ex VAT) €
33-1	Donegal Inishowen	597,180
33-2	Donegal Gaeltacht	352,992
33-3	Central Donegal	1,058,745

Allocation by lot



At this point Pobal, as the nominated representative, reviewed the evaluation process and ensured that the process across the delivery areas had been followed correctly, undertaking appropriate action if irregularities were discovered.

Following a standstill notice issued in accordance with the Remedies Directive (2007/66/EC) and Irish Regulations (S.I. No.130 of 2010 and S.I. No.192 of 2015), funding agreements were drawn up between the three parties involved in the programme implementation: The Local Community Development Committees, Donegal County Council and the Programme Implementers. These contracts are also subject to Tax Clearance guidelines.

8.3 Project Implementation

The yearly budget is set by the Department of Rural & Community Development (DRCD). Each Local Development Company, as Programme Implementers, prepares an Annual Plan for their Lot, which acts as their budget for the year. This is submitted to the Local Community Development Committee for approval.

Monies are then drawn down on a quarterly basis from the Department and funds are released on the basis of approval of the Annual Plan, a mid-year and end of year review conducted by the LCDC.

Payment Instalments

Quarter	25% Instalments per quarter
Q1 Jan - Mar	Payment is split into two sub-payments: <ul style="list-style-type: none"> - An initial payment of two month’s funding to facilitate LDC’S cash flow in January & February - The remainder of the payment is made once the annual plan is approved by the LCDC in February

Q2 Apr - Jun	- Payment is made once the Annual Plan and the annual performance review has been approved by the LCDC on IRIS
Q3 Jul - Sept	The initial payment may be paid as one payment or split into two sub-payments: <ul style="list-style-type: none"> - An initial one month payment once the Q1 & Q2 payment criteria have been met - The remainder is made once the mid-year financial and monitoring report has been approved by the LCDC on IRIS
Q4 Oct - Dec	Payment is made once all the Q1-Q3 payment criteria have been met by the LDC

Each programme incurs significant spend towards year end as there are financial penalties for over and under-spend. These penalties take the form of budget cuts for the following year and/or a reduction in drawdowns for the following quarter.

8.4 Financial Requirements

The Financial Requirements section (Section 8) of the Programme Requirements Document 2018-2022 sets out the key financial management aspects relating to SICAP.

Two categories of cost which are eligible under SICAP are: Action Costs and Administration Costs.

1. Action Costs:

These are the cost of eligible activities that directly relate to the implementation of the SICAP Annual Plan.

- Salary Costs of frontline staff of the Local Development Companies (LDCs) who are directly involved in implementing the actions of the annual plan.
- Non-salary costs which are costs incurred in the delivery of the actions that are not staffing related, i.e. Sub-contracting work on the delivery of actions to external experts (e.g. Venue hire, grants, training materials, travel and subsistence costs for front-line staff).

Action Costs relating to SICAP interventions must be divided across the two SICAP Goals, the following is the recommended percentage split between the Goals:

- Goal 1 – 40%-60% of the total action costs
- Goal 2 – 40%-60% of the total action costs

The LCDC and the Programme Implementer can agree an alternative split between the two Goals to more appropriately reflect local needs. However, where the percentage split of the Goal spend varies by more than 10% from what is agreed in the annual plan, the variance needs to be approved by the LCDC.

2. Administration Costs:

These are the costs that are not directly attributable to the implementation of the SICAP actions:

- Administration Salary Costs - CEO/Manager, Finance Administrators, other administrative support staff. Administration salary costs are the main expenditure for SICAP making up 76% of the total 2018 Programme expenditure. Salary Costs that are chargeable to SICAP include the following costs:
 - Gross Salary Cost
 - Employers PRSI
 - Employer Pension Contributions

- Overhead Costs - Office and general administration costs, finance and professional Fees, travel and subsistence costs for Administrative staff.

Administration Costs cannot exceed 25% of the total annual budget allocated to each Lot. This is a payment condition of the contract. Each LDC must have a written apportionment policy in place that documents the basis/rationale for the apportionment of costs across the programmes it manages including SICAP. The apportionment policy should be reviewed on a regular basis and updated to reflect changing circumstances to ensure SICAP is charged its fair share of costs on an annual basis.

8.5 Monitoring & Review

As well as submitting their annual plan, LDC's, as the Programme Implementers, also submit a case study to the LCDC on an annual basis. Mid and End of Year Reviews are then submitted by the LDC'S, who also attend the quarterly Local Community Development Committee meetings to provide updates. The LDC's are also responsible for overseeing the work of sub-contractors for the Programme. There are strict limits on the amount of funding that can be spent on the various projects and again this is checked at the Mid year and End of Year reviews. All goods and services procured by the Programme Implementers must also follow public procurement guidelines. The LDC's also attend the SICAP sub-committee meetings as required.

The Annual Plan for each lot within County Donegal for 2018 is outlined below:

Annual plan by lot

	Lot 1 Donegal Inishowen (33-1)	Lot 2 Donegal Gaeltacht (33-2)	Lot 3 Donegal (33-3)
Annual Budget	597,180	352,992	1,058,745
Indirect salary costs	██████████	██████████	██████████
Travel & Subs.	██████████	██████████	██████████
Office/Admin/Establishment costs	██████████	██████████	██████████
Financial/Professional Fees/Staff Training/Other costs	██████████	██████████	██████████
Total Admin Costs	149,282	84,718	232,924
Goal 1 - Non salary costs	██████████	██████████	██████████
Goal 1 - Direct salary costs	██████████	██████████	██████████
Goal 1 - Total salary costs	██████████	██████████	██████████
Goal 2 - Non salary costs	██████████	██████████	██████████
Goal 2 - Direct salary costs	██████████	██████████	██████████
Goal 2 - Total salary costs	██████████	██████████	██████████
Total Actions Costs	447,898	268,275	825,821
Overall Costs	597,180	352,993	1,058,745

Mid Year and Year End reports are also submitted to the Department of Rural & Community Development (DRCD) annually by the LCDC's. The mid-year review checklist is completed in June each year. This enables each Programme Implementer to monitor their spend year to date and avoid the financial penalties for under-spend. The Community Development Directorate carries out on-site visits on a bi-annual basis to ensure tax and VAT details are correctly recorded and the relevant payments are in order.

Mid-year review by lot 2018

Lot 33-1 - Donegal Inishowen	Annual Budget	Mid-year Costs charged	% Charged
Total Admin Costs	██████████	██████████	██████████
Total Goal 1 Costs	██████████	██████████	██████████
Total Goal 2 Costs	██████████	██████████	██████████
Total Action Costs	██████████	██████████	██████████
Overall Total Costs	€597,180.00	€210,270.62	35.21%
Lot 33-2 - Donegal Gaeltacht	Annual Budget	Mid-year Costs charged	% Charged
Total Admin Costs	██████████	██████████	██████████
Total Goal 1 Costs	██████████	██████████	██████████
Total Goal 2 Costs	██████████	██████████	██████████

Internal Audit Final Report: IA19/1 - Social Inclusion and Community Activation Programme (SICAP)

Total Action Costs	██████████	██████████	██████████
Overall Total Costs	€352,992.00	€126,365.63	35.80%
Lot 33-3 - Donegal Central	Annual Budget	Mid-year Costs charged	% Charged
Total Admin Costs	██████████	██████████	██████████
Total Goal 1 Costs	██████████	██████████	██████████
Total Goal 2 Costs	██████████	██████████	██████████
Total Action Costs	██████████	██████████	██████████
Overall Total Costs	€1,058,745.00	€381,471.50	36.03%

End of Year Review by lot 2018

	Annual Budget	Total costs charged	% of total costs charged	Variance
Lot 33-1 - Donegal Inishowen				
Total Admin Costs	██████████	██████████	██████████	██████████
Total Goal 1 Costs	██████████	██████████	██████████	██████████
Total Goal 2 Costs	██████████	██████████	██████████	██████████
Total Action Costs	██████████	██████████	██████████	██████████
Overall Total Costs	€597,180.00	€597,179.89	100.00%	€0.11
Lot 33-2 - Donegal Gaeltacht	Annual Budget	Total costs charged	% of total costs charged	Variance
Total Admin Costs	██████████	██████████	██████████	██████████
Total Goal 1 Costs	██████████	██████████	██████████	██████████
Total Goal 2 Costs	██████████	██████████	██████████	██████████
Total Action Costs	██████████	██████████	██████████	██████████
Overall Total Costs	€352,992.00	€352,348.54	99.82%	€643.46
Lot 33-3 - Donegal Central	Annual Budget	Total costs charged	% of total costs charged	Variance
Total Admin Costs	██████████	██████████	██████████	██████████
Total Goal 1 Costs	██████████	██████████	██████████	██████████
Total Goal 2 Costs	██████████	██████████	██████████	██████████
Total Action Costs	██████████	██████████	██████████	██████████
Overall Total Costs	€1,058,745.00	€1,056,922.31	99.83%	€1,822.69

From the 2018 reports it can be seen that the variance between planned and actual programme spend for each lot is minimal; Donegal Inishowen spent 100% of their budget whilst Donegal Gaeltacht and Donegal Central were well within 1% of their allocation which is deemed acceptable under the programme guidelines.

The overall programme was audited annually by Pobal up until 2018; the LCDC & Donegal County Council staff had no role in these audits. The outcome and issues arising were communicated to relevant parties at a later date by Pobal.

Some of the points raised by Pobal during these audits included:

- The accuracy of the information reported on the IRIS system and the information recorded on the beneficiaries' files held by the Programme Implementers – all beneficiary files must contain the relevant information
- All individuals supported under SICAP (both caseload and non-caseload reported individuals) should be target groups members
- The PI's books and records must be relatable to the expenditure reported on IRIS
- PI's must maintain detailed summaries of all sub-contractor costs incurred annually to ensure only a maximum of 15% of the total SICAP expenditure was incurred on sub-contracting
- SICAP expenditure cannot be back dated i.e. January 2019 expenditure cannot be reported as 2018 SICAP expenditure
- Grants to individuals or Local Community Group (LCG) are ineligible under SICAP and should not be included
- A Programme Implementer (PI) or an organisation that is governed by a PI cannot be a SICAP LCG or allocated a Social Enterprise Grant
- Unspent expenditure relating to internal SICAP bank transfers must be repaid on an annual basis
- Board approved documented apportionment policies must be in place in respect of any shared costs whether between SICAP and non-SICAP funding or across the SICAP budget under the three Goals
- Supporting documentation for staff costs across different projects
- Full adherence to Public Procurement requirements

From 2019 it has been proposed at Departmental level that this audit function will be carried out by the Internal Audit Section of each Local Authority on a Service Level Agreement basis. This raises a number of concerns in relation to aspects of Internal Audit's role within the remit of the audit:

- The extra demand on resources – the length of time to be devoted to this audit in addition to existing workloads
- Governance and Quality Assurance – possible self-certification issues
- The skills involved for carrying out an audit on the qualitative aspects of the courses provided through the programme
- The impact and outcomes of any such audit – e.g. assigning responsibility for implementing any changes/recommendations as a result of the audit
- Controls/Safeguards - The Department of Public Expenditure and Reform's document on Internal Audit Standards for Government Departments and Offices states that "Where the chief audit executive has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards must be in place to limit impairments to independence or objectivity".

8.6 Data Protection

The DRCD is the owner of the CRM system (IRIS). Pobal, as an authorised Data Processor for the programme, designs and maintains the system on behalf of the Department.

Use of IRIS is limited to licence holders. These licences are given by Pobal to PIs and LCDCs. The number of licences varies depending on staff numbers, averaging five to seven licenses per organisation. Pobal gives each LCDC a minimum of two licenses and additional licenses can be requested.

Within Donegal County Council, access to IRIS is initially limited to the two staff members dealing with the SICAP programme within the Community Development and Planning Services Directorate. Extra licences can be requested as required. Pobal provides the users with a login and password through an encrypted link via email.

Information that is recorded by the PI's as part of the programme may include personal and sensitive data, as defined in the Data Protection Acts 1988 and 2003 and the General Data Protection Regulation (GDPR) which came into effect on 25th May 2018. The PI must also be compliant with obligations as set out by the Office of the Data Protection Commissioner for Ireland as Data Controllers (ODPC). Individuals who are availing of the various courses within the programme are assigned an I.D. on IRIS and their personal information (e.g. name, address, D.O.B. etc.) is redacted online. Their individual records are kept by the LDC's as Programme Implementers and are governed by the Data Protection Act of 1988 and 2003; data protection codes of practice should be accessible on the PIs' websites to aid transparency.

9 Conclusions and Recommendations

It is recommended that the findings in this report be considered and that appropriate remedial action be taken where necessary. **(See Appendix 3 for list of summary recommendations).**

9.1 Policy & Procedures

Conclusion

Relevant staff have been made aware of the correct Policy and Procedures for the administration of the SICAP scheme and have access to the IRIS system for in-depth checks on the LCDC individual programmes and the Pobal website for regulatory information and updates on the programme. Pobal also provide system support through an online helpdesk and Development Co-Coordinator who liaises with individual Local Authorities.

No Recommendation.

9.2 Tendering process

Conclusion

Internal Audit examined the tendering process for the SICAP system, including the Request for Tender, criteria involved, tenders received and awarding of the different lots.

Recommendations

It is recommended that the selection criteria for members of the LCDC sub-committee are documented as part of the overall tendering process and made available to the Community Development and Planning Services Directorate for oversight purposes.

Response from [REDACTED], Community Development & Planning Services: *"The Terms of Reference for Donegal LCDC SICAP subcommittee will be included in the tendering process in future".*

It is also recommended that DCC undertake to review the evaluation process from 2019 onwards due to the fact that Pobal are no longer involved at an audit level.

Response from [REDACTED], Community Development & Planning Services: *"Donegal LCDC will undertake to review the evaluation of the SICAP Programme in accordance with direction and guidance received from DRCD".*

9.3 Project implementation

Conclusion

The yearly budget set by the Department of Rural & Community Development (DRCD) determines the allocation for each Local Development Company. Each LDC then compiles their annual plan for review by the LCDC. Funds are then allocated by the LCDC on a quarterly basis subject to mid-year and end of year reviews.

Recommendation

No Recommendation.

9.4 Financial requirements

Conclusions

The financial requirements for the SICAP Programme are clearly set out in Section 8 of the SICAP Programme Requirements 2018 - 2022 document. This outlines the eligibility of different costs and how costs should be monitored.

Internal Audit Final Report: IA19/1 - Social Inclusion and Community Activation Programme (SICAP)

The Mid Year and End of Year reviews submitted by the LCDC's which are then reviewed by the Community Development and Planning Directorate ensure that project spends are monitored closely and financial penalties are avoided.

Recommendation

No Recommendation.

9.5 Monitoring & Review

Conclusions

The Mid and End of Year Reviews focus on the financial elements for each LCDC. These reviews are easily accessible to the relevant parties on IRIS while the physical records in relation to individual projects are maintained by the LDC's as Programme Implementers. However, a change in focus on the more qualitative aspect of the individual programmes provided by the LDC's may prove harder to quantify. Proposals from Pobal such as a "distance travelled" tool which analyses the development of individuals within programmes may assist in ensuring goals and KPI's are being met.

Pobal completed their final audit on the SICAP programme in 2018. This marks a period of transition for both PI's and Local Authorities. Although Pobal is still responsible for providing access to and maintaining IRIS, the programme is scheduled to be audited by the Internal Audit Section of each Local Authority from 2018 onwards.

The Departmental proposal that the Internal Audit Section of each Local Authority carry out yearly audits on the SICAP programme raises a number of issues which require further clarification.

Recommendations

It is recommended that in-depth Mid Year and End of Year reports are also compiled by each LCDC to assess the qualitative element of the courses that they are providing.

Response from [REDACTED], Community Development & Planning Services: "The PIs provide a comprehensive midyear and end of year report on the qualitative element of the programme that they deliver which is now available from IRIS. The Action Progress Reports will inform the LCDC's midyear and end of year review of the SICAP programme".

It is also recommended that further clarification is sought at a Senior Management level in relation to the size and scope of the proposed Internal Audit Section yearly audit on the programme.

Response from [REDACTED], Community Development & Planning Services: "At a meeting of the LCDC Chief Officers on 14th June 2019 the DRCD confirmed that the local authority Internal Audit Service should undertake an annual financial audit of the SICAP programme and same should be included in its Annual Audit Programme. LCDC support staff will play a role in the audit of non financial checks".

Internal Audit Comment: "Both the Internal Audit Section of DCC and the Northwest Audit Committee expressed their concerns about carrying out this audit owing to the demand on resources and extra workload involved as well as Governance and Quality Assurance issues. The issue of the upcoming audit was raised nationally by the Local Government Internal Audit Network (LGIAN) executive in a meeting with the County and City Management Association (CCMA) in June 2019. The CCMA were made aware of the concerns and agreed to seek additional training from the Department on a regional basis. It was also proposed that a SICAP Audit Template should be provided to the group similar to that used in the PSC".

9.6 Data Protection

Conclusion

As each LDC and LCDC deals with a large amount of sensitive information in relation to community groups and individuals, data protection is paramount and access to the online system is closely monitored by Pobal. Users receive access through encrypted emails and access to different elements of the system can be restricted. Individual data such as names, addresses and dates of birth are redacted on this system and the individual records are kept by the PIs.

Recommendation

It is recommended that LCDC's carry out regular spot checks on PI's to ensure that they are adhering to new Data Protection legislation and are storing sensitive data in a secure manner.

Response from [REDACTED], Community Development & Planning Services: "LCDC support staff will undertake spot checks on PIs to ensure that they are in compliance with requirements as a Data Controller under the Data Protection Acts and in accordance with GDPR".

10 Acknowledgement

I would like to acknowledge the assistance and co-operation of staff from the Community, Culture & Development Planning Services Directorate during the course of this audit. I would also like to acknowledge Pobal for providing system access and relevant training on the IRIS system which assisted in the audit.

Sean Canning

**Sean Canning,
A/Internal Auditor**

Appendix 1 – Circulation List

14/06/2019

Final Report sent to:

[Redacted]

Copied to:

[Redacted]

03/05/2019

Draft Report sent to:

[Redacted]

Appendix 2 – Audit Classification

Level	Definition
1. Substantial	<p>Evaluation Opinion:</p> <ul style="list-style-type: none"> - There is a robust system of risk management, control and governance - The systems in place should ensure that objectives are fully achieved - The control processes tested are being applied consistently
2. Adequate	<p>Evaluation Opinion:</p> <ul style="list-style-type: none"> - There is a generally adequate system of risk management, control and governance - The systems in place should ensure that essential objectives are fully achieved - The control processes tested are, in general, being applied consistently - However, there are some weaknesses in control that are placing some objectives at risk. There is a risk that some objectives may not be fully achieved - Some improvements are required to enhance the adequacy and/or effectiveness of risk management, control and governance
3. Limited	<p>Evaluation Opinion:</p> <ul style="list-style-type: none"> - There is a weak system of risk management, control and governance - There is considerable risk that objectives will not be achieved - The control processes that exist are not being applied consistently - There are some significant weaknesses in control in a number of areas - Prompt action is required to improve the adequacy and effectiveness of risk management, control and governance
4. Unsatisfactory	<p>Evaluation Opinion:</p> <ul style="list-style-type: none"> - There is an inadequate system of risk management, control and governance - The system has failed or there is a real and substantial risk that the system will fail to meet its objectives - Systems/processes are open to significant error or abuse - Urgent action is required to improve the adequacy and effectiveness of risk management, control and governance
5. No Assurance	<p>Evaluation Opinion:</p> <ul style="list-style-type: none"> - Internal Audit has been unable to form an opinion on the system of risk management, control and governance - Internal Audit has been unable to access or has been prevented from accessing essential information required to form an opinion - Internal Audit has not received the cooperation of staff/management

Appendix 3 – IA19/1 - SICAP - Summary Recommendations

	Material Issues Identified	Actions Undertaken or to be undertaken	Timeline	Responsible Director & Service
1	<p><u>9.2(1) Tendering process</u></p> <p>It is recommended that the selection criteria for members of the LCDC sub-committee are documented as part of the overall tendering process.</p> <p>It is also recommended that Donegal County Council undertake to review the evaluation process from 2019 onwards due to the fact that Pobal are no longer involved at an audit level.</p>	<p>The Terms of Reference for Donegal LCDC SICAP subcommittee will be included in the tendering process in future.</p> <p>Donegal LCDC will undertake to review the evaluation of the SICAP Programme in accordance with direction and guidance received from DRCD.</p>	Commencement of next SICAP Programme.	 
2	<p><u>9.5 (1) Monitoring & review</u></p> <p>It is recommended that in-depth Mid-Year and End of Year reports are also compiled by each LCDC to assess the qualitative element of the courses that they are providing.</p> <p><u>9.5(2) Project implementation</u></p> <p>It is recommended that further clarification is sought from the Department of Rural & Community Development in relation to Internal Audit's role in carrying out an in-depth audit of the SICAP Programme each year. This poses questions in relation to the manner in which the audit would be conducted and whether the process can be classified as impartial.</p>	<p>The PIs provide a comprehensive midyear and end of year report on the qualitative element of the programme that they deliver which is now available from IRIS. The Action Progress Reports will inform the LCDC's midyear and end of year review of the SICAP programme.</p> <p>At a meeting of the LCDC Chief Officers on 14th June 2019 the DRCD confirmed that the local authority Internal Audit Service should undertake an annual financial audit of the SICAP programme and same should be included in its Annual Audit Programme.</p> <p>LCDC support staff will play a role in the audit of non financial checks.</p>	<p>June 2019-2022</p> <p>June 2019-2022</p>	 

3	<p><u>9.6 (1) Data protection</u></p> <p>It is recommended that LCDC's carry out regular spot checks on PI's to ensure that they are adhering to new Data Protection legislation and are storing sensitive data in a secure manner.</p>	<p>LCDC support staff will undertake spot checks on PIs to ensure that they are in compliance with requirements as a Data Controller under the Data Protection Acts and in accordance with GDPR.</p>	<p>2019 - 2022</p>	
---	--	--	--------------------	---

Appendix 4 – SICAP Annual Plan Reports



Annual Plan Report

Year:	2018
LCDC:	Donegal
Lot:	Donegal Inishowen (33-1)
Local Development Company:	Inishowen Development Partnership

Annual Targets		
KPI 1		40
KPI 2		374
%KPI 2 Living in Disadvantaged Areas		36.89%
Annual Budget	€597,180	
Indirect Salary Costs (Management/Administration)	██████████	
Travel and Subsistence for Indirect Salary Costs	██████████	
Office/Administration/Establishment Costs	██████████	
Financial/Professional Fees/Staff Training/Other Costs	██████████	
Total Administration Costs	€149,282	25.00%
Goal 1 Non-Salary Costs	██████████	
Goal 1 Direct Salary Costs	██████████	
Goal 1 Total Costs	██████████	██████████
Goal 2 Non-Salary Costs	██████████	
Goal 2 Direct Salary Costs	██████████	
Goal 2 Total Costs	██████████	██████████
Total Actions Cost	€447,898	
Overall Costs	€597,180	
Subcontractor costs do not exceed 30% of annual budget	<input checked="" type="checkbox"/>	
Total Grant costs do not exceed 7.5% of total action costs	<input checked="" type="checkbox"/>	



Annual Plan Report

Year:	2018
LCDC:	Donegal
Lot:	Donegal Gaeltacht (33-2)
Local Development Company:	Donegal Local Development Company Limited

Annual Targets		
KPI 1		31
KPI 2		199
%KPI 2 Living in Disadvantaged Areas		44.00%
Annual Budget	€352,992	
Indirect Salary Costs (Management/Administration)	██████████	
Travel and Subsistence for Indirect Salary Costs	██████████	
Office/Administration/Establishment Costs	██████████	
Financial/Professional Fees/Staff Training/Other Costs	██████████	
Total Administration Costs	€84,718	24.00%
Goal 1 Non-Salary Costs	██████████	
Goal 1 Direct Salary Costs	██████████	
Goal 1 Total Costs	██████████	██████████
Goal 2 Non-Salary Costs	██████████	
Goal 2 Direct Salary Costs	██████████	
Goal 2 Total Costs	██████████	██████████
Total Actions Cost	€268,274	
Overall Costs	€352,992	
Subcontractor costs do not exceed 30% of annual budget	<input checked="" type="checkbox"/>	
Total Grant costs do not exceed 7.5% of total action costs	<input checked="" type="checkbox"/>	



Annual Plan Report

Year:	2018
LCDC:	Donegal
Lot:	Donegal (33-3)
Local Development Company:	Donegal Local Development Company Limited

Annual Targets		
KPI 1		52
KPI 2		596
%KPI 2 Living in Disadvantaged Areas		28.36%
Annual Budget	€1,058,745	
Indirect Salary Costs (Management/Administration)	██████████	
Travel and Subsistence for Indirect Salary Costs	██████████	
Office/Administration/Establishment Costs	██████████	
Financial/Professional Fees/Staff Training/Other Costs	██████████	
Total Administration Costs	€232,924	22.00%
Goal 1 Non-Salary Costs	██████████	
Goal 1 Direct Salary Costs	██████████	
Goal 1 Total Costs	██████████	██████████
Goal 2 Non-Salary Costs	██████████	
Goal 2 Direct Salary Costs	██████████	
Goal 2 Total Costs	██████████	██████████
Total Actions Cost	€825,821	
Overall Costs	€1,058,745	
Subcontractor costs do not exceed 30% of annual budget	<input checked="" type="checkbox"/>	
Total Grant costs do not exceed 7.5% of total action costs	<input checked="" type="checkbox"/>	