Bolsover, Chesterfield and North East Derbyshire District Councils'

Internal Audit Consortium

Internal Audit Report

Authority:	NEDDC
Subject:	Digital Transformation (N018)
Date of Issue:	12th May 2022
Assurance Level	Reasonable Assurance
Report Distribution:	Director of Finance and Resources (NEDDC) Executive Director of Resources (BDC) Projects and Development Manager (BDC &NEDDC)

INTERNAL AUDIT REPORT

Introduction

In accordance with the 2021/22 annual audit plan a review of the processes and controls in respect of Digital Transformation projects has been undertaken across BDC and NEDDC.

Scope and Objectives

The scope of the audit was to ensure that:

- Previous audit recommendations have been followed up and completed
- Digital transformation strategies are up to date and still relevant
- Staff and residents are kept informed of relevant projects, achievements etc.
- The reporting and corporate monitoring of digital projects is adequate
- A central records of digital projects is maintained
- Project management guidance is available and used by council officers to reduce risk of project failures and to provide consistency.
- Budgeting arrangements in relation to digital transformation projects are adequate
- Estimated cost savings from digital transformation are realistic and monitored to ensure delivery

Conclusion

The conclusion of the audit was that the reliability of the controls was assessed as **Reasonable Assurance**: The majority of controls are in place and operating effectively, although some control improvements are required. The system should achieve its objectives. Risks are generally well managed.

The help and assistance of the Projects and Development Manager was much appreciated during the review.

Findings and Recommendations

Previous Recommendations

1   The previous internal audit report in respect of the transformation agenda was issued in January 2020 and reached a reasonable conclusion with 4 medium rated recommendations being made. It was established that the recommendations have either been implemented or superseded.

2   Discussion showed that the emphasis is currently on undertaking transformation strategic projects that are likely to result in the best resource allocation and have the most positive impact towards achieving each Council's aims and priorities.

3   As well as these strategic projects supplemental key solutions are also underway to ensure smaller transformation items identified from stakeholder consultations are given consideration based on urgency.

Digital Strategy documents

4   Digital Transformation Strategies are in place for BDC & NEDDC that are identical in content as they were written under joint partnership arrangements. The strategies include aims up to 2023.

5   These strategy documents incorporate other Central Government strategy such as the Government Transformation Strategies 2016, 2017 to 20 and local digital declaration whilst building in the Councils own transformation plan agendas.

6   Objectives included in the strategy are defined however discussion has shown both councils have moved onto specific strategic objectives given resource issues and the impact of COVID. Objectives are in line with NEDDC's Corporate plan and BDC's vison statement

7   Examination of the key digital transformation aims to be achieved by 2021, as set out in the Transformation Plan in the strategy document were seen to be largely addressed via recent projects/solutions.

Created access to all services wherever internet access is available, irrespective of the type of device or time of day. This can be seen as accomplished with the websites being redesigned and accessibility legislation examined in 2 digital transformation projects. The website re-design and accessibility projects have addressed accessibility from multiple devices such as tablets and phones as well as computers as well as compliance with digital content legislation. Self-service has also been promoted and offered on the websites.

An organisation where digital channels are the primary gateway to access Council services. Self-service has been developed to a large extent – the current program of planning service digital channels being developed will further this goal.

Investment in digital infrastructure to rationalise systems, reduce paper usage, maximise staff flexibility to improve efficiency and reduce travel related costs. The Councils have invested in website design, email billing, agile working solutions and first solution self-service has been successful plus the implementation of zoom meetings has reduced travel related costs.

Digital inclusivity for our customers and service users by ensuring ease of access and supporting the development of skills, motivation and trust to confidently go online. Working with partners has seen investment in developing resident skills and this has been actively promoted on the websites. There has also been training provided for businesses to promote topics such as business rates and contract/funding bids. Investment in upgrading all online solutions/software to ensure compliance with website access/content has also been undertaken.

8   Partner bodies are identified in the Strategy documents and overall aims set have been partially achieved with links to partners on the main BDC/NEDDC websites and consideration of digital services as a one council approach.

9   Work to develop data sharing and joined up services to break down silos have proved difficult due to data protection issues and lead officer resources. Revenues Services service agreements with DWP are in effect.

10   The Councils Partnership team has also worked to ensure the business community are understood and feature in forward planning. Digital skills training has also been offered to residents and businesses to assist in digital transformation on services.

11   Examination of monitoring of action plan points in the Strategies showed that some areas such as data sharing, improving business digital infrastructure and representing business views have proved difficult to undertake,

12   Although the principles in the Digital Strategy documents are still relevant the move away from Strategic Alliance joint working and development of individual Council directions on Digital Transformation projects/solutions represents an opportunity to reconsider content based on direction of travel.

Recommendation	
R1	BDC and NEDDC should review and update their digital transformation strategy's and associated documents e.g. process framework / action plans to ensure that they are still consistent with their aims, objectives and achievements to date. **(Medium Priority)**

Communication to staff and residents

13　Communication of the digital strategy aims accomplishments have been communicated via email/updates on the Council's Internet/Intranet site and via Leaders briefings as well as NEDDC NEWS/BDC INTOUCH articles as critical success points are reached.

14　Promotion of the resident/business Digital Skills program has been undertaken via leaflets and information on the websites/social media accounts.

Reporting and Monitoring of Digital Projects

15　The Communication of project progress has been via the Transformation Governance Group Board, sub-groups and Senior Management Team meetings. Whilst it could be seen that BDC have retained some elements of the original Transformation Group terms of reference it was noted that NEDDC has moved away from these meetings. The impact of COVID affected meeting scheduling and some of the original sub-groups have not met for a period of time.

16　Discussions established that by moving away from the Transformation Governance Group Board the Projects and Development Manager is not always kept up to date with projects progress and discussions/decisions made by SMT.

17　Examination of the original Transformation Governance Group (TGG) terms of reference and board make up showed that representation was satisfactory with Officers having a good skill set.

18　Meeting scheduling of TGG and sub-groups was present at the start of the program however was interrupted by COVID-19 and requires examination as to what meetings are required.

Recommendation	
R2	NEDDC and BDC should establish how they each want to manage and report project progress (Digital & Transformation) in the future to ensure that all relevant parties are fully involved as appropriate**. (Medium Priority)**

Digital Project Records

19　 A Transformation Aims monitoring record is in place for BDC/NEDDC which shows projects and solutions and relevant lead officers/ completion status of project aims.

20　Project/solution outcomes and successes/lessons learned form part of the records held within folders and a summary is included in the monitoring record. Monitoring reports are also discussed within the specific meetings on Transformation agenda categories (TGG, Climate change, organisation etc.)

21 It was apparent from examination of the records that not all projects have been recorded fully as some projects undertaken by Services are not recorded that have had an impact on the digital transformation agenda e.g. some leisure projects.

Recommendation	
R3	Consideration should be given to the digital monitoring record containing all projects (including those completed by service areas) to provide a comprehensive record of achievements. **(Low Priority)**

Project guidance / templates

22 There are project management paperwork templates in place for projects and smaller schemes that are in line with a handbook for successful projects and a project flow chart.

23 Examination of a sample of 6 projects showed that whilst good practice was present some weaknesses were identified:-

- The quality of documentation was variable between projects and services with recording of all projects in the central log not always evident.

- Project consideration by all parties (proposer, chief Officer and resource sections) needs development to ensure linked Council wide issues and in house resource availability is adequate.

- Risks were not always identified on project briefs (Clay X town deal website).

- Project briefs were not always formally signed off.

- Costing of projects and savings to be made were lacking in detail and have been costed in man hours rather than monetary costs in most instances. Not all parties involved in projects logged time (ICT logged website redesign hours whilst Communications did not).

- One project (Webreg) was proposed as a joint Council item to BDC Exec however was implemented at BDC only in 2019. NEDDC has approved progression in April 2022-; sharing of original project paperwork and outcomes could have assisted NEDDC in brief preparation and identified possible areas to consider (such as training).

- Some projects have not been able to progress where they are reliant on third parties.

- Critical success factors measured at the end of projects showed that some points were not resolved during the projects and needed extra resource e.g. Website not linked to Mod GOV system and failure to address accessibility legislation regarding PDF documents ownership.

- Where reviews or further work have been suggested as part of the project closure there does not appear to be a defined follow up process (website redesign review after 6 months / MOD GOV work / PDF ownership work).

24 A sample of 6 smaller solutions (not formalised as a project) was also examined that although having less documentation still had a basic brief in place. Formal approval was not clear on most solutions however a clear service need was present for all cases such as replacement of existing solutions or in Council priorities (such as British Sign Language project). As solutions are smaller than projects associated costs and risk are also less.

25 In the main documentation was adequate however some shortcomings were noted as for the sample above.

26 It was noted that in-house resource capabilities impact on the ability to undertake some projects and solutions and ones implemented have a long term impact with maintenance issues not always being considered fully. ICT resources such as the Application Developer are working across three authorities maintaining over 80 existing applications therefore are limited in availability.

Recommendations	
R4	Some training for managers on project management may be beneficial in order to promote a shared understanding of the guidance and the differing requirements for complex, moderately complex and simple projects and the importance of completing documentation in full **(Low Priority)**

| **R5** | Project/Solution monitoring is improved by introducing quality checks/tick lists to ensure that:
• All appropriate documentation is completed in full
• Centralised recording of all projects/solutions is undertaken.
• Impact on related projects in other service areas is considered.
• In house resource availability is considered before approval (especially ICT).
• Clear costs (and man-hour costs rationale) and savings are identified.
• Project briefs are appropriately signed off.
• Where a review is proposed after the project details of follow up actions are recorded.
• A follow up review takes place to identify if the project is still achieving outcomes after a set period or if changes/costs have occurred.
• Where additional side elements are needed to achieve critical achievement points these should be identified and scheduled into planned work and cross referenced accordingly. **(Medium Priority)** |

Budgeting arrangements

27 Discussion showed that digital project costs are not centralised and the PDM has no monitoring duty as such. Budgets for projects are established within the relevant service area when a scheme is approved and in liaison with Accountancy and the budget holder.

28 Budgets and costing estimates included in the project scope and close out document summary in the sample examined showed that often man hours are quoted rather than monetary costs making actual costings difficult. (R5.above)

29 Some sampled briefs identified where funding was to be sought from however did not detail specific cost codes or where different fund types are to be used.

30 ICT have a specified budget for the "Customer Success Bundle" for the Customer Services system and related self-service / internal forms.

Recommendation	
R6	Project briefs include details of budget codes in use to allow centralised monitoring via CIVICA to be undertaken and give an idea of when multiple resource budgets are used (project and capital/revenue spend situations). **(Low Priority)**

Medium Term Financial Plan cost savings

31 Figures presented to the Audit & Corporate Governance Scrutiny Committee (NEDDC) on Digital Transformation proposed savings were examined and a more complete breakdown obtained from the S151 Officer corresponded with cost savings. Individual cost codes were not detailed in the breakdown however are monitored by the service/Accountancy Team based on service costs being reduced.

32 Reliance on savings being achieved is dependent on sound project management to ensure service spend is reduced in the years stated and availability of in-house/external solutions being available.

33 Examination of the MTFP savings showed that the majority of savings are likely based on staff reduction costs or usage of digital services rather than printed material.

Assurance Level	Definition
Substantial Assurance	There is a sound system of controls in place, designed to achieve the system objectives. Controls are being consistently applied and risks well managed.
Reasonable Assurance	The majority of controls are in place and operating effectively, although some control improvements are required. The system should achieve its objectives. Risks are generally well managed.
Limited Assurance	Certain important controls are either not in place or not operating effectively. There is a risk that the system may not achieve its objectives. Some key risks were not well managed.
Inadequate Assurance	There are fundamental control weaknesses, leaving the system/service open to material errors or abuse and exposes the Council to significant risk. There is little assurance of achieving the desired objectives.

Report Title:	Digital Transformation		Report Date:	12th May 2022
			Response Due By Date:	6th June 2022

	Recommendations	Priority (High, Medium, Low)	Agreed	To be Implemented By:		Disagreed	Further Discussion Required	Comments
				Officer	Date			
R1	NEDDC should review and update their digital transformation strategy's and associated documents e.g. process framework / action plans to ensure that they are still consistent with their aims, objectives and achievements to date.	M	√	Kristen O'Gorman, , Jayne Dethick,	2023			**The current policy expires next year so rather than reviewing the current strategy energy will be directed towards devising the new strategy for 2023 onwards**
R2	NEDDC should establish how they each want to manage and report project (Digital & Transformation) progress in the future to ensure that all relevant parties are fully involved as appropriate.	M	√	Jayne Dethick Kristen O'Gorman	2023			**This will be incorporated in the new strategy**
R3	Consideration should be given to the digital monitoring record containing all projects (including those completed by service areas) to provide a comprehensive record of achievements.	L	√	, Jayne Dethick Steve Lee	2023			**This will be reviewed, our view is that this should be wider than Digital/Transfor**

Recommendations	Priority (High, Medium, Low)	Agreed	To be Implemented By:		Disagreed	Further Discussion Required	Comments
			Officer	Date			
							mation – to be reviewed with the AD Partnerships and Transformation in line with strategy review (above)

R4	Some training for managers on project management may be beneficial in order to promote a shared understanding of the guidance and the differing requirements for complex, moderately complex and simple projects and the importance of completing documentation in full	**L**	√	**Kristen O'Gorman Steve Lee**				**This will follow the review of the strategy and review of recording (as per recommendations above)**
R5	Project/Solution monitoring is improved by introducing quality checks/tick lists to ensure that: • All appropriate documentation is completed in full • Centralised recording of all projects/solutions is undertaken. • Impact on related projects in other service areas is considered. • In house resource availability is considered before approval (especially ICT). • Clear costs (and man-hour costs rationale) and savings are identified. • Project briefs are appropriately signed off. • Where a review is proposed after the project details of follow up actions are recorded. • A follow up review takes place to identify if the project is still achieving outcomes after a set	**M**	√	**Kristen O'Gorman Steve Lee**	**2023**			**This will follow the review of the strategy and review of recording (as per recommendations above) t**

	period or if changes/costs have occurred. Where additional side elements are needed to achieve critical achievement points these should be identified and scheduled into planned work and cross referenced accordingly.							
R6	Project briefs include details of budget codes in use to allow centralised monitoring via CIVICA to be undertaken and give an idea of when multiple resource budgets are used (project and capital/revenue spend situations).	**L**	**Y**	**Projects and Development Manager**	**October 2022**			

Please tick the appropriate response (✓) and give comments for all recommendations not agreed.

Signed Head of Service:		Date:	

Note: In respect of any High priority recommendations please forward evidence of their implementation to the Internal Audit team as soon as possible.