ARGYLL AND BUTE COUNCIL   **Helensburgh and Lomond Area Committee**

**DEVELOPMENT AND
INFRASTRUCTURE SERVICES**   **11 August 2015**

CHORD PROGRAMME – Actions from Internal Audit Report

1.0   EXECUTIVE SUMMARY

1.1   The findings of the Internal Audit Review of the CHORD Programme in February 2014/15 identified two areas for action, one relating to project governance and the other to do with managing risks. This report relates to the former action. The action relating to the latter has been implemented.

1.2   The above report stated that the current project governance arrangements do not fully comply with Prince 2 principles, the Council's agreed management methodology in respect of Project Board arrangements. Prince 2 stipulates that a project board should display four key characteristics namely authority, credibility, ability to delegate and availability.

1.3   The areas highlighted were the departure in 2013 of dedicated project and programmes board with governance responsibilities passed to the Area Committees and the Policy and Resources committee which have a wide ranging role in addition to their CHORD remit. Prince 2 states that the ideal number to sit on a Project/Programme Board is around three/four people.

1.5   The Audit report stated that the role of the Project Board to be communicated to Area Committees and additional training provided, if required.

1.6   Members to note contents of paper.

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2.0   INTRODUCTION

2.1   In February 2015 Internal Audit undertook an Audit Review of the CHORD Programme, the findings highlighted two areas for action, one in relation to project governance the other in the managing of risks of cross directorate projects. This report relates to the former action. The latter action has been implemented.

3.0   RECOMMENDATIONS

3.1   Members to note contents of paper.

4.0   DETAILS

4.1   The report stated that current project governance arrangements do not fully comply with Prince 2 principles which is the Council's agreed management methodology in respect of Project Board arrangements. Prince 2 stipulates that a project board should display four key characteristics namely authority, credibility, ability to delegate and availability.

4.2   The areas highlighted were the departure in 2013 of dedicated project and programmes board with governance responsibilities passed to the Area Committees and the Policy and Resources committee which have a wide ranging role in addition to their CHORD remit. Prince 2 states the ideal number to sit on a Project/Programme Board is around three/four people.

4.4   The Audit report stated that the role of the Project Board to be communicated to Area Committees and additional training provided, if required.

4.5   Outlined below is the governance arrangements agreed by the then Programme Management Board (now Policy & Resources Committee) in March 2009, which stated that projects will be managed in a PRINCE2 framework:

4.5.1   Reporting is by exception. In terms of the CHORD projects, when the project is outwith tolerances of +/- 10%, £10,000 (whichever is the greater) in terms of budget or 15 working days in terms of timescale.

4.5.2 Project Managers to report to their Project Board on at least a quarterly basis. The reports will highlight progress made versus plan, changed risks and budgetary matters;

4.5.3 A report is also triggered at key milestones (decision gates) to ensure that progress and the impact of each project on the programme's overall aim, benefits, risks and costs is tracked;

4.5.4 The agreed decision gates are:
- Completion of PID
- During and on completion of Full Business Case (FBC)
- During procurement process and prior to appointment of contractor
- During construction phase
- On conclusion of construction
- Post-project review – following construction completion
- Benefits realisation; and

4.5.5 Throughout the process and, in particular, at each of the decision gates the Project Boards should always be alert to the aim and objectives driving both the project and the programme:

- The project must still contribute to the project/programme aim and objectives
- The risks must be able to be mitigated
- The project is within budget
- The project can lever the funds required to progress

As the FBC develops, if a project is no longer meeting these criteria a decision should be taken to terminate the project. The final decision about continuing with a project will rest with Policy & Resources Committee (formerly Programme Management Board) and the Council.

4.6 If the CHORD Project/Programme Boards fail to display the four key characteristics namely authority, credibility, ability to delegate and availability then there is a risk that the individual CHORD projects and the wider programme aims and objectives may not be met. However, given that two the five CHORD towns, Campeltown and Helensburgh have been delivered their projects within budget and are receiving positive feedback on the impact these projects are beginning to have on the economic regeneration of their towns the risk is currently deemed to be low – medium.

4.7 A copy of the Internal Audit Report is available on request.

4.8 Member development sessions for Project board members can be provided, if required.

5.0 CONCLUSION

5.1 Given the wider remit of Area Committees and the Policy and Resources committee, adhering to key characteristics /principles of Prince 2 project/programme boards is challenging and one which requires to be monitored.

6.0   IMPLICATIONS

6.1   Policy   The CHORD programme will be delivered based
                              around the Office of Government Commerce (OGC)
                              "Managing Successful Programme" methodology.
                              Project management methodology will be based
                              largely around PRINCE 2.

6.2   Financial   None

6.3   Legal   None

6.4   HR   None

6.5   Equalities   No equal opportunities implications.

6.6   Risk   As outlined in section 4.6

6.7   Customer Services   None.

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