

AUDIT AND RISK COMMITTEE

30th August 2017

CHILDREN'S CENTRE & LIBRARY PROJECT

Report of the Head of Internal Audit

Strategic Aim:	All	
Exempt Information	No	
Cabinet Member(s) Responsible:	Councillor Tony Mathias, Leader of the Council	
Contact Officer(s):	Rachel Ashley-Caunt, Head of Internal Audit	Tel: 07824 537900 rashley-caunt@rutland.gcsx.gov.uk
Ward Councillors	N/A	

DECISION RECOMMENDATIONS

1. That Members note the findings of the review by Internal Audit and the responses from management on the lessons learnt.

1 PURPOSE OF THE REPORT

- 1.1 To provide the Committee with the findings of the Internal Audit consultancy review of the Children's Centre/Library project and the management response.

2 BACKGROUND AND MAIN CONSIDERATIONS

Internal Audit Review

- 2.1 In April 2017, the Council's Cabinet approved an additional budget allocation of £309,000 for the joint Children's Centre relocation and Library Refurbishment project. On approving the additional funding, Cabinet requested that a review be undertaken by Internal Audit into the significant increase in required funding.
- 2.2 The Head of Internal Audit has conducted a review of this project which has involved review of project documentation and interviews with relevant officers. The review has highlighted the reasons for the additional funding requirements and a number of lessons learnt, particularly in relation to the project initiation phase.
- 2.3 Since the project governance arrangements have been established and the project management controls have been applied, there is evidence that the issues arising

due to weaknesses in the project initiation stage have been identified and are being managed.

- 2.4 The budget setting process conducted during the initiation stage was flawed in that it was not fully informed and effectively scrutinised. The financial pressures arising from this have been highlighted since the project management arrangements have been established and comprehensive commitment records have been developed. Value engineering, negotiations and revisions of specifications have also been undertaken by officers, with support from consultants who have been appointed to provide specialist advice and insight.
- 2.5 The report, provided in Appendix A, sets out the basis for the additional funding requirements, including which of these further costs had been underestimated, which had not been accounted for in budget setting and which had increased due to unforeseen issues/difficulties.
- 2.6 Senior management have prepared a response to the findings to ensure that the issues identified will be suitably addressed for future projects. The management response is provided at Appendix B.

3 CONSULTATION

- 3.1 The Council's senior management have been consulted on the findings and lessons learnt. The response from management is provided as Appendix B to this report.

4 FINANCIAL IMPLICATIONS

- 4.1 There are no financial implications arising from this report. The additional project funding has been approved by Cabinet.

5 LEGAL AND GOVERNANCE CONSIDERATIONS

- 5.1 There are no legal implications arising from this report.

6 EQUALITY IMPACT ASSESSMENT

- 6.1 There are no equality implications arising from this report.

7 COMMUNITY SAFETY IMPLICATIONS

- 7.1 There are no community safety implications arising from this report.

8 HEALTH AND WELLBEING IMPLICATIONS

- 8.1 There are no health and wellbeing implications.

9 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

- 9.1 The Internal Audit review of the Children's Centre and Library project has highlighted the basis for the increased budget requirements and the lessons learnt, particularly in relation to the initiation stage of capital projects.

10 BACKGROUND PAPERS

10.1 There are no additional background papers to the report

11 APPENDICES

11.1 Appendix A: Internal Audit Consultancy report – Children’s Centre and Library project

11.2 Appendix B: Management Response

Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.