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Final Internal Audit Report 2009/10
London Borough of Hammersmith & Fulham

Corporate Programme and Project Management
December 2010

This report has been prepared on the basis of the limitations set out on page 20.
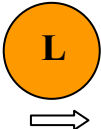
Contents   Page No

Executive Summary

Introduction	As part of the 2009/10 Internal Audit Plan, agreed by the Audit Committee on 11 March 2009, we have undertaken an internal audit of Corporate Programme and Project Management.
	This report sets out our findings from the internal audit and raises recommendations to address areas of control weakness and / or potential areas of improvement.
	The agreed objective and scope of our work is set out at Appendix C.
	Since issue of the draft report, the Project Management Office has transferred into Organisational Development under the management of the Head of Business Transformation. We have been advised that The Head of Business Transformation will take the recommendations under advisement as part of his review of the function, its activities, tools, processes and interfaces going forward.

Audit Opinion (defined at Appendix A)	None	Limited	Substantial	Full
		L ⇒		

Rationale Supporting Award of Opinion and Direction of Travel	The audit work carried out by Internal Audit (the scope of which is detailed in Appendix C) indicated that, there is evidence that the level of non-compliance with some of the control processes may put some of the client's objectives at risk.
	Weaknesses in control were identified in relation to analysis of common themes resulting from projects; lessons learnt exercises for completed projects and weaknesses in control identified in regards to the ICT Disaster Recovery, which have been addressed within the ICT Disaster Recovery audit.
	The Direction of Travel provides a comparison to the previous audit visit. In this case the arrow shows that the area has improved since the last audit visit however additional issues that impact on the assurance level have been identified due to extended scope of the work.

Priority 1 Recommendations	We have raised two priority one recommendations as a result of this internal audit.
	• Lack of assessment for currency of programmes and projects; and
	• The criteria for the prioritisation of projects should be reviewed to determine if it remains appropriate for the Councils needs in directing project management resources.

Detailed Findings

Background	The Council has developed a Governance Framework that covers the management of all programmes and projects managed by the Council. The Governance Framework sets out the process by which the decision to invest resources is made, and how progress is monitored and communicated to maximize the Council's overall chance of success.
	The Governance Framework was revised and a new framework introduced with effect from November 2008.
	A key goal is to enable the Council to consistently deliver the right solutions and benefits to the agreed budget, scope and time constraints without requiring fundamental changes to the organisation structure, or the service delivery ethos.
	The Council has created a number of bodies responsible for various aspects of corporate programme management. These are as follows:
	• Executive Management Team (EMT) – assigns EMT member as sponsor for strategic programmes, makes funding decisions that help in resolving key issues and mitigating key risks;
	• Strategic Programme Management Group (SPMG) – key body in charge of portfolio management and operational governance;
	• Corporate Programme Management Office (PMO) – delivers a range of services to provide the Council with a consistent framework to track and report detailed status of entire portfolio of programmes and projects;
	• Channel Strategy Board (CSB) – focus on governance of web and other channel investments;
	• Contract Monitoring Office (CMO) – is the client, or Council, side of the managed IT service provided through HFBP;
	• Finance Strategy Board (FSB) – accountable for the monitoring and delivery of cashable benefits and other efficiencies as part of the MTFS process; and
	• Individual Strategic Programmes and Projects Boards – operational focus for decision making on active projects lies with these teams.
	The Corporate Programme Management Team came into effect from April 2007. The team includes the PMO, including managers of Corporate wide programmes. The role of the PMO is to develop and

maintain central co-ordination of the Council's portfolio of programmes and projects whilst minimising overall delivery risk, co-ordinating interdependencies between projects and managing the deployment of specialist resources.

A key role of the PMO is to provide accurate, consistent and useful reports on the status of all aspects of tracked projects and programmes to the SPMG.

Area Summary	Area of Scope	Adequacy of Controls	Effectiveness of Controls	Recommendations Raised		
				Priority 1	Priority 2	Priority 3
	Organisational Capacity			0	1	0
	Council and Service Objectives			2	0	0
	Approval of Programmes and Projects			0	1	0
	Project Management			0	3	0
	Monitoring			0	0	0
	Post Project Review			0	3	0
	Risk Management and Business Continuity Management			0	0	0
	Follow up on Previous Recommendations*			0	0*	0

*Weaknesses re-raised as recommendations within the report

Summary of Findings	In this section we set out a summary of our findings under each area of scope. This is a balanced summary where possible. Where weaknesses are identified, full details of these are included in the recommendations raised.
	Organisational Capacity
	The organisational structure as detailed on the Council intranet and in the Corporate Governance of Programmes and Projects document has three levels: Council & Strategic Governance, Operational Governance and Programme & Project Governance.
	Cabinet, and Executive Management Team are involved at the strategic governance level. Strategic Programmes Management Group (SPMG), Finance Strategy Board, Channel Strategy Board (CSB) and Programme Management Office (PMO) are responsible for the operational level. Individual business units are responsible for the programme and project management level including project management, risk, issue and change management.
	The Programme Management Office has developed a new programme for the Programme and Project Management Framework and for changing the behaviours across the Council regarding project management. 'Programme and Project Management Capability and Capacity' brief was prepared for SPMG approval in September for the programme to go forward. The main objective of the Programme is to develop a vision for a blueprint for programmes and projects management within the Council. The programme brief identifies a number of challenges of programme and project management across the Council, including not translating lessons learned to future projects, use of external resources to manage Hammersmith and Fulham (h&f) programmes and projects, lack of internal capacity and capability for the demands of project management.
	The responsibilities for programme and project management of each body are detailed in terms of reference. We were provided with the agreed terms and conditions for SPMG, PMO and CSB. We were informed that these are approved by the SPMG and are presented to EMT. In addition, HFBP are commissioned to complete the work for majority of IT projects, including provision of full or partial project management. We were informed that the roles and responsibilities of HFBP are included within the Bridge Partnership agreement with LBFH.
	At the individual business unit level, the PMO have identified that there is insufficient capacity and capability to support the project management across the Council. Not everyone who has attended

training is currently using the skills gained on managing projects.

We have raised one recommendation as a result of our work within this area.

Council and Service Objectives

Each project is assessed against the Council and Service Objectives at the business case preparation stage. We selected a sample of twenty projects to test. We were provided with business cases for seven of these. There is a section within each of the business cases provided to us that clearly identifies the underlying Council Objectives. We were provided with a cabinet member approval of the project in a further five cases; these did not appear to provide a clear link to the Council's objectives, however, we have accepted their approval as evidence of the project meeting the Council's requirements. In a further eight cases, the objectives were specified in the project register.

We were informed that the portfolio is not reviewed for continuing relevance with the view to cancel or modify projects.

The project register also includes a priority score for each project. The purpose and priority of projects and programmes is assessed via ten criteria driving the project. These are outlined in the Portfolio Management Corporate Governance of Programmes and Projects document and include statutory requirements, council imperative, enabling agreed MTFS savings for current year, critical support – system failure risk, time limited funding, enabling service delivery improvements, direct link to priority National Indicator, part of strategic programme, critical support – system upgrade, critical support - organisation. The projects are given their priority status at monthly Project Portfolio Monitoring (PPM) meetings chaired by the PM0. Any project with a score of 10 points or more is considered to be priority 1. In February 2009, an analysis of the project prioritisation specifies that 45% (57 projects) were priority 1 projects. The analysis also identifies that there is a too high proportion of project categorised as priority 1.

We were informed that assessment of whether the methods of delivery of the programmes and projects should be changed in response to legislation, economic considerations and socio-technological changes are the responsibility of each business area. We have not completed further work in this area.

We have raised two recommendations as a result of our work in this area.

Approval of Programmes and Projects

The project's business case is approved at different levels of authority depending on the project value. Those below £50,000 require Director's approval. Projects between £50,000 and £100,000 are approved

by a Cabinet Member and those above £100,000 are approved by full Cabinet. We were not provided with evidence of project approval in nine out of twenty projects tested.

After project approval, a solution proposal is prepared specifying the delivery requirements, project plan and timescales. We were provided with twelve of twenty requested approvals.

The approval process includes discussion of timetabling, available finances and cash flow forecasts. These are considered in the business case for each project. We have verified that all seven cases where a business case was provided, that they included timetabling, finance, and cash flows forecasts.

We have raised one recommendation as a result of our work in this area.

Project Management

In seventeen out of nineteen relevant cases, the project board members were identified within the solution proposal (SP) or other documents provided for the project. The SP and the register of programmes and projects also identify the 'Project's Lead Officer'.

Programme/project milestones are specified in Section 8: Project Delivery Plan of the Solution Proposal. We noted that this information was included within the solutions proposals provided for thirteen projects. In another three cases, the milestones were specified in other project documents such as the business case. For two cases, there was no evidence of project milestones being specified in the documents provided and in a further two cases, we were not provided with any documents.

In four out of eighteen relevant cases, we were provided with evidence of project monitoring and reporting using the PM Toolkit pro-forma 'Highlight Reports'. In a further six cases, we were provided with evidence that project monitoring and reporting had been discussed via the project board meeting minutes. In eight cases, we were not provided with any evidence of project monitoring and reporting. We have noted that the 'Confirm/OLAS interface Adapter' project has been delayed from an initial start date of 8th January 2009 to 2nd February 2009 and that the solution proposal had to be reissued. We are also aware that post completion, the adapters have been found not to work. This is one of the projects that we were not provided with any evidence of project monitoring and reporting for.

We have raised one recommendation as a result of our work in this area.

Monitoring

Programme and project progress is updated on a monthly basis on the project register, where a red, amber or green status is given. The status depends on an assessment against seven criteria: cost,

schedule, benefits realisation, quality, vendor issues, stakeholder satisfaction, and project team. The overall project status colour is the lowest of the individual criteria.

The PMO presents a progress summary to SPMG on a monthly basis. The PMO also updates the EMT on a monthly basis. Projects within programmes are reported to EMT and stand alone projects not included within programmes are only reported if there are any issues arising. We noted that three projects that had a red or amber status as at April 2009 had been reported to SMPG or EMT in the three months reviewed to May 2009, but not discussed at the meetings for that period. We were informed that one of these projects, the Confirm to OLAS interface adapter that had a red status has become a major issue post implementation leading to additional expenditure on staff resources. We were informed that the red status is contributed to the dependency on Confirm project which was running late.

Progress on projects is also reported to the relevant programme/project board on a regular basis. In eight cases, we were not provided with any evidence of project monitoring and reporting. A recommendation concerning project reporting has been made in the Project Management area.

There is no mechanism for validation of the information reported to the SMPG. We were informed that the project board is responsible for the validation of project and programme information.

No recommendations have been raised as a result of our work in this area.

Post Project Review

The 'Portfolio Management Corporate Governance of Programmes and Projects' states that lessons learned should be completed for all projects. We noted that three of the five projects selected did not have completed lessons learned exercise.

We were informed that common themes from lessons learnt exercises are not collated to ensure that mitigating actions are directed at them in future.

We were informed that the mechanism for disseminating lessons learned to all stakeholders is in the process of being developed.

The 'Portfolio Management @h&f Corporate Governance of Programmes & Projects' details the process of tracking efficiency savings and other cashable benefits realised that have been identified as part of the Medium Term Financial Strategy (MTFS). However, there is no formalised process for the monitoring of non cashable benefits realised post-completion of projects.

We have raised three recommendations as a result of our work in this area.

	Risk Management and Business Continuity Management
	Project risks are assessed at the planning stage of each project as well as throughout their life in highlight reports and project board meetings.
	In 17 out of 20 projects tested, we noted that risks had been assessed in the business case or solution proposal. There is a requirement for risk logs to be maintained for each project. We were provided highlight reports for four out of eighteen relevant projects and noted that risks had been assessed within these documents.
	Most of the projects tested had been started prior to a recommendation made in the Risk Management 2008/09 Internal Audit Report that recommended that risks are reported to those who are tasked with decision making. As this has only recently been implemented, we have not undertaken work in this area.
	We have not raised any recommendations as a result of our work in this area.
	Follow-up on Previous Recommendations
	There were five priority two recommendations in our previous internal audit report. One recommendation has been implemented, one recommendation has been partly implemented and three recommendations have not been implemented. Two recommendations are no longer applicable at the corporate level as this element of the original recommendation has been withdrawn.
	We have re-raised four recommendations within the main body.
	We have raised four recommendations as a result of our work in this area.

Acknowledgement	We would like to thank the management and staff of the Finance and Corporate Services Department for their time and co-operation during the course of the internal audit.
	All staff consulted are included at Appendix C.

Recommendations

Organisational Capacity

1. Capacity and Capability of project management skills to be assessed and improved   **(Priority 2)**

Recommendation	Rationale
The agreed programme on developing project management capacity and capability across the Council should be developed and introduced.	Developing an organisation's project management capacity and capability helps ensure that expenditure is decreased on external resources and projects are appropriately managed.
	Paragraph 2.2 of the 'Programme Brief Document', 'Transforming h&f's Programme & Project Management (PPM) Capability and Capacity' identifies that, "training courses alone have not delivered the necessary improvements in PPM capability and capacity" across the Council to manage the h&f portfolio. We have been informed that one of the objectives of the programme is to agree with Organisation Development "a range of suitable means" of developing h&f staff to lead and work on programmes and projects.
	If there are insufficient project management skills across the Council, there is an increased risk of project failure or unnecessary expenditure on external resources.

Management Response			
Agreed.			
Responsibility	Talent Performance Leadership Manager	**Deadline**	31/10/2011

Council and Service Objectives

2.   Review of portfolio for continuing relevance of projects   **(Priority 1)**

Recommendation	Rationale
The project portfolio should be reviewed on a regular basis to ensure the continuing relevance of projects to the Council's objectives	Undertaking reviews of the continuing relevance of projects will help ensure that only those that continue to meet the Council's objectives are furthered and that resources are therefore efficiently allocated.
	We were not provided with evidence that the project portfolio is reviewed for currency. We were informed that the Head of Corporate Programmes has analysed the project portfolio link to corporate objectives, however the strategic direction of the Council is in the process of being changed and the analysis is therefore limited.
	If continuing reviews of the project portfolio are not undertaken, there is an increased risk of expending resources on projects that may no longer meet the Council's objectives.

Management Response			
Agreed. This is underway now with the new set of four portfolios and Executive Management Team members designated as SROs			
Responsibility	Head of Business Transformation	**Deadline**	31/10/2011

3.   Prioritisation of projects   **(Priority 1)**

Recommendation	Rationale
The criteria for the prioritisation of projects should be reviewed to determine if it remains appropriate for the Councils needs in directing project management resources.	Reviewing the project prioritisation criteria will help to ensure the efficient and effective allocation of resources thereby facilitating project delivery. An analysis of prioritisation was undertaken in February 2009 by the Head of Project Management. The analysis revealed that 45% of all projects have been classified as priority one projects. The analysis also notes that the definition of one of the scoring criteria has resulted in a disproportionate amount of projects being classified as priority one. A number of negative impacts have been documented as part of this analysis and a number of possible solutions aired. If prioritisation criteria result in too many projects being classified as priority one, there is an increased risk that resourcing allocation may become uneconomic, inefficient or ineffective.

Management Response
Agreed. This is underway now with the new set of four portfolios and Executive Management Team members designated as SROs

Responsibility	Head of Business Transformation	Deadline	31/10/2011

Approval of Projects and Programmes

4.   All projects and programmes to be approved at appropriate level   **(Priority 2)**

Recommendation	Rationale
All projects and programmes should be approved at the appropriate level. In addition, the Programme Management Office should consider implementing a check for the relevant approval when a project is added to the project register.	The Project Management (PM) Toolkit states that all projects should have relevant approval by a Director, a Cabinet Member or full Cabinet depending on the cost of the project. We were not provided with evidence of project approval in eight out of twenty projects tested. . We were unable to determine how many projects are above £50,000 because information is not in the included in the project register for all projects If projects are not approved within the scheme of delegation outlined in the Project Management Toolkit, there is an increased risk that expenditure may be incurred on projects which do not have sufficient budget.

Management Response
Agreed. Projects under 50k acceptable risk. All decisions over 50k spend between 50k and 100k are Cabinet Member decisions and over that are Cabinet key decisions so they are all recorded in the Committee Minutes system. I am not sure why you were not able to find authorisation for 8 projects over 50k as they must have been subject to this regime. It is the responsibility of the relevant business area manager (third tier usually or AD) to gain the appropriate authorisation. PMO is happy to provide guidance to managers on gaining appropriate authorisation but once they have it projects can proceed.

Responsibility	Head of Corporate Programmes/ Relevant Business Area Manager	**Deadline**	31/10/2011

Project Management

5.   Project Management toolkit pro-forma documents to be used on projects   **(Priority 2)**

Recommendation	Rationale
Adequate and proportional monitoring and reporting of projects should be undertaken. Senior Management should implement actions to improve the monitoring and reporting of projects through the.PPM Capacity and Capability Programme.	Improving the monitoring and reporting of projects help ensure that no project areas are overlooked. In four out of eighteen relevant cases, we were provided with evidence of project monitoring and reporting using the PM Toolkit pro-forma 'Highlight Reports'. In a further six cases, we were provided with evidence that project monitoring and reporting had been discussed via the project board meeting minutes. In eight cases, we were not provided with any evidence of project monitoring and reporting. We have noted that the 'Confirm/OLAS interface Adapter' project has been delayed from an initial start date of 8th January 2009 to 2nd February 2009 and that the solution proposal had to be reissued. We are also aware that post completion, the adapters have been found not to work. This is one of the projects that we were not provided with any evidence of project monitoring and reporting for. If the PM Toolkit pro-forma documents are not used, there is an increased risk of inconsistency in reporting across different projects. This may lead to non-identification of project issues and project failure.

Management Response			
Agreed. This will be reviewed as part of the restructure of the Project Management Office.			
Responsibility	Head of Corporate Programmes	**Deadline**	31/10/2011

6.   Risk Logs   **(Priority 2)**

Senior Management should implement actions to improve the monitoring of risk through the PPM Capacity and Capability Programme. This should include providing advice on risk assessment and mitigating controls.	Completion of a detailed Risk Log (to include identification of existing mitigating controls) helps to ensure that relevant risks, and areas where further action is needed are identified and adequately controlled.
	The Head of Corporate Programmes commented that the PMO does not have the required resources to monitor that risk logs are in place for all projects. They also stated that this was the responsibility of the Project Board and Project Manager. However, we did not identify senior management approval to risks not being monitored. Risks are included in project monthly highlight reports reviewed by the project board. However the position is unclear where no project board is in place.
	Failure to identify all risks to a project and to confirm that appropriate mitigating controls are in place increases the potential that appropriate mitigating actions are not in place to address risks that may impact upon delivering the project objectives.

Management Response
Agreed. The proposed restructure is designed in part to address this issue.

Responsibility	Head of Corporate Programmes	**Deadline**	31/10/2011

7.   Communication Plan (Priority 2)

Senior Management should implement actions to improve the monitoring of communication plans through the PPM Capacity and Capability Programme.	The PM Toolkit contains a Communications Plan Document, which should be used to identify the distribution of information throughout the life of the project (who is to receive what, and how often). This is re-instated from the previous internal audit report unertaken for 2007-08. The Head of Corporate Programmes commented that the PMO does not have the required resources to monitor that communication plans are being completed for relevant projects. Communication Plans are required for projects at categories 3 or 4 and it is the responsibility of the project board or project manager. However, we did not identify senior management approval to communication plans not being monitored. Failure to complete a Communications Plan increases the risk that key stakeholders will not be kept informed of relevant information by expected dates, resulting in failure to progress the project as expected.

Management Response			
Agreed. The proposed restructure is designed in part to address this issue.			
Responsibility	Head of Corporate Programmes	**Deadline**	31/10/11

Post Project Review

8.   Lessons learnt to be completed for all projects **(Priority 2)**

Recommendation	Rationale
Senior Management should implement actions to improve the monitoring of lessons learned through the PPM Capacity and Capability Programme.	The 'Portfolio Management Corporate Governance of Programmes and Projects' states that lessons learned should be completed for all projects. We noted that three of the five projects selected did not have completed lessons learned exercises. The projects selected have been completed between June 2008 and April 2009. If lessons learned are not completed, there is an increased risk of issues not being identified and addressed in future projects.
Management Response	
Agreed. The proposed restructure is designed in part to address this issue.	

Responsibility	Head of Corporate Programmes	**Deadline**	31/10/11

9.   Common themes from projects to be reported at corporate level   (Priority 2)

Recommendation	Rationale
Common themes should be collated from each of the projects lessons learnt exercises and reported at corporate level. The outcomes should be communicated to all relevant stakeholders, and in particular to all project managers.	Identification and reporting of common themes helps ensure that the lessons learnt process can become a valuable tool for directing resources at the most costly common failures. Communicating lessons learned helps ensure that future efficiency and effectiveness of projects is maximised. We were informed that common themes from lessons learnt exercises are not collated to ensure that mitigating actions are directed at them in future. We were informed that the mechanism for disseminating lessons learned to all stakeholders is in the process of being developed. Where common themes of what could be done better are not collated for further analysis and corrective management actions, there is an increased risk of their constantly recurring with cost implications. In addition, if lessons learned are not communicated to project managers, there is an increased risk that the future efficiency and effectiveness of projects may not be maximised.

Management Response
Agreed. The proposed restructure is designed in part to address this issue.

Responsibility	Head of Corporate Programmes	Deadline	31/10/11

10.   Actual benefits realised to be tracked on all projects   (Priority 2)

Recommendation	Rationale
Senior Management should implement actions to ensure that non-cashable benefits are reviewed as part of lessons learned.	Analysis of all benefits helps ensure that the basis of assumptions made at the start of projects is validated and can be fed forward to future projects. The 'Portfolio Management @h&f Corporate Governance of Programmes & Projects' details the process of tracking efficiency savings and other cashable benefits realised that have been identified as part of the Medium Term Financial Strategy (MTFS). However, there is no formalised process for the monitoring of non cashable benefits realised post-completion of projects. If non cashable benefits realised are not tracked, there is an increased risk that the justification for undertaking some projects may not be validated and that future projects may be undertaken on flawed assumptions regarding the achievability of targets.

Management Response
Agreed. The proposed restructure is designed in part to address this issue.

Responsibility	Head of Corporate Programmes	Deadline	31/10/11

Statement of Responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below.

The matters raised in this report are only those which came to our attention during the course of our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of internal audit work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Auditors, in conducting their work, are required to have regards to the possibility of fraud or irregularities. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas as identified by management as being of greatest risk and significance and as such we rely on management to provide us full access to their accounting records and transactions for the purposes of our audit work and to ensure the authenticity of these documents. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system. The assurance level awarded in our internal audit report is not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board.

Deloitte & Touche Public Sector Internal Audit Limited

St Albans

December 2010

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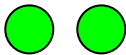
Appendix A – Definition of Audit Opinions, Direction of Travel, Adequacy and Effectiveness Assessments, and Recommendation Priorities

Audit Opinions

We have four categories by which we classify internal audit assurance over the processes we examine, and these are defined as follows:

🟢 🟢	**Full**	There is a sound system of internal control designed to achieve the client's objectives. The control processes tested are being consistently applied.
🟢	**Substantial**	While there is a basically sound system of internal control, there are weaknesses, which put some of the client's objectives at risk. There is evidence that the level of non-compliance with some of the control processes may put some of the client's objectives at risk.
🟠	**Limited**	Weaknesses in the system of internal controls are such as to put the client's objectives at risk. The level of non-compliance puts the client's objectives at risk.
🔴	**None**	Control processes are generally weak leaving the processes/systems open to significant error or abuse. Significant non-compliance with basic control processes leaves the processes/systems open to error or abuse.

The assurance gradings provided above are not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board and as such the grading of 'Full Assurance' does not imply that there are no risks to the stated objectives.

Direction of Travel

The Direction of Travel assessment provides a comparison between the current assurance opinion and that of any previous internal audit for which the scope and objectives of the work were the same.

⟹	Improved since the last audit visit. Position of the arrow indicates previous status.
⟸	Deteriorated since the last audit visit. Position of the arrow indicates previous status.
⟺	Unchanged since the last audit report.
No arrow	Not previously visited by Internal Audit.

Adequacy and Effectiveness Assessments

Please note that adequacy and effectiveness are not connected. The adequacy assessment is made prior to the control effectiveness being tested.

The controls may be adequate but not operating effectively, or they may be partly adequate / inadequate and yet those that are in place may be operating effectively.

In general, partly adequate / inadequate controls can be considered to be of greater significance than when adequate controls are in place but not operating fully effectively, i.e. control gaps are a bigger issue than controls not being fully complied with.

	Adequacy	Effectiveness
	Existing controls are adequate to manage the risks in this area	Operation of existing controls is effective
	Existing controls are partly adequate to manage the risks in this area	Operation of existing controls is partly effective
	Existing controls are inadequate to manage the risks in this area	Operation of existing controls is ineffective

Recommendation Priorities

In order to assist management in using out internal audit reports, we categorise our recommendations according to their level of priority as follows:

Priority 1	Major issues for the attention of senior management and the audit committee.
Priority 2	Important issues to be addressed by management in their areas of responsibility.
Priority 3	Minor issues resolved on site with local management.

Appendix B – Follow-up of 2007/08 Recommendations

Recommendation	Priority Responsibility	Action Taken as at October 2009	Further Action Required YES/NO
Consultation involving key officers and representatives from the Hammersmith & Fulham Bridge Partnership, and Agilisys should be undertaken prior to further development of the Project Management (PM) Toolkit, to help ensure that the content is agreed by all relevant parties and therefore encourage maximum use of it throughout the Council. Once agreed, monitoring arrangements should be established to ensure compliance with the PM Toolkit. In addition, the contractual relationship with Agilisys in respect of whether they are required to use the PM Toolkit should be clarified.	2 Head of Corporate Programmes	**Implemented** The Corporate Programme Management team has completed a survey of the Project Management Toolkit Users requesting feedback on the Project Management Toolkit.	**No**

Recommendation	Priority Responsibility	Action Taken as at October 2009	Further Action Required YES/NO
All project managers should be required to submit monthly progress reports using the standard document contained in the Project Management (PM) Toolkit. Monitoring arrangements should be established to ensure compliance.	2 Programme Managers and Project Managers	**Partly Implemented** We were informed that all managers are required to provide progress reports contained in the Project Management (PM) Toolkit and they do so through monthly highlight reports. We were provided with four highlight reports in the standard format out of eighteen relevant cases tested. We were not provided with the reports for the remaining fourteen audits. We were informed that ensuring that highlight reports are submitted is the responsibility of the relevant project board or project sponsor where a project board does not exist.	**Yes** **See recommendation 5 in main body of report.**

Recommendation	Priority Responsibility	Action Taken as at October 2009	Further Action Required YES/NO
The pro-forma document included in the PM Toolkit should be used to document a Risk Log for all projects. Risks identified should cover all potential events that could cause failure to achieve project objectives, and the form should be fully completed to evaluate exposure and identify where corrective action is required. Monitoring arrangements should be established to ensure compliance.	2 Programme Managers and Project Managers	**Not implemented** The Head of Corporate Programmes commented that the PMO does not have the required resources to monitor that risk logs are in place for all projects.	**Yes** **See recommendation 6 in main body of report.**
The Communications Plan Document contained in the PM Toolkit should be fully completed for all projects. Monitoring arrangements should be established to ensure compliance.	2 Programme Managers and Project Managers	**Not implemented** The Head of Corporate Programmes commented that the PMO does not have the required resources to monitor that communication plans are in place for all projects.	**Yes** **See recommendation 7 in main body of report.**

Recommendation	Priority Responsibility	Action Taken as at October 2009	Further Action Required YES/NO
Role, responsibilities and objectives for the PMO regarding input to training should be clearly documented and approved to help ensure effective co-ordination of programme and project management activity throughout the Council, and that all project managers have received appropriate levels of training.	2 Programme Managers and Project Managers	**Not implemented** The issue is identified in the Programme Brief Document for 'Transforming h&f's Programme & Project Management (PPM) Capability and Capacity.	**Yes** **See recommendation 1 in main body of the report**

Appendix C – List of Audited Projects

	Project Name
1	Confirm / OLAS interface adapter
2	Review of Trent BI tools (use of Cognos or Business objects)
3	Enablement.
4	Work Matters (previously referred to as Review of employment learning and skills.)
5	Corporate Asset Management System, CAMSYS
6	Disposal of Stowe Road Depot
7	ePayments - upgrade / replacement of Icon application & PCI Compliance
8	Implementation of h&f's new structure
9	SmartWorking - Corporate IT (Scoping)
10	SmartWorking - Telephony
11	Replacement of the current Libraries Management System (LMS)
12	Enabling ChS to better safeguard Children

13	Supporting Your Choice - Commissioning personalised ASC support / Self Directed Care.
14	GIS Upgrade
15	Programme Management Toolkit - developing a portfolio of tools for use by Programme managers.
16	Councillor Services system - Committee Management System
17	SmartWorking - Core Team
18	Bishops Park and Fulham Palace Grounds Restoration and Revival (Phase 2)
19	Parks Entrance Signage Project
20	Government Connect & LPSN (London Public Service Network)

Appendix D – Audit Objectives and Scope

Internal Audit Objective and Scope	The overall objective of this internal audit was to provide the Members, the Chief Executive and other officers with reasonable, but not absolute, assurance as to the adequacy and effectiveness of the key controls relating to the following management objectives:
	Organisational Capacity
	That the Councils programme / project management structure is reviewed annually for efficiency and effectiveness.
	That the terms of reference of each body responsible for programme / project identification, planning and delivery are reviewed to ensure there are no overlaps.
	That the project management roles of the Project Management Office and HFBP are appropriately defined and reviewed on a regular basis.
	That conflicts of interests are considered in defining the roles of the respective parties.
	Council and Service Objectives
	That identification of methods of delivery are considered in response to identifying new Council objectives and priorities (from strategic planning, the corporate plan and MTFS) and where necessary that programmes and projects are established to achieve this.
	That identification of methods of delivery are considered in response to external factors (impending legislation, socio-technological change, economic considerations etc) and where necessary that programmes and projects are established to achieve this.
	That for all programmes and projects within the Corporate portfolio the purpose and priority associated with them is identified and detailed in accordance with the Council's Governance Framework prevailing at the time.
	That the portfolio of programmes and projects is regularly reviewed (at least once a year) for currency and continuing relevance and where necessary, individual elements are cancelled or modified appropriately
	Approval of Programmes / Projects
	That all programmes and projects included within the Corporate Programme are approved after

management review that is in accordance with the Council's Constitution and can be funded within the Council's overall financial resources.

That the approval process includes the timetabling of the programmes / projects taking into account their priorities, competing requirements on the available finances of the Council and the cash flows of the programmes / projects over different financial years

Project Management

That a Programme / Project Board (or other suitable accountable management structure) is created for all individual programmes or projects with a clearly identified Lead Officer, with appropriate programme / project milestones agreed in advance against which actual performance can be compared, and that all programmes / projects are managed in accordance with the prevailing Governance Framework of the Council.

Monitoring

That progress on each programme or strategic project is reported periodically to the specific programme / nbproject board, SPMG and CMT, identifying actual progress achieved against plan, and where there is variance from plan, it is identified with an explanation as to the reasons for it, any impact on the programme / project as a whole and proposed actions to be taken to bring them back on plan, and that all variations beyond control limits are agreed by SPMG/CMT.

That progress on all other projects is reported to an appropriate level of management.

That review mechanisms exist to identify unauthorised programmes / projects in departments

Post Project Review

That for all where a lessons learnt and benefits realisation exercise is completed, it identifies good practice and areas of weakness to be reported back to SPMG/CMT/Cabinet as required, and (where appropriate) makes recommendations for improvement to the Corporate Management process.

That for where lessons learnt and benefits realisation exercises are not undertaken, that alternative feedback mechanisms exists.

That feedback is collated, analysed for common themes (buying new systems that can't / don't comply with council security requirements, buying packages that don't interface / reconcile with other systems) reported and disseminated appropriately.

That a number of programmes / projects are selected for audit to provide assurance that the Councils policies and procedures are being complied with.

Risk Management and Business Continuity Management

That all appropriate risks are identified, considered and managed with regard to each individual programme or project, and where appropriate are used to update divisional, departmental and corporate risk registers.

That as new IT systems come on stream, their position in the Council's Disaster Recovery Plan are determined and recorded.

That as new IT systems come on stream, their consideration is added to the relevant business unit, divisional, directorate and corporate business continuity plans.

Follow Up of Previous Recommendations

That the recommendations made in the 2007/08 Internal Audit Report have been implemented as agreed by the service.

Internal Audit Approach and Methodology	The internal audit approach is developed through an assessment of risks and management controls operating within the agreed scope.
	The following procedures were adopted:
	• Identification of the role and objectives of each area;
	• Identification of risks within each area which threaten the achievement of objectives;
	• Identification of controls in existence within each area to manage the risks identified;
	• Assessment of the adequacy of controls in existence to manage the risks and identification of additional proposed controls where appropriate; and
	• Testing of the effectiveness of key controls in existence within each area.
	Management should be aware that our internal audit work was performed in accordance with the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006 standards which are different from audits performed in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. Similarly, the assurance gradings provided in our internal audit report are not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board.
	Our internal audit testing was performed on a judgemental sample basis and focused on the key controls mitigating risks. Internal audit testing was designed to assess the adequacy and effectiveness of key controls in operation at the time of the audit.
	Please note that, in relation to the agreed scope, whilst our internal audit assessed the efficiency and effectiveness of key controls from an operational perspective, it was not within our remit as internal auditors to assess the efficiency and effectiveness of policy decisions.

Appendix E – Audit Team & Staff Consulted

AUDIT TEAM	STAFF CONSULTED
General Manager	Head of Corporate Programmes
Sector Manager	Programme Support Officer
Senior Audit Manager	Head of IT Strategy
Principal Auditor	
Contact Details: ☏ Ext 2550 ☏ Ext 2590	

Appendix F – Audit Timetable

	DATES
Fieldwork Start	03/06/09
Exit Meeting	20/11/09
Draft report issued	27/11/09
Final report issued	14/12/10