



FINAL INTERNAL AUDIT REPORT

TRANSFORMATION

AW/02/22

August 2023

Auditor	Principal Auditor
Reviewer	Head of Audit and Assurance

Distribution List and Job title
Chief Executive
Assistant Director Strategy, Performance and Corporate Transformation
Director of Housing, Planning and Regeneration
Director of Environment and Public Protection
Director of Finance

Executive Summary

Audit Objective	The objective of this audit was to review the delivery of the Council's Transformation Programme for two specific workstreams, Housing and Environmental Services. For this review we looked at the mechanisms in place to measure the success and effectiveness of Transformation projects.
------------------------	--

Assurance Level		Findings by Priority Rating		
Reasonable Assurance	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.	Priority 1	Priority 2	Priority 3
		0	2	1

Key Findings
<p>We selected six projects from the 2022/23 Transformation Programme, three from the Housing workstream and three from Environmental Services (ECS). These selected projects were used to evaluate the delivery of successful outcomes, achievement of financial savings/income or improvement to service delivery, ongoing project monitoring and the regular update to all stakeholders. We did not review the specific services but the project management/mechanisms to deliver a Transformation scheme.</p> <p>We identified good practice and sound controls specifically:</p> <ul style="list-style-type: none"> • Regular Transformation Board meetings, minutes and supporting papers available on the Transformation SharePoint site • For Housing there is a designated officer responsible for Housing Transformation schemes to generate financial and project status information. The highlight reports we reviewed for Housing projects were detailed and contained explanations where projects were not assessed as on track • Regular budget review and liaison with the service Heads of Finance • Financial information was available and had been reported accurately to management. • There is a Project Management Toolkit and supporting templates available on the Corporate Programmes and Projects Page. <p>We acknowledge the Assistant Director's report to COE on the 14 February that sets out the future requirements of the Transformation Programme whereby Directors will be "<i>required to monitor the delivery of agreed Transformation Programmes</i>" continuing the decentralised theme of the programme but going forward "<i>exceptions coming to the operational Transformation Board</i>". The findings identified below are therefore for the respective Departments to consider how to improve their project management of Transformation schemes and corporately for all projects across the Council.</p>

We have identified the following areas for management attention:-

Business Plan and Project Management Toolkit (Priority 2) – There is a Project Management Toolkit and supporting documents including a Business Plan template available on the Council’s Sharepoint site, however none of the six projects selected for audit review had a standardised business plan to establish the planned project outcome, financials and enable progress to be monitored, including non-financial benefits. **See Recommendation 1.**

Availability and Identification of Documentation (Priority 2) – The Transformation SharePoint site contained a lot of information, reports and minutes but they were randomly stored and not readily identifiable. There was limited information related to ECS projects on the Corporate Transformation site or collated information on the ECS Transformation site. **See Recommendation 2**

We have made one additional Priority 3 recommendation for good practice only.

Our findings and management comments are detailed in **Appendix A.**

Definitions of our assurance opinions and priority ratings are in **Appendix B.**

The scope of our audit is set out in **Appendix C.**

Appendix A - Management Action Plan

1. Business Plan and Project Management Toolkit

Finding

We selected three Transformation projects from the Housing and three from the ECS workstreams; Community Infrastructure Levy (CIL), DFG provision administration further increasing the level of homelessness prevention, access to private rented accommodation to prevent/relieve housing pressures, Motor Traffic Contraventions (MTC), Automatic Number Plate Recognition (ANPR) and Street Lighting.

Although there is a project management toolkit and a standard business plan template available on the Strategy, Performance and Corporate Transformation SharePoint site we could not evidence that this had been utilised for any of the six projects selected and the Council has not set out its expected approach to project management.

We were able to identify the proposed financial savings and some proposed service improvements set out in committee reports, supporting documentation, and interviews with the relevant service leads. However, not having the project specifics set out in a business plan document has limited the effective monitoring of projects against goals and outcomes, financial and service improvements. Project monitoring has covered financial savings but has not incorporated realisation of non-financial benefits.

Once accepted as a Transformation Scheme the income/expenditure becomes 'business as usual' and the project specifics can become lost. We have not, for example, been provided with evidence from the service to confirm that the Street Lighting project has achieved the proposed financial savings.

For the projects sampled we did not evidence mid-term project or post project evaluations (where relevant) to formally review benefits realisation, delivery of outcomes and identify any lessons learned and unexpected benefits / disbenefits.

We acknowledge that not all Transformation schemes are project based and that some have been adopted from existing service delivery. We also acknowledge that Transformation schemes vary considerably in terms of proposed financial impact and level of risk and, as such, a single approach to all schemes is unlikely to be appropriate.

However, given the current financial pressures and the need to deliver more Transformation savings, the Council's schemes for the next iteration of Transformation are likely to become more complex and carry a greater degree of risk, including financial, reputational and operational. Therefore, we consider that a more structured approach via the use of a project framework will become increasingly important.

<p><u>Risk</u></p> <p>Without a comprehensive business case, decisions may be made on the basis of incomplete information and without a full understanding of the associated risks and opportunities. Benefits may not be defined, measured or realised, and lessons learned may not be applied to future projects.</p>	
<p><u>Recommendation</u></p> <p>Set out and clarify expectations for project management within the Council (utilising / reviewing the existing Toolkit as appropriate) and publicise these to officers. An overarching framework guidance document with links to the various templates would be beneficial.</p> <p>These expectations should include a prioritised / risk-based approach so that low value or less risky schemes do not have the same requirements as high value, complex or high-risk schemes. Expectations will need to be communicated effectively to departmental leads to ensure the toolkit is used where applicable.</p> <p>These expectations should also incorporate benefits management and realisation (both financial and non-financial), including how benefits are to be measured and reported.</p>	<p><u>Rating</u></p> <p style="text-align: center;">Priority 2</p>
<p><u>Management Response and Accountable Manager</u></p> <p>Agreed.</p> <p>The Project Managers Toolkit and Change Management Guidance was developed and published in 2021 by the Assistant Director of Strategy, Performance and Corporate Transformation.</p> <p>Reminders of its use as a form of proportionate risk based best practice will be scheduled to CLT, Managers Briefing and circulated to all staff via the Transformation Newsletter during September and October, following the summer break.</p> <p>Responsible Officer: Assistant Director of Strategy, Performance and Corporate Transformation.</p>	<p><u>Agreed timescale</u></p> <p>October 2023</p>

2. Availability and Identification of Documentation

Finding

The Transformation SharePoint site contained a lot of information, reports, minutes and Are We On Track (AWOT) reports but this was hard to follow. We counted over 170 documents randomly stored in the Housing, Planning & Regeneration Workstream folder. Standard title and date referencing would improve accessibility of information and version control in document folders.

There was limited information related to ECS projects on the Corporate Transformation site and the Board minutes show that the Director of ECS will give a verbal update but there were no minuted details on the content of the update.

ECS have created a departmental Transformation SharePoint site but this had limited information to support the Transformation process. We sourced the AWOT reports from the Director’s PA as attachments to e-mails. Transformation is a standard item on the monthly ECS DMT but a review of 2022/23 minutes identified that this item related to proposed projects and not progress of current Transformation projects. The Director of ECS confirmed that once new projects are agreed for the Transformation Programme all monitoring and reporting is the responsibility of the service leads and will utilise business as usual processes.

The Head of Corporate Programmes and Projects had previously supported the Housing workstream. Since December 2022 this role has been transferred to the Head of Housing Schemes. The role ensures that there is a focal point for all Housing Transformation projects, collation and dissemination of information. There is not a similar role in ECS, the Director of ECS is the lead for the Transformation Programme.

Risk

Key documents may not be easily identifiable or readily available to support decision making based on timely, complete and accurate information.

<p><u>Recommendation</u></p> <p>Review the Corporate Transformation SharePoint folders to introduce a digital file organisation system.</p> <p>ECS should update their Transformation Private SharePoint site to populate the folders with information relating to current projects, financial monitoring and highlight reports.</p>	<p><u>Rating</u></p> <div style="border: 1px solid black; background-color: #ffc000; padding: 5px; display: inline-block;">Priority 2</div>
---	--

<p><u>Management Response and Accountable Manager</u></p> <p>Agreed.</p> <p>The corporate SharePoint site will be reviewed and restructured by October to allow for consistent file organisation.</p> <p>All workstream will be asked to review and update document management.</p> <p>Responsible Officer: Assistant Director of Strategy, Performance and Corporate Transformation.</p>	<p><u>Agreed timescale</u></p> <p>October 2023</p>
--	---

3. Central Register for Council Projects

Finding

We used the Transformation master spreadsheet and MFS report maintained by Finance to source our sample of Transformation projects to review. In the course of our audit testing we noted that Transformation projects are maintained on a master spreadsheet by the Transformation Team and circulated to COE/CLT. We identified however that there is no overall register of other projects at corporate or department level available to all officers and potential project owners to view. Access to a project register would allow liaison between colleagues for similar projects to share successes and lessons learnt. The register would also give an overview of Council activity and identify stand-alone departmental/Team projects early in the project process to ensure compliance to Council project management standards.

We recognise that some projects may have sensitive information but the purpose, objectives or other key information relating to those projects could be restricted on a 'need to know' basis with the owner named as the only contact.

Risk

Potential interdependencies and efficiencies may not be identified, managed or used to best effect.

Recommendation

Set up and maintain an accessible central register of all projects taking place across the Council. As part of this initiative establish a criteria for which projects should be included, what information should be maintained and by whom. Projects recorded in the register, and the information about them, could be categorised for example by levels of financial expenditure or other pre-defined criteria.

Rating

Priority 3

Management Response and Accountable Manager

Not Agreed.

The council does not currently resource a Corporate PMO office. Development and maintenance of a comprehensive whole council register of all projects and programmes would require additional human resources and would result in a growth pressure.

The Transformation Master spreadsheet oversees key projects and programmes which are critical to the delivery of a balanced budget. The majority of risk is overseen through the Transformation Board and interdependences are identified.

Other thematic areas of oversight exist within specialist areas to allow for best practice sharing, for example within the Capital Programme, Digital Programme and Housing Development programme. On a balance of cost, risk and value added and given the overall corporate budget position, such a growth pressure is not recommended.

Agreed timescale

Not agreed.

Appendix B - Assurance and Priority Ratings

Assurance Levels

Assurance Level	Definition
Substantial Assurance	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.
Reasonable Assurance	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.
Limited Assurance	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.
No Assurance	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.

Action Priority Ratings

Risk rating	Definition
Priority 1	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.
Priority 2	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.
Priority 3	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.

Appendix C – Audit Scope

Audit Scope

We reviewed the adequacy and effectiveness of controls over the following risks:

- Misalignment between planned outcomes and strategic objectives
- Failure to define and measure promised benefits
- Failure to realise the financial savings and service improvements identified
- Lack of involvement from the service with the project team

Our scope included:-

- Review of the business case submitted for each project selected for audit review within the Housing and ECS workstreams.
- Review of the mechanisms in place to measure the success and effectiveness of the workstream projects.
- Review of the processes in place to ensure the selected projects remain on target in terms of time, financials and service improvement.
- Review of each selected project against the objective; to deliver savings and/ or outcomes intended.
- Evaluate the controls within this ongoing monitoring process to ensure objectives are delivered.
- Review of the supporting documentation for the selected projects to evidence progress, completion and delivered outcome, this will include reports to Members.
- Review the achieved financial savings and how these are reflected in the Authority's accounts in line with the Medium Term Financial Strategy.