

Internal Audit Report



Internal Audit Report
Corporate & Democratic Services
Digital Strategy
Assignment No.19-02
August 2019

Final Report (Report No. 19/254)

Legal and Governance
Corporate and Democratic Services
Perth & Kinross Council
Council Offices
2 High Street
Perth
PH1 5PH

Internal Audit

“Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”. Public Sector Internal Auditing Standards (PSIAS)

The Council’s Audit Committee approved the PSIAS as the relevant standard for its Internal Audit activity.

Background and Introduction

This audit was carried out during May and June 2019 following identification of digital risks in Corporate and Services risk registers.

Scope and Limitations

The Council’s Digital Strategy 2016-2020 was approved by the Strategic Policy and Resources Committee in November 2016. This focused on three key areas – ICT principles; the Customer Experience and putting the citizen at the centre of digital planning; Online by Design and Making us Mobile. A Development Plan related to the Strategy was also approved with named responsible officers and timeline to review progress against.

Following approval of the Digital Strategy, the ICT Transformation Board was to provide governance around delivery of the Digital Strategy and to monitor progress against the Digital Strategy Development Plan. The Board then reports progress to elected members at the Strategic Policy and Resources Committee.

As the Strategy is at a mature stage, the scope of the audit work focused on progress with the Strategy and Development Plan and management of risks for digital progress in its final year 2019 - 2020.

Key officers interviewed included IT Service Managers, ICT Transformation Project Lead Managers, the Chief Digital Officer, the Health & Social Care Partnership (HSCP) Business Improvement Manager and Customer Service Centre Management.

In the Strategy, Digital is defined as - ‘our wider culture and approaches to using new technologies to change the way we deliver our services; this encompasses our thinking around leadership, partnership working, customers, services and channel.’ Key to this is developing our capacity to innovate: making it possible to translate business ideas for new ways of working into operational, effective solutions that make a positive difference for the people and communities who use our services.

During the audit, the Council was completing a digital maturity self-assessment survey regarding HSCP Services. The digital services to support the local health and care professionals are delivered and managed by the Council and NHS Tayside, with Integration Authorities overseeing the delivery of local integrated health and social care services. This survey for the Scottish Government was intended to identify strengths and improvement opportunities in using digital services. A summary report of findings has been compiled for PKC Executive Management; this shows positive interest by staff stakeholders in the use of PKC digital services, particularly for business intelligence and enabling infrastructure.

Internal Audit Report

In addition, another digital maturity self-assessment for all Council Services is planned for completion for the Local Government Digital Office (LGDO) in the last quarter of 2019.

Audit testing was carried out in May and June 2019, including interviews with relevant officers and review of documents on the ICT Transformation site.

Control Objectives and Opinions

This section describes the purpose of the audit and summarises the results. A 'control objective' is a management objective that requires the maintenance of adequate and effective internal controls to ensure that it is achieved. Each control objective has been given a rating describing, on the basis of the audit work done, the actual strength of the internal controls found to be in place. Areas of good or poor practice are described where appropriate.

The primary objectives of the audit are to provide assurance over the arrangements in place throughout the Council for the implementation of the Digital Strategy.

Control Objective: To ensure that the Council is progressing with the Digital Strategy in alignment with Corporate strategic objectives.

Internal Audit Comments:

The Digital Strategy is progressing with evidence of targets within the Plan being achieved during its third year as follows:

Governance and management of digital risks is embedded within the terms of reference of the ICT Transformation Board - to provide scrutiny and assurance of investment in and planning around the Council's Digital ICT Strategy and strategic ICT objectives. Board meeting minutes confirm regular meetings are held and are reviewing digital projects planning and progress. The ICT Transformation Board offers stakeholders input into the governance and risk management process and includes Service representatives. Following the ICT Transformation Board review, further scrutiny is provided by the Executive Officer Team then progress is reported to the Strategic Policy and Resources Committee. This governance process is intended to reduce risks as the digital and IT programme is one of the biggest corporate transformation projects. Risks identified and managed include the risk of 'shadow IT'¹ which is inconsistent with the 'single approach' plan. Historic systems and alternative channels already in place prior to the transformation programme in 2016 have also been identified and managed within the ICT Transformation programme. The Council's Customer Service Centre is included in the ICT Transformation Programme as feedback from this Centre can identify where assisted service channels (phone, face to face) are used by customers in preference to self-service digital approaches.

The Digital Strategy was reported to be occasionally reviewed for any new and emerging risks as this may affect the wider Digital Strategy Development Plan.

The Digital Strategy is intended to develop ICT efficiently as a platform for citizen participation and positive change, with a strong focus on the Customer Experience.

¹ 'Shadow IT' is the investment in and use of technology and systems without approval, guidance or support of the Council's IT department

Internal Audit Report

Digital inclusion is an integral part of this and the Strategy states the Council will work to remove the barriers that prevent some customers from using our online services - providing free of charge, accessible “assisted digital” services in person, webchat or over the telephone to help customers take advantage of online services. Evidence was found of work to promote digital inclusion by service areas. For example, free digital training is offered with assistance from partners Perth and Kinross Association of Voluntary Service (PKAVS); weekly events are advertised on the Carers Hub for improving skills on personal mobile devices. The Council also offers free digital training to housing tenants. Education and Children's Services published a specific Digital Strategy for Learners with a Development Plan for 2018-2021. Webchat for the Service Centre went live in August 2019.

Citizens' participation and uptake of the Council's new MyPKC online services have been monitored and show substantial interest in 2019.

Customers can choose to set up an account with MyPKC, which is provided via the national MyAccount digital identity service. However, this is optional for most services with only two online services specifically requiring users to set up an account in advance of receiving the service. Currently over 32,000 people have signed up for a MyAccount within the Council area. Currently 42 online services have been made available via MyPKC, and over 137,000 cases have been managed using the platform.

The annual performance review for 2017-18 reported on the Council's digital and IT programme and key activities including development of the Corporate Digital Platform, Online Digital Services, Mobile Working and Open Data with a corporate rollout of mobile working and delivery of services online.

The Corporate Mobile Working project for staff report progress to the ICT Transformation Board as having been successfully rolled out to over 200 operational staff across different service areas, , with 3 Service areas not completed and 1 product [Mobile Swift] requiring an alternative solution. Progress was also reported in June 2019 to the Strategic Policy and Resources Committee.

Strength of Internal Controls:

Moderately Strong

Control Objective: To ensure that the Council's Digital Strategy takes into account current digital risks.

Internal Audit Comments:

The Digital Plan has a high level action to increase the pace of digital change and provide increased resilience for our ICT Infrastructure, working more closely with public sector partners and peers to share information; skills; expertise and resources.

The Council IT Team has participated in national initiatives such as Local Government Digital Transformation Partnership since 2016 and SOCITM, the professional body for people involved in the leadership and management of IT and digitally enabled services for the public. This provides a forum for sharing information on emerging digital risks within public sector bodies. In addition Tayside collaborative work has provided areas for sharing and early understanding

Internal Audit Report

of digital risks and benefits across partners, noted as a control in the Corporate & Democratic Services' risk register, which is operating satisfactorily.

Perth & Kinross Council Economic Development digital projects require to take into account the pace of change of the infrastructure environment with new risks and benefits. Improvements are being made to ICT infrastructure for Perth and Kinross area as part of the national rollout superfast broadband for Scotland for improved technology and broadband package options for people to choose from. For example, in June 2018 Audit Scotland's progress update report on superfast broadband ranked Perth and Kinross Council as 20th out of 32 local authorities, with Kinloch Rannoch in rural Perthshire described as having speeds of between 0.5 and 20 Mb/s as a case study. However since then, improvements have been made with an Openreach Cabinet at Kinloch Rannoch providing properties with a connection to this Cabinet via Fibre To the Cabinet [FTTC] and the option to order superfast fibre as required.

Evidence was found of current digital risks being taken into account and reported on within ICT Transformation Projects progress to the Senior Management Team or Strategic Investment and Improvement Board, then the Strategic Policy and Resources Committee. For example in June 2019, the ICT Transformation Programme (including both Mobile Working and Online Services) required remedial action on some issues including lack of customer focus during redesign, silo approach, potential lack of digital capacity and expertise to resource and drive transformation. Risk workshops reviewed these for Housing and Environment Services staff in July 2019 and more workshops are planned for Technology Enabled Care (TEC) in 2019 to assist in achieving targets and predicted savings.

The Online Services and MyAccount Review project to transform communication channels from face to face and telephone services to online service reported progress being on target to achieve projected savings of £413,000 and a risk workshop was to be held to review risks and controls.

Work is also underway to ensure streamlined governance for both mobile working and online services projects with local digital services groups being created within Council Services to prioritise and improve transparency of digital activity.

The biggest challenge identified in the ICT Transformation Programme risk report in the Board minutes of March 2019 is cultural change, underlying the importance of people in the digital strategy and plan.

Strength of Internal Controls:	Strong
--------------------------------	--------

Management Action and Follow-Up

Responsibility for the maintenance of adequate and effective internal controls rests with management.

Where the audit has identified areas where a response by management is required, these are listed in Appendix 1, along with an indication of the importance of each 'action point'. Appendix 2 describes these action points in more detail, and records the action plan that has been developed by management in response to each point.

It is management's responsibility to ensure that the action plan presented in this report is achievable and appropriate to the circumstances. Where a decision is taken

Internal Audit Report

not to act in response to this report, it is the responsibility of management to assess and accept the risks arising from non-implementation.

Achievement of the action plan is monitored through Internal Audit's 'follow up' arrangements.

Management should ensure that the relevant risk profiles are reviewed and updated where necessary to take account of the contents of Internal Audit reports. The completeness of risk profiles will be examined as part of Internal Audit's normal planned work.

Acknowledgements

Internal Audit acknowledges with thanks the co-operation of all staff involved during this audit.

Feedback

Internal Audit welcomes feedback, in connection with this audit or with the Internal Audit service in general.

Distribution

This draft report has been distributed to:

K Reid, Chief Executive

J Valentine, Depute Chief Executive

A Taylor, Head of Finance & Support Services, CDS

L Harris, IT Service Manager, CDS

D Adams, IT Service Manager, CDS

S Strathearn, Business Improvement Manager, Health & Social Care Partnership

L Simpson, Head of Legal and Governance Services, CDS

Committee Services

External Audit

Authorisation

The auditor for this assignment was N Duncan. The supervising auditor was J Clark

This report is authorised for issue:

J Clark

Chief Internal Auditor

Date: 23 August 2019

Internal Audit Report

Appendix 1: Summary of Action Points

No.	Action Point	Risk/Importance
1	Alignment to Council Strategic Priorities	Low
2	Digital Governance and Partnership – Health & Social Care Partnership	Medium
3	Digital inclusion and awareness	Medium
4	Digital investment and skills	Medium

Appendix 2: Action Plan

Action Point 1 - Alignment to Council Strategic Priorities

The Council's Digital Strategy 2016-20 was published in November 2016, prior to the Council's vision and Corporate Plan 2018-22 and the Digital & Community Plan 2017-2027 being approved.

The Corporate risk register includes as a risk management control that the Digital Strategy is bi-annually reviewed by IT Service Managers. Although the Council's IT Service Managers reported that this review is carried out, evidence of these reviews were not documented.

The Council's Senior Management Team also reviewed digital risks during 2018-19 to streamline processes and reduce inequity in access to services; evidence of reviews in May 2018 and February 2019 by the EOT was found.

At Service level, digital risks have been identified by Corporate & Democratic Services and Housing & Environment Services in 2018-19. Education and Children's Services do not refer to digital risks directly but has its own Digital Learning and Teaching Strategy and Action Plan approved in October 2018. HSCP strategic risks include risks resulting from a lack of a unified IT strategy, but not digital risk.

There is regular scrutiny of progress of the Council's digital and IT programme by the ICT Transformation Board, responsible for monitoring risks associated with Digital Transformation then further reporting to Strategic Policy and Resources Committee.

Management Action Plan

Bi-annual reviews of the Digital Strategy by IT Service Managers will be formally documented in meeting minutes, including any emerging risks and potential benefits. This will assist in co-ordination of the Strategy to other Corporate plans and emerging themes such as the Perth and Kinross Offer.

Risk/Importance:	Low
Responsible Officer:	L Harris & D Adams, IT Service Managers
Lead Service:	Corporate & Democratic Services
Date for Completion (Month / Year):	Bi-annually March 2020
Required Evidence of Completion:	IT Management Team Minutes

Auditor's Comments

Satisfactory

Action Point 2 - Digital Governance and Partnership - Health and Social Care Partnership

Partnership working with NHS Tayside and PKAVS for the Health and Social Care Partnership (HSCP) can bring service specific challenges for governance of digital risks and 'one approach' solutions. In 2017 for example, an HSCP Project required an exceptional solution for social work practitioners' mobile working, called Mobile Swift. The Swift system for managing social care information is currently being upgraded and new solutions will be reviewed as part of project implementation.

Digital solutions in Health and Social Care Services have been utilised for years including the community alarm system, a form of technology enabled care or telecare since 2015, before the current digital strategy and governance was agreed. Therefore it is understood that this digital solution had not progressed through current ICT transformation governance processes. The risk of other HSCP solutions not following scrutiny and alignment with the Council's digital strategy are currently being reviewed between HSCP and IT management. The Council's Business Improvement Manager reported that constructive and useful dialogue is being carried out held between Council HSCP, IT Managers and the NHS Tayside equivalent Manager to manage these risks.

The latest Terms of Reference for the Council's ICT Transformation Board has no detail of HSCP Capital & Transformation Programmes. A senior IT Officer advised that communication was currently underway to find a common dialogue across HSCP partners and these Service areas are scheduled later for engagement in the Digital Strategy high level Development Plan.

A new Chief Officer for HSCP was appointed in April 2019 and risks were reviewed by the Integration Joint Board in February 2019. There is no detail of digital risks; however, there is a strategic risk around Technology/IT/Data/Performance through the lack of a unified IT Strategy. Therefore specific digital risks have still to be defined.

The ICT Transformation Board has minuted meetings to evidence governance scrutiny of planning and investment around the Council's Digital [ICT] Strategy. Following the ICT principles of 'One Council One Best Way approach' stakeholders are invited to attend Board meetings including representatives for Service areas and partnerships.

In March 2019, consideration of a re-model of corporate governance arrangements was underway for the future digital strategic direction, with a new reporting level for the Board - the Strategic Investment and Improvement Board.

Internal Audit Report

Management Action Plan

- a) Terms of Reference for the ICT Transformation Board are reviewed and if necessary updated to include detail of HSCP Capital & Transformation Programmes as these are known through dialogue across HSCP partners.
- b) Dependant on a) above, digital risks and benefits of HSCP partnership working are included for future governance arrangements for the Council's ICT Transformation Programme delivery
- c) Completion of the review of future governance arrangements to progress the Digital Strategy moving forward in 2020. Review to consider reporting lines and Board membership and consider what other Scottish Councils are doing.

Risk/Importance:	Medium
Responsible Officer:	A Taylor, Chief Digital Officer
Lead Service:	Corporate & Democratic Services
Date for Completion (Month / Year):	December 2020
Required Evidence of Completion:	IT Transformation Board minutes

Auditor's Comments

Satisfactory

Internal Audit Report

Action Point 3 - Digital inclusion and awareness

The Digital Strategy recognises the need to support wider digital inclusion; citizens, external and third sector partners, communities, local businesses, visitors and learners engage with the Council. To include everyone, the Council is providing new channels of communication and digital learning. For example the developmental rollout of 'Ask Alexa' for information, accessible on smart phones with the Amazon Alexa app in March 2019. Another channel, Webchat went live in August 2019.

Uptake of Council online forms by customers using the Council's Online Services and MyAccount has been measured and reported to the ICT Transformation Board confirming increasing use of self-assist channels. Evidence of assisted services is available through requests received through the Customer Service Centre for comparison.

During June 2019, the HSCP completed a self-assessment to identify digital maturity at the point of care for the Scottish Government. The scope includes digital awareness and use by staff, clients, carers and families.

Another Council wide digital maturity self-assessment is scheduled for later in 2019-20 for the Local Government Digital Office (LGDO). This will include feedback from the Customer Service Centre. Customer experience work-stream and customer focus groups are planned, with the Customer Service Centre acting as an advisory group.

Management Action Plan

The Service will ensure that findings from the Perth and Kinross digital maturity assessments around digital inclusion and awareness are fed into the review process for the Council's Digital Strategy in 2020

Risk/Importance:	Medium
Responsible Officer:	A Taylor, Chief Digital Officer
Lead Service:	Corporate & Democratic Services
Date for Completion (1Month / Year):	December 2020
Required Evidence of Completion:	Revised Digital Strategy

Auditor's Comments

Satisfactory

Action Point 4 - Digital investment and skills

The Council's Strategic Risk Register 2018-19 includes a risk management action to invest in digital skills to grow knowledge and confidence around digital change. This reflects international and national trends of demand for digital skills being higher than supply towards developing digital growth, reported in the Scotland's Digital Strategy discussion paper reported in action point 3. To provide controls for this risk area, participation in national initiatives such as Local Government Digital Office and SOCITM was in place.

Other evidence of collaborative working includes SMART City projects. For example, progress on the Perth Creative Exchange to house the Innovation Lab facility for use alongside local developers and community groups was reported to the ICT Transformation Board in June 2019.

Investment in digital expertise towards digital change was reported within Transformation Board papers. Successful bids by ICT Services provided ACORN funding to employ temporary digital officers to rollout a range of support initiatives and approaches to grow staff confidence around digital change. Demand on these resources is increasing as the pace of change accelerates.

One-off funding has been utilised to research and explore new innovative solutions such as use of smart devices in a care setting and use of internet of things.

Robust digital foundations, including enterprise-wide replacement strategies for core technologies such as Microsoft licensing; computing devices and mobile phones are in place and require continuing funding to provide the necessary launchpad for digital innovation. Building from these foundations, other areas that may require significant investment to support the Council's digital vision include continued funding for online and mobile transformation programmes; and investment in technical innovation; data governance, management and analytics; and digital skills development.

Management Action Plan

a) As in Action point 3, findings from the reviews of digital maturity should be analysed to identify the latest position in Perth and Kinross area for resource profiling and investment as the strategy is reviewed in 2019-2020. IT Management Team will review and submit IT investment proposals to Strategic Investment and Improvement Board / Executive Officer Team.

b) The Service will continue to identify resources and digital skills training programmes to enhance digital skills development. The current focus includes supporting staff during the migration to Office 365 and working with schools to deliver their vision for digital education.

Risk/Importance:	Medium
Responsible Officer:	A Taylor, Chief Digital Officer
Lead Service:	Corporate & Democratic Services

Internal Audit Report

Date for Completion (Month / Year):	Feb 2020
Required Evidence of Completion:	Strategic Investment and Improvement Board Strategic Business Cases

Auditor's Comments

Satisfactory
