

GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION

COMMITTEE SUMMARY

Item 6(c)

30th September 2020

Title of the Audit: Corporate Review – Capital Programme Management and Governance Arrangements

1. Introduction

1.1 As part of the agreed Internal Audit plan we have carried out a review of capital project management and governance arrangements. We reviewed the Education Services (ES) Maryhill / North Kelvinside project and the Social Work Services (SWS) Rodney Street extension project.

1.2 Project management provides a structured approach to the delivery of successful projects – it is a formal framework, based on core principles that aim to make sure projects are appropriate, well-managed, adequately resourced, and delivered on time, on budget, and for the attainment of specific objectives and benefits.

1.3 A Project Management Toolkit was developed in 2016 by Corporate Governance in conjunction with Service and ALEO officers within project and programme management. The toolkit provides a consistent methodology and a set of standardised tools that establishes the key principles of project management and governance to be used by the Council.

1.4 The scope of the audit was to gain assurance that Council Services have adequate capital project management and governance arrangements including compliance with the Capital Project Management Toolkit. The scope of the audit included:

- Business case and project drivers
- Project Plans
- Roles and responsibilities
- Risk management

- Budgetary control and monitoring arrangements, including external funding.
- Project reporting
- Change controls processes
- Contractual relationships
- The use and management of external consultants
- Lessons learned exercises are being undertaken
- Benefits Realisation

2. Audit Opinion

2.1 Based on the audit work carried out a reasonable level of assurance can be placed upon the control environment. The audit has identified some scope for improvement in the existing arrangements and six recommendations which management should address.

3. Main Findings

3.1 We are pleased to report that the key controls are in place and generally operating effectively. Project plans have been developed and are reviewed on a regular basis. Escalation procedures for each of the projects have also been documented.

3.2 We found that contracts were in place for consultants / contractors and were procured in compliance with the Glasgow City Council (GCC) Standing Orders for Contracts / Procurement Manual. Additionally, the arrangements in place in relation to claims made by the consultants / contractors and the management of outputs were found to be adequate.

GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION

COMMITTEE SUMMARY

Title of the Audit: Corporate Review – Capital Programme Management and Governance Arrangements

3.3 Project benefits were identified at the start of the each project and the process for reporting performance against the project benefits is found to be adequate.

3.4 However, our audit testing found that there are some areas of non-compliance. Role profiles for the Maryhill / North Kelvinside project team are not documented and documented role profiles for the Rodney Street extension programme were found to be out of date.

3.5 Financial monitoring is carried out on a four weekly basis and is regularly reported to the Finance and Audit Scrutiny Committee. However, for a sample of periods we identified that financial monitoring information which was contained in the highlight reports did not correlate to source data. We were informed that this was due to human error.

3.6 Areas of non-compliance with the Project Management Toolkit were identified for each of the projects in relation to business case, change control procedures and the recording of lessons learned. For example, we found that a formalised business case or Project Initiation Document (PID) was not in place for either project. We were advised that alternative documentation was presented to the Capital Board in place of the business case and PID for the Rodney Street extension programme.

3.7 An action plan is provided at section four outlining observations, risks and recommendations. We have made six recommendations for improvement. The priority of each recommendation is:

High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	0
Medium	Less critically important controls absent, not being operated as designed or could be improved.	4
Low	Lower level controls absent, not being operated as designed or could be improved.	2
Service Improvement	Opportunities for business improvement and/or efficiencies have been identified.	0

3.8 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards.

3.9 We would like to thank officers involved in this audit for their cooperation and assistance.

3.10 It is recommended that the Head of Audit and Inspection submits a further report to Committee on the implementation of the actions contained in the attached Action Plan.

GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION

COMMITTEE SUMMARY

Title of the Audit: Corporate Review – Capital Programme Management and Governance Arrangements

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: A business case and PID is prepared, evaluated and accepted before the introduction into the capital programme.				
1	<p>At the time of the audit fieldwork, we found that a formalised business case or PID was not in place for either project in accordance with the current Project Management Toolkit.</p> <p>We were advised that alternative documentation was presented to the Capital Board in place of the business case and PID for the Rodney Street extension programme.</p> <p>Additionally, we were informed that a review of toolkit is underway including the need for business cases for school projects</p> <p>However, without a formal business case there is an increased risk that the rationale, key stages, and overall strategic fit of the project with the Council's objectives may not be identified and documented for decision-making purposes and future reference.</p>	<p>Services should be reminded to adhere to the requirements of the Project Management Toolkit including the requirements relating to formal business cases being developed before the project is incorporated into the capital programme.</p>	<p>Medium</p>	<p>Response: Accepted.</p> <p>Corporate Governance: A reminder will be issued.</p> <p>Officer Responsible for Implementation: Corporate Governance: Head of Compliance</p> <p>Timescale for Implementation: 31 October 2020</p>

GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION

COMMITTEE SUMMARY

Title of the Audit: Corporate Review – Capital Programme Management and Governance Arrangements

Key Control: Documented roles and responsibilities have been established for project management roles to ensure officers understand their duties.			
2	<p>While the teams responsible for each of the projects are small, and could describe their roles and responsibilities in relation to the project, there are no documented role profiles in place for officers involved in the Maryhill / North Kelvinside project.</p> <p>We also found that the roles and responsibilities document for the Rodney Street project was out of date.</p> <p>The lack of formalised roles and responsibilities increases the risk that officers involved in the project are not fully aware of their individual areas of accountability, responsibilities and reporting lines.</p>	<p>As per recommendation one, Services should be reminded to adhere to the requirements of the Project Management Toolkit including the requirements relating to roles and responsibilities.</p>	<p style="text-align: center;">Low</p> <p>Response: Accepted.</p> <p>Corporate Governance: A reminder will be issued.</p> <p>Officer Responsible for Implementation: Corporate Governance: Head of Compliance North Kelvinside: Head of Development, Property and Land Services Rodney Street: Chief Officer Finance and Resources</p> <p>Timescale for Implementation: 31 October 2020</p>
Key Control: Financial monitoring takes place regularly and reports are provided to senior management and elected members which are accurate and up-to-date.			
3	<p>Financial monitoring is carried out on a four weekly basis and regularly reported to the Finance and Audit Scrutiny Committee.</p> <p>We identified that for a sample of periods, financial monitoring information detailed in the highlight reports did not correlate to source data. Expenditure to date figures reported within highlight reports were lower than actual expenditure with variances of £2,738 and £109,000 for ES and SWS respectively. We were informed that this was due to human error as some</p>	<p>Both finance officers and project management teams should ensure that figures contained in reports are accurate and agree to the figures stated in the ledger.</p> <p>In addition to this, the finance officers should conduct a review of ledgers relating to previous projects to ensure that former codes are no longer in use.</p>	<p style="text-align: center;">Medium</p> <p>Response: Accepted.</p> <p>Officer Responsible for Implementation: North Kelvinside: Head of Development, Property and Land Services Rodney Street: Chief Officer Finance and Resources</p> <p>Timescale for Implementation: 31 October 2020</p>

GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION

COMMITTEE SUMMARY

Title of the Audit: Corporate Review – Capital Programme Management and Governance Arrangements

	<p>costs had been coded to the wrong account.</p> <p>If accurate financial information is not provided there is an increased risk that projects will not be managed appropriately.</p>			
<p>Key Control: Monitoring reports are produced in accordance with the Project Management Toolkit, and are checked for accuracy and are approved before submission to the Capital Programme Board and relevant Committees.</p>				
<p>4</p>	<p>Through sample testing we identified examples of non-compliance with the Corporate Project Management Toolkit in relation to the completion of Highlight Reports.</p> <p>We identified that approved change controls which had occurred in both projects had not been recorded within the highlight reports.</p> <p>In failing to record change controls in highlight reports, which may have associated cost or timing implications for the project, senior officers and groups reviewing the reports are not being provided with a complete update.</p>	<p>As per recommendation one, Services should ensure that that all relevant sections of the highlight reports are completed in accordance with the requirements of the Project Management Toolkit.</p>	<p>Medium</p>	<p>Response: Accepted.</p> <p>Corporate Governance: A reminder will be issued.</p> <p>North Kelvinside: With regard to change controls, these were noted on a separate log but will now be added to highlight reports.</p> <p>Rodney Street: The change control that has been approved for Rodney Street has been added to highlight report.</p> <p>Officer Responsible for Implementation: Corporate Governance: Head of Compliance North Kelvinside: Head of Development, Property and Land Services Rodney Street: Chief Officer Finance and Resources</p>

GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION

COMMITTEE SUMMARY

Title of the Audit: Corporate Review – Capital Programme Management and Governance Arrangements

				Timescale for Implementation: 31 October 2020
Key Control: There are effective mechanisms in place to review and agree changes / variations to capital projects after contracts have been awarded including during the course of works.				
5	<p>The Project Management Toolkit requires change control procedures to be in place, including a template log and forms for use.</p> <p>Changes which affect the original scope of a project should be logged and reported to ensure that the impact and potential consequences of any changes on the project have been fully considered.</p> <p>For both projects, we found that logs were maintained of all change controls, however we confirmed that change control forms had not been completed for the Maryhill / North Kelvinside project.</p> <p>Without a sufficient audit trail, there is an increased risk that changes will not be appropriately managed.</p>	<p>As per recommendation one, Services should be reminded that where changes to the original scope of the project occur, these are recorded and change control forms are completed and approved by the relevant officer in accordance with the Project Management Toolkit.</p>	Medium	<p>Response: Accepted.</p> <p>Corporate Governance: A reminder will be issued.</p> <p>North Kelvinside: Forms are now being used for changes and will be added to change control log and highlight reports as required.</p> <p>Officer Responsible for Implementation: Corporate Governance: Head of Compliance North Kelvinside: Head of Development, Property and Land Services</p> <p>Timescale for Implementation: Corporate Governance: 31 October 2020 North Kelvinside: 31 October 2020</p>

GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION

COMMITTEE SUMMARY

Title of the Audit: Corporate Review – Capital Programme Management and Governance Arrangements

Key Control: There are effective mechanisms in place to review and agree changes / variations to capital projects after contracts have been awarded including during the course of works.			
6	<p>At the time of the fieldwork being carried out, a formal lessons learned log had not been developed for either project.</p> <p>Project officers advised that discussions are carried out informally on a regular basis through meetings with the team and with contractors which cover how things are going and anything that arises, but these would not be formally documented to record learning points at the time.</p> <p>Without a formal lessons learned process being undertaken throughout the lifecycle of a project, the requirements of the toolkit have not been complied with. This means that the opportunity for future projects to benefit from the experiences arising from this project may not be fully captured.</p>	<p>As per recommendation one, Services should be reminded to adhere to the requirements of the Project Management Toolkit including the requirements relating to lessons learned throughout the lifecycle of the project.</p>	<p>Low</p>
			<p>Response: Accepted.</p> <p>Corporate Governance: A reminder will be issued.</p> <p>North Kelvinside and Rodney Street: There has been lessons learned activity but this has not always been formal in the format outlined in the Toolkit. The lessons learned log will be used to record relevant sessions, site visits, etc.</p> <p>Officer Responsible for Implementation: Corporate Governance: Head of Compliance North Kelvinside: Head of Development, Property and Land Services Rodney Street: Chief Officer Finance and Resources</p> <p>Timescale for Implementation: 31 October 2020</p>