ESSEX POLICE, FIRE AND CRIME COMMISSIONER, FIRE AND RESCUE AUTHORITY

Change Management

Internal audit report 6.22/23

FINAL

12 April 2023

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1. EXECUTIVE SUMMARY

Why we completed this audit

An audit of Change Management was undertaken as part of the approved internal audit plan for 2022/23. The objective of the review was to allow management to take assurance over the design and effectiveness of the processes in place to ensure strategic changes are planned, approved, monitored, and assessed appropriately. The review also sought to assess the robustness of the governance and reporting arrangements in place to challenge, scrutinise, and monitor change management.

The Service produces an annual portfolio of change which outlines the programmes and the underlying projects within each programme which make up the portfolio. The 2022/23 portfolio of change was created in line with the Fire and Rescue Plan and Integrated Risk Management Plan which in turn align to the overall strategic objectives. As part of annual planning, the Service established a new governance model to help drive effective change management throughout the organisation. The governance model is outlined in the Governance, Annual Plan and Portfolio of Change document.

During July 2021, the Service commissioned external consultants, Discidium to assess the organisation's maturity level against the Portfolio, Programme, and Project Management Maturity Model (P3M3). The P3M3 model assesses levels of maturity on a scale of one to five, with five being the highest level. The results, alongside the Service's self-assessment outlined a level one maturity for the portfolio, and level two maturity for the programme and project elements. In October 2022, a further review was undertaken by Discidium which concluded that the Service had made good progress with organisational changes against the P3M3 model and were re-evaluated to be at level three maturity in all three areas.

The Performance and Resources Board (PRB) convene on a quarterly basis, through which a Portfolio of Change Report is reviewed. The PRB oversee the overall performance of the Service and receive updates from the Performance Management Board (PMB) on the progress against the Service's key change and transformation initiatives. The PMB meet every six weeks to review progress against the portfolio of change. After each PMB meeting, an organisation wide update is shared via the Innovation and Change Community of Practice on the overall portfolio of change as well as individual programmes within the portfolio.

The Service categorises its projects using the term 'gates' which numerically depict the stage at which each project is at (gate one is start up, gate two is initiation, gate three is delivery and gate four is closure). The 2022/23 Portfolio of Change included a total of 38 projects across five programmes, and as of November 2022, only one project had not been started as it was in the initial approval stage, with 13 in gate one, eight in gate two, 15 in gate three, and one in gate four.

Conclusion

Overall, we confirmed through our review that the Service has well-designed and consistently applied processes and governance arrangements to ensure strategic changes are planned, approved, monitored, and assessed appropriately. We identified the Service has change management documentation in place which clearly details the Service's approach and a lifecycle project flowchart that clearly sets out the steps that should be taken from pre-project through to project closure. We also identified consistent communication of engagement plans and outcomes pertaining to the Service's portfolio and subsequent programmes.

In addition, we noted the presence of communication logs for projects, completion of change request forms, and appropriate approval of changes. The Service also has robust governance and reporting arrangements in place in relation to the approvals and reporting of progress against the change management programme.

We identified minor control weaknesses relating to the absence of plans or tracking mechanisms to assist the Service in maintaining the current maturity level of three or further improving its maturity levels to levels four and five in relation to the P3M3. We also noted a minor issue relating to a disconnect between the closure of projects and the eventual benefits realisation.

Internal audit opinion:

Taking account of the issues identified, the Essex Police, Fire and Crime Commissioner, Fire and Rescue Authority can take substantial assurance that the controls upon which the organisation relies to manage this area are suitably designed, consistently applied and effective.

Minimal assurance ← Partial assurance | Reasonable assurance → Substantial assurance

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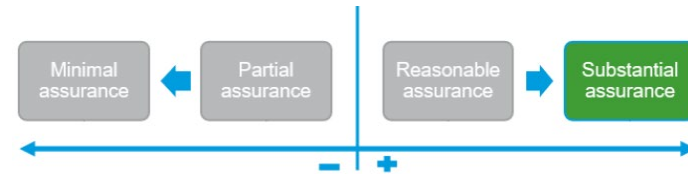
Key findings

We noted the following controls to be adequately designed and operating effectively:

Change Management Documentation

We reviewed the Service's Governance, Annual Plan and Portfolio of Change document and noted that it outlined the Service's approach to change management through the establishment of a governance model where change will be delivered through new capability, products, and services using a project approach throughout 2022/23. We noted that the Portfolio of Change 2022/23 was arranged in line with the key themes within the Fire and Rescue Plan and Integrated Risk Management Plan which in turn aligns the Service's portfolio related activities with its overall strategic objectives.

We noted that the Service's Portfolio Management Report which we confirmed was presented to the PMB in March 2022 through review of the minutes also presented the portfolio of change for 2022/23. Through review, we noted that the programmes included were digital and data, estates, people, and prevention, protection and response.

Through review of the PFCC Decision Report from March 2022, we confirmed that the annual plan had been approved with sign off from the Chief Fire Officer, Monitoring Officer, Chief Finance Officer, and the PFCC.

Lifecycle of a Project Flowchart

We reviewed the Service's Lifecycle of a Project flowchart and noted that it set forth how projects would be managed including when a project manager would be assigned, when stakeholders would be identified, and project approval steps. The steps that should be taken at the various stages of a project (pre-project through to project closure) were also included.

PMB Meeting Outcomes and Communications/Engagement with Staff

We reviewed updates shared with the Service's staff following PMB meetings in August, November, and December 2022 and noted that the updates clearly communicated a summary of the outcomes of the meetings. We confirmed that outcomes and updates pertaining to the Service's portfolio and subsequent programmes were provided via the Innovation and Change Community of Practice page which we were advised all staff have access to. Finally, we noted that an email address for readers to direct questions towards based on the updates shared following PMB meetings was provided.

Communications Logs

We reviewed a sample of 10 projects that were marked as being either at delivery or closure status as at the time of our review and noted in nine cases, a communications log was in place and outlined the various actions that had been taken during the project. For example, communications shared through numerous channels such as Shout (internal communications/engagement channel), intranet articles, Teams, and email were outlined.

In two of these nine cases, we were advised by the Head of Change Delivery that one of the projects had only just begun and the other was technical (IT based), and therefore limited communications were planned at the point of our review. In the remaining case, we were advised by the Head of Change Delivery that the project was being led by Essex Police and responsibility for delivery lies with them. We were informed that the project is included in the portfolio to ensure that the Service track the project however, no communications log is required.

P3M3 Model Maturity (Discidium Reports)

We reviewed the Service Review of Organisational Change Capability completed by Discidium in July 2021 which concluded that the Service's Portfolio was at level one maturity and its Programme and Project elements were at level two maturity. We confirmed that a detailed gap analysis had been completed with recommendations for the Service to consider (12 medium priority and 12 high priority) in order to address the gaps. The recommendations aimed at lifting the maturity to level three within six months and level four within a year.

Through review of the second assessment (completed by Discidium in October 2022), we noted that the Service had made 'good progress' in its overall maturity level regarding its change delivery capability against the P3M3 Model. Its maturity across all three domains was assessed to be at level three meaning that the Service was considered to be a maturing organisation with an ability to manage initiatives based on standardised, defined management processes. We confirmed through review that progress made against the maturity model was discussed at the PMB away day in January 2023 with a key notes and actions document showing that the Head of Change Delivery is due to look into wider metrics during 2023/24.

P3M3 Self-Assessment

We reviewed the P3M3 self-assessment completed by the Service in August 2021 and noted that the conclusions drawn aligned to Discidium's first report in July 2021 with the portfolio assessed at level one maturity and the programme and project assessed at level two. We also reviewed the Service's Innovation and Change High Level Plan and Milestones following Discidium's report and noted that clear timeframes and milestones were set forth for how the Innovation and Change Team were planning to adapt its portfolio, programme, and project management processes with deliverables proposed alongside due dates.

Changes Log

We reviewed a sample of five changes that had been made at the programme and project level since May 2022. We noted that in all five cases a change request form outlining the reasons for the required change had been submitted. Changes were related to extending project closure dates, moving projects between different programmes, and amending the scope and timelines of a programme. We confirmed that all five changes were approved by either the relevant Programme Board, the PMB, or in one case, by the Programme Manager which was deemed as sufficient in the circumstances due to it being an extraordinary approval. The change was to extend the project closure date due to resourcing constraints and configuration of the new system taking longer than anticipated.

For one of our sample of five changes (for a programme to be extended by two years), meeting minutes from the Strategic Board were not yet available at the time of our review to evidence that an added approval layer of scrutiny had been provided. However, in mitigation to this, we confirmed approval from PMB had been received in December 2022 through review of the meeting minutes.

Performance and Resources Board

Through review of the PRB Terms of Reference (ToR), we confirmed that it defined the Board's duties including to receive updates from the PMB on the progress against the Service's key transformation initiatives in addition to its membership, meeting frequency, and quorum arrangements. Through review of the PRB May 2022 minutes, we confirmed the ToR had been reviewed and approved in line with review timescale.

We reviewed the PRB July and October 2022 minutes, and corresponding papers and we confirmed that the Board received updates on the Service's key transformation initiatives for information and oversight. Through review of the Q1 and Q2 Portfolio of Change reports, we noted that they provided updates on the Service's projects including their stage gate (where progress of projects is reviewed before moving forward), duration, sponsor, key deliverables, and financial benefits. We reviewed the 2022/23 Portfolio of Change – Year 1 dashboard and roadmap presented to the PRB in July 2022 and noted that it depicted detail of the Service's programmes and the projects.

Performance Management Board

Through review of the PMB ToR, we confirmed that it defined the Board's duties, including to approve and monitor the delivery of the Service's portfolio, programmes, and projects. We noted that the PRB is also responsible for ensuring all programmes and projects comply with agreed standards and resolving any conflicts between portfolio delivery and business as usual. We confirmed that the ToR outlined the Board's membership, meeting frequency, and quorum arrangements. Through review of the PMB March 2022 minutes, we confirmed that the ToR had been reviewed and approved in line with the review timeframe.

Through review of the PMB May, August, and November 2022 agenda and minutes, we noted that the Board reviewed and discussed progress against the 2022/23 Portfolio of Change. Through review of the May, August, and November 2022 Portfolio of Change Six-Weekly reports, we confirmed that they included updates on the performance of projects and programmes in the Service's change portfolio and clearly outlined the programme and strategy milestones, status, and current stage gate. The Service uses gateway stages one to four to track the progress of projects from start up to closure. Through review of the Portfolio of Change Six-weekly Report presented to the PMB in November 2022, we noted that out of the 38 projects across the five programmes, only one had not been started (noting this was in the initial approval stage), with 13 in gate one, eight in gate two, 15 in gate three, and one in gate four.

We have agreed two low priority management actions, which are detailed in section two of this report.

2. DETAILED FINDINGS AND ACTIONS

This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

P3M3 Model Maturity Tracking		Assessment:	
Control	The Service commissioned external consultants, Discidium in July 2021 to produce an assessment of the organisation against the P3M3 Model. Alongside this, the Innovation and Change Team also completed their own self-assessment. A reassessment by Discidium was completed in October 2022. No action plans have been created since the October 2022 review. Moving forward, the Service is seeking to complete their own self-assessments against the P3M3 model and not use external services.	**Design** **Compliance**	× N/A
Findings / Implications 1	Whilst we noted that the second assessment completed in October 2022 by Discidium outlined that the Service had made good progress in its overall maturity level against the P3M3 model, the Service do not currently have plans in place that could be used as a tracking mechanism in improving its maturity levels to level four and five or maintaining the maturity for level. We were informed that the Service was in progress of developing plans to be used for ongoing assessments of progress against the P3M3 however this was not yet in place at the time of our review. In the absence of this, there is a risk that the consultants' further recommendations might not be acted upon in a methodical and timely manner thus delaying the Service's progress towards higher maturity levels on the chosen P3M3 model.		

Management Action 1	The Service will introduce action tracking for P3M3 maturity in a consistent manner. Progress will be tracked and scrutinised by an appropriate forum.	**Responsible Owner** Assistant Director - Performance and Improvement	**Date:** 30 September 2023	**Priority:** Low

Benefits Realisation		Assessment:	
Control	Benefits Realisation is a work in progress, with benefits that are realised during the lifecycle of a project being the responsibility of the PMB. Benefits realisation following project closure will be the responsibility of the Productivity and Efficiency Board over a five-year period.	**Design** **Compliance**	✓ ✕
Findings / Implications	Through our discussions with the Head of Change Delivery and Assistant Director of Performance and Improvement, we noted that there remains a disconnect between the closure of projects and their eventual benefits realisation. Projects benefits are not necessarily realised for prolonged periods of time after their implementation, and therefore the 'run the business' and 'change the business' elements of the Service are not fully aligned. Without a defined process in place for the Service to ensure that benefits realisation initiatives are undertaken for each closed project, key lessons learnt might not be realised which could affect the Service's ability to improve its overall project management methodologies.		

| **Management Action 2** | The Service will continue to work on and embed a defined benefits realisation initiative for each completed project.

Linking the 'run the business' and 'change the business' parts of the Service can be achieved through the Benefits Manager who can facilitate these initiatives so all parties during the project lifecycle and following project closure realise the eventual benefits. | **Responsible Owner**

Benefits Manager | **Date:**

30 September 2023 | **Priority:**

Low |

APPENDIX A: CATEGORISATION OF FINDINGS

Categorisation of internal audit findings	
Priority	**Definition**
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

The following table highlights the number and categories of management actions made as a result of this audit.

Area	Control design not effective*		Non-Compliance with controls*		Agreed actions		
					Low	**Medium**	**High**
Change Management	1	(5)	1	(5)	2	0	0
Total					**2**	**0**	**0**

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

APPENDIX B: SCOPE

The scope below is a copy of the original document issued.

Scope of the review

The internal audit assignment has been scoped to provide assurance on how Essex Police, Fire and Crime Commissioner, Fire and Rescue Authority manages the following area(s):

Objective of the area under review
Processes are in place to ensure strategic changes are planned, approved, monitored, and assessed appropriately. A robust governance structure is in place which provides adequate challenge, scrutiny, and monitoring over change management.

The following areas will be considered as part of the review:

- Whether the Service has established a formal business case or similar, detailing the plan and approach in respect of strategic change management, including whether this was formally approved;

- Whether a Change Management Framework and/or Strategy (or similar) is in place, detailing the processes in relation to change management;

- We will confirm whether a Communication and Engagement Plan or similar is in place and utilised to ensure all staff were fully aware of the changes being undertaken, the reasoning for these and how these will impact them going forward;

- We will assess the progress being made and the reporting of such progress for a sample of actions from the self-review undertaken by the Service whereby they assessed themselves against the P3M3 (Portfolio, Programme, and Project Management Maturity Model);

- We will confirm whether a formal log of changes has been maintained. From this, we will select a sample of changes which have been completed, are in progress and are planned for future implementation to confirm that these have been approved and monitored as appropriate in line with the business cases/project initiation documents; and

- We will confirm the governance and reporting arrangements in place in relation to the approvals and reporting of progress and benefits realisation against the change management programme (Service and PFCC). This will include the completion of action tracking and on-going monitoring through review of meeting minutes and Terms of Reference;

The following limitations apply to the scope of our work:

- The scope of this work is limited to those areas examined and reported upon in the areas for consideration in the context of the objectives set out for this review. It should not, therefore, be considered as a comprehensive review of all aspects of non-compliance that may exist now or in the future;

- We will not review the Control Room Mobilising System as part of our sample as we have covered this in a separate review;

- During this review, we did not:

  o form an assessment on the appropriateness of the maturity level identified;

  o assess the Service in terms of its current maturity level, only commented on the results of the review undertaken by external consultants; and

  o identify gaps to suggest how the Service can reach the next levels of maturity (levels 4 and 5) as it was suggested that the Service will undertake a self-review in the future, and this was outside the scope of our audit.

- We will not confirm that all changes have been approved and adequately implemented;

- Any testing undertaken as part of this audit will be compliance based and sample testing only;

- The results of our work are reliant on the quality and completeness of the information provided to us; and

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

Debrief held	23 February 2023	**Internal audit Contacts**	**Dan Harris, Head of Internal Audit**
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Draft report issued	22 March 2023		01908 687 915
Responses Received	11 April 2023		**Zoe Hibbert, Manager**
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Final report issued	12 April 2023		01245 454 106
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