



Projects Benefits Realisation (Transformation)

2019/20

Final Report

Issue Date: 3rd October 2019

Executive Summary

Audit Opinion		Recommendation Summary	
	<h2>Partial</h2> <p>In relation to the areas reviewed and the controls found to be in place, some key risks are not well managed, and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.</p>	Priority	Number
		Priority 1	3
		Priority 2	2
		Priority 3	1
		Total	6

Audit Conclusion

The stated aim of the Management of Change budget is to fund the cost of transformational projects. Findings indicate that in practice the budget was used primarily to fund the staffing costs of specific projects, redundancy costs and temporary senior posts within the Authority. The transformational nature of much that was funded in 2018/19 is questionable. This issue has been acknowledged by the Head of Finance and work has been carried out by the EMT and Corporate Director - Transformation to address the issue as regard projects funded in 2019/20, to ensure that Management of Change funding contributes to Vision 2025 transformational activity.

From an audit sample of five projects funded in 2018/19 by the Management of Change budget, in two instances business cases were not made available for audit purposes. A business case should set out the benefits of a project and the process to measure, monitor and report on those benefits. A comprehensive business case is therefore the key document for the identification of benefits and for ensuring that they are realised within the planned timeframe. If benefits are not established and monitored there is a risk that the project will not deliver its objectives.

Funding from the Management of Change budget is approved by EMT, but the approval is not clearly recorded. Despite authorising funding, the EMT does not receive any reports/information setting out the progress of projects and on the monitoring and attainment of the stated benefits.

The management response to this report gave assurances that changes have been implemented to create more formal processes surrounding project benefit realisation, where applicable, management comments have been included below in the Agreed Action sections. The management response included the following comment:

“The monthly budget report to senior leadership team and cabinet sets out the delivery of the savings plan, and those savings equate to the benefits underpinning the use of the Transformation funding. New monitoring paperwork on the Transformation spend is also in place, and business cases requesting funding are also formalised and require approval. In essence all recommendations in this report have been accepted and implemented.”

Background

This review focused on projects funded by the Management of Change budget only and not on other corporate projects funded by different means. The Management of Change budget has been in place since 2014/15 and aims to fund transformational activity/ projects within the Authority.

A sum of £2,000,000 was included in the 2018/19 FRM to fund the Management of Change. The budget was held centrally under the Growth & Savings cost centre and is the responsibility of the Head of Finance (Section 151) and EMT. In 2019/20 there was a change in the method of funding, with transformational costs now being funded by the Capitalisation Directive i.e. by capital receipts.

Corporate Risk Assessment

Objective

To ensure that the benefits identified in the programme or project business case, funded by the Management of Change budget, are realised within the planned timeframe.

Risk	Inherent Risk Assessment	Manager's Initial Assessment	Auditor's Assessment
The expected programme or project benefits are not realised, resulting in failure to deliver objectives and potential missed opportunities.	High	Medium	High

Scope

The review looked at a sample of projects/ programmes that are ongoing or recently completed, they are considered transformational in nature and receive funding from the Management of Change budget. The following aspects of each project/programme was examined:

- The benefits of the project/programme as set out in the business case.
- The process to measure, monitor and report on the benefits.
- The post implementation review of the realisation of benefits.

Findings and Outcomes

Summary of Control Framework

Comprehensive business cases linked to corporate aims and objectives, setting out the expected benefits and how these will be realised, measured, monitored and reported are not prepared for every project.

Processes are not always in place to ensure project benefits are measured, monitored and reported within the service area. No arrangements are in place for periodic reporting to the EMT on the progress of projects.

There was no evidence that on completion of projects, a post implementation review and analysis of benefits against those identified within the original business case are undertaken.

1.	The expected programme or project benefits are not realised, resulting in failure to deliver objectives and potential missed opportunities.	High
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1.1	Finding and Action
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Issue	Risk
Unavailability of business cases to support funding.	Inappropriate funding of projects from the Management of Change budget.

Findings

From an Audit sample of five projects funded in 18/19 by the Management of Change fund, in two instances business cases were not made available for audit purposes and therefore there was no evidence of the existence of an approved business case. Responsibility for the approval of business cases lies with the individual service areas and typically with the respective Head of Service. Without a business case, there is no evidence of the transformational nature of a project which is a requirement for funding from the Management of Change budget.

Recommendation

We recommend that Management of Change funding should only be considered upon receipt of a business case, formally approved by the relevant Head of Service (or as appropriate). A copy of the business case should be retained as supporting documentation for the purposes of Management of Change Funding.	Priority Score	1
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Agreed Action	Timescale	Implemented
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A business case is now always completed for a funding request - this sets out what will be delivered as a benefit i.e. a saving delivered through transformation / change. It requires formal approval through the Transformation Director.	Responsible Officer	Corporate Director Transformation
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1.2 Finding and Action		
Issue	Risk	
Approval by EMT of individual projects is not evident.	Inappropriate funding of projects from the Management of Change budget.	
Findings		
Projects funded by the Management of Change Fund are recorded on a spreadsheet by the Finance Business Partner. Although this spreadsheet is made available to EMT who are responsible for approving funding for the projects, the approval for individual projects does not appear in the minutes of EMT.		
Recommendation		
We recommend that approval by the EMT for the funding of individual projects by the Management of Change Fund is clearly recorded.	Priority Score	3
Agreed Action	Timescale	Implemented
The business case has formal sign off with the Transformation Director and then added into the monitoring table, when she is confident about the strength of that case and its delivery.	Responsible Officer	Corporate Director Transformation

1.3 Finding and Action		
Issue	Risk	
Business cases not setting out details of how benefits will be measured and monitored.	Project benefits not realised and failure to deliver objectives of the project.	
Findings		
Included in the contents of the three business cases that were made available for audit purposes was the majority of expected standard information. The information included within two of these business cases, together with supporting information provided, was comprehensive. Within the third business case reviewed, no details regarding how the benefits will be measured or monitored are set out.		
Recommendation		
We recommend that all business cases should provide details of how specified benefits will be measured, monitored and reported upon.	Priority Score	1
Agreed Action	Timescale	Implemented
The business case has a level of detail that links back into the Services savings plan and delivery of these savings evidences the benefit realisation. The savings are monitored through the monthly report to Cabinet and Senior Leadership Team. The Transformation fund is monitored each month for spend and slippage, again this is monitored through the monthly report.	Responsible Officer	Head of Finance

1.4 Finding and Action		
Issue	Risk	
No arrangement within service area for monitoring of projects.	Project benefits not realised and failure to deliver objectives of the project.	
Findings		
Of the sample selected for review, only two projects were found to have arrangements in place within the service area, for measuring, monitoring and reporting on the stated benefits. In the remaining three projects there was no evidence that the service area was monitoring and reporting on the progress of the projects.		
Recommendation		
We recommend that all business cases and/or supporting documentation should set out the arrangements in place within the service area, for the measurement, monitoring and reporting of the stated benefits of the project.	Priority Score	2
Agreed Action	Timescale	Ongoing
As per previous actions, and we have a savings tracker that is monitored each month as part of the finance report to SLT and cabinet – this sets out the achievement of savings and where there are risks, these are challenged with the aim to get back on track even if at a slower pace. These are then summarised at year end and where the full anticipated savings are undelivered the balance is rolled forward into the following year and monitored for achievement. It is expected that benefits / savings are delivered in full, even if their delivery time slips.	Responsible Officer	Heads of Service Head of Finance

1.5 Finding and Action		
Issue	Risk	
No periodic monitoring information received by EMT.	Project benefits not realised and failure to deliver objectives of the project.	
Findings		
Despite authorising funding from the Management of Change Fund, the EMT does not receive any reports/information setting out the progress of projects and on the monitoring of the stated benefits. The Head of Finance confirmed that a full benefit realisation exercise supported by documentation was not carried out as part of the recent review carried out by EMT. No arrangements are in place for the EMT to monitor projects funded by the Management of Change budget as regard the realisation of benefits.		
Recommendation		
We recommend the introduction of periodic reporting to the EMT, on projects funded by the Management of Change Fund, on the progress of projects and the attainment of stated benefits.	Priority Score	1
Agreed Action	Timescale	Implemented
We also monitor the spend of the Transformation pot and ensure it is used appropriately. We can see where there is slippage that can be reallocated, or the profiling needs to be flexed over more than one year. And this summary is also monitored through the monthly report and at year end.	Responsible Officer	Head of Finance

1.6 Finding and Action		
Issue	Risk	
No evidence of the carrying out of post implementation benefit realisation reviews.	Project benefits not realised and failure to deliver objectives of the project.	
Findings		
It is understood that three of the projects included in the audit sample are complete. No information on post project review on the realisation of benefits was made available at the time of the audit review. Recent changes in the Authority's management structure and the high number of senior officers who left the Authority, was found to be a factor in the unavailability of information on post implementation reviews of project benefits.		
Recommendation		
We recommend that a post implementation benefit realisation review takes place upon the completion of every project. Where applicable, continuity arrangements need to be put in place to ensure a review takes place despite changes such as the restructuring of service areas.	Priority Score	2
Agreed Action	Timescale	
Noting the savings delivered equate to the benefit realisation, the review that takes place is ongoing through the year, and under delivery sees the shortfall being rolled forward into the next year for that service. Where the service wants to offer up an alternative proposal for that shortfall, they have to provide evidence and equality impact assessments before approval is given to change the savings plan.	Responsible Officer	

Audit Framework and Definitions

Assurance Definitions

None	The areas reviewed were found to be inadequately controlled. Risks are not well managed, and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Partial	In relation to the areas reviewed and the controls found to be in place, some key risks are not well managed, and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Reasonable	Most of the areas reviewed were found to be adequately controlled. Generally, risks are well managed, but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Substantial	The areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.

Definition of Corporate Risks

Risk	Reporting Implications
High	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.
Medium	Issues which should be addressed by management in their areas of responsibility.
Low	Issues of a minor nature or best practice where some improvement can be made.

Categorisation of Recommendations

In addition to the corporate risk assessment it is important that management know how important the recommendation is to their service. Each recommendation has been given a priority rating at service level with the following definitions:

Priority 1	Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of management.
Priority 2	Important findings that need to be resolved by management.
Priority 3	Finding that requires attention.

Authors and Distribution

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