

**REPORT FOR: GOVERNANCE, AUDIT &
RISK MANAGEMENT
COMMITTEE**

Date of Meeting: 29 March 2011

Subject: **INFORMATION REPORT –
Capital Investigation
Implementation Plan**

Responsible Officer: Tom Whiting – Assistant Chief
Executive

Exempt: No

Enclosures: Appendix 1- Capital Investigation
Implementation Plan
Appendix 2 – High Level Project Plan
Appendix 3 – Draft Project Initiation
Document (Capital Strategy and
Governance Arrangements)

Summary

This report sets out the progress against the Capital Investigation
Implementation Plan.

FOR INFORMATION

Section 2 - Report

Background

Following the investigation into the overspend in the Children's Services capital programme Cabinet received a report in December 2010 setting out issues and the outcomes of two investigations, one focussing on project management, one on financial management.

The investigations made a series of recommendations, to avoid any recurrence of the issues which had affected the programme.

Cabinet requested that the GARM Committee monitor and report on implementation of the recommendations, supported by Internal Audit, who have been instructed to independently verify the process.

An initial report was made to GARMC in January 2011 outlining the recommendations and suggested action against each recommendation.

Current Situation

Since January Internal Audit has been working with officers in Children's Services, Community and Environment and Finance to establish a robust and realistic implementation plan (Appendix 1) and to establish the current status of each agreed action. During the course of this work the recommendations have been reconciled back to the investigation reports to ensure all recommendations are covered and some have been combined to prevent duplication.

Senior interim managers, with extensive experience, have been appointed to key posts in Children's, Community & Environment and Finance and are working on the develop of robust process for the future whilst actively managing the ongoing projects.

In addition to the detailed implementation plan a high level project plan (Appendix 2) has been developed to address the issues on a comprehensive basis across the Council. The plan covers the development of a Capital Strategy, an Asset Management Plan, and a Corporate Allocation Model for capital; a review of governance at a corporate and a project level; a review of the process for the agreement of the capital programme; a review of reporting arrangements and training and communication requirements. The project plan also covers ongoing oversight by Internal Audit, formal review by Internal Audit (in 2012/13) as well as reporting to GARMC.

A draft project initiation document has also been developed covering the implementation of a capital strategy and governance arrangements (Appendix 3). This recognises that 2011/12 will be a transitional year during which the new arrangements are devised and agreed by the Council. In essence this will provide: -

- a) The framework for agreement being reached on a 5 year capital programme as part of the budget preparation arrangements for 2012/13 and the MTFS.

- b) The introduction of robust corporate arrangements for the governance and regular monitoring and reporting of the capital programme.

With the main objectives of the project as being to devise and put into place for 2012/13 onwards a high quality capital strategy to provide an objective framework for decision making and robust arrangements for managing the overall delivery of the Council's capital programme.

A project team has been established and three main sub groups set up to manage the project:

- Capital Strategy & Model (workstream 1)
- Corporate Governance (workstream 2)
- Project Governance (workstream 3)

Where relevant the detailed implementation plan (Appendix 1) indicates which working group will deal with the planned action.

Finance have produced a Capital Project Approval 2011/12 document (currently in draft) which includes a flow chart to ensure that controls are in place to manage the approval of capital projects for the transitional year. This has been reviewed by Internal Audit.

The Chair and Vice Chair of GARMC have been updated on the progress at two meetings since the January meeting.

Conclusion

The updated implementation plan is more robust and reflects realistic timings for planned actions and the high level project plan puts the detailed actions into context and addresses the council wide issues.

Internal audit will continue to monitor the progress of the implementation of the planned actions, seeking evidence of action taken and reviewing proposed processes as they are developed.

Progress of the planned actions, with particular emphasis on those that may impact on the Value for Money (VFM) assessment, and evidence obtained will be shared with the External Auditors to support their work.

Financial Implications

The processes set out in this report can be supported within existing resources.

Risk Management Implications

Given that the recommendations arise from issues which were material in the problems identified in the December Cabinet report, the Council is exposed to some risk so long as they remain outstanding. Accordingly the Corporate Strategy Board is closely monitoring the situation, in addition to the steps outlined above.

Overall this is considered sufficient to manage the current risks.

Corporate Priorities

The work of Internal Audit contributes towards all the corporate priorities.

Section 3 – Statutory Officer Clearance

Name: Julie Alderson



Chief Financial Officer

Date: 16/03/11

Section 4 - Contact Details and Background Papers

Contact: Susan Dixson, Service Manager Internal Audit, 020
8424 1420

Background Papers: None