

21st April, 2016

To: Heads of Departments / Offices

Circular 02/16: Arrangements for Digital and ICT-related Expenditure in the Civil and Public Service

A Dhuine Uasail,

1. I am directed by the Minister for Public Expenditure and Reform to advise of new arrangements for IT and telecommunications expenditure on projects, systems and infrastructures (hereinafter “ICT”) in the public service. This Circular¹ supersedes Department of Finance Circular 2/09 and Department of Finance Circular 2/11 and is to simplify the arrangements for approval and oversight of ICT expenditure through greater alignment with the Estimates Process, relevant strategies and strategic objectives.

2. Applicability of Circular

This Circular applies from 1 January 2016 and encompasses all ICT-related expenditure from Voted Funds. Each Department and Office is required to bring this Circular to the attention of all bodies and authorities under its aegis and to ensure that they comply with the requirements. This Department will advise organisations directly or, where applicable, through their parent Department, of the administrative arrangements for the implementation and operation of the Circular.

3. Implementation Arrangements

Section 4 sets out arrangements in respect of digital and ICT-related expenditure from Voted Funds by:

- vote-holding organisations; and
- non-commercial state agencies that have an annual administrative budget expenditure of €5million or greater and annual ICT-related expenditure of €100,000 or greater.

Circular¹ : In this Circular,

the term “Department” encompasses Departments and Offices

the term ‘this Department’ refers to the Department of Public Expenditure and Reform

the term ‘sponsoring organisation’ refers to the public body responsible for initiating or for progressing a proposal, a project or a procurement

references to thresholds for seeking approval of a proposal, a project or a proposed procurement refer to the estimated or actual amounts excluding VAT and excluding costs for internal staff

Arrangements in respect of all other non-commercial state bodies that incur ICT-related expenditure from Voted Funds are set out at Section 6 below.

The parent body of each non-commercial agency that incurs ICT-related expenditure which is not sourced from Voted Funds must formally decide whether or not that agency must pursue the arrangements set out at Section 6 in respect of such expenditure. A formal record of the decision must be retained on an official file by the parent body and by the agency and made available to the Internal Audit function(s) and the Office of the Comptroller and Auditor General if requested.

4. Arrangements for Approval by the Department of Public Expenditure and Reform

The following arrangements in respect of qualifying expenditure set out at section 5 apply to (a) all Vote-holding organisations and (b) all non-commercial state agencies that have an annual administrative budget expenditure of €5million or greater and annual ICT expenditure of €100,000 or greater:

- annual ICT-related expenditure proposals must be approved at management board level in the sponsoring organisation (including, where applicable, by the parent body of the organisation).
- ICT-related proposals and associated expenditure must align with relevant strategies and strategic objectives of Government, the Department of Public Expenditure and Reform and the organisation within which the Accounting Officer for the expenditure resides.
- organisations must comply with all applicable circulars and directives from the Department of Public Expenditure and Reform and its offices.
- approval for expenditure on existing projects which were approved by this Department when new and for recurring annual non-project expenditure is encompassed within the current and capital sanctions issued by the Vote Section to the line Department unless otherwise excepted.
- the Accounting Officer of each organisation must submit, for information, details of planned current-year ICT-related expenditure by end February each year in the format prescribed by this Department. A copy of the submission must be available for review if required by the Office of the Comptroller and Auditor General and/or the Internal Audit Unit of the sponsoring body/parent body.
- the Accounting Officer of each organisation must report, for information, details of actual expenditure in the previous year by end February each year in the format prescribed by this Department. A copy of the submission must be available for review if required by the Office of the Comptroller and Auditor General and/or the Internal Audit Unit of the sponsoring body/parent body.

- submissions to this Department under the terms of the Circular must be by 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) who has been nominated by the Accounting Officer as the ICT Liaison for the organisation and, where applicable, the bodies under its aegis.
- proposals for new projects should only be submitted by the ICT Liaison after they have been approved by senior management including by the official at Assistant Secretary or equivalent level who has lead responsibility for promoting the digital agenda within the organisation.

Proposals or requests for specific approval of expenditure must be submitted to the Department of Public Expenditure and Reform after they have been approved at top management level within the sponsoring organisation (and by the parent body where applicable) and must be certified by the ICT Liaison as having the appropriate level of approval. Submissions on behalf of an organisation under the aegis of a parent body must be submitted by the nominated ICT Liaison of the parent body following approval by the parent body.

5. Expenditure Categories Requiring Specific Approval

The prior specific approval of this Department is required each year for:

- all new ICT-related expenditure or new ICT-related initiatives which may give rise to expenditure of €25,000 or greater. The submission must identify and estimate potential costs for any associated or follow-on projects that may arise from each new initiative.
- all initiatives or expenditure, irrespective of the amount, which proposes not to follow a current strategy or policy of this Department including where the sponsoring body does not intend to use designated initiatives or infrastructures, centralised shared or managed services, data sharing enablers, and procurement toolkits or frameworks.
- project or expenditure categories notified by this Department to the nominated ICT Liaison in line with the administrative arrangements established for the implementation and operation of the Circular.
- all expenditure on each existing project or initiative if there is significant variation to the scope, schedule, deliverables, cost or quality since the original approval was conveyed by this Department. All proposed significant remedial action(s) or aggregated additional expenditure intended to address project drift requires prior approval.

Requests for approval must be submitted prior to the public body commencing a procurement exercise or otherwise committing applicable expenditure. Incomplete or draft documentation must not be submitted and retrospective approval will not be granted.

6. Arrangements in respect of lesser spending bodies

The following arrangements apply to all non-commercial state agencies that have an annual administrative budget expenditure of less than €5million and/or annual ICT expenditure of less than €100,000:

- 6.1 responsibility for ensuring the development and implementation of appropriate accountability, oversight and reporting arrangements resides with the parent Department of the relevant non-commercial agency;
- 6.2 arrangements must align with the measures set out at section 4 above with the parent department of the relevant non-commercial agency assuming the role of the Department of Public Expenditure and Reform.

7. Advertising of Procurement Opportunities

All ICT procurement opportunities with a value of €25,000 or greater must be advertised on the Government eTenders website at www.etenders.gov.ie unless it is proposed to use a properly procured existing arrangement, central framework or other centrally established procurement vehicle. Mini competitions or supplementary requests for tender must be conducted fully within the rules governing the relevant framework or procurement vehicle.

All procurements and associated expenditure must be underpinned by a current valid contractual arrangement which has resulted from a valid procurement exercise.

The Office of Government Procurement (OGP) has lead responsibility for sourcing goods and services on behalf of the public service. Accordingly, advice should be obtained from the OGP with regard to the availability of suitable central frameworks, with regard to the tendering exercise and with regard to the commercial aspects of all proposed ICT-related procurements. Procurement documentation is not to be submitted to the Digital Government Oversight Unit unless specifically requested by the Unit.

8. Calculation and Evaluation of Costs

Costs of proposals should be calculated and assessed on a total cost of ownership basis taking all relevant once-off and recurring costs into consideration. Where applicable, these costs must include at a minimum: external expertise; resulting hardware upgrades/renewals/replacements; hosting; the procurement or upgrade of software including supporting or associated software; telecommunications; ICT and user training; support and maintenance. Costs should be calculated and evaluated over the lifetime of the proposed contract or five years if the contract is not for a specified term.

Similarly, organisations must be mindful of the need to achieve optimum value from recurring or ongoing annual expenditure, generally termed non-project expenditure. In addition to

determining that the level of expenditure is warranted in respect of current arrangements, organisations should also assess whether an upgrade or replacement initiative would deliver efficiencies when the total cost of ownership for the upgrade or replacement initiative is compared to the total non-project expenditure that will be incurred to maintain the existing level of service for the same period.

9. Accountability Arrangements

In addition to the rules applying to all public expenditure, ICT-related expenditure is subject to the sourcing and governance arrangements set out in the attached Appendix and any specific conditions attached to approvals conveyed under this Circular.

This Circular does not lessen the accountability of organisations and they continue to be directly responsible for their ICT-related expenditure. They must also ensure the accuracy and completeness of requests for tender or other documents issued following approval of a proposal by the Digital Government Oversight Unit and following consultation with the OGP.

This Circular does not alter other compliance or reporting obligations required of public bodies. In addition, failure by an organisation to apply the terms of the Circular may result in specific approval arrangements being introduced for that organisation and, as applicable, to its parent body or bodies under its aegis.

10. Enquiries

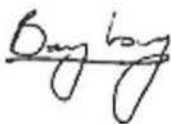
Enquiries concerning this Circular should be made to:

Office of the Government Chief Information Officer
Department of Public Expenditure and Reform
3A Mayor Street Upper
Spencer Dock, Dublin 1, D01 WP44

Telephone: 01 6767571

eMail: DGOU@per.gov.ie

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Office of the Government CIO
Department of Public Expenditure and Reform

General Conditions of Approval that apply to all ICT-related Expenditure

Governance Arrangements

- an official who is an officer of rank equivalent to or higher than the rank of Principal Officer in the civil service must be identified as the ICT liaison within each Vote-holding organisation;
- governance arrangements for the management of ICT expenditure in bodies under the aegis must be formalised within the parent organisation;
- compliance with the terms of Department of Public Expenditure and Reform Circular 2/16;
- an identified official, of rank proportionate to the scale of the project, being assigned as owner and person responsible for each project or each significant activity not classified as a project;
- appropriate governance and risk management procedures being established and maintained throughout the life of each project or each significant activity not classified as a project;
- all expenditures being informed by the Public Service ICT Strategy, the Reform and Renewal Agendas and initiatives with regard to Shared Services;
- all expenditures being aligned with an overarching ICT/Technology Strategy for the organisation;
- sufficient financial and human resources being available to the sponsoring organisation to meet its commitments;
- the sponsoring organisation notifying the Department of Public Expenditure and Reform of significant cost overruns, delays or negative impacts in respect of any of its ICT projects within three months of the problem being identified. The notification must include details of proposed remedial action(s) that have been approved by senior management in the sponsoring organisation and, where applicable, by senior management of the parent organisation in respect of a body under its aegis;
- the submission by the sponsoring organisation of consultancy details for recording on the central database of consultancies introduced following the Comptroller and Auditor General's VFM report on Consultancies in the Civil Service;

Sourcing Arrangements

- compliance with procurement rules and regulations;
- centrally-developed procurement arrangements being utilised unless it has been formally agreed by the Framework/Arrangement Manager that existing arrangement do not fully meet requirements or that another procurement mechanism will deliver better value for money;
- using available, under development or scheduled centrally established Frameworks or build-to-share application unless an exemption has been formally given;
- large scale or significant telecommunications and network related initiatives being progressed in line with an approach agreed with Government Networks;
- telecommunications and network related tender documents, including those for mini competitions/supplementary requests for tender, being copied to Government Networks at gn@gov.ie;
- the Office of Government Procurement (OGP) leading on and/or advising on the commercial aspects of all procurement exercises unless it has agreed otherwise.