



THE POLICE, FIRE AND CRIME COMMISSIONER
FOR NORTH YORKSHIRE THE CHIEF CONSTABLE
OF NORTH YORKSHIRE

Project Expenditure

FINAL Internal audit report 10.20/21

8 September 2021

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1 EXECUTIVE SUMMARY

1.1 Background

We have undertaken a review of the Police, Fire and Crime Commissioner and the Chief Constable of North Yorkshire's controls and processes in place to manage and monitor its projects; the objective of the review being to determine whether the Force has an appropriate framework in place for the preparation, inclusion, and monitoring of projects.

The Programme Management Office (PMO) is managed by the Programme Manager. Approval for projects are supported by business cases, which are presented to the Change Board. Projects are assigned a Business Analyst/Project Manager from the PMO, a senior responsible officer (SRO) and a business lead for the project area. The Project Manager provides a monthly project update to the Change Board, which outlines project delivery progress. Amendments to approved project deadlines or financials are supported by exception reports, which are approved by the Chief Finance Officers (Chief Constable and OPFCC). The January 2021 project update reported to the Change Board from the Programme Manager included 10 current projects in implementation.

Project Managers should liaise with the Finance Department accountants to outline the budgetary position in relation to each project once in implementation. To note, there are different arrangements for business as usual (BAU) activity and for potential projects where business cases are being developed.

It has been agreed with management that RSM would conduct a full review of capital expenditure as part of the 2021 / 2022 audit plan and therefore capital expenditure has not been considered fully within this report.

1.2 Conclusion

As a result of our review, we have agreed **one high** and **seven medium** priority management actions. Our review has identified significant issues in the management of project budgets, and we established that there is a detachment between change management processes (that have initiated outside of PMO or are delivered at national level) and the Finance Department. Budgetary information for some projects was limited and processes regarding communications to the Finance Department are not effective.

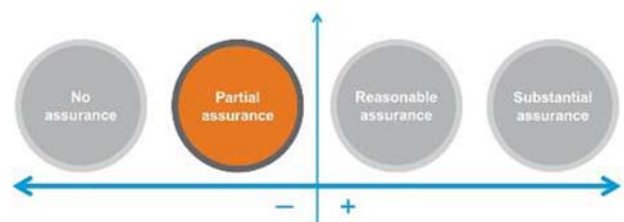
There is an insufficient level of Finance Department involvement at the initial planning stages of projects to ensure that budgets are appropriately profiled across the duration of the project, which has caused a clear issue in relation to budget setting and project slippage.

We established that the Force do not receive sufficient information in relation to national projects, which highly limits the Force's ability to adequately plan the projects, both in terms of delivery and financial planning. However, we understand other forces' experiences are similar when delivering national projects.

Internal audit opinion:

Taking account of the issues identified, the Police, Fire and Crime Commissioner for North Yorkshire and the Chief Constable of North Yorkshire can take **partial assurance** that the controls to manage this area are suitably designed and consistently applied.

Action is needed to strengthen the control framework to manage the identified area.



1.3 Key findings

We noted the following areas for improvement, resulting in **one high** and **seven medium** priority management actions:

- The Devolved Resource Manual (DRM) was last reviewed and approved in July 2016. There is a risk that documented procedures may not reflect current processes. **(Medium)**
- The Programme Manager has drafted new change management processes. At the time of this review the new processes were being tested. We understand that the previous Finance Manager was consulted on the new processes; however, we identified several issues in the lack of involvement of the Finance Department in the management of projects. The Programme Manager has outlined that these issues were inherited by the PMO or are due to issues outside of the PMO. However, given the changes in personnel and structure, the current Finance Manager should be consulted on the revised processes to ensure they are fit for purpose. Without finance consultation, there is a risk that new processes will not address current issues relating to project budget monitoring processes. **(Medium)**
- We selected five projects from the Change Board current project list and received an approved business case to support only one of the projects. For the remaining four projects:
 - one project was supported by a report only, not an approved business case:
 - two projects are national projects and therefore the Programme Manager explained that planning for these projects was not feasible due to a lack of communication at a national level. However, in one of these projects (Single Online Home), there is no budget allocated to the project as the Force's accountants have not been supplied with an approved business case. Following our review, we understand that this has now been checked between the Project Manager and the Finance Department and there is budget assigned to the project for both capital and revenue. An estimated amount was allocated at the time as the Force had no detailed information from the national team; and
 - for the remaining project (Niche), there is a briefing paper in place to support the project; however, no approved business case was on file.

The lack of business cases has highly limited our testing capacity. Where projects are not supported by an approved business case, there is a risk that the project has not received appropriate consultation or approval and may not be in line with the Force's strategy. **(High)**

- Our review highlighted a lack of consistency in the project budget monitoring process and a detachment between accountants and Project Managers from the PMO. We understand the Force are planning to adopt a Finance Business Partner approach to support budget monitoring. Where project budget monitoring processes are insufficient, there is a risk that expenditure and revenue are not adequately planned or monitored, leading to potential project slippage. **(Medium)**
- **Comms Consolidation project**

Discussions with the Project Manager and the responsible accountant established that since the original ICT Delivery Manager left the Force in January 2021, a decision was taken to separate the initial Force Control Room (FCR) project into two separately managed projects: one for comms consolidation (telephony) and the other for FCR stabilisation (APD). The original project lead sat outside of the PMO and worked within the business area. The Programme Manager has now assigned two PMO project managers.

As a result, the initial programme budget needs to be re-allocated into two separate project budgets. The project managers and accountant are working to re-allocate the approved budget. Where projects are not supported by a project manager from the PMO and are managed within the business area only, there is a risk that appropriate budget monitoring procedures are not followed, leading to confusion regarding the project budget position. **(Medium)**

- **Single Online Home (SOH)**

The Finance Department have not allocated any budget to the SOH project, as there is no approved business case in place. The project is a national project and the Programme Manager explained that the Force were provided with limited information to support project planning. As mentioned above, this was rectified post-audit once the Force had received information from the national team, and we understand that there is now a budget in place.

However, the Force have incurred expenditure relating to the project, which could not be allocated to a specific project budget. As there was no specific project budget in place, project expenditure was accrued (approximately £5,500 per year) and accounted for in the firearms licensing budget, which was identified and disputed by the budget holder. Where there is no project budget in place for national projects, there is a risk that unapproved expenditure is accrued which cannot be appropriately accounted for.

We understand that the issue regarding the project budget was raised at the time of agreement to proceed at the Change Board and when this specific cost became known, agreement was gained with the OPFCC CFO that a budget could be identified and delegated to the SRO; however, since then it has been confirmed that an estimated budget was already allocated. **(Medium)**

- **National ANPR Service (NAS)**

The NAS project was initiated in 2014 at a national level and is led by the Home Office. The purpose of the project was to replace the current National ANPR Data Centre (NADC) with NAS by 2016. There have been many delays to the project and the first release of NAS is expected for summer 2021. However, due to the delays, the Force have incurred expenditure (deductions taken from Home Office revenue) for both NAS and NADC.

The delays have been beyond the Force's control. The project manager issued a briefing paper in December 2020 to outline the issues relating to the delay in the NAS project; however, the briefing paper did not outline the financial implications resulting from the project delay and did not have any up to date information nationally on this at the time, the previous exception reports on finance were still the most up to date confirmed information at this point. We would suggest that the Force complete a reconciliation of incurred costs. The Force cannot always choose whether to run (or not run) national projects and have limited control over the execution of the project where this occurs on a national level. However, there is a risk that expenditure cannot be adequately budgeted, and costs incurred may exceed expected amounts. There is a risk that where projects are not delivered in a timely manner, systems may run out of support and therefore could pose risks to the Force's infrastructure. **(Medium)**

- The Force have a recurring problem with project slippage. As at 22 February 2021, the Force had spent only £1.9 million of its £8.9 million capital budget for the financial year 2021 / 2022 (this will be further audited by RSM during the 2021 / 2022 capital expenditure review). Whilst Covid-19 could be a potential factor in the project slippage, we understand this is an annual occurrence and includes some BAU activity.

Project slippage requests must be received by the 8 March 2021 for approval by the Chief Finance Officers (OPFCC and Chief Constable). Discussions with project managers and accountants has established that project budgets are not profiled appropriately across the duration of the project and project delivery slippage (due to internal and external factors) may occur where planning has been insufficient. For example, the lead for ANPR (which is now being progressed as BAU) is submitting a slippage request for the full annual budget for ANPR. Where the Force are slipping large amounts of project budgets on a yearly basis, this is an indication that project budgets have not been adequately planned or profiled across the duration of the project or that adequate staffing / resources are not being allocated. Where projects are slipping, there is a risk that projects will not be delivered within the required timeframe, benefits may not be achieved, and expenditure could exceed budget. **(Medium)**

We also identified the following controls that were well-designed and consistently applied:

- The PMO have developed a new prioritisation matrix for projects, which has been approved by the Change Board. The prioritisation matrix has not yet been used to prioritise projects as this is a relatively new process; however, review of the document verified that the matrix scores projects based on calculations focusing on risk, savings, legislative, benefits and change resources. All future projects will be benchmarked in the prioritisation matrix, including internal and national initiatives.
- Project managers (within PMO) submit monthly project monitoring reports to the Programme Manager. The Programme Manager reports monthly to the Change Board on project progress. Progress is highlighted through a traffic lights approach (red, amber, green). We requested the Change Board reports submitted for November, December 2020 and January 2021, and verified reported progress for five projects against the project lead's monthly reports.
- There has been no emergency expenditure for projects in the 2020 / 2021 year to date.
- The Programme Manager has drafted masterclass training sessions on new change management processes. The Programme Manager is in the process of identifying those who should attend masterclasses.

1.4 Additional information to support our conclusion

The following table highlights the number and categories of management actions made. The detailed findings section lists the specific actions agreed with management to implement.

Area	Control design not effective*		Non Compliance with controls*		Agreed actions		
	Low	Medium	High	Low	Medium	High	
Project Expenditure	0	(14)	8	(14)	0	7	1
Total	0				0	7	1

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

2 DETAILED FINDINGS

Categorisation of internal audit findings

Priority	Definition
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible regulatory scrutiny/reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, regulatory scrutiny, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

Please find our detailed observations below:

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for Management				
Project Expenditure										
1	The DRM outlines key financial processes and is available for all staff on the Force's intranet platform, The Source. The DRM is up-to-date and reflects current processes.	Yes	No	The DRM is available on the Force's intranet platform, The Source. The DRM was last reviewed and approved in July 2016, thus suggesting documented processes within the DRM may be outdated. <table border="1" data-bbox="685 1026 1592 1157"> <thead> <tr> <th>Risk exposure</th> <th>Root cause</th> </tr> </thead> <tbody> <tr> <td>The Finance Department are using outdated processes.</td> <td>The DRM was last updated in July 2016.</td> </tr> </tbody> </table>	Risk exposure	Root cause	The Finance Department are using outdated processes.	The DRM was last updated in July 2016.	Medium	The DRM will be reviewed and updated (where applicable) to ensure that the document reflects current finance processes. Implementation date: 31 December 2021 Responsible owners: Chief Finance Officer (Chief Constable) Chief Finance Officer (OPFCC) Finance Manager
Risk exposure	Root cause									
The Finance Department are using outdated processes.	The DRM was last updated in July 2016.									

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for Management				
2	<p>The Programme Manager is in the process of revising change management processes to ensure a consistent approach is adopted for the development and management of projects.</p> <p>The revised processes are being tested.</p>	Yes	No	<p>The Programme Manager is in the process of revising change management processes for the development and management of projects going forward. The new processes are still in draft format and are not yet live on the Force's intranet platform, The Source.</p> <p>We conducted a walkthrough of the new processes with the Programme Manager and confirmed that electronic forms have been developed to ensure that the necessary fields and approvals are completed at each key stage (as required), including scoping and business case submission to support projects.</p> <p>The revision of processes aims to ensure a consistent approach to the development and management of projects.</p> <p>We understand that the Programme Manager consulted the previous Finance Manager on the financial aspects within the revised processes. However, we identified several issues in the lack of involvement of the Finance Department in the management of projects. The Programme Manager has outlined that these issues were inherited by the PMO or are due to issues outside of the PMO. However, given the changes in personnel and structure, the current Finance Manager should be consulted on the revised processes to ensure they are fit for purpose.</p>	Medium	<p>The Portfolio Programme Manager will liaise with the Finance Manager for consultation on the current draft change management processes to ensure financial involvement is sufficient to enable further scrutiny in the budget setting and monitoring process for projects.</p> <p>Implementation date:</p> <p>31 October 2021</p> <p>Responsible owners:</p> <p>Portfolio Programme Manager Finance Manager</p>				
				<table border="1"> <thead> <tr> <th>Risk exposure</th> <th>Root cause</th> </tr> </thead> <tbody> <tr> <td>Revised change management processes will not ensure appropriate financial collaboration and oversight for project budget planning.</td> <td>Lack of financial involvement in the development of new change management processes.</td> </tr> </tbody> </table>	Risk exposure	Root cause	Revised change management processes will not ensure appropriate financial collaboration and oversight for project budget planning.	Lack of financial involvement in the development of new change management processes.		
Risk exposure	Root cause									
Revised change management processes will not ensure appropriate financial collaboration and oversight for project budget planning.	Lack of financial involvement in the development of new change management processes.									

3	<p>All projects are supported by an approved business case, which outlines the required budgetary resources for the project and there is appropriate evidence that the project fits the strategic direction of the organisation.</p> <p>Current processes require Change Board approval for all business cases.</p>	Yes	No	<p>We selected five projects from the list of current projects presented to the Change Board in January 2021:</p> <ul style="list-style-type: none"> • National ANPR service (NAS); • Comms consolidation; • Niche; • National Enabling Programme (NEP); and • Single Online Home (SOH). <p>We met with each project lead for the above business cases and requested the corresponding business cases. The following was noted:</p> <ul style="list-style-type: none"> • There is no business case in place for NAS, which is a national project. The project was authorised at senior officer level at the time (2014); • There is no business case for the comms consolidation project in an approved format; however, there is a briefing document in place to support the project dating back to August 2020; • We received a report for the Niche project to outline the project intentions; however, there was no approved business case in place; • The NEP project is supported by a business case, which was submitted in March 2019 and approved in July / August 2019; and • There is no business case in place for SOH. It was explained that SOH is a national project, and therefore the Force did not have sufficient time or ability to estimate the required resourcing to submit a business case. <p>Discussions with the Programme Manager established that some projects cannot be supported by a business case as they are national projects and sufficient detail is not provided in relation to resourcing and budget allocation.</p> <p>However, where business cases are not in place, there is no evidence to support whether the project fits the strategic direction of the organisation at that time or whether the project finances were approved. We note that the Force do not always have an option as to whether to run national projects.</p> <p>The Finance Department are limited in the ability to appropriately plan and account for projects; however, there is no indication as to how the Force manage national projects in the DRM. Lack of business cases has limited our testing capacity.</p>	High	<p>The Finance Department intend on revising ways of working going forward to adopt a Finance Business Partner/Integrated Business Planning approach to the management of budgets, including projects.</p> <p>A Finance Business Partner will be assigned to each project team in the planning and budget setting phase. Finance Business Partners will be retrospectively assigned to any current projects.</p> <p>Finance Business Partners will input from a financial perspective, train and assist in strengthening the control framework.</p> <p>The Portfolio Programme Management Office (PPMO) will ensure the relevant Finance Business Partner is consulted on all projects (regional or national) in the development of business cases and prior to their submission to the Change Board.</p> <p>Where information to support a full business case is not readily available (i.e. national projects), a discussion will be held with the relevant Finance Business Partner to share the project information received to date to assist in budget and business planning. The Finance Business Partner will support in ensuring a business case is appropriately developed.</p>
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Risk exposure	Root cause
Project budgets and plans are not appropriately approved, meaning that financial planning is inadequate, and the project may not fit the strategic direction of the organisation.	Business cases are not on file to support current projects.

All reports to Change Board (business cases, progress / delivery updates and exception reports) will require collaboration from the Finance Department and financial detail should not be written by the PPMO.

Implementation date:

31 December 2021

Responsible owners:

Portfolio Programme Manager

Finance Manager

Chief Finance Officer (Chief Constable)

5	Amendments to approved expenditure are supported by appropriately approved exception reports. Time tolerance is outlined as over one month, and financial tolerance is outlined as over 10% of original budget or £100,000 in addition (whichever is first).	Yes	No	<p>We met the responsible accountants and project leads for the five selected projects (as above) to understand budget monitoring processes for each project and ensure that amendments to expenditure are supported by approved exception reports.</p> <p>We identified significant issues in the collaboration between the PPMO and Finance Department for the projects selected, as outlined below:</p> <p>Comms Consolidation</p> <p>The budgetary position in respect of the Comms Consolidation project was unclear at the time of the audit. The initial project related to the Force Control Room (FCR); however, the original project lead sat within the IT Department and left the Force in January 2021. The responsibility for the project now sits with the PPMO.</p> <p>A decision was taken to divide the project into two individual projects: one project focusing on Comms Consolidation and the other on FCR stabilisation (APD). These two separate projects will be managed by two separate project managers. The initial project budget must be re-allocated into two separate projects.</p>	Medium	<p>The Finance Department intend to adopt a Finance Business Partner approach as a new way of working.</p> <p>The Finance Department and Portfolio Programme Management Office (PPMO) will outline responsibility for conducting masterclasses or training to outline the new ways of working, which will include budget monitoring processes.</p> <p>When developing the Finance Business Partner approach, the Finance Department will consider the business continuity arrangements in place if a Finance Business Partner was to be unavailable.</p>
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There is sufficient communication between project managers and accountants to ensure project budgets are monitored appropriately.

The project managers and accountant are working to re-allocate budget into two separate projects.

The project manager for Comms Consolidation outlined that an exception report for the project is pending as project delivery may not be achieved since the project relies on the completion of the NEP project.

National Enabling Programme (NEP)

The accountant responsible for managing the NEP budget has been on a period of absence. At the time of the audit, the accountant was liaising with the project manager to receive an up-to-date position on the project budget. We met with the accountant later in the audit and verified the current project position. There have been a number of exception reports submitted for the project with the latest submitted and approved in January 2021. No issues were noted.

Single Online Home (SOH)

We met with the Senior Accountant and Accountant to discuss current budgetary arrangements for the project. At the time of the audit, no detail had been provided to the Finance Department; however, detail was provided to the Change Board with finance representation in relation to the SOH project. Expenditure had been incurred for firearms licensing totalling approximately £5,500 per year; however, this was not allocated within the Head of Criminal Justice's annual budget for 2020 / 2021. There was some confusion as to which budget the expenditure should be allocated, which can be evidenced via email trails. Finance updates are provided at Change Board; however, there appears to be a detachment between the information provided and communications to respective accountants.

The Senior Accountant expressed concerns that there was no approved business case in place to support the SOH project.

The Programme Manager outlined that the SOH is a national project and due to timescales and lack of information provided nationally, the Force were unable to produce a business case and identify full costs or benefits to formally commission the work, which was reported and acknowledged at Change Board. However, as a result, there has been no budget allocation assigned to the project and any accrued expenditure has not been budgeted for. We understand that this has now been amended post-audit following further information received from the national team.

Implementation date:

31 December 2021

Responsible owners:

Chief Finance Officer (OPFCC)

Chief Finance Officer (Chief Constable)

Finance Manager

Medium

Comms Consolidation - Key decisions in respect of project management should be reported to the Change Board, including budget re-allocation decisions where key staff have changed.

The project managers and accountant will work to re-allocate the original project budget into two separate projects.

A report will be provided to the FCR Strategic Board as notification of the budget re-allocation.

Implementation date:

31 October 2021

Responsible owners:

Programme Manager

Finance Manager

We further noted that the project manager has submitted a progress report to the Programme Manager in January 2021 stating that all aspects of the project (including time, spend, risk, benefits and overall progress) are 'green' suggesting no issues. Acknowledgement of not having a business case had been accepted.

National ANPR Service (NAS)

NAS is a national project led by the Home Office to upgrade the National ANPR Data Centre (NADC) to NAS. The project was initiated in 2014 with an expected completion date of 2016. However, there have been delays to the project on a national level meaning that the Force have not yet received the first release of the system. The project manager provided us with six completed exception reports from 2016 to July 2020 to request approval of delivery delays and outline impact on approved expenditure budgets.

Expenditure is incurred for the project through the National Law Enforcement ICT service charges set out by the Home Office. The most recent exception report dated July 2020 was submitted to outline the higher charges instated by the Home Office.

NAS and NADC actual charges in 2019 / 2020 totalled £44,625 and £28,049 respectively. The budgeted amount for 2020 / 2021 was £46,400 for NAS and nil for NADC; however, actual charges total £98,955 (NAS) and £29,788 (NADC). The expenditure incurred is beyond the control of the Force.

The project manager submitted a briefing paper to the Assistant Chief Constable (ACC) and Detective Superintendent (budget holder) to report issues resulting from the late delivery of the NAS system; however, the report did not outline the total cost implications for the Force since the project started in 2014. We understand that once an exception report is approved that provides the new baseline against which updates are reported and overall information is included in the project end and transition management document once the project is complete. However, there is a risk that the Force may not be fully aware of a lack of project delivery where exception reports supersede initial business cases.

Niche

Some capital expenditure was recorded in the Niche project budget for 2019 / 2020; however, discussions with the current accountant established that this was recorded in error and has now been rectified in the accounts (we verified this in budget virements). The accountant issues a monthly budget monitoring report to the project manager with a supporting list of transactions.

Medium **Single Online Home (SOH) -** The project manager and accountant will meet to work out the budget allocation for the SOH project and review incurred expenditure to date.

Implementation date:

30 September 2021

Responsible owners:

Project Manager

Finance Manager

Medium **National ANPR Service (NAS) -** The Finance Department will complete a reconciliation exercise of the total expenditure accrued for the NAS project (and additional expenditure incurred for NADC) to understand the Force's expenses incurred since the implementation of NAS in 2014.

The results of the reconciliation will be provided to the Chief Finance Officers (OPFCC and Force) for review and escalation, as appropriate.

Implementation date:

30 September 2021

Responsible owners:

Finance Manager

No issues were noted for the management of the Niche project budget; however, the project manager explained that an exception report is in draft format for submission to the CFOs.

Additional projects

As we were unable to get a clear position on three of the five projects selected, we extended the sample by two additional projects:

ANPR

The responsible accountant for ANPR (which is a business as usual budget and activity) produces budget monitoring reports on a monthly basis. Variances to approved expenditure are supported with commentary. We verified the budget monitoring reports were accurate against the Oracle finance system. Our testing and walkthrough with the accountant established budget monitoring processes are sufficient; however, a slippage request is being submitted for 2021 / 2022. Requests must be received by 8 March 2021. The accountant has requested supporting information from the budget holder and project lead.

Two Way Interface (TWIF)

The TWIF project is supported by an approved business case and we reconciled exception reports to budget virements in the Oracle finance system. No issues were noted.

Risk exposure	Root cause
Project expenditure is not appropriately managed and profiled across the duration of the project leading to project slippage.	Lack of communications to Finance Department relating to project budgets. National projects and projects initiated outside of the PMO do not follow appropriate processes.

6	Project slippages (delivery / financials) are captured within exception reports.	Yes	No	The Finance Manager provided us with a report which evidences the capital plan expenditure to date against approved budget (see table above in executive summary). As at 22 February 2021, the Force had spent £1.9 million of its £8.9 million capital budget for the financial year 2021 / 2022. It is highly unlikely that the Force will spend the remaining budget by 31 March 2021.	Medium	Budgets will be reprofiled to take account of those projects that have multi-year delivery and implementation milestones thus eliminating an inaccurate picture of the progress against project expenditure.
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Exception reports must be submitted as required (where time tolerance exceeds one month or financial tolerance exceeds 10% of budget or £100,000, whichever is first).

Slippage requests for the financial year 2021 / 2022 must be submitted by 8 March 2021 and will be reviewed and approved by the CFO (OPFCC) and the CFO (Chief Constable).

Project leads / BAU-activity leads and accountants are required to submit slippage requests by 8 March 2021. Exception reports are submitted throughout the year for ad-hoc project delivery or financial slippage; however, requests to move annual budget into the following financial year must be received by this date. The March 2021 date may not leave sufficient time to adequately review and approve project budgets for the financial year 2021 / 2022.

From the five projects reviewed, we noted:

- six exception reports had been submitted for the NAS project from 2016 to October 2020. Exception reports were submitted due to time and financial implications. We verified the recent exception report reconciled to the Home Office's National Law Enforcement ICT service charges;
- one exception report for the Niche project was drafted by the project lead in December 2020 to report delivery and financial slippage. The exception report remains in draft as investigations are underway to understand further potential issues that may need to be included;
- another exception report was submitted for the FCR project (now separated into projects, one of which is the Comms Consolidation project) in December 2020 due to financial, delivery and risk implications; however, as the project managers and accountant are working to re-allocate budget into two separate projects, we have been limited in our testing of the selected project;
- for the NEP project, three exception reports have been submitted due to project delivery slippage with the most recent dated January 2021. The expected completion date for the project is 31 March 2021; however, discussions with the project manager explained another exception report is pending due to further project delivery slippage. We understand that the project slippage is due to delays in the installation of Microsoft Teams on devices. The project manager is taking a department-by-department approach; however, as an example, the roll out has identified a number of computers still on Windows 7 (rather than Windows 10), which has caused delays.

The project manager for SOH explained that the project is progressing as intended and therefore no exception reports have been submitted; however, as highlighted above, there is no budgetary allocation for the project within the accounts. We understand this has been rectified post-audit.

Project leads / BAU-activity leads and accountants will be asked to liaise on each project / BAU-activity and review the profiling of budgets over the duration of the projects against expected delivery timescales.

Project / BAU-activity slippage requests will be submitted in a timely manner to allow for an appropriate consideration and approval process.

The Programme Manager is limited in the ability to update the project list to provide a full picture of project progress in relation to exception reports, given the limitations of maintaining such information in an Excel document. The Force's new ways of working includes dashboard design, which should improve the readiness of such information and a full project picture.

Note - Management action 3 has been agreed for the implementation of the Finance Business Partner approach. It is expected that this approach will ensure tighter control on the planning (both financial and delivery) of projects / BAU to ensure project slippage is further controlled.

Implementation date:

31 December 2021

We met with the accountant responsible for the ANPR project (a business as usual budget). We verified for ANPR that budget monitoring is sufficient and monthly reports are issued to the lead and returned with comments to confirm variances. However, the lead and accountant are submitting a slippage request for the total budget for the project. It was suggested that the budget for the project had not been profiled across the duration; however, annual budget slips each year. We further noticed that the overall budget has a £10,000 contingency budget included.

There are no action plans put in place to address project slippages. Review of the Change Board project list produced by the Programme Manager established that once exception reports have been submitted, the status of the project is updated to green (indicating good progress and no slippage) in the project list once exceptions are approved, and the project is re-baselined so is no longer hitting tolerances. However, the project list does not detail full progress on the overall project and provides only a point-in-time update given that exception reports supersede previous project status. We would recommend that the project list include this detail.

In response, the Programme Manager has outlined that all information can be obtained by going back over previous reports and will be documented within the project end and transition management document (where a project has finished only). It is currently difficult to achieve a full history of a project given limitations in Excel documents, for example, number of characters that can be used. However, the process to accumulate historic information on a project would be time-consuming and not readily available, meaning the Force could be unable to easily review the full history and management of a project. The Programme Manager has outlined that the Force's new ways of working include designed dashboards, which should enable this information to be more easily available.

Responsible owner:

Portfolio Programme Manager

Finance Manager

Risk exposure	Root cause
High levels of project slippage (both financial and delivery) which could lead to financial loss, reputational damage or inefficiencies in project delivery.	Project budgets are not appropriately profiled over the duration of the course, leading to project slippage. Finance are not always involved in the development of business cases.

APPENDIX A: SCOPE

The scope below is a copy of the original document issued.

Scope of the review

The scope was planned to provide assurance on the controls and mitigations in place relating to the following area:

Objectives of the area under review

The organisation has an appropriate framework in place for the preparation and monitoring of projects.

When planning the audit, the following areas for consideration and limitations were agreed:

Areas for consideration:

Our review will focus on the following areas:

- The Devolved Resource Manual (DRM) is up to date, reflects the current processes for the capital programme / expenditure, and is available to staff responsible for the development and management of capital programmes.
- Procedure guidance is in place to support the completion of business cases / monitoring of projects to ensure a consistent framework is applied.
- Sufficient training (budget holders / project managers) has been provided to those staff involved in the development and management of individual projects.
- A business case is in place, follows the format agreed in the DRM and has been approved by the Executive Board, where appropriate.
- The project fits the strategic direction of the organisation and this is clearly documented.
- A review of how projects are prioritised including national initiatives.
- Amendments to approved expenditure are supported by appropriate evidence. We will consider the following amendments: increase/decrease in previously approved expenditure; committed expenditure in future periods increase; and committed expenditure in advance of the financial year in which actual costs will be incurred.
- Annual budgets for each project are uploaded to the Oracle system in a timely manner. We will consider how expenditure is profiled through interviews with budget holders / project managers.
- Budgets (revenue and expenditure) are monitored by the budget holder / project manager on a regular basis. Variances are identified in a timely manner, reviewed and sufficient commentary included.
- Review of project slippages (delivery / financials) and how these are identified and reported.
- Action plans are put in place to reflect slippage in project delivery.
- Emergency expenditure is approved, reported and justified.
- Performance is reported (financials / project delivery) through the organisations' governance structure and it provides sufficient detail to allow for decisions to be made.

Limitations to the scope of the audit assignment:

- We will not review the organisation's fixed asset register as part of this review.
- We will not consider the quality of the business case, the financial assumptions made or the source document which supports the case.
- We will not confirm projects will be delivered within budget.
- We will not comment on how expenditure has been profiled.
- We will not comment on the action plans put in place, or if the action plans will achieve the desired outcome.
- Our work does not provide an absolute assurance that material errors, loss or fraud do not exist.

APPENDIX B: FURTHER INFORMATION

Persons interviewed during the audit:

- Programme Manager
- Finance Manager
- Senior Accountant
- Project Managers
 - National ANPR service (NAS)
 - Comms consolidation
 - Niche
 - National Enabling Programme (NEP)
 - Single Online Home (SOH).
- Accountants

Documentation reviewed during the audit:

- Devolved Resource Manual (DRM)
- Change management processes (draft)
- Change Board project list reports
- Change Board actions and decisions log
- Project business cases
- Project exception reports
- Capital Plan
- Medium-term Financial Plan
- Oracle finance system information
- Budget monitoring reports

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