

# Internal Audit Report

## CGI Complex Change Management

8 May 2024

CS2302

<b>Overall Assessment</b>	<b>Substantial Assurance</b>
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This Internal Audit review is conducted for the City of Edinburgh Council under the auspices of the 2023/24 internal audit plan approved by the Governance, Risk and Best Value Committee in March 2023. The review is designed to help the City of Edinburgh Council assess and refine its internal control environment. It is not designed or intended to be suitable for any other purpose and should not be relied upon for any other purpose. The City of Edinburgh Council accepts no responsibility for any such reliance and disclaims all liability in relation thereto.

The internal audit work and reporting has been performed in line with the requirements of the Public Sector Internal Audit Standards (PSIAS) and as a result is not designed or intended to comply with any other auditing standards.

Although there are specific recommendations included in this report to strengthen internal control, it is management’s responsibility to design, implement and maintain an effective control framework, and for the prevention and detection of irregularities and fraud. This is an essential part of the efficient management of the City of Edinburgh Council. Communication of the issues and weaknesses arising from this audit does not absolve management of this responsibility. High and Critical risk findings will be raised with senior management and elected members as appropriate.

# Executive Summary

Overall  
Assessment

Substantial  
Assurance

## Overall opinion and summary of findings

There is a sound system of governance, risk management and control in place for the management of complex change requests. The following improvement opportunities which are intended to strength controls have been identified:









- An end-to-end Complex Change Management procedure document should be established that outlines roles and responsibilities of the Council and CGI, timescales, and scope/remit of relevant governance forums.
- Digital Services' review of the change proposals should be formalised to assist end users with technical/commercial scrutiny of change proposals.
- Relevant performance indicators should be established to measure the efficiency and effectiveness of the complex change process, with these indicators regularly monitored at relevant governance forums. Change processes KPI should also be reconsidered in the next contract revision.
- The Complex Change Summary Spreadsheet should be updated to ensure it is complete, accurate and aligned to the current status of projects.
- The agenda and action notes of relevant project boards for IT related projects should reflect the project escalation to governance forums, detailing reasons, and project status.

## Audit Assessment

## Areas of good practice

- Effective working relationship has been established between CGI and Digital Services colleagues.
- The Joint Change Review Board meetings take place on a weekly basis and are an effective forum to discuss change requests and proposals.
- Deadlines and information dependencies are clearly defined within Complex Change proposals.
- A clear handover process for CGI change management teams to delivery teams has been established.
- Post project reviews capture adequate information, including positive and negative aspects of the project, which is used to improve subsequent operations in similar areas.
- Information on the Council's intranet is sufficient to enable end users to navigate the complex change process.

[See Appendix 2 for Control Assessment and Assurance Definitions](#)

Audit Area	Control Design	Control Operation	Findings	Priority Rating
1. Procedures and guidance			Finding 1 – Complex Change Procedures and Performance	Medium Priority
2. Change Request Proposals				
3. Project Delivery and Governance				
4. Post project support and review			No issues noted	N/A

# Background and scope

Complex Change Request to ICT systems and applications include medium to large projects with complex requirements/medium to high business impact and projected value of over £25,000. In order to request any complex change, services are required to consult their proposed change with ICT Relationship Manager, fill in the [complex change management form](#) and submit it via the [CEC Halo self-serve portal](#). All received complex change requests are reviewed at the Relationship Managers' meeting, which includes CGI representatives. Requests accepted in this meeting are submitted to CGI, with rejected requests or requests needing further information returned to the requestor.

CGI reviews these accepted requests to assess if they meet the criteria to be considered 'fit/valid for acceptance' and have adequate level of detail or requirements to 'Progress'. The agreed outcomes are summarised in a weekly slide pack issued to CEC Digital Services (DS) and discussed at the Joint Change Review Board (JCRB) meeting. The JCRB session is attended by Council's senior ICT managers and CGI Change representatives. Any change request formally accepted at the JCRB meeting is assigned a unique Change Request reference number by CGI and added to the Complex Change Report Tracker.

CEC Services (Requestor) can request a Rough Order of Magnitude (ROM) proposal, Time and Material (T&M) proposal or a fixed price proposal. CGI provides the Council with the requested change proposal. Proposals accepted by the Council with Purchase Orders are handed over by CGI Change team to Delivery teams, which oversee the set-up, management, execution, and reporting of change projects. CGI provides the Council with regular status of change proposals, which is discussed at the JCRB and also uploaded to the [Council Intranet](#). CGI also provides two bi-weekly delivery reports, detailing progress of change requests in delivery stage.

## Scope

The objective of this review was to assess the adequacy of design and operating effectiveness of the key controls established to ensure complex change to Council ICT systems and applications are completed effectively.

IA reviewed a sample of complex change projects from project request to project delivery stage.

## Risks and Business Plan Outcomes

The review also assurance in relation to the following Corporate Leadership Team (CLT) risks and Business Plan outcomes:

- Strategic Delivery
- Technology and Information
- Service Delivery

## Business Plan Outcomes:

The Council has the capacity, skills and resources to deliver its priorities efficiently, effectively and at lower cost.

## Limitations of Scope

The following areas were specifically excluded from the scope of our review:

- Service catalogue and simple change request
- Financial processes including purchase order approval and payment of proposals/change requests.

CGI did not share its internal procedures and controls around the pricing of change proposals due to commercial sensitivity. IA therefore cannot provide any assurance on the commercial elements of the complex change process, including best value to the Council.

## Reporting Date

Testing was undertaken between 23 October 2023 and 29 February 2024.

Our audit work concluded on 29 February 2024, and our findings and opinion are based on the conclusion of our work as at that date.

# Findings and Management Action Plan

## Finding 1 – Complex Change Procedures and Performance

Finding  
Rating

Medium  
Priority

**Complex Change Procedure Document:** While CGI have developed a high-level complex change process flow chart, there is no jointly agreed detailed procedure document capturing the end-to-end complex change management process including Digital Services, CGI and end user roles and responsibilities, timescales, and remit/scope of relevant governance forums.

**Complex Change Proposal Review:** CGI provides change proposals to the Council's end user. The proposal includes technical and commercial details of the requested change and end user roles and responsibilities. Internal Audit noted that the review of change proposals is currently limited to end user only and there is no formalised step for Digital Services to assist the end user with a technical or commercial review of the change proposal. Digital Services have advised that they support end users upon specific request, but it is not consistently and formally provided for all proposals.

**Complex Change Process Performance:** The complex change process does not include any relevant performance indicator to measure the timely, effective, and efficient delivery of requested complex change proposals. The existing contract between the Council and CGI includes only one key performance indicator (KPI) to monitor the completion of Rough Order of Magnitude (ROM) proposal within 10 working days of the initial request. However, ROM proposals only account for 2% of the complex changes delivered during the year between March 2023 and February 2024, as the remaining 98% proposals were fixed price proposals.

**Complex Change Spreadsheet Inaccuracy:** The CGI Change team updates the Complex Change Status Spreadsheet with key dates for each complex change request. The spreadsheet is updated once every two weeks and is uploaded on the Council's intranet. Internal Audit review of the Status

spreadsheet at the start of audit fieldwork highlighted that the sheet was not fully updated for projects in delivery phase. Management advised during the audit fieldwork that it was discussed at the Joint Change Review Board, and CGI have since addressed the issue.

Internal Audit review at the end of fieldwork however, highlighted that there is still a discrepancy between the number of projects marked as "In Delivery" per the Change Request summary spreadsheet and the number of projects on the Delivery Project summary spreadsheet.

**Project Escalation:** Management have advised that there is a formal process to escalate IT related projects, that are delayed or require attention, from the Project Board to Programme Board, and then to the ICT Change Board. There is however no evidence in the agenda and action notes of these meetings to substantiate this escalation.

### Risks

- **Service Delivery** – the end user may not appreciate the service delivery risks associated with the delivery of change proposal
- **Programme and Project Delivery** – absence of a jointly agreed procedure document can create lack of clarity and consistency between Digital Services and CGI on their roles and responsibilities for timely delivery of complex changes  
lack of accurate information on the actual status of project delivery
- **Supplier, Contractor & Partnership Management** – the end user may not have the relevant skills and experience to adequately review the change proposal and scrutinise commercial and technical parts of the proposal  
Contractor performance is not adequately reviewed in line with a relevant performance indicator.

## Recommendations and Management Action Plan: Complex Change Procedures and Performance

Ref.	Recommendation	Agreed Management Action	Action Owner / Lead Officers	Timeframe
1.1	CGI and Digital Services should jointly draft an end-to-end Complex Change Management procedure document that outlines different roles and responsibilities, timescales, and scope/remit of relevant governance forums.	<p><b>1.1.1</b> CGI and Digital Services will jointly prepare an end-to-end Complex Change Management “Procedure Document” that outlines different roles and responsibilities, timescales, and scope/remit of relevant governance forums.</p> <p><b>1.1.2</b> The Procedure Document will be presented to and ratified by the Partnership Board. The Procedure Document will then be reviewed on an annual basis via JCRB and the Partnership Board.</p>	<p><b>Owner:</b> Executive Director of Corporate Services</p> <p><b>Lead Officers:</b> Service Director, Customer and Digital Services</p>	<p><b>1.1.1</b> 30/09/2024</p> <p><b>1.1.2</b> 30/11/2024</p>
1.2	Digital Services should formalise their review of the received change proposals to assist the end user in scrutinising technical and commercial aspects of the change proposals and provide constructive challenge.	<p>Digital Services Change Team will undertake a high-level check of all complex change proposals to ensure completeness. This will be recorded in a change control sheet.</p> <p>Noting that Digital Services are also available on request – which will be highlighted on the ORB pages - to provide assistance to end users in challenging aspects such solution, price, timescale etc if required.</p>	<p>Vice President, Consulting Services, CGI</p> <p>Chief Digital Officer</p> <p>ICT Senior Manager - Programme &amp; Delivery</p>	30/09/2024
1.3	CGI and Digital services should agree performance indicators to measure the efficiency and effectiveness of complex change process. These indicators should be formalised and regularly monitored at JCRB and other relevant governance forums.	<p><b>1.3.1</b> CGI will work with Digital Services to define the operational measures required to track the efficiency and effectiveness of the complex change process.</p> <p><b>1.3.2</b> CGI will then work with Digital Services to assess the requirements needed to monitor the agreed performance measures and to then implement this.</p>		<p><b>1.3.1</b> 30/09/2024</p> <p><b>1.3.2</b> 31/12/2024</p>
1.4	Digital Services should consider the introduction of relevant Key Performance Indicators (KPI) for complex change process during the next revision of contract with CGI.	Recommendation accepted		31/03/2029





1.5	CGI should establish internal coordination between change and delivery teams to ensure that the summary spreadsheet, discussed with the Council and published on Council intranet, is complete, accurate and aligned to the current status of projects.	CGI will implement a quality assurance check within the existing process to improve the accuracy of the spreadsheet.		31/07/2024
1.6	The agenda and action notes of relevant project boards should reflect the escalation of project to governance forums, detailing the reasons and actions/decisions expected from the governance forums.	CGI and Digital Services will capture new, open and closed project escalations, within a new table in the Programme Board minutes. This will include a unique reference number for each escalation and detail the reasons and actions/decisions expected from the governance forums.		30/09/2024

# Appendix 1 – Internal Audit Control Objectives in scope

Audit Area	Control Objectives
Procedures and guidance	<ul style="list-style-type: none"> <li>• There are up to date procedures and guidance governing the IT change management process, including planning, approval, implementation, and documentation.</li> <li>• Whilst there are dedicated CEC Relationship Managers for progressing change requests, there are also procedures within CGI and CEC to limit key person dependency when key colleagues leave, are unavailable or are on long term absence.</li> </ul>
Change Request Proposals	<ul style="list-style-type: none"> <li>• The target proposal date and estimated project completion date, including any information/resources dependency is clearly communicated to the project requestor.</li> <li>• There is an established CGI process and clear timescales for drafting and internal approval of change proposals along with a clearly documented and transparent process to determine project proposal cost.</li> <li>• Digital Services supports services by reviewing the proposals for accuracy/completeness, as necessary, and provide necessary feedback to CGI.</li> <li>• KPIs established for the change management process are complied with and monitored regularly, with actions taken to address underperformance and associated delays.</li> <li>• Project proposals are detailed and include an appropriate level of governance and methodology (e.g. Lightweight, Prince2), security management, potential risks associated with changes, impact of changes on the IT environment and business operations, level of pre and post implementation testing, and project delivery approach.</li> </ul>
Project Delivery and Governance	<ul style="list-style-type: none"> <li>• There is a clear handover of accepted proposal from CGI change to the delivery team with no further delays caused due to handover issues.</li> <li>• There are formally recorded agendas and minutes for different governance forums including the Relationship Managers meeting, Joint Change Review Board and CGI Change Advisory Board.</li> <li>• Digital Services and CGI perform a regular status review of existing projects with reasons of delay identified, corrective actions established and communicated to the project requestor.</li> <li>• Identified performance issues are recorded and discussed during CGI performance review meetings and escalated to senior management/executive committees, as required.</li> <li>• In case of failed changes, there are clear guidelines for rollback plans and contingency measures to minimise disruption to service delivery.</li> </ul>
Post project support and review	<ul style="list-style-type: none"> <li>• Procedures are established to ensure provision of post-delivery support with any issues arising addressed in a reasonable time frame.</li> <li>• Post project reviews are completed to document lessons learned from previous changes which are incorporated into future improvements.</li> </ul>



# Appendix 2 – Control Assessment and Assurance Definitions

Control Assessment Rating		Control Design Adequacy	Control Operation Effectiveness
Well managed		Well-structured design efficiently achieves fit-for purpose control objectives	Controls consistently applied and operating at optimum level of effectiveness.
Generally Satisfactory		Sound design achieves control objectives	Controls consistently applied
Some Improvement Opportunity		Design is generally sound, with some opportunity to introduce control improvements	Conformance generally sound, with some opportunity to enhance level of conformance
Major Improvement Opportunity		Design is not optimum and may put control objectives at risk	Non-conformance may put control objectives at risk
Control Not Tested	N/A	Not applicable for control design assessments	Control not tested, either due to ineffective design or due to design only audit

Overall Assurance Ratings	
<b>Substantial Assurance</b>	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
<b>Reasonable Assurance</b>	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
<b>Limited Assurance</b>	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
<b>No Assurance</b>	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

Finding Priority Ratings	
<b>Advisory</b>	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.
<b>Low Priority</b>	An issue that results in a small impact to the achievement of objectives in the area audited.
<b>Medium Priority</b>	An issue that results in a moderate impact to the achievement of objectives in the area audited.
<b>High Priority</b>	An issue that results in a severe impact to the achievement of objectives in the area audited.
<b>Critical Priority</b>	An issue that results in a critical impact to the achievement of objectives in the area audited. The issue needs to be resolved as a matter of urgency.