

## **Internal Audit Assurance**

### **1. INTRODUCTION**

- 1.1 The City of Edinburgh Council Internal Audit (IA) team performs one review annually for SEStran, to provide assurance over the controls established to mitigate key risks in a specific area.
- 1.2 The purpose of this paper is to report on the outcomes of the 2025/26 SEStran IA review of Project Management, to provide an update on progress with the completion of actions agreed as part of previous audits, and to request the Committee's input on potential areas for inclusion in the planned 2026/27 audit.

### **2. BACKGROUND, SCOPE, AND OUTCOMES OF 2025/26 IA REVIEW – PROJECT MANAGEMENT**

#### **Audit Background**

- 2.1 The audit reviewed the internal processes and controls surrounding project management at SEStran. The objective was to assess the adequacy and effectiveness of the existing control environment and to identify areas for improvement to support sound decision-making and governance. This work aligned with SEStran's November 2025 risk register, particularly in relation to Governance, Operational (project management), Financial, Reputational, External (supplier and partnership relationships), and Legal and Regulatory risks.

#### **Audit Scope**

- 2.2 The objective of the review was to assess the adequacy of design and operating effectiveness of the key controls established for the monitoring and oversight arrangements to oversee governance and financial management of SEStran projects.

#### **Audit Outcomes**

- 2.3 The overall assessment of the review was Reasonable Assurance, meaning there is a generally sound system of governance, risk management, and control in place to support project management within SEStran. Several areas for improvement were identified within the project management processes to further strengthen transparency, financial stewardship, and regulatory compliance.
- 2.4 Areas for improvement identified in the review include:
  - i) strengthening risk management for the organisation through the consideration and inclusion of fraud and Serious Organised Crime risks within corporate and project level risk registers, use of SMART actions, and introducing risk management training
  - ii) improving project management arrangements through development of a documented framework, clearer governance structures, a standardised approach

to stakeholder engagement and communication, as well as formal monitoring of project management training

- iii) ensuring consistent application of impact assessments and Data Protection Impact Assessments, use of standardised project initiation documentation, and improved document management
- iv) improving project governance and monitoring through consistent updating of core project documentation, improved change control documentation, alignment of milestones across planning documentation, and comprehensive RAID logs
- v) strengthening project governance and oversight through improved action tracking, enhanced document control, implementation of a lessons-learned log, a benefits realisation plan, and a clearer methodology for financial forecasting
- vi) enhancing contract management arrangements through clearer contract documentation, defined hierarchy of contract documents, as well as a structured monitoring framework for contractor performance.

2.5 Full details of each audit finding and the agreed management actions and timescales to address the risks associated with each, is provided in the detailed audit report at Appendix 1.

2.6 Several areas of effective practice were also identified as part of this review and are included in the Executive Summary section of the detailed report.

### **3. PROGRESS WITH ACTIONS RAISED IN PREVIOUS AUDITS**

3.1. Management has also addressed 11 of 12 actions from the People and Place Funding Proposals completed in May 2025.

3.2. The remaining action is not yet due and relates to a review of the Anti-Bribery Procedure and Anti-Fraud and Corruption Policy.

3.3. A status update on this action is provided in Appendix 2.

### **4. 2026/27 INTERNAL AUDIT REVIEW**

4.1. The City of Edinburgh Council's 2026/27 IA annual plan was approved by the Council's Governance, Risk, and Best Value Committee on 26 March 2026. The plan includes one IA review for SEStran, which is consistent with the level of assurance provided in prior years.

4.2. The most significant areas of risk and potential areas for SEStran 2026/27 annual review will be discussed with the management team by November 2026, and the review will be completed between January and April 2027.

### **5. RECOMMENDATIONS**

5.1. The Committee is requested to:

- note the outcomes of the 2025/26 IA review of Project Management including IA findings and recommendations and agreed management actions and implementation dates

- note the progress with completion of management actions from previous audits
- provide input on key risks or any areas of concern that the Committee would like IA to consider including in the 2026/27 IA review.

**Appendix 1: Internal Audit Report – Project Management**

**Appendix 2: Progress with outstanding management actions as at 5 June 2026**

**Laura Calder**

Head of Internal Audit, City of Edinburgh Council

E-mail: [laura.calder@edinburgh.gov.uk](mailto:laura.calder@edinburgh.gov.uk)

**Key contact:**

Colin McCurley, Principal Audit Manager, City of Edinburgh Council

E-mail: [colin.mccurley@edinburgh.gov.uk](mailto:colin.mccurley@edinburgh.gov.uk)

Policy Implications	None
Financial Implications	SEStran is charged an annual fee for provision of the annual IA assurance review. The fee for 2025/26 is £5,000, which remains consistent with the 2024/25 fee applied. Fees will be reviewed in 2026 and where required a revised fee will be agreed.
Equalities Implications	None
Climate Change Implications	None

**Appendix 2 – Progress with outstanding management actions as at 5 June 2026**

**2024/25 Internal Audit OO2402 People and Place Funding Proposals: Implementation Status**

No.	Recommendation	Agreed Management Action	Due Date	Status	Management Update
3.3	The Anti-Bribery Procedure and Anti-Fraud and Corruption Policy should be reviewed and updated, at a regular frequency to ensure continued relevance and compliance.	The Anti-Bribery Procedure and Anti-Fraud and Corruption Policy were reviewed in 2023 but required no changes. Unfortunately, this was not included in the report to P&A Committee. These policies will be included in the next policy review cycle.	31/07/2027	In Progress	The policies are currently being reviewed and updated by the partnership's legal adviser and a report will be presented to the September 26 Performance and Audit Committee.



# South East of Scotland Transport Partnership (SEStran) Internal Audit Report Project Management

1 May 2026

OO2501

<b>Overall Assessment</b>	<b>Reasonable Assurance</b>
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*This Internal Audit review is conducted for the SEStran under the auspices of the 2025/26 internal audit plan. The review is designed to help the SEStran assess and refine its internal control environment. It is not designed or intended to be suitable for any other purpose and should not be relied upon for any other purpose. The City of Edinburgh Council accepts no responsibility for any such reliance and disclaims all liability in relation thereto.*

*The internal audit work and reporting has been performed in line with the requirements of the Global Internal Audit Standards (UK Public Sector) and as a result is not designed or intended to comply with any other auditing standards.*

*Although there are specific recommendations included in this report to strengthen internal control, it is management’s responsibility to design, implement and maintain an effective control framework, and for the prevention and detection of irregularities and fraud. This is an essential part of the efficient management of the SEStran. Communication of the issues and weaknesses arising from this audit does not absolve management of this responsibility. High and Critical risk findings will be raised with senior management as appropriate*

# Executive Summary

Overall  
Assessment

Reasonable  
Assurance

## Engagement conclusion and summary of findings

There is a generally sound system of governance, risk management and control in place to support the project management within SEStran. Several areas for improvement were identified within the project management processes to further strengthen transparency, financial stewardship, and regulatory compliance:

- risk management for the organisation as a whole should be strengthened through the consideration and inclusion of fraud and Serious Organised Crime risks within corporate and project level risk registers, use of SMART actions, and introducing risk management training
- project management arrangements should be improved through the development of a documented framework, clearer governance structures, a standardised approach to stakeholder engagement and communication, as well as formal monitoring of project management training
- consistent application of impact assessments and Data Protection Impact Assessments, standardised project initiation documentation, and improved document management is recommended
- project governance and monitoring should be improved through consistent updating of core project documentation, improved change control

documentation, alignment of milestones across planning documentation, and comprehensive RAID logs





- project governance and oversight could be strengthened through improved action tracking, enhanced document control, the implementation of a lessons-learned log, a benefits realisation plan, and a clearer methodology for financial forecasting
- contract management arrangements should be strengthened through clearer contract documentation, defined hierarchy of contract documents, as well as a structured monitoring framework for contractor performance.

## Areas of effective practice

- project risks are identified, recorded and actively managed through SEStran Corporate and Project risk registers, with regular review to ensure mitigating actions remain appropriate and effective
- clear project plans have been developed that set out key deliverables, timeframes, and ownership to support structured project delivery
- progress reports are regularly provided to governance forums, which include clear RAG status reporting for programme delivery and finance performance
- post-implementation reviews are undertaken to reflect on lessons learned.

## Audit Assessment

Audit Area	Control Design	Control Operation	Findings	Priority Rating
1. Risk management			Finding 1 – Risk Management	Medium Priority
2. Information Governance			Finding 3 – Project Initiation	Medium Priority
3. Project Governance			Finding 2 – Procedures and Training	Medium Priority
			Finding 4 – Change Control	Medium Priority

Audit Area	Control Design	Control Operation	Findings	Priority Rating
			Finding 5 – Governance and Oversight	Medium Priority
4. Project Skills and Experience			See Finding 2	N/A
5. Contract and Supplier Management			Finding 6 – Contract and Supplier Management	Medium Priority

[See Appendix 1 for Control Assessment and Assurance Definitions](#)

# Background and Scope

Effective project management is essential to ensure that SEStran can deliver on its pledges and strategic objectives whilst maintaining and improving the service it delivers at a lower cost and with fewer resources. There are currently 14 projects underway with a total budget of £470k, with projects ranging in budget between £10k and £71k.

At the beginning of each financial year, SEStran's Annual Business Plan is approved by the Partnership Board. This plan sets out the projects to be delivered during the year together with associated budgets, project scope, objectives and key milestones. The Partnership's Core and Projects budgets for 2025/26 were approved by the Partnership Board on 14 March 2025.

The key stages in the project management process include:

- the Annual Business Plan, which outlines the projects to be delivered during the financial year and the associated budgets, is approved by the Partnership Board
- a Project Outline Document (POD) is prepared to provide high-level summary of the project, and is submitted for approval by the Partnership Director
- a Project Initiation Document (PID) is developed, setting out the detailed project scope, objectives, and resource requirements. The PID is also approved by the Partnership Director
- during the implementation phase, project status reports are provided to the Project and Strategy Delivery Oversight Subgroup (PaSDOS), the Performance and Audit Committee (P&A), and the Partnership Board
- following project completion, a lessons learned exercise is performed, with the results provided to the PaSDOS, P&A, and the Partnership Board.

## Oversight and governance

Project governance within SEStran is supported through a number of oversight arrangements and reporting mechanisms. The Project Teams team meets fortnightly to review progress, risks, and budget matters, with the Partnership Director attending monthly. PaSDOS meets quarterly to review to review project progress and performance through Project and Strategy performance reports. The minutes of PaSDOS meetings and performance reports are reported to the P&A for noting, with the Partnership Board receiving P&A committee minutes and associated reports to provide strategic oversight.

### Scope

The objective of this review was to assess the adequacy of design and operating effectiveness of the key controls established for the monitoring and oversight arrangements to oversee governance and financial management of SEStran projects.

### Alignment to SEStran Risks

- Project Management
- Financial
- Reputation
- Third Party Service Level Agreements
- Contract Management
- Statutory Duties.

### Reporting Date

Testing was undertaken between 19 January 2026 and 23 February 2026.

Audit work concluded on 6 March 2026, and the findings and opinion are based on the conclusion of work as at that date.

# Findings and Management Actions

## Finding 1 – Risk Management

Finding Rating	Medium Priority
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### Fraud and Serious Organisation Crime (SOC) risks in risk registers

Fraud and SOC risks should be formally identified, assessed, and recorded within the Corporate risk register and the Project risk register to ensure they are systematically monitored and mitigated, and to support compliance with relevant legislative requirements. However, fraud and SOC risks are not included within either risk register, and there is limited evidence that these risks are being effectively considered and managed as required.

Inclusion of fraud and SOC risks within risk registers would support SEStran's ability to evidence preparedness and effective oversight in relation to the corporate offence of 'failure to prevent fraud' under the [Economic Crime and Corporate Transparency Act \(ECCTA\) 2023](#).

### Risk management actions

Risk management actions should be defined in line with SMART principles (Specific, Measurable, Achievable, Relevant, and Time-bound), enabling effective monitoring, accountability, and timely risk mitigation. The SEStran project risk register is well-designed and supports effective risk management, with appropriate use of gross and net risk scoring, clear ownership, and structured reporting of inherent and residual risk exposure. However, while mitigating actions are recorded, several risk actions were not consistently SMART, as they lacked clear deliverables, measurable outcomes, defined timescales, and recorded completion dates.

### Risk management training programme

A formal risk management training programme supports officers to have a consistent understanding and application of risk management principles. There is no formal risk management training programme in place, but instead officers risk awareness and capabilities are supported through informal on-the-job coaching and management guidance.

### Risks, Assumptions, Issues, and Dependencies (RAID) log

A RAID log helps ensure that project risks, assumptions, issues, and dependencies are consistently captured, monitored, and reported. While project risks and issues are documented and reported through established governance arrangements, project assumptions and dependencies are not. Although assumptions and dependencies are identified during the preparation of Project Initiation Documents, there is limited evidence to demonstrate that they are being effectively monitored and managed, as they are not formally recorded or tracked within RAID logs.

### Risks

- **Project Management** – incomplete identification and monitoring of key risks, together with unclear mitigation actions reduce management's ability to proactively oversee and manage project risks
- **Reputation** – absence of formal capture of fraud and serious organised crime threats within risk registers reduces visibility of these issues and weakens organisational assurance and stakeholder confidence
- **Financial** - inadequate fraud risk identification and inconsistent risk management practises increase the exposure to financial loss and ineffective control over project resources.

## Recommendations and Management Actions: Risk Management

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
1.1	Fraud and Serious Organised Crime (SOC) risks should be formally identified and documented within the risk registers to ensure these risks are appropriately assessed, monitored, and managed. In addition, the failure to prevent fraud requirements of the <a href="#">Economic Crime and Corporate Transparency Act (ECCTA) 2023</a> , should be reviewed to ensure there is full compliance.	Recommendation accepted. Risks relating to fraud and organised crime will be reviewed and added to the Risk Log. As part of this we will ensure that there is full compliance with ECCTA and will include any relevant risks in the log.	Partnership Director, SEStran	Senior Partnership Manager, SEStran	30/06/2026
1.2	Risk mitigation actions recorded in the risk registers should be consistently defined using SMART principles, including clear deliverables, measurable outcomes, and target completion dates.	Recommendation accepted. The project risk register will be revised for 2026/27 to reflect the move to a programmatic Business Plan. As part of this all risks actions will be reviewed and updated to ensure they are SMART.	Partnership Director, SEStran	Senior Partnership Manager, SEStran	30/06/2026
1.3	A structured risk management training programme should be developed and delivered to relevant officers to support consistent understanding and application of risk management within project management processes, including project-specific risk identification, assessment, monitoring and other key risk management considerations.	Recommendation accepted. We will formalise programme and project management methodologies in 2026. Training in the identification and management of risks will be included, and staff will be trained on all aspects of the methodology.	Partnership Director, SEStran	Senior Partnership Manager, SEStran	31/01/2027
1.4	Risks, Assumptions, Issues, Dependencies (RAID) logs should be enhanced by including project assumptions and dependencies.	Recommendation accepted. We will formalise programme and project management methodologies in 2026. This will include creation and maintenance of a RAID log.	Partnership Director, SEStran	Senior Partnership Manager, SEStran	31/01/2027

## Finding 2 – Project Management Procedures and Training

Finding  
Rating

Medium  
Priority

### Project management and governance framework

A documented project management framework allows for a consistent and effective approach to project delivery across the full project lifecycle. It should clearly set out roles and responsibilities, decision-making authority, approval hierarchies, and escalation routes, and include proportionate governance arrangements aligned to project size, complexity, and risk.

There is no documented project management framework in place. While project management work is generally effective, the arrangements are largely informal.

### Stakeholder engagement

A standardised approach to stakeholder engagement supports determining when project-specific stakeholder engagement and communication plans are required, including formal assessment of communication risk, and clear documentation of rationale for the approach adopted.

SEStran primarily relies on an annual corporate communication plan to guide engagement activity, which includes the objectives, strategy, and methods of communication for the organisation as a whole. However, there is no standardised methodology to determine when a project-specific stakeholder engagement and communication plan is required, and what it should include.

This creates an officer-driven approach that lacks transparency and consistency.

### Training records and monitoring arrangements

A formal training records and monitoring process helps to ensure that training activities are consistently recorded, tracked, and reviewed to support compliance and workforce capability. Currently, there are no centrally-held training records or attendance logs to evidence completion of project management training by relevant officers.

### Risks

- **Project Management** – the absence of a documented project management framework and clearly-defined governance arrangements could lead to inconsistent project oversight, decision making, and accountability
- **Reputation** – non-standardised stakeholder engagement and communication planning reduces transparency, and potentially undermines stakeholder confidence in project management and delivery
- **Financial** – a lack of structured project governance processes and training oversight could weaken control over project delivery and increase the risk of inefficiencies.

## Recommendations and Management Actions: Project Management Procedures and Training

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
2.1	<p>A project management framework should be developed and formally approved by senior management to provide a consistent approach. In particular, it should include details of:</p> <ul style="list-style-type: none"> <li>• oversight arrangements, including key committees and their responsibilities</li> <li>• roles and responsibilities of officers</li> <li>• approval hierarchies, and decision-making authorities</li> </ul>	<p>Recommendation accepted.</p> <p>We will formalise programme and project management methodologies in 2026.</p> <p>This will cover all aspects of the recommendation.</p>	Partnership Director, SEStran	Senior Partnership Manager, SEStran	31/01/2027

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
	<ul style="list-style-type: none"> <li>escalation routes</li> <li>stage-gate review arrangements</li> <li>project change control and change log</li> <li>rolling action log for PaSDOS meeting</li> <li>minutes of PMO meeting</li> <li>centralised lessons learned log</li> <li>benefit realisation plan</li> <li>financial forecasting methodology</li> </ul> <p>a statement on proportionate governance arrangements aligned to project size, complexity, and risk.</p>				
2.2	A standard documented methodology and guidance should be introduced to determine when project-specific stakeholder engagement and communication plans are required, supported by clear guidance and criteria for assessing stakeholder impact and communication risks.	<p>Recommendation accepted.</p> <p>We will formalise programme and project management methodologies in 2026. There will be an overarching comms strategy, with a corporate comms plan and individual comms plans for every programme where these are needed.</p>	Partnership Director, SEStran	Senior Partnership Manager, SEStran	31/08/2026
2.3	A formal process for recording and monitoring training should be implemented, including the maintenance of centralised training records and attendance logs, to evidence completion, and support oversight of training compliance.	<p>Recommendation accepted.</p> <p>A matrix displaying required training, and training received, will be developed for every member of the team as part of their induction. This will be reviewed annually as part of a PDP process.</p>	Partnership Director, SEStran	Senior Partnership Manager, SEStran	31/08/2026

## Finding 3 – Project Initiation and Impact Assessments

Finding  
Rating

Medium  
Priority

### Impact assessments

Under the [Public Sector Equality Duty \(Section 149\) of the Equality Act 2010](#), organisations should undertake appropriate impact assessments to identify and consider the effects of their decisions on protected groups, and to ensure compliance with equality obligations. SEStran undertake three types of impact assessments, depending on the nature of the individual project: Equalities Impact Assessment (EIA), Children’s Rights and Wellbeing Impact Assessment (CRWIA), and Fairer Scotland Duty Assessment (FSDA). For a sample of five projects:

- two had completed the relevant assessments
- two projects had not progressed to a stage where an assessment was required
- for the remaining project (Thistle Assistance), the nature of the activity indicated that consideration of an assessment would have been appropriate, but no assessment had been undertaken.

### Data Protection Impact Assessment (DPIA)

Under Article 35 of the [UK General Data Protection Regulation](#), organisations are required to undertake a DPIA where processing activities are likely to pose a high risk to individuals’ rights or freedoms. A sample of five projects identified two projects (the Thistle Assistance project, and the Regional Bus Strategy project) that processed demographic and equality information as part of public engagement activities. Thistle Assistance project processed personal data, including demographic and equality information, whereas Regional Bus Strategy project processed such information on an anonymous basis. A DPIA had not been undertaken for either project.

Management advised that this was based on guidance received from an external Information Governance consultant, who considered that data collection was minimal, data was either not linked to identifiable individuals or was held separately, and the processing was considered unlikely to result in a high risk to their rights.

However, there was no documented DPIA screening assessment or formal decision-making records demonstrating that the decision not to undertake a DPIA has been appropriately considered, evaluated, and approved.

### Project initiation documents

Project Initiation Documents (PIDs) and Project Outline Documents (PODs) were not consistently prepared, finalised, version controlled or formally approved across the projects reviewed. For a sample of five projects:

- one project’s PID remained in draft form (Regional Bus Strategy)
- for four projects, documented approval was not evidenced
- for all five sampled projects, no version control was included to evidence subsequent changes.

In addition, there is no standardised approach or defined criteria to determine when a project requires a PID or a POD.

### Budget statements

The PID should be updated throughout each project to reflect any changes, such as revised budgets, project deadlines, or project milestones.

For a sample of five projects, three projects (Regional Bus Strategy, RTS Delivery Plan, and Regional Bike Share) the PID did not reflect revised budgets approved by the Partnership Board.

### Risks

- **Project Management** – inconsistent application of project initiation requirements and documentation standards reduce assurance over project governance and decision making
- **Statutory Duties** – failure to consistently undertake or evidence impact assessments limits assurance that statutory obligations under the Equality Act 2010 and UK GDPR have been appropriately considered
- **Financial** – inconsistent recording and updating of approved project budget information across key documentation weakens financial oversight and reliability of project financial information.

## Recommendations and Management Actions: Project Initiation and Impact Assessments

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
3.1	A clear process should be developed to ensure that impact assessments are consistently considered and documented at project initiation, including maintaining an audit trail that evidences the assessment and decision making and, where an impact assessment is not undertaken, the rationale for the decision is appropriately documented.	<p>Recommendation accepted.</p> <p>A revised Integrated Impact Assessment screening process and form has been developed over the latter part of 2025/26 and is now in use. This will be used to backfill gaps in existing projects that have been identified by this Audit and the projects team.</p> <p>Going forward, this process will be clearly incorporated into the PID process to ensure it is picked up at project inception and whenever the PID is revised (noting that at initiation it may not yet be clear if an IIA is required or not).</p>	Partnership Director, SEStran	Senior Partnership Manager, SEStran	31/01/2027
3.2	A formal Data Protection Impact Assessment (DPIA) screening and assessment process should be implemented to ensure data protection risks are systematically evaluated and documented at project initiation in line with UK GDPR requirements. There should be a clear audit trail evidencing the assessment and decision making, including appropriate documentation of the rationale where it is determined that a DPIA is not required.	<p>We recognise the risks associated with the finding, to address these we will formalise programme and project management methodologies in 2026. As part of this, the standard PID template will be redesigned.</p> <p>We will discuss further with our expert data protection consultant a proportionate solution for DPIA screening, noting their feedback that SEStran's work to date has always been of low risk and therefore DPIAs have not been required. Any updates to processes as a result of this will be built into the above processes.</p>	Partnership Director, SEStran	Senior Partnership Manager, SEStran	31/01/2027
3.3	A standardised process should be developed to ensure Project Initiation Documents (PID) and Project Outlet Documents (POD) are consistently prepared, version-controlled, and formally approved, including defined criteria to determine when a project requires a PID, POD, or both.	<p>Recommendation accepted.</p> <p>We will formalise programme and project management methodologies in 2026. As part of this, the standard POD and PID templates will be redesigned.</p> <p>Guidance will be produced for the new process.</p>	Partnership Director, SEStran	Senior Partnership Manager, SEStran	31/01/2027
3.4	Revised budget figures should be consistently recorded and updated across all key project documentation.	<p>Recommendation accepted.</p> <p>We will formalise programme and project management methodologies in 2026. Guidance on when and how to update changes to budget will be included in the guidance for the new process.</p>	Partnership Director, SEStran	Senior Partnership Manager, SEStran	31/01/2027

## Finding 4 – Change Control

Finding  
Rating

Medium  
Priority

SEStran has recently introduced a change control process to manage amendments to projects that have already been approved through the Annual Business Plan process. This represents an improvement in control design, with the process setting out approval hierarchies, based on the type and nature of project changes.

### Core project baseline documents

Changes to project milestones and delivery completion dates were not consistently updated within project documentation. In three of the five projects sampled (Transport to Health, Regional Bus Strategy, RTS Delivery Plan), milestone and delivery dates have been changed in the Project and Strategy tracker, which is provided to PaSDOS, but were not consistently updated within relevant project documents.

### Budget adjustments and inter-project transfers

The Project and Strategy tracker and the quarterly progress reports do not consistently show budget adjustments and budget transfers between projects. For example, inter-project budget transfer to Thistle Assistance (TA) project amounting to £18,941 (from Regional Bus Strategy and Transport to Health) was not consistently and adequately evidenced within the Project and Strategy Tracker and quarterly progress report.

### Alignment between Annual Business Plan, and the Project and Strategy Tracker

The Annual Business Plan is created at the start of each financial year and includes project milestones and deliverables. These milestones should then be stated in the Project and Strategy tracker document, which is part of the reporting to PaSDOS.

However, for five sampled projects:

- the Regional Bike Share milestones for Q1 and Q3 recorded in the Annual Business Plan were not reflected in the project tracker, while Q2 and Q4 milestones recorded in the tracker could not be matched to those in the Annual Business Plan
- for the RTS delivery plan, milestones and delivery dates recorded in the Project Tracker did not align with those in the Annual Business Plan.

### Change log

A centralised project change control log helps to ensure all changes to project scope, budget, milestones, and objectives are consistently recorded, tracked, and subject to appropriate oversight. While a change control process has recently been introduced, there is no change log in place.

### Risks

- **Project Management** – inconsistent application of change control processes, and incomplete project monitoring arrangements reduce clarity over approved project baselines, delivery milestones, and overall project oversight
- **Financial** – insufficient documentation and reporting of budget adjustments and inter-project budget transfers diminish financial transparency, and the reliability of project financial reporting
- **Reputation** – inconsistent reporting and incomplete monitoring arrangements reduces assurance provided to governance forums, and potentially undermines confidence in project oversight.

## Recommendations and Management Actions: Change Control

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
4.1	Key project documentation should be updated, where relevant, in response to changes agreed at committee.	Recommendation accepted. A change control process and guidance has been developed in Q4 2025/26 which will resolve this recommendation once fully implemented from April 2026. This will be built into formalised programme and project management methodologies in 2026.	Partnership Director, SEStran	Senior Partnership Manager, SEStran	30/06/2026
4.2	All project changes made subsequent to committee approval should be consistently reflected across relevant project documentation and governance records (including the Project and Strategy Tracker and quarterly progress reports).	Recommendation accepted. A change control process and guidance has been developed in Q4 2025/26 which will resolve this recommendation once fully implemented from April 2026. This will be built into formalised programme and project management methodologies in 2026.	Partnership Director, SEStran	Senior Partnership Manager, SEStran	30/06/2026
4.3	A change log should be introduced to ensure any subsequent project changes (such as to milestones and delivery completion dates, budgets, and inter-project transfers) are consistently recorded tracked and monitored (see Recommendation 2.1).	Recommendation accepted. A change log will be introduced to support the new change control process. This will be built into formalised programme and project management methodologies in 2026.	Partnership Director, SEStran	Senior Partnership Manager, SEStran	30/06/2026

## Finding 5 – Governance and Oversight

Finding  
Rating

Medium  
Priority

### Action tracker for PaSDOS meetings

An action tracker to record, track, and monitor agreed actions from governance meetings, including defined ownership, target completion dates, and progress updates supports effective oversight and accountability. Actions agreed during Project and Strategy Delivery Oversight Subgroup (PaSDOS) meetings are recorded within meeting minutes, but there is no dedicated action tracker in place. Actions recorded do not include defined target completion dates, and follow-up of previously agreed actions is not routinely documented.

In addition, the PaSDOS Terms of Reference does not include formal document control information such as ownership, version control, approval records, or review frequency.

### Project meetings

While project meetings are held fortnightly, they are not minuted, and the project meeting action tracker does not document explanations for delays or revised completion dates.

### Lessons learned and benefits realisation

The review identified that lessons learned are generally captured as part of project closure reporting, including a narrative summary of lessons identified across several areas, together with key takeaways and actions intended to improve the management of future projects.

However, there is no central lessons learned log to support the identification of thematic issues and the consistent sharing of learning across projects to

enable continuous improvement. In addition, there is no structured mechanism in place to track, monitor, or report on the achievement of expected project benefits over time. Development of a formal benefit realisation plan or log would allow oversight of benefits achieved.

### Assumptions underpinning financial forecasting

For a sample of five projects, the assumptions used to determine budget forecasts were unclear and not clearly documented. In addition, there was no evidence that these assumptions had been subject to independent review or verification by Finance.

### Risks

- **Project Management** – incomplete action monitoring arrangements reduce assurance that agreed actions, project decisions, and lessons learned are systematically tracked, implemented, and embedded in project management practise
- **Financial** – the absence of financial forecasting methodology and undocumented assumptions reduces the reliability and transparency of projected budget performance reported to governance forums
- **Governance and Decision Making** – inconsistent governance documentation, oversight arrangements, and financial reporting may weaken management oversight, and limit the availability of reliable information to support effective governance and informed decision making.

## Recommendations and Management Actions: Governance and Oversight

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
5.1	An action tracker should be implemented to record, monitor, and report progress against agreed actions from PaSDOS subgroup meetings, including defined owners, target completion dates, and status updates. (see Recommendation 2.1).	Recommendation accepted. An action tracker exists for team and project meetings. This will be adapted to include actions from PaSDOS meetings.	Partnership Director, SEStran	Senior Partnership Manager, SEStran	31/05/2026
5.2	Project meetings should be consistently minuted. In addition, the action tracker should include clear evidence of progress, overdue actions, and revised completion dates (see Recommendation 2.1).	We recognise the risks associated with the finding. The action tracker will remain the key tool used to record important outputs of project meetings. There are no current plans to take minutes of these meetings. The tracker will be amended to ensure that it meets the other requirements of recommendation 5.2	Partnership Director, SEStran	Senior Partnership Manager, SEStran	31/05/2026
5.3	A document control section should be included within the PaSDOS subgroup's Terms of Reference, detailing document ownership, version control, approval records, and a defined review frequency.	Recommendation accepted. This recommendation has been actioned, and a document control section will be added to other Terms of Reference etc.	Partnership Director, SEStran	Senior Partnership Manager, SEStran	31/08/2026
5.4	A centralised lessons learned log should be implemented to capture lessons identified from projects and track how these are translated into improvement actions (see Recommendation 2.1).	Recommendation accepted. We will formalise programme and project management methodologies in 2026. This will include creation, maintenance of a Lessons Learned log, and guidance on how the log should be used during the inception of new programmes or projects.	Partnership Director, SEStran	Senior Partnership Manager, SEStran	31/01/2027
5.5	A benefits realisation plan and log should be introduced to allow for a structured approach to track, monitor, and report on the achievement of expected project benefits over time (see Recommendation 2.1).	Recommendation accepted. We will formalise programme and project management methodologies in 2026. This will include creation and maintenance of a Benefits Realisation Strategy, and an individual Benefits Realisation plan for each programme or project.	Partnership Director, SEStran	Senior Partnership Manager, SEStran	31/01/2027

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
5.6	A financial forecasting methodology should be established to ensure forecasts are based on clear assumptions, include documented and verified assumptions, and are subject to appropriate financial review (see Recommendation 2.1).	We recognise the risks associated with the finding, to address these we will formalise programme and project management methodologies in 2026. This will include guidance on documenting assumptions and managing them in the same way that risks are managed.	Partnership Director, SEStran	Senior Partnership Manager, SEStran	31/01/2027

## Finding 6 – Contract and Supplier Management

Finding  
Rating

Medium  
Priority

### Contract award letters and supporting documentation

SEStran engages suppliers to support the delivery of key aspects of projects and issues contract award letters to confirm engagement with contractors, which are treated as contractual agreements between the organisation and the contractor. In this context, contract award letters should include all necessary information including deliverables, milestones, pricing structure, performance measures, and progress reporting requirements to support effective supplier and contract management.

However, aside from the total contract value and the contract period, these letters do not clearly define any of the key elements noted above, with reliance instead being placed on references to the contractor's original tender submission as the basis for pricing and other contractual obligations. Review of documentation for a sample of six contracts identified that:

- while the Contract Award Letter refers to the contract proposal and quotations, in no instances were these documents attached to the Contract Award Letter or clearly incorporated as formal contract documents
- supporting proposal and quotation documents were not standardised and varied significantly in format, clarity, content, and level of detail.

### Documentation for contract monitoring and performance oversight

Effective contract monitoring and performance oversight arrangements should be in place and documented, to evidence regular review of supplier performance, including progress meetings, and performance reporting.

However, there was no evidence of meetings with suppliers or receipt of performance monitoring reports. Management confirmed that such records are not generally maintained, and limited evidence was available to demonstrate active oversight, particularly for significant multi-year contracts.

### Risks





- **Contract Management** – weaknesses in contract documentation, award arrangements, and contract monitoring processes reduce clarity over contractual obligations, reduce oversight of supplier performance, and may undermine the reliability and legal enforceability of contract award documentation in the event of contractual disputes or litigation
- **Financial** – inconsistent contract documentation and unclear pricing structures reduce assurance over the accuracy, transparency, and control of contractual expenditure
- **Reputational** – insufficient contract governance and monitoring arrangements may undermine confidence in the organisation's ability to effectively manage supplier relationships and contracts.

## Recommendations and Management Actions: Contract and Supplier Management

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
6.1	Contract Award Letters should be strengthened to clearly define key contractual elements, including deliverables, milestones, pricing structures, performance measures, and reporting requirements.	Risk accepted. Contracts issued all have deliverables, milestones, costing, performance and/or reporting requirements that are proportionate to contract size and type.  Following legal advice, we will maintain the current approach to issuing contracts and award	Partnership Director, SEStran	Senior Partnership Manager, SEStran	N/A

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
	Where reliance is placed on supporting proposals or quotations, these should be incorporated into Contract Award Letters or attached as schedules.	letters, and this will be the process followed when revised contracts are developed in Q1 2026/27. This process, including how documents should be stored, will be clarified within the procurement manual which is also under development.			
6.2	A formal contract monitoring and performance management framework should be implemented, which should include the requirement to document evidence of progress, have minuted meetings, and receive and review performance reporting.	Recommendation accepted. Guidance will be produced to clarify when performance management is required, and how it should be implemented and documented.	Partnership Director, SEStran	Senior Partnership Manager, SEStran	31/08/2026

# Appendix 1 – Control Assessment and Assurance Definitions

Control Assessment Rating		Control Design Adequacy	Control Operation Effectiveness
Well managed		Well-structured design efficiently achieves fit-for purpose control objectives	Controls consistently applied and operating at optimum level of effectiveness.
Generally Satisfactory		Sound design achieves control objectives	Controls consistently applied
Some Improvement Opportunity		Design is generally sound, with some opportunity to introduce control improvements	Conformance generally sound, with some opportunity to enhance level of conformance
Major Improvement Opportunity		Design is not optimum and may put control objectives at risk	Non-conformance may put control objectives at risk
Control Not Tested	N/A	Not applicable for control design assessments	Control not tested, either due to ineffective design or due to design only audit

Overall Assurance Ratings	
<b>Substantial Assurance</b>	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
<b>Reasonable Assurance</b>	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
<b>Limited Assurance</b>	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
<b>No Assurance</b>	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

Finding Priority Ratings	
<b>Advisory</b>	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.
<b>Low Priority</b>	An issue that results in a small impact to the achievement of objectives in the area audited.
<b>Medium Priority</b>	An issue that results in a moderate impact to the achievement of objectives in the area audited.
<b>High Priority</b>	An issue that results in a severe impact to the achievement of objectives in the area audited.
<b>Critical Priority</b>	An issue that results in a critical impact to the achievement of objectives in the area audited. The issue needs to be resolved as a matter of urgency.

## Appendix 2 – Areas of Audit Focus and Control Objectives

Audit Areas	Control Objectives
<b>Risk Management</b>	<ul style="list-style-type: none"> <li>risks related to project management are identified, recorded, and managed within a relevant SEStran risk register, and regularly reviewed to ensure appropriate mitigating actions are in place and remain effective.</li> </ul>
<b>Information Governance</b>	<ul style="list-style-type: none"> <li>information governance risks for project management are clearly understood, and effective controls have been established to ensure adherence to relevant SEStran policies and procedures.</li> </ul>
<b>Project Governance</b>	<ul style="list-style-type: none"> <li>an appropriate project governance structure and forums (for example, a project board) have been established with clearly defined remits</li> <li>business cases, or equivalent, have been prepared for projects and approved by the relevant project board, and oversight committee</li> <li>business cases, or equivalent, contain full and accurate financial information</li> <li>the business cases, or equivalent, are updated to reflect any significant project changes</li> <li>clear project plans which detail timeframes, ownership, dependencies, and progress for all key project deliverables have been developed</li> <li>complete and up-to-date highlight/progress reports are provided to relevant governance forums, which include benefits tracking; risks, issues and dependencies reporting; and budgetary information</li> <li>governance meetings provide effective scrutiny, and actions are documented, appropriately delegated, and tracked through to completion</li> <li>clear stakeholder engagement and communication plans have been developed and approved by the relevant governance forums</li> <li>Integrated Impact Assessments are performed for all relevant projects, and there is confirmation of compliance with the Equality Act 2010's <a href="#">Public Sector Equality Duty</a></li> <li>post-implementation reviews are scheduled / have been held to reflect on lessons learned and confirm that all anticipated benefits have been realised.</li> </ul>
<b>Project Skills and Experience</b>	<ul style="list-style-type: none"> <li>projects are overseen by project managers who are appropriately skilled with relevant project delivery experience</li> <li>the projects follow SEStran's project management methodology, and guidance from the Scottish Government and HM Treasury where relevant</li> <li>where required, project management training has been delivered to ensure consistent application of project management methodology and project tools.</li> </ul>
<b>Contract and Supplier Management</b>	<ul style="list-style-type: none"> <li>effective supplier management arrangements (including sub-contractor) are in place to monitor delivery progress against project timelines, terms and costs are in line with contract terms and conditions.</li> </ul>