

BROOM & POPLAR HOMES REFURBISHMENT
Follow up of Audit recommendations

1 Introduction

- 1.1 Members asked the Head of Internal Audit and Risk Management for advice as to what lessons could be learnt following the delay and budget overspend in the completion of the refurbishment of the Broom and Poplar Houses.
- 1.2 This report is a follow up of the six recommendations made in the Internal Audit report presented to Overview & Scrutiny on 6th September 2007.
- 1.3 The recommendations are outlined in the table below.

| Rec. No | Category | Recommendation |
|----------------|-------------------------------------|--|
| 1. | Checks on contractor | SBC and consultants should always check the levels of satisfaction on previous engagements before awarding contracts. These checks should be documented. |
| 2. | Checks on contractor | SBC and any consultants used should always ensure that contractors' personnel have the technical and managerial abilities to perform to the required standard. |
| 3. | Project management responsibilities | Responsibilities in the project management process should be clear, documented and available for inspection. |
| 4. | Reporting and Escalation procedures | Escalation procedures should be clearly defined at the outset of each major project. SBC staff should request additional checks on technical details where risks are identified. |
| 5. | Information for Members | Members and officers should review the current policy of information provided to members in respect of contracts and projects. |
| 6. | Risk Management | The Council staff should be closely involved in contract risk management |

2 Methodology.

- 2.1 We took a sample of four projects valued above £1.1M from the critical projects list.
- Slough & Eton Church of England School - £7.4M
 - The Customer Service Centre (CRM) - £3.9M
 - St. Martins Place fit out works - £1.1M
 - Art at the Centre - £4.1M
- 2.2 We compared the four projects to the six recommendations made in the previous audit report by
- Identifying and interviewing the relevant project managers
 - Interviewing relevant officers

- Gathering evidence to support the implementation of the recommendations

3 **Conclusions**

- 3.1 A summary paragraph regarding the implementation of each recommendation is made below.
- 3.2 Satisfaction checks - In three out of four cases, satisfaction checks were evident as the contractors had previously carried out work for Slough Borough Council. For the Art at the Centre project the contractor had successfully completed projects in Staines and Crawley.
(Implemented)
- 3.3 Financial and Technical tests - In three out of four cases, the financial and technical checks on contractors had been carried out when the contractors had previously completed work for the Council. The Customer Service Centre project contractor informed Internal Audit that checks had been carried out but these were not available as the records held do not go back to 2005 when the check was carried out.
(Partially Implemented)
- 3.4 Project Management responsibilities - In two out of four cases, Art at the Centre and St Martin's Place, we were able to evidence that roles and responsibilities had been clearly defined. Although the other two projects appeared to be well planned and monitored and we were informed that each officer and contractor was aware of their responsibilities, we could not evidence that roles & responsibilities had been clearly defined.
(Partially Implemented)
- 3.5 Escalation procedures - Although we found evidence of regular reporting on progress in respect of each project, the escalation procedures were not easily identifiable in all cases. The Art at the Centre project, the St Martins Place project and The Customer Service Centre use regular reports and meetings to escalate any identified problems. There is a risk that where escalation procedures are not clearly defined, projects that deviate significantly from planned time or budget are not communicated to appropriate senior officers/members.
(Partially Implemented)
- 3.6 Member Information - Of the four projects Art at the Centre was presented to Members at the start of the project, the St Martins Place project was presented at regular meetings of the Officer & Member Working Group and for the Customer Service Centre, a member of Slough Borough Council attended the partnership board and reports were presented to the e-government panel. The Slough & Eton project did not have member input. Although the top 30 schemes are reported quarterly to members and departments present annually, we can find no evidence of Member or Officer review about what information is provided to Members in respect of contracts & projects.
(Not implemented)
- 3.7 Risk Management - Each of the four projects was subject to a risk assessment at the start of the project. However, we could only find evidence of regular risk management in the case of Art at the Centre and St Martins Place where risks are

identified & discussed at regular meetings. For the remaining two projects we could not evidence regular risk assessments although the Project Manager for Customer Services Centre has verbally confirmed that risk is regularly updated during the progress of the project.

(Partially Implemented)

4 Findings.

| | Project | Satisfaction checks | Financial and Technical checks | Project management responsibilities | Regular reporting & escalation procedures | Members & officers review the policy of information to Members in respect of contracts and projects | SBC Involvement in contract Risk Management |
|--------|---|--|---|--|--|--|--|
| Status | | Implemented | Partially Implemented | Partially Implemented | Partially Implemented | Not implemented | Partially Implemented |
| 1 | Slough & Eton Church of England School | Contractors had been satisfactorily employed by SBC previously | Contractors had been satisfactorily employed by SBC previously | Project management responsibilities are not clearly documented. However, responsibilities are discussed at regular project team meetings | Regular reports but no escalation procedure | Project manager does not present to Members at any stage | Evidence of contract risk management at the start of the project however we could not find evidence of regular update of risks. |
| 2 | Customer Service Centre (CRM) | Contractors had been satisfactorily employed by SBC previously | Contractors had been satisfactorily employed by SBC previously | Project management responsibilities are not clearly documented however the project manager has confirmed that there are defined responsibilities | Monthly meetings of the project board | The Head of Customer Services attended the partnership project board and the e-government panel | Evidence of contract risk management at the start of the project however we could not find evidence of regular update of risks. |
| 3 | St. Martins fit out works | Contractors had been satisfactorily employed by SBC previously | Contractors had been satisfactorily employed by SBC previously | Consulting Engineers managed the contract & roles & responsibilities are clearly defined. | Monthly meetings of the project board | Regular meetings of the Officer & Member working group | There is evidence of contract risk management at the start of the project. Always discussed & a regular agenda item for their weekly meetings. |
| 4 | Art at the Centre | Had satisfactorily completed projects in Staines & Crawley | Records regarding this project are no longer available although the project manager is confident that they were carried out and were satisfactory | Roles & responsibilities clearly defined | Monthly reports sent project manager. Any problems are discussed at the regular meetings between SBC & Contractors | Designs sent to members who chose which one to use plus members approved the 3 year capital program in March | Contract risk management is discussed at the regular project board meetings and the steering group meetings. |