AUDIT INFORMATION

Audit Unit: Customer Relationship Management (CRM) Implementation & On-going Operations

Date Issued: October 11, 2019

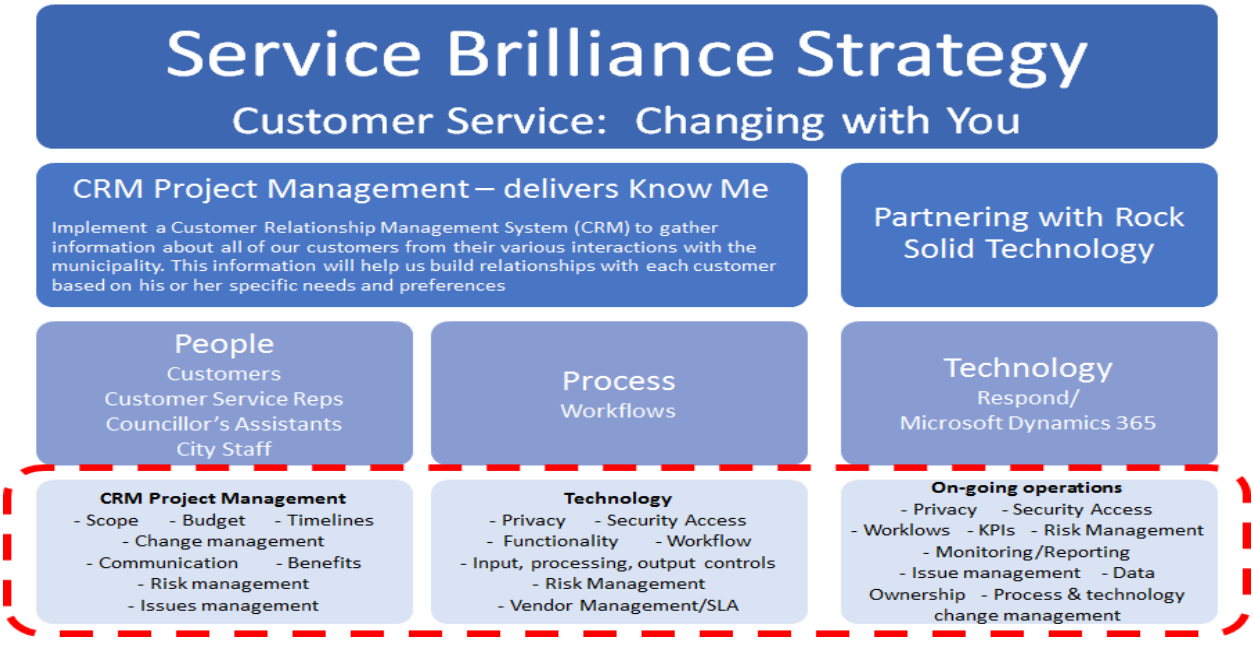
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SUMMARY OF AUDIT RESULTS

Area of Focus



SUMMARY OF AUDIT RESULTS

What is Working Well

- The completion of a comprehensive Privacy Impact Assessment to determine the functional and technical requirements to protect data.
- Steering Committee members, project team members and working group members indicated their comfort in talking about risks and what to do about the risks.
- Communication updates are provided regularly through 360 Burlington and working group meetings.
- Configuration and operational issues are being logged and tracked to resolution.

Project Status

In mid-August 2019, the CRM project steering committee considered issues raised by the project manager and made the decision to pause the implementation of the CRM application for 3 months. This pause is intended to provide the opportunity to:

- Define and approve long term Customer Service delivery model including staffing strategy
- Expedite Business Process Management, reporting and statistical analysis to estimate departmental staffing and service impacts
- Confirm the project and operational teams required for CRM and Service Burlington implementation
- Plan a coordinated approach for online customer experience to rationalize the number of tools used.

Findings by Severity

(See definitions on Page 36)

Category	Area of Focus	Risk Category	Risk Severity
CRM Project Management	Governance	Performance & Responsibility	Medium
	Change Management	Project Management	High
	Risk Management	Process	Medium
Technology	Privacy	Privacy & Confidentiality	Low
	Vendor Management	Vendor and/or Supplier Performance	Low
On-going Operations	Security Access	Process	Low
	Continuity of Operations	System Failures	Medium

Refer to **Appendix 1** (page 8) for details of the audit findings and recommendations.

Overall Rating

Fair

(See definitions on Page 36)

Why?

At its current implementation point, CRM Phase 1 has not delivered the intended benefits and advanced the Service Brilliance Strategy. The technology and processes have not been embraced by all current users. The steering committee has paused the

implementation to address the on-going operational model and how CRM aligns with other initiatives to achieve the Service Brilliance Strategy.

Governance

- Project governance roles and responsibilities are not clearly defined including the authority for decisions.

Change Management

- The people side of change for the CRM implementation was not sufficiently developed to realize the benefits that this system was expected to deliver. As such, more time and resources have been, and will likely continue to be, required to re-work the solution and re-train the staff all within an environment that will be implementing more large-scale and complex changes

Risk Management

- Risk identification, assessment and monitoring processes including who has authority to make decisions about risk acceptance are not clearly defined and operating as expected.

Continuity of Operations

- Business continuity plans are not defined to protect the City against service disruptions.

Closing Comments

There are a number of people who were involved in this audit. We thank the CRM users in Clerk's Department, Councillor Offices, and Transportation, members of the CRM Steering Committee, the CRM Project team, and the CRM Working Group and ITS staff for the cooperation and support extended to us during this audit.

Management Comments:

CRM Project - CRM is a high impact project with long term impacts and benefits for the City. The Steering Committee supports a pause in the project to address lessons learned during the Phase 1 implementation in Clerks and Transportation and incorporate a broader approach, beyond software implementation, to support the Customer Service Strategy and align with corporate strategic goals. An external consultant has been engaged to address key areas of focus to strategically reposition the project for success. Findings and recommendations will be delivered at the end of January 2020. Action items arising from this audit will be addressed in a timely manner and may be influenced by the outcomes of this engagement.

The management team recognizes that there has been significant staff turnover during the course of the project on the project team which has presented challenges in managing project risk, deliverables and timelines. The audit represents an opportunity to address gaps and reposition the project and governance structure to ensure an effective project outcome and achievement of project goals.

Corporate Project Management - Management is supportive of the Audit findings and is committed to implementing the recommendations.

CITY OF Burlington

DETAILED AUDIT REPORT

Customer Relationship Management (CRM) Implementation & On-going Operations.

Background

In early 2016, the City hired AtFocus Inc. consulting firm to help create a Customer Service Strategy for the corporation – Service Brilliance. One of the goals of the strategy is to transform the way the City interacts with its customers. The implementation of a Corporate Customer Relationship Management (CRM) and Knowledge Base (KB) solution is projected to improve customer service in City services through greater efficiencies in the management of queries, requests, and issues.

CRM Project

The focus of the CRM implementation includes the following departments: Clerks (Service Burlington); Transportation; Roads, Parks & Forestry (RPF); Community Planning; Transit; as well as, Council offices. The rollout involves a business assessment to evaluate the degree of integration with Service Burlington regarding customer service delivery prior to implementation in the respective department. Business analysis and business process mapping are used to help determine which customer connections are appropriate for Service Burlington to deliver on behalf of the department. Processes are examined with the goal of reducing turnaround time for requests requiring follow-up or involving multiple sequential steps. Further, delivery service standards are to be reviewed and communicated to customers in order to manage expectations for service delivery.

A business assessment is to be completed as part of the project to evaluate future system expansion including: Recreation, Finance, Capital Works, and Legal.

Technology

The City has chosen a solution developed by Rock Solid Technologies (RSTI), which is specifically designed to address customer relations management within small to medium-sized municipalities and is integrated with Microsoft Dynamics. The solution, containing Customer Relation Management ("CRM") and Knowledge Base ("KB") components, is branded as RESPOND and is designed to centralize the City's customer contact centre.

The solution is being provided as a Software-as-a-Service ("SaaS") solution, where the City has two multi-tenant instances of the solution (one for production and one for testing/quality assurance). RSTI uses a cloud-based hosting provider, Dimension Data, to provide its RESPOND service and ensure its availability.

Project Structure

The CRM project is supported by:

- Steering Committee – 9 department directors and the project manager
- Project Champion - the City Manager
- Project Sponsor – Director, Clerk's Department
- Project Team –

  - project manager (project dedicated),
  - business operations coordinator (project dedicated),
  - IT business analyst (originally part-time; now project dedicated),
  - business lead (part-time from Clerk's Department),
  - business process coordinator (part-time),
  - corporate change management lead (originally part-time, now project dedicated),
  - communications lead (part-time)
- Working Group - 9 subject matter experts from included departments in addition to the project team.

Project Challenges

The CRM project has faced a long journey to acceptance within the organization. The idea for CRM was first proposed over 10 years ago. The project began in early 2016 and its place as a corporate project was established in 2017. Since then, the project has experienced several challenges:

- Project Team - The project team was originally established within Clerk's Department and transitioned to the Corporate Strategy and Projects Office in early 2018.
- Project Manager – this role has been filled by 4 individuals since the project started in 2016. The most recent transition occurred in May 2019.
- Business Lead – This role has recently transitioned to a new City employee. The previous business lead had significant corporate knowledge of the project given their role as initial project manager and their involvement in the RFP, vendor selection and privacy impact assessment.
- Project Champion – This role transitioned to a new employee in January 2019.
- Training Lead – This role has recently changed.
- Steering Committee – The steering committee was the original Customer Service Steering Committee (since 2015), transitioning to the project steering committee with membership expansion/change in 2018.
- Corporate change management lead – this role was assigned to the project, with 20% availability, in early 2018.
- Information Technology – the involvement of ITS in the project was limited. While involved in the RFP process and vendor assessment, their involvement in the implementation was focused on integration with existing systems and preliminary security assessments.

Audit Objectives

This audit assesses the design and operating effectiveness of controls to assure:

- CRM Phase 1 delivers the intended benefits and advances the Service Brilliance Strategy,
- Data is appropriately secured before, during and after use,
- CRM Phase 1 technology and processes are embraced by users,
- CRM can be extendable to all areas, and
- The functionality of CRM technology is effectively harnessed in the organization.

Audit Scope

The audit scope included the following:

- CRM Phase 1 project management - project governance, change management, communication, risk management and issues management.
- CRM technology and workflows - privacy, security access, functionality, workflow, risk management, vendor management/SLA, application controls.
- CRM Phase 1 on-going operations - privacy, security access, risk management, issue management, and data ownership.

External experts worked with the City Auditor with focus on the areas of people change management and information technology.

The scope of the review specifically excluded the procurement/purchasing process and decisioning leading to the selection of Rock Solid Technology as the vendor for CRM software and implementation support.

Role of Management & Inherent Risk

Management is responsible for designing internal controls to lessen the risks in the service or activity and to meet the following objectives:

- Safeguarding of assets (including reputation)
- Compliance with laws, regulations and corporate policies
- Reliability and integrity of financial and operational information
- Efficiency and effectiveness of operations.

Risk Category / Definition	Inherent Risk Magnitude
Project Management - Loss arising from inception to sustained operational implementation of a project	High
Performance & Responsibility - Loss arising from failure to demonstrate accountability for key responsibilities.	High
Vendor and/or Supplier Performance - Loss arising from vendor relationships.	High
Efficiency - Loss arising from inefficient processing	High
Process - Loss arising from transactions processing or process management.	High
Theft and Fraud – Internal - Loss arising from acts intended to defraud or misappropriate property or assets, involving at least one internal party.	Medium
Unauthorized Activity - Loss arising from acts, involving at least one internal party, intended to circumvent regulations, the law or City policy.	Medium

Risk Category / Definition	Inherent Risk Magnitude
Community Trust/Confidence - Loss arising from an activity undertaken by the City or its representatives that will impair its image in the community or lower public confidence in it.	Medium
Client/Customer - Loss arising from transactions processing or process management related to the intake of clients.	Medium
System Failures - Loss arising from disruption of business services	Medium
Privacy & Confidentiality - Loss arising from an authorized or negligent failure to meet a professional obligation to safeguard employee, citizen, and/or organizational information.	Medium

Legend:
High – significant/large/critical impact on City operations, financial results and/or image
Medium – moderate/modest/sensitive impact on City operations financial results and/or image
Low – insignificant/little/subtle impact on City operations, financial results and/or image

Audit Finding #1	**Risk Category:** Performance & Responsibility	**Severity:** Medium

CRM Project Management

Governance

What is happening?
The CRM project charter indicates project oversight by named individuals who are directors of participating departments, managers from partner functions, and the project manager.

The governance section in the CRM project charter, approved by the Steering Committee, is not specific regarding the roles, responsibilities and authority of the steering committee members; it does not describe who can make what types of decisions (e.g. operating, technical, strategic, risk acceptance, etc.) and how such decisions are to be made. Also, the responsibilities and authority of the project sponsor are not defined.

The governance section does describe the role for the project manager and other project team members; yet does not describe the authority for decisions (i.e. what types of decisions can be made and how such decisions are to be made).

The members of the project steering committee were previously members of the Customer Service Steering Committee (CSSC) whose terms of reference (TOR) offered a much broader scope of responsibility for a range of initiatives (the "program") linked to the Customer Service Strategy; not just CRM. The CRM Charter reflects just the CRM implementation. At some point in time, the CSSC TOR was replaced by the CRM Charter; the CRM charter was approved by the steering committee February 1, 2018. This change left a gap in the Customer Service Strategy program implementation.

Agendas were provided for meetings (except for months/times when meetings did not occur). Project updates were provided (either at meetings or by email when no meeting occurred). Minutes, while recorded, were not distributed or reviewed from meeting to meeting. Follow up of action items is not apparent from the agendas and minutes. Decisions of the committee are not clearly documented in minutes.

Since its February 2018 inception, the CRM project steering committee met 7 times in 2018 and 6 times in 2019. In these meetings, member participation was as low as 50% in 3 meetings and as high as 80% in 3 meetings.

What is the impact?
Whether a program or a project, clarity of roles, responsibilities and decision-making authority establish the foundation for accountability, improve productivity, save time, minimize conflict and set shared expectations and understanding of the project/program mission and deliverables.

Governance (continued)

What is the impact (continued)?
The breadth and depth of discussions, member participation, and meeting frequency are factors contributing to project governance. When any one or all of these factors are not operating as intended, the governance of the project may not be effective.

Documentation of discussions and decisions establish the corporate record and serve as both internal and project/program communications and succession/ transition tools. When key decisions of the various teams are not comprehensively recorded, gaps and lapse in knowledge may occur and rework may be required to fill in the gaps and lapses.

Recommendations:

CRM Project:
The current pause in the CRM project implementation provides the opportunity for the steering committee to re-group and consider its mandate and effectiveness including:

- Definition of broader plans to coordinate and implement initiatives to deliver the Service Brilliance Strategy.

- Clearly define the roles, responsibilities and authority of the steering committee, project sponsor, and project team members in an updated project charter (or program charter.

- Conduct a self-assessment of the Steering Committee's effectiveness considering quality of information for discussions, meeting attendance and meeting frequency.

- Establish a decisions document to track key decisions made (i.e. steering committee, project sponsor, and project manager). This log will also support on-boarding of new steering committee members, project team members and on-going operations.

Corporate Project Management:
- Update the City Corporate Project Charter Template to include sections defining:
    - the roles and responsibility for the steering committee members and the project sponsor,
    - the authority of the steering committee, project manager, and project sponsor in decision-making,
    - frequency of meetings, and
    - steering committee members by position (rather than name as this minimizes the need for updates as a result of staff turnover).

- Create a list of questions to support and encourage steering committee effectiveness discussions.

Governance (continued)

Recommendations: (continued)

Corporate Project Management: (continued)

- Create a standard template for project managers to track key decisions made by all parties in the project (i.e. project manager, project sponsor, and steering committee).

- Apply the recommendations from the CRM Project to other corporate projects (in progress) to enhance and support effective project governance.

Management Action Plan – Audit Finding #1

Comments: Agree

Action Plan:
CRM Project: Recommendations from the project review and consulting engagement will be considered in order to accomplish the following:

- Review and refine the existing governance structure to support strategic and project customer service objectives.
- Develop guidelines for governance team members' responsibilities and decision making.
- Revise the project/program charter.
- Decision documents to track key decisions

Corporate Project Management: The Corporate Project Office is committed to the following actions:

- Update the City Corporate Project Charter Template as outlined in the recommendation
- Creating a list of questions to support and encourage steering committee effectiveness discussions.
- Creating a standard template for project managers to track key decisions made by all parties in the project (i.e. project manager, project sponsor, and steering committee).

Responsibility:
CRM Project: Executive Lead Customer Experience
Corporate Project Management: Manager Strategic Initiatives and Corporate Projects

Target Date:
CRM Project: Q1 2020
Corporate Project Management: Q1 2020

Audit Finding #2	**Risk Category:** Project Management	**Severity:** High

CRM Project Management

People Change Management

Prosci Canada is the Canadian operations of Prosci Inc., a world leader in change management best practice research and provider of change management methods, tools and certification. Prosci Canada were engaged to perform a best practice audit to assess the effectiveness of the change management practices within the CRM project.

What is happening?

The CRM project charter identifies critical success factors; specifically, "Staff buy-in achieved through a robust change management strategy resulting in system acceptance, comprehensive training and end user understanding."

From responses to the risk management practices survey, the most problematic area is that of People risks – resource, adaptation and change. Across the steering committee, working group and project team, the level of confidence is very low regarding how this risk is being managed.

The people side of change for the CRM implementation was not sufficiently developed to realize the benefits that this system was expected to deliver. As such, more time and resources have been and will likely continue to be required to re-work the solution and re-train the staff all within an environment that will be implementing more large-scale and complex changes.

Full details of the Prosci Change Capability Best Practice Audit are contained in Appendix 2.

What is the impact?

The successful outcome of the CRM implementation depends on 100% adoption, usage, and proficiency in the new system. Each of these human factors have a direct correlation to the expected benefits from this project.

Recommendations:

CRM Project:

The current pause in the CRM project implementation provides the opportunity for the steering committee and project team to re-group and consider how it can effectively deliver:

1. Active and visible executive sponsorship,
2. Dedicated change management resources and funding,
3. Structured change management approach (including processes, tools and templates),
4. Employee engagement and participation,

Recommendations (continued):

CRM Project (continued):

5. Frequent and open communication about the change and the need for change,
6. Engagement and integration with project management, and
7. Engagement with and support from middle management.

Corporate Project Management:

· Apply the recommendations from the CRM Project to other corporate projects (in progress) to enhance and support effective people change management.

Management Action Plan – Audit Finding #2

Comments: Agree

Action Plan:
CRM Project: The current project review and consulting engagement will include a staffing impact assessment and further define the delivery model to determine the change impact. Project team resourcing and planning for change management activities will be addressed through a full-time change management lead position. This position will coordinate with the project manager the revision of the project change management plan to address employee engagement, open communication, and active and visible executive sponsorship

Corporate Project Management: The Corporate Project Office is committed to applying the recommendations from the CRM Project to other corporate projects (in progress) to enhance and support effective people change management.

Responsibility:
CRM Project: Project Manager
Corporate Project Management: Manager Strategic Initiatives and Corporate Projects

Target Date:
CRM Project: Q1 2020
Corporate Project Management: Q1 2020

Audit Finding #3	**Risk Category:** Process	**Severity:** Medium

CRM Project Management

Risk Management

What is happening?
There is a risk management plan established by the vendor and not updated since September 2018. There is a risk register (established through a workshop); however, the risks are often described as the controls that are missing or may not be working properly; not the event that could occur to disrupt or challenge the implementation.

The working group responses to the risk management practices survey indicated these members are not as familiar with where to find information about the risks as the project team or steering committee. This situation may be problematic as the working group is responsible for analyzing problems and making recommendations.

Through discussions with and survey of steering committee and working group members, regular reference and referral to the risk register to review and update risks is not evident.

While specific project issues are taken to the steering committee through status updates, the agendas or minutes contained no indication of the Steering Committee's review, discussion, and/or approval of the risk management plans and risk registers.

Authority to accept, avoid, mitigate or transfer risks is not defined (as described within governance in audit finding #1).

What is the impact?
Identification of risks is an art and a science. It is challenging to assess the impact and likelihood of a risk event when the event has not been clearly defined. Also, determining the appropriate response for the risk is made more difficult because the event is not understood. The level of risk the organization is willing to take may be overstated or understated as a result of not clearly defining the risk.

As changes are made during a phased project implementation, regular review of how those changes affect the risks and control activities supports: minimizing the organization's and the project's exposures to levels of risk that are above risk thresholds; and highlighting opportunities where control of risks is at a higher intensity than necessary or control of risks that may no longer exist.

The working group is responsible for making recommendations to the steering committee on various operating issues. It is important for all participating stakeholders to understand what risks have been identified so this information can be considered when making recommendations.

Risk Management (continued)

What is the impact? (continued)
In every project and program, there are risks of varying degree. Risk management plans outline the responsibilities, processes, and stakeholders, as well as, re-confirm the authority of the parties to accept, avoid, mitigate or transfer these risks. Effective steering committees can demonstrate their due diligence through review of the risk management plan and the risk register.

Recommendations:

CRM Project:

- Establish an effective risk management plan including but not limited to: responsibility for risk identification and assessment, how changes through the phased project will be considered in the context of risk, frequency of review of risks, authority to determine risk response and reporting of risks to steering committee.

- Review and update the risk register.

- Establish a central repository for risk information ensuring all stakeholders have the necessary access.

Corporate Project Management:
Establish an effective risk management plan template including but not limited to: responsibility for risk identification and assessment, how changes through the phased project will be considered in the context of risk, frequency of review of risks, authority to determine risk response and reporting of risks to steering committee.

Management Action Plan – Audit Finding #3

Comments: Agree

Action Plan:
CRM Project: Project Manager will consider the project governance model and the enterprise risk model to ensure

- Development of a risk management plan
- Regular updates to the risk register and to stakeholders ensuring appropriate access to risk documents
- Establishing a central repository for risk information for all stakeholders

Corporate Project Management: The Corporate Project Office is committed to establishing an effective risk management plan template as outlined in the recommendation.

Responsibility:
CRM Project: Project Manager
Corporate Project Management: Manager Strategic Initiatives and Corporate Projects

Target Date:
CRM Project: Q2 2020
Corporate Project Management: Q2 2020

Audit Finding #4	**Risk Category:** Privacy & Confidentiality	**Severity:** Low

Technology

Privacy

What is happening?
Data is encrypted during transmission from the City to Rock Solid Technology.

As per Rock Solid Technology, Microsoft Dynamics 365 uses standard Microsoft SQL Server cell level encryption for a set of default entity attributes that contain sensitive information stored in a SQL database, such as user names and email passwords. As per MS Dynamic 365 website, the client has to specify what data needs to be encrypted as this will impact response time. There is no reference about City of Burlington customer data being encrypted in storage.

The city engaged external expertise to conduct a privacy impact assessment (PIA). Through discussion, it was disclosed that at the completion of the privacy impact assessment, the business determined there is no sensitive data requiring encryption in storage. This business decision is not documented nor are challenges outlined in the PIA included in the risk register for monitoring.

What is the impact?
This situation illustrates the importance of comprehensive documentation of decisions. This business decision must be kept in the forefront to ensure on-going assessment of privacy and security requirements as the project works through its phased implementation approach. Each phase will introduce information to be acquired and stored requiring reference to the decision to determine if changes are required.

Recommendation:

CRM Project:

- Review the privacy impact assessment in view of the current phase of the project to confirm the business decision to not encrypt information in storage remains valid.

- Fully document the business decision in the appropriate decisions log (refer recommendations in audit finding #1).

Management Action Plan – Audit Finding #4

Comments: Agree

Action Plan: Project Manager will escalate the ratification of the decision to not encrypt information in storage to the Steering Committee and document the decision accordingly.

Responsibility: Project Manager

Target Date: Q4 2019

Audit Finding #5	**Risk Category:** Vendor and/or Supplier Performance	**Severity:** Low

Technology

Vendor Management/Service Level Agreement

What is happening?
As part of the preliminary assessment and contractual arrangements with the vendor, a third-party audit report was reviewed for security control issues that may affect the vendor's environment. The report was not reviewed for operational issues. This review was the only review performed; a formal process to have the external third-party audit report requested and reviewed on a regular basis has not been implemented.

The CRM project is using a phased implementation meaning on-going operations and implementation are concurrent activities. With on-going operations in place since March 2019, the vendor has not been requested to provide a service level agreement report indicating their operational activities are following contractual obligations. There is no process to request and review the report on a regular basis.

What is the impact?
Receipt and review of the external third-party audit report is a key control to manage outsourced arrangements, particularly software as a service (SaaS) arrangements. These reports provide information to the SaaS client that the third-party provider has the necessary controls designed and operating effectively to manage the security and operational risks within the operations. Should the report indicate issues with controls, this situation may indicate challenges with the security or availability of the CRM application and/or require the City to re-assess its own controls.

Service level agreements set out the expected level of service from the vendor as described in the contract. Regular receipt and review support the early identification of service issues and enable the City to hold the vendor accountable for contractual obligations.

Recommendations:

CRM Project:
Establish processes to request, on a regular basis when available, the third-party audit report and service level agreement from the vendor. In defining the processes, identify the roles and responsibilities of technical and operational City staff to review the report and the escalation processes required for issue resolution.

Management Action Plan – Audit Finding #5

Comments: Agree

Action Plan: Implement procedures to ensure the third-party audit and SLA report is requested and reviewed on a regular basis. Procedures will identify roles and responsibilities and escalation processes for issue resolution.

Responsibility: Project Manager and Manager of Customer Experience

Target Date: Q2 2020

Audit Finding #6	**Risk Category:** Process	**Severity:** Low

On-going Operations

Security Access

What is happening?
As the project works through implementation, employee access to the system (including role security) is determined in consultation with the department director. In areas where implementation is complete (i.e. areas considered as on-going operations), there is no guidance in place to describe how access to systems is to be granted; i.e. who has authority to grant/deny access requests and what permissions should be granted. Also, consideration has not been given to periodic review of userids and access privileges to determine if access levels are still appropriate based on business need.

At the present time, the creation of the employee id within the CRM application is completed by the vendor on behalf of the City until such time as the City's system administrator is trained on the process.

What is the impact?
Management of user access and privileges within the application is a key control to minimize unauthorized access and the potential for privacy infringement, unauthorized or inadvertent changes to information, and/or other malicious activity.

While still early in the on-going operations, this situation poses low risk because the number of employees granted access and the turnover rate remains low. Should this situation exist once the system is fully deployed, the risk of unauthorized access will increase.

Recommendations:

CRM Project:
Establish a process to approve/deny access to and permissions within the CRM application including who (what position) has such authority, and how the approval/denial is to be documented.

Management Action Plan – Audit Finding #6

Comments: Agree

Action Plan: Establish procedures for granting license and access to the CRM application, including position of authority and documentation of approval/denial.

Responsibility: Project Manager and Manager of Customer Experience

Target Date: Q1 2020

Audit Finding #7	**Risk Category:** System Failures	**Severity:** Medium

On-going Operations

Continuity of Operations

What is happening?
The call centre setup is a physical location in City Hall. The current plan for continuity of operations is to revert to pen and paper to record transactions and contacts and then enter the information into the system upon its recovery. This approach may work in the event of a very short window of service interruption; yet will not likely work in the event of a prolonged service interruption.

As part of the implementation, the City has requested the vendor to make customizations of its product to suit the City's needs. The vendor has agreed to provide this information to the City when requested; the City has not requested this information from the vendor.

What is the impact?
The City is relying on the CRM system to capture the data and information related to customers and citizens interactions with the City and provide a level of seamless customer service. An effective business continuity plan defines the processes, people and technology necessary to minimize the loss of data/information, decrease effort for re-work, and maintain customer service.

Recommendations:

CRM Project:
The current pause in the CRM project implementation provides the opportunity for the project team to define a business continuity plan (BCP) to address the on-going operations including considering how the BCP will accommodate future implementations and how customizations made to the product are documented and obtained by the City.

Management Action Plan – Audit Finding #7

Comments: Agree

Action Plan: Develop a Business Continuity Plan for the CRM application, including vendor support of customized code.

Responsibility: Project Manager and Manager of Customer Experience

Target Date: Q1 2020

CHANGE CAPABILITY

Best Practice Audit

CITY OF BURLINGTON – CRM IMPLEMENTATION PROJECT

SEPTEMBER 30, 2019

Prosci®

APPENDIX 2 – Prosci Change Capability Best Practice Audit Results

Table of Contents

Executive Summary ……..27
Purpose ……..28
ADKAR® Assessment – What's Happening ……28
ADKAR - Change Readiness Diagnostic Results ……29
Change management benefit realization – What's the impact ……..30
Best Practices Audit Results – Recommendations ……..31
Factors that drive employee adoption and usage (Outward-facing activities) ……..32
Factors that govern how we apply change management (Inward-facing activities) ……34

Executive Summary

Prosci was asked by the Internal Audit Group of the City of Burlington to perform an audit of the change management efforts applied to the CRM implementation project against Prosci's global benchmarking study of best practices for successful change projects. The data gathering phase included interviews with the Primary Sponsor, the current Project Manager, and the Change Management Lead as well as focus groups with the end users of the system from the Phase 1A implementation in the Clerks and Councillors Office.

The summary of findings indicates that the people side of change for the CRM implementation was not sufficiently developed to realize the benefits that this system was expected to deliver. As such, more time and resources have been, and will likely continue to be, required to re-work the solution and re-train the staff all within an environment that will be implementing more large-scale and complex changes.

The recommendations offered in detail in this audit are based on 20 years of Prosci's research in how organizations realize results from change and engage a workforce in the process. The high-level summary of the recommendations is for the City of Burlington to provide:

1. Active and visible executive sponsorship
2. Dedicated change management resources and funding
3. Structured change management approach
4. Employee engagement and participation
5. Frequent and open communication about the change and the need for change
6. Engagement and integration with project management
7. Engagement with and support from middle management.

The audit is presented in three sections using assessments from the Prosci change management methodology:

- what's happening tells the story of how people transitioned through the change
- what's the impact provides the outcome of the change
- recommendations provide best practices for successful change based on Prosci's 2018 benchmarking study

Purpose

The purpose of this audit is to evaluate the effectiveness of the change management efforts applied to the CRM implementation project. The reason we are looking specifically at Change Management is because the success of the CRM implementation to support the Service Brilliance Customer Service Strategy depends on 100% adoption and usage of the new system and the inherent changes to end user's day-to-day work activities.

For this audit, three Prosci assessments were used to evaluate the effectiveness of the change management activities:

Assessment	Purpose	Assessment Details
ADKAR Assessment	Understand how well people have transitioned throughout the change process. For the purpose of this audit, ADKAR is being used to measure a group's change readiness	Based on a ranking system of 1 to 5, where 1 is little to no understanding and 5 is a complete understanding.
Change management benefit realization factors	Measures include speed of adoption, ultimate utilization and proficiency.	Data gathered during focus group session(s)
Best Practices Audit	Benchmark against Prosci's global best practice research.	Online best practice tool

ADKAR® Assessment – What's Happening?

The Prosci ADKAR model is an individual change model that guides individual and organizational change. ADKAR is a sequential process for the building blocks of change: awareness, desire, knowledge, ability and reinforcement. This diagnostic tool identifies the barrier point in a change process. The barrier point is the first building block to score a 3 or lower. The change process is 'stuck' at the barrier point until it is resolved.

On July 31, 2019 a focus group was ensembled from a subset of the 1A implementation end users. This group had gone live at the end of June and had received retraining by the end of July. Therefore, their readiness responses to the assessment is retrospective. The results of the ADKAR assessment indicates that "Awareness" was the barrier point in the adoption of the CRM system. The Prosci research shows that when the organization understands "why we need to change", "why the change is necessary now", and "what the risks are if we do not change", the impacted people are more open and willing to go through the change process.

ADKAR - Change Readiness Diagnostic Results

Ranking 1 - 5	What worked well	What did not work well
A – Awareness of the need for change		
2 Barrier Point	- Project team engaged middle managers and select end users in working groups to review business processes, discuss phased project rollout, identify and address issues - Project team and business lead communicated directly with impacted users	- Sponsors did not understand their role in engaging with the organization to build awareness, supporting change management and the need to be active and visible - There were no resources to develop change management plans and no one to guide to a structured change management process - Stakeholders were not identified for the end-to-end solution - No real understand of how the system would fully impact the internal and external stakeholders, therefore, the awareness building activities were not effective - Communication was limited to the users in Phase 1A and did not extend to the rest of the participants in a customer inquiry
D – Desire to participate and support the change		
4	- The desire from the phase 1A group was high because they had been asking for the change for years - They participated in some of the process development provided feedback on the features and how processes should work	- In the end, the Phase 1A group was disappointed with the final version of the system as they did not feel that their feedback was incorporated - The Phase 1A negative experience has caused a shift from what would have been change cheerleaders to the voice of dissent - When phase 1B was asked to provide feedback to the ADKAR assessment, however, only 2 of 24 responded, which indicates a lack of desire to participate in the change
K – Knowledge on how to change		

3	- Post launch weekly training sessions were very helpful	- Training was inadequate and poorly executed
		  ○ Initial training was by PowerPoint and difficult to absorb
		  ○ Focus was limited to technical side of how to use system
		  ○ The business processes were not understood and incorporated in the training
		- Used only one hands-on case for call centre and, therefore, did not address the call types received by other departments

A – Ability to implement the required skills and behaviours		
2	– N/A	– Finding it more work for all departments: inefficient, confusing, and frustrating – Business processes do not align with system – Requests often sent to wrong person because existing Knowledge Base Articles (KBA) are limited and often do not align to issue – need to request a KBA to be created – Other departments do not know how to respond to CRM messages – Clerks unable to track progress – SLAs in place not being met because all of organization did not know what to do with messages.
R – Reinforcement to sustain the change		
1	- One super user is available to provide on-going support and trouble shoot as required	- Sustainment activities have not been defined for future phases

Change management benefit realization – What's the impact?

The successful outcome of the CRM implementation depends on 100% adoption, usage, and proficiency in the new system. Each of these human factors have a direct correlation to the expected benefits from this project.

While we were not able to obtain quantitative data on these three human factors, the end user feedback indicates that the realization of the intended benefits will require additional effort and resources.

Speed of Adoption measures the time it takes for employees to reach the desired level of performance in the new system while adhering to the new processes.

- Adoption rate was slow and required re-training post go-live.
- Majority of the focus for the implementation was on the technical side of change and did not address the people side: communications, understanding of process impacts based on inquiry lifecycle, role-based training.

Ultimate Utilization measures the overall level of participation and ultimate utilization of the new system.

- Utilization did not include all users of the system.
- Did not perform a comprehensive impact assessment to understand the end-to-end case management lifecycle to identify impacted users and realign their processes with the new system.
- Input from the end users was not incorporated into the system.

- Customer information and history was not imported into the system requiring the use of old systems and manual records to maintain continuity
- Only staff responsible for intake calls and emails were trained; the staff in departments responsible for providing responses and solving issues were not trained, therefore, correspondence is lost, and cases are not being tracked

Proficiency measures how employees perform in the new environment and whether they are performing at expected levels.

- Focus group participants rated their overall understanding and ability to use system at 1.5 on a scale of 1 (lowest) and 5 (highest).
- Most stated that they stick to the basic functions and rated their proficiency at a 3 for these.

Best Practices Audit Results - Recommendations

The Prosci Best Practices Audit allows us to measure the CRM implementation change management effort against best practices identified in global benchmarking studies by over 6,000 study participants. While no one tool can predict the future, when used to its full potential, the Best Practices Audit can be used to uncover potential problem areas that could otherwise go undetected.

Seven contributing factors to success

1. Active and visible executive sponsorship
2. Dedicated change management resources and funding
3. Structured change management approach
4. Employee engagement and participation
5. Frequent and open communication about the change and the need for change
6. Engagement and integration with project management
7. Engagement with and support from middle management

Ranking 1 - 5	Description of Best Practice	Recommendations
2.3	**Overall Assessment against Best Practices** You have quite a bit of work to do. Prosci's research shows that projects with poor change management effectiveness are much less likely to meet objectives, on time and on budget. Those with "good" change management were nearly five times more likely to meet	- Develop clearly defined roles for the Executive Sponsors and provide a roadmap for their active and visible participation in the project - Provide dedicated change management funding and resources to:

Ranking 1 - 5	Description of Best Practice	Recommendations
	objectives than those with "poor" change management, and those with "excellent" change management were six times more likely to meet objectives. By improving each of the top contributors to success, you can increase employee adoption and usage which drives project results and outcomes.	○ Develop a change management strategy and execution plans to be integrated in the project plan ○ Conduct detailed impact assessments ○ Support Sponsors with action plans and regular feedback ○ Engage front line managers to lead their people through change by using a targeted plan - Start the change management execution early in the project lifecycle - Engage with employees early and frequently - Consider external factors that may increase resistance e.g. amount of change, elections and leadership changes, etc.

Factors that drive employee adoption and usage (Outward-facing activities)

Ranking 1 - 5	Factor	Outcomes
1.9	**1. Active and visible executive sponsorship** In all of Prosci's benchmarking studies, active and visible sponsorship has been identified as the top contributor to change management success. Sponsors that demonstrate active support throughout the lifecycle of the change, engagement in change activities, and influence among their peers to maintain buy-in are play a	"Active and visible" is: - Supporting the change by giving consistent attention to the change and the need for change management - Championing the change by leading and motivating others in the organization - Making effective and influential decisions regarding the change

Ranking 1 - 5	Factor	Outcomes
	critical role in the success of the project.	How effective sponsorship drives employee adoption and usage: - It demonstrates commitment to the change. - It provides credibility and authority. - It builds awareness of why, why now, and the risk of not changing
2.9	**2. Frequent and open communication about the change** Cadence, consistency, transparency and leveraging multiple communication channels are important aspects of communication that lead to success. Essential topics include expectations, long-term plan perspectives, how the change will impact employees, and essential business drivers.	Effective communication is characterized as: - Delivering change messages in a timely and transparent manner - Using effective channels and communicating frequently - Tailoring messages for the intended audience
2.3	**3. Engagement with Middle Managers** Middle management is the closest to where changes actually occur. Their relationships, trust, knowledge and proximity make them crucial allies. Managers and supervisors who become change champions and act as early adopters and vocal advocates of the change to direct reports and other impacted groups play a critical role in the adoption of the change.	Establish buy-in and involvement of middle management to ensure positive and effective interactions with front-line employees. Frequent meetings and one-on-one communication help to ensure their continued support. The three most critical roles in a change initiative for middle managers are: 1. Communicate with direct reports about the change 2. Demonstrate support for the change 3. Coach employees through the change process

Ranking 1 - 5	Factor	Outcomes
2.9	**4. Employee engagement and participation** In addition to addressing "what's in it for me" (WIIFM), engaging employees includes obtaining their feedback, involving them early during the project lifecycle (solution design) and creating change champions to allow more opportunities for face-to-face awareness-building.	Engage employees early. This will build a willingness to participate in the change and cooperate with those administering the change. Tactics for engaging employees included: - Delivering training - Involving employees in the project design - Hosting special events to promote the change initiative

Factors that govern how we apply change management (Inward-facing activities)

Ranking	Factors	Outcomes
1.7	**5. Structured change management approach** Employing a structured methodology creates a formal process and provides shared language that supports the application of change management throughout the organization. The approach should be proactive and flexible to allow adjustments throughout the project lifecycle.	Adopt a change management methodology to apply across all change initiatives to establish a common language and a common practice of implementing change. Benefits of a structured approach include: - Definition of activities, roles and language, processes, tools and assessments - Systematic structure leading to consistent, result - Logical, detailed progression of stages -
1.7	**6. Dedicated change management resources and funding** A dedicated and experienced change management provides focus and accountability to the change	For all projects that have an impact on employees, include funding and resources for People Change Management.

	management work. If internal resources do not have the requisite experience, some organizations bring external support to apply the change management methodology. "If it isn't someone's job, it's no one's job."	Advantages of having dedicated change management resources: - Provides focus and keeps track of change management activities - Acts as single point of contact - Develops sponsorship roadmap to keep him/her current and engaged
2.9	**7. Engagement and integration with project management** When the technical and people sides of change are integrated, projects are more successful and more likely to deliver intended results. Integration of change management and project management allows for more effective sequencing of work and enables the delivery of a "unified value proposition" for creating successful and sustained change.	Engagement and integration with project leaders and teams is a newly recognized contributor to the success of projects. Integration with project management was achieved by: - Fully integrating the change management and project management approaches - Involving change management professionals in project phase or gate reviews - Integrating change management activities into project phase or gate review requirements

LEGENDS & INTERNAL AUDIT STANDARDS

Overall Audit Ratings	
Rating	**Description**
Excellent	• No internal control weaknesses noted. • Good adherence to laws, regulations, and policies. • Good control environment. • Operations are considered efficient and effective.
Good	• Several low and/or one or two medium findings. • Minor contraventions of policies and procedures with compensating controls in place. • No violation of laws. • Minor opportunities for improvement in efficiency and effectiveness.
Fair	• Many medium findings and/or one or two high findings. • Several contraventions to policy. • Minor violations of regulations/laws with minimal impact to City. • Moderate opportunities for improvement in efficiency and effectiveness.
Weak	• Several high findings and some medium and/or low findings • Controls weak in one or more areas. • Noncompliance with policies put the City at risk. • Violation of law/regulation put the City at risk. • Substantial opportunities for improvement. • Operations are considered consistently inefficient and/or ineffective

Audit Finding Severity Scale	
Severity	**Details**
High	• Residual risk is very high or high • Key control does not exist, is poorly designed or is not operating as intended • Serious non-compliance to policy or regulation • May result in immediate or material loss/misuse of assets, legal/regulatory action, material financial statement misstatements, etc. • Indicates a serious business control weakness/deficiency requiring immediate action
Medium	• Residual risk is medium • Key controls are partially in place and/or are operating only somewhat effectively • Some non-compliance to policy or regulation • May negatively affect the efficiency and effectiveness of operations and/or financial reporting accuracy. • Indicates a business control concern requiring near-term action be taken
Low	• Residual risk is low to very low • Key controls are in place, but procedures and/or operations could be enhanced. • Minor non-compliance to policy or regulation • May result in minor impact to operations. • Indicates a business control improvement opportunity for which longer-term action may be acceptable.

Audit Methodology

The audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing. The City Auditor relied upon interviews with and observation of key personnel, examination of information, data, and other documentary evidence and re-testing of controls.

Audit Conclusions

The conclusions reached in this report are based upon information available at the time. The overall conclusion is only applicable to the function/area of this audit. It reflects the professional judgment of the Office of the City Auditor based on a comparison of situations as they existed at the time against audit criteria as identified in the scope of the audit.

Reasonable Assurance

This conclusion is intended to provide reasonable assurance regarding internal controls. There are inherent limitations in any controls, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even effective controls may provide only reasonable assurance with respect to City operations.