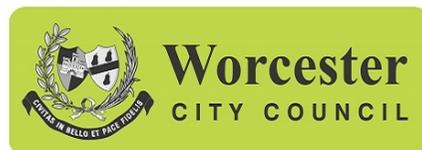


# Worcestershire Internal Audit Shared Service



## Draft Internal Audit Report

### Sansome Walk – Lessons Learned Review

**13<sup>th</sup> August 2019**

**Distribution:**

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## **1. Introduction**

- 1.1. This review of the project of the decommissioning of the former Sansome Walk swimming pool site was carried out in accordance with the Worcestershire Internal Audit Shared Service Audit Plan for Worcester City Council for 2019/20 as approved by the Audit and Governance Committee on 20<sup>th</sup> March 2019. The review was a 'lessons learned' exercise of the project to date as operated by Worcester City Council which was commissioned by the Audit and Governance Committee 20<sup>th</sup> March 2019 based on a report presented by the Deputy Director Governance and Monitoring Officer entitled 'Decommissioning of Sansome Walk'.
- 1.2. The review was carried out by Chris Lawrence on behalf of WIASS in May 2019.

## **2. Audit Scope and objective**

- 2.1. The aim of the review was to carry out a 'lessons learned' review of the project to date, taking into account the information available (e.g. consultant and specialist reports, Committee reports, business case, decision making process, options) regarding the Council's previous activities, and the specialist advice currently being commissioned from Gleeds and received by the Council on demolition options and costs.
- 2.2. The review was an over-arching view of the project as a whole, rather than majoring on specific areas.
- 2.3. The review was carried out with the information available to audit dating back to the decision to decommission the Sansome Walk Pool and the subsequent related project work.

### 3. Audit Opinion and Executive Summary

- 3.1. As this review was carried out as a lessons learned exercise, no overall assurance level or audit opinion is required to be given for this audit.
- 3.2. From the work carried out audit has identified 7 key areas where lessons can be learned – these are set out in the table at section 4 below.
- 3.3. Since this project there have been a number of improvements implemented to strengthen project management. Key changes have included, establishment of a project management team, project gateway assessments, establishment of an asset management strategy, a process for seeking amendments to project budgets and the establishment of the an in house team to directly manage Council assets.

### 4. Lessons Learned

The lessons learned during the review have been set out in the table below along with the related issue and impact. The issues identified have been not been prioritised and are presented in no particular order.

Ref.	Category	Issue	Impact	Lesson Learnt	CLT Response
1	Project Focus	There was too much emphasis placed on the new facility at Perdiswell which resulted in Sansome Walk not being considered a priority until much later in the process. No options analysis was presented during the initial decision-making process for Perdiswell that related specifically to the potential decommissioning of Sansome Walk.	This resulted in no clear ownership (for the Sansome Walk project) from an early stage, lack of in depth consideration regarding risks and lack of detail regarding options or mitigations if related projects failed, in addition to potentially failing to understand the full costs involved and requirements.	Ensure that the Council has a facility in place (such as a Capital Management Group) to regularly review project progress and fully consider the project scope and associated risks from an internal perspective with a view to reporting anomalies and concerns early, ensuring that all options are reported as part of the decision	A project management process has been introduced which requires four stages, with gateway assessments at each stage – 0. Concept/Review; 1 – Feasibility; 2- Evaluation; 3 – Delivery/Implementation. Completion of each stage needs Director-level approval.

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		<p>Audit found no factual evidence at the initial decision making stage of what the value of the Sansome Walk site was worth and what could be done with the site.</p>		<p>making process and providing critical challenge where necessary.</p>	<p>As part of its approach to improving the management of capital programmes and projects, the Council adopted a Capital and Asset Management Framework in October 2018. This requires all capital project submissions to be formally approved and assessed by a Capital Asset Management Group, using an approved scoring mechanism. Each submission must include an expected return on the investment and, where applicable, a clear project timetable.</p>
2	Risk Management	<p>Sansome Walk was not appropriately highlighted as a project management risk by Worcester City Council until the implementation of the Pentana system, where it is represented from a void management perspective.</p> <p>Audit did not find evidence of Sansome Walk appearing on either corporate or service risk registers in</p>	<p>With the lack of a detailed risk management assessment the project was not kept under adequate review from a Worcester City Council perspective and decisions may have been ill-informed.</p>	<p>Equal consideration should be given when reporting in regard to both the new and old sites. Sites should be appropriately assessed for their proposed redevelopment or decommissioning prior to the commencement of any related projects. Any surveys or other works required should be considered and factored</p>	<p>An Asset Management Strategy is being compiled and is due for completion in the autumn of 2019. This will assess the condition of all Council-owned land and buildings and will introduce a five-year cycle of reviews. Each review will result in a 'develop or release' decision and identify the</p>

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		<p>sufficient detail prior to this nor was there detailed risk reporting placed before Members in the Committee reports.</p>		<p>into the overall costing.</p> <p>Asbestos containing materials must be considered as a potential undermining factor to all Council Capital Projects – this should be reflected in the Risk Registers and regularly reviewed so there is an understanding of the assets Worcester City Council hold and their true worth and potential usage.</p>	<p>costs of each option, including any demolition costs.</p> <p>Regular asbestos surveys were undertaken on this site in line with regulations. The condition of any asbestos-containing materials in Council buildings is reported to the Head of Property and Asset Management for action as required. A summary report is provided to the Corporate leadership Team, currently on a monthly basis, along with fire, gas and water risk assessments.</p>
3	Risk Reporting	<p>From the information available, Audit is of the opinion that Worcester City Council reports did not place enough emphasis on the risk element of this particular project.</p> <p>Risk content reported to Committee was minimal and there was no comprehensive risk programme for the</p>	<p>Associated risks showed little change over time as the project progressed. There was a lack of in depth reporting around the risks associated with the Sansome Walk project at Management and Committee level and the potential impact.</p>	<p>Ensure that any issues raised are brought before management in a timely manner with clear reporting - and brought before Committee if there are any significant impacts on budgets.</p> <p>The current risk implications section of Committee reports could be further developed. In</p>	<p>Once committee approval has been secured for demolition works to begin a risk register will be compiled as part of demolition-project documentation and reported to CLT as part of ongoing project monitoring.</p> <p>A risk assessment will be included in council and</p>

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		decommissioning of Sansome Walk.		order to be more risk aware Worcester City Council reports would benefit from the inclusion of a 'table of risk' and associated appendices going forward to consider risks, potential consequences and mitigating actions to ensure that the relevant discussions are taking place.	committee reports where appropriate.
4	Project Scope & Reviewing of Cost/Time budgets.	<p>The project scope had to be altered to allow for several additions over the project lifecycle e.g. additional surveys, consultancy.</p> <p>Budgets needed to be increased and project timescales extended due to additions to the project scope.</p> <p>As a legal requirement, the cost of a Hazardous Materials Survey should have been factored into the original project budgets. However it was not and the cost had to be added later to an already established budget.</p>	<p>Extra costs incurred and extended project timeframe.</p> <p>Project budgets were exceeded due to the creeping of the scope and the need for additional works and surveys to be undertaken.</p>	<p>Although a process was followed and financial regulations adhered to, where practically possible scope all relevant costs and required surveys prior to the commencement of Capital projects. Obtain relevant management sign off on the initial scope and costing stage. Establish and define clearly what assumptions have been made at the commencement of the project and what the contingency is.</p> <p>No 'intervention' process was available where there is significant scope creep</p>	<p>There is a well-established process for seeking approval to amend project budgets that is set out in Financial regulations.</p> <p>This process was applied appropriately at each stage of this project.</p> <p>A project management system has been introduced as outlined at (1) above. Project Boards are established for major projects but otherwise monitoring is undertaken by progress groups established within each directorate.</p>

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				<p>to challenge and review any decision making process.</p> <p>There needs to be identification of and clearly defined project parameters, including when projects are broken down into sub-projects etc. and how these are all to be managed/ co-ordinated, with responsibilities fully defined.</p>	
5	Housekeeping & Business Continuity	<p>Files held by the Council relating to the Sansome Walk project are electronically stored in various principal folders in no particular order or identifiable structure making it difficult to locate and/or piece together in order what has occurred.</p> <p>Key officers involved no longer with the Council have had their files and email accounts deleted.</p>	<p>It is difficult to locate specific information relating to projects and piece together what has occurred relating to the project to date.</p> <p>There is also unnecessary duplication of potentially sensitive documentation.</p>	<p>All relevant information that has been used to make decisions should be stored in a purposeful and easily reviewable format.</p> <p>From a business continuity and resilience perspective the files should be easy to access, and key decisions and milestones should be identifiable within the project.</p>	<p>The Council has appropriate storage and retention policies which enabled all the relevant documents to be located. However, it is acknowledged that a more systematic approach to records management is required.</p> <p>Office 365 will be introduced in 2020 and will provide an opportunity to develop an effective records management strategy for electronic documents. This will be supplemented with</p>

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					revised guidance on hard copy backup procedures.
6	Lessons Learned	To date there is no evidence that lessons learnt have been captured throughout the project lifecycle to ensure all information is documented in a timely and accurate manner and fed back into further projects.	Lessons have not been sufficiently captured throughout the project lifecycle to ensure all information is documented in a timely and accurate manner, and to describe what went wrong and provide suggestions to avoid similar occurrences happening on other projects in the future.	Ensure that all lessons learnt are captured in one place and fed into the process as part of the project cycle. Also as the project progresses there is an ability to capture and document any lessons which can be applied to other projects and be revisited upon completion of the project.	Project management is operated using the Pentana system which provides a corporate record of progress on each project. A final 'project review' stage will be built into the project management methodology.
7	Worcester City Council Project Decisions Involvement	Audit found limited evidence of Worcester City's involvement in decisions being made at the project action level. Worcester City Council may have not been involved enough in the day to day running of the project - particularly as costs began to increase and the scope was changing.	The Council may be unsighted and unaware of issues and emerging risks within a project until it is too late therefore not be in a suitable position to act appropriately and in a timely manner	Clarity to be established from the outset with regards to where Worcester City Council sit within the project structure when partnering with third parties and shared services.	The Council has established an in-house team to manage the Council's assets and a project Management Team to set up and implement a project management system. The processes put in place by the Project Management System, Pentana and the Capital and Asset management Framework should ensure close involvement in all capital projects, an appropriate level of review at key stages and formal approval for

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					progress to the next stage. These decisions will be documented through project and programme Boards, CLT decisions and Committee decisions, as required.

## 5. Independence and Ethics:

- WIASS confirms that in relation to this review there were no significant facts or matters that impacted on our independence as Internal Auditors that we are required to report.
- WIASS conforms to the Institute of Internal Auditors Public Sector Internal Audit Standards (revised 1<sup>st</sup> April 2017) and confirms that we are independent and are able to express an objective opinion in relation to this review.
- WIASS confirm that policies and procedures have been implemented in order to meet the IIA Ethical Standards.
- Prior to and at the time of the audit no non-audit or audit related services have been undertaken for the Council within this area of review.

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