Audit Committee – 24 June 2022

Title of paper:	ICT Procurement Audit	
Director(s)/ Corporate Director(s):	Clive Heaphy Interim Corporate Director of Finance and Resources	**Wards affected:** All
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Does this report contain any information that is exempt from publication? No		
Recommendation(s):		
1.	To note the actions completed and planned as outlined in table 1	
2.	To note the plans to implement further ICT procurement actions through the Procurement Transformation programme	
3.	To agree future reports on ICT Procurement are reported as part of a wider report on Procurement including Audit and Compliance updates	

1. **Reasons for recommendations**

1.1 The ICT Procurement Audit identified a range of actions this report provides an update on the actions taken and work proposed over the coming 12 months. Significant work to improve ICT procurement across Nottingham City Council has been identified through the Procurement Transformation Programme, with one specific project focussed on delivering change in this area. The project is looking holistically at ICT procurement to identify best practice and deliver improvements in the governance of how Nottingham City Council procures all products and services.

2. **Background**

2.1 The internal audit into ICT Procurement was issued on the 20th January 2022 with limited assurance, it built on a previous audit from December 2020 into cloud based applications. The latest audit made three additional recommendations on top of the 11 outstanding actions from the 2020 report. This report provides an update on progress against the actions in both audits. A number of actions have already been delivered as detailed below, in Table 1.

2.2 Further actions will be delivered over the next 12 months as part of the Procurement Transformation Programme. A key part of that will be the establishment of a centralised IT Procurement decision making process to ensure efficient use of resource, improve corporate governance and reduce duplication of systems. The plan also includes setting up an oversight group for procurement and contract management which will have responsibility for ensuring procurement plans include all requirements and will support the development of toolkits to ensure all procurement is compliant with legislation such as Public Contract Regulations 2015 and General Data Protection Regulations 2018.

2.3   The following table outlines the actions identified in the audit and provides a management update on the progress and next steps.

Table 1

Audit Report Action	Update
Procurement procedures to lay out IT specific requirements	A template of questions related to IT procurement has existed for some time but is now being applied to all procurements that have an IT component. This helps to identify IT elements, architectural integration, and reference to the corporate technical design authority. The Procurement Transformation programme has a specific project to centralise all IT procurement to ensure requirements are captured as part of every tender
Guidance on use of Cloud based services	Guidance on cloud as a delivery mechanism also exists and is being applied to procurements in line with the above process. With the planned centralisation of IT procurement a process will be developed to ensure any move to Cloud based services is managed appropriately.
Mechanism of assurance for Cloud based suppliers is required	Assurance frameworks and supplier accreditation are sought as part of the procurement process where IT are involved in the process, which is now the case with all corporately managed procurements. The proposed operating model for Procurement identifies the need for Strategic Contract Management which will develop the processes of assurance for all contracts including Cloud based suppliers.
Comprehensive asset register is required	This will be managed as part of the processes around centralisation of ICT procurement – the plans will enable a comprehensive record to be kept
IT applications should be linked to the Contracts Register	Since the implementation of oracle fusion it has been possible to link Contracts with spend. The next phase with Centralised ICT procurement is to ensure all contracts are held centrally for IT and included on the contracts register
IT costs incorrectly coded	Work has been included on improving coding in the Procurement Transformation plan including a communication plan for improving governance and training on Contracting and Procurement which is in the final phase of development.

Information Management Risk Assessments should be completed	Information management risk assessments and data protection impact assessments occur where procurement occurs with IT and Information Governance involvement. Corporate governance continues to improve, requiring all procurement activity to meet the required standard. The centralisation of ICT Procurement will include the development of policies and processes to ensure best practice is followed for all.
A consistent approach to contracts needs to be developed	The proposed operating model for Procurement identifies the need for Strategic Contract Management which will develop the processes of assurance for all contracts
Mechanism of assurance for all IT suppliers is required	The proposed operating model for Procurement identifies the need for Strategic Contract Management which will develop the processes of assurance for all contracts including IT suppliers. Assurance frameworks and supplier accreditation are sought as part of the procurement process where IT are involved in the process, which is the case with all corporately managed procurements.
Develop a register of all ICT assets	ICT assets form a part of the IT asset register. This becomes incomplete when non-corporate activity creates outcomes that are subsequently not tracked. The identified improvements in corporate governance and centralisation of all IT procurement will help to ensure the ongoing completeness of the ICT asset register.

2.4   With ICT procurement actions now forming part of a wider Procurement Transformation Programme it is proposed that future ICT Procurement Audit updates are included as part of a wider report to Audit Committee on Procurement including updates on audit actions and compliance with Contract Procedure Rules.

3.   **Background papers other than published works or those disclosing exempt or confidential information**

3.1   ICT Procurement Audit 2020/21

4.   **Published documents referred to in compiling this report**

4.1   Executive Summary ICT Procurement Audit 2020/21