MAYOR OF LONDON

OFFICE FOR POLICING AND CRIME

DIRECTORATE OF AUDIT, RISK AND ASSURANCE
Internal Audit Service to the GLA

REVIEW OF
CITY OPERATIONS PROGRAMME
MANAGEMENT FRAMEWORK

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EXECUTIVE SUMMARY

1. Background

1.1 This audit has been carried out as part of the GLA 2012/13 audit plan. The objectives of the City Operations Programme Management Framework are to: ensure smooth, safe and efficient operations to support the Games; keep London moving and provide an inspirational citywide experience for everyone participating in the Games in London and to maximise the opportunities for legacy from this work.

1.2 At the outset of the review, the potential risks identified to achieving the objectives were:-
- Ineffective programme management including challenges and opportunities
- Lack of continuity in projects / activities
- Ineffective partnerships / agencies / stake holders
- Inadequate safety / security arrangements
- Ineffective communication arrangements
- Reputational damage and legacy
- Ineffective budgetary control and monitoring
- Non-compliance with regulations
- Lack of management reporting, escalation and accountability

1.3 The City Operations Programme is designed to address the Olympic and Paralympics related work required in London, but outside official London Organising Committee for the Olympic Games and Paralympic Games (LOCOG) venues. The programme is being delivered through a number of work streams organised in two main areas; London Experience and Public Service. There are a number of work streams that include:-
- Look and Celebrations
- Team London Ambassadors (volunteers)
- London Media Centre (LMC)
- London House and Dignitary Management
- London Operations Centre

1.4 A total funding of £74.9m was agreed for the City Operations programme, funded by the GLA's core budget, the GLA's precept (Central Government agreed that the GLA would use its precept contribution to the Public Sector Funding Package to fund or part fund the programmes) and the London Development Agency, now part of the GLA for City Operations covering the period 2010 – 2013.

2. Audit Assurance

Full Assurance

There is a sound framework of control operating effectively to achieve business objectives.

3. Areas of Effective Control

3.1 The London 2012 City Operations Strategic Framework is in place and was finalised in July 2009. The Framework includes the vision for the London 2012 City Operations which was agreed by the Mayor, the LOCOG and their partners. The Framework also clearly shows the aims, challenges and core principles of the City Operations Programme. Assurance has been given to London City Operations and key stakeholders on the state of readiness of key aspects of the operations. An initial readiness assessment report for the Olympic and Paralympic Games has been produced and was cleared by the the London 2012 Director, Director of City Operations and the Head of Programme in May 2012. A number of plans are in place with clear timescales which are reviewed on a regular basis. Monthly updates on projects are produced and submitted to the Programme Board. Adequate risk registers are in place, updated and reported to the Programme Board.

3.2 Adequate systems are in place to identify resource needs, roles and responsibilities. Recruitment processes have been undertaken and all staffing requirements are met. Training has been given to all personnel and adequate processes are in place to ensure sites are covered.

3.3 Funding has been approved and budgets have been established and allocated to the individual projects. Monthly management accounts are produced by the GLA Finance Unit and are monitored with City Operations. Budget summary is also an agenda item on the City Operations Programme Board. Individual records are maintained by project leads and Head of Programme. There is adequate budgetary monitoring in place.

3.4 Adequate reporting arrangements are in place to enable decision making, planning and delivery. Steering group and City Operations Programme Board meetings are held on a quarterly and monthly basis respectively. Further meetings are held with project leads, contractors and stakeholders on a regular basis and issues and actions taken are clearly shown in the minutes.

4. Key Risk Issues for Management Action

4.1 No risks issues identified.

5. Review Objectives

5.1 We reviewed the adequacy of controls to mitigate the risks relating to City Operations Programme Management Framework. In particular:-

- City Operations strategy framework is in place with an implementation plan to ensure that the London 2012 programme is achieved.
- The programme takes into account the resource needs with clear roles, responsibilities and timelines.
- Budgets are set, approved funds are allocated and costs are monitored and controlled.
- Adequate reporting arrangements are in place to enable effective decision making, planning and delivery.

6. Scope

6.1 We reviewed the effectiveness of the procedures and controls established by the Authority to mitigate the risks associated with City Operations Programme Management Framework and programme delivery. This includes budget setting, allocation, monitoring and reporting of information. We also looked at management's assessment of risk.

7. Strategy Framework and Implementation Plan

7.1 The London 2012 City Operations Strategic Framework is in place and was finalised in July 2009. The Framework clearly shows the vision for London 2012, strategic approach, developing and managing the programme, the aims of the City Operations Programme, client groups, challenges and core principles within the programme.

7.2 A detailed and an effective 'Initial Readiness Assessment Report for the Olympic and Paralympic Games – London City Operations Domain' has been produced and brings together the readiness assessments of each partner in the London Operations Centre (LOC). LOC comprises the GLA London City Operations, London Local Authority Services and the London Resilience Partnership. The report shows the assurance structures in place and assessments of each of the LOC partners. The report will be formally signed off on 12 July 2012. Eight operational outcomes have been identified and are documented within the report. The progress of each outcome is recorded and the Red, Amber or Green (RAG) status shows either amber or green against outcomes.

7.3 Detailed plans exist which show the progress and implementation of the City Operations Programme. Project Dashboard Assurance reports also show all relevant subject areas, accountabilities, work areas and target dates. Details of the dashboards are submitted to the City Operations Programme Board on a monthly basis. A forward look planner is also in place and covers the period November

2011 to January 2013. This records all programme activities and the periods that these activities should take place.

7.4   Adequate systems are in place for identifying, monitoring and reporting of risks. Risks are recorded on a risk register which is updated and reviewed on a regular basis. The register showed the actions taken and the current update on the risk identified and responsibilities for the risks were clearly shown on the register. All 13 'open' risks are shown as amber with eight risks escalated to the Senior Responsible Officer (SRO) to ensure that appropriate mitigation action is taken. Details from the register had been reported to the Programme Board and Steering Group meetings to be addressed.

7.5   A detailed brief on the 'Threat Level Rise Response' has been produced and was approved at the Board. The paper was produced following a request by the Home Office. The report takes into account the threat levels and security at the different sites including the London Ambassador's pods. Equality and diversity issues have been considered and are recorded.

8.   Resource Plan

8.1   Workforce requirements to resource Games-time structures have been identified and implemented.   Resource requirements were identified through each work-stream followed by adequate testing of structures and roles through a sequence of internal and external readiness events. From 300, a total of 290 volunteers from the GLA redeployment scheme were matched to the role profile requirements for Games-time. These are classified as:
- 190 Co-ordinators based within the London Operations Centre or one of the management cells;
- 65 Hosts for public facing duties and
- 35 Supporters, a reserve team for short-term ad hoc deployment.

8.2   As part of the games legacy encouragement was given to appoint London Ambassadors made up of volunteers from the general public. London Ambassadors are expected to be an inspirational extending welcome to visitors, spectators and Londoners during the period of the Games.   This was being managed by the London Development Agency which is now part of the GLA and City Operations.

8.3   A recruitment process took place and 33,000 people registered in October 2010. 24,000 actually applied and 16,000 applicants were interviewed. Of these, 8,000 volunteers were appointed and trained. The need for managers was identified and a separate process was undertaken resulting in 250 Managers being appointed. The appointment of London Ambassadors and Managers supports the City Operations Programme to provide an inspirational citywide experience for everyone participating in the Games in London.

8.4 An effective City Operations Training Strategy has been produced for all GLA Group resources and London Ambassadors. Training for redeployment staff involved: London 2012 Games induction, roadmaps to the games, city operations, work stream, role training and role briefing. Also, for some roles shadowing exercises have been undertaken and testing of roles via the recent Jubilee celebrations was carried out. A number of roles have been identified as requiring security clearance and this was undertaken in line with Cabinet Office guidance HMG Personnel Security Controls (July 2010). Where applicable applications have been submitted for clearance and monitoring processes are in place with GLA to ensure the clearance is received in time for roles to be undertaken.

9. Budget Monitoring

9.1 A total funding of £74.9m was agreed for the City Operations programme, funded by the GLA's core budget, the GLA's precept (Central Government agreed that the GLA would use its precept contribution to the Public Sector Funding Package (PSFP) to fund or part fund the programmes) and the London Development Agency, now part of the GLA for City Operations covering the period 2010 – 2013. The funding is allocated to the main work streams as follows:-

- Look and Celebrations   £32.5m
- Borough Disbursements   £21.5m
- Team London Ambassadors   £ 7.0m
- London Media Centre inc LECC   £ 6.2m

9.2 Budget monitoring is undertaken by City Operations and GLA Finance Unit on a regular basis. Management accounts pack had been produced and distributed by GLA Finance to budget holders and nominated personnel. Details of the budget were obtained from the Head of Programme, City Operations and the management accounts pack from GLA Finance for period 2. The pack included details for both City Operations and London Ambassadors. The budget allocated for 2012/13 was £45.3m, (London Ambassadors is part of the City Operations programme).

9.3 Actual expenditure can only be authorised by the Programme Director, City Operations and details of the Programme Budget are discussed at the City Operations Programme Board. As at April 2012, it was reported that project budgets forecasts show an under spend in excess of £400k. Any PSFP funds remaining at the conclusion of the games and at the end of financial year 2013, will require the GLA to increase the amount they are obliged to pay to ODA from the precept as part of the 'Public Sector Funding Package' (as agreed with Central Government). This will ensure that all the funding has been accounted for and used in accordance with the agreed terms and conditions.

10. Reporting Arrangements

10.1 Adequate reporting arrangements have been established within City Operations. Monthly City Operations Programme Board meetings are held and attended by representatives from GLA. The Board oversees the delivery of the programme including the delivery of individual work streams. Terms of Reference and membership is clearly recorded including the frequency and key inputs to the meetings. Minutes of the Programme Board for April 2012 were reviewed. Programme budget summary, programme assurance dashboard, readiness and testing, river activity update, health and safety, Games-time governance and the risk and issues register had been discussed at the meeting. Actions and responsibilities were clearly recorded on the minutes.

10.2 Terms of Reference are in place for the City Operations Steering Group. Membership of the group comprises of GLA, Police, Transport for London, Councils, representations from the various Olympic committees and other London organisations. The group is responsible for defining the scope of the City Operations programme, receipt of reports on projects and to determine any major or contentious issues arising from projects.

10.3 We reviewed a sample of projects which included Look and Celebrations, London Media Centre (including LECC) and London Ambassadors. We found that the need for external contractors had been identified and OJEU tender process followed as necessary and contractors have been appointed as required. Signed contracts were in place with the GLA and contractors. Health and safety monitoring is the responsibility of contractors, however, GLA undertake checks to provide assurance that health and safety is being addressed. Weekly meetings are held with project leads and contractors / stakeholders. Project dashboards are completed on a monthly basis and include target dates and completion of tasks. Dashboards are submitted to the Programme Board on a monthly basis and issues had been recorded and addressed.

RISK AND AUDIT ASSURANCE STATEMENT - DEFINITIONS

Assurance Level	Assurance	Criteria
1	**Full** There is particularly effective management of key risks and business objectives are being achieved.	There is a sound framework of control operating effectively to achieve business objectives.
2	**Substantial** Key risks are being managed effectively, however some controls need to be improved to ensure business objectives are met.	The framework of control is adequate and controls to mitigate key risks are generally operating effectively.
3	**Limited** Some improvement is required to address key risks before business objectives can be met.	A number of controls to mitigate key risks are not operating effectively.
4	**No** Significant improvement is required to address key risks before business objectives can be met.	The control framework is inadequate and controls in place are not operating effectively to mitigate key risks. The business area is open to abuse, significant error or loss and/or misappropriation.

Definitions of Risk Ratings

Priority	Categories recommendations according to their level of priority.
1	Critical risk issues for the attention of senior management to address control weakness that could have significant impact upon not only the system, function or process objectives, but also the achievement of the organisation's objectives in relation to: • The efficient and effective use of resources • The safeguarding of assets • The preparation of reliable financial and operational information • Compliance with laws and regulations.
2	Major risk issues for the attention of senior management to address control weaknesses that has or is likely to have a significant impact upon the achievement of key system, function or process objectives. This weakness, whilst high impact for the system, function or process does not have a significant impact on the achievement of the overall organisational objectives.
3	Other recommendations for local management action to address risk and control weakness that has a low impact on the achievement of the key system, function or process objectives ; or this weakness has exposed the system, function or process to a key risk, however the likelihood is this risk occurring is low.
4	Minor matters need to address risk and control weakness that does not impact upon the achievement of key system, function or process or process objectives; however implementation of the recommendation would improve overall control.