

Action Plan Arising from the Internal Audit Report into Waste Transfer Station (Lyme Green)

- 1.1 The report submitted to the Audit and Governance Committee on 14/6/12 fully details the Findings, Implications, Recommendations, Management Actions and Section 151 Officer/Corporate Services responses and the Action Plan (*at Appendix 2, pages 67-106 of Audit and Governance Committee Agenda Reports Pack, 14/6/12*) contained within that report is available on the Council's website here: www.cheshireeast.gov.uk.
- 1.2 For clarity and focus, the required actions have been separated into three central themes highlighted by the investigation:
- A. **The need for more robust option appraisal, financial analysis and authorisation for project commencement.** The actions noted below will improve the initial appraisal of significant projects, give appropriate approval for project initiation and provide an escalation and governance arrangement to highlight key variances and ensure effective project monitoring.
 - B. **The need for a comprehensive, corporate programme/project management framework and effective project management.** (This includes financial and planning implications)
The actions below will ensure that there is a robust project management methodology that captures financial implications and specific planning requirements as well as all other essential aspects of good project methodology.
 - C. **The need for better systems to ensure adherence to compliance with EU rules and internal Finance and Contract Procedure Rules.** The actions are to ensure that the non-compliance issues highlighted are prevented in the future. The audit report listed non-compliance in relation to waiving EU rules to extend a contract, appointing a contractor and committing expenditure significantly over budget, the delegated decisions process, awarding works without appropriate competition, failure to use an appropriate contract, non-adherence to schemes of delegation and appointment of consultants outside of the Finance procedure rules.
- 1.3 The group of actions within each of the three issues above together provide a full framework to address the full range of requirements. This includes a governance, quality assurance and monitoring process, guidance and awareness raising for staff through to sanctions for non compliance.
- 1.4 The actions (with cross reference to the original Audit Report Action Plan) and progress on implementation are shown below:

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Ref	Action	Responsibility	Implementation Progress at 14/9/12
A	Options Appraisal/Planning Gateway (Actions 1 and 2 from Audit Report Action Plan) <i>Address 'The Business Case/Capital Planning Process' Actions – Action 1 (page 67 – 71, Audit and Governance Committee Agenda Reports Pack, 14/6/12) and Action 2 (page 72-73).</i>		
A1	<p>A new Gateway Process for project approval will be developed and implemented, and incorporated as part of the business planning process. This process will oversee the effectiveness of options appraisal, pre-project planning and will have improved project proposal forms. A new Executive Monitoring Board (EMB) chaired by the Performance portfolio holder will be formed. Membership will include the Portfolio holders for Performance and Finance; the Strategic Director (Places and Organisation Capacity); Strategic Director (Children, Families and Adults), Director of Finance and Business Services, and others as relevant. The Gateway Process will apply to capital and revenue projects which:</p> <ul style="list-style-type: none"> i. have a total value of £250k or more; and/or ii. where there is significant risk 	<p>Lead Member: Barry Moran Support Member: Peter Raynes Lead Officer(s): Lisa Quinn for process oversight All Corporate Management Team (CMT) for implementation and adherence to the process across their span of responsibility Timescale (s): Start date of new gateway process: 1/9/12</p>	<p>IMPLEMENTED</p> <p>The process was launched at the first Executive Monitoring Board meeting on 29/8/12. New starts for capital spend are currently on hold until EMB endorsement is given. There has been clear communication to all staff and all managers.</p> <p>The process will be built upon to ensure that there is a quality assurance mechanism in place and that a robust governance arrangement is in place for every project, including clear accountabilities.</p> <p>The staffing resources to co-ordinate the full extent of this action are significant and may result in a realignment of resources across the Council. This is in progress and will be in place by end November 2012.</p>

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A2	The Capital Asset Group will be subsumed by the Executive Monitoring Board with membership as above and will manage the Gateway Process.	Lead Member: Barry Moran Support Member: Peter Raynes Lead Officer: Lisa Quinn Timescale (s): As A1 above	IMPLEMENTED As A1 above.
A3	A new group, the Technical Enabler Group (TEG) will be established and take on the responsibilities of the Capital Appraisal and Monitoring Group, which will cease to exist. This group will have a substantive role and report to the Executive Monitoring Board and be responsible for the monitoring of projects which have been approved through the Gateway, as well as monitoring the remainder of the capital programme and key revenue projects selected by the EMB.	Lead Member: Barry Moran Support Member: Peter Raynes Lead Officer: Lisa Quinn Timescale (s): October 2012	IN PROGRESS Terms of Reference for this group have been developed and will support the EMB. Date for the first meeting of the Technical Enabler Group is 4 th October 2012. This is a key part of the monitoring aspect of the process and, with the EMB, provides a framework for governance, quality assurance and monitoring.
B	Corporate Programme/Project Management, including financial and planning implications (Actions 3,4,5,6 and 16 from Audit Report Action Plan) <i>Address 'Project Management' Actions – Action 3 (page 74-75) and Action 4 (page 76-78), 'Planning' Actions – Action 5 (page 79-80) and Action 6 (Page 81-82) and one of the 'Compliance with Finance and Contract Procedure Rules' Actions – Action 16 (page 104-106).</i>		
B1	A new project management framework will be developed and implemented and appropriate training undertaken. The Gateway process referred to in actions A 1 – 3 above is the first aspect of the framework to be developed. Best	Lead Member: Barry Moran Support Member: Peter Raynes Lead Officer:	IN PROGRESS Development and implementation of the new approach are in progress. A Council-wide project

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	<p>use of already skilled staff will be made to ensure consistency of approach and learning across the organisation.</p> <p>Current service methodologies are to be continued until the new framework is in place. Where no current service framework exists, there is a default corporate framework available to all staff.</p>	<p>Vivienne Quayle - Draft of new framework CMT for effective implementation of framework</p> <p>Timescale (s): New framework to be agreed by end October and with training beginning in November 2012.</p>	<p>managers' group has been set up to establish the detail within the programme and ensure all services use the corporate framework. A draft framework exists which is being used by those services that don't have their own framework already.</p> <p>A training strategy and plan is being developed to implement the new framework. This will be in place by end of October 2012. Training has already taken place on general project management in high priority areas e.g. across the Development service within the Places Directorate. The framework is on track to be in place by the end of October target date.</p> <p>Additional resource requirements to develop and implement the new project management methodology and framework are being established during September 2012.</p>

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B2	All relevant aspects of good programme and project management will be incorporated in to the new framework including escalating of key risks, financial variances and reputational issues. An awareness raising exercise led by CMT to highlight the new process will be instigated. CMT to personally commit to implementation and assisting staff to implement the new requirements. All budget holders to have a scheme to capture committed spend and escalate any potential overspends as part of the process.	Lead Member: Barry Moran Support Member: Peter Raynes Lead Officer: CMT – for effective implementation of framework and recognising training needs Timescale (s): As B1 above	IN PROGRESS The new framework is being developed as above. The interim Chief Executive is personally overseeing CMT's input to the staff communication and behavioural changes necessary to ensure implementation of the new arrangements. A staff communication plan for the EMB is in place.
B3	Aspects of programme and project management relating to the need for planning permission will be integral to the programme and project management framework and checklists. Pre-application advice will become part of the criteria for projects to progress through the Project Gateway, as managed through the new Executive Monitoring Board.	Lead Member: Barry Moran Support Members: Rachel Bailey, Peter Raynes Lead Officer(s): Vivienne Quayle, Lisa Quinn. Timescale (s): Framework to be determined by end October, detailed aspects to be incorporated by end December 2012	IN PROGRESS The detailed methodologies are being developed and the first aspect is the launch of the project Gateway process which began in August 2012. The key aspects around planning will be integral to the detail behind the framework. A staff communication plan around EMB and TEG is in place. Achievement against the October and December 2012 target dates is on track. Pre- application advice is part of the criteria for projects to progress through the Project Gateway and is specifically included in the remit of the TEG.

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B4	Each Director to review skills and capacity to deliver capital and revenue projects across the Directorate, and to provide training and support where necessary.	Lead Member: Barry Moran Support Members: Peter Raynes Lead Officer: John Nicholson/Lorraine Butcher/Lisa Quinn Timescale (s): End of October 2012 for skills analysis End of March 2013 for all relevant staff to be trained	IN PROGRESS This is on track for the review to be completed by the end of October target date.
B5	Project management training to take place for all project and programme managers across the authority in all relevant services to ensure understanding of roles and responsibilities.	Lead Member: Barry Moran Support Members: Peter Raynes, Les Gilbert Lead Officer: CMT Timescale (s) Training to begin in November 2012 with full schedule of requirements in place by December 2012 and completed by end March 2013.	IN PROGRESS This is being reviewed by CMT and priority areas have already been identified. The full training schedule will be implemented once resource requirements are agreed and implemented and the framework is in place (framework on target to be in place by end October 2012).

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B6	Internal Audit to review new capital project and programme management arrangements in Places and Organisational Capacity during 2012/13 and across the Authority.	Lead Member: Peter Raynes Support Members: Barry Moran, Les Gilbert Lead Officer: Lisa Quinn Timescale: Audit scheduled in audit plan by September 2012. Audit to take place in 4th quarter 2012/13	IMPLEMENTED The audit forms part of the revised audit plan for 2012/13. An audit also commenced, at the request of the Head of Development, in August 2012 of the project management arrangements within Assets, with the findings to be reported back to management in September/October 2012.
B7	A task and finish group on Planning Enforcement will be set up: <ul style="list-style-type: none"> i. To review the current scope of services delivered through the Planning Enforcement function ii. To review performance against current service standards iii. To review resources aligned to Planning Enforcement and recommend changes in service standards/scope of services of working practices to improve overall performance. iv. To review the relationships between Planning Enforcement and other Planning Functions to ensure structures do not compromise conflicting demands. 	Lead Member: Rachel Bailey Support Members: Barry Moran, Peter Raynes Lead Officer: Caroline Simpson Timescale: End of October 2012	IN PROGRESS The Environment and Prosperity Scrutiny Committee has agreed Terms of Reference for the task and finish group and the group has started to meet with a report to be provided by end of October 2012. The Council's approach to enforcement is a high priority in the overall Council Plan which will be included in a report to Cabinet on 15 th October 2012.

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C	Compliance with European Directives and Finance and Contract Procedure Rules (Actions 7,8,9,10,11,12,13,14 and 15 from Audit Report Action Plan) <i>Address 'Compliance with European Directives' Action – Action 7 (page 83-87) and 'Compliance with Finance and Contract Procedure Rules' Actions – Action 8 (page 88-90), Action 9 (page 91-93), Action 10 (page 94-95), Action 11 (page 96), Action 12 (page 97-98), Action 13 (page 99), Action 14 (page 100-101) and Action 15 (page 102-103).</i>		
C1	A comprehensive training and awareness raising programme covering financial, contract and procedural rules is required. This will assist all staff in complying and properly explain the reasons for rules in these areas so that non-compliance is restricted to human error with a clear consequence for non-compliance.	Lead Member: Les Gilbert Support Members: Barry Moran, Peter Raynes Lead Officer: Caroline Elwood/Lisa Quinn Timescale(s): Training plan in place by end October 2012 and rolled out to all relevant staff by March 2013	IN PROGRESS Training has taken place across the organisation since the Lyme Green investigation through individual line managers and in key services. Staff have had clear messages from the interim Chief Executive about the need for compliance and the importance of accountability for all decisions. This is a key component of the action plan. Following the implementation of the governance and monitoring framework and the guidance/training for staff - clear sanction will be instigated for non compliance. These form part of the existing staff performance system and HR procedures and will be exercised where there is non-compliance.
C2	A task and finish group to be established by the Constitution Committee which will undertake a fundamental review of the application of Delegated Decisions. These relate to contract procedure rules as they lay down the levels of authority for members and individual officers.	Lead Member: Les Gilbert Support Members: Barry Moran, Peter Raynes Lead Officer: Caroline Elwood/Lisa Quinn Timescale: Group to be set up by end August and report	IN PROGRESS The task and finish group has been set up and will present a final report and recommendations to the Constitution Committee. The group met in August to discuss Contract Procedure Rules and the Delegated Decisions process was included in

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		by end December 2012	this discussion. This is on track to report by end of December 2012. Reviews of such matters are part of the work of the Constitution Committee on an ongoing basis.
C3	CMT will establish interim arrangements to consider all delegated decisions at CMT meetings with relevant legal, finance and procurement advisors present. This will be an interim process subject to the outcome of the task and finish group described in C2.	Lead Member: Les Gilbert Support Members: Barry Moran, Peter Raynes Lead Officer: CMT/ Lisa Quinn Timescale: New process to be established by 1/7/12	IMPLEMENTED New process for CMT to consider all Delegated Decisions has been in place since July 2012 and is fully operational. This is an interim measure and there will be a role for the member policy development groups in influencing this process.
C4	Internal Audit will work with the Procurement team to identify specific areas where non-compliance occurs in order that appropriate training can be carried out.	Lead Member: Peter Raynes Support Members: Les Gilbert, Barry Moran Lead Officer: Lisa Quinn Timescale: Specific areas of non-compliance to be reviewed by end September 2012	IN PROGRESS Review is in progress and will be linked to wider training programme. The Procurement team has established a variety of training programmes for officers, commencing in October 2012 and covering "How to procure" and bespoke training.
C5	The monitoring processes of the Technical Enabler Group referred to in Section A will include checks on project cost estimates, including safeguards against project proceeding where costs may escalate beyond approved budgets.	Lead Member: Peter Raynes Support Members: Les Gilbert, Barry Moran Lead Officer: All CMT Timescale: Communication	IN PROGRESS Communication to all staff from Leader and interim Chief Executive during August 2012.

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	Clear communication of the need to spend within budget and the escalation process where there are financial pressures will be put in place.	by end Aug 2012. Detailed process as part of overall framework by end December 2012	Further detailed guidance on monitoring project costs, for use by Technical Enabler Group, to be in place within the project methodology by end December 2012 with detailed work in progress on this action.
C6	The monitoring processes of the Technical Enabler Group, reporting to the Executive Monitoring Board, referred to in Section A will provide a robust process which will identify variations in project costs and delivery, and ensure Finance and Contract Procedure Rules are complied with.	Lead Member: Peter Raynes Support Members: Les Gilbert Barry Moran Lead Officer: Lisa Quinn Timescale: As C5 above	IN PROGRESS Staff have been made aware of the immediate issue of budget overspend expectations and the consequences of non-compliance. The detailed processes to achieve effective project management across the whole organisation are covered in actions B 1 - 7.
C7	The Corporate Governance Group will complete a review of internal procedures and compliance policy, its communication across the Council and the associated compliance framework. This group reports to the Audit & Governance Committee, and will make recommendations to this Committee at the end of the review.	Lead Member: Peter Raynes Support Members: Les Gilbert Barry Moran Lead Officer: Lisa Quinn Timescale: Review completed by end Dec 2012	IN PROGRESS The Corporate Governance Group meets regularly. The review is underway and an update on the Governance framework is being presented to the Audit and Governance Committee in September. The review is on track to be completed by end December 2012.
C8	Corporate Management Team will ensure all Schemes of Delegation are reviewed, updated and published on the Council's intranet.	Lead Member: Peter Raynes Support Members: Les Gilbert, Barry Moran Lead Officer: All CMT Timescale: End July 2012	IMPLEMENTED All updated Schemes of Delegation were in place and published by 31 st July 2012.

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			Corporate Governance Group report to CMT in September will follow up and remind managers of their responsibility to comply.
C9	Changes will be made to the Oracle system to ensure that it reflects Schemes of Delegation, thereby reducing the opportunity for non-compliance.	Lead Member: Peter Raynes Support Members: Les Gilbert, Barry Moran Lead Officer: Lisa Quinn Timescale: End September 2012	IN PROGRESS Significant progress has been made on updating service Schemes of Financial Delegation. This includes a review of approval limits (General Ledger and Procurement) held within the Oracle system to ensure consistency and appropriateness. There are a small number of remaining anomalies which require updating. These will be completed by end of October 2012.
C10	The final account for the Lyme Green project will be agreed to ensure that it is accurately reflected in the authority's financial accounting system and the published accounts.	Lead Member: Peter Raynes Support Members: Les Gilbert, Barry Moran Lead Officer: Lisa Quinn Timescale: End September 2012	IMPLEMENTED Appropriate entries/disclosures have been made in the Statement of Accounts for the expenditure incurred at Lyme Green in 2011/12. For more details see Note 5 to the 2011/12 audited Statement of Accounts.