

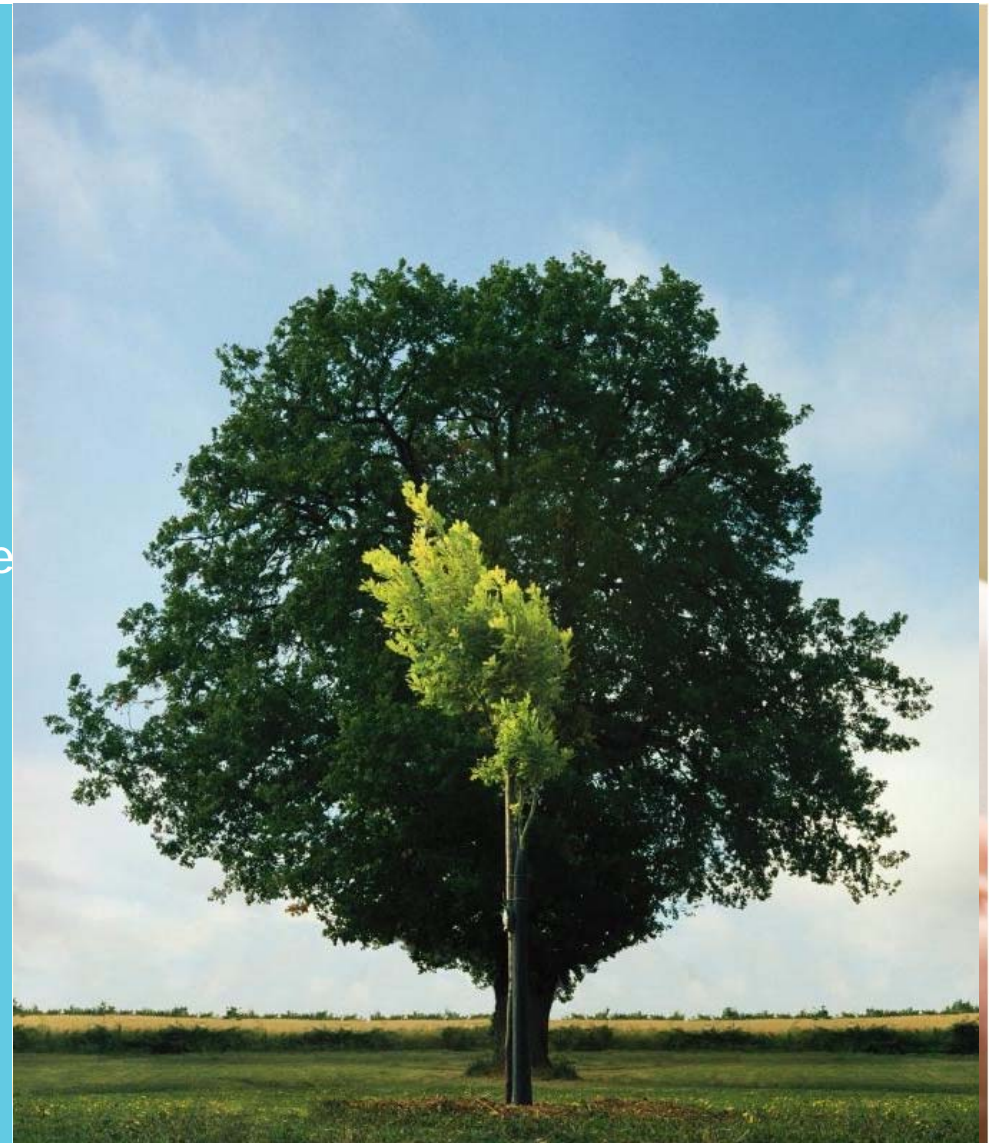
# Brentwood Borough Council

## INTERNAL AUDIT REPORT

Review of the IT Transformation Programme

Audit 13.2015

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Limited	Limited



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REPORT STATUS	
Auditors:	Titi Junaid
Dates work performed:	February - March 2015
Closing Meeting	13 March 2015, Phil Ruck and Tim Huggins
Draft report issued:	13 April 2015
Final report issued:	25 June 2015

DISTRIBUTION LIST	
Phil Ruck	Contracts and Corporate Projects Manager
Tim Huggins	ICT Manager

## Restrictions of use

The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

# EXECUTIVE SUMMARY



## CLIENT STRATEGIC RISKS

		Information Management
		<ul style="list-style-type: none"> <li>Lack of resources for IT integration.</li> </ul>
Risk	5 & 9	Lack of strategic direction <ul style="list-style-type: none"> <li>Poor performance management.</li> <li>Poor delivery of priorities.</li> <li>Failure to communicate effectively.</li> </ul>

## LEVEL OF ASSURANCE (SEE APPENDIX II FOR DEFINITIONS)

Design	Limited	System of internal controls is weakened with system objectives at risk of not being achieved.
Effectiveness	Limited	Non-compliance with key procedures and controls places the system objectives at risk.

## SUMMARY OF RECOMMENDATIONS (SEE APPENDIX II)

High		2
Medium		3
Low		0

Total number of recommendations: 5

## OVERVIEW

The Council procured additional IT capacity (for a 3 month period) and appointed an external consultant to carry out a review of systems availability and performance following a major incident which adversely affected its IT infrastructure in May 2014. A 9 month IT and Transformation Programme (ITTP) was developed and presented to the Corporate Leadership Board. The main objective of the ITTP is to deliver a number of ICT projects which were deemed to be of high priority to the Council at that time. Although the Council has a 3 year Corporate Plan (2013-2016) there is no overarching IT Strategic Plan in place to support it. An audit review of the Council's arrangements for the delivery of the IT and Transformation Programme was carried out.

At the time of this review, the Council had embarked on a comprehensive review of its IT strategy and the IT and Transformation programme. Senior appointments have been made and responsibilities for the delivery of the IT programmes have been assigned. The IT departmental structure has been revised to reflect the need for flexible resourcing to meet skills and capacity required to deliver current and future IT projects.

Our audit identified the following areas of weakness:

- We found no evidence of formal approval, leadership and senior management support for the ITTP (high priority recommendation).
- There is currently no IT Strategic Plan. There was no evidence that the ITTP supports the Council's Corporate Objectives (high priority recommendation).
- The governance and reporting arrangements for the ITTP is unclear and not documented. Progress made towards the delivery of the plan was not reported to the Corporate Leadership Board (CLB) (medium priority recommendation).
- The process used to define the ITTP including the prioritisation of key projects is unclear (medium priority recommendation).

The Council is aware of these weaknesses and plans are being made to address them. However because these plans were still in their early stages and do not as yet provide the expected controls we are only able to provide limited assurance that adequate arrangements are in place to deliver the ITTP.

# DETAILED FINDINGS & RECOMMENDATIONS

Risk: Poor delivery of the Transformation Programme due to a lack of Senior Management approval, support or commitment

Ref.	Finding	Sig.	Recommendation
1	<p>Approval and Communication of the ITTP</p> <p>The Council appointed an external consultant and procured additional IT resources to restore IT services and performance levels following a major incident which affected its infrastructure in May 2014 . The consultant who was engaged by the Council for a 3 month period was also charged with developing the ITTP.</p> <p>The ITTP is made up of approximately 60 tasks, jobs and projects in the following categories and has a delivery time scale of 9 months. The IT team is responsible for delivery of:</p> <ul style="list-style-type: none"> <li>• Infrastructure</li> <li>• Customer access</li> <li>• Disaster recovery</li> <li>• Line of business improvements</li> <li>• New ways of working.</li> </ul> <p>The ITTP was verbally presented to the Corporate Leadership Board (CLB) in October 2014 however there was no evidence of its formal approval.</p> <p>There was also no evidence of communication, responsibility, leadership support and senior management buy-in into the programme outside of the IT department. We were informed that the IT service delivery team has faced challenges such as inadequate and inconsistent leadership and a lack of senior management support for the past 3 years.</p>	H	<p>We are aware of plans for a comprehensive review of the IT &amp; Transformation Programme (ITTP). Once revised, the plan should be presented to CLB for formal approval and evidence of approval retained.</p> <p>Senior management support and commitment to the programme should be sought at the appropriate level. Responsibility and accountability for programme delivery should be clearly defined.</p> <p>The approved programme should be made available to all relevant staff.</p>
MANAGEMENT RESPONSE		RESPONSIBILITY AND IMPLEMENTATION DATE	
<p>The ICT service has, within the last few months, already conducted a staff survey: prepared a draft ICT strategy: started resource planning: reviewed the service desk tasks: Interviewed all Heads of Service; Attended Team meetings of services, put ICT as a regular subject on the CLB agenda. This was planned before the commencement of the audit. Thus we cannot disagree with the findings as it is what we are putting in place - particularly the emphasis on communications and governance</p>		<p><i>Responsible Officer: Phil Ruck</i>  <i>Implementation Date: 30<sup>th</sup> June 2015</i></p>	

# DETAILED FINDINGS & RECOMMENDATIONS

Risk: The Transformation Programme may not support the Council's Corporate Plan			
Ref.	Finding	Sig.	Recommendation
2	<p>Alignment with Corporate Objectives</p> <p>We noted that the ITTP was designed to deliver a number of ICT projects within a 9 month period (June 2014 to March 2015). There was however no evidence of its alignment with the Council's 2013-2016 Corporate Plan. At the time of the audit there was no IT Strategic Plan.</p> <p>We are aware of the Council's plan for a comprehensive consultation and feedback exercise in order to engage stakeholders including service users and Heads of Services in the development of a revised ITTP and an IT Strategic Plan.</p>	H	<p>The Council should ensure that the needs, expectations and requirements of stakeholders are managed during the consultation process such that they are aligned with overall Corporate Objectives of the Council.</p> <p>The ITTP should be revised following the consultation process to ensure that it supports the delivery of the Council's Corporate Plan.</p>
MANAGEMENT RESPONSE		RESPONSIBILITY AND IMPLEMENTATION DATE	
The corporate plan is now being reviewed. The ICT plan is being developed alongside this.		<p><i>Responsible Officer: Phil Ruck</i></p> <p><i>Implementation Date: 30<sup>th</sup> June 2015</i></p>	

# DETAILED FINDINGS & RECOMMENDATIONS

Risk: Poor delivery of the Transformation Programme due to inadequate governance arrangements			
Ref.	Finding	Sig.	Recommendation
3	<p>Governance and Reporting Arrangements</p> <p>We are aware that the ITTP is yet to be fully implemented and that plans for its delivery have changed and evolved since the October 2014 presentation to CLB. At the time of the audit, the plan had not been updated or revised.</p> <p>There was no evidence that progress made towards the delivery of the ITTP was being monitored and reported to senior management or to CLB.</p> <p>We are however aware that plans are in place to regularly report progress made towards the implementation of the revised ITTP to CLB. It is expected that the ITTP progress report will be a standing agenda item at CLB meetings.</p>	M	<p>The governance and reporting arrangements for the ITTP during its implementation should be clarified and documented in compliance with the project management methodology adopted.</p> <p>Financial management and reporting arrangements should also be documented. Progress made towards the delivery of the plan should be regularly monitored and reported through the programme management structure.</p>
MANAGEMENT RESPONSE		RESPONSIBILITY AND IMPLEMENTATION DATE	
We agree with and are working towards the recommendation		<p><i>Responsible Officer: Phil Ruck</i></p> <p><i>Implementation Date: 30<sup>th</sup> June 2015</i></p>	

# DETAILED FINDINGS & RECOMMENDATIONS

Risk: Poor or ineffective delivery of the Transformation Programme due to a lack of capacity, resources or skills within the IT team			
Ref.	Finding	Sig.	Recommendation
4	<p>Prioritisation of key projects</p> <p>A review of the ITTP Critical Network showed that it is made up of tasks, jobs and projects which are expected to be completed within a 9 month period. The priorities given to these tasks, jobs and projects were however not evident.</p>	M	<p>These jobs and tasks on the ITTP should be removed from the programme and incorporated into the IT departmental work plans.</p> <p>Projects within the programme should be identified and prioritised based on clearly identifiable criteria. The Council's approved project management methodology should be adopted for the delivery of individual projects.</p>
MANAGEMENT RESPONSE		RESPONSIBILITY AND IMPLEMENTATION DATE	
We agree with the recommendation and have already started to work on this (this work commenced prior to the audit )		<p><i>Responsible Officer: Phil Ruck</i></p> <p><i>Implementation Date: 30<sup>th</sup> June 2015</i></p>	

# DETAILED FINDINGS & RECOMMENDATIONS

Risk: Poor or ineffective delivery of the Transformation Programme due to a lack of capacity, resources or skills within the IT team			
Ref.	Finding	Sig.	Recommendation
5	<p>Resource Management and Allocation</p> <p>The ITTP was scheduled for completion in March 2015. Although there was a budget for the transformation programme, there was no evidence of detailed costing or allocation of resources to individual projects.</p> <p>There was no evidence that a detailed assessment of the IT resources required to deliver the ITTP was carried out although it was acknowledged that there was insufficient capacity within the team at the time it was presented to the CLB.</p> <p>The IT department now has a small team of highly skilled professionals. A new structure was established following the recent organisation restructure. The new structure included flexible resourcing because it was acknowledged that specialist skills may be required for specific projects within the ITTP.</p> <p>We are aware that plans to revise the ITTP will include an assessment of the resources required to deliver the projects within the programme and an assessment of how these resources will be allocated and funded.</p>	M	<p>The Council should ensure that the revised ITTP that is currently being developed is based on a detailed and realistic assessment of the structure, capacity and skills set required for delivering of the programme.</p> <p>Evidence of the resource assessment and allocation carried out as part of the new IT programme development process should be retained.</p>
MANAGEMENT RESPONSE		RESPONSIBILITY AND IMPLEMENTATION DATE	
We agree with the recommendation and have already started to work on this (this work commenced prior to the audit)		<p><i>Responsible Officer: Phil Ruck</i></p> <p><i>Implementation Date: 30<sup>th</sup> June 2015</i></p>	



# APPENDIX I - STAFF INTERVIEWED

NAME	JOB TITLE
Philip Ruck	Contracts and Corporate projects Manager
Tim Huggins	ICT Manager

BDO LLP appreciates the time provided by all the individuals involved in this review and would like to thank them for their assistance and cooperation.

# APPENDIX II - DEFINITIONS

LEVEL OF ASSURANCE	DESIGN of internal control framework		OPERATIONAL EFFECTIVENESS of internal controls	
	Findings from review	Design Opinion	Findings from review	Effectiveness Opinion
<b>Substantial</b>	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
<b>Moderate</b>	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
<b>Limited</b>	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
<b>No</b>	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

Recommendation Significance	
<b>High</b>	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
<b>Medium</b>	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
<b>Low</b>	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

# APPENDIX III - TERMS OF REFERENCE

## BACKGROUND

The Council's 2013-2016 Corporate Plan, which was approved in 2012, sets out the vision and priorities for Brentwood Borough Council in the forthcoming years. In order for these goals to be realised, there is a need for an excellent, relevant and cost effective IT infrastructure to support the Council's IT operations. The IT Transformation Programme was established in 2014 to provide a strategy for the development and improvement of IT infrastructure, operations, projects and activities. There is a need for the Executive Board and Senior Management to provide leadership, organisational structures and processes which will ensure that IT services support and enable the achievement of the corporate goals.

## PURPOSE OF REVIEW

The purpose of this review is to provide independent assurance as to whether appropriate arrangements are in place for the delivery of the Council's IT Transformation Programme.

## KEY RISKS

Based upon the risk assessment undertaken during the development of the internal audit operational plan, through discussions with management, and our collective audit knowledge and understanding the key risks associated with the area under review are:

- Poor or ineffective delivery of the Transformation Programme due to a lack of capacity, resources or skills within the IT team
- Poor delivery of the Transformation Programme due to a lack of Senior Management approval, support or commitment
- Poor delivery of the Transformation Programme due to inadequate governance arrangements
- The Transformation Programme may not support the Council's Corporate Plan.

# APPENDIX III - TERMS OF REFERENCE

## SCOPE

The review will cover the following areas:

- Structure, capacity and skillset of the IT team
- Approval and communication of the Transformation Programme
- Integration and alignment of the Transformation Programme with the Council's Corporate Plan
- IT governance arrangements including leadership, accountability and responsibility arrangements
- The process used to define the IT Transformation Programme including prioritisation of key projects
- Resource management and allocation
- Progress management and reporting arrangements.

## EXCLUSIONS

The audit will focus on the IT Transformation Programme and the arrangements, processes and structure in place for ensuring its delivery. The design of controls around IT operations, information governance and corporate governance are considered to be out of scope. However, Internal Audit will bring to the attention of Management any issues relating to other areas that come to their attention during the course of the audit.

## APPROACH

Our approach will be to conduct interviews to establish the controls in operation for each of our areas of audit work. We will then seek documentary evidence that these controls are designed as described. We will evaluate these controls to identify whether they adequately address the risks.

## MANAGEMENT COMMENTS

No management comments have been raised regarding the areas under review.

## LOCATIONS

Fieldwork will be performed primarily at Council's offices but other sites will be visited if required.

# APPENDIX III - TERMS OF REFERENCE

## DOCUMENTATION REQUEST

Where available, please ensure that electronic copies of the following documents have been forwarded to us in advance of the review:

- IT Transformation Programme and documents to support its development
- Corporate Strategy/Plan
- Planning documentation which links the Corporate Plan and other governance documents to the IT Transformation Programme
- IT department's organisational chart
- IT risk register

These documents will assist the timely completion of our fieldwork, however this list does not necessarily constitute a complete list of all documentation and evidence that we may need as part of our review.

## KEY CONTACTS

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# APPENDIX III - TERMS OF REFERENCE

## PROPOSED TIMETABLE




Audit Stage	Date
Commence fieldwork	02/02/2015
Number of audit days in plan	20
Planned date for closing meeting	13/03/15
Planned date for issue of report to the Council	20/03/15
Planned date for receipt of management responses	03/04/15
Planned date for issue of proposed final report	10/04/15
Planned Audit Committee date for presentation of report	28/07/15

## SIGN OFF



On behalf of BDO LLP:	On behalf of Brentwood Borough Council:
Signature: .....	Signature: .....
Title: .....	Title: .....
Date: .....	Date: .....



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