MOPAC | MAYOR OF LONDON
OFFICE FOR POLICING AND CRIME

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

Review of Decision Making Framework – Mayoral and Directorate

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EXECUTIVE SUMMARY

1. Background

1.1 This review has been carried out as part of the Greater London Authority (GLA) 2013/14 audit plan. The business objectives are to ensure that a transparent decision making framework is in place which sets out the arrangements for ensuring all GLA decisions are made promptly and in line with the approved Scheme of Delegation and Financial Regulations.

1.2 At the outset of the review, the potential risks identified to achieving the objectives of the decision making framework were identified as:

- Ill-defined framework to support decision making
- Non-compliance with legislation and regulations
- Non-compliance with defined process
- Inadequate information to support decisions
- Financial/legal implications incomplete/not considered
- Decisions are not made at an appropriate level
- Incorrect or delayed publication of decisions made
- Lack of transparency

1.3 Failure to manage the potential risks could result in inappropriate or ineffective decisions, breach of regulations and poor value for money. We are looking to provide assurance that the key risks are being effectively managed.

1.4 During the 18 month period from January 2012 to June 2013, the volume of Mayoral Decisions (MDs) and Director Decisions (DDs) approved through the decision making framework were:

- 01/01/12-30/06/13 - 100 MDs and 159 DDs
- 01/07/12-31/12/12 - 102 MDs and 151 DDs
- 01/01/13-30/06/13 - 108 MDs and 99 DDs

2. Audit Assurance

> **Substantial Assurance**
>
> There is a sound framework of control operating effectively to mitigate key risks, which is contributing to the achievement of business objectives.

3. Areas of Effective Control

3.1 The GLA decision making framework was approved when the GLA was formed in 2000, and has since been amended in 2004. The framework is clearly defined and published on the Authority's intranet. It is supported by a detailed Scheme of Delegation, which reflects the legislative requirements of the GLA Act 1999 and the GLA Financial Regulations.

3.2 Effective controls are in place to ensure compliance with the framework. The Governance and Resilience Unit are responsible for ensuring that protocols for submitting decision requests are in place and complied with. The Unit also monitor the effectiveness of the framework and review the guidance issued to ensure it is kept up to date.

3.3 Effective controls are in place to ensure that relevant information is captured and considered in support of decisions made. The content of decision forms and level of supporting evidence is appropriate and subject to the review of the Governance and Resilience Unit.

3.4 Adequate protocols have been developed for the publication of approved decisions on the GLA website, and these are complied with. The controls for classifying information as confidential and therefore excluding it from publication are adequate with TfL Legal required to confirm that the application of a confidential classification is appropriate. There are also effective procedures in place for the retention of source documentation supporting decisions.

3.5 Delivery of approved decisions is monitored through local governance arrangements, and where appropriate, the Investment Performance Board. Any lessons learnt are dealt with through these governance arrangements.

3.6 There is effective scrutiny of decisions. The London Assembly is responsible for examining the effectiveness of the Mayor's policies, decisions and activities, and Members are provided with a list of all decisions made within the Mayor's monthly report to help facilitate this. The Assembly Members raise queries through the Mayor's Questions.

4. Key Risk Issues for Management Action

4.1 Under a General Delegation within the GLA Scheme of Delegation, the Mayor has granted the Directors authority to approve decisions up to a financial limit of £125k. The Scheme of Delegation states that "the Directors may concurrently exercise the General Delegation within each other's areas of responsibility if necessary or expedient. In general, any higher grade of post to which a particular Senior Staff Member reports may concurrently exercise the General Delegation within his or her report's area of responsibility." We found that when some Directors plan an absence from the workplace they authorise an Assistant Director to act up into the Directors role. To ensure clarity around the delegation of responsibilities for decision making we have recommended that the next revision of the Scheme of Delegation clarifies this practice.

4.2 In our recent audit of ICT Procurement (October 2013), we reported that although the appropriate authorisations had been obtained for the individual strands of a programme of works, the total value of the procurement required for the entire programme was not presented as part of the decision making process. To ensure that decisions can be linked as appropriate the various decision templates state that references to previous decisions should be

included in the detail. However, there is no specific guidance to encourage officers requesting the decision to consider whether individual decisions are inter-related, and therefore should be considered as a whole programme at the outset. Failure to ensure that the total cost of programmes or projects is authorised at the outset could result in ill-informed/inappropriate decisions.

5.   Review Objectives

5.1   Our overall objective was to review the effectiveness of the framework in place for supporting effective decision making. In particular we sought to give an assurance that:

- The GLA decision making framework is clearly defined, meets legislative and regulatory requirements, is properly approved and is publicised.
- Protocols have been established and operate effectively to support the framework, including the publication of decisions and linking related decisions.
- Adequate information and supporting advice is provided, documented and used to support decisions.
- Decisions made are published appropriately in line with agreed timescales and protocols.
- Decision making is effectively monitored, reviewed and scrutinised, and lessons learnt are applied to future decisions.

6.   Scope

6.1   We evaluated the effectiveness of the decision making framework, including:

- The relationship between the Mayoral (MD) and Director (DD) decisions
- Compliance with the GLA financial regulations
- Transparency and timeliness of publication of decisions made
- The level of information submitted to support decisions.

7.   Decision Making Framework

7.1   The Greater London Authority (GLA) Act 1999 requires that specific decisions can only be taken by the Mayor, and these are referred to as "Reserved Mayoral Matters". The Mayor has also indicated that he does not wish to delegate certain matters, but other decisions can be delegated under a "General Delegation". These limitations are adequately documented in the GLA Scheme of Delegation, which includes a list of posts classified as Senior Staff Members with authority under the General Delegation.

7.2   The initial GLA decision making framework was created and approved when the GLA was formed, and was amended in 2004. To ensure that the framework remains effective, officers from the Governance and Resilience Unit identify areas for improvement on an on-going basis, and ensure that the published guidance is kept up to date.

7.3   The decision making framework is appropriately published on the GLA intranet, and our review of the framework found that it clearly defined the limits for each of the four decision types:

- Mayoral – expenditure over £125k
- Director – expenditure up to £125k
- Assistant Director – expenditure up to £50k
- Delegated Authority Report – expenditure up to £5k

7.4 These financial limits are reflective of those stated in the GLA Financial Regulations and the GLA Scheme of Delegation, which were revised in April 2013 to increase the limits to those quoted above from over £50k for Mayoral Decisions and between £25k and £50k for Director Decisions. The decision making framework assists in compliance with European procurement legislation OJEU (Official Journal of the European Union) through having Mayoral approval for any financial decisions over £125k. We reviewed a sample of approved Mayoral and Director Decisions, and found they were compliant with the financial limits set out in the decision making framework.

7.5 The Mayor also has responsibility for making non-financial decisions including decisions which are novel, contentious or repercussive, or in support of planning, policy, technical, borrowing limits and European funding.

7.6 We found that the availability of information to assist staff completing a decision request is adequate. There are links from the intranet page that contain the decision making framework to templates for each of the decision types, the Authority's Scheme of Delegation and a detailed flowchart of the decision making process. The intranet page on decision making also states that officers are encouraged to seek further advice from the Governance and Resilience Unit if they are unsure on the application of the process.

7.7 Risk management is an integral part of the decision making framework, and each decision template includes a heading entitled 'other considerations'. Guidance on the template states that this section should include key risks and issues. Our review of a sample of Mayoral and Director Decisions found that information on risk, and where appropriate the control measures in place to mitigate the risks, were being recorded.

7.8 The GLA decision making framework is used to record all decisions made by the Mayor under the GLA Act 1999, regardless of the organisation that they refer to. For example, the TfL fare increases were presented for approval by the Mayor using the GLA Mayoral Decision template, and once approved the decision form was published on the GLA internet site in accordance with the GLA protocols.

8. Decision Making Protocols

8.1 The decision making process is managed within the Governance and Resilience Unit. The Unit has produced and published a flowchart that clearly outlines the stages, roles and responsibilities involved in drafting and presenting a decision request. The requesting officer is responsible for completing the decision request form, obtaining comments from the appropriate officers on financial and legal

implications, and for obtaining written Director guidance and written Mayoral Advisor guidance (MDs only).

8.2 Each decision request is given a unique reference number by the Governance and Resilience Unit, and a separate numbering system is maintained for both Mayoral and Director Decisions. We found this process is adequately controlled and sequential numbers are allocated once a decision request is received. However, although the framework states that an early draft should be provided to the Governance and Resilience Unit, in practice there is an inconsistent application of this requirement. Some officers provide a copy at an early stage of drafting and others as the final draft is prepared for submission.

8.3 Prior to submission for signature, officers from the Governance and Resilience Unit review the decision request to ensure that the decision is being taken at the correct level, contains appropriate supporting information, the legal and financial implication sections have been fully completed and that the decision has the support of the appropriate Director and Mayoral Advisor (MDs only). An email of this final version is then sent to the GLA Finance Team and TfL Legal Team for verification that they are satisfied with the content, which provides adequate assurance that the forms have been appropriately completed.

8.4 The decision making framework stipulates that following receipt of the final decision request by the Governance and Resilience Unit, approval of decisions will generally take up to five working days for Director decisions and 10 working days for Mayoral decisions. To facilitate an expedient sign-off the Director decisions, forms are taken to the Executive Directors office at 11.30 a.m. and 4.30 p.m. daily. Mayoral decision forms are given to the Mayor's Executive Assistant, who holds them until the Mayor sets aside time for review and authorisation. The Executive Assistant maintains a log of the Mayoral Decisions coming into and leaving the office Mayors' office for reference purposes.

8.5 The GLA Scheme of Delegation stipulates who can approve Mayoral decisions in the absence of the Mayor. In accordance with legislation, the reserved Mayoral powers cannot be delegated, however decisions relating to other Mayoral powers can be delegated under defined urgency and unavailability rules. The Governance and Resilience Unit confirmed that the Mayor rarely delegates responsibility for decision making.

8.6 The GLA Scheme of Delegation specifies the appropriate process to cover the absence of the Senior Staff Members listed under the General Delegation. It provides that they can "exercise the General Delegation within each other's areas of responsibility if necessary or expedient. In general, any higher grade of post to which a particular Senior Staff Member reports may concurrently exercise the General Delegation within his or her reports area of responsibility".

8.7 The Governance and Resilience Unit confirmed that in general decision requests are signed by the appropriate Director. However, it is also acceptable for a Director to authorise an Assistant Director to 'act up' into the Directors role when the Director is taking a planned absence, and this includes authority to sign-off decisions. However, the Scheme of Delegation does not clearly state that this is acceptable.

> **Recommendation**
>
> The next revision of the Scheme of Delegation includes clarification of the authorisation of the 'acting up' of Assistant Directors into the Directors role for decision making.

8.8 Some requests for a decision include information classified as being confidential, and therefore not suitable for publication. The officer requesting the decision must complete the MD or DD Part 1 template as usual and also completes a Part 2 with the information they wish to be classified as confidential. The Part 1 form is published to show that a decision has been approved, but the Part 2 containing the confidential information is not published. To ensure that all information is appropriately classified as confidential the Part 2 forms must be signed off by a member of the TfL Legal team, who provide legal services to the GLA under a shared services arrangement. From a sample of Mayoral and Director Decisions we found that where a part 2 had been completed this had been approved by TfL Legal in accordance with the requirements of the decision making framework.

9.   Publication of Decisions

9.1 To ensure transparency, all Part 1 decision forms are published on the internet, and the Governance and Resilience Unit are responsible for publication arrangements. The aim is to publish within one working day of the signing of a decision form. From a sample of Mayoral and Director Decisions where deferred publication had been requested we found:

- 61% were published within one working day,
- 26% were published within two working days, and
- 13 % between five and nine working days.

9.2 Some requests for decision include deferred publication, for example where the decision is commercially sensitive. In these cases, this requirement is stated in the Part 1 form and the proposed publication date is also entered. The Governance and Resilience Unit maintain an adequate record of the deferred publications, and when the proposed publication date is approaching the Unit email the officer who requested the decision to establish whether publication can go ahead. Once approval is received, publication takes place. From a sample of deferred publications we found:

- 73% were published within 1 working day of approval to publish,
- 9% within 2 working days,
- 9% within 3 working days, and
- 9% we did not have access to the final email when approval was given.

9.3 Overall, there are adequate controls in place to ensure that decisions are published at the earliest opportunity. From our sample we found that all decisions that should have been published are available on the internet.

10. Monitoring and Reporting

10.1 The decision templates state that 'references to previous decisions should be included'. While this provides an adequate to link previous decisions it would not identify where individual decisions are inter-related. In our recent audit of ICT Procurement (October 2013), we reported that although the appropriate authorisations had been obtained for the individual strands of a programme of works, the total value of the procurement required for the entire programme was not presented at the earliest opportunity as part of the decision making process. Failure to ensure that the total cost of programmes or projects is authorised at the outset could result in ineffective decisions being made.

> **Recommendation**
> The decision making guidance and template decision forms are revised to ensure that the total cost of inter-related decisions is presented at the outset for approval at the appropriate level.

10.2 Hard copies of signed decision forms (both Part 1 and Part 2) for the past year are retained within the Governance and Resilience Unit. Older decision forms are sent to the Authority's off-site archive for safe keeping, and can be retrieved upon request. Electronic copies of all decision forms are also retained in the Governance and Resilience Unit network 'team folder' and in a bespoke decisions computer programme named GLAAS. Access to GLAAS is limited to the Governance and Resilience Unit and the GLA Finance Team. Storage arrangements are adequate to ensure that a copy of the signed decision form is readily available.

10.3 Reviewing the effectiveness of the decisions approved is not part of the decision making framework. Once a decision has been made the outcomes are monitored as part of the day-to-day management of the GLA, including line management and the Investment Performance Board (IPB) who monitor all projects. Lessons learnt are identified through this process. In addition to the general GLA governance arrangements, the London Assembly is responsible for examining the effectiveness of the Mayor's policies, decisions and activities.

10.4 To assist the Assembly Members in performing their duty, the Governance and Resilience Unit supply a list of all approved decisions (not just Mayoral Decisions)

for inclusion in the Mayor's monthly report to the London Assembly. We reviewed the content of the report and found that it included the decision number, decision(s) approved, date it was signed, who signed it, the Mayoral Advisor consulted (MDs only) and the financial implications. The content of the report is adequate to provide the Assembly Members with an overview of the decisions made during a specified period. Any queries raised by the Assembly Members are addressed through the Mayor's Questions.

10.5 To ensure that the decision making framework remains effective, officers from the Governance and Resilience Unit identify areas for improvement on an on-going basis. Where a change to the process is necessary this is undertaken in consultation with the relevant officers. For example, when a change to the decision form templates was being considered, the final decision was made in consultation with Committee Services to ensure that the IPB templates were in alignment.

10.6 Officers from the Governance and Resilience Unit undertake regular reviews of the published decision making guidance to ensure that it is clear, and that any misunderstandings that have arisen are addressed accordingly. This ensures that the published guidance, to support officers when completing a decision request, is kept up to date.

RISK AND AUDIT ASSURANCE STATEMENT – DEFINITIONS

Overall Rating	Criteria	Impact
Substantial	There is a sound framework of control operating effectively to mitigate key risks, which is contributing to the achievement of business objectives.	There is particularly effective management of key risks contributing to the achievement of business objectives.
Adequate	The control framework is adequate and controls to mitigate key risks are generally operating effectively, although a number of controls need to improve to ensure business objectives are met.	Key risks are being managed effectively, however, a number of controls need to be improved to ensure business objectives are met.
Limited	The control framework is not operating effectively to mitigate key risks. A number of key controls are absent or are not being applied to meet business objectives.	Some improvement is required to address key risks before business objectives can be met.
No Assurance	A control framework is not in place to mitigate key risks. The business area is open to abuse, significant error or loss and/or misappropriation.	Significant improvement is required to address key risks before business objectives can be achieved.

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.

Ref.	Findings and Risk	Priority	Recommendations	Accepted	Management Response and Responsibility	Target Date
8.7	The GLA Scheme of Delegation specifies the appropriate process to cover the absence of Directors. We found that it is acceptable for a Director to authorise an Assistant Director to 'act up' into the Directors role when the Director is taking a planned absence, and this includes authority to sign-off decisions. The Scheme of Delegation does not clearly state that this is acceptable, which could lead to decisions being authorised outside of the scheme of delegation.	3	The next revision of the Scheme of Delegation includes clarification of the authorisation of the 'acting up' of Assistant Directors into the Directors role for decision making.	Yes	Head of Governance & Resilience The clarification requested will be provided in the next version of the Scheme of Delegation	1 April 2014
10.1	The decision templates state that 'references to previous decisions should be included'. While this provides an adequate to link previous decisions it would not identify where individual decisions are inter-related. Failure to ensure that the total cost of programmes or projects is authorised at the outset could result in ineffective decisions being made.	3	The decision making guidance and template decision forms are revised to ensure that the total cost of inter-related decisions is presented at the outset for approval at the appropriate level.	Yes	Head of Governance & Resilience The wording in the decision making guidance and forms will be changed to reflect the issue raised	Immediate