



**FINAL INTERNAL AUDIT REPORT  
CHIEF EXECUTIVE'S DEPARTMENT**

**REVIEW OF THE TRANSFORMATION STRATEGY**

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## **REVIEW OF THE TRANSFORMATION STRATEGY**

### **INTRODUCTION**

1. This report sets out the results of our audit of the governance, management and implementation of the Transformation Strategy of the Council. The audit was carried out as part of the work specified in the 2019-20 Internal Audit Plan agreed by the Section 151 Officer and Audit Sub-Committee. The controls we expect to see in place are designed to minimise the Council's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be addressed by management.
2. The Council has embarked on a significant transformation programme which involves significant challenges due to the required pace and volume of work through the transformation work programmes that will need to run concurrently in order to deliver on the scale of savings needed for 2022/23. The Council's budget pressures over the next four years are also unprecedented. It is therefore essential to create the capability and the capacity within the organisation to drive and support departments with robust delivery methodology and strong governance. A Transformation Board has therefore been established. To ensure that the transformation programme is effective and covers all key services areas, there are also six key work streams (Delivery Groups) that sit underneath the Transformation Board. These are:
  - Housing, Planning and Regeneration;
  - Adult Social Care;
  - Children's Services and Education;
  - Environment and Public Protection;
  - Professional Services; and
  - Workplace Modernisation.
3. We would like to thank all staff contacted during this review for their help and co-operation.

### **AUDIT SCOPE**

4. The original scope of the audit was outlined in the Terms of Reference issued on 3 October 2019. The scope for this work was to verify whether governance processes were in place to support the Transformation Programme. Specifically whether controls existed to monitor and report on high level programme delivery, as well as verifying the Council's processes for gaining assurance over the progress of the six transformation work streams.

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5. The following were considered to be the key risks inherent to the transformation programme:
- If a governance structure fails to be established to control / monitor the delivery of transformation work streams, then the Council's strategic objectives may not met. Poor service delivery may subsequently result in reputational damage;
  - If the structure of the Transformation Board is not assessed to ensure that accountabilities have been clearly defined, so preventing overlap or gaps in assurance; with the Board meeting and conducting business in line with approved Terms of Reference, key issues in respect of transformation may not be discussed, leading to greater potential for inappropriate decision making;
  - If appointments to / composition of the Transformation Board (and the Delivery Groups) are not appropriately controlled, with all the needs of Bromley (with respect to the skills and experience of the individuals) considered, the Council may gain a false perception of its effectiveness and may therefore not take steps to mitigate potential issues;
  - If the Transformation Board (and Delivery Group) roles and responsibilities have not been clearly defined and communicated, or are not subject to regular review, then opportunities may be missed which could hinder the delivery of the required budget savings; and
  - If the Transformation Board does not receive periodic reports from the respective work streams (Delivery Groups), a true reflection of progress may not be obtained. Inconsistent monitoring across the six project streams may materialise, potentially hindering any required mitigating actions from being taken.

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**AUDIT OPINION**

6. Our overall audit opinion, number and rating of recommendations are as follows.

<b>AUDIT OPINION</b>	
<b>Substantial Assurance</b>	(Definitions of the audit assurance level and recommendation ratings can be found in Appendix B)

Number of recommendations by risk rating		
Priority 1	Priority 2	Priority 3
0	0	2

**SUMMARY OF FINDINGS**

7. Based on our audit testing controls noted to be in place and operating effectively at the time of our review included:

- There is a documented Transformation Programme covering the period 2019/20 to 2022/23, setting out the challenges to deliver budget savings in 2019/20 and longer term (by 2022/23). It also identifies the strategic principles underlying the programme and outlines the governance structure.
- There is a Transformation Programme Project Initiation Document (PID) which:
  - identifies the rationale for the programme;
  - establishes a Transformation Programme Board, with its own Terms of Reference, to be Chaired by the Chief Executive and whose membership should consist of all Chief Officers;

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- confirms the Chief Executive is the Senior Responsible Officer (SRO);
- states the programme will be delivered through six work streams, each with a Programme Board for which there is a documented Terms of Reference (specifying that the work stream lead officer is the relevant Director and appropriate service managers are members of each work stream Board); and
- documents that each work stream Programme Board shall provide a monthly 'Highlight' report to the Transformation Programme Board.
- Underpinning the PID, there is a Transforming Bromley Road Map, covering the period 2019 to 2023. It outlines the Bromley Vision, and sets out seven roles for the Council. It also sets out what the Council will undertake under its Transformation Programme through each of its six work streams.
- The Executive of the Council revised the senior management structure in July 2019 and, as a result, the PID was revised in September 2019 to reflect this change.
- The Transformation Programme Board is required to meet at least once every fortnight as per its Terms of Reference. It was confirmed the Board has met to this intended frequency. Meeting content, evidenced from examination of the meeting minutes between July and October 2019, demonstrated that the Transformation Programme Board tracks progress against the programme plan, considers risks and issues affecting programme delivery, which therefore helps to inform decision making. Consequently, the evidence available helped to demonstrate that the Transformation Programme Board is working towards its objective to support, challenge and facilitate Council departments in the identification and delivery of savings targets, in turn helping to develop, coordinate and manage transformation activity across the Council.
- The Transformation Work Stream Board Resource Allocation is documented and confirms, for each of the six work streams, that there is an identified Project Sponsor (the appropriate Director), a Programme Manager and Project Board Support.
- It was confirmed that each work stream board had met and produced a highlight report at least monthly, from July to September 2019, with minutes taken of each meeting.
- There is a requirement for the Transformation Programme Board to report regularly to the Executive of the Council. It was confirmed that a report had been made in July which recommended that 'the relevant Chief Officer reports back to their respective PDS Committee/s on the progress of the Transforming Bromley Programme as a standing item'. From

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July 2019, each work stream has reported to the Transformation Programme Board and also the related Member Policy and Development Scrutiny (PDS) Committee. Collectively, the controls in place in respect of the individual work streams evidenced that the defined work streams were leading on the management and delivery of transformation activity, had planned, designed, and proactively monitored progress, continued to resolve any issues, and reported upwardly as expected.

- A Transforming Bromley Change Management Framework has been developed which identifies steps for effective change management through the run-up to a change, during the change and post change.
- There is a Transforming Bromley intranet page which includes the Bromley Road Map, the PID, the Transformation Programme and its six work streams, and a power point presentation on Transforming Bromley. Monthly Newsletters have also been produced and communicated since July 2019.

8. We would however like to bring to management attention the following issues:

- The PID specifies the officer support for each work stream, but the Finance support for Housing, Regeneration and Planning is the Head of Finance for Children's Services. The stated Programme Manager for Adult Social Care and Professional Services are also incorrect. We were informed the Programme Manager for Adult Social Care has service specific experience, as well as programme / project management skills and has only recently been appointed.
- The Transforming Bromley intranet page includes the PID dated July 2019 rather than the version which was updated in September 2019 to allow for changes to the membership of the Transformation Programme Board.

**DETAILED FINDINGS / MANAGEMENT ACTION PLAN**

9. The findings of this report, together with an assessment of the risk associated with any control weaknesses identified, are detailed in Appendix A. Any recommendations to management are raised and prioritised, together with management's responses and timescales for implementation. Appendix B details the definition of the audit assurance and priority ratings.

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## DETAILED FINDINGS AND ACTION PLAN

## APPENDIX A

No	Finding	Risk	Recommendation and Priority *Raised in previous Audit	Management Response	Agreed timescale and responsible manager
1	<p><u>Officer Support</u></p> <p>The PID specifies the officer support for each work stream, but the Finance support for Housing, Regeneration and Planning is the Head of Finance for Children's Services. The stated Programme Manager for Adult Social Care and Professional Services are also incorrect. This was due to staff changes, including the recruitment for Adult Social Care of a Programme Manager with service specific experience.</p>	There is a risk that, without sufficient or appropriate officer support, the work streams may be left unable to achieve their desired outcomes.	<p>When there are changes in the officers responsible for the Transformation Programme, the PID should be reviewed and, where necessary, updated to ensure all such references remain correct.</p> <p>In the instance of changes such as the details of individual officers and contact details, such changes should be completed on the authority of the Programme Manager.</p> <p><b>Priority 3</b></p>	<p>The PID will be updated in January 2020 to reflect staffing changes.</p> <p>Whilst we have established the programme, staff with particular specialisms have been appointed as required.</p> <p>The Transformation Board are utilising the Transformation Fund to ensure that sufficient and appropriate capacity is available.</p>	February 2020 Assistant Director, Performance & Corporate Transformation
2	<p><u>Transforming Bromley Intranet</u></p> <p>At the time of audit, the Transforming Bromley intranet page includes the PID dated July 2019, rather than the version which was updated in September 2019 to allow for changes to the membership of the Transformation Programme Board.</p>	There is a risk staff follow outdated and inappropriate procedures.	<p>When there are any amendments made to the PID, the updated version should be uploaded onto the intranet.</p> <p><b>Priority 3</b></p>	<p>The PID on One Bromley has now been updated to the September 2019 version.</p> <p>Officers will ensure that when the PID is updated in the future and signed off by the Transformation Board, it will be uploaded onto One Bromley in a timely way.</p>	Completed Assistant Director, Performance & Corporate Transformation

### Assurance Level

Assurance Level	Definition
<b>Substantial Assurance</b>	There is a sound system of control in place to achieve the service or system objectives. Risks are being managed effectively and any issues identified are minor in nature.
<b>Reasonable Assurance</b>	There is generally a sound system of control in place but there are weaknesses which put some of the service or system objectives at risk. Management attention is required.
<b>Limited Assurance</b>	There are significant control weaknesses which put the service or system objectives at risk. If unresolved these may result in error, abuse, loss or reputational damage and therefore require urgent management attention.
<b>No Assurance</b>	There are major weaknesses in the control environment. The service or system is exposed to the risk of significant error, abuse, loss or reputational damage. Immediate action must be taken by management to resolve the issues identified.

### Recommendation ratings

Risk rating	Definition
<b>Priority 1</b>	A high priority finding which indicates a fundamental weakness or failure in control which could lead to service or system objectives not being achieved. The Council is exposed to significant risk and management should address the recommendation urgently.
<b>Priority 2</b>	A medium priority finding which indicates a weakness in control that could lead to service or system objectives not being achieved. Timely management action is required to address the recommendation and mitigate the risk.
<b>Priority 3</b>	A low priority finding which has identified that the efficiency or effectiveness of the control environment could be improved. Management action is suggested to enhance existing controls.