

Agenda Item No. 10

TITLE REVIEW OF ELY ARCHIVES PROJECT

To: Audit & Accounts Committee

Date: 22nd November 2016

From: Duncan Wilkinson, LGSS Chief Internal Auditor

1. PURPOSE

- 1.1 To report on the background and proposed audit coverage of the review of Ely Archives.

2. BACKGROUND

- 2.1 At their meeting on the 21st October 2016, the Assets & Investment Committee resolved to make a referral to the Audit & Accounts Committee in relation to the project to develop a new Archives Centre on the site of the former Strikes Bowling Alley in Ely. The Committee requested scrutiny of the officer processes throughout the project, and identification of internal lessons learned.
- 2.2 Internal Audit has produced a brief summary of the background to the project and a proposed Terms of Reference for an audit review (Appendix 1).
- 2.3 The Committee is requested to consider the contents of this report and approve the addition of the review to the Audit Plan.

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Ely Archives Project

1. BACKGROUND TO THE PROJECT

- 1.1 After an inspection in 2012, The National Archives ruled that the Shire Hall basement accommodation currently occupied by Cambridgeshire Archives was unsuitable due to widespread mould; high temperature and humidity fluctuations; and a lack of air circulation, which increased the risk that documents will deteriorate.
- 1.2 If the Council fails in its statutory duty to care for public records, the National Archives could remove these records from the County Council's custody and charge the Council for the costs of removal, conservation and storage, while the Council would retain a statutory duty to provide appropriate accommodation for the rest of the records in its care. The National Archives set a deadline for the authority to identify new accommodation by 2015.
- 1.3 In March 2014 the Council undertook an options appraisal to identify potential suitable accommodation for the Council's Archives Service, and identified a preferred property, Strikes Bowling Alley, located in Ely. An original scheme (£12m in partnership with the University) was revised and a cost estimate for building the Archive Centre on this site was £2.5m, with a contingency of £1.5m. The allowance of £12m for the project in the Council's Business Plan was therefore reduced to £4m. Contracts were exchanged to acquire the Strikes building at the end of February 2015, subject to Change of Use planning, which was approved in December 2015.
- 1.4 A report to the General Purposes Committee in October 2015 identified that costs for the project, as scoped to include the Ely Registration office and office accommodation, had increased to £6.2m. The Committee resolved to reduce the scope of the project to focus on a conversion of the building for the use of Archives only, bringing the costs down to £4.2m, broadly in line with the budget as previously set.

2. REQUEST FROM ASSETS & INVESTMENT COMMITTEE

- 2.1 At the meeting of the Assets & Investment Committee on the 21st October 2016, a

- 2.2 report on the Ely Archive Centre was presented, which identified that the cost of the project had increased by £860k, to £5.6m.
- 2.3 Some concern was expressed by Members about this and the prior increases in the expected total cost of the project, and the Assets & Investment Committee therefore requested that the project be referred to the Audit & Accounts Committee, to scrutinise officer processes and identify any internal lessons learned from the project.

3. PROPOSED AUDIT REVIEW

- 3.1 A Terms of Reference for the proposed Internal Audit review is attached, at Appendix 1.
- 3.2 The intention will be to report the outcomes of the review to the Audit & Accounts Committee meeting on the 20th January 2017, with the report also available for the meeting of the Assets and Investment Committee on the 27th January. However this is dependent on the issues / information being straight forward to gather and examine.
- 3.3 An initial time budget of 15 days for the review is proposed, with this time to be absorbed by LGSS Audit.
- 3.4 It is requested that the Audit & Accounts Committee approve this addition to the Audit Plan.

APPENDIX 1

Proposed Terms of Reference for the Review of Ely Archives Project

Type of Review: Assurance/Investigation
Review Requested by: Audit & Accounts Committee
Date: 22 nd November 2016
Whistleblowing confidentiality required? No
Auditors: to be determined
Audit Objectives: To review the Ely Archive Project in order to identify any internal lessons learned from the project, through: <ol style="list-style-type: none">1. Documenting the original scheme, brief and budget, and2. Documenting the timeline including key decisions / revisions regarding scope, cost and budget, and3. Identifying the causes of cost variation, and4. Evaluating the project's governance arrangements.
Key Stakeholders: CCC Audit and Accounts (A&A) Committee CCC Assets and Investment (A&I) Committee CCC Highways and Community Infrastructure (H&CI) Committee SMT
Background: In October 2015, the General Purposes Committee approved the acquisition of the former Strikes Bowling Alley in Ely to accommodate an Archives Centre, for a revised budget of £4.2m. In October 2016, further revisions to cost estimates, taken to the Highways & Infrastructure (H&I) and the Assets & Investment (A&I) Committees, indicated that the project as specified would be £860k over this budget. Original cost estimates for the Archive Centre on this site had been £2.5m.

A&I Committee have referred the matter to the Audit & Accounts Committee to scrutinise the officer processes that led to the increases in cost estimates, and to identify internal lessons learned from the project.

Scope of work:

- Original scope / project documentation;
- Revised project variation.

An estimated provision of 15 days.

Specific exclusions to scope: None

Methodology:

1. Document the original scheme, brief and budget agreed, including the original procurement via single supplier route;
2. Document the Project Governance arrangements;
3. Review scheme variations:
 - (a) documenting the timeline of key decisions
 - (b) evaluating change control processes for key scheme variations
 - (c) documenting causes for cost variations

Planned Timings for work and reporting:

Audit work to commence week commencing 23rd November

Target deadlines:

- Fieldwork complete 23rd December
- Report agreed 9th January
- Audit & Accounts Committee consideration 20th January
- (Available for Assets & Investment Committee 27th January)

Interim report / updates to be provided:

To: Chief Executive, Executive Director of Economy, Transport and Environment, Chair of Audit & Accounts Committee and Cllr Hickford

When:

Promptly if significant issues requiring intervention identified; otherwise at the draft and final report stages.

Proposed outcome / report circulation: (draft and final if different)**Draft written report to:**

- Executive Director - Economy Transport & Environment
- Chief Finance Officer
- Cllr Hickford
- Chair of Audit & Accounts Committee

Final report to:

- SMT
- Audit & Accounts Committee

Work / Costs to Recharged to:

- Work to be absorbed within the time budget for investigations.