Rapid review: The FCDO's Programme Operating Framework

Approach summary paper

January 2023

Background

The Independent Commission for Aid Impact (ICAI) scrutinises UK aid spending. We work to ensure that UK aid is spent effectively for those who need it most and delivers value for money for UK taxpayers. Our mandate covers all UK official development assistance, including the work of the Foreign, Commonwealth and Development Office (FCDO) and aid spent by other UK government departments.

Following the merger of the Foreign and Commonwealth Office (FCO) with the Department for International Development (DFID) in September 2020, the FCDO launched the Programme Operating Framework (PrOF) for use from 1 April 2021. The PrOF provides the basis for how FCDO programmes and projects should be managed to ensure high standards and meet central government expectations.[1]

The framework aimed to draw on established practices of project and programme management, to provide a tool to support high standards of delivery and risk management in the new department. It also aimed to bring together the strengths of the operating frameworks used by the FCDO's predecessor departments – DFID's Smart Rules and the FCO's Policy Portfolio Framework – alongside new additions, intending to make the PrOF "better than both".[2]

The PrOF applies to all staff managing or advising on policy programmes led or delivered through the FCDO, and decision-makers for approving those programmes.[3] It is used for all FCDO policy programmes, whether UK aid funded or not, as well as for cross-government funds managed by FCDO. It therefore covers most of the UK's official development assistance (ODA). The framework is structured around the FCDO programme management cycle. It sets out principles, rules, roles and responsibilities, governance, guidance and best practice. Its intention is to empower staff to take risk-based approaches to programme delivery, using their own judgement and contextual expertise within a set of mandatory rules and process milestones.

Purpose of the review

The PrOF is a key tool for embedding a common approach to programme management across the FCDO following the merger of FCO and DFID. This review provides an early opportunity for ICAI to assess the PrOF's effectiveness in supporting aid delivery across FCDO's diverse portfolio. It also aims to support learning in the

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FCDO, as the department works to refine its programme management approach and integrate systems and staff post-merger.

This review will therefore assess the extent to which the PrOF is "better than both" of the predecessor frameworks used in the former FCO and DFID, and the extent to which the FCDO has implemented and embedded the PrOF within its operations. The review will also consider coherence across the UK government, including the alignment of the PrOF with the Government Functional Standard on Project Delivery.[4] The Government Functional Standard sets out rules and guidelines for portfolio, programme and project delivery that apply to all UK government departments. It is one of 15 such standards designed to promote consistent and coherent ways of working and provide a basis for assurance, risk management and capability improvement.[5]

ICAI reviewed DFID's Smart Rules in 2014.[6] Published soon after the Smart Rules were launched, the rapid review applauded the department for its "serious attempt to grapple with some of the worst examples of procedural inefficiency", recognising that the rules responded to critical challenges from ICAI's previous reports.[7]

The subsequent follow-up review published in 2016 concluded that DFID had implemented positive developments in response to ICAI's recommendations, including the launch of a Better Delivery Team, strengthened roles for Senior Responsible Owners (SROs), improved capacity, and greater clarity and organisational understanding of the rules themselves.[8]

ICAI reviews in subsequent years highlighted many strengths in DFID's project management and risk-based decision making, while raising some common areas for improvement, such as around consultation with people affected by UK aid, and reporting requirements for partners. This review will add to ICAI's previous work while looking at programme management within the context of the FCDO for the first time.

Review questions

This review will seek to answer the following questions:

1. **Relevance:** Is the PrOF a credible approach for the management of UK aid programmes?

   - Does the PrOF content reflect good practice for programme and risk management?

   - How well suited is the PrOF to FCDO's context (including its priorities, culture and resources)?

   - Has the PrOF been reviewed and approved, and promoted and endorsed, by appropriate levels of seniority within FCDO's governance structure?

2. **Effectiveness:** To what extent has the PrOF's implementation supported the delivery of UK aid across FCDO's diverse programmes?

   - How well has the PrOF been implemented and embedded in FCDO; are training and communications effective and targeted to the right people; is the PrOF understood and used?

   - To what extent does the PrOF help FCDO programme staff to deliver aid objectives in practice?

   - How clearly does the PrOF communicate to programme staff what is mandatory and what is guidance?

   - To what extent does the PrOF enable FCDO programme staff to adjust programmes based on learning or changed circumstances?

   - How well does the PrOF support a consistent, proportionate and professional approach to programme management across FCDO?

4   *Government Functional Standard GovS 002: Project delivery*, HM government, 2021, link.
5   *Government Functional Standard GovS 002: Project delivery*, HM government, 2021, p. 2, link.
6   *Rapid review of DFID's Smart Rules*, ICAI, 2014, link.
7   *Rapid review of DFID's Smart Rules*, ICAI, 2014, p. 1, link.
8   *ICAI annual report 2015 to 2016*, ICAI, 2016, pp. 39-40, link.

3. **Learning:** How well has the PrOF been adapted since its launch?

- Are there mechanisms in place to capture learning on how well the PrOF helps staff to take risk-based, value-for-money decisions that are proportionate and appropriate to the size, complexity and degree of risk inherent in a particular project or programme, and in how the PrOF can be improved?

- To what extent does the learning process result in meaningful and timely change in the PrOF and/or related training, guidance, culture and communications? How is this balanced with the need for consistency?

- Are changes made to the PrOF (if any) based on evidence from operational experience and have they been timely, justified and approved by appropriate levels of seniority?

Methodology

The methodology will comprise the following four components:

1. **Annotated bibliography:** A brief annotated bibliography, summarising good practice in programme management. This will include searches of academic literature focused on aid programming; good practice operating frameworks used in the private sector; equivalent documentation published by other aid donors; and publicly available guidance published by multilateral institutions and NGOs. This will help to inform our assessment of the PrOF's content.

2. **Document review and COSO[9] comparison:** We will review the PrOF's scope using the 'COSO framework' as a guide. The COSO framework is a system used to establish a set of internal controls that are widely regarded as good practice for risk management in the private sector. We will draw on the 20 principles of the COSO framework, across five areas, shown in **Figure 1** below, to structure and inform our review. These principles describe good practices for managing strategic risks and driving performance against objectives.[10] We will also review documentation provided by the FCDO's Centre for Delivery[11] relating to the PrOF's development, implementation and ongoing maintenance. This will help to inform our assessment of the PrOF's content and to guide our programme sample review and interviews (see components 3 and 4 below).

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[9] COSO refers to the Committee of Sponsoring Organisations of the Treadway Commission, an independent private-sector initiative whose "mission is to help organisations improve performance by developing thought leadership that enhances internal control, risk management, governance and fraud deterrence". See *About us*, COSO, accessed 12 December 2022, link.

[10] *Enterprise risk management: Integrating with strategy and performance*, COSO, 2017, p. 4, link.

[11] The FCDO established the Centre for Delivery following the departmental merger. This replaced DFID's Better Delivery Department, which had responsibility for overseeing the Smart Rules.

Figure 1: Good practices for strategic and performance-enhancing risk management from the COSO framework

Governance and culture	1	Exercise board risk oversight
	2	Establish operating structures
	3	Define desired cultures
	4	Demonstrate commitment to core values
	5	Attract, develop and retain capable individuals
Strategy and objective-setting	6	Analyse business context
	7	Define risk appetite
	8	Evaluate alternative strategies
	9	Formulate business objectives
Performance	10	Identify risk
	11	Assess severity of risk
	12	Prioritise risks
	13	Implement risk responses
	14	Develop portfolio view
Review and revision	15	Assess substantial change
	16	Review risk and performance
	17	Pursue improvement
Information, communication and reporting	18	Leverage information and technology
	19	Communicate risk information
	20	Report on risk culture and performance

Source: *Enterprise risk management: Integrating with strategy and performance*, COSO, 2017, p. 4 and 10, link.

3. **Programme sample review:** We will select 30-40 programmes for a high-level desk review to understand whether and how the PrOF has been implemented in practice. We will ask the SROs of the selected programmes to signpost in their programme documentation how they have followed specific aspects of the PrOF. Our questions will be informed by the 20 COSO principles. This will help to assess the extent to which the FCDO has implemented the PrOF.

We will select our programme sample to ensure coverage of:

- Initiated or closed programmes (approximately evenly split) during financial year 2021-22, as the PrOF launched at the beginning of this period, on 1 April 2021.

- A minimum of five programmes with budgets over £40 million, which require additional sign-off under the PrOF.

- A minimum of five small programmes, with budgets under £1 million.

- Inclusion of rapid onset humanitarian response programmes.

- A mix of centrally managed and single-country programmes.

- Diverse geographies and development areas.

- Inclusion of legacy DFID and FCO programmes and programmes established under FCDO.

4. **Stakeholder interviews:** We will consult FCDO stakeholders via interviews, including:

- Centre for Delivery staff involved in the PrOF design and roll-out.

- Focus groups with 10-20 programme teams from our programme sample, and one-to-one interviews with select programme teams based on the findings from our desk review.

- Four to five Heads of Missions and Directors, with significant UK aid responsibilities and/or oversight of PrOF implementation.

This will enable triangulation of findings with our desk review and document analysis.

Timeline

Research for this review began in November 2022, with publication expected in April 2023.