



Meeting	Audit, Risk and Assurance Committee
Date	20 November 2024
Location	Online
Title of Paper	Internal audit report
Presented By	John McNellis Head of Finance, Audit and Risk Claire Robertson, BDO
Recommendation to Members	For discussion
Appendix Attached	Yes – Appendix A

PURPOSE

To present the Audit, Risk and Assurance Committee (ARAC) with internal audit reports from the 2024/25 internal audit plan.

The paper is presented in line with the corporate governance framework of the Scottish Police Authority (SPA) and Audit, Risk and Assurance Committee (ARAC) terms of reference and is submitted for consultation.

1 BACKGROUND

- 1.1. The Internal Audit plan for 2024/25 was approved by the ARAC in February 2024.
- 1.2. Internal audit undertook a review of *Implementation of Change Projects and Realisation of Change benefits* to provide ARAC with assurance over the design and operating effectiveness of controls.

2 FURTHER DETAIL ON REPORT TOPIC

Appendix A - Implementation of Change Projects and Realisation of Change benefits

a. Background:

- Police Scotland have several large-scale change programmes and projects with multi-year supplier contracts.
- Change project use the five-case model for developing business cases with benefits profiles and benefits realisation plans.
- The Authority is focused on ensuring that change projects are delivered in line with the approved business case cost, benefits and timelines as well as achieving the intended improvement in outcomes.

b. Internal Audit Findings:

- **Limited assurance** on design of internal controls.
- **Limited assurance** on effectiveness of procedures and controls.
- BDO noted areas of improved practice since their last review of change process and have highlighted a number of areas of good practice within the change process. However, there were several areas that require improvement to either control design or effectiveness and a number of instances identified where the controls are not being executed as designed.
- High significance findings related to risks that Police Scotland do not have full oversight of all improvement projects being undertaken across the service. In addition, benefits profiles were not fully complete or aligned to the organisational strategy in three of the project reviewed.

c. Summary of Findings of the Report:

SUMMARY OF FINDINGS		# OF AGREED ACTIONS
High	2	5
Medium	5	9
Low	1	1
TOTAL	8	15

d. SPA Considerations:

- Whilst the progress identified by BDO, since their previous review of change, are welcomed this report highlight that further improvements are required.
- Police Scotland has recognised this and accepted the findings with a number of developments already being progressed that will address the findings.
- All recommendations, except for one low significance recommendation (finding 8 – definition of CI and change) have accepted. The majority of recommendations are anticipated to be completed during 2025 with the latest completion date 31 March 2026.

3 FINANCIAL IMPLICATIONS

- 3.1. The cost of providing the internal audit service is included in the 2024/25 budget.
- 3.2. The implementation of recommendations from internal audit work is likely to have financial implications.

4 PERSONNEL IMPLICATIONS

- 4.1. There are no specific personnel implications associated with this paper, however, reviews may have considered this aspect.
- 4.2. The internal audit service is provided by an external provider, BDO.

5 LEGAL IMPLICATIONS

- 5.1. There are no specific legal implications associated with this paper. Reviews will consider applicable legal implications.

6 REPUTATIONAL IMPLICATIONS

- 6.1. There are no specific reputational implications associated with this paper.
- 6.2. The objective of the internet audit service is to provide an independent opinion on the organisation and the effectiveness of its operations. Its reviews aim to help the organisation promote improved standards of governance, better management, decision making and more effective use of funds. This aids transparency and contributes toward confidence in the Authority.

7 SOCIAL IMPLICATIONS

- 7.1. There are no specific social implications associated with this paper, however, reviews may have considered this aspect.

8 COMMUNITY IMPACT

- 8.1. There are no specific community impact implications associated with this paper, however, reviews may have considered this aspect.

9 EQUALITIES IMPLICATIONS

- 9.1. There are no specific equalities implications associated with this paper, however, reviews may have considered this aspect.

10 ENVIRONMENT IMPLICATIONS

- 10.1. There are no specific environmental implications associated with this paper, however, reviews may have considered this aspect.

RECOMMENDATIONS

Members are requested to note the internal audit reports.



Police Scotland

Implementation of Change
Projects and Realisation of
Change benefits

INTERNAL AUDIT REPORT

January 2025

LEVEL OF ASSURANCE:	
DESIGN	LIMITED
EFFECTIVENESS	LIMITED

CONTENTS

1. EXECUTIVE SUMMARY	3
2. DETAILED FINDINGS	7
3. OBSERVATIONS	17
4. DEFINITIONS	20
5. TERMS OF REFERENCE	21
6. STAFF INTERVIEWED	22
7. LIMITATIONS AND RESPONSIBILITIES	23

RESTRICTIONS OF USE

The matters raised in this report are only those which came to our attention during our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

DISTRIBUTION LIST

FOR NOTING	Colin Maciver	Head of Change Portfolio Delivery
	Justine Nicholson	Head of Assurance - transformation Portfolio
	Scott Ross	Head of Change and Operational Scrutiny
FOR INFORMATION	Members of the	Audit & Risk Committee

REPORT STATUS

LEAD AUDITOR(S):	Henry Newman
DATES WORK PERFORMED:	04/11/2024 -
CLOSING MEETING:	06 December 2024
DRAFT REPORT ISSUED:	06 January 2025
MANAGEMENT RESPONSES RECEIVED:	
FINAL REPORT ISSUED:	



Executive Summary

LEVEL OF ASSURANCE: (SEE APPENDIX I FOR DEFINITIONS)

DESIGN	LIMITED	System of internal controls is weakened with system objectives at risk of not being achieved.
EFFECTIVENESS	LIMITED	Non-compliance with key procedures and controls places the system objectives at risk.

SUMMARY OF FINDING

H	2	
M	5	
L	1	

TOTAL NUMBER OF FINDINGS: 8

OUR TESTING DID NOT IDENTIFY ANY MATERIAL CONCERNS SURROUNDING THE CONTROLS IN PLACE TO MITIGATE THE FOLLOWING RISKS:

- Programmes and projects do not have a documented and approved business case that details key aspects, such as cost, benefits, and timescales.
- Programmes and projects do not have accurate budgets, forecasts and cost estimates or these are based on inadequate assumptions

BACKGROUND

Police Scotland (PS) have several change programmes and projects within their transformation portfolio, most of them encompassing large scale multi-year supplier contracts. Given the quantum and combined value of the portfolio, and financial and resource limitations to be able to deliver within timescales, it was requested by the Scottish Police Authority (SPA) and PS management that internal audit would conduct a review of change projects in 2024-25.

PS and SPA have adopted the Five Case Model in agreement with the Scottish Government. The Five Case Model is the approach for developing business cases recommended by HM Treasury that optimises the social / public value produced from public resources.

Multiple projects are grouped together into programmes. Programmes are assigned a Senior Responsible Officer (SRO) who is accountable for the delivery of the programme from start to finish.

When budget estimates, timescales or scope change for projects, a change request is developed and presented to the relevant approval board to make changes to the original business case to alter the timescales of delivery or total spend on the project. For different levels of change there are different boards that must approve the change requests, these include the Change Board, SPA resources committee, and Programme Board.

Each project should have documented and defined benefits profiles with realisation plans available when the project is put into delivery. The main types of benefits are cashable, non cashable qualitative and quantitative. Benefit profiles include information on how benefits are to be measured and the expected timescales of delivery.

The portfolio assurance team review projects and prepare risk potential assessments and set recommendations around approach depending on the likelihood of successful delivery of a project. This directs the need for independent health checks and further risk assessments of projects.

There is a Portfolio Management Office (PMO) tasked with supporting delivery of programmes/projects. There is a Demand Management Board, Portfolio Management Group and Change Board that provide oversight and aid decision-making. The Capital Investment Group (CIG) are responsible for setting the prioritisation plan each year by assigning project spend as inflight or pipeline to show its criticality.

All projects are managed centrally through a project management portal that the PMO are responsible for. The portal is used to collect and present information through dashboards.

PURPOSE

The purpose of this review is to provide management and the Audit, Risk and Assurance Committee (ARAC) with assurance over the design and operating effectiveness of controls relating to the change process and the realisation of benefits.



Executive Summary

SUMMARY OF GOOD PRACTICE

- ▶ Business case templates are in line with best practice and there is a clear process map covering the stage gate process within the Investment governance Framework.
- ▶ Financial budgets use assumptions that align with the HM Treasury Green book, including approved interest rates. Also, there is a defined template that project managers can use to prepare budgets each year, and for each new project reviewed, this was completed with all relevant information including officer and staff time charging.
- ▶ There is a clearly defined delegation of authority for change approval of different costs and different levels of change request.
- ▶ The organisation conducts assurance activities including Risk Potential Assessments (RPA), health checks, Desktop reviews, Post implementation reports, as well as end of project reports to assess the quality of deliverables. The RPAs involve reviewing the change against set criteria to show the likelihood of achieving its goals and the impact if the goals are not achieved. Health checks provide an independent view of the project and provide recommendations on any areas of concern midway through the delivery of a project. They are conducted using a risk-based approach.

SUMMARY OF FINDINGS

- ▶ **Projects bi-passing the Demand Management board** - According to the Demand Management Board (DMB) Terms of Reference and the Investment Governance Framework the DMB should act as a gatekeeper to the change process and approve transformation change projects and BAU projects for approval. It was noted that the Criminal Justice Service Division's (CJSD) BaU projects were not being presented to the DMB first before being approved. Also, the minutes of the DMB meeting did not show that any BaU projects had been approved by them in the last year.
 - ▶ It was also noted that there were no Demand Management Board meetings in between May and October and according to the portfolio roadmap the Transforming Command and Control PPA was raised in August and according to meeting minutes was not approved by the DMB till the October meeting.

- ▶ It was noted that there was an inconsistency between projects and programme briefs in the information they convey. Also, of a sample of five Potential Project Assessments, three did not have funding proposals attached. The funding proposals are used to identify any proposed funding models and any details on any secured funding or specific budgets that the project will be funded from, if this is not included this could lead to proposals being approved but not funded, wasting resources.
- ▶ The CJSD are running change projects that are autonomously managed separately from the change portfolio, this gap means that Police Scotland and Scottish Police Authority do not have a complete picture of the improvement and transformation efforts within the organisation.
- ▶ **Benefit Profiles and impact of realised benefits** - We reviewed benefits profiles of a sample of projects and noted that:
 - ▶ The benefit profiles did not have a visible link to the impact of the benefit. For example, what is the benefit to the organisation from generating saved time, what is that time being used for.
 - ▶ The portfolio overview reports are only reporting cashable and efficiency benefits and do not include benefits that use other metrics including effectivity and quality benefits.
 - ▶ The Lease Accounting Software (LAS) and National Integrated Communications Control System (NICCS) benefits and are still in draft even though the Portfolio overview report states that the LAS project has been in delivery since Q1 of 2024/25 and the NICCS project has been in delivery since 2021.
 - ▶ There were no results in the UCCP001 benefit profile for the reduction of PS communication systems from 127 down to one and according to the benefits profile this has not been measured since 2021 when the benefit profile was first developed.



Executive Summary

SUMMARY OF FINDINGS

- ▶ **Finance reporting** - We reviewed the portfolio overview reports specifically the finance section and it was noted whilst that there were no stated values for several projects and programmes.
 - ▶ It was also noted that there was a lack of narrative for variances in the actual vs budget spend in the finance report within the portfolio overview reports.
- ▶ **Change request process** - There is no requirement for a change request to refer to the original business case that was approved therefore the approval authority may not have full visibility of the aggregate change in costs and/or time on a project.
 - ▶ It was noted that due to the delegation of authority not considering aggregate spend and time it is possible to submit multiple small change requests for approval by programme board instead of the change board. During our testing of the change requests, we did not observe any instances of this risk materialising.
 - ▶ We reviewed the project NICCS and noted that the baseline for change request three was March 2022 however the Change request one timescales moved to December 2021 and change request two did not increase timescales.
 - ▶ There is no reporting of overall movement from the baseline set within the original business case.
- ▶ **The Prioritisation Plan** - We reviewed the 2023/24 prioritisation plan and noted there is a misalignment between the three-year business plan and the prioritisation plan as the Transforming Contact and Control project has been deprioritised and paused however the three-year business plan highlighted the need for an upgrade to the Command-and-control call handling system which the business plan states will be delivered in 2025/26.
 - ▶ Also, we reviewed the minutes from meetings for the prioritisation plan and noted that there was a lack of narrative in the minutes of the Capital Investment Group meetings and prioritisation plan for reasons a programme spend was considered as critical or other.
- ▶ **SRO guidance** - The Senior Responsible Officer (SRO) Guidance is currently in draft and therefore has not been rolled out throughout the organisation. Also, it could be enhanced to include information on handover procedures.
- ▶ **Lessons learned** - We noted that there was no control to mandate lessons learned to be logged before progressing to the next stage gate.
 - ▶ The Lessons learned framework is currently in draft and the latest version states it was last reviewed in 2020.
 - ▶ We also noted that there was no guidance to project managers on the benefits to be gained from reviewing lessons learned on similar projects and how to consider these while developing a new business case.
 - ▶ We reviewed a sample of four projects lessons learned that had been logged and it was noted that there were no lessons learned that were logged for two projects from the sample, Sex Offenders Policing Unit and Technical Surveillance Programme.
- ▶ **Lack of definition** - We reviewed the investment Governance Framework, and it was noted that it does not define what a “continuous improvement” project is classed as and what constitutes a “change programme”. Therefore, there is a risk that projects are not classified correctly, and projects do not receive the intended level of governance oversight.



Executive Summary

CONCLUSION

We have noted eight findings in total with two being high, five being medium one being low. We have noted Finally, areas of improved practice since our last review of change process and have highlighted a number of areas of good practice within the change process. For example, there is a clear stage gate process that aligns to good practice in the sector, financial models use detailed templates that are based on assumptions that are approved by HM treasury, and assurance engagements are undertaken both internally and externally on projects to assess their progress and the quality of the deliverables.

However, there were several areas that require improvement to either control design or effectiveness and a number of instances identified where the controls are not being executed as designed. In particular, we note that not all change projects and BaU projects are being presented to the DMB before they are progressed to the next governance stage, which is a key step in the governance process. In addition, CJSD projects are being run autonomously from the change portfolio, therefore, PS do not have a complete picture on all the change projects that are being undertaken within the organisation, which could lead to less effective demand management. There is also a lack of clarity on the rationale for spend being classified as critical or other and therefore project prioritisation. For example, we noted a lack of alignment between PS three-year business plan and the prioritisation plan set by the Capital Investment Group, with no documented rationale for the re-prioritisation.

In addition, we noted a number of areas where project reporting could be enhanced. For example, reasons for apparent over and underspends are not consistently detailed in the project overview reports., and benefit profiles do not show a clear impact on organisational goals, and are not being presented completely in the portfolio updates.

We have also suggested improvements to the change control process, and note that guidance is still in draft for SROs. In addition, the lessons learned framework is also still in draft and there were no lessons learned recorded for two out of the four projects we reviewed. There is no control that ensures that a project manager logs lessons learned or reviews lessons learned on other projects before progressing to the next stage gate.

Finally, we noted that there was no agreed definition of what continuous improvement projects are and how a programme is defined therefore projects may not be assigned the intended governance process for that type of project.


Given the range and number of findings, we can provide limited assurance over the design and the effectiveness of controls relating to the transformational change process and realisation of benefits at this stage.

DETAILED FINDINGS



Detailed Findings

RISK: Project methodology is not sound or has not been consistently applied

FINDING 1 - Projects bi-passing the Demand Management Board			TYPE
<p>According to the Investment Governance Framework and Demand Management Board (DMB) terms of reference the DMB is intended to act as the single gatekeeper for all new change proposals. They are responsible for reviewing transformational change projects and BaU projects and approving them to progress to the next governance stage. This can be either the next stage gate if the project is a transformation change or in delivery if it is a BaU project. It is important for the DMB to meet regularly throughout the year so that they can discuss and approve change projects in a timely manner. The DMB review Potential Project Proposals (PPA) for approval. Police Scotland (PS) and the Scottish Police Authority (SPA) should be fully aware of all the projects that are being undertaken within the organisation.</p> <p>We reviewed a sample of DMB meeting minutes from the past 12 months and a sample of change projects and BaU projects from the CJSD, it was noted that none of the CJSD BaU projects in the sample were presented for approval to the DMB. According to the minutes, in the past year there have been no BaU projects that the DMB have approved for delivery. It was also noted that there were no DMB meetings held in between May and October, during this period the project Transforming Command and Control's PPA was completed and raised for approval and not approved by the DMB until October 2024 in the next available meeting.</p> <p>The CJSD are currently delivering projects that are supported by Digital Support & Evolution Group (DSEG) that are aligned to the Criminal Justice Improvement plan to deliver the Criminal Justice Vision. Most of the projects also involve collaboration with partner organisations including the Crown Office and Courts. The reporting for these projects are conducted via the CJ improvement group.</p> <p>It was noted that the CJ improvement group are not stated in the Investment Governance Framework as being a line of reporting and governance for approval of projects. It was also noted that the BaU projects that are run by the CJSD do not have PPA's prepared, instead programme briefs are prepared which do not include the same level of detail as PPAs, specifically they do not have Critical Needs Analysis, or a funding and affordability analysis. There is also no requirement to formalise benefits and assurance engagements. We reviewed a sample of five change project PPAs and it was noted that three did not include funding proposals sections, these were efinancials, mobile negotiation application and Office 365.</p> <p>For the change projects that are run by the CJSD there is no direct link between the reporting of these change projects and the overall Change Portfolio, this gap means that PS and SPA do not have a complete picture of the improvement and transformation changes that are being conducted. There is also no reporting of budgets and current actual spends for the Criminal Justice Service Programme within the change portfolio overviews.</p>			Effectiveness 
IMPLICATION			SIGNIFICANCE
There is a risk that PS do not have full oversight on all improvement projects that are being conducted throughout the organisation and therefore strategies may be misaligned.			High
RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
See following page			



Detailed Findings


RISK: Project methodology is not sound or has not been consistently applied

FINDING 1 - Projects bi-passing the Demand Management Board			
RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
<p>We recommend that:</p> <ul style="list-style-type: none"> ▶ The CJSD projects be presented to the Demand Management Board before they proceed, also CJSD change projects should be reported along with the rest of the change portfolio. ▶ All projects whether they are to be classed as BaU or Transformational Change should have a fully completed PPA prepared in line with the current template before they proceed with their separate governance routes to ensure that the Demand Management Board have sight of the project and there is enough detail on financial implications and benefit realisation so they can assess whether the project should continue as BaU or continue as Change project. 	<p>Colin Maciver - Head of Change Portfolio Delivery TBC</p>	<ul style="list-style-type: none"> ▶ CJ work is already in train, therefore, beyond the stage to be presented to DMB. There are plans in place to review governance within the organisation under direction of DCC People and Professionalism. Under current circumstances, there is no expectation that CJ will report BaU activity as it currently sits outside of the portfolio and there are no support mechanisms in place to enable reporting for CJ, or indeed any other BaU change activity. ▶ It is anticipated that PS will bring forward new governance structures that will see an increased and prominent role for a 'Design Authority' which would incorporate a gatekeeper role as the receipt of demand gateway. Regardless, we fully support the bringing forward of impactful change propositions for consideration and subsequent visibility and management. 	<p>31/12/2025</p>



Detailed Findings

RISK: There is limited monitoring and reporting of benefits.

FINDING 2 - Benefit profiles and realisation of impact			TYPE
<p>According to the benefits management strategy each project should have benefit profiles prepared that state the benefit to be realised and how the organisation/business area should measure the benefit with the original baseline from before the change was implemented so that any quantifiable benefits can be calculated. The benefits that are to be realised need to show a link to the organisational goals and what their impact will be on Police Scotland. According to the benefits management strategy benefits are expressed as cashable, non-cashable, qualitative and quantitative. The benefits that are being realised from the change projects need to be reported through the organisation in a clear manner so that the governance boards understand how the organisation is improving from the investment in the change projects.</p> <p>We reviewed a sample of benefit profiles and whilst they showed the specific benefit and how they would be measured they did not show how they linked to the organisations strategy and how they would achieve organisational goals. For example, how do saved hours benefit the organisation, what are they being used for.</p> <p>We reviewed the portfolio overview reports that are provided to change board, and it was noted that they were only reporting on cashable benefits and efficiency benefits (hours saved) and were not reporting on any of the qualitative benefits that were not measured in time or cash. Examples of these metrics include quality of THRIVE assessments, number of crime reports, survey results and number of communications systems.</p> <p>We reviewed a sample of four project benefits profiles to review their completeness and whether benefits were being realised, and it was noted that:</p> <ul style="list-style-type: none"> ▶ The Lease Accounting Software (LAS) project, and National Integrated Communications Control System (NICCS) projects benefits profiles were still in draft when the Portfolio Overview road map that we reviewed stated that both projects were in delivery, LAS since Q1 2024/25 and NICCS in delivery since 2021. ▶ The Contract Engagement & Resolution Project (CERP) dis-benefits section was incomplete and did not show how they were to be measured or the frequency at which the dis-benefit would be measured. ▶ The benefit profile for Unified Communications and Contact Platform (UCCP) 001 had no results for the benefit of reduction of Police Scotland communication systems from 127 down to one. 			<p>Effectiveness</p> 
<p>IMPLICATION</p> <p>There is a risk that as benefit profiles are not complete the business areas are not able to effectively measure the benefits that are being realised from the implementation of the change project and therefore PS do not see the improvement being made.</p>			<p>High</p>
RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
<p>We recommend that:</p> <ul style="list-style-type: none"> ▶ Before a project can be signed off for approval the benefits profiles and how benefits will be measured should be fully reviewed by the PMO team so they can agree that they have been fully completed. <p>See following page</p>	<p>Colin Maciver - Head of Change Portfolio Delivery TBC</p>	<ul style="list-style-type: none"> ▶ As demonstrated to the auditor during interviews and evidenced in documentation shared, this process is already ongoing. PMO will continue to ensure that Benefit Profiles are completed fully and appropriately for each project at FBC and BJC stage. 	<p>30/06/2025</p>



Detailed Findings


RISK: There is limited monitoring and reporting of benefits.

FINDING 2 - Benefit profiles and realisation of impact			TYPE
RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
<p>We recommend that:</p> <ul style="list-style-type: none"> ▶ Benefit profiles be updated to show how they link to the organisational strategy and their impact on the organisation. ▶ Portfolio overview reports should report on all benefits that are being realised including non-cashable and non-efficiency-based benefits. 		<ul style="list-style-type: none"> ▶ As each projects is aligned to a Strategic Objective (and can be aligned to more than one), as defined in the BJC/FBC and recorded in PPMA, it follows that each project benefit aligns to the same. ▶ Work is underway to improve the value management process that will see both outcomes and benefits reported. Significant change will be required to bring this into a structured and manageable process. 	<p>30/06/2025</p> <p>31/03/2026</p>



Detailed Findings


RISK: There is limited oversight over performance of programmes and projects, including slippages/additional costs/ delays changes in benefits

FINDING 3 - Alignment of financial reporting			TYPE
<p>Projects should have clear, complete and accurate financial reporting available for each project that the organisation is currently conducting.</p> <p>We reviewed a sample of individual finance reports that are prepared by the finance team using job codes and are provided to project managers to update them on their remaining budget and projected spend for the next year. We also reviewed the portfolio overview reports, prepared by the portfolio management office, which provide a red, amber, green rating for financials which is updated if there is a current overspend or projected overspend.</p> <p>Whilst the finance report shows the variances between the actual and projected spends for each programme, it was noted that there was lack of narrative for the variances. For example, the programme Modernising Contact & Engagement in October showed a £200k overspend for the Unified Communications and Contact Platform project however the reason for this variance occurring was not stated in the report. Management have explained the reason for this apparent overspend was due to an underspend in the previous year and then a reallocation of costs to the next year causing an overspend in the next financial year against the SPA agreed budget. It is noted there is no evidence of this reasoning being communicated in the change project overview report.</p>			<p>Effectiveness</p> 
IMPLICATION			SIGNIFICANCE
<p>There is a risk that overspends are not being reported correctly and accurately to the change board and other governance boards and they are not aware of the reasons. Also overspends could lead to other projects not being implemented to lack of available funding.</p>			Medium
RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
<p>We recommend that PMO add in full narrative to variances for finance reports presented in the portfolio overview so that readers understand the reasons for any apparent over and underspend.</p>	<p>Colin Maciver - Head of Change Portfolio Delivery TBC</p>	<p>Programme Managers will add narrative on Portfolio Overview slides stating RAG status and reason for any over or under spend.</p>	30/06/2025



Detailed Findings


RISK: There are inappropriate controls around costing and payment approvals, including unanticipated cost increases.

FINDING 4 - Change request process			TYPE
<p>To request an update in available funding, timescales, a decrease in realised benefits or a change in scope for a project a change request is presented to the relevant delegation of authority for approval with the changes that need to be made to the most recent baseline. It is important for the approvals boards to have full sight of all the changes that have been made to a project since the original business case to ensure that the project is still viable when compared to its original business case. Baselines and changes need to be accurate and consistent across all change requests that are submitted over the lifetime of a project.</p> <p>It was noted that the delegation of authority does not require aggregate spend to be reported within the change request, showing the original anticipated budget and timescales and the new updated budget and timescales. As aggregate spend and timescales are not included in change requests, it is possible to submit multiple smaller change requests that would only need to be approved by the programme board instead of one singular larger change request that would require approval by the change board or SPA resources committee. It is noted that within our sample of change requests we did not see any cases of this risk materialising.</p> <p>Whilst one change request from our sample did report on the overall movement of the projects timescales costs, and benefits from the original baseline there is no requirement for this to be reported in the change requests.</p> <p>We reviewed a sample of projects change requests and whilst all the requests that we reviewed were accurate and submitted with all the required information change request three for the NICCS project stated its current baseline completion timescale March 2022, however when inspecting change requests one and two it was noted that change request one had only requested an increase in time of full delivery to December 2021 and change request two had not requested an increase to timescales at all. Therefore, there is three months that have not been accounted for within the change requests timeline.</p>			<p>Design</p> 
IMPLICATION			SIGNIFICANCE
There is a risk that approval boards do not have visibility over the original baseline of the projects and changes are making projects no longer viable.			MEDIUM
RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
<p>We recommend that:</p> <ul style="list-style-type: none"> ▶ Change requests report on the increase of cost and timescales compared to the previous change request as well as the original business case that was approved. ▶ When the aggregate spend, and timescales of all change requests for a project exceed the threshold in the delegation of authority the change request should be presented for approval to the relevant approval authority. 	Colin Maciver - Head of Change Portfolio Delivery TBC	<ul style="list-style-type: none"> ▶ Going forward, where cost is involved, Change Requests will report on the cost increase since any previous Change Request and from original FBC baseline ▶ We welcome the identification of a potential loophole in the CR process that could enable unscrupulous individuals to circumnavigate through aggregating costs across a period of time. While we have no evidence this occurs, we will seek to strengthen SRO and Change professionals understanding of the rules. 	<p>30/06/2025</p> <p>30/06/2025</p>



Detailed Findings


RISK: There is no assessment of priorities across the portfolio

FINDING 5 - The prioritisation of projects			TYPE
<p>Every year the Capital Investment Group (CIG) is responsible for picking the specific projects that will be prioritised in the next financial year and making decisions on what is critical to invest in to meet the organisations objectives and goals. A prioritisation plan is produced every year with the capital and reform spend for each programme categorised into spend that the organisation is committed to, difficult to stop, regulatory/mandatory changes, critical and other.</p> <p>We reviewed the Terms of Reference for the CIG as well as their meeting minutes and 2023/24 prioritisation plan from their last four meetings between December 2023 and February 2024. It was noted that there was a lack of narrative within the meeting minutes and the prioritisation plan over why programmes spend had been classified as critical or other and therefore why it was being prioritised or de-prioritised.</p> <p>We reviewed the current three-year business plan that was released by PS in 2024 and inspected the one-, two- and three-year milestones. The milestone “Complete the upgrade of our command-and-control call handling system, harnessing the latest technology to improve our responses to calls for service” was planned for delivery for 2025/26 in the business plan. However, when reviewing the 2023-24 prioritisation plan that the CIG have approved, it was noted that the project Transforming Contact and Control which would deliver an upgrade to the call handling service had been recommended to pause, therefore the prioritisation plan and the business plan do not align.</p>			Design 
IMPLICATION			SIGNIFICANCE
There is a risk that project spend are not being categorised in line with their criticality to the organisation’s objectives			MEDIUM
RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
<p>We recommend that</p> <ul style="list-style-type: none"> ▶ The business plan should align with the prioritisation plan that the capital investment group prepare. ▶ The reasons why a project is categorised as other or critical spend should be discussed within the meetings, and rationale documented. 	Colin Maciver - Head of Change Portfolio Delivery TBC	<ul style="list-style-type: none"> ▶ We welcome the recommendation but would reinforce the understanding that prioritisation occurred well before development of the 3 year plan in 2024. The 3 year plan outlines strategic intent and work has started in defining the portfolio to ensure that prioritisation reflects that intent - noting that the plan will be affected by a variety of factors and the portfolio must remain agile enough to respond. ▶ This is being addressed under work to redefine the current Change Portfolio. 	31/12/2025



Detailed Findings


RISK: There is no documented project methodology or guidance in relation to change programmes.

FINDING 6 - Incomplete guidance for SROs			TYPE
<p>All guidance should be fully completed and approved by senior management then communicated to relevant parties within the organisation, so they have a complete understanding of their roles and responsibilities as well as their tasks that they are required to complete.</p> <p>Whilst there is new guidance that is being prepared for SROs and new process for appointment including appointment letters to ensure staff are aware of SRO responsibilities the guidance and appointment letter process is in draft currently and therefore no sample testing of appointment letters was possible.</p> <p>Also, it was noted that the guidance could be improved to show the processes that would be undertaken to ensure a smooth handover when programme SROs are changed during the delivery of a programme.</p>			<p>Design</p> 
IMPLICATION			SIGNIFICANCE
There is a risk that SROs are not aware of their responsibilities within the organisation and towards project delivery.			MEDIUM
RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
We recommend that the SRO guidance should include guidance on procedures to ensure smooth handover of programmes between SROs finalised and approved by senior management and then each SRO should be issued with and sign an appointment letter, so they understand their responsibilities.	Colin Maciver - Head of Change Portfolio Delivery TBC	<p>SRO Guidance will be approved at the appropriate governance board and published. It will define the process to ensure smooth handover of programmes between SROs.</p> <p>A Plan is in place to manage updating of SRO Guidance, Training and Appointment Letters.</p>	30/09/2025



Detailed Findings


RISK: Lessons learnt are not being identified, documented or widely communicated.

FINDING 7 - Capturing lessons learned			TYPE
<p>Lessons learned need to be effectively captured and reviewed by project managers on a regular defined basis. The Lessons learned framework states that after each stage gate is completed/passed the project manager should log lessons learned in the project management tool PPMA and these should be signed off by the SRO.</p> <p>We reviewed a sample of four projects' lessons learned that had been captured by during the project lifecycles and it was noted that there were no lessons learned logged for the projects Sex Offenders Policing Unit and Technical Surveillance Programme. draft, we reviewed the Lessons Learned Framework and noted that it states it is still in draft, and the latest version is dated 11/09/2020.</p> <p>Also, it was noted that there is no control that ensures that a project manager considers lessons learned captured by other projects before they start their own projects.</p>			<p>Effectiveness</p> 
IMPLICATION			SIGNIFICANCE
<p>There is a risk that project managers are not aware of how to or when to capture lessons learned and are not using them to improve their future projects delivery.</p>			MEDIUM
RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
<p>We recommend that:</p> <ul style="list-style-type: none"> ▶ The lessons learned framework be finalised and approved then distributed to project managers and SROs within the organisation ▶ A review should be completed at each stage gate to ensure that project managers have completed all aspects before they can progress to the next stage gate including reviewing lessons learned. ▶ The PMO team to follow up with project managers if there are no lessons learned that are logged in the PPMA tool to get reasons why. 	<p>Colin Maciver - Head of Change Portfolio Delivery TBC</p>	<ul style="list-style-type: none"> ▶ The Lessons Learned Framework will be finalised and will progress through governance to gain approval. The framework will then be distributed to Project Managers and SROs before being made available on the Intranet as part of the Portfolio Management Framework suite of documents. 	30/06/2025
		<ul style="list-style-type: none"> ▶ As part of each Stage Gate review, Project Managers will require to demonstrate that all appropriate aspects, including Lessons Learned Reviews, have been completed before their project may progress. This is supported by Portfolio Assurance with regular internal assurance reviews. 	30/06/2025
		<ul style="list-style-type: none"> ▶ This will be addressed as part of the Stage Gate Review process. 	30/06/2025



Detailed Findings

RISK: There is no documented project methodology or guidance in relation to change programmes.

FINDING 8 - Definition of Continuous Improvement and Change Programmes			TYPE
<p>Change projects can be categorised as a continuous improvement project and are held separately in the change portfolio under the Chief Digital Information Officer. Projects that are related to each other in scope or department can belong to the same change programme where each project has the same SRO, programme board and reporting route.</p> <p>Continuous improvement projects are typically an ongoing, long-term approach to improving processes, products and services. Also, typically a programme is defined as a temporary, flexible organisation to coordinate, direct and oversee the implementation of a group of related projects managed to obtain benefits not available from managing them individually.</p> <p>Internal audit reviewed the Investment Governance Framework and supporting documentation and it was noted that there is no definition for projects that are classed as continuous improvement projects or a definition of a change programme for the organisation.</p>			Design 
IMPLICATION			SIGNIFICANCE
There is a risk that projects are not being categorised correctly and therefore may not have the correct oversight and governance path.			Low
RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
We recommend that the investment governance framework be updated to include the definition for how the organisation define a change programme and continuous improvement project.	Colin Maciver - Head of Change Portfolio Delivery TBC	<p>The IGF clearly defines approval levels for a project to become a project - Small Change activity, Business Change (£100k-£1m), Research and Development (up to £500k) and Change Projects (£1m+).</p> <p>Continuous Improvement activity is not part of the IGF; CI funding is not sought via this mechanism, therefore, its inclusion is unnecessary.</p> <p>Programme and Projects are defined within the Portfolio Management Framework documentation.</p>	TBC

IDEAS | PEOPLE | TRUST

OBSERVATIONS



Observations

Benefits baseline

We reviewed the benefits profiles, and it was noted that the Contact Engagement and Resolution Project (CERP) project had no baseline stated for its benefit profile BP001 therefore it was unclear how they had calculated the saved hours benefit from the project.

APPENDICES



Appendix I: Definitions

LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
SUBSTANTIAL	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
MODERATE	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally, a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non-compliance with some controls, that may put some of the system objectives at risk.
LIMITED	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
NO	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non-compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE	
HIGH	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
MEDIUM	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
LOW	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.
ADVISORY	A weakness that does not have a risk impact or consequence but has been raised to highlight areas of inefficiencies or potential best practice improvements.



Appendix II: Terms of reference

TERMS OF REFERENCE EXTRACT

PURPOSE

The purpose of this review is to provide management and the Audit, Risk and Assurance Committee (ARAC) with assurance over the design and operating effectiveness of controls relating to Change process and realisation of benefits.

KEY RISKS

- There is no documented project methodology or guidance in relation to change programmes
- Project methodology is not sound or has not been consistently applied.
- Programmes and projects do not have a documented and approved business case that details key aspects, such as cost, benefits and timescales
- The model for developing proposals is not appropriate or has not been consistently applied
- There is no assessment of priorities across the portfolio.
- Programmes and projects do not have accurate budgets, forecasts and cost estimates or these are based on inadequate assumptions.
- There are inappropriate controls around costing and payment approvals, including unanticipated cost increases.
- There is limited monitoring and reporting of benefits.
- There is no consideration of impact of benefits realised.
- There is limited oversight over performance of programmes and projects, including slippages/ additional costs/ delays/ changes to benefits.
- Assurance processes provide feedback on the quality of project deliverables.
- Lessons learnt are not being identified, documented or widely communicated.

SCOPE AREAS

The purpose of this review is to provide assurance over the design and operating effectiveness of the key controls in the following areas:

- Methodology and guidance
- Business case model
- Prioritisation
- Finance
- Benefits and outcomes
- Governance and monitoring



Appendix III: Staff Interviewed

BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.

Andrew Hendry	Chief Digital Information Officer	Audit lead
Scott Ross	Head of Change and Operational Scrutiny SPA	Audit sponsor
DCC Jane Connors	DCC Local Policing	Audit sponsor
Colin Maciver	Head of Change Portfolio Delivery	Key contact
Justine Nicholson	Head of Assurance - Transformation Portfolio	Key contact
Campbell Moffat	Head of portfolio Delivery	Key contact
Gemma Woods	Senior Finance Business Partner	Key contact
Brian Kyle	Head of Procurement	Key contact
Ian Smith	PMO manager	Key contact
Robin Storey	PMO Delivery Lead	Key contact
Samantha Hutchinson	PMO Delivery lead	Key contact



Appendix IV: Limitations and Responsibilities

MANAGEMENT RESPONSIBILITIES

The Audit & Risk Committee is responsible for deciding the action to be taken on the outcome of our findings from our work. The Committee is also responsible for ensuring the internal audit function has:

- The support of the management team.
- Direct access and freedom to report to senior management, including the Chair of the Audit & Risk Committee.

The Board is responsible for the establishment and proper operation of a system of internal control, including proper accounting records and other management information suitable for running the Organisation.

Internal controls covers the whole system of controls, financial and otherwise, established by the Board in order to carry on the business of the charity in an orderly and efficient manner, ensure adherence to management policies, safeguard the assets and secure as far as possible the completeness and accuracy of the records. The individual components of an internal control system are known as 'controls' or 'internal controls'.

The Board is responsible for risk management in the organisation, and for deciding the action to be taken on the outcome of any findings from our work. The identification of risks and the strategies put in place to deal with identified risks remain the sole responsibility of the Board.

LIMITATIONS

The scope of the review is limited to the areas documented under Appendix II - Terms of reference. All other areas are considered outside of the scope of this review.

Our work is inherently limited by the honest representation of those interviewed as part of colleagues interviewed as part of the review. Our work and conclusion is subject to sampling risk, which means that our work may not be representative of the full population.

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that: the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or the degree of compliance with policies and procedures may deteriorate.

FOR MORE INFORMATION:

Claire Robertson, Head Of Digital & Risk
Advisory Services - Scotland

+44 (0)7583 237 579
claire.robertson@bdo.co.uk

Freedom of Information

In the event you are required to disclose any information contained in this report by virtue of the Freedom of Information Act 2000 (“the Act”), you must notify BDO LLP promptly prior to any disclosure. You agree to pay due regard to any representations which BDO LLP makes in connection with such disclosure, and you shall apply any relevant exemptions which may exist under the Act. If, following consultation with BDO LLP, you disclose this report in whole or in part, you shall ensure that any disclaimer which BDO LLP has included, or may subsequently wish to include, is reproduced in full in any copies.]

Disclaimer

This publication has been carefully prepared, but it has been written in general terms and should be seen as containing broad statements only. This publication should not be used or relied upon to cover specific situations, and you should not act, or refrain from acting, upon the information contained in this publication without obtaining specific professional advice. Please contact BDO LLP to discuss these matters in the context of your circumstances. BDO LLP, its partners, employees and agents do not accept or assume any responsibility or duty of care in respect of any use of or reliance on this publication and will deny any liability for any loss arising from any action taken or not taken or decision made by anyone in reliance on this publication or any part of it. Any use of this publication or reliance on it for any purpose or in any context is therefore at your own risk, without any right of recourse against BDO LLP or any of its partners, employees or agents.

BDO LLP, a UK limited liability partnership registered in England and Wales under number OC305127, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. A list of members' names is open to inspection at our registered office, 55 Baker Street, London W1U 7EU. BDO LLP is authorised and regulated by the Financial Conduct Authority to conduct investment business.

BDO is the brand name of the BDO network and for each of the BDO member firms.

BDO Northern Ireland, a partnership formed in and under the laws of Northern Ireland, is licensed to operate within the international BDO network of independent member firms.

The matters raised in this report are only those which came to our attention during our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

Copyright © JULY 2024 BDO LLP. All rights reserved. Published in the UK.

www.bdo.co.uk

