AUDIT REPORT 24'009

TRANSFORMATION PROGRAMME
(Improvement and Modernisation Programme)

Executive Summary

The annual audit plan for 2023/24 provides for a review of the transformation projects included within the Improvement and Modernisation Programme, which is designed to contribute to a financially stable Council for the future.

The Council established an Improvement and Modernisation Programme in 2018 with the purpose of bringing transformational change across the Council, delivering savings and providing the basis for a medium to long term financial plan to support the financial sustainability in the delivery of services to communities. The Improvement and Modernisation Programme currently consists of nine separate work streams. Detailed within each of these work streams are 15 strategic projects from across a range of services. The management and delivery of these projects is undertaken through a framework detailed within the Project Management Governance Policy. The Council has identified a need to make savings of approximately £20 million across 2023/24 and 2024/25 to deliver a balanced budget and ensure the sustainability of Council services. The Improvement and Modernisation Programme is an integral part of the delivery of this objective. Significant progress has been made by senior management to advance the transformation of services and build on the approved Improvement and Modernisation Programme.

The scope of the audit has reviewed the governance arrangements around the management, monitoring and reporting arrangements of the Improvement and Modernisation Programme. The audit has also checked that strategic projects included within the Improvement and Modernisation Programme are managed in accordance with the Project Management Governance Policy. The review found variances in the administration of projects when compared to the procedures detailed within the Project Management Governance Policy. This does not indicate that the key deliverables of the projects are not being achieved. However, consistent administration of projects in accordance with the Project Management Governance Policy would provide greater confidence to senior management in their objective to ensure that projects included within the Improvement and Modernisation Programme secure savings the Council requires to achieve.

The audit was carried out in accordance with Public Sector Internal Audit Standards (PSIAS).

The audit has noted the following areas for senior management to consider in regard to governance arrangements of the Improvement and Modernisation Programme:

- The Council has an established Project Management Governance Policy that was agreed in 2016 with additional project management assurances concerning governance and leadership noted at the Corporate Committee on

30 August 2022. This Policy provides a framework for accountability and responsibilities, ensuring that project decision making is robust, logical and that projects provide value to the Council. It offers a mechanism for ensuring that accurate and appropriate project status reports are presented regardless of the service running the project or the type of project. Detailed within the Policy is a governance framework for managing projects from approval of a mandate by a Project Initiation Board to agreeing on business plans and monitoring progress at a High Level Governance Board through to a Benefit Realisation Board to evidence a project has delivered the key deliverables and benefits. However, the audit review of individual projects noted variances in the practices undertaken in approving project mandates and outline/ full business cases compared to the requirements detailed within the Project Management Governance Policy. In addition, a need for more consistency was found in project monitoring and reporting progress to the Programme Boards. Reference was also noted within the Project Management Governance Policy to a Gateway Initiation Board as the first step in agreeing on a mandate for approval of a project. However, this Board's function is undertaken by the Corporate Management Team. It is understood that senior management has already recognised the need to update the current Policy and are developing a "Single Project Gateway Process" to ensure more effective project management arrangements.

- As part of the audit, a review was undertaken of the administration of projects from approval of a mandate to progress monitoring and end of project reporting to the Benefit Realisation Board. Project management arrangements were noted to be based on the Prince2 project management methodology, aligned with the Scottish Government Construction Procurement Manual and the Office of Government Commerce Gateway Framework. It was pleasing to find that in accordance with good practice, a standardised "Highlight Report" is used to monitor progress, major risks/ issues/ change requests and targets for the next period. However, the "Highlight Report" template is not used to monitor the progress of all projects. It is considered that the format of the "Highlight Report" is fit for purpose, however consideration should also be given to including an additional requirement for monitoring the key deliverables from implementing the project.

The Internal Audit Section provides Management with an opinion on the internal control environment and also categories risk ratings for recommendations as high, medium or low. The audit recommendations for this review have been classified as follows:

Risk Ratings for Recommendations		
High	**Medium**	**Low**
Key controls absent, not being operated as designed or could be improved. Urgent attention required.	Less critically important controls absent, not being operated as designed or could be improved.	Lower level controls absent, not being operated as designed or could be improved.
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Recommendations

Risk Ratings for Recommendations						
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	Medium	Less critically important controls absent, not being operated as designed or could be improved.	Low		Lower level controls absent, not being operated as designed or could be improved.
No.	**Audit Recommendation**	**Priority**	**Accepted (Yes/ No)**	**Comments**	**Responsible Officer**	**Timescale for Implementation**
Key Control: Review key controls operate to ensure effective project management of the Improvement and Modernisation Programme.						
5.01	The Project Management Governance Policy should be reviewed and updated to reflect any proposed changes to project management arrangements.	High	Yes	Review has been undertaken and will be considered by CMT/SMT before being reported to Committee	Depute Chief Executive (Education, Communities & Organisational Development)	30/11/2023
5.02	The standardised "Highlight Report" format should be used to monitor progress for all Improvement and Modernisation Programme strategic projects. In addition, consideration should be given to further developing the "Highlight Report" to provide more effective analysis of key deliverables during project implementation.	Medium	Yes	Report format to be reviewed and Senior Responsible Officers will be reminded to use the highlight report for projects following agreement of the business case and to ensure its	Depute Chief Executive (Education, Communities & Organisational Development)	30/11/2023

Risk Ratings for Recommendations						
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	Medium	Less critically important controls absent, not being operated as designed or could be improved.		Low	Lower level controls absent, not being operated as designed or could be improved.
No.	**Audit Recommendation**	**Priority**	**Accepted (Yes/ No)**	**Comments**	**Responsible Officer**	**Timescale for Implementation**
				content enables tracking the progress towards key deliverables. Reporting will also be put in place for more structured oversight of progress from project mandate approval to business case to ensure progress or re-prioritisation.		
5.03	Consideration should be given to reviewing the format of future committee reporting arrangements to allow greater transparency in monitoring	Medium		The format for reporting financial performance to Committee will	Chief Financial Officer	30/11/2023

Risk Ratings for Recommendations						
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	Medium	Less critically important controls absent, not being operated as designed or could be improved.		Low	Lower level controls absent, not being operated as designed or could be improved.
No.	**Audit Recommendation**	**Priority**	**Accepted (Yes/ No)**	**Comments**	**Responsible Officer**	**Timescale for Implementation**
	financial savings derived from implementing Improvement and Modernisation Programme projects.			be updated to ensure greater transparency.		