

1. Audit Summary – IT Transformation Programme

Background and Context

- 1.1 In 2017, an external review identified fundamental weaknesses in IT infrastructure, services and contracts, with significant risks identified in relation to the continued availability of Council ICT Services. In July 2018, Cabinet approved up to £20.3m to deliver the required IT Transformation, known as the Future State Assessment (FSA), over a five-year period. The level of change required was significant, ambitious and complex given so many aspects of ICT and related governance required intervention.
- 1.2 In February 2019, the IT Transformation Programme (ITTP) was instigated. The focus for the Programme was to put into place the right IT foundations, and implement culture, capacity and capability changes to enable an on-going programme of digital transformation upon completion.
- 1.3 A decision to engage Microsoft as the Council's delivery partner was taken. The services, applications and platforms offered as part of the Microsoft programme were able to provide a significant amount of the technical transformation required and would enable these to be delivered at an accelerated pace. In addition, a separate workstream of critical works was planned to be delivered by BCC.
- 1.4 Despite further complexity brought by the coronavirus pandemic, programme delivery continued. Microsoft delivered their programme of works enabling the Council to provide an effective response to the new ways of working required in response to the pandemic. Progress also continued in relation to BCC deliverable projects.
- 1.5 In February 2021, a decision was made to bring the programme to an early close with effect from 31st March 2021 once the majority of the technology benefits were in place. Re-assessment of the delivery and cost of ITTP to date identified that closing the IT Transformation Programme and moving to commence the new Digital Transformation Programme would realise far more benefits. Upon closing the programme, the Board agreed the considerable benefits brought by the programme. Significantly, the majority of the issues identified by the 2017 review had been addressed.
- 1.6 Through 2018/19 and 2019/20, Internal Audit have provided embedded assurance to the ITTP board regarding a) the appropriateness of decision-making in relation to technological change b) the effectiveness of programme governance and management arrangements and c) the credibility and capability of the Senior Responsible Officer. The Audit Committee received summary reports of the findings from Internal Audit involvement in September 2019 and in January 2020. In brief, Internal audit worked with the programme to identify and support issues for resolution and have previously been able to provide **reasonable assurance** regarding:
 - The technical direction the programme had taken and the benefits of the technical platforms sourced from Microsoft
 - The credibility and capability of the Senior Responsible Officer for ITTP.
- 1.7 Throughout the programme, audit concerns have centred around programme and project management, particularly for the projects deliverable by the Council. To avoid a risk of significant delay brought by the complexity of plans, the board took the pragmatic decision to accept a streamlined process for programme and project management. However, the agreed streamlined approach was not successfully implemented, and the programme was hindered by a lack of project planning and milestone setting and monitoring.
- 1.8 The Council benefitted from external embedded assurance on the Programme from inception. A loss of these skills available to the Audit team saw embedded support and independent challenge to the programme cease from March 2020 without resolution of these concerns.

Scope and Objectives

- 1.9 Given the decision in February 2021 to close the programme, this work has reviewed the end state position of the programme in relation to the following areas:
- The extent to which programme deliverables have been delivered in line with the approved programme. Where deliverables have been amended, transparency of decision making in doing so.
 - Evidencing the robustness of financial information which indicated that the programme would be deliverable within the planned budget envelope.

Audit Opinion

- 1.10 Overall, Internal audit obtained **limited assurance**. The ITTP programme was divided into two. Programme one consisted of projects agreed and delivered by Microsoft. Programme two consisted of projects that were identified as BCC responsibility to deliver. BCC deliverables were largely logical extensions of the MS deliverables. For example, Microsoft provided the SharePoint Online (SPO) platform as part of programme 1 but it was BCC responsibility to migrate files to the platform as part of programme 2. The overall aim of the ITTP could only be achieved by successful completion of both Microsoft and BCC deliverable programmes.
- 1.11 In respect of **Programme 1**, Internal Audit concluded '**reasonable assurance**' that Microsoft has provided enabling technology to support further transformation of the Council's IT going forward. The statement of works has been delivered and sample checking of milestones to delivery acceptance forms confirmed delivery was signed off and accepted by the Council in advance of payments being made.
- 1.12 In respect of **Programme 2**, Internal Audit concluded '**limited assurance**' that the programme was on track to deliver. The Programme had circa 26 individual projects. At the programme closure on 31st March 2021, 6 projects had been reported as completed by the Programme Manager. It was not possible to independently verify this given absence of evidence to substantiate this. Of the remaining projects, 15 had been partially completed and 5 remained incomplete. There was no formal documentation to confirm the amount of residual work required. Discussions with Senior Management confirmed a lack of clarity around the scope of the projects and residual actions required. There was a lack of a defined objective, scope and agreed deliverables for 'programme two'. Consequently, it is difficult to measure the benefits realised from 'programme two' at closure.
- 1.13 In respect of the **programme financials**, Internal Audit concluded '**Limited Assurance**'. Financial reporting indicated that the programme budget was spent however, the level and cost of incomplete work was still to be confirmed and as such, the final budget position was unclear. Budget forecasting was not linked to the projects' delivery especially concerning BCC projects. BCC projects were not allocated dedicated cost centres to allow project managers to monitor costs and account for their budgets

Key Messages:

- 1.14 Despite our 'Limited Assurance' opinion, Internal Audit acknowledge the significant progress made to transform the council IT provision during exceptional times when the IT service was also supporting council officers to work differently in responding to Coronavirus. The closure report to the ITTP Board confirmed successful delivery of large scale and complex IT change at pace, effectively delivering an anticipated five-year programme of change, within an accelerated two-year period. Many of the weaknesses identified in 2017 are reported as resolved. On closing the programme earlier than anticipated, the Board has received assurance that the majority of ITTP has been delivered.
- 1.15 Microsoft have successfully provided the tools, platforms, and environment but until the Council is making effective use of them, full benefit from the significant investment in IT will not be gained. For many of the BCC projects, significant residual work is required to complete them.
- 1.16 The decision to close the ITTP programme before completion of BCC projects has brought benefits but it has also created risks/issues that need to be managed going forward:
- It may not be possible to ascertain the extent of the financial costs and the ultimate programme delivery.

- The Programme Manager’s departure at two weeks’ notice did not provide sufficient time for hand-over of the programme documentation and knowledge transfer with many of the projects not completed. Absent project planning and monitoring documentation has compounded this issue.
- Undelivered and incomplete BCC projects now need to be absorbed into other work streams – either the proposed Digital Transformation Programme or to business as usual in the IT service. Budgets have not been secured for this residual work and the IT service may not have capacity or technical expertise to deliver them.

1.17 The significant lesson to be learned before investment in the Digital Transformation Programme is the importance of strong programme and project management and clear accountability for that:

- The methodology to be used for delivery of the BCC projects was not clearly defined and did not support robust project monitoring. Project plans were not evident, and milestones not set and monitored. Project status reports provided to the board were high level and produced from knowledge of the Programme Manager rather than clear project documentation.
- Accountability for the Programme Management was unclear.
- Resource planning and project cost monitoring was weak. Clarity around project ID and use of project ID numbers would enhance understanding of projects included in the programme.
- Expert support for such complex programmes at an earlier stage would have been helpful in ensuring key information was robust for decision making from the start of the programme. Experts from finance, procurement, communications etc to support the programme manager

Management Response (Director of Digital Transformation)

1.18 Overall, this report represents an accurate account of the state of the IT Transformation Programme at closure. Whilst this report does focus understandably on the shortcomings of the Programme, it should be noted that this Programme has been a significant success overall and has positioned the Council to be able to drive benefit from a new approach to Digital Transformation. In July 2020, the Programme SRO escalated concerns to the Board regarding delivery/budget and expressing significant concerns regarding programme management practice. Additionally, at the final Board meeting in April 2021, the Programme SRO identified and highlighted the concerns and issues highlighted in this report for discussion and presented an open and transparent ‘lessons learnt’ report.

1.19 Work is currently underway to procure software solutions to aid the management and governance of programmes and portfolios; colleagues from across the business are working together to evaluate options. Further conversations are now due to be held to collaboratively understand the best way to approach the delivery of the Digital Transformation Programme and to ensure that future governance and management responsibilities are agreed and understood before commencement of change activity.

Key Management Action	Completion Date
Senior Responsible Officer: Simon Oliver – Director – Digital Transformation.	
Procure software solution to support management and governance of programmes and portfolios as part of the Digital Transformation Programme (subject to agreement to proceed).	Part of DT Programme
Governance Arrangements for the Digital Transformation Programme to be clearly set out in and agreed in advance with clear responsibility and methodology for programme governance.	Part of DT Programme
Methodology to ensure clear deliverables are identified and require project plans, dependency mapping, resource management and financial control processes. To be developed as part of the approach to the Digital Transformation Programme.	Part of DT Programme