

Item 3 (ii)



## CHIEF CONSTABLE OF STAFFORDSHIRE

### Savings Programme

FINAL

Internal audit report 7.18/19

21 March 2019

This document is solely for the use of the persons to whom it is addressed.  
To the fullest extent permitted by law, RSM Risk Assurance Services LLP  
will accept no responsibility or liability in respect of this report to any other party.





## CONTENTS

|                                       |    |
|---------------------------------------|----|
| 1 Executive summary .....             | 2  |
| 2 Action plan.....                    | 6  |
| Appendix A: Scope .....               | 8  |
| Appendix B: Further information.....  | 9  |
| For further information contact ..... | 10 |

**Debrief held** 5 March 2019  
**Draft report issued** 7 March 2019  
**Responses received** 21 March 2019

**Final report issued** 21 March 2019

**Internal audit team** Daniel Harris, Head of Internal Audit  
Angela Ward, Senior Manager  
Kimberley Smith, Assistant Manager

**Client sponsor** John Bloomer, Chief Financial Officer

**Distribution** John Bloomer, Chief Financial Officer

# 1 EXECUTIVE SUMMARY

## 1.1 Background

We have undertaken an audit of the Force Savings Programme (Process Design) as part of our 2018/19 internal audit plan. Our audit this year has focussed on the design of the processes and governance arrangements in place to support and deliver the Force Savings Programme.

Within 2019/20 we will undertake an assurance audit which is focussed on the application of the processes in place to ensure they are being followed and complied with.

## 1.2 Conclusion

**We confirmed that the Force Business Change – Governance Overview (document) is robustly designed and has clear governance arrangements to ensure the savings/business changes have a structure to transition from ideas/opportunity through to delivery. The document is well written and is comprehensive in setting out core responsibilities and processes to be followed.**

It is key to note the importance of ensuring the resource is available to be able to apply all of the processes set out in the document. This includes resource in enabling functions, including; IT, HR, Finance and essentially the Programme Management Office which we are aware has been flagged to the Transition Board in December 2018. Furthermore, it is essential that resource is available within the Directorates to focus on the actual delivery on the savings programmes identified with a key lead to oversee through to delivery.

**We have agreed three ‘advisory’ management actions which relate to the storage of the Business Change – Governance Overview (document), ensuring the Directorate Leads are formally trained on the processes to be complied with and minuting the Programme Management Meetings to capture key decisions made.**

## 1.3 Key Findings

The key findings from this review are as follows:

- The Force Savings Programme Process has been developed in the form of a document titled ‘Business Change – Governance Overview’ (document) whose authors are a Consultant (Boeing) and two Business Relationship Managers (Force). The DCC Directorate was assigned as the lead Directorate and DCC Baker as the Executive Sponsor.
- The governance model and process to govern the Savings Programme (including Business Change) was developed following the implementation of the Directorate structure via the SP25 programme. The purpose of the governance model which will be adopted across the programme and the ongoing change programme is to ensure that work is delivered in a controlled and structured manner whilst achieving the anticipated levels of quality. Within the cover Force Strategy Board Decision Paper, it confirms who was involved / consulted at the Force in relation to the document. This included the Deputy Chief Constable, Assistant Chief Constables, the Director of People and Resources, a number of Chief Superintendents, a member of staff from the Corporate Governance Officer and Chief Finance Officer. Compared to what we have seen at other clients within the sector and the wider public sector, a reasonable level of staffing resource have been included within the process. It is essential to consult both operational departments and corporate functions to achieve a well-rounded approach and engagement from both areas.
- The document was presented to the Transformation Board meeting held on the 13<sup>th</sup> December 2018 for review and approval.

- The Programme Management Office (PMO) has been established to support the delivery of the programme and govern how the programme is delivered. The document sets out a clear governance model for the monitoring and oversight of the Savings Programme.
- Within the document, central to the governance is a single Change Register which will be administered by the PMO containing all of the opportunities and business changes that are either identified, being analysed, being implemented or that have been implemented. This change register contains the baseline for each work package (project) and will be maintained under configuration control by the PMO. The Change Register will form a central part of the Programme Management Meetings (PMM) and is the key document where savings will be monitored and tracked. Ownership of the change register forms a central part of the PMM (description of this governance forum can be found below). This will ensure that the Change Register is visible and updated by the PMO following the Directorate Leads updates at the PMM.
- There is a clear governance framework within the document which includes four key phases, and this is supported by a governance mechanism to approve the transition from each key phase to the next. It is key to note that the governance forums in place (described below this table) are responsible for identifying risks to service delivery as a result of the savings and monitoring the impacts and taking mitigating action (where necessary). If a saving is identified, but poses a high risk to service delivery and the Force do not have the risk appetite to move forward to the implementation phase, this would be rejected at the evaluation phase. The four key phases are:

| Phase     | Description   |
|-----------|---|
| Identify  | <i>Capture ideas for improvement across the force so that they can be assessed for viability and, if appropriate, implemented to achieve benefit.</i>   |
| Evaluate  | <i>Refine identified opportunities to give a greater understanding of the benefit that may be achieved through their implementation.</i><br>N.B. part of the evaluation phase, the Priority Based Budgeting (PBB) Panel is a method of analysing the impact of changes to service level with a view to understanding the impact of any changes made to them. (Quality / Service Impact) |
| Implement | <i>Implement the proposed change through the introduction of people, process and/or technology changes. Note: this may be achieved in a project structure or as part of the organisations normal business.</i>  |
| Measure   | <i>Measure and monitor the benefits achieved through the implementation of the business change to ensure that it's performed as planned (or better). Note: this may lead to further opportunities that can be injected into the Identify phase, hence the loop approach.</i>  |

- There is a detailed operating rhythm within the document which details the governance arrangements in place and how these are supported by other Force departments for which the design of this process is robust.
- The PMO are a central function within the operating rhythm ensuring the links between the Directorates, Finance Business Partner and Enabling Functions (where required). There is a Central PMO Lead assigned which each Savings Project with owners at Directorate Level also. The way in which the operating rhythm has been designed promotes the sharing of information ensuring that key decisions are cascaded throughout the Force Departments, PMO, Finance and Enabling Functions (where necessary).
- It enables the four key phases (as described above) to be transitioned ensuring a key decision is made at each phase. The document clearly shows how the governance model will be supported by Enabling Functions (as required e.g. IT, HR), Finance Business Partners and the PMO.
- Within the document, the purpose, ownership, agenda, authority and support are included for each of the meetings to be held which provides clarity of the key responsibilities within the process. The meetings to be held are as follows:

| Phase  | Description   |
|--|---|
| PBB Panel 1 (ad-hoc)                                     | <i>Priority Based Budgeting (PBB) is a method for analysing the impact of changes to service levels, with a view to understanding the impact of any changes made to them. The process is a comprehensive and robust method for understanding the existing service provision and analysing the effect of changes to this by one or more business changes.</i>  |
| Programme Management Meeting (weekly)                    | <i>This is the key performance monitoring meeting for the programme of business change. The performance of each of the four phases (identify, evaluate, implement and measure) are analysed in detail with the Directorate Leads providing detailed information on exceptions. This forum also acts as the gate for opportunities to transition from the Identify phase to the Evaluate phase.</i>  |
| Executive Workshop (monthly)                             | <i>Forum for discussion of programme performance and changes to baselines, prior to their submission at the Transformation Board. This forum allows for business changes to be 'sense-checked' before submission.</i>   |
| Force Strategy Board (Transformation Board) (bi-monthly) | <i>Forum for approval of and changes to business changes. Approves the allocation of budget and resources for the execution of work. Highest level of escalation for the resolution of conflicts. Overall performance of the programme is reviewed here.</i>  |
| Modern Policing & Enabling Board (monthly)               | <p><i>Forum for the release of funds to approved programmes of work. This board will give authorisation for specific spend on business changes approved at the Transformation Board (e.g. people or technology).</i></p> <p><i>This forum also acts as the go/no-go decision maker for major work streams; resulting in approval to amend the targeting operating model. TOM.</i></p>   |
| Directorate Boards (monthly)                             | <i>Existing forum for discussing the performance of each directorate. Change programme performance will be included as an agenda item in this to discuss the detail of the delivery of work packages and business as usual work.</i>  |
| Status Update Meetings (ad-hoc)                          | <i>Working level meetings to monitor and control the performance of business changes (or groups of business changes). These meetings are established by the directorates on an as-needed basis to support the implementation of work packages and BAU changes. It is anticipated that these meeting will operate at the highest level of detail ensure that each business change meets its aims. Information from these meetings will feed into the Directorate Boards and PMM.</i> |

- The way in which the governance model has been designed allows for ideas/opportunities to be sighted by all Directorates to ensure a) savings are not double counted and b) where ideas/opportunities may be cross cutting, this is identified at the first phase (Identify).
- The document has a detailed step by step Risks, Issues and Opportunities (RIO) management process so that RIOs are actively managed to ensure that risks are mitigated, issues are managed; and opportunities are implemented.

Through conducting our audit, we have identified the following issues which have resulted in three management actions being agreed which can be found below at Section 2 Action Plan:

- The Business Change Governance Overview is not currently held electronically in a central location which is accessible to all staff therefore is not currently easy to access. The document is currently a PDF; however, it is essential that the document cannot be edited by another other members of staff, other than controlled by the officers with responsibility and ownership. This also ensures that if any changes are made, they are approved appropriately by the Transformation Board thereafter.
- We were informed that Directorate Leads were involved in the creation of the Business Change Governance Overview document, however currently there is no formal training provided to Directorate Leads on the processes included. Furthermore, the Business Change Governance Overview document is not included within the induction for new starters. There is a risk that the processes will not be fully complied with if formal training is not provided.
- We were informed that currently the PMM meetings are not minuted, however as it is a decision-making forum which approves whether a business change opportunity moves through transition from the 'Identify' stage to the 'Evaluate' stage within the processes it is important for those key decisions to be minuted appropriately.

## 2 ACTION PLAN

The table below details the outcomes of the review undertaken and discussions held:

| Ref | Findings summary   | Action for management  | Responsible owner and implementation date  |
|-----|--|--|--|
| 1   | The Business Change Governance Overview is not currently held electronically in a central location which is accessible to all staff therefore is not currently easy to access.   | <p>The Business Change Governance Overview Document will be saved (electronically) in a location which is accessible by all Directorate Leads and other staff members it relates to. Once the location of the document has been decided, the file name path will be circulated to all staff.</p> <p>The document will be encrypted to remove the risk of unauthorised changes being made and only the owners of the document will have editable rights.</p> <p>(Advisory)</p>  | <p>Catherine Acton, Business Relationship Manager</p> <p>Paul Ross, Business Relationship Manager</p> <p>Immediate</p> |
| 2   | <p>We were informed that Directorate Leads were involved in the creation of the Business Change Governance Overview document, however currently there is no formal training provided to Directorate Leads on the processes included.</p> <p>Furthermore, the Business Change Governance Overview document is not included within the induction for new starters.</p> <p>There is a risk that the processes will not be fully complied with if formal training is not provided.</p> | <p>Formal training will be implemented and all Directorate Leads who have a responsibility to comply with the Business Change Governance Overview will receive training. The training will assist in a consistent message being delivered and needs to be priority and specific to the expectations and the purpose and delivery of the Business Change document and processes. All Directorate Leads will attend the training.</p> <p>Furthermore, the training will be provided to any new starters who will have a responsibility to comply with the Business Change Governance Overview.</p> <p>(Advisory)</p> | <p>Catherine Acton, Business Relationship Manager</p> <p>Paul Ross, Business Relationship Manager</p> <p>Immediate</p> |
| 3   | The PMM is a key performance monitoring meeting for the programme of business change. In addition to this, the PMM is a decision-making forum which approves whether a business change opportunity moves through transition from the 'Identify' stage to the 'Evaluate' stage within the processes.  | <p>The Programme Management Meeting will be minuted to ensure that key decisions are documented, to ensure there is a structure, actions are driven forward, measurement of performance are clearly document and the ownership is clearly stated.</p> <p>(Advisory)</p>  | <p>Catherine Acton, Business Relationship Manager</p> <p>Paul Ross, Business Relationship Manager</p> <p>Immediate</p> |

| Ref | Findings summary   | Action for management | Responsible owner<br>and implementation<br>date |
|-----|--|-----------------------|---|
|     | <p>Specific to the Identify to Evaluate Stage it states that the PMM:</p> <ul style="list-style-type: none"> <li>• Approve the transition of viable business change opportunities into the evaluate phase</li> <li>• Approve the expenditure of resource to conduct further analysis on the business change opportunities.</li> <li>• If required, approve the request of RFC(s) (and associated cost) to obtain detailed pricing information from suppliers.</li> </ul> <p>At present, notes are taken for the PMM meetings rather than minutes which proposes a risk of the meetings not formally being represented by the notes taken because of the responsibility and nature of such a meeting.</p> |                       |   |



# APPENDIX A: SCOPE

## Scope of the review

The scope was planned to consider (in an advisory capacity) the design of the Savings Programme processes in relation to the following:

| Objective of the area under review   | Risks relevant to the scope of the review  | Risk source             |
|--|--|-------------------------|
| To review the systems for identification, planning, governance, monitoring and challenging the delivery of the Force's savings programme and the tracking of actions taken to address / manage variations in the Savings Programme delivery. | The Force is unclear of income in the coming two years due to a lack of clarity on the available precept. The core policing grant is cash flat with no clarification on the direction of travel for the years after 2019/20. | Corporate Risk Register |

### When planning the audit the following areas for consideration and limitations were agreed:

This review will be advisory and no formal assurance level will be provided as a result of the audit.

Our audit this year will focus on the design of the processes and governance arrangements in place to support and deliver the Force Savings Programme. Any best practice seen elsewhere will be considered and offered as appropriate.

- We will review how the Savings Programme Process has been developed including who has been involved in the development of the Business Change – Governance Overview document.
- We will establish how the process will be monitored to ensure it is being complied with.
- Our review will consider how the Force will measure the impact of those services where savings are potentially made and how the savings will be tracked and if the savings are split between cashable and non-cashable savings.
- We will understand how the Force plan to work together across Directorates to ensure there is an oversight to avoid savings being double counted.

### Limitations to the scope of the audit assignment:

We will not provide an assessment as to whether the Force's savings targets for 2018/19 are likely to be delivered, we will only focus on the design of the processes in place. Within 2019/20 our audit will focus on the application of those processes in place and test against the actual savings programme.

We will not confirm any savings made or reported as being made during 2018/19 to the financial ledger.

Testing will be undertaken on a sample basis.

Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

## APPENDIX B: FURTHER INFORMATION

### **Persons interviewed during the audit:**

- John Bloomer, Chief Financial Officer
- Kevin George (Boeing)

### **Documentation reviewed during the audit:**

- Business Change – Governance Overview
- Minutes of the Transformation Board

## FOR FURTHER INFORMATION CONTACT

**Daniel Harris, Head of Internal Audit**

[Daniel.Harris@rsmuk.com](mailto:Daniel.Harris@rsmuk.com)

Tel: 07792 948767

**Angela Ward, Senior Manager**

[Angela.Ward@rsmuk.com](mailto:Angela.Ward@rsmuk.com)

Tel: 07966 091471

### **rsmuk.com**

The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

Our report is prepared solely for the confidential use of Chief Constable of Staffordshire, and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

RSM Risk Assurance Services LLP is a limited liability partnership registered in England and Wales no. OC389499 at 6th floor, 25 Farringdon Street, London EC4A 4AB.