



cutting through complexity

Loch Lomond & The Trossachs National Park Authority and Cairngorms National Park Authority

Internal audit report 2014-15

Project Management

15 January 2015

This report is for:

Action

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Information

Audit Committee

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Notice: About this report

This Report has been prepared on the basis set out in our Engagement Letter addressed to Loch Lomond & The Trossachs National Park Authority and Cairngorms National Park Authority (“the Clients”) dated 15 June 2011 and extended as of the letter dated 28 August 2014 (the “Services Contracts”) and should be read in conjunction with the Services Contract. Nothing in this report constitutes a valuation or legal advice. We have not verified the reliability or accuracy of any information obtained in the course of our work, other than in the limited circumstances set out in the Services Contract. This Report is for the benefit of the Clients only. This Report has not been designed to be of benefit to anyone except the Clients. In preparing this Report we have not taken into account the interests, needs or circumstances of anyone apart from the Clients, even though we may have been aware that others might read this Report. We have prepared this report for the benefit of the Clients alone. This Report is not suitable to be relied on by any party wishing to acquire rights against KPMG LLP (other than the Clients) for any purpose or in any context. Any party other than the Clients that obtains access to this Report or a copy (under the Freedom of Information (Scotland) Act 2002, through the Clients’ Publication Scheme or otherwise) and chooses to rely on this Report (or any part of it) does so at its own risk. To the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability in respect of this Report to any party other than the Clients. In particular, and without limiting the general statement above, since we have prepared this Report for the benefit of the Clients alone, this Report has not been prepared for the benefit of any other central government body nor for any other person or organisation who might have an interest in the matters discussed in this Report, including for example those who work in the central government sector or those who provide goods or services to those who operate in the sector.

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Introduction and scope

In accordance with the 2014-15 annual internal audit plan for Loch Lomond & The Trossachs National Park Authority (“LLTNPA”) and Cairngorms National Park Authority (“CNPA”), as approved by the audit committees, we have performed an internal audit of the project management processes and systems at LLNPA and CNPA (“the Authorities”).

The objective of this audit was to consider the design and operating effectiveness of the Authorities’ project management processes. The specific objective, scope and approach, as agreed with management, is detailed in appendix one.

Background

All public sector bodies have a responsibility to manage their finances efficiently and effectively and robust project management is of increasing importance. Resources are limited and need to be utilised efficiently in enabling an organisation to achieve its strategic and operational objectives. There is also external interest in public sector projects, as a result of previous high profile cases of inadequately managed projects which resulted in significant overspend, operational failures of project outputs, early termination of projects and a failure to demonstrate achievement of value for money. Due to the variety of operational activity across the Authorities, the portfolio of ongoing projects is diverse, in terms of size, risk and scope, as well as the nature of the outputs.

Both Authorities have revised their project management processes in 2014-15; LLTNPA updated and implemented the revised approach in January 2014, CNPA are undertaking the process with new policies to be in place from December 2014. LLTNPA has a dedicated project management team to assist in projects where necessary and provide project management knowledge to specific projects and the organisation as a whole. In 2014-15 the project management team is involved with six projects which were identified during the annual planning process.

Executive summary: Key findings and recommendations

We identified no ‘critical’ graded recommendations for either authority in the course of our work.

LLTNPA:

We identified one ‘high’ graded recommendation, one ‘moderate’ graded recommendation and five ‘low’ graded recommendations. We also identified areas of good practice.

CNPA:

We identified two ‘moderate’ graded recommendations and two ‘low’ risk graded recommendations. We identified areas of good practice.

The findings identified during the course of this internal audit are summarised below. A full list of the findings and recommendations are included in this report. Management has accepted the findings and agreed reasonable actions to address the recommendations.

| | Authority | Critical | High | Moderate | Low |
|--|-----------|----------|------|----------|-----|
| Number of internal audit findings | LLTNPA | - | 1 | 1 | 5 |
| | CNPA | - | - | 2 | 2 |
| Number of recommendations accepted by management | LLTNPA | - | 1 | 1 | 5 |
| | CNPA | - | - | 2 | 2 |

The review of project management showed that the controls were designed effectively, however we identified weaknesses in the operating effectiveness of the controls. We were unable to test operating effectiveness at CNPA, as the revised project management processes had not been fully implemented. The high and moderate graded recommendation and areas of good practice are summarised below:

LLTNPA

- Through testing of three ongoing projects, we identified that in all three cases the project initiation document (‘PID’) had not been completed or signed as approved prior to commencement of the project.
- Through discussion with management we identified that there was no documented procedures in place to assess the size and risk of projects resulting in smaller, lower risk projects not being subject to formal project management controls.

CNPA

- CNPA does not currently have an overarching project management policy which outlines the key phases and requirements of the project management lifecycle.
- During our testing of prior and ongoing projects we identified that Equality Impact Assessments (‘EqIA’) are not carried out, and screenings or assessments which have been carried out are not made available to stakeholders on a timely basis.

We summarise areas of good practice.

Areas of good practice

LLTNPA

- There is a project management lifecycle toolkit which provides reference to all stages of the project management lifecycle and reference to the relevant documents and templates required to be completed at each stage.
- In addition to lessons learned workshops performed at the end of a project, they are also conducted at the end of key phases. This facilitates issues to be identified and best practice to be shared on an ongoing basis.
- There is a clear link between the projects reviewed and the National Park Partnership Plan ('NPPP') objectives.
- Equality Impact Assessment (EqIA) had been carried out for all projects and in all cases reviewed initial assessments were published online.

CNPA

- As part of the new project management processes a project sizing document has been produced to allow the tailoring of the project management controls based on the risk and size of the project.

Areas for added value

The focus of this review included efficiency, enhancement and changes in the project management processes including the achievement of good practice and efficiencies from the project management processes. The findings noted below explicitly identify areas where value could be added and good practice could be achieved by the Authorities:

- Implementation of completed PID at commencement of project (LLTNPA).
- Sizing and project assessment guidance (LLTNPA).
- Introduction of an overarching project management policy to provide a framework to support existing templates and guidelines (CNPA).
- Timely completion of statutory assessments and approvals (LLTNPA/CNPA).

We outline the main findings from our review.

Project management policies and procedures

We reviewed LLTNPA's project management policies, procedures and guidance, covering the life cycle of projects from initial proposal to final completion. We considered these against our experience of best practice, represented by PRINCE 2, both across the public sector and project management in general.

Project management at LLTNPA is supported by the project management team, who develops and maintains policies and procedures that are applied for all significant projects. This helps ensure that appropriate processes and controls are followed throughout the life cycle of the project and that good practice is implemented.

The project management approach at LLTNPA was reviewed, updated and implemented in 2014-15. The methodology includes:

- Policies and procedures - project management lifecycle toolkit, describing each of the steps in the Project Lifecycle and links to the required document templates required at each stage of the process.
- Project approval procedures – business case, project initiation document, terms of reference for project board.
- Project monitoring and reporting procedures – monitoring documents including: risk register, issues log, change control log, resource plan and communication plan, dashboard reporting template and progress reports.
- Project closure procedures – lessons learned report, end of project report.

We consider that policies, procedures, guidance and templates are robust, indicating that the overall project management process is effective at managing a number of projects at one time. Documents relating to policies, procedures and guidance have recently been updated by project management team staff and appropriate training has been given to staff involved in project management.

The intranet site contains information and guidance for staff to assist in project management across LLTNPA as part of ongoing operations. A review of the information available on the intranet over project management found there to be a range of extensive guidance designed to promote and assist good practice in project management across LLTNPA.

Project management control processes

Throughout the lifecycle of a project there are a number of control processes intended to ensure effective management authorisation, monitoring and review, as well as to ensure the project scope remains appropriate in terms of activity, time and resources originally approved. Three ongoing projects were selected in order to review the operating effectiveness of the control processes: YOUR park, LIVE park and Scenic Routes.

Project initiation

Project initiation provides a foundation for the project by outlining what is to be achieved, why it is important to achieve it, who is going to be involved and what their responsibilities are and how and when it is due to be undertaken. Two key documents are produced during the project initiation process, the business case and the PID. The business case is only required to be completed if the project has not been included in the NPPP or the corporate plan. These documents are updated on an ongoing basis and designed to ensure the project is successful, through detailed and thorough planning.

Aims and objectives are agreed and documented in the PID, being referred to throughout the project. Project managers are appointed and the project team set up at the start of a project, to enable them to be involved in the project initiation stage. This ensures that key personnel charged with delivering the project against its aims and objectives have input into the planning process and can set achievable timescales and identify resource requirements.

The PID also defines how the aims and objectives will be delivered and what is in and out of scope, in the three projects reviewed the PID contained clear documentation of the expected deliverables and what was in scope and out of scope in terms of the project. There were no clear delegated authority limits within PIDs however we understand that there is now a section within the PID which requires the project manager to identify who has delegated authority to commit expenditure.

For the three projects we noted that the PID was completed and signed as approved after the commencement of the projects, and in one instance the PID had not been evidenced as approved. For the projects reviewed, the EqIA initial assessments were dated after the project commencement date. In the lessons-learned report for the Scenic Routes project there was evidence that lack of scoping of legal requirements and planning consent resulted in delays, and project management governance was not in place at the start of the beginning of the project.

There is a risk that without the PID there is a lack of governance structure, resulting in a lack of clarity around the aims and objectives, the project scoping as well as delay in the identification of statutory and legal requirements. This could lead to inefficiencies within the project management lifecycle. It is recommended that management ensures a completed and approved PID is in place prior to project commencement and it is communicated to all members of the project team; to ensure project team buy-in and confirm they have an understanding of all aspects of the project.

Recommendation one

Summary of internal audit findings – LLTNPA (continued)

Within the PID the project manager identifies the available project budget, including income from other sources. We reviewed both capital and revenue projects and did not identify instances where the capital/revenue nature of the project was clearly stated within the PID. There is a risk that project managers are not clear on the capital/revenue split which may result in over/under spend against the capital or revenue grant in aid.

Recommendation two

Statutory approvals and assessments

As part of the project initiation phase, the project team must consider relevant laws and regulations and ensure the relevant documentation is completed and approved. The main legislative and statutory approvals/assessments required to be completed as part of the project management process, are highlighted within the PID and in the projects reviewed were identified as:

- EqIA.
- Procurement rules.
- Planning consent.
- Environmental impact assessment.
- Strategic environmental assessment.
- Health and Safety at work regulations.

In the three projects reviewed there was evidence of compliance with the relevant statutory and legal requirements identified in the PID, the documentation was available and, where required, had been published online, however this was not always carried out on a timely basis. There is a statutory requirement for EqIA to be considered as part of the project initiation process and there is currently ambiguity as to when this should be undertaken. Management should ensure that relevant statutory and legal requirements are scoped into the PID, the PID is approved, there is clarity over the planning phase and the commencement of the project and all the relevant approvals and assessments are in place, where possible, in advance of the project start date and updated if there are any changes in the scope of the project.

Recommendation three

Project planning

Once the scope of the project has been identified in the PID, the project enters a detailed planning phase. The main document used to ensure effective planning and control processes is the monitoring document which includes:

- Resource plan;
- Risk register;
- Communications plan; and
- Change control log.

For the three projects there was evidence that some of these control tools had been updated during the course of the project, however in two of the three projects there were no changes being evidenced in the change control log. For LIVE Park the project board is made up of one person although we confirmed that this was increased to four members and there was no documentation in the change log that demonstrated the updated structure. The Project Advisor confirmed this was a new tool recently introduced as part of the project management process and was not being utilised fully on projects. There is a risk that changes are not communicated to the project team and will not be appropriately implemented. It is recommended that future changes are documented in the change control log including changes to budget, timeline, governance structure and resources. Information on how to use the change control log should be communicated to staff involved in project management.

Recommendation four

Risk assessment

Risk is assessed as part of the project initiation process and within the PID there is a clear matrix for the assessment of risk based on probability and impact. The three projects reviewed had an initial risk register within the PID and for two of the three projects there was clear evidence that the risk registers had been regularly reviewed, updated and risks cleared. On one occasion there was no evidence of prior review of the risk register, although there was evidence that the risk register had been reviewed during project team meetings but the date of the latest review was not documented. It is recommended that for all projects the risk register is appropriately evidenced as reviewed, updated and risks which have been closed are recorded.

Recommendation five

Project monitoring and reporting

Projects are subject to ongoing monitoring and reporting through their lifecycle by the project team and project board; through regular meetings to discuss current issues and review and update the risk register. All high risk projects are required to complete a dashboard summary which is reported to the delivery group on a quarterly basis. The report outlines the progress of the project against established targets, deadlines and budgets. It highlights any significant issues that may impact the project and how these are being addressed.

A review of the three projects did not identify any cases where project teams were not monitoring and reporting on the status of the projects. Where the projects had been identified as 'High' risk the dashboard reports had been completed in line with the guidance and templates provided. A review of the quarterly reports submitted to the delivery group did not identify instances where the project reports were inconsistent with the status presented. In each case where the projects were identified at risk, there were action plans to address the issues.

Project completion and review

Closedown procedures are included as part of all projects involving the project management team. Following completion of a project a lessons learned workshop is held and all the stakeholders on the project to discuss what went well, what didn't work well and what would have been done differently if working on a similar project, the outcomes of the workshop are documented within the lessons learned report. Lessons learned workshops were also carried out at the end of key phases of a project allowing opportunities to improve and good practice to be transferred to the next phase of the project.

An end of project report is then completed which includes documentation and review of:

- Achievement and non-achievement of objectives against plan;
- Whether the project was delivered within the agreed timescale;
- Whether the project was delivered within budget; and
- Outcomes from the lessons learned meeting.

Due to the projects selected being ongoing, we reviewed the end of project report for the Locally Elected Board Member elections 2014. The project was considered to have delivered against its key objectives, and was completed on time and within budget, which is clearly documented within the end of project report.

Included within the completion procedures of a project are processes intended to ensure lessons are learned and captured, to be incorporated into future project management practices. A lessons learned workshop is held at key phases during larger projects and at the end of the project and the findings are documented in the lessons learned report.

Review of the three projects showed that lessons learned workshops had been conducted at key phases of the project, including positive experiences that could potentially be beneficial to future project management if replicated or implemented elsewhere. Discussion with project management team staff noted that whilst lessons learned were logged in one document these were not readily available to staff involved in project management.

Management should consider methods for disseminating good practice and areas for improvement identified in previous projects to assist projects going forward, such as the project management team staff incorporating a review of relevant lessons learned, from previous projects, into the project planning stage of projects or highlighting examples of good practice and areas for improvement at future training sessions for operational staff.

Recommendation six

Tailoring of project management processes

An inherent risk associated with project management processes is that they become a 'tick box' process whereby rigid controls are enforced on a wide range of projects, either adding little value or creating inefficiencies and disengagement of staff.

At LLTNPA project management covers a range of projects; varying in budget, timescale, risk, resource requirements and the underlying nature of the work being undertaken. We reviewed the project management processes for three projects to confirm there was appropriate tailoring of the project management controls as was considered reasonable by the project management team. In all three cases there was some variation of the scale of project management, particularly over reporting, without compromising the fundamental controls over project approval, monitoring and completion outlined above. We noted that there were a number of smaller projects considered by management to be lower risk that had not been subject to formal project management processes and were not monitored by the project management team, although it is recommended that the manager uses the project management toolkit.

Management should continue to review the processes for ensuring the project management controls are tailored without compromising the overall project management controls. In particular, management should consider methods to ensure that all projects are captured as part of the project management process by the project management team. It is recommended that the level of project management controls be considered through the introduction of project-sizing guidance, for small, low risk projects a 'fast track' project management process should be introduced allowing the project management team to still have some oversight of these projects.

Recommendation seven

Project management policies and procedures

We reviewed CNPA's project management policies, procedures and guidance, covering the life cycle of projects from initial proposal to final completion, focusing on the methodology as the revised project management process had yet to be implemented. We considered these against our experience of best practice, represented by PRINCE 2, in project management, both across the public sector and project management in general. The project management approach at CNPA has been reviewed and updated in 2014-15 with implementation of revised policies planned to be implemented in December 2014. No ongoing projects have been undertaken using revised processes and procedures.

The guidance and templates which have been developed include:

- Business case template and guidelines.
- PID.
- Start up checklist – highlighting key considerations for management in undertaking projects.
- Project plan templates.
- Issues Log.
- Budget tracker template.
- Communications plan template.
- Risk Register template.
- Completion report template.

CNPA does not have an overarching set of guidance to support the delivery of project management. The existing guidance and templates are restricted to specific elements of the project and do not give an overview of the full project lifecycle. There is a risk that without an overall structure, staff may not be fully aware of key steps in the project management process. In particular the correct order to undertake key tasks to ensure that appropriate governance is in place and all statutory requirements have been met. Management should develop an overarching policy before the training on the new project management is completed, to ensure that all staff have a clear understanding of the project management requirements across the authority. The policy should make clear the key stages in the project management lifecycle showing clear linkage to the existing templates and guidance.

Recommendation one

Project initiation

The project manager is required to first complete a project start-up checklist which directs users to the required templates and guidance. This checklist is then authorised by the Organisational Management Group ('OMG') before the project commences. We understand that the checklist is prepared by the project management administrator without being subject to formal review by the project manager in advance of submission to OMG. On future projects, the project initiation checklist should be reviewed by the project manager in advance of being submitted to OMG for approval.

Recommendation two

The approach to project management is tailored based on the size of the project. CNPA has developed project sizing guidance to assist in this process. The project sizing guidance considers multiple variable factors of a proposed or planned project including:

- project timescale;
- number of department heads and external bodies involved;
- risk;
- operational and regulatory factors; and
- cost.

The required documents that are to be completed vary by project for example:

- small projects require a Project Plan document to be completed by the project manager;
- medium projects require a full Business Case; and
- large projects require a PID is to be completed by the project manager which is optional for medium and small projects.

Statutory approvals and assessments

There is a statutory requirement for EqIA to be considered as part of the project initiation process, which is required to signed off as authorised by OMG. However, due to the lack of an overarching project management policy there is currently ambiguity as to when this should be undertaken. Based on our review of current and prior projects we found that EqIA were not being undertaken and made available to stakeholders as required by legislation. Management should ensure that EqIA assessment requirements are included within the project management policy, including an outline of what is required and when this needs to be completed. A review of all current projects should be carried out to ensure the EqIA statutory requirements are being met and the outcomes of these assessments, and all future assessment, are published on the CNPA website.

Recommendation three

Project planning

Once the scope of the project has been defined, the planning process at CNPA requires the completion of the documents identified in the start-up checklist which will vary depending on whether the project is defined as small, medium or large.

There are a number of additional tools which are available to staff to assist with managing their projects including:

- work package document for allocation and scoping of work flows, time, and reporting management;
- checkpoint reports, for incremental reporting on project to date;
- budget tracker, for internal costs;
- stage plan document, for planning next tranche of work on a large project; and
- communication plan, for communicating the progress and outputs of the project to relevant stakeholder;
- exception report document for reporting issues that have gone wrong and remedial actions planned.

Project monitoring and reporting

Projects are monitored against the original baseline information produced in the PID, this is performed using the checkpoint reporting process. Throughout the delivery of the project the Project manager monitors and controls activities, resources and expenditure and on an agreed time period basis and reported to the OMG using the checkpoint reporting form. There is also an exception report document available to incrementally report issues that have arisen during the course of the project, these are presented to the OMG. Again the budget tracker and stage plan documents are also available to project managers for tracking of internal costs and planning works and the communication plan is monitored for the duration of the project.

Risk assessment

Risk is assessed as part of the project initiation process and within the risk register template there is guidance on the risk assessment process and a clear matrix for the assessment of risk based on likelihood and consequence. The risk register is maintained for each project and updated as soon as a new risk is identified and is discussed and reviewed at each team meeting. Any changes or issues should be logged on an issue log document as soon as they are highlighted.

Project completion and review

There is not a clearly structured process for close-out for projects, and this is expected to be included within a new policy document. The close-out report template provides minimal guidance as to what steps are required to formally conclude a project. As part of the review of project management processes, specific guidance on the closure of projects should be developed identifying the required tasks to be completed. The guidance should be directly linked to the project close-out report.

Recommendation four

The action plan summaries specific recommendations, together with related risks and management's responses.

| Findings and risk | Recommendations | Agreed management actions |
|--|--|--|
| <p>1 Completion of PID</p> <p>For each project reviewed the PID was completed and signed as authorised after the commencement of the projects. In one instance the PID had not been evidenced as approved and this could impact a number of key project management controls. This could potentially contribute to the project not fully delivering the anticipated outcomes.</p> <p>There is a risk that without the PID there is a lack of clarity around the aims and objectives, project scoping as well as identification of statutory and legal requirements. This could lead to inefficiencies within the project management lifecycle as a result of project delays, failure to fully comply with statutory and legal requirements and lack of motivation from project team members.</p> | <p>Management should ensure a completed and approved PID is in place prior to project commencement. This should be communicated to all members of the project team to ensure buy-in and improve the understanding of all aspects of the project.</p> | <p style="text-align: center;">High</p> <p>PID process to be reviewed and simplified to ensure completion prior to project commencement and full understanding by the project team. Revised process to be communicated to Executive, Head of Service, Operational Managers and Project Managers.</p> <p>Responsible officer: Allyson Blue</p> <p>Implementation date: 31 January 2015</p> |

The action plan summaries specific recommendations, together with related risks and management’s responses.

| Findings and risk | Recommendations | Agreed management actions |
|--|---|---|
| 2 Budgeting | | Low |
| <p>We reviewed both capital and revenue projects and did not identify instances where the capital/revenue nature of the project was clearly stated within the PID.</p> <p>There is a risk that project managers are not clear on the capital/revenue split which may result in over/under spend against the capital or revenue grant in aid.</p> | <p>The authority should consider the split between capital and revenue budget at the project initiation stage, this should identify the project as:</p> <ul style="list-style-type: none"> • solely capital; • solely revenue; or • projects which have both capital and revenue elements. <p>Projects with a capital and revenue element should identify at the outset the anticipated proportion of expenditure which should be allocated to each type of expenditure.</p> | <p>New PID process to identify the capital/revenue split of the project.</p> <p>Responsible officer: Allyson Blue</p> <p>Implementation date: 31 January 2015</p> |
| 3 Statutory approvals and assessments | | Low |
| <p>In the three projects reviewed there was evidence of compliance with the relevant statutory and legal requirements identified in the PID, the relevant documentation was available and where required had been published online, however this was not always carried out on a timely basis. There is a statutory requirement for EqIA to be considered as part of the project initiation process and there is currently ambiguity as to when this should be undertaken.</p> <p>There is a risk that required statutory and legal approvals and assessments, such as EqIAs are not in place resulting in non-compliance and failure to meet deadlines.</p> | <p>It is recommended that management ensure that relevant statutory and legal requirements are scoped into the PID, the PID is approved, there is clarity over the planning phase and the commencement of the project and all the relevant approvals and assessments are in place, where possible, in advance of the project start date and updated if there are any changes in the scope of the project.</p> | <p>This will be incorporated into the revised PID process.</p> <p>Responsible officer: Allyson Blue</p> <p>Implementation date: 31 January 2015</p> |

| Findings and risk | Recommendations | Agreed management actions |
|--|---|--|
| 4 Use of change control log | | |
| <p>In two of the three projects there was no documentation of changes in the change control log. For example in the PID for LIVE Park the project board is shown as consisting of one person although it is now four members of the project board; there is no documentation in the change log that the make up of the project board had been updated. We understand this is a tool recently introduced as part of the project management process and had not been used on all projects.</p> <p>There is a risk that changes are not being communicated to the project team and will not be appropriately implemented.</p> | <p>It is recommended that all future changes are documented in the change control log including changes to budget, timeline, governance structure and resources. Information on how to use the change control log should be communicated to all staff involved in project management.</p> | <p style="text-align: center;">Low</p> <p>Project management toolkit is being reviewed and updated and will be communicated through training sessions with appropriate staff.</p> <p>Responsible officer: Allyson Blue</p> <p>Implementation date: 30 June 2015</p> |

Action plan – LLTNPA (continued)

| Findings and risk | Recommendations | Agreed management actions |
|--|--|--|
| <p>5 Risk management</p> | | <p>Low</p> |
| <p>Risk is assessed as part of the project initiation process and within the PID there is a matrix for the assessment of risk based on probability and impact. On one project reviewed there was no documentation of prior review of the risk register, although there was evidence that the risk register had been reviewed during project team meetings but the date of the latest review was not documented.</p> <p>There is a risk that managers are not referring to the most up-to-date risk register and fail to manage risks appropriately. Management may inadvertently allocate either excessive or insufficient resources to effectively manage risks if the current version of registers have not been utilised.</p> | <p>It is recommended that the risk register is appropriately evidenced as reviewed, updated and risks closed off for all projects on an ongoing basis.</p> | <p>The review of the risk registers as an essential part of the project management process will be included in the project management toolkit review and lessons learned training.</p> <p>Responsible officer: Allyson Blue</p> <p>Implementation date: 30 June 2015</p> |

| Findings and risk | Recommendations | Agreed management actions |
|--|---|---|
| <p>6 Lessons learned</p> <p>Discussion with project management team staff noted that whilst lessons learned were logged in one document these were not readily available to staff involved in project management.</p> <p>There is a risk that the same issues occur or projects do not benefit from positive lessons resulting in inefficiencies in future projects. It would be beneficial for lessons learned to be considered by the project management team who can advise project managers where they believe positive lessons can be implemented in future projects and allow the sharing of best practice and areas for improvement.</p> | <p>Management should consider methods for disseminating good practice and areas for improvement identified in previous projects to assist projects going forward. The project management team staff should incorporate a review of relevant lessons learned, from previous projects, into the project initiation stage of new projects and highlight examples of good practice and areas for improvement at future training sessions for operational staff.</p> | <p style="text-align: center;">Low</p> <p>Project Management team will include a review of relevant lessons learned from previous projects into new projects PIDs.</p> <p>Responsible officer: Allyson Blue</p> <p>Implementation date: 31 January 2015</p> <p>Project Management team will develop project management training sessions based on lessons learned from prior projects.</p> <p>Responsible officer: Allyson Blue</p> <p>Implementation date: 30 June 2015</p> |

| Findings and risk | Recommendations | Agreed management actions |
|--|--|--|
| <p>7 Tailoring project management controls relevant to the scale of the project</p> <p>We noted that there were a number of smaller projects considered by management to be lower risk that had not been subject to formal project management processes and were not formally monitored by the project management team. Management should continue to review their processes for ensuring the project management controls are tailored without compromising the overall project management controls.</p> <p>There is a risk that projects are not subject to any project management controls or the level of control exceeds the requirements based on the size of the project or risks associated with the project which could lead to inefficiencies and failure to meet aims and objectives. Management should consider methods to ensure that all projects are captured as part of the project management process by the project management team.</p> | <p>It is recommended that the level of project management controls be considered through the introduction of project sizing guidance, for smaller, lower risk projects. A 'Lite' project management process should be introduced allowing the project management team to still have oversight of these projects, but tailored based on the risk to LLNTPA.</p> | <p style="text-align: center;">Moderate</p> <p>Project sizing guidance will be produced by the Project Management team and used to assess all new projects for the 2015/16 financial year.</p> <p>Responsible officer: Allyson Blue</p> <p>Implementation date: 31 January 2015</p> <p>Guidance to be completed on 2015-16 project size assessments.</p> <p>Responsible officer: Allyson Blue</p> <p>Implementation date: 31 March 2015</p> |

| Findings and risk | Recommendations | Agreed management actions |
|--|--|--|
| <div style="display: flex; justify-content: space-between;"> 1 Project management policy Moderate </div> | | |
| <p>A new project management process is scheduled to be launched in December 2014 following relevant training being provided to staff. However, the process that is scheduled to be implemented includes a range of guidance notes and templates without an overarching project management framework having been developed to give appropriate guidance related to the project management lifecycle.</p> <p>There is a risk that without an overall structure being in place staff may not be fully aware of key steps in the project management process, in particular the correct order to undertake key tasks to ensure appropriate governance and all statutory requirements have been met.</p> | <p>Management should develop an overarching policy before the training on the new project management is completed to ensure that all staff have a clear understanding of the project management requirements across the authority. The policy should make clear the key stages in the project management lifecycle showing clear linkage to the existing templates and guidance.</p> | <p>An overarching project management policy has now been written but this represents updating existing practices for use with staff who have experience and training in project management and not the introduction of a completely new practice.</p> <p>Responsible officer: Performance and corporate governance manager</p> <p>Implementation date: 31 January 2015</p> |
| <div style="display: flex; justify-content: space-between;"> 2 Project initiation checklist Low </div> | | |
| <p>The Authority has a project initiation checklist which is submitted to OMG for review and approval. The checklist sets out the required documentation to be completed by project managers when initiating a project. The checklist is prepared by the project management administrator, and currently submitted to the OMG without review by the project manager.</p> <p>There is a risk that all required tasks have not been completed before seeking approval from the OMG due to the project manager not having reviewed the submission for accuracy.</p> | <p>The project initiation checklist should be reviewed by the project manager in advance of being submitted to OMG for approval.</p> | <p>The project initiation checklist is to be reviewed by the project manager before submission to OMG, as they will remain responsible for the delivery of the project.</p> <p>Responsible officer: Performance and corporate governance manager</p> <p>Implementation date: 31 January 2015</p> |

The action plan summaries specific recommendations, together with related risks and management's responses.

| Findings and risk | Recommendations | Agreed management actions |
|---|--|---|
| 3 Equality Impact Assessment | | |
| <p>CNPA has a statutory duty to comply with legislation including completing and reporting EqIA. Due to the lack of a policy and clear guidance within the project initiation documentation there is ambiguity as to when the EqIA must be completed.</p> <p>Review of prior and ongoing projects found that EqIA are not carried out on a consistent basis and screenings and assessments which have been carried out are not made available to stakeholders as required by legislation.</p> <p>There is a risk that a project which is unsuitable will be authorised without full consideration of equality implications.</p> | <p>EqIA assessment requirements should be included within the project management policy, including an outline of what is required and when this needs to be completed. A review of all current projects should be carried out to ensure the EqIA statutory requirements are being met and the outcomes of these assessments, and all future assessment, are published on the CNPA website.</p> | <p style="text-align: center;">Moderate</p> <p>EqIA processes are in place and assessments have been carried out, and published online e.g. LEADER LDS. CNPA also consults regularly with Inclusive Cairngorms on Operational Plan objectives to identify where <i>further</i> equality screening is required. The requirements are to be formally included in the PM policy, with clear guidelines on requirement, completion and disclosure.</p> <p>A review of all current projects will be carried out to ensure EqIA compliance.</p> <p>Responsible officer: Director of corporate services</p> <p>Implementation date: 31 March 2015</p> |

The action plan summaries specific recommendations, together with related risks and management's responses.

| Findings and risk | Recommendations | Agreed management actions |
|--|---|--|
| 4 Project close-out process | | Low |
| <p>There is a project close-out report template for CNPA projects. However, there is not currently a detailed process which project managers are required to follow to close-out projects. The existing template gives a high level overview of matters which are required to be reported related it to the conclusion of projects. It does not include specific tasks that are required to conclude a project.</p> <p>There is a risk that without clear guidance not all required tasks to close the projects will be completed.</p> | <p>As part of the review of project management processes specific guidance on the closure of projects should be developed identifying the required tasks to be completed. The guidance should be directly linked to the project close out report.</p> | <p>Close out documentation will be amended to include a "lessons learned" section and instructions on how to close a project.</p> <p>Responsible officer: Performance and corporate governance manager</p> <p>Implementation date: 31 January 2014</p> |

Appendices

Objective

In accordance with the 2014-15 internal audit plan for Loch Lomond & The Trossachs National Park Authority and Cairngorms National Park Authority (“the Authorities”), we will undertake an internal audit review of project management to consider arrangements, to assess if:

- projects are completed on time, within budget and targets/strategic objectives are achieved;
- governance processes are sufficient to mitigate risks, including non-compliance with regulations; and
- project benefits and outcomes, both financial and non-financial, are defined and performance against them is measured.

Scope

We will consider the project management policies and procedures, specifically we will:

- review policies and procedures against best practice including identification of accountability and delegated authority limits;
- review and test processes to manage project initiation including scoping, delivery and completion;
- assess the risk assessment procedures and subsequent project authorisation steps including process for referring decisions to relevant staff;
- review the procedures designed to ensure that statutory requirements are complied with, including the completion of relevant approvals/assessments; and
- select a sample of projects and test implementation and effectiveness of project management controls including the use of management information related to ongoing expenditure and the capitalisation of assets

Approach

We will adopt the following approach in this review:

- project planning and scoping;
- conduct interviews with staff to gain an understanding of the procedures and processes;
- identify and agree key risks and processes with management;
- review the adequacy and effectiveness of key processes through sample testing and discussion;
- consider the policies and processes compared to best practice guidance; and
- agree findings and recommendations with management.

Appendix two

Classification of internal audit findings

The following framework for internal audit ratings has been developed and agreed with management for prioritising internal audit findings according to their relative significance depending on their impact to the process.

| Rating | Definition | Examples of business impact | Action required |
|----------|--|---|--|
| Critical | Issue represents a control weakness, which could cause or is causing severe disruption of the process or severe adverse effect on the ability to achieve process objectives. | <ul style="list-style-type: none"> ■ Potential financial impact of more than 1% of total expenditure. ■ Detrimental impact on operations or functions. ■ Sustained, serious loss in brand value. ■ Going concern of the organisation becomes an issue. ■ Decrease in the public's confidence in the Authority. ■ Serious decline in service/product delivery, value and/or quality recognised by stakeholders and customers. ■ Contractual non-compliance or breach of legislation or regulation with litigation or prosecution and/or penalty. ■ Life threatening. | <ul style="list-style-type: none"> ■ Requires immediate notification to the Authority's audit committee. ■ Requires executive management attention. ■ Requires interim action within 7-10 days, followed by a detailed plan of action to be put in place within 30 days with an expected resolution date and a substantial improvement within 90 days. ■ Separately reported to chairman of the Authority's audit committee and executive summary of report. |
| High | Issue represents a control weakness, which could have or is having major adverse effect on the ability to achieve process objectives. | <ul style="list-style-type: none"> ■ Potential financial impact of 0.5% to 1% of total expenditure. ■ Major impact on operations or functions. ■ Serious diminution in brand value. ■ Probable decrease in the public's confidence in the Authority. ■ Major decline in service/product delivery, value and/or quality recognised by stakeholders and customers. ■ Contractual non-compliance or breach of legislation or regulation with probable litigation or prosecution and/or penalty. ■ Extensive injuries. | <ul style="list-style-type: none"> ■ Requires prompt management action. ■ Requires executive management attention. ■ Requires a detailed plan of action to be put in place within 60 days with an expected resolution date and a substantial improvement within 3-6 months. ■ Reported in executive summary of report. |

Classification of internal audit findings (continued)

| Rating | Definition | Examples of business impact | Action required |
|----------|---|---|--|
| Moderate | Issue represents a control weakness, which could have or is having significant adverse effect on the ability to achieve process objectives. | <ul style="list-style-type: none"> ■ Potential financial impact of 0.1% to 0.5% of total expenditure. ■ Moderate impact on operations or functions. ■ Brand value will be affected in the short-term. ■ Possible decrease in the public's confidence in the Authority. ■ Moderate decline in service/product delivery, value and/or quality recognised by stakeholders and customers. ■ Contractual non-compliance or breach of legislation or regulation with threat of litigation or prosecution and/or penalty. ■ Medical treatment required. | <ul style="list-style-type: none"> ■ Requires short-term management action. ■ Requires general management attention. ■ Requires a detailed plan of action to be put in place within 90 days with an expected resolution date and a substantial improvement within 6-9 months. ■ Reported in executive summary of report. |
| Low | Issue represents a minor control weakness, with minimal but reportable impact on the ability to achieve process objectives. | <ul style="list-style-type: none"> ■ Potential financial impact of less than 0.1%* of total expenditure. ■ Minor impact on internal business only. ■ Minor potential impact on brand value. ■ Should not decrease the public's confidence in the Authority. ■ Minimal decline in service/product delivery, value and/or quality recognised by stakeholders and customers. ■ Contractual non-compliance or breach of legislation or regulation with unlikely litigation or prosecution and/or penalty. ■ First aid treatment. | <ul style="list-style-type: none"> ■ Requires management action within a reasonable time period. ■ Requires process manager attention. ■ Timeframe for action is subject to competing priorities and cost/benefit analysis, eg. 9-12 months. ■ Reported in detailed findings in report. |



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