

---

**EXTRACT OF MINUTE OF AUDIT COMMITTEE 18 SEPTEMBER 2009**

---

\* **6. PORT ASKAIG REDEVELOPMENT**

The Organisational Development Policy and Performance Group (PPG) considered a report dated 30 January 2009 by the Head of Roads and Amenity Services outlining the history of the Port Askaig redevelopment project and reporting on the contractual issues associated with the completed Phase 2 Marine Works contract, customer expectations and project management issues. The Executive, at its meeting on 19 March 2009, agreed to a recommendation made by the PPG that this project be the subject of a financial audit and referred this to the Audit Committee for attention with a request that they report back to the Executive with their findings.

Internal Audit carried out a review of this project and the outcome of this Review was before the Committee for consideration. The Director of Operational Services and the Principal Engineer in charge of the project also reported to the Audit Committee and responded to questions arising from these reports.

**Decision**

1. Noted and accepted the recommendations and criticisms highlighting the shortcomings in the management of the project contained within the Internal Audit report which will be followed up by Internal Audit and reported to the Executive;
2. Noted that since the inception of the Port Askaig project, the Council had adopted PRINCE 2 as its preferred project management system. This change does not in itself guarantee improved project management, but does provide a good framework for that to be the case;
3. Noted that the structure of PRINCE 2 should highlight the inter service failure that was detrimental to the Port Askaig project;
4. Noted that Members have vital role in ensuring that the PRINCE 2 gateway process is rigorously applied in taking projects through the approval process;
5. In addition to advising on the outcome of the Internal Audit report, agreed to recommend to the Executive that –
  - a) The form of contracts used for all significant construction projects should facilitate good project management and good risk management;

- b) There is a need to address any skills gaps identified in relation to the use of PRINCE 2 along with a requirement for the Council to ensure that the use of PRINCE 2 is properly resourced;
  - c) Consideration should be given to development of a pool of strategic partners to assist with areas of a project where the required skills may not be available within the Council. This type of arrangement is already used by Finance and Legal with KPMG and Brodies;
  - d) Communication throughout the duration of a project must be managed in such a way as to avoid unrealistic expectations being raised;
6. Agreed that contract management will be revisited at a later date by the Audit Committee; and
7. Agreed that, rather than wait for the next post completion audit, Internal Audit would investigate the current status of Process and Contract Management for ongoing projects to see whether or not processes that have been put in place for Contract Management are robust and effective.

(Reference: Report by Internal Audit Manager dated 8 September 2009, Internal Audit Report on Contract Review of Port Askaig Redevelopment dated July 2009, Extract from Minutes of Executive of 19 March 2009 and Report by Head of Roads and Amenity Services dated 30 January 2009, submitted)