

# Internal Audit Shared Service Draft Terms of Reference

## Internal Audit Plan 2018/19

## Programmes and Transformation

## December 2018

## Introduction and Ownership

The purpose of this Terms of Reference is to set out our work programme for the review of the design of controls and governance arrangements surrounding Programmes and Transformation within the Council. This audit was not included within the 2018-19 audit plan approved by the Audit Committee in March 2018, and is being undertaken as a special review at the request of the Audit Committee.

Councillor Nick Wayne (Chair of the Audit Committee) will take ownership of this review and will be responsible for agreeing the Terms of Reference. Roger Dunlop (Head of Transformation) will also be consulted.

## Background

The Council's Audit Committee recently resolved to conduct an annual deep dive into an area of assurance that would have a positive impact Council-wide. It was agreed that, in 2018-19, this review would focus on programme governance arrangements given the level of transformation currently underway across the Council.

The Council currently has a focus on transformation to enable the authority to continue to operate as a well-run council. The Council has a number of transformation and change initiatives planned, which will be delivered as cross cutting ventures as well as within individual Council departments. It is anticipated that the Council's newly created Programme Management Office (PMO) will enhance programme and project governance and so support wider transformation and change initiatives.

The primary purpose of this review to advise the PMO during its initial creation and assess the adequacy of the design of controls to be introduced by the PMO.

## Service Objective

The aim of the PMO is to improve how the Council approaches and manages programmes, projects and change activities and therefore support the Council to achieve its overall objectives. The main objectives of the PMO are to:

- Provide the senior leadership team with clear oversight of key programmes and how they are progressing;
- Help senior leaders to prioritise change initiatives by providing a more structured approach to project initiation;
- Provide scrutiny and challenge to key programmes and ensure that they are managing key risks and are on track to deliver the expected outcomes / benefits; and
- Develop tools, templates and guidance to help drive quality and consistency.

## Scope

The review will focus on the design of the controls/governance arrangements that the PMO plans to introduce in order to achieve the objectives outlined above. To inform this, Internal Audit's twelve elements of project / programme management excellence will be utilised (see appendix A) and will form the basis of the assessment of the PMO's proposed controls. The twelve elements represent good practice project and programme management controls and have been developed based on extensive experience of delivering and assuring projects and programmes and enables any weaknesses in controls to be identified.

## Audit objective and approach

Internal Audit will work with the PMO team in an advisory capacity to provide input into the design of PMO controls during its initial creation. Our review will include the following activities:

- Consider the adequacy of the proposed design of the PMO;
- Consider the design of proposed controls introduced by the PMO for programmes to utilise;
- Offer input on good practice aligned to the twelve elements (see appendix A) and lessons learnt from other Councils and programmes;
- Consider how the PMO is publicised and reaches out to key programmes;
- Reviewing pertinent documentation, such as any governance documents created or standard templates introduced for programmes to utilise; and
- Interview key members of PMO staff.

## Limitations of Scope

The scope of our work is limited to the procedures outlined in the scope section above. We will not undertake any additional detailed testing over specific programmes as part of this review.

## Output

The principal output from this review will be a management letter summarising the activities undertaken and highlighting any activities where the PMO may wish to undertake further work to strengthen the controls.

## Proposed timescales

Action	Date
Agreement of terms of reference	December 2018
Fieldwork start	Early January 2019
Fieldwork complete	Mid January 2019
Draft management letter to client	End January 2019
Response by client	Early February 2019
Final management letter	End February 2019

## Contacts

### Internal Audit

**Nasreen Khan** – Head of Internal Audit, Investigations and Risk Management

**Darren Armstrong** – Internal Audit Manager

**Dylan Emmons** – Internal Audit Supervisor

**Katie Lynch** – Programme Lead

### Council Contacts

**Councillor Nick Wayne** - Chair of Audit Committee

**Roger Dunlop** – Head of Transformation

**Alan Layton** – Service Director – Financial Management

**Nicki Beardmore** – Director of Finance

**Lesley Seary** – Chief Executive (final report only)

## Appendix 1 – Twelve Elements of Project / Programme Management Excellence

### *Twelve Elements Model*

#### Managed risks and opportunities

- Effective risk and issue management is based upon ensuring that the process is fit for purpose – i.e. it provides challenge and scrutiny to the project without placing excessive burden on the project team

#### Embedded life-cycle assurance and learning

- A project's assurance needs should be mapped over its lifecycle in order to ensure that the right assurance is provided at the right time
- Assurance activity should be prioritised according to the specific context, content and risk profile of the project

#### Focused benefits management

- Benefits management is one of the cornerstones of project success
- The diagnostic considers the following four key facets of benefits management: Benefits governance, Benefits identification and planning, Benefits management and realisation, and continuous improvement

#### Smart financing

- Project costs and budgets should be managed to ensure that the expected benefits accrue to the organisation within the specified financial constraints
- If costs become out of control or are significantly higher than expected, the project may no longer be viable or cost-effective

#### Active quality management

- This is the development and implementation of an approach and plan to monitor and evaluate the quality of the work performed within a project
- It ensures that individual deliverables are produced and project activities are conducted in line with requirements and expectations

#### Engaged stakeholders

- It is essential that stakeholders are identified, assessed and managed on an ongoing basis throughout the project
- It is important to work with key stakeholders as they are critical in driving success

#### Integrated suppliers

- Most projects involve a number of suppliers who work together to play a part in delivering the project
- It is important to consider the nature of each of these suppliers, their respective roles within the project and their relationships to each other

#### Clear scope

- It is important to have agreement on a clearly defined and documented project scope, as this provides the boundaries within which the project and its workstreams will deliver
- Undefined scope creates significant risk to delivering business outcomes and benefits on time and within budget

#### Agile change control

- Change control arrangements are used to manage changes to scope, requirements (business and technical), deliverables and intended benefits that impact the project baseline, timing or cost

#### Delivery-enabling plans

- Plans provide the foundation upon which good projects are successfully delivered
- They provide the base against which overall progress can be measured, showing in advance whether targets are achievable or not

#### Strong governance and reporting

- The primary focus of governance is on the achievement of business outcomes and benefits, although key project outputs should be reported to the steering committee as indicators that the project is on track

#### High-performing teams

- Resource management is the process of ensuring that the project has access to adequate numbers of resources with the correct skill sets and experience
- It also addresses the need to provide resources with all the necessary facilities to perform their roles, as well as motivation through performance management processes

