

Appendix 1

Assurance Review of the NN/21/12 Cromer Project Arrangements

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Project Inception	1	2	0	0
Project Governance	2	0	0	0
Stakeholder Relationships	0	1	0	0
Governance and Procurement	3	0	0	0
Benefits Realisation	0	1	0	0
Total	6	4	0	0

*The recommendations above are in addition to the ten suggested actions made in the Final Position Statement on NN/20/01 Project Management, issued August 2019.

SCOPE

Internal Audit were asked to undertake a full review of the Cromer Sports Hub project in order to ensure appropriate consideration of corporate risks associated with the project closure decision and any corporate learning that can be identified.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'No Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of six 'urgent', and four 'important' recommendations being raised upon the conclusion of our work.
- There were gaps in the overarching governance arrangements that led to a lack of transparency and clarity over objective decision-making.
- Project governance was inadequate. While some controls were put in place these were not sufficiently robust. There was a lack of clarity as to the purpose of the key groups, the members and the responsibilities for decision making.
- There was a delay in communicating the pause in the project to the main contractor. This contributed to the Council incurring additional costs against this project which could not be recovered; the total spend on the Cromer Sports Hub project was £788k funded in its entirety by North Norfolk District Council.
- The overall assurance opinion also takes into account ten suggested actions made in the Final Position Statement on NN/20/01 Project Management issued August 2019, which still need to be fully addressed.

ISSUES TO BE ADDRESSED

The audit has highlighted the following areas whereby controls would benefit from being strengthened, and as a result of these findings six 'urgent' recommendations have been made.

Project Governance

- Terms of reference are drafted for all project group meetings making it clear the purpose of the group, the decision-making responsibilities and a named officer for each of the key roles. These to be agreed in draft as part of the business case sign off, presented to the individual board or group for agreement and then presented back to the appropriate authorising body e.g. Senior Management Team or Cabinet.
- The Senior Responsible Officer for the project must ensure that key documentation is completed to help ensure projects run effectively and efficiently. This will include, but is not limited to:
 1. That all decisions are properly recorded and reported to the Project Board and Group;
 2. A realistic timeline for project delivery is agreed;
 3. Critical dates are included in the timeline and complied with;
 4. A risk and issues log is regularly reviewed with clear mitigation actions where risk is identified;

5. Updates are regularly provided to the appropriate authorising body (Senior Management Team / Cabinet) based on the most recent documentation.

Governance and Procurement

- The Council must ensure that all work is tendered in accordance with the Constitution and EU Procurement Regulations. This must include repeat work that may be below the thresholds individually, but cumulatively, will exceed the requisite regulatory / local procurement thresholds.
- The Code of Conduct for Members is to be reviewed to ensure that this meets the requirements of the Standards in Public Life, to complement this, a process flowchart should be considered as a standing agenda item to assist Members in complying with declarations of interest.
- The most senior officer at the Council, i.e. the Chief Executive Officer, to operate at a strategic level without any formal involvement in project governance thereby allowing this officer to remain impartial, maintain strategic oversight and safeguard the Council with regards to possible dispute resolution.

Project Inception

- A business case, that includes both financial and non-financial benefits, is reviewed and tested to provide assurance of its accuracy with key stakeholders prior to submission to the approving authority i.e. Senior Management Team / Cabinet /Full Council. Improved and broader stakeholder engagement is also required to provide additional feedback.

The audit has also highlighted the following areas where four 'important' recommendations have been made.

Project Inception

- As part of business case development, the opportunity costs of spending on a project are clearly laid out.
- Prior to presenting to Cabinet or Full Council all figures are robustly reviewed for reasonableness and accuracy. Consideration is given to testing the key assumptions with stakeholders.

Benefits Realisation

- Critical steps in project delivery are identified within an overarching project plan. This to include applications for securing funding. The Project Board to sign off all applications prior to their submission.

Stakeholder Relationships

- Stakeholder and public engagement are identified as a key part of business case development. It must be considered and programmed at project inception and continued throughout the project.

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

Previous audit recommendations

The audit reviewed the ten suggested actions made in the Final Position Statement on NN/20/01 Project Management issued August 2019 of which nine remain outstanding. These were discussed with management and agreed that the outstanding suggested actions will be picked up once new governance arrangements are in place following the Council's management restructure. These are expected to complete by 31 March 2021. The review identified significant gaps in project documentation. The original project initiation document was incomplete and did not identify the key leads and roles. There was no evidence of project documentation being kept, updated and presented to the Board. The detailed work undertaken by TIAA and referenced in the Position Statement provides further details including the original finding, recommendations and latest management feedback.

Other issues noted

Since the cessation of the Cromer Sports Hub project there have been a number of changes at the Council, some of which are still ongoing:

- The new Leader came into post in November 2018.
- A top management restructure has resulted in the establishment of one Chief Executive role, into which one of the Corporate Directors has been appointed, with the other Corporate Director having subsequently left the Council.
- A further senior management restructure is now underway; as part of that a Corporate Delivery Unit will be established to ensure robust project governance is in place to supplement the project delivery focus.

Report extract – appendix 5 NN21/12 Cromer Sports Hub Project Costs

Account Code	Account Name	Overview	Actual £
0040	Contractor Payments	Minor Remedial Works	2,300
0043	Technical Services Fees		9
0044	Other Professional Fees	Payments to Contractors	743,356
0045	Planning Fees		96
0046	Other Expenditure	Electrical Supply	15,534
0048	Legal Fees	Professional and Legal Advisors	37,623
0250	Other Recoverable Charges	Contribution to Academy Car Park	(20,686)
0500	Capital Salaries (Mu)		9,669
North Norfolk Sports Hub			787,901