



Cumbria Shared Internal Audit Service
Internal Audit report for Cumbria Constabulary /
Cumbria OPCC

Audit of Benefits Delivery Process

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Audit Resources

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Audit Report Distribution

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Audit Committee:	The Joint Audit Committee which is due to be held on 16 th March 2022 will receive the report.

Note: Audit reports should not be circulated wider than the above distribution without the consent of the Audit Manager.

Executive Summary

Background

This report summarises the findings from the audit of the **Benefits Delivery Process**. This was a planned audit assignment which was undertaken in accordance with the 2021/22 Audit Plan.

Benefits delivery is important to the organisation because significant investment is made in projects to achieve organisational benefits linked to the Vision 25 strategy. There is a risk that without a process to record, monitor and manage the delivery of anticipated benefits the organisation won't realise the intended benefits which may impact on the achievement of strategic priorities and delivery of financial savings.

Benefit realisation is a useful way for the Constabulary to demonstrate to stakeholders that it is delivering value for money and improving service delivery. This is important in both enhancing public confidence and in relation to the outcome focussed HMICFRS methodology.

Benefits delivery was reviewed in 2020/21 where it was identified that progress in developing and implementing benefit delivery arrangements had been slower than expected (and impacted by Covid-19), and they were not fully established or embedded. As such, sufficient testing could not be undertaken to provide assurance that the arrangements in place were operating effectively. Benefits Delivery was put back in the audit plan for 2021/22 with the response to the 2020/21 audit stating that work on benefits delivery was being accelerated with a clear plan to address the remaining issues, and that arrangements would be in place by the start of the 2021/22 financial year. In the 'monitoring key audit recommendations' report to Joint Audit Committee (JAC) in November 2021, it was reported that all actions in the 2020/21 audit report were complete.

Audit Approach

Audit Objectives and Methodology

Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems. A risk based audit approach has been applied which aligns to the five key audit control objectives. Detailed findings and recommendations are set out within the Management Action Plan.

Audit Scope and Limitations

The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was Lisa Hogan, Chief Superintendent - Insight and Performance. The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control in the following areas:

- The identification, recording, monitoring and reporting of benefits;
- Staff awareness and understanding of the new process;
- The treatment of benefits from already established projects;
- The arrangements for the management of unanticipated benefits and identification and reporting of negative impacts or non-delivery issues.

Audit work undertaken was impaired by the availability of information as the benefits delivery process is still not fully in place and embedded. As a result, we have not been able to carry out sufficient testing in all scope areas to provide assurance that the arrangements in place are operating effectively.

Assurance Opinion

Each audit review is given an assurance opinion and this provides Joint Audit Committee and Officers with an independent assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A**.

From the areas examined and tested as part of this audit review, we consider the current controls operating within the Benefits Delivery Process provide **Partial Assurance**.

Note: as audit work is restricted by the areas identified in the Audit Scope and is primarily sample based, full coverage of the system and complete assurance cannot be given to an audit area.

Summary of Audit Findings and Recommendations

Controls were operating effectively in the following areas:

- A new benefits realisation policy and procedure has been prepared and was approved by the Ops Board in June 2021.
- The benefits realisation policy and procedure is available to staff on the intranet.
- Although not mandatory, training provided on the new benefits process was well attended by Superintendents and Chief Inspectors.
- COG report templates and business case templates have been updated and include a table for benefit information to be recorded in. There is evidence that these are being used.

The recommendations arising from this review can be summarised as follows:

High	Medium	Advisory	Total
1	0	0	1

The three levels of audit recommendation are defined in **Appendix A**.

Areas for development: Improvements in the following areas are necessary in order to strengthen existing control arrangements:

High Priority Issues:

- Not all arrangements to deliver and realise benefits are fully established meaning that new benefit processes are not yet fully embedded. Once the new processes for benefit delivery and realisation are in place and fully embedded it should be ensured that they are effective so that risks of benefits not being realised, value for money not being achieved, and public confidence being eroded do not materialise.

Deputy Chief Constable Comments

I note the findings from the sample-based audit. The core framework for benefits management is in place but there is still work to do to ensure more rigour in application of that process. A key area of work is for staff officers and PAs to ensure that there is effective management of papers, decisions and benefits that pass through COG, and there is a revised process for this being implemented this month. I note the bullet-point management response, and the points laid out cover the main areas that need addressing. It is clear that the Change Manager needs substantial support and a clear mandate to enact the required changes, so I have instructed Ch Supt Hogan to ensure that he is fully supported, that a clear action plan is set to deliver the required steps, and that she manages any barriers to progress that may be encountered by the Change Manager.

DCC Mark Webster
24th February 2022

Management Action Plan

High Priority

Audit finding	Management response
<p>Benefits Delivery Framework</p> <p>A new benefits realisation policy and procedure was approved in June 2021 and training sessions on the new process were held in late June and early July 2021.</p> <p>Progress with the benefit delivery process has been made since last year's audit but has been slower than expected with mechanisms to deliver the policy and procedure not fully developed and not fully embedded. As such, we have been unable to test some arrangements for their adequacy and effectiveness.</p> <p>Processes not yet fully established / issues identified:</p> <p><u>Approval of benefits</u></p> <ul style="list-style-type: none"> • The Change Manager has recently identified that some reports which contain benefits may be authorised by governance boards other than COG. This presents a risk that the Change Manager may be unaware of all benefits that have been approved and as a result not all approved benefits are included on the benefits register to be managed and tracked. • The Change Manager has also identified that it is possible that not all COG approved benefits have been identified and included on the register. We were informed that the Change Team are to establish an additional control to ensure all identified benefits are captured on the benefits register. The mechanism will be to contact the Constabulary Secretaries, Staff Officers, and their line manager at the start of every month to request all approved papers from the previous month. Whilst 	<p>Agreed management action:</p> <p><i>The Change Manager to implement the following actions, overseen by Supt. Andy Wilkinson:</i></p> <p><i>To be completed by 31/03/2022:</i></p> <ul style="list-style-type: none"> • Ensure ICT/DDAT actions are added to the central register • Ensure Secretaries and Staff Officers respond to the request for benefits that have been agreed • Ensure the processes within Change Team and Police Futures align, including writing a procedure for the administration of benefits. Including an internal SLA of 14 days to add new benefits to the register • Report to COG with current status of Benefits, including update on the register 31/03/2022.

this control appears reasonable, and a recurring reminder to undertake this task has been set in the Change Team members calendars for the first day of each month, it could not be tested as it is only due to start in February 2022.

- The Change Manager confirmed that further work needs to be undertaken to identify whether there are any benefits, approved since the new benefits process was introduced, that the Change Team are unaware of, and which need to be included on the benefits register.
- A couple of examples of reports containing benefits and their approval by COG were provided for audit testing. However, the benefits could not be traced to the benefits register despite the reports containing the benefits being approved 14 and 70 days before the date of the benefits register. It was stated that these examples highlighted a gap in the process, a delay between paper / decision and updating the register, which the 1st of the month reminder email to secretaries will aim to shorten. When we subsequently confirmed that these benefits had now been included on the benefits register it was noted that the column to record the governance board they had been agreed at had not been completed (we were told that this was an error).

Updates from benefits owners

- We were informed that the Policing Futures Team will request quarterly benefit updates from benefit owners (an extract from the benefits register and deadline for a response will be included in the update request). Whilst this arrangement appears reasonable, at the time of the audit no updates had been requested so testing could not be undertaken to confirm the effectiveness of it.

Reporting to COG

- It was reported in the March 2021 update to the Joint Audit Committee that 'a format for quarterly reporting to COG and Governance Boards will be established and in

To be completed by 30/06/2022:

- Finalise standard format of COG reporting
- Report to COG at the end of Q1 2022/2023. This will allow for financial reconciliation vs. 2021/2022 benefits
- Establish 'lessons learnt' process

place by 31/03/21'. Quarterly reporting to COG is referenced in the benefit realisation policy and procedure, however it is yet to be established. Reporting is under development, with a report template for this still to be finalised. The aim is for COG to receive their first benefit update report by the end of the 2021/22 financial year. As such, no testing could be undertaken on this area.

Risks

- It was stated that risks to benefit delivery and any non-delivery issues should be included in the quarterly updates provided by benefit owners. Again, whilst this control appears reasonable, we have been unable to test it as no updates have yet been requested from benefit owners.

Quality Assurance

- The Change Manager informed us that, in terms of a quality assurance control for benefits, COG is expected to scrutinise and challenge benefit information they receive. As reporting to COG has not yet started this process is not sufficiently progressed for us to be able to test it.

Financial benefits

- We were informed that financial benefits will be reconciled with Finance annually (in June), after each year end, but we were unable to test this as the new benefits process has not been in place long enough for this to have been undertaken.

Benefits from ICT projects

- We were informed that ICT maintain their own benefit register for projects they were involved in and that these benefits were to be transferred to the new central register.

This has not yet taken place meaning the benefits register does not currently include all agreed benefits. The Change Manager said he would follow this up.

Management of the benefits register

- One of the original drivers for changing the previous benefit process was that the number of benefits to be monitored was numerous and unwieldy. Despite this, we were informed that, under the new benefit process, there is no limit on the number of benefits that can be included, and that there is not a specific arrangement in place to periodically review the number of benefits to ensure the process remains manageable. The Change Manager stated that he is confident that the Policing Futures team has the capacity to request quarterly updates from benefit owners and that action could be taken if it was identified that there were too many benefits to monitor (for example, they could stop monitoring qualitative benefits).

Administrative procedures and guidance

- There are no documented procedures / guidance for the administrative side of the benefits delivery process (i.e. processes to be performed by the Change Team and the Policing Futures Team) despite it being recognised that the Change Manager is currently the single point of failure for benefits.

Management of unanticipated benefits

- There is no step in the new benefit process on how unanticipated benefits should be managed and reported.

Lessons learnt

<ul style="list-style-type: none"> • There are no arrangements in place to learn lessons from benefits delivery which could be used to improve the benefits process and increase the successful delivery of future benefits. <p><u>Completion of the benefits register</u></p> <ul style="list-style-type: none"> • Our review of the benefits register identified that it is not fully populated, for example the RAG status column shows some benefits have a status comment in this column, but all do not. Some benefits reported as ‘complete – benefit delivered’ do not include an actual saving against the baseline benefit savings or include an actual delivery date. Whilst the lack of population against some benefits is because information is to be requested as part of the first quarterly update from benefit owners or because the benefits are historic, this does not account for all gaps. 	
<p>Recommendation 1:</p> <p>Arrangements to deliver the benefits realisation policy and procedure should continue to be fully developed and embedded, then subsequently assessed for effectiveness, taking into account the points outlined above.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Benefits anticipated from significant financial investments are not achieved. • Strategic priorities are not delivered because the projects / programmes designed to meet strategic priorities don’t achieve the desired outcomes. • Lack of accountability. • Value for money is not achieved. • Loss of public confidence. 	<p>Responsible manager for implementing: Change Manager</p> <p>Date to be implemented: 30/06/2022</p>

Audit Assurance Opinions

There are four levels of assurance used, these are defined as follows:

Assurance Level	Definition
Substantial	Sound frameworks of governance, risk management and internal control are in place and are operating effectively. Recommendations, if any, will typically be no greater than advisory.
Reasonable	Frameworks of governance, risk management and internal control are generally sound with some opportunities to further develop the frameworks or compliance with them. Recommendations will typically be no greater than medium priority.
Partial	Weaknesses in the frameworks of governance, risk management and/or internal control have been identified or there are areas of non-compliance with the established control framework which place the achievement of system / service objectives at risk. Recommendations will typically include high and medium priority issues.
Limited	There are significant gaps in the governance, risk management and/or internal control frameworks or there are major lapses in compliance with the control framework that place the achievement of system / service objectives at significant risk. Recommendations will include high priority issues.

Grading of Audit Recommendations

Audit recommendations are graded in terms of their priority and risk exposure if the issue identified was to remain unaddressed. There are three levels of audit recommendations used; high, medium and advisory, the definitions of which are explained below:

Grading	Definition
High	A recommendation to address a significant gap in governance, risk management or internal control frameworks or to address significant non-compliance with controls in place.
Medium	A recommendation to address a gap in governance, risk management or internal control frameworks or to address aspects of non-compliance with controls in place.
Advisory	A recommendation to further strengthen governance, risk management or internal control frameworks or to improve compliance with existing controls.