

Date: 16 December 2014

## Item 4: Review of the Assurance and Approval Processes Applicable to Investment Projects

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**This paper will be considered in public**

### 1 Summary

- 1.1 The Finance and Policy Committee established a Sub-Committee to review the KPMG Lessons Learnt Review of the Sub Surface Upgrade Programme Automatic Train Control contract, and management response, with a focus on the decision making and assurance processes.
- 1.2 The Sub-Committee wanted TfL to aspire to have a robust 'best in class' programme assurance process, led by the Programme Management Office. The Sub-Committee asked the Managing Director, Finance to commission a thorough benchmarking exercise to compare TfL's programme assurance review process to its peers. This would include a review of who was involved in assurance reviews and the flexibility (scope, depth and frequency) of assurance processes in relation to the diversity of projects within TfL. The exercise would also seek to address the Independent Investment Programme Advisory Group's (IIPAG's) recommendation on strengthening the independence of the Programme Management Office (PMO).
- 1.3 The findings and recommendations of the benchmarking exercise, along with recommendations from the IIPAG were considered by the Committee on 25 November 2014. This paper lists the recommendations approved by the Committee, and proposes an implementation plan to deliver them.

### 2 Recommendation

- 2.1 **The Sub-Committee is asked to endorse the attached implementation plan and to recommend its approval to the Finance and Policy Committee.**

### 3 Proposals

- 3.1 At its meeting on 25 November 2014, the Committee agreed the following actions:
  - (a) move the assurance function (second line of defence) from joint reporting to MD Finance and Capital Programme Director to sole reporting to MD Finance;
  - (b) raise the technical capability of the assurance function to enable it to challenge project delivery teams;
  - (c) establish a continuous assurance approach;
  - (d) adopt a programme approach that connects project assurance to overall

programme requirements;

- (e) move from a finance driven to a risk based model that develops assurance plans proportionate with the complexity of, and risks associated with the project;
- (f) project assurance in the form of financial and programme monitoring and reporting should be undertaken through the central Finance Directorate. This should be based upon a common reporting system used by the projects management for their monthly reviews; and
- (g) the Functional Heads for Value and Benefits and Business Case to report to the Finance Directorate as an internal consultancy unit supporting the Assurance process and providing guidance to the delivery business. (Note: following the meeting of the Committee, the IIPAG agreed that the Functional Head of Risk should remain in the delivery organisation. Therefore, the implementation plan is based on that premise.)

## **4 Implementation**

4.1 Appendix 1 sets out the proposed implementation plan to deliver the above proposals.

4.2 The IIPAG recommended transferring the remainder of the current TfL PMO into the delivery organisation. This will be achieved through the formation of a delivery PMO, with joint reporting lines to the directors of the LU Capital Programme Directorate (CPD) and the Surface Projects and Programmes Directorate (PPD). The delivery PMO will also support the rest of the project community including IM and Corporate. The delivery PMO will need to fulfil a number of activities not covered by the functions moving to the Managing Director (MD) Finance. An analysis of services required by the delivery organisations will be carried out in the New Year, and is likely to include the following:

- (a) portfolio level (CPD and PPD) reporting and analysis;
- (b) strengthened first line of defence through peer reviews and performance analysis;
- (c) project management systems management, development and training;
- (d) project management skills recording, development and training;
- (e) project management resource forecasting, planning and rotation;
- (f) knowledge management capture and facilitated sharing;
- (g) graduate and apprentice scheme management;
- (h) development of Pathway;
- (i) benchmarking; and
- (j) management of a number of improvement programmes as required.

## **List of appendices to this paper**

Appendix 1: Implementation Plan

## **List of background papers**

Paper to the Finance and Policy Committee on 25 November 2014.

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Implementation Plan

Proposal ref.	Activity	Target
3.1 a	Move the assurance function from joint reporting to MD Finance and Capital Programme Director to sole reporting to MD Finance (via Chief Finance Officer).	24 December 2014
3.1 b	Define skillsets and staff needed to populate the enhanced Assurance team, create JDs and recruitment material.	31 January 2015
3.1 b	Advertise Assurance team posts.	31 January 2015
3.1 c/d	Define and implement processes to better integrate Assurance with Reporting and feedback through the Centre of Excellence, including a structured approach to knowledge sharing.	30 April 2015
3.1 e	Develop and implement processes to enable a risk based model that develops assurance plans proportionate with the complexity of, and risks associated with the project.	30 April 2015
3.1 b	Recruit and/or second required staff to assurance team (subject to notice periods).	30 April 2015
3.1 f	Identify and move reporting resources from joint reporting to MD Finance and Capital Programme Director to sole reporting to MD Finance in order to collate and produce the Investment Programme Report (IPR).	30 March 2015
3.1 f	Develop and implement processes to ensure regular monitoring of programmes in order to inform risk based assurance activity.	30 March 2015
3.1 g	Establish and consult on organisational structure to include assurance, IPR reporting and Functional Heads of Value and Benefits and Business Case.	28 February 2015
3.1 g	Move Functional Heads of Value and Benefits and Business Case from joint reporting to MD Finance and Capital Programme Director to sole reporting to MD Finance.	30 March 2015
4.2	Review business needs for the delivery PMO, and form an organisation with appropriate skills.	30 April 2015