

**REPORT FOR: GOVERNANCE, AUDIT,
RISK MANAGEMENT
AND STANDARDS
COMMITTEE**

Date of Meeting: 28 January 2016

Subject: **INFORMATION REPORT – IT
Contract Management Terms of
Reference Report**

Responsible Officer: Tom Whiting – Corporate Director
Resources and Commercial

Exempt: No

Enclosures: Appendix 1 – IT Contract Management
Terms of Reference

Section 1 – Summary

This report sets out the Terms of Reference for the Internal Audit Review of IT Contract Management.

FOR INFORMATION

Section 2 – Report

Introduction

- 2.1 This review was proposed as a result of a review undertaken of the IT Data Centre as part of the 2014/15 risk based annual audit plan. The IT Data Centre review was highlighted to the GARMS Committee as part of the 2014/15 Annual Governance Statement and the full report presented at the last GARMS Committee meeting in December 2015.
- 2.2 At the last meeting the GARMS Committee expressed an interest in the proposed review and asked that the Terms of Reference for the review be presented to the next meeting (Terms of Reference attached – Appendix 1).

Development of Audit Objective and Scope

- 2.3 The audit objective and scope of the review has been developed in consultation with the Head of Business Transformation Partnership taking into account previous contract management reviews, the CIPFA Contract Audit Toolkit and the Council's Contract Management Procedures.
- 2.4 The objective of the review will be:
- to ensure that effective contract management is in place for the IT Contract with Sopra Steria, that services are obtained in accordance with the contract and that value for money is achieved.
- 2.5 The scope will be:
- Skills and level of resources in place to monitor the contract
Covering controls in place to ensure that adequate skills and resource levels are in place to monitor the contract
 - Risk Management
Covering controls in place to manage and mitigate risks throughout the life of the contract
 - Performance monitoring/quality assurance
Covering controls in place to monitor performance, taking action/escalation of poor performance and ensuring quality
 - Financial management
Covering controls in place for budget management and to ensure that expenditure is in line with the contract and services provided
 - Relationship management
Covering controls in place to facilitate mutual trust and understanding, openness and good communications including clear roles and responsibilities
 - Governance and reporting
Covering controls in place to ensure appropriate governance and reporting of the contract e.g. at key milestones; of performance and variances

Methodology

- 2.6 The review will be split into two parts. The first part will be undertaken as part of the 2015/16 Internal Audit Plan and will involve Internal Audit working pro-actively with management providing advice on the controls expected to be incorporated into a robust Contract Management process.
- 2.7 The second part of the review will be undertaken as part of the 2016/17 Internal Audit Plan and will involve the normal risk based approach that will include the identification, sample testing and evaluation of key internal controls within the system. Sufficient testing will be undertaken to enable Internal Audit to provide managers with a balanced view and appropriate assurance as to the adequacy and application of the key internal controls.

Section 3 – Further Information

- 3.1 An update of progress will be provided at the next GARMS Committee meeting and the assurance outcome of the second part of the review will be reported in the 2016/17 mid-year report.

Section 4 – Financial Implications

- 4.1 There are no financial implications to this report.

Section 5 - Equalities implications

- 5.1 There are no equalities implications.

Section 6 – Corporate Priorities

- 6.1 Internal Audit contributes to all the corporate priorities by enhancing the robustness of the control environment and governance mechanisms that directly or indirectly support these priorities.

Name: Dawn Calvert



Chief Financial Officer

Date: 19/01/16

Section 7 - Contact Details and Background Papers

Contact: Susan Dixson, Head of Internal Audit, Tel: 0208 424 1420

Background Papers: None