

Final Internal Audit Report

Oracle Fusion Cloud Programme Audit

November 2019

Distribution: Executive Director of Resources & Monitoring Officer (Final only)
 Director of Human Resources (Final only)
 Chief Digital Officer
 Head of HR and Finance Service Centre
 ICT Services & Contact Manager
 Operational Manager/ Programme Manager

| Assurance Level | Identified Issues | |
|------------------------------|-------------------|---|
| Substantial Assurance | Priority 1 | 0 |
| | Priority 2 | 2 |
| | Priority 3 | 0 |

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1. Introduction

- 1.1 The objective of this audit was to assess the adequacy and effectiveness of the controls designed and implemented by the London Borough of Croydon Council to govern and manage the Oracle ERP Migration implementation programme, including an assessment of the following programme components:
- Programme/Project Methodology
 - Governance
 - Programme Management
 - Risk Management
- 1.2 An ERP system is a way to integrate data and processes of an organisation into one single system with a modular software application. All the modules are usually linked to one shared database.
- 1.3 Croydon was part of the OneOracle Partnership that included seven Councils (the others being Barking & Dagenham, Brent, Lambeth, Havering, Lewisham, and Newham). The hosting and applications support of Oracle ERP was provided by Capgemini which was procured from a single supplier framework agreement, to utilise the Oracle R12 platform.
- 1.4 The contract between other authorities including Croydon Council with Capgemini ended in July 2018, when a 12-month extension was put in place in order to support the on-premise version of Oracle until the Oracle ERP Migration to the Cloud has been implemented.
- 1.5 In addition, to the contract with Capgemini ending in July 2018, the Council carried out an internal assessment which highlighted that the Oracle R12 platform no longer met the Council's expectations in terms of performance. The assessment also identified that there was a significant issue currently being experienced in the length of time it takes to agree and implement changes within the current partnering and contractual arrangements with other Council boroughs.
- 1.6 The Society of Information Technology Management (SOCITM) were then engaged by Croydon Council to carry out an options appraisal for replacement solutions for its Oracle ERP system, which four options were made and considered:
- Continue current arrangements with Capgemini.
 - Migrate the current application to the same Oracle R12.1 platform, but hosted by Brent Council.
 - Upgrade to Oracle Cloud.
 - Re-implement on a different technology platform.
- 1.7 Following the options appraisal, the Council decided that the option would be to upgrade the on-premise Oracle solution to its cloud solution, as it was determined that the Oracle modules and integrated business software would meet the requirements of the Council for Finance, Procurement, HR and Payroll.

- 1.8 A business case was then produced by the Head of Finance Service Centre to seek investment for the Oracle Cloud upgrade for £3.23 million and was approved by the ICT Governance Board in February 2017. The programme then commenced in January 2018.
- 1.9 The Oracle Cloud implementation is a Software-as-a-Service (SaaS) product covering Finance, Procurement, Human Resources (HR) and Payroll, which will allow the Council to function in a more agile way, as well as becoming mobile, and an empowered workforce whilst retaining its core strengths. The programme is intended to be delivered in July 2019, with contingency built in for delivery in August 2019 and is being implemented in seven distinct phases:
- Mobilisation
 - Assessment
 - Conference Room Pilot 1
 - Conference Room Pilot 2
 - System Integration Testing (SIT)
 - User Acceptance (UAT)
 - Production Migration and Go Live
- 1.10 The Council also engaged with Oracle Platinum Partner Evolutionary Systems Company (Evosys) to extract data from the legacy eBusiness Suite application, and support the overall transformation project onto Oracle Cloud for the following modules:
- Oracle Human Capital Management (HCM)
 - Oracle Finance
 - Oracle Purchasing
 - Oracle Project
- 1.11 There is also external interest in public sector projects, as a result of previous high-profile cases of an inadequately managed programme or projects (e.g. Crossrail) which in some cases has resulted in significant overspend, operational failures of programme/project outputs, early termination of projects and a failure to demonstrate achievement of value for money. To combat this Croydon Council has established dedicated programme and project management team to assist with the programme and different workstreams to provide leadership, vision and programme/project knowledge to ensure the output of the desired delivery as well strong financial management.

2. Key Issues

Priority 2 Issues

It was noted that, whilst a programme governance plan 'Programme Definition Document My resources Oracle Fusion Cloud Programme Governance Arrangements' had been established, the document did not follow the 'Croydon Programme Handbook' and did not reflect the following areas:

- Programme Approvals e.g. A top-down approval process being adopted, with Executive Programme Board, Programme Steering Board and Weekly Steering Groups being aligned with the governance model.
- Tangible milestones and deliverables, with identified dependencies.
- Proactive management of issues and risks.
- Budgetary controls.
- A clear decision-making process and delegated authorities, with escalation points.
- Robust change control to protect the scope.
- Proactive communication, stakeholder management and people transition management. **(Issue 1)**.

It was confirmed that, whilst the governance forums do take place, minutes were not taken for these meetings. **(Issue 2)**.

No Priority 1 or 3 issues were identified.

3. Assessment of Control Environment

- 3.1 The table in appendix 2 sets out, in summary, the control objectives covered as part of this audit, the assessment of risk based on the adequacy of controls in place, the effectiveness of the controls tested and any recommendations.
- 3.2 The classifications of the assessment of risk for the design and operation of controls are set out in more detail in appendix 3.

4. Examples of Areas Where Controls Are Operating Reliably

- 4.1 The following examples of good practice in the management of risk, as achieved through the effective design and application of controls were noted:
 - Effective project and programme management are vital to delivering the Council's strategic objectives. Our review of the Croydon Programme Management Handbook noted that the document is aligned to PRINCE2 and Managing Successful Programmes (MSP) and consists of a set of effective, proportionate and auditable project and programme management standards with particular emphasis on actual benefits delivered, to enable programme and project teams to be able to deliver on time, to the expected quality and within budget.
 - The Council has also developed a programme lifecycle to provide a structured approach for the delivery of the programme consisting of four critical phases consisting of identification, definition, delivery and closure.
 - A number of templates based on MSP and PRINCE2 methodologies such as stakeholder management matrices, project initiation documents, communication plans and highlight reports have been developed to support a consistent approach.
- 4.2 Further areas of good practice can be found within Appendix 1

5. Actions and Key Findings/Rationale

| <u>Programme Governance Plan</u> | | Detailed Finding/Rationale – Issue 1 |
|----------------------------------|---|--|
| Priority | Action Proposed by Management | |
| 2 | <p>For any future programmes, we will ensure the programme definition document incorporates those items recommended. Please note the only decision-making board is the Executive programme board, the programme steering board and weekly steering groups can only make recommendations to the board.</p> <p>There is also a design authority who can make decisions to approve change requests. However, any change requests which have a cost are subsequently presented to the Executive Programme Board for approval.</p> <p>Updated comment 29/10/2019</p> <p>This programme has now closed and this recommendation will be taken note of in any future programmes.</p> | <p>Aligning the programme plan with best practices ensures that the governance of programme management processes is clearly defined and agreed by the programme team to ensure that the programme is executed, monitored, controlled and closed adequately to prevent workstreams omitting critical steps in process that may lead to potential alterations to the programme scope or the programme exceeding the agreed budget.</p> <p>It was noted that whilst the Council has developed a 'Programme Definition Document My resources Oracle Fusion Cloud Programme Governance Arrangements' the plan did not follow the Croydon Programme Handbook as we identified the following gaps in the plan:</p> <ul style="list-style-type: none"> - Programme Approvals e.g. A top-down approval process being adopted, and Executive Programme Board, Programme Steering Board and Weekly Steering Groups being aligned with the governance model. - Tangible milestones and deliverables, with identified dependencies. - Proactive management of issues and risks. - Budgetary controls. - A Clear decision-making process and delegated authorities, with escalation points. - Robust change control to protect the scope. - Proactive communication, stakeholder management and people transition management. |

| | | |
|---|-----------------------------------|---|
| | | <p>Without establishing a well-defined programme management plan that the programme team can use as a central point of reference increases the risk that the programme is not adequately managed and controlled which could result in unnecessary project delays, exceeding the agreed budget or result in resources not being adequately utilised.</p> |
| <p>Responsible officer</p> <p>Head of Finance Service Centre / Programme Manager</p> | <p>Deadline</p> <p>N/A</p> | |

| Governance Forums Minutes | |
|--|---|
| Priority | Action Proposed by Management |
| 2 | <p>The minutes of the Executive programme Board are approved by the chair and then circulated to the members of the Board.</p> <p>The review of the minutes is a standing agenda item at the Executive Programme Board.</p> <p>The steering groups do not make programme decisions they are a forum for the team including project managers, business leads technical leads and subject matter experts, to meet and review the highlight reports, discuss progress, plan activities and make recommendations to the board.</p> <p>Updated comment 29/10/2019</p> <p>This programme has now closed and this recommendation will be taken note of in any future programmes.</p> |
| | <p>Detailed Finding/Rationale – Issue 2</p> <p>Formally documenting governance forums meeting minutes for the programme steering group, and executive programme board ensure that the senior leadership team for the programme have common understanding of key decisions and actions taken.</p> <p>Minutes serve as a permanent record of the discussion and the decisions that were taken at key governance forums. In addition to this, meeting minutes' drive action for the leadership team and staff, which also ensures ownership and accountability together with providing valuable information to those team members who are not able to attend the meeting.</p> <p>It was noted that whilst the governance forums do take place, minutes are not taken for these meetings.</p> <p>This increases the risk that there is no clear overview of what was discussed and the agreed actions. This could potentially result in issues with the Council, Evosys and Oracle in regard to agreed actions and delays with agreed timings to deliver on the actions discussed.</p> |
| Responsible officer | Deadline |
| Head of Finance Service Centre / Programme Manager | N/A |

Appendix 1

| Programme Governance | Programme Management | Change Management | Performance Management | People | Process | Technology |
|---------------------------------|---------------------------------------|------------------------------|-----------------------------------|---------------------------|----------------------------|---------------------|
| Business Imperative | Scope, planning and progress tracking | Change approach & strategy | Goals and objectives | Future state design | Future state design | Future state design |
| Leadership | Dependencies/assumptions | Change relationship | Business case | Competencies & evaluation | Process change model | Design authority |
| Self policy & direction | Riskless management | Change impact assessment | Benefits realisation | Behaviour and values | Master data management | Infrastructure |
| Accountability & Responsibility | Change control | Stakeholder engagement | Rewards & benefits | Education/development | Support management | Data conversion |
| Programme Structure | Resource & cost management | Communication | Benchmarking | Outsourcing | Integration and procedures | Interfaces |
| Monitoring and Controls | Vendor management | Organisation & capability | KPIs | Job design | Security & controls | Release management |
| Portfolio Management | Quality & deliverable management | Transition | Incentives to deliver | Training | Compliance | Operate |
| | Go-Live readiness | Realisation & sustainability | Performance feedback post go-live | | Testing | |

Key:



Green – Low risk

Amber – Moderate risk

Red – Serious risk.



Grey – Not applicable / Out of scope

| Programme Lifecycle | |
|----------------------|--|
| Identification Phase | <p>The identification phase provides an opportunity to consider the potential programme at a high-level. This phase allows senior leadership to consider the strategic fit, vision, costs, duration, risks and provides a high-level business case for the programme. Two key documents are produced during the identification process, the business case and the definition plan.</p> <p>These documents help the sponsoring group to decide (before commissioning a more expensive endeavour) whether there is sufficient benefit in the programme to merit a full programme definition phase, including the creation of a detailed business case.</p> |
| Definition Phase | <p>Comprises of an exploration of the options for delivering the required outcomes together with robust and detailed planning for delivery. It culminates in the presentation of a programme initiation document (PID) to the sponsoring group which sets out the recommended option, and detailed business case for it.</p> <p>The documentation used during the definition phase provides the necessary structure for answering critical questions that need to be considered before a programme can be approved and launched.</p> |
| Delivery Phase | <p>In order for any programme to be successful, clear and robust management and delivery activities are essential. The Council have set out the core management and delivery activities for ensuring progress and control of the programme according to the programme plan.</p> |
| Closure Phase | <p>The closure phase provides recognition of completion with associated activities to ensure that programmes do not 'drift' on as if part of normal business activity.</p> |

Identification Phase

As the Council commenced the identification phase to determine what options were available, the Society for IT practitioners in the Society of Information Technology Management (SOCIITM) were engaged to carry out an options appraisal. The output from the options appraisal was aimed to feed into the business case for the procurement of the HR and payroll and finance systems which for options were proposed with the Oracle Cloud solution being the most viable.

A business case and procurement strategy for the Oracle ERP migration was then presented to ICT Governance Board in February 2017 and approved, which at the time was the corporate route for approval for all major ICT projects and programmes.

Our evaluation of the business case for the Oracle Fusion Cloud implementation programme found that it reflected a clear description of the Council's vision and a detailed description of the new desired state of the Council. An optional analysis was also reflected within the business case to provide the ICT Governance Board with four options as well as a detailed description of the main advantages and disadvantages to each solution.

A breakdown of the financial aspects of the programme has also been reflected within the business case against each year, as well as future yearly on-going revenue cost.

As part of the business case, a risk assessment was also carried out by the Head of Finance Service Centre as a forward-looking exercise.

The reasoning behind the assessment was to identify any potential major risks to the programme before they can materialise, so that risk-handling activities may be planned and invoked as needed across the life span of the programme to mitigate adverse impacts on achieving its objectives.

Our review noted the programme has been placed on the corporate risk register under risk ID: RCS002 with responsibility and accountability designated to the Executive Director of Resources. Furthermore, as part of the risk assessment exercise eleven risks were identified, as well as the potential impact they could have on the programme. Mitigation controls have also been designed to limit the impact of any of the risks.

As part of the identification phase the Council placed five essential programme roles throughout the programme lifecycle to manage and ensure the delivery of the programme and its intended benefits:

- **Sponsoring Group:** Are the investment decision-makers whose main responsibility is to commit funds for the Oracle Fusion implementation. The group has been assembled to represent senior management's commitment to the implementation and the requirements for regularity, and value for money.
- **Senior Responsible Owner (SRO):** The SRO is the single individual with overall responsibility for ensuring that a programme meets its objectives and delivers the projected benefits.
- **Programme Board:** The Programme Board has been assigned a key role in supporting the SRO in making decisions and providing both challenge and approval on issues affecting the progress of the programme.
- **Programme Manager:** The Programme Manager has been assigned and is accountable for the successful delivery of the entire proposed change, co-ordination of the programme's projects, workstreams and management of their inter-dependencies.
- **Business Change Manager (BCM):** The Business Change Manager is responsible, on behalf of the SRO, for defining the programme and project benefits, as well as assessing progress towards realisation and achieving measured improvements in business operations.

Definition Phase:

It was identified that the Council underwent a benefits mapping exercise whereby the benefits that were captured within the business case and change impact assessments feed into the benefits map capturing the programme output (enablers), measurable benefits, disbenefits, programme outcomes and also the strategic objective. The programme team then consulted with the relevant business leads to work out whether the benefits are feasible and determine what is measurable, cashable, non-cashable, or intangible and to also engage with the relevant Directors to agree on ownership.

The benefits map was then shared with the BCM before being submitted for approval by the SRO. Once this had been completed a benefits tracking sheet was developed to capture the benefits and assess them on a quarterly basis. The SRO has been appointed to have accountability for the delivery of both the financial and non-financial benefits and is required to sign off that the benefits have been delivered when requesting to the close the programme at the Executive Programme Board.

The Council then developed a programme definition document (PDD) to provide organisation, responsibility and structure to the programme in order for it managed effectively to deliver the intended benefits.

It was confirmed that the Council has established an Executive Programme Board to act as the main decision-making body for the

Oracle cloud implementation programme. The Board is represented by all nominated representatives from Croydon Directorates, Evosys and Oracle Implementation Success Managers.

A Programme Steering group has also been developed and is chaired by the Programme Manager, who takes responsibility for the day-to-day review and of the programme's progress and management of issues arising.

Furthermore, it was also identified that a Technical Design Authority was established which is chaired by the SRO. This meeting's purpose is to ensure proactive management of the programme risks and issues, potential delays, escalations or any quality issue concerns.

The control evaluation confirmed that regular updates are provided by the workstreams and then cascaded upwards to the Programme Steering Board via the means of highlight reports. The PDD also confirmed that the Council has also considered the governance reporting cycles and the frequency of these forums to ensure visibility on the appropriate method to review any risk and issues, progress deliverables and tracking, as well as where any key decisions need to be made.

A Responsible, Accountable, Consulted and Informed (RACI) matrix to establish clear definitions of accountability and responsibility for programme tasks and activities has been developed for the programme.

Stakeholder management is driven by the programme and project managers, as well as the BCM using the communications framework and stakeholder management analysis. The stakeholder management analysis is confidential and is highly sensitive. Our review of the analysis confirmed the document contains stakeholder area, job role, name, level of influence, level of impact, and the required level of commitment to the programme.

Testing also found that key stakeholders are regularly kept informed and engaged with the programme to understand their individual expectations of the outcomes of the programme as well reducing the risk of rejection once the programme has been delivered due to key requirements or priorities of the affected business areas not being taken into account.

Effective communication is critical during the programme lifecycle of the transition of the change to business as usual (BAU), our review identified that the Council has established a communications strategy as well as a communications plan which outlines the 'who', 'what', 'where' and 'when' on how communications will be delivered internally and externally outside of the programme. The plan also covers the specific communications material to be utilised e.g. newsletters, emails.

The communications plan and strategy pack were taken to the Executive Programme Board to be approved in order to set the foundation for how the programme team will approach communications. Responsibility for the management of the communications framework has been designated to the BCM.

As part of our testing of this area, it was noted that regular communications regarding the programme is being distributed across the Council as per the communications plan.

As part of the final element to the definition phase the Council has developed a training strategy that sets out the overall approach, nature and type of training to be provided during the lifecycle of the programme. The objective is to train the right people at the right time by creating a curriculum that can be delivered with a variety of methods that will reach end-users and ensure that the materials/approach ties in with the key user training and that there is sufficient knowledge transfer to the BAU Croydon learning team.

The Delivery Phase:

Evaluation of controls identified that the Deputy SRO manages resources and their availability to meet the programme strategic objectives by adequate resource allocation based on the skillset and capacity as well as resource forecasting to help the Council predict any future resourcing requirements.

For effective management of risk, assumptions, issues, and dependencies it is essential to capture each of the four components of RAID. Identifying them early and throughout the lifespan of the programme helps prepare the strategies and action plans to rectify them. Our review of this area found that overall responsibility for RAID's sit with the Senior Project Manager and Programme Manager.

In addition, our review also confirmed that the Council has established a risk matrix to evaluate any probable risks in terms of the likelihood or probability and the severity of the consequences.

Our controls evaluation also confirmed that one to one meetings are also held between the workstream Project Managers and Senior Project Manager to run through the reports to ensure consistency and accuracy, and also make sure that the risks and issues are being logged correctly as per the risk matrix before the weekly Programme Steering Board to discuss progress and tracking of any deliverables as well as any issues that may need to be escalated.

Testing found that frequent governance forums have been established as a decision making and escalation route for the programme. Weekly steering groups consisting of the HCM, ERP, and Technical workstreams which are chaired by the project managers who have responsibility for the day-to-day management of workstream's task and weekly project reporting to the Programme Steering Board. These forums are attended by the Programme Manager, Project Managers and other resources depending on the programme phase.

In addition to this, there is an Executive Programme Board which serves as a forum for the day-to-day review and of the programme's progress and management of issues arising and consisting of the main workstream managers.

In order for the programme and project teams to work collaboratively, SharePoint has been put in place to enable the monitoring of outputs from the workstreams and overall programme management and delivery.

The Council have established a formal change control process throughout the duration of the programme in order to preserve scope, quality or deliverables and timescales

The My Resources Design Authority (DA) has been set up to support the implementation of the Oracle Cloud ERP and HCM Solution for the Council. The DA has been designed as the key gatekeeper for all configuration changes requested by the Project team, Evosys or the Business. The DA is led by the Programme Deputy SRO supported by Programme Solution Architect and Programme Manager, who ensure that a thorough investigation of the new or proposed change requirements, impact assessments are carried out and appropriate decisions are made by the Council.

Testing of the change control process found that a changelog has been developed and is owned and managed by the BCM. From our sampling, it was found that all the changes had been thoroughly documented and assessed before being approved by DA.

There are seven distinct stage-gate phases for the programme which are managed through a payment gateway process. Our testing found that each phase has been set milestones which are required to be completed by the implementation partner Evosys to the Councils standard and requirements. The programme team and business leads will then review the BR100 which is a document that defines the system configuration against the RD11 document that sets out the defined process for the system and reconciles them both to see if it is in line with Councils expectations by the Programme Board and Business Leads.

Once the Council have then agreed that the delivered milestone is satisfactory to the Council a completion note is then produced

by Evosys and signed off by the SRO which then a (Purchase Order) PO is raised.

The Council have also undergone change impact assessment exercise as part of the design phase to identify the impact of moving from current processes to newly defined processes with SME's and business leads. The purpose of the assessment was to identify how the change will impact on policies, people and also determine if there are any gaps and if there is a training requirement or a new policy or a change to ways of working.

Review also identified that the Council has developed a change roadmap to coordinate the change into BAU, which provides visibility of the total change affecting various stakeholder groups at various times. The plan also provides the basis of ensuring that each stakeholder group is ready for the change at the right times. Responsibility for the change to BAU has been designated to the BCM for taking the lead on transition management and also ensuring that business, as usual, is maintained during the transition and the changes are effectively integrated into the business.

As part of the Oracle Fusion implementation, the Council are undergoing a data migration from Oracle EBS R12 to the Oracle Fusion application. The Council engaged with Evosys as the implementation partners which our review identified that there is a clear, open and constructive relationship with Council to aid in the safe delivery of the migration.

It was also identified that there is formal oversight of the migration process through the programme steering and executive steering board via the weekly and monthly governance forums. Responsibility has been assigned to the Councils data migration lead for the day to day management.

The Council have also developed a data migration strategy in collaboration with Evosys. Our review of the strategy identified that the strategy outlines the stages and methods of the migration of data from the legacy to the new platform, as well as data collection, validation and data extracting approaches. From our review, it was also confirmed that Evosys and the Council have established the data mapping and load and cleansing methods. The data migration consists of the following four processes which are to be adopted by the Council and Evosys. (See Appendix 1 for a breakdown of data migration phases and activity)

Due to the sensitivity of data been migrated across, as best practice, our review identified that all consultants who need to access the data migration environment are only permitted via access from a Croydon Council laptop device. In addition, to this data processing and sharing agreements are in place between the Council and Evosys and have been formally signed off.

The Council have established three levels of testing, which testing plans have been clearly designed for each phase. Each phase consists of the following:

- **Unit:** Developer unit tests determine that each conversion program module is successfully completing the task as intended to ensure that each component for the data conversion of an object is functioning as expected.
- **System Test:** User tests that the data that has been converted to the target application is accurate and functioning properly in line with expected business processes. Data validation/reconciliation/testing will be conducted jointly by Croydon Support team and Business.
- **UAT:** Tests that the converted legacy system data functions properly within the Oracle Fusion HCM, Oracle Fusion ERP and Oracle Taleo applications and associated business processes can be undertaken end to end without issue. Full financial reconciliation is completed by the business.

The Council and Evosys have also designed a pass and fail criteria before moving onto the next phase and also go-live decision.

The review identified that a lesson learned exercise was undertaken with a view ahead to improvements for each phase. Issues with data were managed through the data migration cutover plan tracker which details the status of the extraction, validation, upload and reconciliation phase. The tracker is managed and owned by the Councils data migration lead, with regular updates provided to the Programme Manager.

As best practice, the data migrations were signed off by the subject matter experts (SME) or technical leads as well as the data owners.

The Closure Phase:

The programme closure phase could not be fully reviewed, as the programme was set to be completed in late September 2019 (after the fieldwork had completed) due to some critical updates being applied to modules. However, audit were able to assess the adequacy of proposed plans to close the programme.

It was found that the intention of the SRO and Programme Manager is to carry out a formal review of the entire programme to assess if the programme has delivered what it set out to do, as well as any outstanding risk and issues. The review aims to assess the capabilities that have been delivered and the outcomes and benefits as well as assess if the programme has been delivered against its objectives and outcomes covering the programmes vision, benefits, and blueprint business change activities.

Once the review has then been completed the SRO will then decide if the business case has been delivered with all the projects and programme activities adequately completed. The SRO will then recommend to the sponsoring group that the programme is closed which is expected to take place late October 2019, and if needed recommend to the sponsoring group that the business may potentially need some ongoing support to ease with the transition.

The intention is then once the SRO receives a confirmation to close the programme from the sponsoring group the SRO and Programme Manager will then effectively communicate to all stakeholders that the blueprint, outcomes and benefits have been realised and formally communicate the closure of the programme.

DATA MIGRATION PROCESS

| Phase | Activity |
|---|--|
| Assessment 1 | Data Migration Strategy Document |
| Assessment 2 | Data Migration Plan |
| CRP1 - Detailed Design /Build /Unit Testing Data Load 1 | <p>Once the Assessment phase is complete the DM data mapping and ETL preparation phase will commence. Evosys will produce the data mapping templates to complete with Council. During DM workshops the mapping and transformation rules will be reviewed and agreed.</p> <p>Once the ETL routines are completed by Evosys they will unit test each of the data objects and document results. Evosys will load sample data into the CRP1 environment and demo of the data to the council will be performed. During the demo, any identified errors in mapping or transformation will be corrected before DM2.</p> <p>DM1 - CRP1 Exit Criteria</p> <ul style="list-style-type: none"> • Conducted user demo in CRP1 environment for all data objects in the DM scope. • All updates to the DM design/mapping documents that were identified during the unit testing and CRP1 demo are documented. This would include changes to field mappings and transformation rules. <p>All updates to the List of Values (LOV) and any configured changes identified in the DM1 testing and demo all documented in the configuration workbook/documents.</p> |
| CRP2 Data Load 2 | Data will be extracted from the OneOracle 16th JULY 2018 cloned environment. DM2 testing will be the first formal data validation/reconciliation conducted by the Council users. The testing will be performed by the Data owners, functional leads |

and SME. The sections below describe the scope of the DM2 testing and the entry/exit criteria: for this testing phase.

Entry Criteria into DM2 Testing Phase

- Availability of stable fully patched Fusion ERP and HCM Release 13 DEV2 environment.
- All of the Oracle Fusion application configuration and LOV are complete.
- The business team have started the DM validation/reconciliation approach/plan.
- All the Council resources have had the Fusion familiarisation by Croydon project team before executing the DM2 test plan
- Evosys have successfully completed Unit testing.

After the entry criteria has been completed, Evosys will perform the data extract and load (ETL) process. The Council testing will be performed:

- Check the extracted data files, ensure data totals in the legacy system, reconciles to the totals provided in the source data files/spreadsheets. Data files that do not reconcile the need to be investigated and if necessary, re-extracted.
- Data files that do not reconcile would require approval from the respective business user, to go-ahead for uploading into Fusion.
- Test and verify that the data that has been loaded into the target fusion application is accurate and functioning properly in line with expected business processes.
- Checking at field level the mapping and transformation rules have been successfully transformed.
- Check the records migrated are viewable in the enquiry screens.
- Test they are able to update and transact against the record migrated.

| | |
|--|---|
| | <ul style="list-style-type: none"> The data load timings and volumes will be captured and tracked during each load. <p>Exit Criteria from DM2 Testing Phase:</p> <ul style="list-style-type: none"> 90% of the data for each object is successfully loaded or is accountable. <p>All updates to the CV027 that were identified during the DM2 testing phase are documented and signed-off. This would include changes to field mapping and transformation rules.</p> <ul style="list-style-type: none"> All the List of Values (LOV) are configured and documented in the Configuration workbook/documents. Council Data owners and SME have documented test results and signed-off the test plans. <p>All defects documented and resolved or have a resolution plan to rectify before DM3. Including Oracle SR's.</p> |
| <p>Data Testing (SIT)</p> <p>Validation Data Load 3</p> | <p>Prior to UAT Council performs a dry run of the complete data migration cycle with the most current clone of the OneOracle production environment, August month-end data is planned but subject to change.</p> <p>During this phase, the full end-to-end solution for the data migration is executed and full financial reconciliation of data is performed. The cut-over to production data load sequence is executed.</p> <p>Entry Criteria into DM3 Data Validation and Financial Reconciliation Phase</p> <ul style="list-style-type: none"> All the exit criteria from the DM2 testing phase have been completed. Identified which month-end extracts are loaded into DM3 before the ETL routines are executed. All DM3 validation/reconciliation plan prepared. |

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| | <ul style="list-style-type: none">• All of the Oracle fusion application configurations has been completed and set up in GOLD PROD environment, this includes all the LOV.• The P2T environment refresh successfully completed. Availability of stable fully patched and configured Fusion ERP and HCM TEST environment for UAT.• All Council resources performing the testing have access to the TEST environment and the Cloned Legacy environments.• All the Council data migration resources have had the fusion application training this includes end-users <p>Council will carry out the following testing in DM3 UAT:</p> <ul style="list-style-type: none">• Council will perform full data validation and financial reconciliation and sign-off data migration.• As part of UAT Council will ensure all end to end business processes can be undertaken without issue based on the DM test scripts.• Both the HCM and ERP financial reconciliation is carried out in this phase.• Ensure migrated data totals and account balances reconcile between source and target systems.• Any account level variances are defined and accepted.• Any data issues identified are accepted and agreed to be resolved manually.• After successfully testing and reconciling each of the data objects, they will be signed-off by the relevant Council Data Object Business Owners and SME. This is the final user acceptance before loading the data into the production system. <p>Exit Criteria from DM3 Reconciliation Phase:</p> <ul style="list-style-type: none">• Oracle Fusion configuration is completed in PROD.• 100% of the data load was successfully completed or is accountable. |
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| | <ul style="list-style-type: none">• There are no severity 1 errors.• Council data owners and SME have signed-off the data validation/reconciliation and test results.• Manual entry of data identified due to data issues are agreed and signed-off.• Procedure/cutover steps to enter into production is defined.• HCM and ERP Financial reconciliation completed, and variances defined and signed-off.• The business has confirmed go-live and production load. |
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TERMS OF REFERENCE

1. INTRODUCTION AND BACKGROUND

1.1 This audit is part of the agreed Internal Audit Plan for 2018/19.

London Borough of Croydon initiated the Oracle Cloud Project in January 2018. This will replace the existing Oracle e-business suite R12, which will soon not be supported with the cloud-based solution that Oracle now provides to their clients.

The Authority is currently anticipating the implementation for April/May 2018, with the assistance of Evosys (implementation partner). User acceptance testing (UAT) is expected to begin in February 2018.

2. OBJECTIVES AND METHODOLOGY

2.1 The overall objective of this internal audit is to provide the Members, the Chief Executive and other officers with reasonable, but not absolute, assurance as to the adequacy and effectiveness of the project management governance controls relating to the following management objectives:

3. SCOPE





3.1 The audit included the following specific areas:

| Control Areas/Risks | Identified Issues | | |
|---|----------------------|------------------------|---------------------|
| | Priority 1 (High) | Priority 2 (Medium) | Priority 3 (Low) |
| Corporate Project Management Arrangements | 0 | 0 | 0 |
| Program Management Arrangements | 0 | 1 | 0 |
| Programme Planning | 0 | 0 | 0 |
| Programme Monitoring | 0 | 1 | 0 |
| Programme Delivery | 0 | 0 | 0 |
| Post Programme Review | 0 | 0 | 0 |

DEFINITIONS FOR AUDIT OPINIONS AND IDENTIFIED ISSUES

In order to assist management in using our reports:

We categorise our **audit assurance opinion** according to our overall assessment of the risk management system, effectiveness of the controls in place and the level of compliance with these controls and the action being taken to remedy significant findings or weaknesses.

| | | |
|---|-----------------------|---|
|  | Full Assurance | There is a sound system of control designed to achieve the system objectives and the controls are consistently applied. |
|  | Substantial Assurance | While there is basically a sound system of control to achieve the system objectives, there are weaknesses in the design or level of non-compliance which may put this achievement at risk. |
|  | Limited Assurance | There are significant weaknesses in key areas of system controls and/or non-compliance that puts achieving the system objectives at risk. |
|  | No Assurance | Controls are non-existent or weak and/or there are high levels of non-compliance, leaving the system open to the high risk of error or abuse which could result in financial loss and/or reputational damage. |

Priorities assigned to identified issues are based on the following criteria:

| | |
|--------------------------------|---|
| Priority 1 (High) | Fundamental control weaknesses that require the immediate attention of management to mitigate significant exposure to risk. |
| Priority 2 (Medium) | Control weakness that represents an exposure to risk and requires timely action. |
| Priority 3 (Low) | Although control weaknesses are considered to be relatively minor and low risk, action to address still provides an opportunity for improvement. May also apply to areas considered to be of best practice. |

STATEMENT OF RESPONSIBILITY

We take responsibility to the London Borough of Croydon for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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