

PORT ASKAIG REDEVELOPMENT – RESPONSE TO AUDIT COMMITTEE 18 SEPTEMBER 2009

1. SUMMARY

1.1 This report outlines the response by Operational Services to the Audit Committee report of 18 September 2009 on the Port Askaig Redevelopment .

2. RECOMMENDATIONS

2.1 That the Executive note the content of this report.

3. DETAILS

3.1 Operational Services are in the process of implementing the Action Plan from the Internal Audit Report on the Contract Review of Port Askaig Redevelopment of July 2009.

3.2 The responses to the Audit Committee of 18 September 2009 decisions are listed in the table below:

	Decision	Response
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	Operational Services are implementing the action plan from the Internal Audit report.
2.	Noted that since the inception of the Port Askaig Project, the Council has 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;	All third tier managers have had a 1 day introductory training day on Prince 2. Roads Design third Tier managers have attended 2 day CIPFA Prince 2 training.
3.	Noted that the structure of PRINCE 2 should highlight the inter service failure that was detrimental to the Port Askaig Project;	Project Boards for all Strategic Change projects have high level representation from all services and a reporting line to the SMT to deal with exceptional difficulties.

4.	Noted that Members have a vital role in ensuring that the PRINCE 2 gateway process is rigorously applied in taking projects through the approval process;	IBCs are submitted for all projects at inception, OBCs prior to tender issue and FBCs for all Strategic Change projects before tender acceptance.
5.a	The form of contracts used for all significant construction projects should facilitate good project management and good risk management	All the current forms of contracts for civil engineering works will be considered and the most appropriate used.
5.b	There is a need to identify 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;	Further PRINCE 2 training to ensure relevant staff are accredited in PRINCE 2 will be undertaken over the next 2 years and will involve in the order of a week's training and a cost of £2,000 per staff member.
5.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.	Operational Services habitually use specialist consultants to cover for skills gaps. Active consideration is being given to establish the optimal procurement route and mix of service need to allow as economic and high quality approach to this which will benefit the Council.
5.d	Communication throughout the duration of a project must be managed in such a way as to avoid unrealistic expectations being raised.	Agreed. PRINCE 2 principles and the use of IBCs, OBCs and FBCs will ensure the objectives of any project are clearly understood and communicated.
6.	Agreed that contract management will be revisited at a later date by the Audit Committee.	Noted.
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 into place for Contract Management are robust and effective.	Operational Services will continue to review and improve its contract management processes.

4 CONCLUSIONS

Operational Services will continue to review and improve its contract management processes.

5 IMPLICATIONS

Policy: Meets with objectives of Corporate Plan.

Financial: There will be additional resources needed for staff training required..

Legal: None

Personnel: None

Equal Opportunities: None

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7 October 2009.