

CHESHIRE EAST COUNCIL

Audit and Governance Committee

Date of meeting: 27th September 2012
Report of: Head of Performance, Customer Services and Capacity
Title: Action Plan arising from Internal Audit Report into Waste Transfer Station (Lyme Green)
Portfolio Holder: Councillors Barry Moran/Les Gilbert/Peter Raynes

1.0 Report Summary

- 1.1 The purpose of the report is to provide an updated action plan and progress report to improve working practices highlighted by the findings of the internal audit review of the project relating to a potential waste transfer station at Lyme Green. The original audit report was submitted to this Committee in June 2012.
- 1.2 The Council is committed to an open and transparent way of working and is putting significant emphasis on improving systems as a result of this review. The action plan has been much further developed since the last meeting to ensure that the issues identified are properly addressed and the learning points fully embedded. Regular updates on progress will be reported to this Committee.
- 1.3 The findings have been separated into three central themes covering: the need for more robust option appraisal; the need for a comprehensive framework for programme and project management; the need for better systems to ensure compliance. By implementing the improvements in project initiation, governance, monitoring and staff training, the sanctions which exist for non-compliance with these enhanced arrangements can, and will, be instigated for any relevant instances readily in future, where appropriate.

2.0 Recommendation

- 2.1 That the Committee receive and approve the action plan attached at Appendix A, subject to any comments Members wish to make.

3.0 Reasons for Recommendations

- 3.1 To ensure that the learning points arising from the internal audit review are being effectively implemented and monitored, so that the Council's future working practices are consistently improved.

4.0 Wards Affected

4.1 All wards

5.0 Local Ward Affected

5.1 Not applicable

6.0 Policy Implications

6.1 Not applicable

7.0 Financial Implications (Provided by the Director of Finance and Business Services)

7.1 The staffing resources required to implement the new governance arrangements and processes that have been established are being reviewed. It is anticipated that the required resources will be achieved within budget, but a realignment of resources may be required to ensure speedy progress.

7.2 The central themes of the Action Plan clearly state the areas that have been focused upon in terms of robust financial appraisal, monitoring and control:

- A. The need for more robust option appraisal, **financial analysis** and authorisation for project commencement.
- B. The need for a comprehensive, corporate programme/project management framework and effective project management. (This includes **financial** and planning **implications**)
- C. The need for better systems to ensure adherence to compliance with EU rules and internal **financial and contract procedure rules**.

The associated improvements in processes are already implemented and are becoming embedded across the Council.

8.0 Legal Implications

8.1 Apart from any legal issues connected with the investigation itself, which will already have been separately addressed, there are no further apparent legal implications arising from this report.

9.0 Risk Assessment

9.1 There are a number of risks arising from the implementation of actions within the Appendix. However, the key risk is around non-implementation. Implementation of the actions is required to mitigate risks around non-achievement of outcomes, financial control and reputational risk.

10.0 Background and Options

- 10.1 The Audit and Governance Committee on 31st January 2012 resolved that “a thorough and robust investigation of all issues surrounding the expenditure incurred on the proposed waste transfer station at Lyme Green be added to the work plan; in particular to identify any governance issues and whether all financial and contractual regulations have been complied with.”
- 10.2 At its meeting on 27th March 2012, the Committee had further resolved that a special meeting be held to consider the outcome of the investigation. This special meeting was held on 14th June 2012 where it was resolved that progress reports against the identified actions in the Action Plan be submitted to the Committee on a quarterly basis. This is the first of these progress reports.
- 10.3 A Member/Officer task and finish group was set up following the special meeting of the 14th June with membership comprising three Portfolio Holders, the Head of Performance, Customer Services and Capacity and Internal Audit representation. The interim Chief Executive has since joined the group.
- 10.4 “Issues and Actions arising from Lyme Green” is one of the significant governance issues identified in the Council’s Annual Governance Statement (AGS) for 2011/12. The AGS is also on the agenda for this Committee meeting. Progress against the actions in the AGS Action Plan will be monitored throughout the year by the Corporate Governance Group and reported to this Committee.

11.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writer:

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