

Meeting of the Audit and Standards Committee – 25th September 2023

Report of the Chief Executive

Review of Programme, Project and Contract Management

Purpose of the Report

1. To report progress with the improvement of programme, project and contract management.

Recommendations

2. That the committee note and comment on the actions set out in this report.

Background

3. This committee on 23rd January 2023 approved changes to the Annual Governance Statement to reflect issues arising from an audit investigation that was reported to this committee on 23rd November 2022. The investigation highlighted failings in programme, project and contract management as follows:
 - Lack of clear roles and responsibilities e.g. having a designated project or contract manager.
 - Lack of understanding of the contract in place.
 - Payments not made in accordance with Financial Regulations and in line with the agreed contract.
 - Procurement not undertaken in accordance with Contract Standing Orders.
 - Lack of effective governance over projects (project plans, project reporting, project risks and issues, designated Senior Responsible Officer).
 - Decisions not undertaken in accordance with the council's constitution.

- Project budgets not managed in accordance with Financial Regulations.
 - Poor records management.
 - Legal advice not obtained where appropriate.
4. Management recognise that these issues were and are wider than the events considered in the November 2022 audit report. We also recognise that improving standards of programme, project and contract management is an ongoing process. It relies on being prepared to identify errors, learn from them, change processes where appropriate and promote better practice going forward. Appendix 1 sets out an action plan addressing the specific issues listed above. Although a Lead Officer is listed for each action, it is the responsibility of all managers to contribute to improvements in practice. The events considered by the audit investigation go back to 2019 and as such some of the actions listed in the plan pre-date November 2022.

Finance

5. This committee on 23rd November 2022 resolved that the appropriate director review the current capacity within internal audit to consider whether this is appropriate. This work is currently being undertaken and any request for additional resources will be submitted to Cabinet and Council through the annual budget process.

Law

6. The Accounts and Audit Regulations 2015 require that the council conduct a review at least once a year of the effectiveness of its system of internal control and produce an Annual Governance Statement (AGS).

Risk Management

7. The issues set out in this report are recognised in the Council's Risk Register.

Equality Impact

8. There are no direct equality implications.

Human Resources/Organisational Development

9. The establishment of Internal Audit is being reviewed.

Commercial/Procurement

10. Other reports on this agenda [check whether we split the agenda] relate to proposed amendments to Standing Orders and Exemptions from the requirement for a competitive procurement process. Where Exemptions or Waivers are granted, consideration is given to any lessons learned and/or guidance required to ensure better compliance with Standing Orders in future.

Environment/Climate Change

11. There are no direct environment or climate change implications.

Council Priorities and Projects

12. Effective management of programmes, projects and contracts contribute to the delivery of the Council's priorities and form part of the Future Council programme and Process theme.

A handwritten signature in blue ink, appearing to read 'K O'Keefe', with a long horizontal stroke extending to the right.

Kevin O'Keefe
Chief Executive

Contact Officers:

Iain Newman, Director of Finance & Legal Services and Section 151 Officer
Luisa Fulci, Director of Digital, Customer and Commercial Services

Appendix 1 - Action Plan

Objective	Actions	Timescales	Outputs	Lead Officer
Lack of effective governance over projects (project plans, project reporting, project risks and issues, designated Senior Responsible Officer).	<ul style="list-style-type: none"> • Rollout and embed the Project Management Framework and Toolkit • Rollout and embed the Project Portal (Verto365) • Provide project assurance and a check and challenge function for project leads on the development of PIDS and business cases 	Phased rollout programme starting from June 2023 starting with Regeneration & Ent	Framework: <ul style="list-style-type: none"> • Framework signed off by the Chief Executive in May 2023 and formally launched at newly formed Project Management Network event ('Agents for Change') on 29th June. • CPMO introduced the Framework and the Portal to all DMTs during July and August. • Provides standardised way of working, defines expectations of those working on projects. • Improved governance and adherence to regulatory and statutory obligations on projects 	Head of Chief Executives Office

Objective	Actions	Timescales	Outputs	Lead Officer
<p>Lack of effective governance over projects (project plans, project reporting, project risks and issues, designated Senior Responsible Officer).</p>	<ul style="list-style-type: none"> • Rollout and embed the Project Management Framework and Toolkit • Rollout and embed the Project Portal (Verto365) • Provide project assurance and a check and challenge function for project leads on the development of PIDS and business cases 	<p>Phased rollout programme starting from June 2023 starting with Regeneration & Ent</p>	<p>Toolkit and Training:</p> <ul style="list-style-type: none"> • Templates for PIDs, business cases, risks, EIA's, comms plans (live) • Package of mandatory templates, guidance, training videos and support sessions for project leads (live) • Overview sessions on the Framework and Portal delivered to Regen & Enterprise colleagues and 1:1 session's now being held to support staff in the use of the Project Portal. • Training for Digital and Customer Services Project Managers and key officers in Environment Directorate scheduled for September. 	<p>Head of Chief Executives Office</p>
			<p>Portal:</p> <ul style="list-style-type: none"> • Centralised location for all project information and documentation • Realtime oversight of project activity (ongoing) • End to end management of projects from concept to business as usual 	
			<p>Reporting:</p> <ul style="list-style-type: none"> • Major Project Status Report produced by CPMO on a six-weekly basis since January 2023. This includes exception reporting and obstacles to project delivery. • Report currently being developed further to meet the requirements of the Corporate Programme Board (new). • Escalations to risk, budget and delivery reported to the board 	
			<p>Project reviews/deep dives:</p>	

Objective	Actions	Timescales	Outputs	Lead Officer
			<ul style="list-style-type: none"> • Provide further quality assurance by the appraisal of in-flight projects to enable effective governance (ongoing) 	
<p>Lack of clear roles and responsibilities e.g. having a designated project manager.</p>	<ul style="list-style-type: none"> • Rollout and embed the Project Management Framework and Toolkit • Outline project, programme and change management roles & responsibilities for new starters as part of corporate inductions • Outline project, programme and change management roles & responsibilities for current managers as part of Dudley Manager • Outline project, programme and change management roles & responsibilities for aspiring managers as part of leadership development programmes • Defining the 'corporate portfolio' of projects and programmes 	<p>Framework and toolkit launched July 2023</p>	<p>Framework:</p> <ul style="list-style-type: none"> • Launched in May 2023 the framework provides a standardised way of working, defines the expectations of those working on projects and their roles and responsibilities <p>Training:</p> <ul style="list-style-type: none"> • CPMO have provided outline project management training to managers taking part in the current leadership development programme cohort – this will continue for future cohorts • CPMO confirmed as a partner on the corporate Annual Training Programme and a 12-month programme of • Project Management Training is currently being developed alongside People & Inclusion colleagues which will be available to all staff for the 2024 calendar year. The programme will include inhouse training delivered by CPMO as well as accredited training delivered by an external provider. • Project and Performance Management form part of the core elements of the Corporate Induction programme • Project Management basics forms part of the Dudley Manager framework 	<p>Head of Chief Executives Office</p>

Objective	Actions	Timescales	Outputs	Lead Officer
			<ul style="list-style-type: none"> • Directorate by directorate framework and portal rollout Corporate Portfolio • Maintained baseline of Projects and Programmes in Council, with designated Project Sponsor and Project Manager 	
Decisions not undertaken in accordance with the council's constitution.	To commission an external review of the constitution To deliver training on the decision-making process at a future date	During 2023/24	Officers understand what their decision-making delegations are	Lead for Law and Governance
Procurement not undertaken in accordance with Contract Standing Orders.	The Head of Procurement to report all Exemptions and Waivers to the CSO to A&SC	Complete	<ul style="list-style-type: none"> • The Head of Procurement took the first annual paper in March 2023 giving A&SC oversight of all non-compliance. Following papers will include the Waivers and rationale for the Exemptions. • The Head of Procurement is also working closely with Directors to look at alternatives, where possible, to any Waivers. 	Director for DCC

Objective	Actions	Timescales	Outputs	Lead Officer
	Updated CSO to be produced	Sept 23	<ul style="list-style-type: none"> The Head of Procurement to revise the CSO which will seek to update and simplify the existing provisions making them easier to understand. A full review will take place in late 2024 following the release of the new Procurement Bill. The Head of Procurement has additionally introduced a new Exemption form to aid Council Officers in determining the correct procedure. This is further supported by the Procurement Code that simplifies the CSO. 	
	Procurement training delivered to c.150 staff in 22/23 and a recording available on connect	Complete	Guidance on the key aspects of the CSO is available to Council Officers. Further training will be provided that will encompass the key compliance points as part of the Contract Management roll out. However, we do not currently have a way to determine who has completed the training, or the level of retention and understanding. Neither is this training mandatory or to be completed on a regular basis.	
Procurement not undertaken in accordance with Contract Standing Orders.	Revised Procurement policies, processes and information available on connect	Sept 23	Many of the policies and processes have already been updated by the Procurement team. However, these will require ongoing maintenance to ensure they are kept up-to-date. These will aid compliance as the information required will be accurate and readily available.	Director for DCC

Objective	Actions	Timescales	Outputs	Lead Officer
Lack of understanding of the contract in place.	Contract Management policies and processes being developed.	Q3 roll out	<ul style="list-style-type: none"> Contract managers will have the key contract information drawn out into a standardised form ensuring the key contract points are readily available. Furthermore, the Procurement team are looking to introduce a new e-tendering and contract management system which will aid Contract managers in managing their contracts. 	Director for DCC
Lack of clear roles and responsibilities e.g. having a designated contract manager.	Identify contract managers for each contract	Complete	Each contract added to the e-tendering system has a designated contract manager.	Director for DCC
	Contract Management policies and processes being developed.	Q3 roll out	Contract managers will have clearly defined responsibilities according to the contract categorisation.	
Payments not made in accordance with Financial Regulations and in line with the agreed contract.	Revised Financial Regulations, reflecting organisational changes and modern ways of working, approved by Audit and Standards Committee.	December 2021	Officers understand their responsibility to manage within budgets set in line with the Council's Constitution.	Director of Finance and Legal
Project budgets not managed in accordance with Financial Regulations.	The Project Management Framework and Toolkit support compliance with Financial Regulations. The Framework details a One Council Approach to Project Management and specifically references that for all major projects, a representative from Finance must be included within the project governance structure. The Framework states that	Phased roll out of framework from June 2023 starting in Regen & Ent	Officers understand that project governance processes do not override the requirements of Financial Regulations and this is detailed in the Framework, Portal and Toolkit and will be further communicated in the financial project management training.	Director of Finance and Legal

Objective	Actions	Timescales	Outputs	Lead Officer
	<p>projects can only be funded from budgets approved by Cabinet and Council.</p> <p>The Portal also directs Project Managers to the financial regulations and the financial rag status of projects is a key part of the governance reports.</p> <p>A project financial management training course is being developed that will sit within the project management training programme and will launch in January 2024.</p>			
<p>Poor records management.</p>	<p>The Project Management Framework and Toolkit support compliance with good records management practices.</p> <p>The Framework details the process for Information Management including Collection, storage, curation, dissemination, archiving and destruction.</p> <p>The framework requires and provides version-controlled documentation, standard</p>	<p>July 2023</p>	<ul style="list-style-type: none"> Project management records are complete, accessible and retained for an appropriate period of time. 	<p>Director of Finance and Legal</p>

Objective	Actions	Timescales	Outputs	Lead Officer
	documentation templates and centralised storage facilities.			
Legal advice not obtained where appropriate.	Procurement to review all new contracts and seek legal advice where appropriate as part of the procurement process.	Complete	<ul style="list-style-type: none"> Due to the nature of procurement work, the Procurement Team are in a unique position where they are able to identify when legal advice is required and to ensure it is obtained. 	Lead for Law and Governance