

Item: 6.3

Monitoring and Audit Committee: 17 November 2022.

Internal Audit Report

Electronic Document and Records Management System.

Report by Chief Internal Auditor.

1. Purpose of Report

To present the internal audit report on procedures and controls relating to Stage 1 of the Electronic Document and Records Management System (EDRMS) project.

2. Recommendations

The Committee is invited to note:

2.1.

That Internal Audit has undertaken an audit of the procedures and controls relating to Stage 1 of the Electronic Document and Records Management System project.

2.2.

The findings contained in the internal audit report, attached as Appendix 1 to this report, concerning procedures and controls relating to Stage 1 of the Electronic Document and Records Management System project.

It is recommended:

2.3.

That the Committee review the audit findings to obtain assurance that action has been taken or agreed where necessary.

3. Background

3.1.

The Public Records (Scotland) Act 2011 requires the Council to submit a Records Management Plan to the Keeper of the Records of Scotland for approval. Part of this Plan includes implementation of an Electronic Document and Records Management System (EDRMS).

3.2.

The aim of the EDRMS project is to deliver a system for electronic documents and records created and used by Council officers and held within the Council's Microsoft Windows Network and its Outlook email accounts.

3.3.

Stage 1 of the project plan included:

- Discovery – learning about the tools, approaches, user requirements and options.
- Foundations – putting information and system governance elements in place.
- Prototype development – developing a conceptual design and building a prototype.

3.4.

The objective of this audit was to gain assurance that there were adequate procedures and controls operating over the EDRMS project, that the objectives and targets within stage 1 of the plan have been achieved and that any changes to those objectives have been carried out in a controlled manner, documented and made within delegated authority.

4. Audit Findings

4.1.

The audit provides substantial assurance that the framework of governance, risk management and control were found to be suitable and effective throughout stage 1 of the plan.

4.2.

The internal audit report, attached as Appendix 1 to this report, includes two medium priority recommendations and one low priority recommendation within the action plan. There are no high level recommendations made as a result of this audit.

4.3.

The Committee is invited to review the audit findings to obtain assurance that action has been taken or agreed where necessary.

5. Corporate Governance

This report relates to the Council complying with governance and scrutiny and therefore does not directly support and contribute to improved outcomes for communities as outlined in the Council Plan and the Local Outcomes Improvement Plan.

6. Financial Implications

There are no financial implications associated directly with the recommendations in this report.

7. Legal Aspects

Complying with recommendations made by the internal auditors helps the Council meet its statutory obligations to secure best value.

8. Contact Officers

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9. Appendix

Appendix 1: Internal Audit Report: EDRMS Project – Stage 1 Completion.



Internal Audit

Audit report

Project – Electronic Document and Records Management System – Stage 1 Completion

Draft issue date: 2 September 2022

Final issue date: 6 October 2022

Distribution list:	Project Manager Head of Improvement and Performance Head of Legal and Governance Corporate Director for Strategy, Performance and Business Solutions
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Audit Opinion

Based on our findings in this review we have given the following audit opinion.

Substantial

The framework of governance, risk management and control were found to be comprehensive and effective.

A key to our audit opinions and level of recommendations is shown at the end of this report.

Executive Summary

The objective of this audit was to gain assurance that there are adequate processes and controls operating over the Electronic Document and Records Management System (EDRMS) project, that the objectives and targets within stage 1 of the plan have been achieved and that any changes to the objectives of the plan have been carried out in a controlled manner, documented, and made within delegated authority.

Overall, the project team have developed a sound approach in the planning for the rollout of the EDRMS system.

Our review has found that the framework of governance, risk management and control were suitable and effective throughout stage 1 of the plan.

The objectives from stage 1 of the plan, summarised as being discovery, foundation and prototype development have generally been met, and completion of stage 1 of the project has provided a firm basis for the project to move onto stage 2 of the plan.

Stage 2 and Stage 3 of the project are to carry out piloting and then roll out of the EDRMS system.

For the project to meet its strategic objectives, there will need to be effective and robust strategic governance arrangements in place appropriate to both the following stages.

For the project to achieve the objective of being an efficient document management system, there is a need for electronic records within the Council to be well structured, categorised and referenced consistently to achieve the benefits of findability, security, retention scheduling, collaborative working, clear version control and legal compliance.

The report includes 3 recommendations which have arisen from the audit. The number and priority of the recommendations are set out in the table below. The priority headings assist management in assessing the significance of the issues raised.

Responsible officers will be required to update progress on the agreed actions via Pentana Risk.

Total	High	Medium	Low
3	0	2	1

The assistance provided by officers contacted during this audit is gratefully acknowledged.

Introduction

The aim of this project being reviewed was to deliver an Electronic Document and Records Management System (EDRMS) for electronic documents and records created and used by Council officers.

Following the successful implementation of Microsoft 365 within the Council's working environment the EDRMS project may utilise and make the most of functionality in the management of information by organising and storing data efficiently and effectively.

The project also focuses upon supporting officers in carrying out their roles and in collaborating with others.

The Public Records (Scotland) Act 2011 requires the Council to submit a Records Management Plan to the Keeper of the Records of Scotland (the Keeper) for approval. The Council submitted its Plan to the Keeper which was approved by the Keeper on the 'Improvement Model.' This meaning that the Council has identified where improvements can be made to its current record keeping systems and has evidenced a commitment to put these improvements into practice. Agreement to the Council's Record Management Plan is dependent upon the Keeper being kept informed of progress on a regular basis during the EDRMS project work.

The scope of the project includes information currently held within the Council's Microsoft Windows Network (for example its G: and H: shared drives) and its Outlook email accounts. The scope of the EDRMS project does not include a review of information held within existing case management systems within the Council (for example, ResourceLink, Integra2 and IDOX), and data held by arm's length external organisations (ALEOs) such as the Pickaquoy Centre Trust.

In compliance with good practice the EDRMS project plan follows a product focused staged approach.

Stages of the EDRMS project plan are summarised as follows:

Stage 1 – Discovery, foundations, and prototype development.

Stage 2 – Piloting.

Stage 3 – Onwards and go-live.

Final Stage – project close out.

Stage 1 of the project has recently been completed.

This review was conducted in conformance with the Public Sector Internal Audit Standards.

Audit Scope

The scope of this audit included a review of the following:

- Whether pre-project governance processes were followed, including an adequate appraisal process, establishment of a project management team, project board, project sponsor, a business case made, and a comprehensive Project Initiation Document prepared and approved.

- Whether risk management has been embedded into the project.
- Whether there is a detailed, comprehensive, and customer centric Stage 1 project plan.
- Whether Stage 1 of the project was carried out following good project principles defined by PRINCE 2 Agile, including time and cost schedules being controlled, accompanying monitoring systems that track the project and routinely report on progress, risks, issues and challenges.
- Whether benefits are measured and monitored to demonstrate realisation of Stage 1 objectives and targets.
- Whether project issues are regularly assessed, whether there is an adequately documented procedure in place for change control and whether these procedures are followed.

Audit Findings

1.0 Project Initiation.

1.1 At its meeting on 28 November 2017 the Policy and Resources Committee noted:

- 1.1.1. That the General Data Protection Regulation, which was due to come into force on 25 May 2018, would impose several obligations on the Council.
- 1.1.2. That an Electronic Document Records Management System would support compliance by the Council with its statutory obligations in terms of the General Data Protection Regulation.
- 1.1.3. That all public authorities in Scotland were required by the Public Records (Scotland) Act 2011 to submit a Records Management Plan to the Keeper of the Records of Scotland for approval.
- 1.1.4. That, in 2016, the Council submitted its Records Management Plan, which was approved by the Keeper of the Records of Scotland on the basis that the Council would take further steps to ensure continuing compliance with its obligations in terms of the Public Records (Scotland) Act 2011.
- 1.1.5. That a number of steps which the Council was obliged to take in terms of the Records Management Improvement Plan could be achieved and supported through implementation of an Electronic Document and Records Management System.
- 1.1.6. That the original project to develop a document management system through the portal had been suspended due to technical challenges.
- 1.1.7. That a balance of £61,059 remained within the budget allocated to develop the original portal project, which could be transferred to the new Electronic Document and Records Management System project linked to the Office 365 project.

1.2. The Committee recommended to the Council that the balance of £61,059 be transferred from the Portal Development Fund to the Office 365/Electronic Document and Records Management System project to part fund development of an Electronic Document and Records Management system for the Council.

1.3. At its meeting on 19 February 2019 the Policy and Resources Committee noted:

1.3.1. That, in December 2017, the Council agreed to part fund development of an Electronic Document and Records Management System.

1.3.2. That the aim of the project was to deliver a system for all electronic documents and records created and used by officers, with the exception of documents and/or records that started in, or once they entered, a specific case management system, for example Human Resource or social care systems.

1.3.3. That the project rationale encompassed legislative and regulatory requirements, corporate policy, strategy and plans and operational requirements.

1.3.4. That a staged, user centric approach was being taken for the project, with stakeholder engagement and communications an integrated part.

1.3.5. The risk associated with delivering the project using only existing resource, which was being mitigated through recruitment of a temporary project officer utilising existing funding.

1.3.6. That robust operational governance was provided by a cross-service project board, led by the Executive Director of Corporate Services, with project assurance provided by two officers on the project team reporting to the project board.

1.4. The Committee recommended to the Council that the project approach and governance in respect of the Electronic Document and Records Management System project referred to at 1.3.4 to 1.3.6 above, be endorsed.

2.0 Project Approach and Governance

2.1. In our opinion the project approach and governance arrangements for Stage 1 of the EDRMS project were generally sound.

2.2. The Project Initiation Document (PID), brief and plan adequately defined the project, formed the basis of the project's management and provided a firm foundation for the initiation of the project.

2.3. The project plan demonstrates good processes, inter alia, of being customer centric and in identifying and consulting with stakeholders.

2.4. The project plan is well structured, broken down to stages and follows good Prince 2 Agile project management processes.

2.5. There has been an adequate number of effective meetings of both the project board and project team.

2.6. Progress on the project to date has been suitably recorded and several good practice registers commenced, including registers covering, risk, issues, lessons, questions and notes.

2.7. The project has completed its discovery stage and is due to commence its piloting and then its live stage.

- 2.8. Effective delivery of Stage 2 and Stage 3 of the project will require robust, strategically focused governance, putting an overarching framework in place to ensure that the implementation is deliberate and consistent, that findings from the pilot are addressed and that changes to the plan are carried out in a controlled manner and under delegated authority.
- 2.9. It is therefore recommended that guiding principles and frameworks for the project around information architecture, records management and access control are developed and enhanced to support effective piloting and roll out of the system.

Recommendation 1

3.0 Project Cost and Funding

- 3.1. An external consultant's report dated September 2017 gave an indicative cost for a Council wide SharePoint implementation including records management and email integration add-ins at £150,000 for external resources.
- 3.2. The report presented to the Policy and Resources Committee on 19 February 2019 stated that "the cost of an Electronic Document and Records Management System had previously been estimated to cost up to £95,000 for initial installation and up to £45,000 annually for software licenses". The report also noted "the risk associated with delivering the project using only existing resource, which was being mitigated through recruitment of a temporary project officer utilising existing funding". There is not a record of how the estimate of up to £95,000 was calculated or any reference to the indicative cost for external resources provided by external consultants in the report dated September 2017.
- 3.3. A report presented to the Senior Management Team held on 29 January 2020 showed that there was an estimated projected budget deficit of £241,716. The recommendation made within the report was that the project be underwritten by a contribution from the Repairs and Renewals Fund up to a sum of £241,716 over the life of the three-year project.
- 3.4. In the main the identified budget deficit of £241,716 related to the cost of a temporary project officer, and an increase in the estimation of the cost of external consultants.
- 3.5. At a meeting of the Council held on 3 March 2020, Elected Members agreed to the additional funding of up to £241,716, to be met from the Repairs and Renewals Fund.
- 3.6. Correct process was therefore followed to the funding of the project.
- 3.7. The budget deficit of £241,716, was reported approximately a year after an initial estimate that the cost for the initial installation would be up to £95,000 and that the cost of a project officer would utilise existing funding. This being a significant increase in cost by approximately 3.5 times.
- 3.8. It is recommended that the estimated costs and benefits associated with projects, where significant in value, are subjected to independent verification, potentially by Internal Audit, prior to project initiation for future projects.

Recommendation 2

4.0 Project timescales

- 4.1. A report presented to the Policy and Resources Committee held on 19 June 2018 showed a target date of 31 March 2019 to implement the roll out of the EDRMS for the Council.
- 4.2. The project plan notes that there is no specific timescale that the project is dependent or interdependent upon.
- 4.3. The project has had to adapt to staff and supplier changes, and competing priorities placed upon staff, including reacting to Covid.
- 4.4. The original estimated timeframe for the project was made at an early stage of the project and could only have been indicative at that time.
- 4.5. It is recommended that timeframes to the project are reviewed and updated, considering the complexity of the project to meeting its objectives.

Recommendation 3

Action Plan

Recommendation	Priority	Management Comments	Responsible Officer	Agreed Completion Date
1) Strategic governance for the project should be developed to ensure effective piloting and roll out of the ERDMS system.	Medium	Agree; guiding principles and frameworks around information architecture, information governance and access controls are currently in development, as well as a plan for future Business as Usual (BAU) governance of any changes required to the system delivered.	Project Manager	September 2023
2) Estimated costs and benefits associated with projects, where significant in value, are subjected to independent verification, potentially by Internal Audit, prior to project initiation.	Medium	To be incorporated into Improvement & Performance processes	Service Manager Improvement & Performance	March 2023
3) Timeframes for the project should be reviewed and updated.	Low	Agree with this recommendation and this action is underway at present.	Project Manager	December 2022

Key to Opinion and Priorities

Audit Opinion

Opinion	Definition
Substantial	The framework of governance, risk management and control were found to be comprehensive and effective.
Adequate	Some improvements are required to enhance the effectiveness of the framework of governance, risk management and control.
Limited	There are significant weaknesses in the framework of governance, risk management and control such that it could be or become inadequate and ineffective.
Unsatisfactory	There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.

Recommendations

Priority	Definition	Action Required
High	Significant weakness in governance, risk management and control that if unresolved exposes the organisation to an unacceptable level of residual risk.	Remedial action must be taken urgently and within an agreed timescale.
Medium	Weakness in governance, risk management and control that if unresolved exposes the organisation to a high level of residual risk.	Remedial action should be taken at the earliest opportunity and within an agreed timescale.
Low	Scope for improvement in governance, risk management and control.	Remedial action should be prioritised and undertaken within an agreed timescale.