Internal Audit
Final Report

Centralisation of HR

Directorate: Resources
Date: 16th December 2009

Contents

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1.   Introduction

1.1.   An audit review of the Human Resources Centralisation Flagship Project was undertaken as part of the 2008/09 annual Internal Audit Plan at the request of the Corporate Director Resources to identify lessons learned that can be applied to future programmes of this nature.

1.2   Following the BCBC culture review in conjunction with the Wales Audit Office in 2005, feedback was provided to Council in July 2005. The Chief Executive at the time of the review presented a response framework to this meeting which identified a number of issues which included undertaking three flagship projects one of which being a review of Human Resources within the Authority.

1.3   As a consequence of this, SOLACE Enterprises were commissioned to undertake a review of the Authority's arrangements for the provision of HR services. The findings and report of SOLACE was initially presented to Council on 19th April 2006.

1.4   The key findings of the report were that there was an absence of strategic direction in the Council's approach to managing HR issues. Devolved HR units were operating within individual Directorates with there being a lack of corporate direction. Another key issue was the "high touch" nature of the devolved services with an over reliance on HR staff to support managers. The report states that this had led to a high dependency culture where managers would not develop the confidence and knowledge to deal with HR issues.

1.5   The SOLACE report recommends that the Council should implement an internal Shared Service centre involving a web enabled low touch low cost service. The report identified that the service at that time was costing BCBC approximately £3 Million per annum, and that implementation of the proposed solution could result in savings of between £500K and £1.3M per annum. On 24th May 2006 the Council resolved to accept the findings of the report. Council also resolved that Martin House of Solace Enterprises Limited be contracted to undertake the role of Programme Change Manager to support the Council in implementing the proposed changes; the specific terms to be agreed by the Chief Executive and the WLGA with Solace Enterprises Limited.

1.6   During late 2006, an efficiency savings target for the financial year commencing April 2007 was set at £369K. The appointment of a new Assistant Director of Human Resources on 1st January 2007 saw work on a detailed staff structure accelerate. The final centralised structure was set in place effective from 1st April 2007 and the required savings referred to above were exceeded.

1.7   The proposed internal web enabled shared service centre was not implemented. However, BCBC are to be involved in a pilot scheme for payroll shared services as part of the South East Wales Shared Services project.

1.8   The audit findings are based on discussions with staff involved in the programme, observations, and the review of programme documentation.

1.9   This report sets out the findings of the review and makes recommendations, where it is felt that improvements in the administration of the programme could have been made and can also be considered for future projects and programmes of this nature.

2.   Objectives of the Audit

2.1.   The main objectives of the audit were as follows:

- To assess whether the project was based on a sound business case which interlinks with BCBC objectives.
- To identify whether an appropriate project management methodology was applied and a suitable project team set in place with clearly defined roles and responsibilities.
- To assess whether appropriate deliverables and timescales were set at the outset to enable performance management at each stage of the project.
- To review that appropriate planning was undertaken for the project inclusive of identification of risks and forecast project costing.
- To identify whether a risk register was established and to evidence its use as a live document throughout the project.
- To review arrangements adopted for change management and the consultation with key stakeholders.
- To evaluate whether suitable performance monitoring arrangements were in place at key stages of the project with clearly defined, and appropriate reporting lines.
- To establish whether stakeholders were informed and consulted as the project was implemented.
- To determine if a post project evaluation was conducted to review outcomes against objectives and to identify good practice and lessons learned.

3.   Audit Opinion

3.1   During the audit a number of strengths, areas of good practice and positive outcomes were identified as follows:
- Initial forecasts of financial savings by the external consultant ranged from £500,000 to £1.3 Million per annum. This was felt to be an unrealistic target and an efficiencies target of £369,000 was settled on and this target was exceeded.
- A rationalised & centralised HR Service. This represented a major cultural shift for BCBC.
- Regular communication with stakeholders from the Senior Responsible Officer.

3.2   Although the project achieved its aims in terms of financial savings and a centralised HR function, based on the limited audit work carried out, it is felt that the Programme Management exhibited inadequate controls in place to minimise potential risks to the authority and to ensure that the programmes objectives were met. It is our overall opinion that the project was not managed as well as it should have been. It is acknowledged that the requirement to centralise the service and downsize simultaneously represented a significant challenge to the authority and it is submitted that the original targets proposed were overly ambitious.

3.3   The following key issues were identified during the audit and should be considered on future projects and programmes of this nature:

- No baseline assessment of standards of service was undertaken at the outset of the project to allow demonstration of service improvements at the conclusion.
- Several people whom we interviewed questioned whether the full implementation of the shared service centre was the correct solution for BCBC and it is unclear whether any substantive evidence was ever presented to support the proposed cost savings or indeed the relevance of the proposal to BCBC as an organisation. However, this was agreed by the Programme Board as a deliverable on the Project Initiation Document (PID).
- Insufficient resources allocated to meet the deliverables agreed in the PID.
- No post implementation review was conducted. Such a review will allow demonstration that the investment in the business change was worthwhile.
- No definitive project management methodology appears to have been applied to the project. It is felt that the adoption of a methodology such as the BCBC toolkit would have allayed many of the issues identified in this report.

3.4   At the time of the project taking place, it was a period of significant change for BCBC at Senior Management level. In the period between commencing the project and the centralised service going live in April 2007, three different Chief Executives (one interim) were employed by the authority. In addition to this, there was a change in the Head of Human Resources with the new Head of Service taking position in January 2007.

3.5   It is acknowledged that, as stated above, the centralisation project represented a major shift in culture for the authority and our review indicates lessons to be learned for future projects and programmes. BCBC now have a project/programme management toolkit in place based on Office of Government Commerce guidance.

3.6   We were advised that at the time of the project there was insufficient capacity within BCBC for managing a project of this nature. Where projects are deemed to be of such complexity as to preclude BCBC internal Project Managers from running such a project, serious consideration should be given to appointing such an internal Project Manger to shadow the "bought in" Manager and facilitate the sharing of knowledge and experience within the authority. It is acknowledged that this internal expertise is now being developed via the Centre of Excellence. One of its functions is to provide support for programme and project managers.

3.7   It is felt that, as a result of the toolkit and Centre of Excellence, BCBC is now in a far stronger position with respect to programme and project management than it was at the time of this project taking place. However, the key challenge now is to embed the principles of the toolkit into the way projects and programmes are managed within BCBC. Doing so will provide greater assurance that associated risks are managed. This will not happen without the commitment of all managers, also with particular reference to Project Sponsors and Project Managers, within the Authority to mandate compliance with the toolkit.

3.8   We have also made a number of recommendations related to the above issues and other areas. These are detailed in the main report and accompanying action plan. These recommendations were referred to the BCBC Centre of Excellence for Programme and Project Management for consideration. This will allow lessons learned from this project to be fed into future projects of this nature. It is pleasing to note that the response from the Centre of Excellence indicates that the issues identified during the course of this review are addressed by the BCBC Project Management Toolkit.

3.9   It was noted from Cabinet minutes that the Board was to operate with a "light touch." We would question whether this was appropriate given the Flagship status of the project.

3.10   This report is a report of exception and therefore only where issues have been identified have they been commented on.

Acknowledgement

3.11   A number of staff gave us their time and co-operation during the course of this review. We would like to record our thanks to all of the individuals concerned.

4. Findings and Recommendations

Risk may be viewed as the chance, or probability, of one or more of the organisation's objectives not being met. It refers both to unwanted outcomes which might arise, and to the potential failure to realise desired results.

*The **recommendations** column is categorised on the following basis:*

Fundamental	-	*action that is considered imperative to ensure that the organisation is not exposed to high risks;*
Significant	-	*action that is considered necessary to avoid exposure to significant risks;*
Merits attention	-	*action that is considered desirable and should result in enhanced control.*

Ref	Objectives	Risk	Findings	Recommendation	Categorisation
4.1.1	To ensure that the project was based on a sound business case which tied in with BCBC objectives.	No rationale for restructuring leading to waste of resources.	The SOLACE Enterprises review of the BCBC HR service highlighted a number of problems with the HR service and made recommendations to take the service forward. Further to this, the report recommends the implementation of a shared service centre as the eventual outcome. It is evident that this has not been fully implemented and our discussions suggest that this may not have been an appropriate outcome for BCBC. However, project documentation and minutes contradict this. The agreed Project Initiation Document itself refers to the Shared Service Centre as a deliverable. It is acknowledged that this may not have been the most appropriate outcome for BCBC but yet resources were spent on the project on the basis of moving toward the Shared Service Centre model. No substantive evidence appears to have been provided to support the solutions relevance to BCBC or indeed the proposed savings. To illustrate this, CMB minutes indicate that the Director of Education and Leisure expressed her concerns as to where is the evidence to support the proposed cost savings, the answer given by the Programme Change Manager refers to "my previous experience and industry data".	Detailed options appraisal should be carried out to an appropriate level at the outset of a project to identify suitable directions for strategic change. This should include a more in depth and evidential evaluation of potential outcomes expected from the business change both financial and operational.	Significant

Ref	Objectives	Risk	Findings	Recommendation	Categorisation
4.2.1	To identify whether an appropriate project management methodology was applied and a suitable project team set in place with clearly defined roles and responsibilities	A suitable framework is not set in place to facilitate achievement of the project objectives.	Our review of the project documentation does not suggest that a definitive project methodology was used. There are elements of Prince 2 e.g., risk register and PID but there are a number of elements we would expect to see missing from our review. e.g., no detailed communications plan, deliverables are fairly vague and there is a lack of definition present in the benefits section of the PID where it states that benefits have been stated in broad terms with CMB to define. There does not appear to be defined stages with reviews of the business case, indeed there is no formal business case document. No post implementation review has been undertaken.	No formal recommendation made. See paragraph 3.3.	
4.2.2		Lack of project skills in the project team.	The Programme Board itself had representation from a sufficiently high level of staff, representative of all Directorates, to allow demonstration of top management being visibly involved in the change process, backing the changes, and providing an example to the whole organisation. It is felt that this is a key strategy for the implementation of change. It was enquired of the Chair of the Programme Board as to why we didn't use BCBC internal project managers to manage the programme. He advised that at the time there was no capacity within current officers, and Members made it clear they wanted change, which required a committed driver from outside the organisation. Indeed, the shortage of project management skills within local authorities is recognised by the Office of Government Commerce. It is felt that, given the level of expenditure involved in terms of consultancy fees, this could have been an opportunity to have had a BCBC Project Manager work closely with the consultant to develop the skill set within BCBC. However, in September 2004 a post implementation of the Trent/HR payroll system had been undertaken internally and included a lessons learned report. This strengthens the view that consideration should have been given to providing internal support as the necessary project skills were being developed through work on the Trent system.	No formal recommendation is made. See paragraph 3.6	

Ref	Objectives	Risk	Findings	Recommendation	Categorisation
4.2.3		Lack of authority within the project team.	In the minutes of the Programme Board of March 2007, the Programme Manager gives two reasons for the lack of progress. One of these is the down grading of his role to more of an advisory capacity. Our interviews with members of he Programme Board indicate that following the Chief Executive of BCBC leaving, and the appointment of an interim Chief Executive, the decision was taken that the Programme Managers role should not allow for decision making.	Where the programme Managers terms of reference are changed, the new terms and their agreement and approval should be documented. In a well managed project there should be no ambiguity over individual and collective roles and responsibilities.	Merits attention
			A review of Cabinet minutes indicates that, at the time of reporting to them on the proposed Programme team in July 2006, the Board was to operate with a "Light Touch". We would question whether such an approach is suitable for a Project of such significance as to be deemed a Flagship Project.	The level of Board intervention and monitoring should be relative to the risks associated with the project. Where management by exception is applied, it is essential that the project has been initiated on a sound basis.	Significant
4.3.1	To ensure appropriate planning was undertaken for the project inclusive of identification of risks and forecast project costing.	Service planned for is not delivered. Service is delivered late. Service delivered above budget.	There appears to be no overarching high level plan detailing costs, provisions for stage reviews or indeed post implementation reviews. Again as with other issues identified in the audit, the more rigorous application of a project management methodology would have probably prevented this from being an issue. The stage plans updated to the PMB at their monthly meetings indicate a great deal of slippage due to insufficient allocation of resources to the work. It is noted that on the PID, there is a section on resource requirements which has a column entitled "agreed?" It is noted that under the rows for HR Staff, payroll staff and IS/ICT staff, the person days have not been agreed. At the time of writing we still have not received a signed copy of the PID so it is unclear whether this was indeed signed off. It would have been beneficial to have agreed the resource requirements and availability prior to the PID being agreed and signed off. Indeed, at the time of leaving BCBC, the Programme Manager cited two main reasons as to why the project had not progressed as he would have liked. One of these reasons was the failure to allocate sufficient resources to the HR Flagship Project.	Resource availability should be agreed prior to the signing off of the Project Initiation Document.	Significant

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Ref	Objectives	Risk	Findings	Recommendation	Categorisation
4.4.1	To ensure that appropriate deliverables and timescales were set at the outset of the project to enable performance management at each stage of the project.	Indicators of success are not in place / unclear.	Deliverables are set out in the Project Initiation Document in terms of tangible end products as follows: a) Fully operational Trent HR & payroll application with optimal self service facility. (To be measured by accuracy / cost / response PI'S). b) HR / Payroll / H&S web site. To be measured by customer satisfaction. c) HR and payroll self service centre. To be measured by means of customer satisfaction survey. d) Standardised business processes (Procedures etc). Measured by the availability of these forms etc. No timescales appear to have been attached to the deliverables. Indeed the majority of the deliverables do not appear to have been met. The work on the initial Trent implementation had been subject to detailed project management and delivered a set of products. The changes in HR management led to a different emphasis and the resource has not been available to deliver products such as self service and an internal website. The SOLACE report refers a lack of performance monitoring undertaken with HR at that point in time. Programme Board members confirmed that no measures of service standards were undertaken at the outset of the programme to illustrate what the level of service was at that time and facilitate the demonstration of improved service at the conclusion of the programme.	Timescales should be attached to deliverables prior to the agreement of the PID. Baseline levels of service standards should be measured at the outset of projects to enhance the business case for the project and facilitate both the demonstration of business as usual throughout the project and enhancements to the service at its conclusion.	Merits attention Significant

Ref	Objectives	Risk	Findings	Recommendation	Categorisation
4.5.1	To ensure a risk register was established and to evidence its use as a live document throughout the project.	Risks are not identified and consequently, controls are not set in place to mitigate the risks to the successful delivery of the project.	A review of the project documentation indicated that a risk register was used in the project. This was originally presented to the Programme Board in October 2006 and a review of Board minutes following this indicates that this was a standing item on the agenda at all subsequent meetings. Additional to this, the register does appear to change throughout the duration of the project with new issues being added and others removed. This implies that the register was used as a live document. It was noted that the risks are allocated between work streams but it is unclear as to whether this meant that they were allocated to work stream leaders. Our discussion with the work stream leader for e service indicated that she only saw the risk register at Programme Board meetings which she attended to cover for Senior HR Managers. This suggests that work stream leaders may not have had input into the risk register. It is felt that risks should have been allocated to individuals to allow them to take ownership of the risks. Timescales were not attached to the mitigating actions included on the register.	It is best practice for ownership of risks to be assigned to individuals with timescales set for mitigating action. It would be beneficial to consider input to the risk register on the part of project team members.	Merits attention Merits attention

Ref	Objectives	Risk	Findings	Recommendation	Categorisation
4.6.1	To review arrangements adopted for change management and the consultation with key stakeholders.	Failure to obtain cross Directorate support and commitment during the project and ongoing. Failure to maintain service standards during and after implementation.	There were elements of good practice relating to change management within the project. Communication briefings with staff within HR at the time were undertaken. Regular bulletins were issued via the intranet and also in editions of Bridgenders. The make up of the Programme Board was appropriate to facilitate communication within each Directorate. Representation from each Directorate was present at Assistant Director level with The Chair of The Programme Board being the then Director of Communities. This demonstrated leadership buy in to the changes and this is felt generally to be an important aspect to any change management strategy. A number of those interviewed as part of this review indicated that the changes instigated were a massive cultural change for BCBC. It is noted that due to the need for change and the drive for efficiency savings, the timescales involved in implementing the change were very short. Where this is the case, training should have been an essential element of the strategy to ensure that any risks arising to the authority are addressed. A work stream was set up to develop a training plan which was completed. It is interesting to note that this plan does not appear to have been delivered. In addition to this, from August 2006, the Programme Board approved to withdraw HR staff from attending interviews with line managers. It is concerning to note that a senior HR officer pointed out to the Board that recruitment & selection training had not been on the corporate training programme for some time and additionally, the policy & guidance in place at that time was not "fit for purpose". However, the policy of removing HR staff was still rolled out As an example, it is submitted that allowing potentially untrained managers to undertake this task may have led to litigation claims on equalities grounds etc.	Training is a key component of a change management strategy. Training needs should be analysed and a programme planned, agreed and implemented sufficiently early in the project to ensure that the authority is not exposed to unnecessary risks.	Significant

Ref	Objectives	Risk	Findings	Recommendation	Categorisation
4.7.1	To ensure that appropriate performance monitoring took place throughout the programme.	Objectives are not met. Costs over run diminishing the benefits of the change programme.	A review of Programme Board minutes indicates that there doesn't appear to be any review back against the business case to reassess that the programme deliverables are still relevant etc. If the business case becomes unviable, it will not be worth continuing with the project and incurring further costs and resource utilisation.	The validity of the business case should be regularly reviewed as part of the programme management monitoring arrangements to allow consideration of whether to continue further with the programme.	Significant
			Our discussions with members of the Programme Board provided contradicting answers in terms of whether the proposed Shared Service Centre was ever likely to be fully implemented. However, our review of Programme Board minutes and other project documentation indicate that the proposal was never subject to sufficient challenge by the Board.		
			The implementation of milestone reviews such as OGC gateway reviews would have involved a review of the business case and this would have been the ideal opportunity to review and document the viability of the original business case as the project progressed.		
			References are made to costs in terms of difficulties in estimating redundancy costs in Programme Board minutes. However, there is no reporting of actual costs to the Board at any stage. The PID makes an estimate of costs at the outset but does not include an estimate of redundancy costs. To illustrate this, in December 2006 the interim Chief Executive queried a lack of programme budget and suggested that a designated budget may be needed	Project budgets should be set and monitored more stringently to ensure that expenditure is not excessive and does not severely impact on the savings achieved by the project. The creation of a cost centre on the Council's financial system would have assisted with this.	Significant
			At the time of writing this report we have not been provided with details of the actual costs of the programme. It is acknowledged that there may not have been a requirement to report these to members; however we would expect that controls over the programme would include consideration of its costs.	Costs of strategic projects should be presented along with savings. This will allow the efficiency savings of the project to be demonstrated in real terms. Where the costs of a project are greater than the initial savings, the use of calculations to identify payback period could be considered.	Merits Attention

Ref	Objectives	Risk	Findings	Recommendation	Categorisation
4.8.1	To ensure that a post project evaluation review was conducted to review outcomes against objectives and to identify good practice and lessons learned.	Lessons are not learned from the project. (Both good and bad!)	On 2nd April 2007 Corporate Services Overview and Scrutiny Committee meeting reviewed the project and it was then reduced in status from being a flagship project. The Chair of the Programme Board confirmed there had been no post implementation review and no project report prepared. It is felt that without a Post Implementation Review, it is difficult to demonstrate that the investment in the programme of business change was worthwhile. One of the objectives of an end of project report would have been to learn lessons and feed them back into BCBC project management processes for the future benefit of the organisation. It is felt that such reviews should be carried out as part of the organisation's normal practice. It is felt that the more rigorous application of a project management methodology would have promoted this.	Future projects of this nature should encompass a post implementation review to ensure that benefits from the project can be demonstrated. An end of project report should have been prepared to identify lessons learned, both good and bad, to carry forward onto future projects.	Significant

5. Management Action Plan

Rec. No.	Recommendation	Categorisation	Para. No.	Agreed	Management Comments	Officer Responsible	Date to be implemented
1	Detailed options appraisal should be carried out to an appropriate level at the outset of a project to identify suitable directions for strategic change. This should include a more in depth and evidential evaluation of potential outcomes expected from the business change both financial and operational.	Significant	4.1.1		This report seems to indicate that the project approach taken was not thought through at the outset and that options were debated and selected after the commencement of the project, not before. This is evidenced by the fact that many aspects of the project were removed/not implemented, partly due to capacity issues but also due to a belief (right or wrong) that the approach decided upon was not right for Bridgend Council (see 3.3). It would seem that there was no sponsorship within the Authority for the project as defined at the outset and this sponsorship is a critical success factor for such a project as this. The report indicates that the project was initiated at a time of "significant change for BCBC at Senior Management level" and one would assume that this recommendation would be applied if this were happening now.		In place

Rec. No.	Recommendation	Categorisation	Para. No.	Agreed	Management Comments	Officer Responsible	Date to be implemented
2	The level of Board intervention and monitoring should be relative to the risks associated with the project. Where management by exception is applied, it is essential that the project has been initiated on a sound basis.	Significant	4.2.3		Projects of this importance should now be initiated according to the BCBC Programme & Management Toolkit, implemented in July 2008. Compliance with the 2008 toolkit would fulfil this recommendation. (see 3.7)		In place
3	Resource availability should be agreed prior to the signing off of the Project Initiation Document.	Significant	4.3.1		The BCBC Programme & Project Management toolkit requires that a Project Initiation Document is signed off by the Project Sponsor and the Project Board. Prior to this approval, resource managers should be consulted regarding the availability of the required resource. The Project Board must then have sufficient representation that all resources are explicitly committed as the Board approves the PID. A PID without clear resource allocation should not be approved. Compliance with the toolkit would fulfil this recommendation. (see 3.7)		In place
4	Baseline levels of service standards should be measured at the outset of projects to enhance the business case for the project and facilitate both the demonstration of business as usual throughout the project and enhancements to the service at its conclusion.	Significant	4.4.1		Since the introduction (in 2007) of Quarterly Business Reviews for all services, it is more likely that service performance can be monitored before, during and after the project and process of change		In place

Rec. No.	Recommendation	Categorisation	Para. No.	Agreed	Management Comments	Officer Responsible	Date to be implemented
5	Training is a key component of a change management strategy. Training needs should be analysed and a programme planned, agreed and implemented sufficiently early in the project to ensure that the authority is not exposed to unnecessary risks.	Significant	4.6.1		Training plans should be included in the over-arching project plan as a matter of course and the resources for this committed at the point the PID is signed off. Compliance with the toolkit would fulfil this recommendation. (see 3.7)		In place
6	The validity of the business case should be regularly reviewed as part of the programme management monitoring arrangements to allow consideration of whether to continue further with the programme.	Significant	4.7.1		The BCBC Programme & Project Management toolkit requires that the Business Case for a project is reviewed throughout the lifecycle of the project, specifically when changes are agreed, and at stage boundaries when decisions are made to proceed to the next stage. If the business case is no longer viable, this requires management attention and decision. Options should be investigated to keep the project viable. In the extreme this can result in early project closure. Compliance with the toolkit would fulfil this recommendation. (see 3.7)		In place

Rec. No.	Recommendation	Categorisation	Para. No.	Agreed	Management Comments	Officer Responsible	Date to be implemented
7	Project budgets should be set and monitored more stringently to ensure that expenditure is not excessive and does not severely impact on the savings achieved by the project. The creation of a cost centre on the Council's financial system would have assisted with this	Significant	4.7.1		Control and access to information regarding the project budget is essential to allow the project manager to monitor project performance against estimates. To have project financial information readily available from the financial system would be ideal, by means of a project code or a specific cost centre for the project. This information and the financial support is often not readily available to project managers The Manager Programme & Project Management Centre of Excellence has indicated willingness to take this forward as a joint action with Finance to standardise how this is approached.	Manager Programme & Project Management Centre of Excellence.	

Rec. No.	Recommendation	Categorisation	Para. No.	Agreed	Management Comments	Officer Responsible	Date to be implemented
8	Future projects of this nature should encompass a post implementation review to ensure that benefits from the project can be demonstrated. An end of project report should have been prepared to identify lessons learned, both good and bad, to carry forward onto future projects.	Significant	4.8.1		The BCBC Programme & Project Management toolkit requires that a project cannot complete without a review of project performance and a proactive process to evaluate lessons learned, resulting in an end of Project Report. In the recent past, end of project reviews have been undertaken more routinely (although not universally) and this practice must be encouraged. The Centre of Excellence for Programme and Project Management is available to facilitate this process and fulfils the function to share the information and required remedial actions across the Authority and with other projects. Compliance with the toolkit would fulfil this recommendation. (see 3.7)		In place
9	Where the programme Managers terms of reference are changed, the new terms and their agreement and approval should be documented. In a well managed project there should be no ambiguity over individual and collective roles and responsibilities.	Merits attention	4.2.3		Clarity on roles is explicitly required in the BCBC Programme & Project Management toolkit. Where external resource is used this must be even more stringently applied and the TOR should form part of the commercial contract between the Authority and the supplier. Since the introduction of the 2008 BCBC toolkit, all external project managers should be introduced to the toolkit and be required to use it as part of TOR.		In place

Rec. No.	Recommendation	Categorisation	Para. No.	Agreed	Management Comments	Officer Responsible	Date to be implemented
10	Timescales should be attached to deliverables prior to the agreement of the PID.	Merits attention	4.4.1		The BCBC Programme & Project Management toolkit requires that a project plan is attached to the PID prior to signing. Compliance with the toolkit would fulfil this recommendation. (see 3.7)		In place
11	It is best practice for ownership of risks to be assigned to individuals with timescales set for mitigating action.	Merits attention	4.5.1		The risk/issue tracker template within the BCBC Programme & Project Management toolkit explicitly requires actions, owners, and timescales to be recorded for risks and issues. Compliance with the toolkit would fulfil this recommendation. (see 3.7)		In place
12	It would be beneficial to consider input to the risk register on the part of project team members.	Merits attention	4.5.1		The risk/issue tracker should be a "live" document, discussed and maintained at project team level and, where escalated, the Project Board. The Project Manager is responsible for ensuring the tracker is maintained. Everyone involved in the project is responsible for proactively raising and managing risk and issues as required, and should be encouraged to do so. The term "tracker" indicates the more proactive approach adopted in the 2008 toolkit (as opposed to the more commonly used "register")		In place

Rec. No.	Recommendation	Categorisation	Para. No.	Agreed	Management Comments	Officer Responsible	Date to be implemented
13	Costs of strategic projects should be presented along with savings. This will allow the efficiency savings of the project to be demonstrated in real terms. Where the costs of a project are greater than the initial savings, the use of calculations to identify payback period could be considered.	Merits attention	4..7.1		The BCBC Programme & Project Management toolkit contains a fairly rigorous Business Case template which requires all costs, savings, and "intangible benefits". For a project such as this, a fully quantified business case would have been a non-trivial exercise and quite onerous to prepare, but this would have helped keep the evaluation of project performance on track. Specialist financial support would be required throughout the project to achieve this correctly and this financial skill/resource should be deployed in projects of this nature.		In place

Explanation of Categorisations for Audit Reports

Individual Recommendations

For each control reviewed, where it was established that the control is either not in place or is in place but not being adhered to, a recommendation will be made. Each recommendation will be given a categorisation based upon the severity of the missing control. The categorisations are as follows:

Fundamental - action that is considered imperative to ensure that the Authority is not exposed to high risks;

Significant - action that is considered necessary to avoid exposure to significant risks;

Merits attention - action that is considered desirable and should result in enhanced control or better value for money (VFM).

Individual Controls & Overall Report

The objective of an audit is to evaluate the system with a view to delivering reasonable assurance as to the adequacy of the application of the internal control system. The control system is put in place to ensure that risks to the achievement of the Authority's objectives are managed effectively.

Based upon the recommendations made, the categorisation of them and the areas that they relate to, an overall conclusion as to the level of assurance that can be provided will be given, as below:

Substantial Assurance
- Key controls exist and are applied consistently and effectively; and,
- Objectives are being achieved efficiently, effectively and economically (VFM).

Adequate Assurance
- Key controls exist but there may be some inconsistency in application;
- Compensating controls operating effectively; and,
- Objectives achieved after a fashion, e.g. VFM could be improved.

(some risk of loss, fraud, impropriety, or damage to reputation)

Limited Assurance
- Key controls exist but they are not applied, or significant evidence that they are not applied consistently and effectively; and,
- Objectives are not being met, or are being met without achieving VFM.

(a high risk of loss, fraud, impropriety, or damage to reputation)

No Assurance
- Key controls do not exist; and,
- Objectives are either not met, or are met without achieving VFM.

(a very high risk of loss, fraud, impropriety, or damage to reputation)