

E168/01/09

9th February, 2009

Circular 2/09: Arrangements for ICT Expenditure in the Civil and Public Service

A Dhuine Uasail,

I am directed by the Minister for Finance to advise of new arrangements for **IT and telecommunications expenditure on projects, systems and infrastructures** (hereinafter "ICT") in the public sector, in keeping with Government Decision S290/05/25/0015D of 15 July 2008. These arrangements are part of a range of initiatives designed to reduce risk and achieve better value-for-money. This Circular supersedes Circular 16/97.

1. Implementation of Arrangements

These arrangements apply from 1 January 2009 to all ICT expenditure from Voted Funds. The Department of Finance will advise organisations directly or, where applicable, through their parent Department, of administrative procedures and timing for its implementation in bodies and authorities not funded through Votes. Each Department and Office is required to bring this Circular to the attention of all bodies and sectors under its aegis and ensure appropriate steps are taken to prepare for its full implementation.

2. Arrangements

The arrangements require all civil service Departments, Offices, Agencies, and all non-commercial public bodies and authorities to:

- (i) comply with Department of Finance pre-requisites; restrictions, guidelines and advice notes as published at <http://www.ict.gov.ie>;
- (ii) use central, shared or managed services and procurement toolkits or frameworks as listed at <http://www.ict.gov.ie>;
- (iii) implement measures to reduce reliance on ICT consultancies, contractors and external service providers and measures to become as self-sufficient as possible in the development, implementation, operations and management of ICT solutions;
- (iv) have appropriate governance and project management processes in place;
- (v) acquire specific approval from IT Control Section in the Department of Finance for ICT expenditure and proposals unless otherwise excepted;
- (vi) appoint a member of the senior management team (who is an officer of rank equivalent to or higher than the rank of Principal Officer in the civil service) as the primary liaison with the Department of Finance for ICT matters, hereinafter referred to as the ICT Liaison;

- (vii) ensure that competitive processes are used for all ICT expenditure;
- (viii) advertise all ICT procurement opportunities with a value of €10,000 or greater on the Government eTenders website at www.etenders.gov.ie; and
- (ix) report persistent drift on ICT projects.

2.1 Department of Finance Pre-requisites, Guidance, Advice Notes etc.

The Department of Finance publishes a range of pre-requisites, restrictions and wider guidelines, advice notes, and policies from time to time. They are designed to ensure that resulting ICT solutions are fit-for-purpose, technically feasible, achieve best value-for-money, and are delivered in ways that minimise risk. They are made available and updated as required at <http://www.ict.gov.ie>. All civil and public service bodies and authorities are required to comply fully with these.

2.2 Central, Shared or Managed Services and Procurement Frameworks

The Department of Finance maintains a list of designated shared ICT approaches, infrastructures and solutions at <http://www.ict.gov.ie>. All civil and public service bodies are required to use these. Where a body feels that it cannot comply with such usage, its Accounting Officer must submit a request for derogation to the Department of Finance and a proposal detailing clearly why compliance is not possible, what the organisation proposes to do instead, and how the organisation will ensure compliance in the future. The organisation may only proceed with its proposal once derogation has been granted. If the Department of Finance approves the derogation, it may vary the organisation's proposal as part of that approval.

2.3 Measures to Reduce External Dependence and Increase Self-Sufficiency

Government Decision S180/20/10/0964B of 8th July 2008 requires Departments to reduce expenditure on consultancy (including ICT contractors and external service providers) by 50% in 2009. Government Decision S290/05/25/0015D of 15th July 2008 also requires each civil and public service body to reduce its dependence on ICT consultants, contractors and external service providers and enhance its self-sufficiency in ICT development, operations and management. All civil and public service bodies must now develop plans, that include multi-year targets if necessary, to achieve these requirements. These plans must be approved by the organisation's senior management and submitted by the Accounting Officer to the Department of Finance by end April 2009 for evaluation. The Department of Finance may require the plan to be varied on foot of this evaluation.

2.4 Governance and Project Management

Each individual civil and public service body and authority (and their parent body where applicable) is responsible for ensuring that appropriate internal governance and project management arrangements are in place for the development, implementation and operation phases of each of their ICT projects. Guidance on project management is available at <http://www.ict.gov.ie>.

3. Approval Processes

Different approval processes are now being implemented for different types of ICT projects or approaches.

3.1 Expenditure Not Requiring Specific Department of Finance Approval

A proposal to tender using any of the designated shared ICT approaches, infrastructures and solutions as set out at 2(ii) above and that has been approved at senior management level internally will generally not require specific Department of Finance approval. A proposal to acquire consumables required to support the normal day-to-day activities of an organisation must be approved internally and, in general, will not require the specific approval of the Department of Finance.

3.2 Expenditure Requiring Specific Department of Finance Approval

The specific approval of the Department of Finance is required in the case of –

- those categories of ICT expenditure set out at Annex I, regardless of whether that expenditure is on new projects or programmes, ongoing projects or programmes, or on “business as usual” activities; and
- a determination by the Department of Finance on foot of the “Start of Year Submission” detailed at 3.3 below.

It should be noted that Annex I will be included in the documentation at <http://www.ict.gov.ie> and may be updated from time to time.

3.3 Start of Year Submission

The Accounting Officer of each civil and public service body and authority must submit a breakdown of all ICT expenditure planned for the forthcoming year to the Department of Finance by 30 November each year. This submission must be completed as per the format set out at <http://www.ict.gov.ie>. As part of its evaluation of these submissions, the Department of Finance may convene meetings with individual bodies or authorities (and their parent organisation where applicable) to highlight specific issues and to determine specific approval requirements and timings. In the event that an organisation’s *priorities* change during the course of the year, resulting in changes in its ICT expenditure plans, the organisation must resubmit their breakdown, highlighting the changes.

3.4 Prerequisites for Department of Finance Approval

Where it is likely that complexity or Value for Money issues may arise, it is advised that civil and public service bodies and authorities should consult with the Department of Finance at the earliest possible opportunity when developing proposals for ICT initiatives.

Department of Finance approval will be contingent on, *inter alia*, satisfactory compliance with Government policy on external resource reduction as set out at 2(iii) above.

Where a proposed ICT initiative falls within the cases set out at 3.2 above, the request for approval and associated information must be submitted to the Department of Finance by the ICT liaison. In this submission, the ICT liaison must certify that –

- i). the proposal has been approved internally at top management level (including, where applicable, by the parent body of the organisation);
- ii). the internal approval process has assessed that the proposal adheres to Government policy and is aligned with the business priorities and objectives of the organisation;
- iii). the internal approval process has been informed by, inter alia, a clearly defined business case; an ex-ante evaluation of the value-for-money aspects of the proposal; confirmation of the organisation's ability to develop and implement the proposal; and assurance by the organisation's Finance Unit regarding the availability of resources; and
- iv). the proposal complies with Department of Finance pre-requisites, restrictions, guidelines, advice notes and policies as set out at 2.1 above, Governance and Project Management Requirements as set out at 2.4 above, and, is appropriate in terms of acceptable risk exposure.

3.5 End of Year Statement

The Accounting Officer of each civil and public service body and authority must, by the end of January each year, submit a statement to the Department of Finance detailing the actual ICT expenditure in the previous year, explaining any significant variance from the Start of Year Submission, and certifying that all of the conditions of this Circular have been complied with. This statement must follow the format set out at <http://www.ict.gov.ie>.

4. Reporting and Remedying Project Drift

The progress of ICT Projects and expenditure thereon must be continuously monitored. Particular attention must be paid to the continuing cost-effectiveness of the selected approach/solution. In this context, a project that has been appropriately approved remains cost-effective if it maintains all of the functionality and usability required, and stays on time and in budget. Where there is a persistent or serious lessening of the cost-effectiveness of the approach/solution, the Project Board or ICT Steering Committee (as applicable) must develop a proposal to remedy the situation as quickly as possible. This proposed remedy must be agreed with the organisation's Finance Unit (with respect to availability of resources), and approved by the top management of the organisation. The ICT Liaison must then submit the proposed remedy with certification of the internal agreements and approval to the Department of Finance. The Department of Finance may require the proposed remedy to be varied. Further information is available at <http://www.ict.gov.ie>

5. Accountability Arrangements

As heretofore, organisations will be directly responsible for their ICT-related expenditures. Existing accountability arrangements are not affected by these new arrangements. Expenditure incurred on a project must be reported under the normal budgetary reporting requirements imposed on the organisation. In addition, organisations are required to submit details of expenditures on consultancy; contractors and external service providers, where applicable, to the Administrative Budget Section of the Department of Finance for recording on the central database.

6. Enquiries

Enquiries concerning this Circular should be made to:

ICT Control, Department of Finance, Lansdowne House, Lansdowne Road, Dublin 4;

Telephone: 01 6767571; DDI: (01) 604 5102 / 6045016; LoCall: 1890 661010;

eMail: ictcontrol@finance.gov.ie.

Mise, le meas,

Jim Duffy,
Assistant Secretary

ANNEX I

Categories of Projects Requiring Specific Department of Finance Approval

Note: This Annex will be included in the documentation at <http://www.ict.gov.ie> and may be updated from time to time.

1. Initiatives which involve external resources, such as consultancy, systems integrators, contractors, external service providers, technical support staff, helpdesk staff, etc.
2. Any project involving the deployment of enterprise software, such as:
 - Enterprise Content Management
 - Customer Relationship Management
 - Enterprise Resource Planning
 - Enterprise Payroll/Financial Systems
 - Commercial application servers
 - Enterprise versions of any software, such as operating systems, relational databases, communications/collaborative software, etc.
3. Any project in the following areas:
 - Website development
 - Content/Document/Information/Knowledge management
4. Any expenditure on annual licensing, maintenance and support arrangements
5. Any expenditure on ICT that should but does not use the central, shared, or managed services or the procurement frameworks designated at <http://www.ict.gov.ie>
6. Any ICT expenditure where it is proposed to use national security derogation
7. Use of single tendering or negotiated procedures
8. Server virtualisation
9. Secure mail