eCity Initiative – Improvements Needed in Governance, Management and Accountability

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TORONTO Auditor General's Office

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EXECUTIVE SUMMARY

eCity Vision endorsed by City Council 2002	The eCity Vision endorsed by City Council in 2002 envisioned the use of information technology to create an *"enabled City"* to better serve the people. In October 2010, management's Business Executive Committee approved the revitalized eCity Vision *"Your local government anytime, anywhere"*.
City moving forward with eCity Vision	The City has set out to make services and information available to the public through multiple channels. Certain initiatives that have taken place include the creation of the Five-Year eService Strategic Plan, a revitalized eCity Vision, and the approval of six eCity Visionary statements and four eCity Strategic Goals. Management has identified 17 priority initiatives as part of the road map to implement the eService Strategy for which work is ongoing.
City invests in eCity Vision	To date the City has retained two consulting firms to develop the eService Strategic Plan and eManagement Strategy. The total value of both consulting contracts awarded to date is $580,000. In addition the City has invested internal human capital resources that continue to work towards the achievement of the eCity Vision.
Why we did this review	The Auditor General's Work Plan included a review of the eCity Vision framework to assess the tangible results achieved to date. We focused our audit work on IT governance, the Five-Year eService Strategic Plan, and mandate of the Service Office. Each one of these areas are important to the success of the eCity Vision.
Objective of this Review	The overall objective of our review was to determine if there is an adequate accountability and governance framework in place for the City to successfully achieve the eCity Vision by 2015.

eCity implementation plan fragmented	eCity goals and objectives need to be aligned with the City's IT governance framework. To be effective, the IT governance framework needs an integrated implementation plan. An effective IT governance structure ensures there is a proper framework in place for the City to achieve its goals and objectives in a cost effective manner.
No permanent funding for Service Office	One of the recommendations from the Five-Year eService Strategic Plan was that a Service Office should be created to oversee the implementation of the eService Strategic Plan. Permanent funding was never made available to ensure a fully staffed and functioning Service Office.
Follow-up on 22 recommendations inconclusive	An interim report on the City's Five-Year eService Strategic Plan was provided to the eService Committee in June 2009. Our subsequent follow-up on the report's 22 recommendations was inconclusive given the lack of short-term measurable targets, detailed action plans and overall accountability for the strategy.
eCity has no performance measurement indicators	Performance measurement indicators that are relevant, reliable and quantifiable allow an organization to evaluate the success or shortcomings of a program's goals and objectives. In the case of eCity we found them to be absent. This hindered our ability to assess progress made in implementing the eService Strategic Plan.
eManagement Strategy should leverage from eService lessons learned	The City recently retained the services of a consulting firm to develop the eManagement Strategy. It is expected that the eManagement Strategy will leverage upon the accrued knowledge and "lessons learned" from the eService Strategic Plan. To ensure value for money is obtained from the contract a proper accountability framework should be in place that has measurable and observable tangible results.

Conclusion

Implementation of recommendations contained in this report will improve accountability and assist in providing the proper framework for successfully achieving the eCity Vision.

BACKGROUND

2002 City Council endorses eCity

In 2002, City Council endorsed an information and technology vision and framework for Toronto referred to as eCity or "*enabled City*".

The vision is based on the premise that an enabled City will enhance service and delivery of information to City residents, businesses and visitors through a more responsive, effective and efficient Toronto Public Service. This allows flexible and open access to City Government through various channels and devices.

eCity Vision statement and goals

On October 15, 2010 the Business Executive Committee formerly known as the Business Advisory Panel approved the revitalized 2010 to 2015 eCity vision and vision statement *"Your local government anytime, anywhere"*. The eCity Vision has the following three goals:

- *"Personalized and Easy Access – Provides simple and easy access to services and information that meet citizen needs.*

- *Open and Accessible Participation – Instills citizen trust and confidence in local government through civic engagement and democracy.*

- *Reliable and Efficient Operational Excellence – Uses technology and shared services to strengthen and establish customer service, operational and workforce excellence."*

eCity Vision Framework

There are four aspects to the eCity Vision framework as approved by the Business Executive Committee:

- eFoundation – Refers to the underlying information technology infrastructure and enterprise architecture for various information and technology solutions and platforms. IT platforms include data and voice networks, data centres, desktop computers, e-mail and internet. Enterprise architecture promotes an integrated solution that is expandable and reusable while maintaining privacy and security. The Enterprise Architecture Review Committee supports this aspect.

- eManagement – Supports initiatives and activities sustaining City business operations while enhancing operational efficiency. eManagement initiatives should provide a seamless and user friendly IT experience for City employees. The eManagement Committee supports this aspect.

- eService – Supports initiatives that provide online and other technology enabled services to City residents, businesses and visitors through various IT channels. eService access should provide City services in a simple, uniform, and customizable manner. The eService Committee supports this aspect.

- eGovernment – Supports accountable and transparent government committed to openness and access to government while protecting the privacy and security of personal information collected. eGovernment provides citizens and special interest groups access to City data. The Open Government Committee supports this aspect.

Ten-year Information and Technology capital budget

As part of the City's annual capital budgeting process the Information and Technology (I&T) Division is governed by a decision making and prioritization process which assists in determining which IT capital assets are required to provide and maintain City IT service levels.

Table 1 summarizes the Ten-Year Capital Budget for each of the four aspects of the eCity Vision framework.

Table 1: Ten-Year IT Capital Budget for eCity as of June 2012

IT Capital Budget 2012-2021		
eCity Category	**Budgeted ($000's)**	**# of Projects**
eService	49,078	24
eManagement	189,243	108
eGovernment	48,774	25
eFoundation	82,747	28
Future Requirements	173,190	8
TOTALS	**$543,032**	**193**

AUDIT OBJECTIVES, SCOPE AND METHODOLOGY

Why we conducted this audit

The revitalized 2010 to 2015 eCity Vision was approved by the Business Executive Committee in 2010 to reflect the role of IT to enable City programs and services that are delivered to City residents, businesses and visitors by the Toronto Public Service.

The Auditor General's Work Plan included a review of the eCity Vision framework to assess the tangible results achieved to date.

Audit Objective

The objectives of this review were to:

- Determine if the eCity IT governance structure has a clearly defined reporting structure that addresses IT governance strategic alignment, performance measurement, risk management, value for money service delivery and resource management.

- Determine if report recommendations contained in the Five-year eService Strategic Plan have been addressed accordingly and are aligned with the eService Vision statement "Toronto at your Service".

- Determine if the mandate of the Service Office reflected in the Service Office Terms of Reference and Action Plan has been achieved.

Audit Scope

Given the broad mandate of the eCity Vision the scope of our review was limited to areas deemed important to the successful implementation of the vision. These areas include:

- eCity IT governance
- Five-Year eService Strategic Plan
- Mandate of the Service Office

Audit Methodology

Our audit methodology included the following:

- Interviews with eCity stakeholders and senior management executive sponsors

- Review of committee meeting minutes and decision documents

- Review of relevant documentation and presentations

- Review of the Five-Year eService Strategic Plan documents

- Follow-up on the implementation status of the recommendations contained in the Five-Year eService Strategic Plan

- Follow-up on the mandate of the Service Office Terms of Reference and Action Plan

Compliance with generally accepted government auditing standards

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

AUDIT RESULTS

A. IT Governance Structure Needs Improvement

City Manager requests review of IM and IT staff committees

In August 2010, the City Manager directed "*The City Clerk and Chief Information Officer (will) review and rationalize the IM (Information Management) and IT (Information Technology) staff committees and working groups established at the policy and operational levels, in the context of an IM policy lead and clarification of IM roles with a view to reducing their number and focusing their Mandate.*"

In July 2011, representatives from the City IT Division, City Clerk's Office and Strategic Communications commenced the requested review with the goal to reduce staff meeting times, develop clear and concise committee mandates and define a clear reporting structure with appropriate and effective leadership.

In April 2012, a new proposed IT governance structure was presented to the Business Executive Committee for consideration.

Management has indicated that work is currently underway to develop an eCity Integrated Work Plan.

IT governance defined

The Institute of Internal Auditors' International (IIA's) International Professional Practices Framework (IPPF) defines IT governance as follows:

"IT governance consists of the leadership, organizational structures, and processes that ensure that the enterprise's [IT] supports the organization's strategies and objectives."

An effective IT governance structure manages IT operations and IT projects so they are aligned with the requirements of the organization defined in the strategic plan.

Proper alignment requires that:

- Management understands the roles and responsibilities of information technology

- The organizational needs and objectives are clearly articulated to information and technology staff

- The organizational objectives and needs are applied and monitored via an appropriate governance structure and accountability framework

Need to inform, direct, manage, and monitor activities

We identified the following issues during our assessment of the IT governance process:

- No clear ownership and accountability for the eCity governance structure

- Need to improve process to identify and report project risks and issues to a governance committee

- Limited monitoring and reporting on the status of eCity projects

- Governance committee reporting structure, roles and responsibilities that are not clearly defined

- A governance model that does not fully address resource management, prioritization and funding of eCity capital projects.

Appropriate governance over the implementation of the eCity Vision assures that alternatives are evaluated, execution is appropriately directed and performance is monitored. Ultimately this allows the organization to achieve its goals in an efficient, timely and cost effective manner.

Previous Auditor General reports

The Auditor General has previously reported on IT governance and the need to manage IT operations and projects to ensure alignment between these activities and the City's strategic plan including:

- Management of City Information Technology Assets – January 2006

- The Management of Information Technology Projects – Toronto Transit Commission October 2007

- Governance and Management of City Wireless Technology – March 2010

- Governance and Management of City Computer Software – January 2011

Recommendation:

1. **City Council request the Chief Information Officer in consultation with the Business Executive Committee ensure that the IT governance framework is aligned with the strategic goals and objectives of the eCity Integrated Work Plan once it has been finalized.**

B. Service Office Function, Mandate, Organizational Alignment Not Fulfilled

In 2008, the City's Information and Technology Division retained the professional services of a consulting firm to develop a Five-Year eService Strategy in part to revitalize the eCity Vision. The value of the eService contract amounted to approximately $300,000 out of a total of $580,000 spent on consulting and included the following deliverables:

- Five Year eService Strategic Plan
- eService Strategic Plan Channel Strategy
- Service Office Terms of Reference and Action Plan
- Service Policy

Establishment of Service Office identified as higher priority initiative	The Five-Year eService Strategy identified a number of higher priority initiatives that would accelerate the implementation of eService. One of these initiatives relates to eService governance and the development and implementation of a Service Office Work Plan.

The creation of the Service Office was seen as an integral part to the achievement of the eService Vision of *"Toronto at your Service"*. As an interim measure, the Service Office is located in 311 Toronto. |
| ***Six strategies for implementing eService*** | From the report the City has adopted six strategies for implementing the eService Strategy:

- *"Bundling Services for People Centricity*
- *Adopting a Language of Services*
- *Investing in Common Enabling Services*
- *Developing a Culture of Service Excellence*
- *Governing for "Acting as One"*
- *Leverage Existing Initiatives and Approaches."* |
| ***Service Office mandate*** | The Service Office Terms of Reference and Action Plan states, *"The mandate of the Service Office is to implement the eService Strategic Plan."* |
| ***Service Office roles*** | The Service Office has four roles as follows:

- Engaging and Informing – increase awareness of eService Vision and strategic direction, work with stakeholders to leverage and promote further development
- Influencing and Encouraging – examine projects underway and engage stakeholders to instill eService Strategy and direction into project plans
- Challenging and Supporting – engage stakeholder dialogue through working groups and committees
- Recommending and Directing – as strategy evolves and matures to provide and recommend new strategic direction |

Service Office has no direct funding, no permanent organization location	As part of our review we followed-up on the Service Office Action Plan to assess progress made. We were unable to ascertain project status given that the function of the Service Office has never fully materialized.

From August 2009 to July 2011, the Service Office was staffed part-time by a Project Manager on a temporary assignment. We were informed by management that the Service Office has no direct funding and no permanent organization location within the City.

Initially a Service Task Force was established to support eService governance and to oversee implementation of several priority initiatives for the strategy. The Service Task Force included eServices Task Force members, "Bundle Champions" for the residents, business and visitor service bundles, members of the eService Project Management Office and the eServices Strategic Plan Project Working Group.

The eServices Task Force was combined with the eService Committee in September 2010 and the eService Project Management Office transitioned to the Service Office in 2010. The Service Task Force was dissolved. |
| *Service Office function does not exist* | Management has recognized that the function of the Service Office essentially does not exist. In November 2011, the eService Sub-Committee suggested the use of the "Champion Group" as an interim approach. No further discussions have been planned pending the completion of the eCity Integrated Work Plan. |
| *No accountability framework* | This is not a practical or sustainable solution given the state of the IT governance structure and the current lack of an accountability framework for the eService Strategy. |

Recommendation:

2.   **City Council request the City Manager in consultation with the Business Executive Committee assess the relevance and role of the Service Office and if necessary to finalize the Service Office organizational alignment.**

C.   Five-Year eService Strategic Plan Needs Review

Five-Year eService Strategic Plan

In June 2009, the City's external consultant provided an interim report on the Five-Year eService Strategic Plan. The interim report included an implementation roadmap and recommendations for multi-year information technology related investments to enable the eServices Strategy.

Our Follow-up on 22 report recommendations was inconclusive

We followed-up on the interim report's 22 recommendations by meeting with the eCity management consultants and reviewed relevant documentation. Our assessment of management action taken to date was inconclusive given the absence of short-term measurable targets, detailed action plans and no apparent overall accountability for the eService Strategy.

eService Strategy report recommendation on "governance and funding"

Governance provides assurance that an accountability framework and process are in place to provide appropriate evaluation, direction and monitoring of the organization's vision and goals. In particular, we noted that the following eService Strategic Plan interim report recommendation on "Governance and Funding" has not been fully implemented:

- *"A Transitional Governance approach be adopted by the City*

- *A Service Task Force be established immediately transitioning to a Service Office to provide full-time support and leadership for the eService Strategic Plan. The organizational location should be a strategic consideration.*

- *The eService registry function be led and established by the Service Task Force and Service Office and the role of the BAP be expanded to incorporate an enterprise eService framework.*

- *The Service Task Force and Service Office work with all divisions to identify "things in common" (service bundles) that can be used as catalyst projects around which to develop pragmatic governance and funding framework for eService implementation."*

Service Office has not been fully established

Although the eService Task Force was initially established the final transition to a permanent governance model has not been completed, notably the Service Office. The implementation of the registry function will provide an inventory of common components that forms the foundation for the eService Strategy. According to management work on the governance and funding framework to achieve the eCity Vision is ongoing.

eService Strategy report recommendations not fully addressed

Other significant recommendations that have not been fully addressed in the report include the following:

- *"Additional effort in costing eService Strategic Plan implementation be undertaken in concert with 2010 Capital Planning, with leadership through the Service Task Force."*

- *"Internal Services (e.g. Financial Planning and Information Technology) and City Clerk's Office (e.g. Corporate Access and Privacy) review all eService Strategic Plan short term initiatives identified for their area of responsibility and consider re-allocation of existing efforts towards addressing the identified initiatives."*

Costing of eService Strategic Plan not completed

The costing of the eService Strategic Plan was never completed by management. Given the City's fiscal situation this should be addressed as soon as possible in order that proper budgetary planning can occur.

eService Strategic Plan should be revisited

The Five-Year eService Strategic Plan since being issued has not been periodically reviewed and updated. The majority of the report's recommendations have not been fully implemented and should be reviewed to determine if they are still relevant or need to be realigned.

In May 2010, the eService Task Force identified 17 priority projects/initiatives as part of the eService Strategy implementation plan. The most recent summary report prepared by the eCity Program Office in August 2011 indicates six projects are complete, seven projects are in the execution phase, one project is in the planning phase, one project has been initiated, one project has been closed and one project requires more information.

Recommendations:

3. **City Council request the Chief Information Officer in consultation with the Business Executive Committee review the relevancy of the eService Strategic Plan recommendations and update the plan accordingly.**

4. **City Council request the Chief Information Officer in consultation with the Business Executive Committee develop an accountability framework to manage the implementation of the eService Strategic Plan.**

5. **City Council request the Chief Information Officer and Business Executive Committee jointly report back to the City Manager on the achievement of significant milestones and project delays.**

D. Performance Measures Not Implemented for eCity Vision

Performance measures provide an organization with the means to determine if their objectives have been achieved. Such measurements can support the implementation of the eCity Vision by identifying areas that have met or are have not met expectations.

Performance measurements should be established

The eCity Vision does not have defined performance measures or targets that are aligned to the vision, goals and objectives of the strategy. Performance measures provide a means for management to measure and manage efficiency, effectiveness and accountability in the implementation of the strategy.

As previously mentioned our assessment of the implementation status of the eService Strategic Plan was inconclusive. This was in part due to the absence of performance measures.

Recommendation:

6. **City Council request the Chief Information Officer in consultation with the Business Executive Committee develop performance measures for the eCity Vision that are relevant, reliable and measurable.**

E.   Develop an Accountability Framework for eCity Vision Going Forward

In 2009/2010 the City adopted an eService Strategic Plan along with an implementation road map. While eService is the "public face" of the City's Operations, eManagement refers to the "back office operations" that enable the City's eService initiatives.

To further develop the eCity Vision, the eManagement Committee and Technology Division identified the need for a city-wide eManagement Strategy. The expectation is that the eManagement Strategy project can leverage upon the experiences and outcomes of the eService Strategic Plan.

eManagement Strategy project objectives

"The objectives of the Project are to develop a clear, comprehensive, meaningful and achievable eManagement Strategy for improving efficiencies in internal business processes, to support the City's delivery of public services."

eManagement Strategy contract has been awarded

The contract to develop an eManagement Strategy has been awarded to the successful proponent and the consulting firm will commence work shortly. The value of this current contract amounts to approximately $280,000 out of a total of $580,000 spent on consulting.

eManagement should take note of "lessons learned"

As discussed, the implementation of the eService Strategy has been hindered by the lack of an adequate governance and accountability framework. As such the executive sponsor of the eManagement Strategy should be cognizant of this going forward to avoid a similar occurrence.

> **Recommendation:**
>
> 7.   **City Council request the Chief Information Officer in consultation with the Business Executive Committee develop an accountability framework to manage the implementation of the eManagement Strategy to ensure a successful outcome and maximize the value for money from the consulting contract.**

CONCLUSION

In 2002 the City initiated efforts to build the eCity Vision. At the time it was believed that this would position the City at the forefront of information management, technology and service delivery.

Our review of the eCity Vision IT governance structure, Five-Year eService Strategic Plan, and Service Office mandate has shown that limited progress has been made.

The eCity Vision may fail without a proper accountability framework and work plan in place. A disciplined and sustained approach should be fully supported by senior management in order to achieve eCity's full potential.