

APPENDIX 1 –Amber Moderate Assurance Audit Review Outcomes

Audit: City Surveyors – Building repairs and maintenance – Amber (5 x Amber, 4 x Green priority recommendations)

Audit Scope

As part of the Procure and Procure to Pay Project (PP2P), the City let a corporate wide Building Repairs and Maintenance Contract with Mitie Technical Facilities Management Limited (Mitie), with the contract term running from July 2012 to July 2017, at a cost of £5m per annum.

Audit Findings

Overall, this review found the systems and controls in place in relation to the operation of the Building Repairs and Maintenance contract with Mitie, to be satisfactory and working in practice, whilst some weakness and areas for improvement have been identified, with the most significant of these highlighted below.

Although there are adequate arrangements in place for monitoring work completion and the level of outstanding building repair and maintenance requests, the contractor failed to meet the target for Key Performance Indicator (KPI) 4, completion, set out in the contract as 96% of works to be completed within agreed timescales in each of the first 12 months of the contract. An upward trend in performance was noted following the third month of the contract operation where performance was the lowest at 17%, to a performance level of 91% by period 12 (June 2013). As at period 12, the overall 91% represents, 87% for Operational Properties, 90% for the Barbican, and 97% in respect of Investment Properties. An amber recommendation has been agreed that Contract Management should continue to work with Mitie to identify and resolve the key issues preventing proportions of allocated works being completed within target timeframes. The City Surveyor has subsequently reported to internal audit that performance against this KPI (Key Performance Indicator) has shown further improvement and has now passed this requirement as from October 2013.

This audit review confirmed that for the first few months of the contract, ensuring that appropriate priority levels were allocated to reactive building maintenance and repair requests has been challenging for the Property Service Desk. Analysis of data for the first 6 months of the contract indicated that requests classified as priority A, 1 or 2 (acute, emergency or urgent) was 67%, while the percentage for these same three priorities in periods 7 to 12 fell to 46%. It is therefore considered that the various changes introduced by the City Surveyor, and the resulting drop in requests classified as A, 1 or 2, could well explain the contractor's recent improvements in respect of KPI4. The changes included introducing a triage system to provide better guidance to departments and also the introduction of priority category 2A (serious repairs), increasing the number of priority options available.

Discrepancies were noted between the system used by the Contractor to show the percentage of requests attributed to each priority in each period (1 to 12) from the statistics reported by the contractor in regular Period Reports. Whilst it has not been possible to identify the reasons for this difference, internal audit concluded that the accurate provision of Management Information, in accordance with KPI1, may not have been achieved. Amber recommendations have been made to give consideration to introducing a mechanism for reporting failure against achievement of KPI1, the measure for which requires that the contractor provide timely and accurate management information and introducing checks to sample test the veracity of the underlying data.

The City Surveyor's Technical Advisory Group (TAG) maintain clear and detailed post completion inspection records which demonstrate that a reasonable level of coverage of inspections has been achieved. At the time of the audit, the TAG team has reviewed approximately 8% of all work completed by Mitie. These records also show that the standard of work completed by Mitie has generally been satisfactory but, nevertheless, amber recommendations were agreed in respect of improving the sample selection methods for inspection, introducing checks to ensure that the charges levied by Mitie in undertaking quoted works reasonably reflect the labour and materials used by Mitie and reducing the over reliance on desk based reviews, as this increases the risk that technical deficiencies in Mitie's work goes undetected.

Management Response

All five amber and four green priority recommendations from this review have been agreed for implementation by February 2014.

Audit: Corporate – City of London Back-up Review - Amber  (3 Amber, 6 Green priority recommendations)

Audit Scope and Background:

This assurance review comprises of two aspects, firstly to ensure the system backups while under the care of City of London (CoL) Information Systems (IS) were properly undertaken and identify areas of improvement, and secondly to review the adequacy of the backup process once Agilisys take over the function. This review focuses entirely on assurance of the first aspect where the backup function for the CoL was provided for by the CoL Information Systems (IS) division.

Audit Findings:

The result of the review is that Internal Audit provided moderate assurance on the data backups as performed by the IS division at the CoL. Improvements were recommended in a number of priority areas. As a result of sufficient progress being made in addressing change control and improving the successful completion of back-ups since issuing the Final audit Report , the current assurance rating can now be considered substantial assurance 'Green'.

The main area in need of improvement is in the backup strategy, policies and procedures. The procedure documentation requires improvement and clarification in some areas, for which an amber priority recommendation has been agreed for implementation by February 2014.

Change Control is in place at a higher level such as when servers new are commissioned but it needed to be extended to ensure other back-up system changes do not have a detrimental impact such as reduction in the performance of IS systems used by the business. An amber priority recommendation was agreed and subsequently implemented to extend the scope back-up system changes subject to formal change control procedures.

The backup process as a whole functions adequately, however, the hardware struggles at times to successfully complete all required overnight backups (approximately 100 backups a night), and often this is associated with tape drive problems. Additional monitoring in this area is recommended to confirm precise causes with a view to reducing the causes of backup failures. Since this Amber priority issue was raised, Agilisys have reported that they have investigated the problem, and some hardware changes have been made, which has improved performance to over a 95% success rate. Further work to widen the bandwidth of data transfers to back-up systems will improve performance further and is due to be completed by the end of December 13. Historically the backup success rate has been acceptable at greater than 90% and this continues to be the unofficial standard. Overall this seems low and it needs to be reconsidered to ensure that is still acceptable.

Division of duty is adequately defined and operationally there is sufficient cover for staff absences. The logical security aspect of review resulted in only one minor recommendation and overall this area was found to be of an acceptable standard comparable to the leading industry practice. Password complexity and change is suitably enforced as a part of the greater CoL password security process.

Off-site procedures for tape transportation and storage to Data Protect UK are also suitably controlled with adequate physical security measures and environmental controls in place as well as comprehensive logging of tapes movements. Data Protect UK have been storing CoL tapes since 2004 and has a current Federation Against Copyright Theft (FACT) certification which requires strict physical security standards to be met annually. Data Protect UK offers a 1 hour tape return in an emergency.

The transfer of the support services and daily operations (including the backup function) to Agilisys commenced in September 2013 but the practical effect on data backups is not known currently, however, this will be assessed in the second part of the review.

Management Response

Nine recommendations were made comprising of 3 amber recommendations and 6 green recommendations which have all been accepted. All recommendations from this review have agreed dates for implementation by February 2014 or earlier.