

Public Report with Exempt Appendices
Audit Committee

Committee Name and Date of Committee Meeting

Audit Committee – 26 November 2024

Report Title

Asset Management Estimates & Capital Programme Audit Update

Is this a Key Decision and has it been included on the Forward Plan?

No

Strategic Director Approving Submission of the Report

Judith Badger, Strategic Director of Finance and Customer Services

Report Author(s)

Kevin Fisher, Assistant Director Property and Facilities Services

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Ward(s) Affected

Borough-Wide

Report Summary

The purpose of this report is provide assurance to the Audit Committee in relation to the actions taken and implementation of the recommendations made with regard to the partial assurance Internal Audit report on Asset Management Estimates and Capital Programme.

Recommendations

That the Audit Committee note the contents of the report and the appendix attached.

List of Appendices Included

Asset Management Estimates & Capital Programme Internal Audit Report (23/24-R&E14)

Background Papers

None

Consideration by any other Council Committee, Scrutiny or Advisory Panel

None

Council Approval Required

No

Exempt from the Press and Public

Yes

Open Report with exempt appendix under Paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information)) of Part I of Schedule 12A of the Local Government Act 1972 is requested, as this report contains information that refers to the affairs of third parties.

It is considered that the public interest in maintaining the exemption would outweigh the public interest in disclosing the information because failure to do so may result in disclosure of information about the financial or business affairs of Council suppliers and partners

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1. Background

- 1.1 The Council has an in-house team delivering a range of building design, architectural, contract and project management services through the Building Design Team within Property and Facilities Services.
- 1.2 From conception to delivery of projects, the team work with a range of internal clients in delivering schemes, ensuring that costs are managed effectively through the life of projects.
- 1.3 Following the service being transferred to Finance and Customer Services, concerns had been raised in relation to several capital projects that had significant variations to the original estimated budget figures.
- 1.4 Due to these concerns, management asked Internal Audit to carry out a piece of internal audit work which included an in-depth review of process, procedures, resource and training within the Building Design Team. This audit took place through July 2024.
- 1.5 The aim was to review the management and delivery arrangements for capital projects to ensure they were robust and to provide assurance that projects are delivered on time and within budgets. This was to be done on a sample basis and three specific projects were identified to be included in a sample set.
- 1.6 Three key areas of risks were identified, and this formed the scope of the audit:
 - There are no documented procedures or guidelines available for Building Design Officers responsible for estimating costs of capital schemes.
 - Building Design Officers are not trained or lack sufficient financial experience to facilitate the production of accurate estimates.
 - Finance and Customer Services Capital Programme procedures are not documented or available to designated Lead Project Officers.
- 1.7 Once the Audit was complete, the Internal Audit Team consulted with the new Assistant Director Property and Facilities Services and robust, realistic, timebound actions were agreed.

2. Key Issues

- 2.1 A number of key issues were identified and these are detailed within Section 5 of the Asset Management Estimates & Capital Programme audit report.
- 2.2 From the audit and identification of issues, 7 recommendations were made and from these, 7 key actions were identified to be completed with an

overall end date for closure of all actions by April 2025. These actions are summarised in Appendix A of the Asset Management Estimates & Capital Programme audit report.

- 2.3 6 of the 7 actions were focused on the need to improve process and documentation, through the life of the project, ensuring both the Business Development Team and their Clients are clear on roles and responsibilities, consultation and communication.
- 2.4 Work is underway to improve process and documentation, and good progress is being made, with draft documentation being shared with clients, to test and offer feedback. The Building Design Team have had a number of people leave the Service, but recruitment has taken place, and some time is being diverted to ensure that the new starters are fully inducted into the service. This said, it is still strongly believed that the timescales afforded within the action plan will be met.
- 2.5 In addition to the development of processes and documentation, it should be noted that once in place it will be a further requirement to embed them fully within the Service and also with the Council. Having clear accountabilities within the Team will be an essential part of embedding them as well as ensuring that all projects are delivered through the Team and driven through the new processes and documentation, linking with other areas of compliance, such as the Financial Procedure and Procurement Rules.
- 2.6 Through the development of the processes and documentation, it has been identified that the term "Service Level Agreement" (mentioned in action 3), may not be best suited to project methodologies, and may be altered to Client Contract, Roles and Responsibilities, bringing some clarity and alignment to the process.

3. Options considered and recommended proposal

- 3.1 No further options considered at this stage.

4. Consultation on proposal

- 4.1 As part of the development of the new processes and documentation, services are being asked for feedback.

5. Timetable and Accountability for Implementing this Decision

- 5.1 There are two key dates for the actions to be completed, December 2024 and April 2025. The Accountable Officer is Kevin Fisher, Assistant Director, Property and Facilities Services and the Officer responsible for delivering and updating on the progress of actions is Matthew Stewart, Building Consultancy Manager.
- 7.1 All reports must be cleared by the Assistant Director of Legal Services or his/her authorised nominees. The comments will cover the legal powers to

undertake the proposed action and any restrictions which may apply, any administrative law advice and any associated risk of challenge or other court action.

8. Accountable Officer(s)

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