

Sheffield City Region Mayoral Combined Authority

Programme Management Review

February 2020

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- Ruth Adams, Deputy Managing Director
- Steve Davenport, Monitoring Officer
- Noel Oneill, Interim Group Chief Financial Officer
- Mike Thomas, Interim Head of Financial Services
- Sue Sykes, Assistant Director, Programme and Performance Unit
- Carl Howard, Senior Programme Manager
- Claire James, Senior Governance & Compliance Officer

For action:

- Carl Howard, Senior Programme Manager

Responsible Executive:

- Sue Sykes, Assistant Director, Programme and Performance Unit

This report is confidential and is intended for use by the management and directors of Sheffield City Region Mayoral Combined Authority. It forms part of our continuing dialogue with you. It should not be made available, in whole or in part, to any third party without our prior written consent. We do not accept responsibility for any reliance that third parties may place upon this report. Any third party relying on this report does so entirely at its own risk. We accept no liability to any third party for any loss or damage suffered or costs incurred, arising out of or in connection with the use of this report, however such loss or damage is caused.

It is the responsibility solely of the entities management and directors to ensure there are adequate arrangements in place in relation to risk management, governance, control and value for money.

Executive Summary

Background

Programme management is the coordinated management of a portfolio of projects to achieve a set of business objectives. There are the four stages in programme management:

- Programme identification
- Programme planning
- Programme delivery
- Programme closure

Sheffield City Region Mayoral Combined Authority's (SCRMCA) Programme Management function was previously split into two functions:

- Programme identification, planning and commissioning were completed by the Programme Management Office (PMO); and
- Delivery and project / contract management by the Operational Contracts Team.

These functions have recently merged to form the Programme Performance Unit, where the end to end Programme Management Cycle is now completed. Governance arrangements and processes are still embedding.

Programmes are funded via successful bids for funding through a number of key funding streams including the Local Growth Fund, Department for Transport and Transforming Cities etc. The programmes are delivered via a number of related projects. Each project is allocated a Project Manager and supported by a project team.

We selected the following programmes for audit testing

- Sheffield College - Digital Engineering Skills Development Network
- LGF Housing - Falstaff Phase 3 - Sheffield Housing Company
- Sheffield Package of Cycling Infrastructure Improvements - Sheffield City Council
- One Public Estate

Objectives

Subject to the limitations and scope of contractual arrangements, our review focused on the following potential risk areas:

- Governance arrangements are not robust. Roles and responsibilities, management oversight, monitoring and reporting arrangements are not clearly defined.
- Policy and procedures do not adequately set out the arrangements in place for managing programmes.
- Non-compliance with policy and procedures.
- Inadequate project management arrangements, including risk management arrangements may lead to the non-achievement of programme delivery targets.
- Inadequate ownership and accountability arrangements may lead to ineffective planning and delivery of programmes.
- Inadequate post project evaluation reviews may not identify learning for future projects.

Further details on responsibilities, approach and scope are included the Audit Planning Brief issued in December 2019.

Limitations in scope

Please note that our conclusion is limited by scope. It is limited to the risks outlined above. Other risks exist in this process which our review and therefore our conclusion has not considered. Where sample testing has been undertaken, our findings and conclusions are limited to the items selected for testing. In addition, our assurance on the completeness of the declarations recorded in the register of interest is limited to the findings from our sample testing.

This report does not constitute an assurance engagement as set out under ISAE 3000.

Executive Summary

Conclusion

Significant assurance with some improvement required

We have reviewed SCRMCAs arrangements regarding Programme Management. The scope of the audit is set out in our Audit Planning Brief.

We have concluded that the processes provide **SIGNIFICANT ASSURANCE WITH SOME IMPROVEMENT REQUIREMENT** to the Committee.

Good practice

We have identified the following areas of good practice:

- The Assurance Framework which sets out how potential investments will be appraised, prioritised, approved, and delivered; the respective roles and responsibilities of those involved and how the progress and impacts of these investments will be monitored and evaluated has been robustly developed and is regularly reviewed.
- The appraisal process when considering to proceed with programmes and whether they represent value for money is suitably designed and ensures business cases are sufficiently scrutinised by the SCR Exec Team and Board.
- The quarterly Project Details Sheet (PDS) which are completed by the funding recipient project manager and reviewed by the SCRMCAs programme manager appropriately monitor the progress of projects and capture key milestones, issues and risks.
- There is a detailed approach adopted in regards to evaluation of programmes and ensuring future learning is appropriately disseminated. This is largely set out in the Assurance Framework. From our review of the various SCRMCAs Committees we have confirmed that programmes are appropriately monitored and evaluated against intended outputs.

Areas for development

We have identified a couple of areas which require improvement including:

- The final version of the Business cases, signed and dated by all parties, was not always held on file.
- The programme monitoring procedures outlined in the Assurance Framework are not always consistently applied to all funding streams.

Recommendations

Based on our findings, we have raised two low risk recommendations:

	High	Med	Low	Imp
Detailed findings	-	-	2	-

Acknowledgement

We would like to take this opportunity to thank your staff for their co-operation during this internal audit.

Action Plan

In this section we set out the detailed findings arising from our work. Details of what each of the ratings represents can be found in Appendix 2.

Risk Area	Findings and Recommendation	Action Plan
<p>Inadequate project management arrangements, including risk management arrangements may lead to the non-achievement of programme delivery targets.</p>	<p>Key findings</p> <p>As part of the Assurance Programme investment appraisal process, a Strategic Business Case, Outline Business Case and Full Business Case is developed and presented for proportionate appraisal to assess the merits of the application, its strategic fit and value for money. During our detailed testing of a sample of projects which are currently in progress it was noted that the final version of the Business cases, signed and dated by all parties, was not always held on file by SCRMCA. It is accepted that SCRMCA are chasing up receipt of these documents.</p> <p>Recommendations</p> <p>Issue identified:</p> <ul style="list-style-type: none"> The Strategic, Outline and Full Business Cases may not be signed and dated by all partners. <p>Risk:</p> <ul style="list-style-type: none"> Programmes do not meet the Authority's expectations. <p>Recommendations:</p> <ul style="list-style-type: none"> SCRMCA to use best endeavours to ensure that all final signed documents are held on file. 	<p>Actions:</p> <p>Recommendation Agreed. SCRMCA will use best endeavours to ensure that all final signed documents are held on file.</p> <p>Responsible Officer:</p> <p>Carl Howard, Senior Programme Manager</p> <p>Executive Lead:</p> <p>Sue Sykes – Assistant Director - Programme and Performance Unit</p> <p>Due date: 31st March 2020</p>

Action Plan

Issue	Findings and Recommendation	Action Plan
<p>Inadequate project management arrangements, including risk management arrangements may lead to the non-achievement of programme delivery targets.</p>	<p>Key findings</p> <ul style="list-style-type: none"> ▪ With regards to the programme monitoring arrangements in place, the current assurance framework is not consistently applied to all funding streams. There are two processes dependent on whether SCRMCA is applying for and receiving money or whether they are assessing individual bids which are applying for funding they administer. The LGF forms, process and Assurance Framework is the starting point for any new funds (other than LGF) they receive, but there are some tweaks in individual cases dependent on several factors such as scale of the funding pot, timescales or Government requirements for example. This is particularly true for small scale Programmes such as OPE where monitoring processes are commensurate with the amount of funding granted. ▪ As part of the plan to have a single pot of devolution monies SCRMCA is exploring how they can better bring together several different funding streams and standardise existing processes, so that the current Assurance Framework fully applies to all funds received. This would help ensure clarity over the required approval/monitoring processes required for each funding stream. <p>Recommendations</p> <p>Issue identified:</p> <ul style="list-style-type: none"> • The SCRMCA programme monitoring arrangements as set out in the Assurance Framework are not consistently applied to all funding streams. <p>Risk:</p> <ul style="list-style-type: none"> • SCRMCA may not be applying an appropriate level of monitoring to all projects <p>Recommendations:</p> <ul style="list-style-type: none"> • SCRMCA should further develop the Assurance Framework to enable the programme monitoring approach to be proportionate to the level of risk. 	<p>Actions:</p> <p>Recommendation Agreed</p> <p>SCRMCA will further develop the Assurance Framework to enable the programme monitoring approach to be proportionate to the level of risk.</p> <p>Responsible Officer:</p> <p>Carl Howard, Senior Programme Manager</p> <p>Executive Lead:</p> <p>Sue Sykes – Assistant Director - Programme and Performance Unit</p> <p>Due date: 31st March 2020</p>

Appendices

Appendix 1 – Staff involved and documents reviewed

Staff involved

- Sue Sykes – Assistant Director - Programme and Performance Unit
- Carl Howard – Senior Programme Manager

Documents reviewed

- Assurance Framework
- Assurance & Appraisal Process
- External Funding Guidance
- Financial Regulations
- Code of Corporate Governance
- Monitoring & Evaluation Framework
- Risk Management Policy & Process
- Risk Register

Appendix 2 - Our assurance levels

The table below shows the levels of assurance we provide and guidelines for how these are arrived at. We always exercise professional judgement in determining assignment assurance levels, reflective of the circumstances of each individual assignment.

Rating	Description
Significant assurance	<p>Overall, we have concluded that, in the areas examined, the risk management activities and controls are suitably designed to achieve the risk management objectives required by management.</p> <p>These activities and controls were operating with sufficient effectiveness to provide significant assurance that the related risk management objectives were achieved during the period under review.</p> <p>Might be indicated by no weaknesses in design or operation of controls and only IMPROVEMENT recommendations.</p>
Significant assurance with some improvement required	<p>Overall, we have concluded that in the areas examined, there are only minor weaknesses in the risk management activities and controls designed to achieve the risk management objectives required by management.</p> <p>Those activities and controls that we examined were operating with sufficient effectiveness to provide reasonable assurance that the related risk management objectives were achieved during the period under review.</p> <p>Might be indicated by minor weaknesses in design or operation of controls and only LOW rated recommendations.</p>
Partial assurance with improvement required	<p>Overall, we have concluded that, in the areas examined, there are some moderate weaknesses in the risk management activities and controls designed to achieve the risk management objectives required by management.</p> <p>Those activities and controls that we examined were operating with sufficient effectiveness to provide partial assurance that the related risk management objectives were achieved during the period under review.</p> <p>Might be indicated by moderate weaknesses in design or operation of controls and one or more MEDIUM or HIGH rated recommendations.</p>
No assurance	<p>Overall, we have concluded that, in the areas examined, the risk management activities and controls are not suitably designed to achieve the risk management objectives required by management.</p> <p>Those activities and controls that we examined were not operating with sufficient effectiveness to provide reasonable assurance that the related risk management objectives were achieved during the period under review</p> <p>Might be indicated by significant weaknesses in design or operation of controls and several HIGH rated recommendations.</p>

Appendix 2 - Our assurance levels (cont'd)

The table below describes how we grade our audit recommendations.

Rating	Description	Possible features
High	Findings that are fundamental to the management of risk in the business area, representing a weakness in the design or application of activities or control that requires the immediate attention of management	<ul style="list-style-type: none"> ▪ Key activity or control not designed or operating effectively ▪ Potential for fraud identified ▪ Non-compliance with key procedures / standards ▪ Non-compliance with regulation
Medium	Findings that are important to the management of risk in the business area, representing a moderate weakness in the design or application of activities or control that requires the immediate attention of management	<ul style="list-style-type: none"> ▪ Important activity or control not designed or operating effectively ▪ Impact is contained within the department and compensating controls would detect errors ▪ Possibility for fraud exists ▪ Control failures identified but not in key controls ▪ Non-compliance with procedures / standards (but not resulting in key control failure)
Low	Findings that identify non-compliance with established procedures, or which identify changes that could improve the efficiency and/or effectiveness of the activity or control but which are not vital to the management of risk in the business area.	<ul style="list-style-type: none"> ▪ Minor control design or operational weakness ▪ Minor non-compliance with procedures / standards
Improvement	Items requiring no action but which may be of interest to management or which represent best practice advice	<ul style="list-style-type: none"> ▪ Information for management ▪ Control operating but not necessarily in accordance with best practice

