



Audit Review of the Preliminary Findings Relating to a Warehouse Development at 1 Yeomans Drive, Milton Keynes



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Introduction

- CIPFA C.Co Ltd a CIPFA Company
- The Commission
 - Formally appointed 17 February 2021
 - Audit Review of Mr Dorfman's preliminary findings
 - Commenced on 19 February 2021
- Final Report submission – 10 March 2021
- Attendance/Presentation at Committee

Scope

- The audit review was to examine the work undertaken by Mr Dorfman and to ensure that his preliminary conclusions:
 1. Provided sufficient facility for all stakeholders to submit any information considered relevant; and
 2. Examined all necessary submissions properly; and that
 3. Conclusions/recommendations are properly based on the evidence available.
- The Council did indicate that should C.Co identify any matter material to the audit, not included above, then we were encouraged to raise/clarify this with them.
- The original planning decision was not in scope of this review.

Approach

Standard Audit Process built on clear terms of reference:

1. **Mobilisation** – review team; key stakeholders, project risk, reporting
2. **Baselining** – Document review, key lines of enquiry(KLOE), testing strategy
3. **Fieldwork/testing** – Using the KLoE to construct and undertake semi-structured interview
4. **Reporting** – Draw down conclusions, recommendations and finalise
5. **Presentation** – as agreed, to provide to Chief Executive and Chair and attend Audit Committee

Balanced Judgement

To provide an audit assessment we applied the following balanced judgements to the three scope items:

- **Agree** – indicates that the review provides evidence to support all fundamental elements of the KLoE in all material respects.
- **Partially Agree** – indicates that the review provides evidence to support the majority of fundamental elements of the KLoE but falls short of achieving all expected, material elements of expected control.
- **Disagree** – indicates that the review provides little or no evidence to support the fundamental elements of the KLoE in all material respects.

Findings

1. That Mr Dorfman's review provided sufficient facility for stakeholders to submit any information considered relevant – **AGREE**
 - Wide range of stakeholders
 - Significant evidence of submissions being made (inc. Prelim. report and Letter)
 - No evidence of denial or prevention from submission
2. That he examined all necessary submissions properly – **PARTIALLY AGREE**
 - 'Properly' key from an audit point of view
 - Expected Control vs Actual Control
 - Matrix assessment
 - Identified gaps or further work required
3. That his preliminary conclusions are based upon the evidence available – **PARTIALLY AGREE**
 - Linked to 'proper' examination and evidence
 - Professional judgement/Planning Improvement Board
 - Identified gaps and further work such as the lighting review

Our assessment against the three scope items followed a detailed audit approach and reflects that Mr Dorfman's review is not yet complete.

The 'so what?' As a result we identified the following residual risks:
Question

1. That, given the outstanding inputs and the volume of information required for inclusion within his matrix, his review may not be finalised in time for the March Audit Committee
2. That those outstanding inputs, such as the lighting review, may materially impact his preliminary findings.

Recommendations

Our recommendations are focused on providing a means to appropriately finalise MD's review:

Ref	Recommendation	Owner	Impact	Timescale
R1	Document and manage the remaining project scope in order to provide clarity on outstanding tasks/actions and bring the review to an appropriate conclusion.	MD & DCX	High	Short-term
R2	<p>The arrangements for “business as usual” activity should be clarified and managed separately to the project. In this project, the provision of the suite of performance statistics/KPIs is seen as more relevant for the Performance Improvement Board and not part of the MD's review. The risk is further scope creep and further delays.</p> <ul style="list-style-type: none"> ○ Any changes to scope to be agreed with all parties and communicated to key stakeholders, and managed, as such. ○ Key project roles to be set out in project documentation, including the Council lead and the reviewer. 	MD & DCX	Medium	Short to Medium-term
R3	Complete response to questions and clarifications for inclusion in both the assessment matrix and the final report to Audit Committee	MD	High	Short-term
R4	Reconsider the offer and use of additional administrative support to assist the reviewer and facilitate the closure of the review	MD & DCX	Medium	Short-term
R5	Consider a review of the impact of the Planning Improvement Board and its impact on performance of the Planning Service.	Council	Medium	Short to Medium-term

Further Considerations

Accepting that C.Co considered this one project in isolation, we helpfully suggest that future projects of this nature take account of the following:

Ref	Further Considerations	Owner
FC1	The scope of future commissions should be documented and managed in accordance with best practice project management procedures, including the approval of changes to scope and project roles/resources.	MK Council
FC2	Resources appointed for any project should have all of the requisite core skills for the project, including core project management skills. If this is not possible and/ or appropriate then the Council should provide the appropriate support to supplement the agreed resource(s).	MK Council
FC3	Stakeholder management plan to be agreed and implemented as part of good project management. <ul style="list-style-type: none">o All appropriate requests from key stakeholders, including requests for assurance, to be considered and feedback to be provided in the appropriate format and timescales.	MK Council
FC4	Whilst the Council's approach in distancing itself from the work of independent reviewers is commendable, there is an opportunity, without influencing the content, to consider the timeliness, wider quality and potential impacts of reports published by it or on its behalf.	MK Council
FC5	All reviews, and the continuation of them, should be risk-based and support key decisions, to demonstrate effective use of public money and Council decision making.	MK Council

Questions Received in Advance of Audit Committee

19 Questions were received from the Blakelands Residents' Association, via Democratic Services, on 19 March 2021.

Questions & Answers

Questions	Answers
1. Why did you not contact any stakeholders, such as the Blakelands Residents Association or Councillors, as part of your audit?	<p>The Audit scope was quite specific and centred upon the processes undertaken by Mr Dorfman in reaching his preliminary conclusions. For that reason our principal interviewee was Mr Dorfman, although as indicated within the report, we did clarify some outstanding lines of enquiry with the Chief Auditor and the Deputy Chief Executive.</p> <p>We did not believe that contacting additional stakeholders was necessary to reach the conclusions that we did.</p>
2. Did you review the YouTube video recording of the Audit Committee meeting of 1 December 2020 and if not, why?	<p>Yes, as part of baselining activity.</p>
3. Could you list the documents you have reviewed as part of your audit?	<p>As part of our baselining methodology, to address the specific scope statements, C.Co has reviewed all publicly available documentation from the Audit Committee on 5 March 2019, where reference was made to the need to appoint an external reviewer, to 1 December 2020 Audit Committee, including its publicly available YouTube video, where Mr Dorfman's preliminary findings were presented. In addition, we have viewed subsequent Audit Committees, for related items, and as part of our fieldwork phase requested/reviewed additional documentation including:</p> <ul style="list-style-type: none">• Mr Dorfman's CV• Mr Dorfman's matrix assessment template• Mr Dorfman's letter to residents dated 16.9.20• Related Press articles

Questions & Answers cont.

Questions	Answers
4. Have you reviewed Marc Dorfman's contract with Milton Keynes Council, its very short specification ("Independent review on planning applications") and the contract liaison (the former Director of Planning)?	Not specifically, although we have referenced and addressed the scope of Mr Dorfman's commission within the report.
5. Were you made aware of the existence of a confidential document produced by Marc Dorfman on 10 March 2019 where he concluded the warehouse scheme was "poor" and the officer recommendation "was not correct"?	Yes and we understand that this was written as part of selection process to determine if Mr Dorfman was a suitable candidate. The appointment of Mr Dorfman is not part of this Audit.
6. Does it concern you that Marc Dorfman is now backtracking on the document of 10 March 2019 and his views of the warehouse scheme?	As stated in my previous answer, we understand that original document formed part of Mr Dorfman's selection process and that process is not within scope of this Audit.
7. Do you believe it was appropriate for Milton Keynes Council to seek the preliminary views and conclusions of Marc Dorfman before instructing him? Is this normal practice in auditing and would it be normal for four legal officers to be present (Director of Law, Head of Legal, Deputy Head of Legal and the Principal Solicitor for Planning and Highways)?	The process for the recruitment of Mr Dorfman is not within scope of the Audit. However, most processes of that nature would include some form of written assessment.
8. Do you believe it was appropriate of Marc Dorfman during his review to not speak to, or even attempt to contact, the Council's auditor who did most of the work for the internal audit?	We are not aware that Mr Dorfman did not speak to or contact the Council's auditor.

Questions & Answers cont.

Questions	Answers
<p>9. Do you believe it was appropriate for Marc Dorfman to refuse to work with the Council's auditors during his review? Do you believe there was a conflict of interest in his administrative point of contact being an officer within the planning service that reported to the Director of Planning?</p>	<p>We are not aware that Mr Dorfman "refused" to work with the Council's Auditors and our understanding is that his "administrative point of contact" was through the former and current Deputy Chief Executive.</p>
<p>10. Do you believe there was any conflict of interest in the role of the previous Director of Planning in overseeing Marc Dorfman's appointment and the external review into the warehouse scheme?</p>	<p>As previously stated, the recruitment of Mr Dorfman does not form part of this Audit. However, for an appointment of this nature we would expect the Planning department be represented in some capacity and any interest declared.</p>
<p>11. Is it normal practice in audit work for the department being audited to be responsible for and in control of the audit?</p>	<p>Our understanding is that Mr Dorfman was at liberty to direct his own review and that his link to the Council was through the former and current Deputy Chief Executive.</p>
<p>12. Do you believe there was any conflict in interest in Marc Dorfman being recommended by a former Director of Planning at Milton Keynes Council (now working for the LGA/PAS) who was in that role at the time the warehouse scheme was approved in May 2017?</p>	<p>The process for the recruitment of Mr Dorfman is not within scope of the Audit.</p>
<p>13. Do you believe it was appropriate of Milton Keynes Council to not mention the connection with the LGA/PAS and its former Director of Planning (emails show that senior officers did not want residents to "find out the connection")?</p>	<p>Although, the process for the recruitment of Mr Dorfman is not within the scope of the Audit, we were satisfied that recruitment of him through the LGA provided sufficient assurance of his ability to undertake the role.</p>

Questions & Answers cont.

Questions	Answers
14. Are you aware that there are multiple emails showing that Milton Keynes Council wanted to distance itself from the appointment of Marc Dorfman through the Planning Advisory Service (in case residents found out about the connection with the former Director of Planning)?	We are not aware of these emails.
15. Do you believe there is a lack of transparency by Milton Keynes Council in refusing to publish copies of the minutes or notes from meetings with Marc Dorfman after he was appointed?	We are not aware of the specific issue and suggest that this is a matter for the Council.
16. Have you reviewed the letter from Milton Keynes Council to Marc Dorfman of 3 November 2020 (where he was told that it was imperative his preliminary findings were released and the Audit Committee meeting took place before the Director of Planning left in December 2020)? Do you believe this letter was appropriate?	<p>Although we have not seen the letter you refer to, we do indicate within the report that the preliminary report appears to have been written "at pace" to meet the freeze date deadlines for the 1 December Audit Committee.</p> <p>Given the time expended on his review to that point, we do not believe it unreasonable to request preliminary if not final findings.</p>
17. Does it concern you that Marc Dorfman appears to be unable to produce a document showing a list of individuals he has interviewed, met or communicated with electronically and the respective dates of any meetings?	We believe that our judgement and narrative for the second scope item, 'proper examination of submissions' covers this question.

Questions & Answers cont.

Questions	Answers
<p>18. Were you made aware that the original case officer for the warehouse application was changed at a very late stage and only after the developer was told that the recommendation would be for refusal?</p>	<p>I was made aware of the change in case officer and have referenced this against the third scope item within my report.</p>
<p>19. Have you reviewed the additional document produced by Marc Dorfman on 1 December 2020 in which he states the replacement case officer alleges to have been coerced into putting a recommendation of approval forward for the warehouse application contrary to her professional planning judgement</p>	<p>Yes, and I believe the assurance I have taken from Mr Dorfman's knowledge and experience covers this within the response to the third scope item.</p>