



South Lakeland District Council

Executive Summaries for Internal Audit Progress

2022/23

July 2022

Internal Audit

FINAL

APPENDIX 2

Executive Summary - Project Management – 2021/22

OVERALL ASSESSMENT



ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

13 - Impact of new projects and initiatives on existing Council Plan priorities

SCOPE

The review considered the corporate approach to project management and how strategic priorities are delivered through strategic asset management and capital investment. The review considered project methodology and how this changes depending on scale and area.

KEY STRATEGIC FINDINGS



To help ensure consistency across projects, the project management function would benefit from central oversight by a named Officer or Team.



A prescribed, flexible project management framework should be followed as far as is practicable. Exceptions should be formally approved.



Performance indicators relevant to the project management function could be developed and reported within the quarterly Performance Monitoring reports.



Capital Programme Monitoring reports to Cabinet and to Council would be enhanced by adding a forecast outturn column and more robust variance reporting.

GOOD PRACTICE IDENTIFIED



The Council's Constitution includes proper roles, responsibilities and delegations in relation to matters within the scope of this review.



Capital spending is reported within the quarterly Corporate Financial Updates presented to Cabinet and to Council.

ACTION POINTS

Urgent	Important	Routine	Operational
1	5	1	0

Assurance - Key Findings and Management Action Plan (MAP)

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
3	Directed	There is no central oversight of the project management function by a named Officer or Team. Instead, each project is overseen by an Officer from the service area particular to the project. It would be beneficial to have in place a Council-wide oversight of the project management function, both to promote consistency and to provide a central contact point in case of queries.	The project management function be overseen centrally by a named Officer or Team.	1	<p><i>This recommendation is fully accepted. A combination of Customer Connect changes, Covid-19 and the emergence of LGR has meant that the focus of the Performance, Innovation & Commissioning Team moved away from its existing project management support role.</i></p> <p><i>Leadership Team have agreed that the PIC function should have a renewed role on providing them with corporate oversight of projects (within the Portfolio Management framework, which will be refreshed to enable proper consideration of priorities and risks).</i></p> <p><i>In addition the PIC function will establish working relationships with all people managing or delivering projects, creating a 'community of practice' to promote consistency and good practice in projects.</i></p>	01/07/22	Principal Specialist (PIC)

PRIORITY GRADINGS

1 **URGENT** Fundamental control issue on which action should be taken immediately.

2 **IMPORTANT** Control issue on which action should be taken at the earliest opportunity.

3 **ROUTINE** Control issue on which action should be taken.

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Directed	A standard folder structure within SharePoint was evidenced for projects. There remains scope to enhance and expand the structure, thereby encouraging both consistency of filing and an increased use of standard project management document templates.	A standard, core folder structure be agreed and implemented for projects, holding all relevant documents related to that project.	2	<i>This recommendation is fully accepted. Work will be undertaken with the 'community of practice' of project managers to develop document management to ensure that all appropriate documents on projects are accessible through Sharepoint. This may using involve a more intuitive system than Sharepoint.</i>	01/07/22	Specialist (PIC)
4	Directed	It was evident that a prescribed project management framework is not being followed to the fullest practical extent. For projects deemed exempt from following a prescribed framework, an appropriate level of approval should be sought and recorded. The approach should offer a degree of flexibility to cater for projects of various types and sizes. Project sizes could be formally defined prior to commencement to be, for example, small, medium or large, with the framework offering the flexibility to accommodate each. Training should be provided to educate Officers on the prescribed approach.	A prescribed, flexible project management framework be followed as far as is practicable. Exceptions be formally approved. Training be provided as required.	2	<i>This recommendation is accepted. The existing corporate approach will be considered with the 'community of practice' to confirm the framework, with amendments and updates being made as agreed. This will cover the growing use of 'Agile' methods alongside more traditional PRINCE-related frameworks.</i>	01/09/22	Specialist (PIC)

PRIORITY GRADINGS

1 **URGENT** Fundamental control issue on which action should be taken immediately.

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Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
5	Delivery	It was noted that there are no Performance Indicators specifically relating to project management or to the project management framework. There is scope for developing such, for example: percentage of projects properly using the framework; percentage of projects delivered on time; percentage of projects completed within budget; percentage of projects delivering intended outcomes and benefits; or any other indicator aligning with Council priorities.	Performance Indicators relevant to the project management function be developed and reported within the quarterly Council Plan Performance Monitoring reports.	2	<p><i>This recommendation is fully accepted. This will be undertaken as a matter of some urgency alongside the refresh of SLDC' Portfolio Management approach, and the development of a 'shadow' performance management framework for Westmorland & Furness Council.</i></p> <p><i>The report's suggested areas for indicators are welcomed and will form the basis of thinking.</i></p>	01/07/22	Principal Specialist (PIC)

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Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
6	Delivery	From a review of the Capital Programme Monitoring reports appended to the quarterly Corporate Financial Updates presented to Cabinet and to Council, it was noted that: there is no “forecast outturn” column; there is no “forecast variance” column; Code KMR38 appears twice (“Gooseholme Retaining Wall” and “Gooseholme Footbridge contribution”); Code KSC91 appears twice (“Refurbish Replace Recycled Bins” and “Vehicle Purchase”); Commentary on Code KLH07 “SL House & KTH reconfiguration” is “...budget will be overspent”, with no explanation being provided; with a £79,000 expenditure against a budget of £Nil, there is no commentary on Code KIL01 “Community Infrastructure Levy”; and Commentary on Code KLC03 “Ulverston Leisure Centre” is “Scheme on hold”, with no explanation being provided.	The quarterly Capital Programme Monitoring reports presented to Cabinet and to Council be enhanced by: including a forecast outturn column; including a forecast variance column; providing sufficient details of variances to allow proper scrutiny and challenge; and assigning a unique Code for each Scheme.	2	<i>This recommendation is accepted. These enhancements will be undertaken in financial year 2022-23.</i>	01/07/22	Lead Specialist (Finance)
7	Delivery	There is a SharePoint site named “Programmes and Projects”. This was seen to include several guides and templates related to the project management methodology. It is evident that this site has not been fully developed as yet.	The SharePoint site “Programmes and Projects” be further developed and fully completed.	2	<i>This recommendation is fully accepted. The improvements will be undertaken in tandem with actions for recommendation number 1. The site will cover the growing use of ‘Agile’ methods alongside more traditional PRINCE-related frameworks.</i>	01/09/22	Specialist (PIC)

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Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
2	Directed	There is no common network location within which all projects are stored. Whilst the sampled projects were evidenced as being stored in SharePoint, there is no over-arching project management site within which they are stored. For example, the sampled Customer and Locality Services projects are stored in the Parks and Spaces site.	All projects be stored within a common network location, with appropriate access rights granted to Officers or teams.	3	<i>This recommendation is fully accepted. The improvements will be undertaken in tandem with actions for recommendation number 1. To be discussed as part of the community of practice approach.</i>	01/09/22	Specialist (PIC)

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Operational - Effectiveness Matter (OEM) Action Plan

Ref	Risk Area	Finding	Suggested Action	Management Comments
No Operational Effectiveness Matters were identified.				

ADVISORY NOTE

Operational Effectiveness Matters need to be considered as part of management review of procedures.

Executive Summary - Administration of Grants – 2021/22

OVERALL ASSESSMENT



ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Risk that staff objectives are not aligned with the Council plan.
 Risk that non-strategic issues and projects lead to loss of strategic focus.

SCOPE

The Council applies for a range of grants to support investment opportunities and other activity. The review considered the processes in place for applying for grants, including business case, timeliness of claims, approval application and gatekeeping, and the recording of grants received. This related to ‘business-as-usual’ grants rather than Covid-related.

KEY STRATEGIC FINDINGS

- Whilst the Constitution outlines requirements for claiming and monitoring grants, this is not supported by generic and departmental procedure documents.
- There is a lack of evidence of consideration of whether grant income relates to the Council's priorities or whether budget implications have been considered.
- Recently issued guidance on Partnership Working, and the approval of a Commissioning Strategy, will assist in improving the control environment.

GOOD PRACTICE IDENTIFIED

- The impact of Covid-19 on the timeliness of grant receipt and expenditure has been managed through regular dialogue with partners.

ACTION POINTS

Urgent	Important	Routine	Operational
0	5	1	0

Assurance - Key Findings and Management Action Plan (MAP)

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Directed	Whilst the Constitution provides an overview of expectations regarding grant application and monitoring, the existence of a suite of generic and departmental procedure documents could not be evidenced during the audit.	Generic procedures be documented to ensure that a consistent control framework is applied to grant claim submissions. This might take the form of a standard checklist based on key controls for external funding listed in the Constitution, and would be supported by detailed generic and departmental procedures.	2	<i>There is overlap between the control procedures required for the management of partnership and the management of grants. New protocols for partnerships were approved by Audit Committee in December 2021 and these will be used as the basis for guidance on grants, which will then be made available through the new finance self-serve SharePoint site.</i>	30/09/22	Finance Lead Specialist
2	Directed	The Council is currently developing a full list of grants.	As planned, a full list of grants received and being monitored by the Council be documented. In the future, this be populated by information provided on standard forms completed by the members of staff who have claimed the grant.	2	<i>A register was created in 2020/21 and substantially expanded and updated for 2021/22. We will review the content of the register quarterly and this, combined with the new procedures in recommendation 1, should give full coverage.</i>	30/09/22	Finance Lead Specialist

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Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
4	Directed	Audit work indicated that, for the majority of the sample selected, there was a lack of procedures to ensure that key conditions of funding and any statutory requirements are clearly identified, and for monitoring compliance with these.	<p>It be ensured that the Internal Grant Approval Form includes sign-off from the grant lead and the legal department to confirm that grant conditions are reasonable; conditions can be met; and are summarised on the approval form.</p> <p>Responsibility for monitoring and reporting and its frequency be recorded on the form and assigned to individuals.</p>	2	<p><i>Many grants are for de minimus values (under £10k) and/or are automatically awarded to the Council so there is no grant acceptance process. However, in order to create a budget in the financial ledger system, the virement process as set out in the Financial Procedure Rules is followed (to create a net-zero budget amendment to increase grant income budget and also increase expenditure budgets). For grants that are not de minimus then a similar process will be followed to ensure documentation is received and uploaded in the virement request including consultation with colleagues from the legal team before the virement is approved. This will be included in the grant processes in recommendation 1.</i></p> <p><i>Work is already started on capturing conditions around monitoring and reporting of existing material grants received as part of the LGR implementation process.</i></p>	30/09/22	Finance Lead Specialist

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Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
5	Directed	For the sample of capital and revenue grants selected, it was not possible over the course of the audit to evidence consideration of whether grants were being sought which would be used to further progress the Council's documented strategic objectives.	To ensure that grant income is only pursued for activities or services the Council prioritises: <ul style="list-style-type: none"> • Departmental objectives be demonstrably linked to Council objectives; and • Operational Leads sign a standard Internal Grant Approval Form to evidence that the link to Council objectives has been made. 	2	<i>As previously noted, not all grants are awarded following a bidding process with many awarded automatically. The processes agreed in recommendation 1 will include this requirement. Where a grant is part of a budget growth bid then this process is already followed.</i>	30/09/22	Finance Lead Specialist
6	Delivery	Monitoring and reporting of financial and operational progression of grants is not standardised within or across departments.	Procedures to detail how monitoring and reporting of financial and operational progression of grants and for a department's portfolio of grants be fully documented and implemented.	2	<i>This will be incorporated into performance and financial monitoring processes.</i>	30/09/22	Finance Lead Specialist
3	Directed	For a sample of grants, other than those relating to Covid-19, Disabled Facilities or Flood relief (which have been covered in other audit assignments), information was sought to evidence compliance with the expected key controls referred to in the Constitution. This was not always easily accessible.	A consistent filing system be developed headed by standard information to be recorded about the grant and a list of documents held on the file which evidence the implementation of the controls referred to in the Constitution.	3	<i>While the aspiration is reasonable, it is most unlikely that this will be developed before 31st March 2023. Therefore this will be included in processes to be implemented by the Westmorland and Furness Council.</i>	30/06/23	S151 Officer, Westmorland and Furness Council

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Operational - Effectiveness Matter (OEM) Action Plan

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No Operational Effectiveness Matters were identified.				

ADVISORY NOTE

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Executive Summary - Risk Management – 2022-23

OVERALL ASSESSMENT



ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Risk Management underpins all risks within the Strategic Risk Register.

SCOPE

This high-level review considered the arrangements in place for the identification and management of risks, including the identification of controls and actions designed to mitigate risk. This review forms part of the rolling three-year programme of key financial and governance audits.

KEY STRATEGIC FINDINGS



The Council has robust arrangements in place for the identification and management of risks and for the identification of mitigating controls and actions.



Strategic and Operational risks are regularly reviewed by Officers and are reported quarterly to appropriate Committees.



Overview and Scrutiny Committee is presented with each quarter's Council Plan Performance Monitoring report, either at meetings or via separate briefings.



Member attendance at essential risk management training sessions could be improved from the attendance rates of 28% and 25% in the past 12 months.

GOOD PRACTICE IDENTIFIED



The Council's Constitution includes the necessary delegations relating to risk management responsibilities, including the establishment of an Audit Committee.



An approved Risk Management Process is in place, which is reviewed annually and remains current.

ACTION POINTS

Urgent	Important	Routine	Operational
0	1	0	0

Assurance - Key Findings and Management Action Plan (MAP)

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Delivery	The Roles and Responsibilities section of the Risk Management Process 2022 states that training has essential status for members in key roles, for example: Audit Committee; Overview and Scrutiny Committee; and Cabinet. Two recent Member training sessions were evidenced: 15 th July 2021; and 25 th January 2022. Of the number of Councillors invited, attendance was 28% (5 from 18) and 25% (13 from 51) respectively.	In compliance with the Risk Management Process 2022, each Member for whom risk management training has essential status be required to undertake such training as is considered sufficient to meet the risk management responsibilities pertaining to their roles.	2	<i>The approach to training has been reviewed - this has identified an additional option for Members to access recorded training online. This additional option is now a part of the Risk Management Training Programme - with recorded training to be made available from 01/09/22 and with the aim of all members receiving training by 01/12/22.</i>	01/12/22	Case Management Support Services Officer

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Operational - Effectiveness Matter (OEM) Action Plan

Ref	Risk Area	Finding	Suggested Action	Management Comments
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ADVISORY NOTE

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