

APPENDIX 2

	Finding	Implication	Recommended Action	Management Action	Responsibility/ Target Date
The Business Case/ Capital Planning Process					
1	<p>A partially completed Capital Appraisal Form was submitted by the Waste and Recycling Manager and allowed to progress through the challenge process.</p> <p>The capital appraisal form does not allow all relevant financial and non financial aspects of a proposed scheme to be recorded such as the outcome of options appraisals/feasibility studies.</p>	<p>Inadequate evidence to support effective decision making.</p> <p>Inadequate information to inform the prioritisation against other capital proposals.</p> <p>There could be insufficient scheme appraisal skills and/or insufficient capacity within the relevant Teams.</p>	<p>The arrangements with regard to business cases must be strengthened to ensure they provide the Council with the evidence to support decision making and provide assurance to other stakeholders that it has acted responsibly.</p>	<p>The role of the Capital Asset Group (CAG) in supervising and managing the appraisal of capital proposals will be strengthened, and the role of the Capital Appraisal and Monitoring Group (CAMG) sub-group reinvigorated, in accordance with the Council's Capital Strategy which states that :_</p> <p><i>' Any proposals with capital implications will require a strong business case, including the justification for the project and details of costs and available funding ...[they] will</i></p>	<p>Chair of the Capital Asset Group</p> <p>August 2012 – February 2013.</p>

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				<p><i>receive an initial assessment by the Capital Appraisal and Monitoring Group (CAMG) who will assess the viability of the scheme and provide guidance on technical, legal and planning issues</i></p> <p><i>...professional expertise from engineering , Planning Legal and Procurement will be drawn on as required and external consultancy services will be procured for feasibility studies, option appraisals etc where internal resources and/or expertise are not available</i></p> <p>The format and content of capital appraisal</p>	

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				<p>forms will be reviewed to ensure that all relevant financial and non-financial information and the outcome of option appraisals and feasibility studies are included, and can be challenged.</p> <p>The process for post-implementation review of major schemes will be strengthened to ensure on-going monitoring of the robustness of the capital appraisal, planning and delivery processes and the extent to which they are adding value to the delivery of the Council's objectives.</p>	

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<p>S151 Officer Response:</p> <p>Corporate Management Team must drive compliance with procedures and processes and there needs to be consequence for non-compliance. The Corporate Support Teams need to accelerate the positive approach to compliance by improving processes and providing guidance and training. This will ensure that non-compliance is prevented as far as possible. In this environment non-compliance becomes the absolute exception and can be dealt with through the assessment of performance against competencies and, if appropriate, the officer code of conduct.</p> <p>As an immediate measure, the 2012/15 Capital Programme should be sophisticated to identify what stage the Business Case had reached for each capital scheme at the point the Budget was set. This would then require an additional layer of</p>					

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	<p>decision making to approve the final business case before a scheme can go ahead and expenditure is authorised. Responsibility for this approach should be taken on by the Capital Asset Group.</p> <p>It is advisable for Corporate Management Team to examine the skills and capacity to deliver the Capital Programme in the relevant Teams.</p> <p>Corporate Services Response:</p> <p>Significant improvements have been made to the Capital planning and monitoring process for 2012/15, which include:</p> <ul style="list-style-type: none"> • A more integrated approach to the development of Business Planning proposals by considering both capital and revenue consequences of proposed Service policies and initiatives. • Better guidance through a dedicated Centranet site. • Update and sophistication of the Business Planning proposal forms. • An improvement in the Member/Management challenge of the draft Capital Programme. <p>Further plans for improvement in this area include:</p> <ul style="list-style-type: none"> • A move to a five year planning approach which provides a much more sophisticated view of the capital investment requirements, capital receipts profile and income streams by modelling the key milestones of proposed major schemes. • Particular improvement initiatives are taking place in the Children & Families Services and in Places and Organisational Capacity, which will be become a standard approach. • The Capital team in Finance has now been established and this will better enable the improvement in the partnership with Assets, Legal and Planning. 				

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The Business Case/ Capital Planning Process					
2	The construction costs of £650,000 were taken directly from the cost of the Pyms Lane Waste Transfer site and were not directly attributable to the location. Detailed	Capital expenditure was approved without fully understanding whether building a Waste Service Transfer Station was the most suitable option, or whether the proposed	The Capital Planning Process must involve close scrutiny of detailed business cases that include all relevant financial and non financial aspects	The role of the Capital Appraisal and Monitoring Group (CAMG) will be strengthened as described above.	Chair of the Capital Appraisal and Monitoring Group August 2012 – February 2013

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	<p>planning/technical considerations were not, at this stage, taken into account when determining the cost, location or the optimal design for the building.</p> <p>The Capital Appraisal and Monitoring Group (CAMG) which was responsible for assessing the viability of the scheme and providing guidance on all relevant financial and non financial aspects of the proposed project, did not, in effect, meet during the Capital Planning Process.</p>	<p>scheme was viable, affordable and achievable.</p> <p>There could be insufficient scheme appraisal skills and/or insufficient capacity within the relevant Teams.</p>	<p>of a proposed scheme in order to ensure that the best possible solution is selected for a given set of circumstances.</p>	<p>The membership of the CAMG will be reviewed to ensure that all necessary professional and technical officers are available to inform the scrutiny and challenge of proposals before they are considered for inclusion in the draft capital programme. The role of the group will be extended to include scrutiny of revised estimates/costings when significant variations arise during planning or</p>  <p>implementation.</p>	
<p>S151 Officer Response:</p> <p>The professional and technical officers that will form the core of Capital Appraisal and Monitoring Group (CAMG) must be</p>					

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	<p>included in Programme Boards and Project Groups at an early stage. Early involvement in the development of proposals will prevent abortive work and will ensure that there is a consistent quality of proposals considered by the CAMG.</p> <p>One of the aims of the 2013/16 Business Planning process should be to limit the delivery programme to fewer, more strategic, initiatives that have significant positive financial and service impact. This will better enable the Council to deliver as planned.</p> <p>It is advisable for Corporate Management Team to examine the skills and capacity to deliver the Capital Programme in the relevant Teams.</p>				
	<p>Project Management</p> 				
3	The Council does not have a formal project management framework	Inconsistent approach to programme/project management, which	The Council's Project Management Arrangements must be	The Lead Member is currently reviewing the Council's project	Lead Member to review & make recommendation

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		<p>leads to over elaboration in some areas of operation and poor practice in other areas.</p> <p>Poor control of the delivery of programmes/projects, which can lead to overruns, overspends and non-delivery of planned outcomes.</p>	<p>reviewed and strengthened to ensure that objectives are met, constraints are identified, tolerances defined and benefits realised.</p>	<p>management arrangements with a view to using a single preferred framework which:</p> <ul style="list-style-type: none"> • Is mandated across the Council • focuses on compliance • is proportionate in terms of risk and capacity <p>Once agreed, a training programme will be commissioned to support the implementation of the new framework and to ensure it is fully embedded across the Council.</p>	<p>s to Cabinet Date to be confirmed.</p>

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Project Management					

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4	<p>Officers involved in the project did not use the Council's standard suite of documents which are available for use in managing and reporting progress.</p> <p>Governance arrangements tended to be informal and seem confused when compared to those described in the Council's Project Health Check document.</p> <p>Formal records of who was asked to do what, when and how well it was done, in order to provide an audit trail, have not been maintained. Regular written project progress reports have not been produced for Senior Management. There is</p>	<p>The audit trail is blurred it is difficult, therefore, to demonstrate that a considered, disciplined and proportionate approach was taken in managing the project.</p> <p>There is insufficient evidence to suggest that agreement had been reached with regard to the scope, key milestones, communication and governance arrangements, key links and dependencies and roles and responsibilities at the project initiation stage.</p> <p>It is unclear how risk appetite was established/approved and issues resolved. Where actions have been taken</p>	<p>Arrangements must ensure there is sufficient evidence to support decision making and provide assurance to other stakeholders that the Council has acted responsibly.</p>	<p>As agreed at action point 3. The review will also look at the use of a gateway approval process to ensure that each project or potential project has been properly evaluated, scoped, planned and delivered at key points in the project lifecycle.</p> 	<p>As agreed at action point 3</p>

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	no project plan, reliance being placed on the work programme, which tended to be a stage plan and concerned itself with milestones connected with Construction only.	to address risks/issues and determine tolerance in terms of cost, quality and time it is unclear that decisions were arrived at with the full knowledge of all the relevant factors or a realisation of the full implications.			
<p>S151 Officer Response:</p> <p>The management decision making mechanisms, segregation of duties and controls should be examined in the relevant Teams. Any identified gaps and weaknesses should be addressed through a Directorate action plan.</p> <p>It is advisable for the Strategic Director Places and Organisational Capacity to examine the skills and capacity to deliver against the Capital Programme in the relevant Teams.</p> <p>The Places and Organisational Capacity Directorate has put the following arrangements in place (from January 2012):</p> <ul style="list-style-type: none"> • A monthly Performance Board which monitors major capital programmes and projects within the Development Service. All managers attend. An exception reporting system highlights issues and enables performance to be tracked. Project plans are linked to cashflow. • Enhanced project and programme management arrangements linked to monthly Performance Board reporting including Project risk/grading process to reinforce monitoring process and the use of flow charts to assist the process • Project Management training for all key project and programme managers across the Development Service. • Introduction of the Planning Pre-Application Service which formalises all up front planning advice. All development 					

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	<p>projects delivered through the Development Service are instructed to go through the formal pre-application process projects have a Project Sponsor and Project Manager with structured reporting arrangements in line with the scale of the project, and budget approval through the budget holder.</p> <ul style="list-style-type: none"> • Monthly Project Manager reports to project sponsors are in place. • All projects delivered through the asset service on behalf of other departments require confirmation of budget approval from the sponsoring department at all stages of project development and implementation. • Management has requested Internal Audit to review the arrangements during 2012/13. 				
Planning					

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5	<p>The Planning Application is of a scale and nature to fall within paragraphs 5.5 – 5.9 of the Council’s own Statement of Community Involvement which concerns pre application advice.</p> <p>In this instance the Council failed to undertake appropriate consultation and hence failed to follow its own advice.</p> <p>Pre application advice from the Head of Planning and Housing included a commitment to “fast track” the planning application, once submitted, through</p>	<p>Local confidence in the planning process has been undermined</p> <p>The benefit of Pre-application discussions in terms of ensuring a better understanding of the existing, and potential objectives and constraints to a development are not realised.</p>	<p>All projects that require planning permission should use the Councils pre-application advice system.</p>	<p>All development projects leads will be instructed to obtain formal pre application advice in order to ensure a consistent level of service between external applications and our own planning applications and to reduce the risk of abortive costs.</p> <p>Evidence that the pre-application advice process has been completed will be an essential pre-requisite for consideration of relevant schemes by the CAMG.</p>	<p>Compliance will be monitored through the Capital Asset Group who are responsible for overseeing the management and monitoring of the capital programme.</p> <p>August 2012 onwards.</p>
					

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	registration and deal with it promptly thereafter				

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Planning					
6	<p>The steering/project group tasked with providing a new Waste Transfer Station at Lyme Green proceeded with the task, with the consent of its Director, even though the timetable involved the commencement of development without planning permission.</p> <p>Planning Officers advised against this course of action both prior to and during the works. The Council submitted a partially retrospective planning application. Works ceased after objections from Planning Officers and after complaints</p>	<p>Commencing development without permission has undermined local confidence in the planning process and contributed to the suspicion that the application was receiving favourable treatment in terms of procedure and substance and that permission was a fait accompli</p> <p>Project officers deemed commencing development without planning permission as tolerable because it was unlikely that adverse consequences would arise. The risk management</p>	<p>The Council, as a regulatory authority, should not undertake development without planning permission</p>	<p>As action Point 5.</p> <p>Further advice is being sought with regard to whether organisational structures best deliver the Council's often conflicting demands of planning enforcement, service delivery and development.</p>	<p>To be confirmed.</p> <p>Date to be confirmed.</p>

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	<p>from local residents.</p> <p>The Planning Application was deferred by the Strategic Planning Board on 18 January 2012 and withdrawn on 17 February 2012.</p>	<p>arrangements are, therefore, flawed because the Council should not breach relevant Rules and Regulations even if adverse consequences are unlikely.</p> <p>Failure to comply with Rules, Regulations, Policies and Procedures can result in uneconomical, inefficient and ineffective use of resources and assets and interests that are not safeguarded.</p>			
<p>The Places and Organisational Capacity Directorate has put the following arrangements in place (from January 2012):</p> <p>The introduction of a gateway process (flow chart) within the Places and Organisational Capacity Directorate will make this issue very clear to Project Managers to avoid any repeat.</p> <p>This issue has been brought to the attention of Project Managers and sponsors.</p>					

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Compliance with European Directives					
7	<p>In order to obtain short term waste transfer capacity a Delegated Decision (DD) was taken by the Strategic Director of Places on 14 September 2011 to award a six month contract to a waste bulking contractor. The estimated value of the contract, at £240,000 was above the threshold for which a compliant EU procurement exercise should have been taken.</p> <p>In taking the decision the Strategic Director did not comply with EU Regulations seeing this as tolerable in all</p>	<p>The arrangements for approving this decision are flawed because a DD can only waive the Council's internal rules.</p> <p>Failure to comply with Rules, Regulations Policies and Procedures can result in uneconomical, inefficient and ineffective use of resources and assets and interests that are not safeguarded.</p> <p>A challenge to the decision is available to ANY supplier who felt they would wish to undertake the contract (not just those involved) should they feel the regulations have not been</p>	<p>The Council's Governance Arrangements must be strengthened to ensure that it complies with EU and National Legislation</p>	<p>A fundamental review of the application of DD's will be undertaken the results of which will be reported to the Audit and Governance Committee. As an interim measure arrangements have been put in place for all DD's to be considered at CMT with relevant officers including Legal Finance and Procurement advisers attending so that issues can be fully discussed.</p> <p>Training will be provided to officers focusing on the proper application of the</p>	<p>The Director of Finance and Business Services in conjunction with the Lead Member.</p> <p>October 2012.</p>

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	<p>the circumstances because a fully compliant EU procurement exercise had been undertaken to award the contract for a three year period and only one provider (the waste bulking contractor) was able to respond due to the necessity of having a facility in the area and the need for the appropriate permits as a result it was unlikely that adverse consequences (challenge via the civil courts) would arise.</p> <p>The waste bulking contractor was appointed on an interim 4 month contract, commencing on 3 October 2011, with the option to extend to 6 or</p>	<p>complied with. Essentially legal action can be taken up to 3 months from the date of the alleged breach although the Court can determine a longer period where it considers the circumstances warrant it.</p>		<p>Council's Finance and Contract Procedure Rules.</p> <p>In accordance with the Council's Constitution After consulting with the Head of Paid Service and the S151 Officer, the Monitoring Officer will report to the full Council, (or to the Cabinet in relation to an executive function), if she considers that any proposal, decision or omission would give rise to unlawfulness or if any decision or omission would give rise to a finding of maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been</p>	

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	8 months.			<p>considered.</p> <p>In accordance with the Council's Constitution After consulting with the Head of Paid Service and the Monitoring Officer, the Director of Finance and Business Services will report to the full Council (or to the Cabinet in relation to an executive function) and the Council's external auditor if she considers that any proposal, decision or course of action will involve incurring unlawful expenditure, or is unlawful and is likely to cause a loss or deficiency or if the Council is about to enter an item of account unlawfully.</p>	

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<p>S151 Officer Response:</p> <p>The main focus of improvement for the Corporate Management Team should be on prevention and guidance on the use of the process. Delegated Decisions for the waiver of Contract Procedure Rules should be exceptional and therefore limited in numbers.</p> <p>Each member of the Corporate Management Team should review the Delegated Decisions made in their Service areas to ensure that lessons are learnt, which will assist with the prevention of such decisions in the future.</p> <p>Corporate Services Response:</p> <p>Significant improvements have already been made to the Delegated Decision process over the course of the last year or so, including the following:</p> <ul style="list-style-type: none"> • Joint sign off meetings (weekly where diary permits) between the Borough Treasurer & Head of Assets/Director of Finance and Business Services and the Borough Solicitor, which commenced on the 1st April 2011. • The issue of guidance to managers through the Borough Treasurer & Head of Assets weekly update, the Procurement bulletins (Bulletin No 17 May 2011) and through Centranet. • Changes to the Delegated Decision template to include better visibility of Procurement, Legal and Finance sign off and advice. <p>The Director of Finance and Business Services and the Borough Solicitor continue to monitor the process and strive to reduce the number of decisions through proactive initiatives such as:</p> <ul style="list-style-type: none"> • A Procurement improvement action plan agreed by Corporate Management Team. • The update of the Council's Finance and Contract Procedure rules, which has now been completed. 					

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	<ul style="list-style-type: none"> • The provision of a Procurement Knowledge Map, which continues to be added to and developed. • Joint meetings between the Procurement and Legal Teams. • The development of the three-year Procurement Plan and the Contracts Register. • A training, development and communications programme for Service Managers and officers with procurement and budget responsibilities. • Specific networking initiatives for Procurement Advisors. 				

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Compliance with Finance and Contract Procedure Rules					
8	<p>The main contractor for construction and related works at Lyme Green Depot and the purchase of the building was appointed via a DD taken by the Asset Manager on 4 October 2011. The DD was counter-signed by the Director of Finance and Business Services and the Borough Solicitor on 5 October 2011 on the basis of the necessity to make an urgent appointment of a contractor Framework agreement without a further mini competition.</p> <p>When the DD was taken the value of the works, based on feasibility</p>	<p>The arrangements for appointing the main contractor via a DD are flawed because the Asset Manager only had authority to incur expenditure in accordance with the estimates that make up the budget that was suggested by Cabinet and approved by Council.</p> <p>Despite having an approved budget of £650,000 the DD was used by the project team as the basis for agreeing works to the value of £1.5m.</p> <p>The lack of information provided on the budget implications and the</p>	<p>The Council's Governance Arrangements must be strengthened to ensure that Finance and Contract Procedure Rules are complied with.</p>	<p>As per Action Point 7:</p>	<p>As per Action Point 7</p>

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	<p>costs that were received on 16 August 2011 and discussion with the main contractor, was approximately £1,500,000. The approved capital budget for the scheme was £650,000.</p> <p>The target cost of the works placed with the main contractor were agreed prior to commencement on site (24 October 2011) and after the Delegated Decision was taken (4 October 2011).</p> <p>As at Mid-May total costs of the incomplete Lyme Green WTS are estimated at £810,000. The full extent of the costs associated with this scheme cannot be established until a</p>	<p>urgency with which the decision was presented to advisory and signing statutory officers led to the decision being signed off on the wrong basis.</p> <p>The evidence suggests that the officers that requested the decision did not have sufficient understanding of the parameters of the Delegated Decision making process.</p>			

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	decision is taken by the Council with regard to the site.				
<p>S151 Officer Response:</p> <p>In addition to the response in Action Point 7 above, as part of the fundamental review of the Delegated Decision making process it is advisable to introduce an additional layer of decision making, including Members, to improve transparency and to better protect advisory and statutory officers.</p> <p>The Capital Asset Group needs to improve the challenge of approved capital schemes in the lead up to the quarterly financial performance reports to Cabinet to ensure that adverse budget implications are captured before commitments are made.</p>					

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Compliance with Finance and Contract Procedure Rules					
9	<p>The DD does not state the value of the works to be awarded directly to the main contractor.</p> <p>Alternative options considered in arriving at the decision included an earlier iteration of the programme that was reviewed by the “team” (completion date end of March) allowing more time to procure the project works through well established routes, ensuring formal statutory consents/approvals, together with tendering the appointment and award of the contract to the main contractor. However, the additional</p>	<p>Inadequate information to support effective decision making. Poor challenge/scrutiny of the decision.</p> <p>The information regarding additional costs is misleading because an interim contract for Bulk and Waste Transfer Facilities Services with the waste bulking contractor was already in place (DD taken 14 September 2011).</p> <p>Furthermore, the interim contract, which was within budget, would allow the 32 week programme to be implemented because, with extensions, it would expire in June 2012.</p>	<p>The Council’s Governance Arrangements must be strengthened to ensure that Finance and Contract Procedure Rules are complied with.</p>	As per Action Point 7	As per Action Point 7

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	<p>project costs together with the costs of the interim service delivery were considered too expensive.</p> <p><i>Waste and Recycling Services would put interim arrangements in placeby utilising the existing established facilities set up in the South. The service would inevitably incur additional costs with increased transportation and staffing inefficiencies,...current estimates suggested increased costs of £35,000.</i></p>				

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<p>S151 Officer Response:</p> <p>In addition to the response in Action Points 7 and 8 above, as part of the fundamental review of the Delegated Decision making process it is advisable to introduce a requirement to make reference to previous related decisions. This discipline is already required for Committee reports.</p> <p>The S151 response in Action Point 4 is also relevant against this Action Point.</p>					

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Compliance with Finance and Contract Procedure Rules					
10	<p>Despite the DD being described as a KEY Decision on the face of the document there has been no advance publicity arrangements (it did not appear in the forward plan) or special urgency procedures applied.</p> <p>Despite having an approved budget of £650,000 the DD was used by the Project Team as the basis for agreeing works to the value of £1.5m.</p> <p>It has also been used as a basis for undertaking a large element of civil works (extensive ground</p>	<p>Scrutiny arrangements with regard to the DD have been compromised because Members of the public and Councillors are unable to consider the implications of the decision or seek to influence the decision by making contact with the decision-maker.</p> <p>The DD process is flawed because it has been used as a basis by the project team to proceed without the necessary approvals being in place.</p>	<p>The Council's Governance Arrangements must be strengthened to ensure that Finance and Contract Procedure Rules are complied with.</p>	<p>As per Action Point 7.</p> <p>The DD process was established to record officer decisions to waive Finance and Contract Procedure Rules in specific circumstances. Officers do not take key decisions under this process. There is no mechanism for such decisions to go on the Forward Plan or to be called in. Accordingly the Template is being reviewed and this aspect made clear.</p>	<p>As per Action Point 7.</p>

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	works to be undertaken to reduce overall ground levels, form retaining Walls, a new concrete base and foundations), prior to obtaining planning approval.				
<p>S151 Officer Response:</p> <p>In addition to the response in Action Points 7, 8 and 9 above, as part of the fundamental review of the Delegated Decision making process the question related to whether the decision is a Key Decision or not will be removed. This has already been agreed with the Borough Solicitor.</p> <p>The S151 response in Action Point 4 is also relevant against this Action Point.</p> <p>The Corporate Governance Group is currently reviewing internal policy, its communication across the Council and the associated compliance framework. The Group is also reviewing and revising the Constitution and the associated schemes of delegation. This work will be accelerated and given a higher profile. High priority aspects of the Governance Framework will be identified and the Group will work through the Constitution Committee and the Audit & Governance Committee to bring about the recommended improvements and changes.</p>					

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Compliance with Finance and Contract Procedure Rules					
11	The DD was taken on the basis of the Finance and Contract Procedure Rule exemption that, subject to EU rules (below £3.9M for “works”), the requirement for competition may be waived in an emergency or if in the interest of efficiency of the service.	In accordance with the guidance within the Councils Procurement Knowledge Map a Delegated Decision will not be approved where there has been a lack of planning to procure a service in good time.	The Council’s Governance Arrangements must be strengthened to ensure that Finance and Contract Procedure Rules are complied with.	As per Action Point 7.	As per Action Point 7.
<p>S151 Officer Response:</p> <p>The S151 response in Action Points 7, 8, 9 and 10 above are relevant against this Action Point.</p> <p>The S151 response in Action Point 4 is also relevant against this Action Point.</p> <p>Corporate Services Response:</p> <p>The Corporate Services response in Action Point 1 is relevant against this Action Point.</p>					

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Compliance with Finance and Contract Procedure Rules					
12	<p>The appointment of the main contractor was confirmed by a Letter of Intent that was issued on 6 October 2011 by the Professional Services and Framework Manager.</p> <p>The letter authorised the company to commence work up to a value of £500,000 (subsequently extended to £750,000). In accordance with the Asset Management scheme of delegation (dated 1 July 2010) the Professional Services and Framework Manager is only authorised to incur expenditure of up to</p>	<p>The method of appointment fails to comply with the Finance and Contract Procedure Rules Contract which state that contracts/agreements over £10,000 also require sign off by the Borough Solicitor.</p> <p>The Councils Schemes of Financial Delegation (also know as schemes of delegation) are ineffective because the Officer has exceeded his authority.</p>	<p>The Council's Governance Arrangements must be strengthened to ensure that Finance and Contract Procedure Rules are complied with.</p>	<p>In addition to Action Point 7.</p> <p>An immediate review of the local schemes of delegation and financial scheme of delegations will be undertaken for the relevant Service(s). Actions necessary to ensure Compliance with the Council's Constitution being the responsibility of CMT members.</p>	<p>As per Action Point 7.</p> <p>Chair of the Corporate Governance Group.</p> <p>With immediate effect.</p>

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	£250,000 in any one transaction.				
<p>S151 Officer Response:</p> <p>The S151 response in Action Point 4 is also relevant against this Action Point.</p> <p>In addition an immediate review of the local schemes of delegation and financial schemes of delegation should be undertaken for the relevant Services. The review should be undertaken by the Corporate Governance Group as part of its current work programme as an area of high priority. Assistance will also be provided for any training and development needs, particularly with regard to Procurement and Contract procedures.</p>					

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Compliance with Finance and Contract Procedure Rules					
13	The target cost of the works placed with the main contractor were agreed prior to commencement on site (24 October 2011) and after the Delegated Decision was taken (4 October 2011). No formally executed contract exists.	The "agreement" at £1.59m required a contract under seal in order to comply with Finance and Contract Procedure Rules.	The Council's Governance Arrangements must be strengthened to ensure that Finance and Contract Procedure Rules are complied with	In addition to Action point 7: The final account will be agreed. Appropriate entries/disclosures will be made in the Statement of Accounts for the expenditure incurred at Lyme Green in 2011/12.	The Director of Finance and Business Services. June 2012.
<p>S151 Officer Response:</p> <p>The S151 response in Action Point 12 above is also relevant against this Action Point.</p>					

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Compliance with Finance and Contract Procedure Rules					
14	<p>A number of consultants have been engaged to provide various design, construction and quantity surveying services for the Waste Transfer Project.</p> <p>Analysis of five Consultants out of seven employed indicates that all have been appointed directly with no competition by Officers within Asset Management Services. This is despite the fee proposals/ official orders and actual costs being over £10,000 in three cases. In one further case actual costs incurred exceed £10,000 whilst the</p>	<p>Failure to comply with Finance and Contract Procedure Rules which state that for expenditure over £10,000 the advice of the Borough Solicitor must be sought to agree an appropriate form of contract or written agreement which must be signed by the successful third party and on behalf of the Council by the Borough Solicitor and/or one of his/her authorised signatories, or by two of his/her authorised signatories.</p>	<p>The Council's Governance Arrangements must be strengthened to ensure that Finance and Contract Procedure Rules are complied with</p>	<p>As per Action Point 7.</p>	<p>As per Action Point 7.</p>

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	order value is below this.				
<p>S151 Officer Response:</p> <p>The S151 response in Action Point 12 above is also relevant against this Action Point.</p>					

	Finding	Implication	Recommended Action	Management Action	Responsibility/ Target Date
Compliance with Finance and Contract Procedure Rules					
15	<p>Where project outcomes or costs alter significantly from those set out in the original appraisal a revised Business Case Template must be completed and submitted to the officer Capital Asset Group. It would then be necessary to scrutinise the proposal and address any shortfall in budget in accordance with approved procedures.</p> <p>A revised Business Case Template was never submitted to the Capital Asset Group by the Waste and Recycling Manager, and arrangements were not</p>	<p>Finance and Contract Procedure Rules have not been complied which increases the risk that the works no longer represent value for money.</p>	<p>The Council's Governance Arrangements must be strengthened to ensure that Finance and Contract Procedure Rules are complied with</p>	<p>As per Action Point 7</p>	<p>As per Action Point 7.</p>

	Finding	Implication	Recommended Action	Management Action	Responsibility/ Target Date
	made to seek approval for the full value of the scheme.				
<p>S151 Officer Response:</p> <p>The Strategic Director Places and Organisational Capacity must drive compliance with procedures and processes and there needs to be consequence for non-compliance. The Corporate Support Teams need to accelerate the positive approach to compliance by improving processes and providing guidance and training. This will ensure that non-compliance is prevented as far as possible. In this environment non-compliance becomes the absolute exception and can be dealt with through the assessment of performance against competencies and, if appropriate, the officer code of conduct.</p> <p>The S151 response in Action Point 4 is also relevant against this Action Point.</p> <p>Corporate Services Response:</p> <p>In addition to the Corporate Services response in Action Point 1 above the following improvements are also being made to the Capital monitoring process:</p> <ul style="list-style-type: none"> • A request to project managers to provide further details for each Capital scheme which can be used in-year to profile expenditure, measure performance and milestones and monitor any revenue implications. • Better commitment reporting leading up to the quarterly performance report, which means not just relying on the actual expenditure in the Oracle (Financial Management) system. • The Capital Assets Group will take on a stronger role in the monitoring of the Capital Programme by signing off the quarterly position. 					

	Finding	Implication	Recommended Action	Management Action	Responsibility/ Target Date
Compliance with Finance and Contract Procedure Rule					
16	Progress on individual schemes within the Capital Programme is monitored by the project leads and service accountants. Quarterly Highlight Reports, completed by the named budget holder, in this case the Waste and Recycling Officer, and co-ordinated by Finance are used to write progress reports to Cabinet. The Waste Transfer Station Highlight Reports for Q1 completed in July 2011, Q2 completed in October 2011 and Q3 completed in November 2011 all indicate that cost is on track with the estimated total cost of the scheme being	The monitoring of this capital scheme is flawed because committed expenditure is not reported to Cabinet or fully approved.	The Council's Arrangements for monitoring capital expenditure must be strengthened to ensure that approval is obtained for the full value of a scheme prior to expenditure being incurred and that reports used to monitor expenditure are accurate and timely.	Processes for regular monitoring and reporting on the progress of the capital programme will be reviewed and compliance with Section 11 of the Council's Capital Strategy reinforced. This requires that :- <i>'Progress on individual schemes within the Capital Programme will be monitored monthly by project leads and service accountants who will provide regular reports to the Capital Appraisal and Monitoring Group (CAMG)'</i>	Chair of CAG August 2012.

	Finding	Implication	Recommended Action	Management Action	Responsibility/ Target Date
	<p>reported as £650,000. There are no issues for decision contained within the Highlight Reports.</p> <p>On 28 November 2011 Cabinet received a report on the mid year review of the Councils financial and non financial performance. The report showed the Waste Transfer Station Schemes approved budget was £650,000, there was no actual expenditure at this date and no request was made for a supplementary capital estimate or virement despite the value of the agreed target costs (construction) being £1.59m.</p>				

	Finding	Implication	Recommended Action	Management Action	Responsibility/ Target Date
<p>S151 Officer Response:</p> <p>The S151 response in Action Point 15 above is also relevant against this Action Point.</p> <p>Corporate Services Response:</p> <p>The Corporate Services response in Action Point 15 above is also relevant against this Action Point.</p>					