

Board of Management Audit and Assurance Committee

Date of Meeting	Tuesday 24 November 2020
Paper No.	AAC2-G
Agenda Item	5.5.2
Subject of Paper	Internal Audit Report – Leadership Reorganisation
FOISA Status	Disclosable
Primary Contact	Henderson Loggie
Date of production	November 2020
Action	For Discussion and Decision

Recommendations

The Committee is asked to consider and discuss the report and the management responses to the internal audit recommendations.

1. Purpose of report

The purpose of this review is to provide management and the Audit and Assurance Committee with assurance on key controls relating to the curriculum and financial plans in place for City of Glasgow College and their alignment with the regional plan for Glasgow and the college student number targets.

2. Context and Discussion

This internal audit of Leadership Reorganisation provides an outline of the objectives, scope, findings and graded recommendations as appropriate, together with management responses. This constitutes an action plan for improvement.

The Report includes a number of audit findings which are assessed and graded to denote the overall level of assurance that can be taken from the Report. The gradings are defined as follows:

Good	System meets control objectives.
Satisfactory	System meets control objectives with some weaknesses present.
Requires improvement	System has weaknesses that could prevent it achieving control objectives.
Unacceptable	System cannot meet control objectives.

3. Impact and implications

Refer to internal audit report.

City of Glasgow College

Leadership Reorganisation

Internal Audit Report No: 2020/11

Draft issued: 14 September 2020

2nd Draft issued: 11 November 2020

Final issued: 19 November 2020

LEVEL OF ASSURANCE

Satisfactory

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Level of Assurance

In addition to the grading of individual recommendations in the action plan, audit findings are assessed and graded on an overall basis to denote the level of assurance that can be taken from the report. Risk and materiality levels are considered in the assessment and grading process as well as the general quality of the procedures in place.

Gradings are defined as follows:

Good	System meets control objectives.
Satisfactory	System meets control objectives with some weaknesses present.
Requires improvement	System has weaknesses that could prevent it achieving control objectives.
Unacceptable	System cannot meet control objectives.

Action Grades

Priority 1	Issue subjecting the organisation to material risk and which requires to be brought to the attention of management and the Audit and Assurance Committee.
Priority 2	Issue subjecting the organisation to significant risk and which should be addressed by management.
Priority 3	Matters subjecting the organisation to minor risk or which, if addressed, will enhance efficiency and effectiveness.

Management Summary

Overall Level of Assurance

Satisfactory	System meets control objectives with some weaknesses present.
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Risk Assessment

This review focused on the controls in place to mitigate the following risks on City of Glasgow College's ('the College') Strategic Risk Register:

- Failure to support successful student outcomes (residual risk rating: high)
- Failure to establish optimal pedagogical model (residual risk rating: low)
- Failure to achieve good student outcome/progression levels (residual risk rating: medium)
- Failure to attract, engage, and retain suitable staff (residual risk rating: low)
- Failure to manage performance (residual risk rating: low)
- Failure to achieve operating surplus via control of costs and achievement of income targets (residual risk rating: high)

Background

As part of the Internal Audit programme at City of Glasgow College for 2019/20 we carried out a review of the Leadership Reorganisation exercise conducted within the College to assess the extent to which the intended aims and objectives of the restructuring exercise had been achieved.

The Audit Needs Assessment, completed in March 2017, covering the 2016 to 2021 annual audit plans, identified this as an area where risk can arise and where Internal Audit can assist in providing assurances to the Chief Executive and the Audit Committee that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

Leadership Reorganisation

Scope, Objectives and Overall Findings

The College commenced a leadership reorganisation exercise in February 2018, with posts subsequently advertised for Deans, Associate Deans, Directors, Associate Directors and Curriculum Heads. Senior Lecturers who chose not to apply for promoted posts, or were unsuccessful, reverted to Lecturer positions. A voluntary severance scheme was implemented to support the leadership reorganisation.

This reviewed considered whether the objectives set out for the Leadership Reorganisation event have been met.

The table below notes the objectives for this review and records the results:

Objective	Findings				
	1	2	3	Actions already underway	
The specific objectives of this audit were to obtain reasonable assurance that:					
1. The key objectives of the leadership reorganisation have been achieved or developments arising from the reorganisation are underway to ensure that these are achieved	Satisfactory	0	0	3	✓
2. Members of staff promoted into posts have been given sufficient guidance, training and support to assist them in their role	Satisfactory	0	0	1	
Overall Level of Assurance	Satisfactory	0	0	4	
		System meets control objectives with some weaknesses present.			

Audit Approach

The audit reviewed and assessed whether the objectives agreed for the Leadership Reorganisation exercise have been met. This was achieved through discussion with members of the Executive Team, the Organisational Development (OD) Team and applicants who had been successfully recruited into the posts and a review of relevant documentation.

Leadership Reorganisation

Summary of Main Findings

Strengths

The review concluded that the revised leadership reorganisation is now in place and operating, with the following strengths evident:

- The new leadership organisational structure has been delivered and is now in place;
- As a result of the organisational changes the College has reduced its managerial operating costs;
- A range of training in the new roles was delivered to the new postholders to enable them to be successful in taking on their new roles; and
- There is ongoing training and development support for the new postholders as their roles continue to develop and evolve.

Weaknesses

Although the leadership reorganisation exercise has been completed, our audit identified the following areas where improvements can still be made:

- There is no defined process or project management methodology in place to deliver, monitor and report on the success or otherwise of any organisational transformational change projects delivered within the College;
- Resources required for the planning and delivery of significant organisational or transformational change projects should be identified and protected in order to ensure their successful delivery; and
- There was no consistent approach applied to the evaluation of the training delivered to the successful candidates recruited into the new leadership roles.

Acknowledgements

We would like to take this opportunity to thank the staff at City of Glasgow College who helped us during the course of our audit.

Main Findings and Action Plan

Objective 1: The key objectives of the leadership reorganisation have been achieved or developments arising from the reorganisation are underway to ensure that these are achieved

To aid delivery of the College's Blue Ocean Strategic Plan 2017-2025, the College's Executive Leadership Team (ELT) reviewed the management structure in place within the College in 2018 and proposed a revised leadership structure of:

- Four college faculties instead of the existing six: and
- The creation of a new leadership structure of Faculty Dean, Associate Dean, Curriculum Leader and lecturer roles.

The overarching objective of the reorganisation exercise was to improve key elements of the student experience by improving management accountability and skills in specific areas of planning and timetabling to deliver the College's curriculum offering. These measures were also intended to support the delivery of three key Scottish Funding Council (SFC) outcomes to:

- Increase opportunities for diversification of income,
- Increase accountability and performance across all aspects of the organisation; and
- Safeguarding the financial sustainability of the College.

The revised leadership structure proposal was presented to the Board of Management (BoM) at its meeting on 14 February 2018, where they were advised that the achievement of the identified business objectives for this new leadership structure was predicated on the following actions being taken;

- Removal of the Senior lecturer role;
- A recruitment exercise to fill the new posts being established; and
- A Voluntary Exit Redundancy (VER) programme to reduce staffing levels in the College as a result of the organisational change.

The BoM discussed and approved the proposed restructuring approach, with a timeline put in place to complete the reorganisation by the start of the 2018/19 academic year. Our audit review confirmed that this approved leadership structure is now in place within the College.

Leadership Reorganisation

Objective 1: The key objectives of the leadership reorganisation have been achieved or developments arising from the reorganisation are underway to ensure that these are achieved (Continued)

Observation	Risk	Recommendation	Management Response	
<p>While the new leadership structure has been successfully implemented, resulting in a significant reduction in pay costs associated with the management posts removed from the structure, to date there has been no formal benefits realisation or lessons learned exercise undertaken to confirm that all of the initial criteria, as described to the Board at its meeting on the 14 February 2018, have been successfully delivered. While costs savings were identified as a key factor in the delivery of the new leadership structure, and cash releasing savings have undoubtedly been delivered there has been no definitive report produced which demonstrates the scale of the savings delivered as a direct result of the work conducted to revise the leadership structure.</p> <p>It is a key element of any organisational change programme that an assessment should be conducted to assess and confirm whether all of the expected benefits have been delivered and to identify any reasons why agreed objectives may not have been fully realised.</p>	<p>The agreed change programme may not achieve all of the expected outcomes or benefits.</p>	<p>R1 The College should introduce a protocol which ensures that in future all completed organisational change programmes (or projects) are formally reviewed to assess whether all of the expected benefits have been realised and to identify (through a lessons learned exercise) how future change programmes could be more effectively delivered. The outcome of this evaluation should be reported to the Committee which approved the original business case.</p>	<p>Agreed.</p> <p>Proposals for the creation of a Project Management Office for the College are being actively discussed and developed, and should be approved before Christmas 2020. Developing protocols for the management of all our projects will be a key part of its role.</p> <p>To be actioned by: Depute Principal</p> <p>No later than: June 2021</p>	
			<p>Grade</p>	<p>3</p>

Leadership Reorganisation

Objective 1: The key objectives of the leadership reorganisation have been achieved or developments arising from the reorganisation are underway to ensure that these are achieved (Continued)

Observation	Risk	Recommendation	Management Response	
<p>The audit identified that there is no defined methodology in place for the delivery of projects, or any organisational transformational change, within the College. While elements of expected project controls were in place with regular reporting to the Board, there was a lack of consistent reporting on progress, with the absence of documented reports presented at ELT meetings during the implementation period.</p> <p>As a minimum projects or organisational change would expect to have some or all of the following processes and controls in place:</p> <ul style="list-style-type: none"> • Business case outlining the benefits of the project/change; • Formal documented project approval; • Timeliness and reporting requirements; • Identification of project owners and project manager; • Documentary standards for record keeping for key decisions and progress reporting for the change programme/project; • Assurance and governance review processes; • Identification and management of the project or delivery risks; and • Completion reporting including benefit realisation assessment and completion of the lessons learned exercise. <p>We are aware that management discussions have already been initiated around the development of a project management approach and infrastructure which would allow a consistent but flexible approach to be applied to future change projects and which is proportionate to the scale and complexity of the project.</p>	<p>Without a standard approach in place to manage projects or organisational change, change programme or projects may be delayed or not deliver the expected outcomes.</p>	<p>R2 The College should develop and implement a proportionate project management methodology for the planning and delivery of transformational projects which meet specific criteria.</p>	<p>Agreed.</p> <p>Again, this will be central to the work of the proposed Programme Management Office.</p> <p>To be actioned by: Depute Principal</p> <p>No later than: June 2021</p>	
			Grade	3

Leadership Reorganisation

Objective 1: The key objectives of the leadership reorganisation have been achieved or developments arising from the reorganisation are underway to ensure that these are achieved (Continued)

Observation	Risk	Recommendation	Management Response	
<p>The current approach taken around organisational change is to appoint a project manager to deliver the agreed aims and objectives. However, in taking on this responsibility the appointed project manager is routinely required to maintain their 'day job' without any additional support or backfill to manage the associated additional workload.</p> <p>While it is our view that this approach is manageable for smaller projects, the time and resources required to effectively manage the delivery of major programmes and projects will adversely impact on the ability of appointed project managers to effectively deliver the project deliverables whilst maintaining the required performance levels within their substantive role.</p>	<p>Change programmes are not effectively delivered or current operational performance levels for the project manager's substantive role are adversely impacted while delivering the programme/project.</p>	<p>R3 As an integral part of the business planning process the College should ensure that sufficient resources are allocated to programmes and projects to ensure that they can be successfully delivered without adversely impacting on current performance levels for the project manager's substantive post.</p>	<p>Agreed.</p> <p>This will follow from the creation of our Project Management Office, as each project will need to follow a methodology that includes rigorous planning.</p> <p>Arrangements for resourcing the project, including backfill for the project manager, will be a central part of this process.</p> <p>To be actioned by: Depute Principal</p> <p>No later than: June 2021</p>	
			Grade	3

Leadership Reorganisation

Objective 2: Members of staff promoted into posts have been given sufficient guidance, training and support to assist them in their role

The job roles for the new posts were devised through comparison with other HE/FE institutions, as well as input from College senior managers to define the essential and desirable competencies for each of the new roles. These roles were also subject to the College's job evaluation process prior to advertisement. The recruitment was undertaken by the College's Human Resources (HR) team in line with its recruitment policy.

Training

Training for the new roles was devised following discussion with Senior Management, together with analysis of the requirements from the job descriptions and personnel specifications. These training needs also incorporated other key skills such as interview training, aspects of creating contracts, working with technical systems including integrated management system and dashboard. This approach identified the expected training needs for the staff to be successfully transitioned into the new role.

The training was delivered in line with the City Leadership Development Programme based around the key elements of:

- Big Picture;
- Processes; and
- Engagement.

Training was provided by both the College's Organisational Development (OD) team and external contractors and involved a mixture of classroom training, group sessions and seminars and individual learning.

Continuing Support and Development

There is ongoing training provision available to all staff and managers to support their personal development through the College's appraisal process and within its continuing leadership development programme. These measures enable developmental needs and wants for managers to be identified with plans put in place to support their current performance and future development.

As part of our audit we interviewed two of the successful candidates for the new leadership roles. Both candidates confirmed that the training received was adequate to support them as they embarked on their new roles. They also stated that since taking up post their roles have significantly changed but both individuals interviewed felt that sufficient support and additional training is available from the College to support them as their roles continue to develop and evolve.

Training and support were provided by the HR team for those staff who chose to leave the College during this time as part of the scheme. For those staff, the College provided support in the following areas;

- Advice on pensions,
- How to manage time; and
- How to remain physically active and socially connected.

Leadership Reorganisation

Objective 2: Members of staff promoted into posts have been given sufficient guidance, training and support to assist them in their role (Continued)

Observation	Risk	Recommendation	Management Response	
<p>Our audit identified that although a range of training was provided to prepare postholders for their new roles the volume of training offered meant that training was not always evaluated upon completion by training recipients. Formal evaluation of the training delivered was limited to the aspects provided by external contractors.</p> <p>Assessment, and therefore evaluation, of all of the training delivered for the new leadership posts was not consistently undertaken and reported on and therefore the impact of the whole range of training delivered cannot be fully evidenced.</p>	<p>The absence of effective training evaluation of the training delivered increases the risk that it does not meet either the College or individual needs.</p>	<p>R4 The College should take steps to ensure that in future all training is subject to completion of a formal evaluation by all participants and is evaluated to gauge effectiveness. Where identified as ineffective, training provision should be reviewed and improved upon. This approach should be applied to both training delivered internally and also training delivered by external training providers</p>	<p>Agreed.</p> <ol style="list-style-type: none"> Again, this will be stipulated in the documentation and guidelines for all projects introduced by the new Project Management Office. The HR Director, who leads the Organisational Development group, had already agreed to ensure that, with immediate effect, all training is formally evaluated, reviewed and improved / enhanced. <p>To be actioned by: 1 Depute Principal 2 HR Director</p> <p>No later than: 1 June 2021 2 With immediate effect.</p>	
			Grade	3

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