

ELY ARCHIVES REVIEW - UPDATE ON ACTION PLAN PROGRESS

To: **Audit and Accounts Committee**

Date: **21st March 2017**

From: **Chief Internal Auditor**

Electoral Division(s): **All**

Forward Plan Ref: **N/A**

Key decision: **No**

Purpose: **To report on progress to date with implementing the recommendations set out in the Ely Archives Review Action Plan.**

Key Issues: **N/A**

Recommendation: **The Audit and Accounts Committee is asked:**

a) to note and comment on the progress made against the Ely Archives Review Action Plan.

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Ely Archives Review

Implementation of Agreed Actions at 7th March 2017

1. BACKGROUND:

Internal Audit completed a report on the Ely Archives Project which was presented to the January meeting of Audit & Accounts Committee. It was requested by Committee that an update on progress with implementing the associated action plan be brought to the 21st March meeting of the Committee, while recognising that the majority of actions were not due to be implemented until the end of April 2017 or later.

2. CURRENT POSITION:

A detailed breakdown of the agreed actions from the Ely Archives review is provided below at Appendix 1, with an indication of due dates for completion and information on which actions have been completed.

3. IMPLEMENTATION OF ACTIONS FROM ELY ARCHIVES REVIEW:

The findings of the Ely Archives review and copies of the report have been shared with the Transformation Team and the Property Service. Internal Audit was also invited to attend the Property team meeting on 1st March, to discuss the key findings from the review with the team in person.

Procurement Best Practice Guidance has been updated to specifically state that prospective contractors should not be involved in writing applications for exemptions, and that as part of the exemption request process, where competition exists, price comparison exercises should be undertaken against prices from suppliers other than the supplier who has proposed the price under review. In addition, although clearly implied, consideration should be given to specifically stating that prospective contractors should not be involved in writing applications for exemptions from Contract Procedure Rules.

Following approval by SMT and members, procurement of a new Project Management Office (PMO) system has been completed. The new system will be implemented for the start of the next financial year and will drive a gateway process for all projects across the Council. The system will take initiatives from ideation stage, through a rigorous business case development process before reaching project stage where clear milestones, monitoring and risk management are built into the programme.

Governance approaches across the organisation are being aligned with the new system to ensure clear ownership, decision making and accountability. Current PMO systems and process will run in parallel with the new system for a three month testing and evaluation period.

4. ADDITIONAL PROPOSED ACTIONS:

Following the report to Committee in January 2017, further discussions have been undertaken regarding the findings of the Ely Archives review and how best to address them. In particular clarity over the role of programme boards (such as the Council's Commercial Board and Capital Programme Board) in reviewing and enforcing compliance with corporate policies was highlighted as an area for development. A workshop with the corporate leadership team is planned to take place in April, to clearly map the responsibilities for ensuring compliance with policies and procedures for projects across the organisation. The action to complete this piece of work has been incorporated within the action plan for the Ely Archives review.

The Ely Archives report was discussed at the Capital Programme Board meeting on the 19th January. Internal Audit has been requested by the Audit and Accounts Committee to provide some assurance over project management of capital projects, through reviewing a sample of projects from the Council's Capital Programme. This review will be reported to Committee and may result in the identification of further actions to strengthen the Council's control environment.

Background documents:

None

Appendix 1 – Ely Archives Action Plan

	Internal Audit Recommendations	Proposed actions	Timescale / Owner
1.	<p>Compliance:</p> <p>In order to improve officer compliance with existing policies and procedures, key staff involved in project management and capital projects should be made aware of the findings of this report.</p>	<p>The findings of this report will be shared with the corporate Transformation Team and Property Service, and disseminated to staff.</p> <p>The corporate Transformation Team are developing project management training. Initially the focus is to provide a strong induction process for members of the Transformation Team, who form the core of the Council's project management resource, with the intention to roll this out across the organisation by the end of the year.</p> <p>Responsibility for ensuring compliance with policies and procedures rests with the Senior Responsible Owner (SRO) for each project. Programme Boards also have a role in monitoring and enforcing compliance for the projects which fall within their remit. A CLT workshop is planned in April, to map the responsibilities for this for projects across the organisation.</p>	<p>Internal Audit COMPLETE</p> <p>Head of Transformation 31/12/2017</p> <p>Head of Transformation 31/05/2017</p>
2.	<p>Property Options Appraisals:</p> <p>Before the Council embarks on an options appraisal for a project to acquire property, Spokes should be consulted on the brief.</p>	<p>The Council now has a Commercial Board which is a central board that considers exemption requests, procurement opportunities, options appraisals etc. Options appraisals for procurement undertaken as</p>	<p>Head of Transformation 30/4/2017</p>

	Internal Audit Recommendations	Proposed actions	Timescale / Owner
		<p>part of Council projects will now be going to the Commercial Board for review.</p> <p>The findings of this report will be shared with the corporate Transformation Team and Property service, and disseminated to staff. This will raise awareness of this point in the short term.</p>	<p>Internal Audit COMPLETE</p>
3.	<p>Business Cases:</p> <p>For projects which constitute a Key Decision under the Council's Constitution, a Business Case should be completed and approved by management, which should then be provided to Members in full at the point that the budget or purchase is approved. If, due to time constraints, sufficient detail is not available for this to be completed in full at the point of budget/purchase approval, detailed information regarding the risks of the purchase should be provided, and the completed Business Case should be brought back to Members at a later date to approve the scope.</p>	<p>The corporate Transformation Team is in the process of procuring new project management software for the organisation which will store Business Case information for all projects, which will be accessible to Members.</p> <p>The Council's Business Planning process now requires Business Cases to be completed, in order for projects to gain approval to proceed. All projects coming in to the Transformation Programme now require a Business Case to have been completed.</p>	<p>Head of Transformation 30/4/2017</p> <p>COMPLETE</p>
4.	<p>Change Control:</p> <p>A clear change control process for changes in project scope should be in place for all major projects, including Member approval. Approval of a purchase (or subsequent Business Case) by Members should represent a design and cost freeze on the project.</p>	<p>The corporate Transformation Team has developed a dashboard for projects which identifies any changes in project cost; time; scope etc. As part of procuring and implementing the Council's new project management software, the team will develop this dashboard so that cost and/or design increases are flagged to the project decision maker and project</p>	<p>Head of Transformation 30/4/2017</p>

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		manager with a reminder that these need to be approved by the appropriate decision makers.	
5.	<p>Approval of Procurement Approach:</p> <p>A report should be taken to the project's single decision maker to sign off decisions over the proposed procurement approach to be taken by major Council projects.</p>	<p>The Council now has a Commercial Board which is a central board that considers exemption requests, procurement opportunities, options appraisals etc. Procurement undertaken as part of Council projects will now be going to the Commercial Board for review, and the project's single decision maker would be expected to present the decision to the Board. This will ensure that procurement decisions are subject to centralised independent review, and that the key officers for the project are appropriately informed.</p>	<p>Head of Transformation 30/4/2017</p>
6.	<p>Updates to Contract Procedure Rules:</p> <p>Contract Procedure Rules should be updated to specifically state that as part of the exemption request process, where competition exists, price comparison exercises should be undertaken against prices from suppliers other than the supplier who has proposed the price under review. In addition, although clearly implied, consideration should be given to specifically stating that prospective contractors should not be involved in writing applications for exemptions from Contract Procedure Rules.</p>	<p>Cambridgeshire County Council's Best Practice Guidance will be updated to state that price comparison exercises must take place against prices from other suppliers, and to state that prospective contractors should not be involved in writing applications for exemptions. This was agreed as an alternative to updating Contract Procedure Rules, given the long lead-in time and changes to the Constitution required to update Contract Procedure Rules, and the fact that the measures are implied by the CPRs in place.</p>	<p>Head of Procurement COMPLETE</p>

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7.	<p>Construction Project Risk Allowances:</p> <p>Risk allowances (a contingency) for construction projects should accurately reflect the known risks and exclusions at the time, including where possible a costed risk register, and should be clearly communicated to Members. The contingency balance should be routinely updated and challenged throughout the development phases of the project.</p>	<p>The Transformation Team will review whether it will be possible to build the functionality for costed risk registers into the Council's new project management software; otherwise it will be possible to monitor the contingency balance and changes in this through the new project management dashboards that are being developed.</p> <p>The findings of this report will be shared with the corporate Transformation Team and Property service, and disseminated to staff. This will raise awareness of this point in the short term.</p>	<p>Head of Transformation 30/4/2017</p> <p>Internal Audit COMPLETE</p>
8.	<p>Allowance for Tender Price Inflation:</p> <p>Figures for construction projects should include allowances for tender price inflation, or Members should be specifically made aware of the fact that this has been excluded from reported figures.</p>	<p>As part of the development of the Council's Commercial Board, a 'commercial academy' training programme is being developed for officers who are responsible for contracts; commercial opportunities; procurement etc. This will be incorporated within the training provided.</p> <p>The findings of this report will be shared with the corporate Transformation Team and Property service, and disseminated to staff. This will raise awareness of this point in the short term.</p>	<p>Head of Transformation 30/6/2017</p> <p>Internal Audit COMPLETE</p>
9.	<p>Project Management Roles and Responsibilities:</p> <p>Roles and responsibilities of officers and teams involved in major projects should be clearly defined, to a level of detail beyond the allocation of titles such as Project Manager. A template set of standard</p>	<p>The Ely Archives Project will be taken as a case study to the Capital Programme Board. The Board will aim to develop more defined project management roles and responsibilities specifically for key officers</p>	<p>Capital Programme Board 31/5/2017</p>

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	<p>project roles and responsibilities should be produced and made available to officers on the Council's intranet, and project management guidance should be updated to reflect the importance of clearly allocated roles.</p>	<p>involved in all capital projects. Internal Audit will provide feedback on the review and support to this process.</p> <p>As part of the development of the Council's project management processes, all projects going forwards will be required to have an identified 'single decision maker' which should ensure further clarity over roles, responsibilities, and accountability in Council projects. This is already in place for some projects.</p> <p>Responsibility for ensuring compliance with policies and procedures rests with the Senior Responsible Owner (SRO) for each project. Programme Boards also have a role in monitoring and enforcing compliance for the projects which fall within their remit. A CLT workshop is planned in April, to map the responsibilities for this for projects across the organisation.</p>	<p>Head of Transformation 30/4/2017</p> <p>Head of Transformation 31/05/2017</p>
10.	<p>Project Plan:</p> <p>Projects should have a detailed Project Plan in place which sets out the actions, timescales and action owners for internal activities.</p>	<p>This will be a requirement of the Council's new project management processes, which will be enforced by the new project management software to be introduced by the Transformation Team.</p>	<p>Head of Transformation 30/4/2017</p>

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11.	Risk Register: When actions are identified to mitigate risks in a project risk register, these actions should have clearly defined due dates and action owners, and should feed in to the Project Plan. The Council's Risks and Issues Register template should be amended to include a separate column to specify the timescale for actions. The Council's Guide to Approving and Managing Projects should be updated to include a reminder to incorporate monitoring as part of the Project Plan.	<p>The Transformation Team will review how to incorporate this functionality within the Council's new project management system.</p> <p>This point will also be picked up within the training that will be rolled out to programme boards going forward.</p>	Head of Transformation 30/4/2017
12.	Ely Archives Project: Officers should identify a revised estimated total cost which takes account of the exclusions from the previous estimated cost to Committee (identified in this report section 5.6.4) and whether any of these are planned to be met from revenue budgets. This revised estimate should be presented to the Assets and Investment Committee along with details of the current risk provision and the remaining areas of uncertainty over the cost of the current proposals.	<p>Report to be taken to the Assets and Investment Committee, to include details of the current risk provision; remaining areas of uncertainty regarding the project; any revisions to the most recent estimate of costs; and details of when further certainty with regards to project cost is likely.</p>	Project Team COMPLETE