



DPE 034/010/2021

Circular Number: 14/2021

Title: Arrangements for Oversight of Digital and ICT-related Initiatives in the Civil and Public Service

To: Heads of Departments / Offices

I am directed by the Minister for Public Expenditure and Reform to advise of revised arrangements for the oversight of digital, IT and telecommunications projects, initiatives, systems and infrastructures (hereinafter "Digital and ICT initiatives") in the Civil and Public Service.

This Circular supersedes Department of Public Expenditure and Reform Circular 02/2016.

The Circular is comprised of two parts:

Part 1 sets out the arrangements for oversight of digital and ICT initiatives in the Civil and Public Service as previously set out in Circular 2/16.

Part 2 sets out the additional arrangements that are in place in relation to Peer Review of digital and ICT Initiatives of significant scale, risk or strategic importance being undertaken in the Civil and Public Service.

This Circular does not lessen the accountability of organisations which continue to be directly responsible for the effective and appropriate delivery of digital and ICT related initiatives.

Enquiries

Enquiries in relation to this Circular can be addressed, by email, to the Digital Government Oversight Unit, DGOU@per.gov.ie.

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Part 1: Arrangements for Oversight of Digital and ICT Initiatives in the Civil and Public Service

1. Purpose

Arrangements under this Circular are managed by the Digital Government Oversight Unit (DGOU), Office of the Government Chief Information Officer (OGCIO), which is a Division of the Department of Public Expenditure and Reform (DPER).

The purpose of this Circular is to set out the nature of the central oversight role of this Department in relation to digital and ICT initiatives across the Civil and Public Service and the related requirements of those Public Service Bodies (PSBs) that fall within scope.

The primary objective is to ensure that digital and ICT related initiatives are appropriately aligned with all relevant government policies and the strategies that support them; and that appropriate governance arrangements are in place. Additionally, this Circular provides for the Peer Review process which specifically applies to digital and ICT initiatives of significant scale, risk and/ or strategic importance.

To achieve the objective of this Circular, organisations are obliged to comply with the requirements as set out so that digital and ICT initiatives can be effectively evaluated for approval, by the DGOU.

This Circular does not alter other compliance or reporting obligations required of PSBs including under the Public Spending Code. Furthermore, PSBs continue to be directly responsible for the success of all digital and ICT initiatives, including associated expenditures, as well as engagement with the Expenditure Management Divisions of this Department in relation to funding.

Failure to apply the terms of this Circular may result in specific approval arrangements being introduced for an organisation and, as applicable, to its parent body or bodies under its aegis. Furthermore, failure to comply with any conditions attached to an approval issued, or any aspect of the Peer Review process, may result in specific sanction being revoked.

The DGOU will advise PSBs directly or, where applicable, through their parent Department, of the administrative arrangements for the implementation and operation of this Circular.



2. Applicability of Circular

This Circular applies from 1 July 2021 and encompasses all digital and ICT initiatives which are funded by voted, or otherwise centrally administered funds. Each Department and Office is responsible for ensuring compliance with the terms of this Circular. Departments / Offices are 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 Circular applies to:

- (i) All vote holding, or otherwise centrally funded Public Service Bodies;
- (ii) Non-commercial state bodies that have an annual administrative budget of €5 million or greater and annual digital and ICT-related expenditure of €100,000 or greater.

In the case of non-commercial state agencies, that are not captured by (ii), above, responsibility for ensuring the development and implementation of appropriate oversight in respect of digital and ICT initiatives, is delegated to the parent Department.

3. DGOU Liaison Officer

Each vote holding organisation must nominate an officer for the purpose of liaising with the DGOU on its digital and ICT-related portfolio. The DGOU Liaison Officer must be at Principal Officer Level equivalent, or higher, in the organisation.

The liaison officer is responsible for all submissions required under this Circular and also for keeping the DGOU informed in relation to their organisation's digital / ICT agenda, including its supporting pipeline of work.

Parent Departments of those PSBs with their own vote, must decide whether all submissions will be made directly by the Department, or by that PSB. This must be formally communicated to and be agreed with the DGOU.

Where a PSB has its own liaison officer and makes its own submissions, approval of initiatives will be considered only when the DGOU has received appropriate assurance that the parent Department supports and approves of the planned initiatives and the proposed approach. This confirmation should be provided to the DGOU as part of each submission made.



4. Obligations under this Circular

Organisations are required to make a number of different submissions to comply with this Circular:

- Start of Year
- Request for specific approval of proposed initiatives
- End of Year

Requests for specific approval, for new digital and ICT initiatives that have been approved internally, should be submitted for evaluation with the Start of Year submission. Outside of this, the DGOU will continue to accept requests throughout the year.

All submissions, made in line with this Circular, must be completed online via the eDGOU system, using templates provided. User accounts for eDGOU are managed by the DGOU team. Any queries, in relation to eDGOU, can be sent to dgou@per.gov.ie.

4.1 Start and End of Year Submissions

All vote holding/centrally funded organisations are required to make Start and End of Year submissions by the end of February each year. The DGOU Liaison Officer is responsible for these returns, which must be approved by the organisation's Accounting Officer.

The Start of Year submission will include details of all proposed new initiatives planned for the coming year and for which Requests for Specific Approval will be submitted.

4.2 Requests for Specific Approval

Specific approval must be sought for:

- All new digital and ICT-related initiatives which may give rise to expenditure in excess of €25,000, excluding VAT and internal staff costs;
- Any new initiatives which propose not to follow a current strategy or policy of Government or this Department, irrespective of the anticipated level of expenditure. This includes those proposals 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;
- Where there is significant variation to the scope, schedule, deliverables, cost or quality since an original approval was conveyed by this Department. In this scenario, any follow on Request for Specific Approval must explain the basis for the variation and all remedial action(s) proposed;



- Specific project categories notified by this Department to the nominated DGOU Liaison Officer in line with the administrative arrangements established for the implementation and operation of this Circular.

Specific approval is **not required** for:

- Existing projects which were approved by this Department when new; or
- Recurring, annual, non-project Business as Usual (BAU) expenditure required to maintain essential functions and existing services of the organisation.

Requests for approval for initiatives must be submitted prior to any government decision, the publication of any procurement documents, or otherwise committing to the project, including expenditure.

Retrospective approval of digital/ICT initiatives will not be considered.

Note 1: The eDGOU system captures high level project information. The underlying Business Case will also be requested, in most cases.

Note 2: for projects in excess of €2m, excluding VAT and internal staff costs, initial approval in principle only will be given as these initiatives will be subject to the Peer Review process as set out in Part 2 of this Circular.

5. DGOU Evaluation Criteria

In considering Requests for Specific Approval, the DGOU will evaluate the proposed initiatives by considering them against a range of criteria, including those set out below. In considering approval, the DGOU may seek the views of the associated Expenditure Management Division in this Department.

Approvals given may be subject to specific conditions.

The evaluation criteria considered by the DGOU include, but are not limited to:

- Alignment of digital and ICT-related initiatives with relevant strategies, policies and strategic objectives of Government, the Department of Public Expenditure and Reform, and the organisation within which the Accounting Officer for the associated expenditure resides;
- How the proposed initiative will further the delivery of digital government services;
- Organisations' engagement with the OGCIO in relation to opportunities available under the Build to Share pillar of Public Service ICT Strategy, and any related successors, and other common digital/ICT service platforms or infrastructures;
- Organisations' engagement with OGCIO in relation to the proposed approach to particular initiatives of large scale, risk or strategic significance;



- The organisation's Digital and ICT Strategy, including plans for dependent or associated projects;
- The quality of the business case underpinning the proposed initiative including planned outcomes and proposed costs as well as value for money considerations for the project to be undertaken, etc.;
- Consideration of potential opportunities for commonalities of the particular proposal with those of other organisations within the same sector, under the auspices of the same parent Department, or elsewhere across the Civil and Public Service;
- Confirmation that new initiatives have the support and approval of senior management including the official at Assistant Secretary, or equivalent, level with responsibility for driving the digital agenda within the organisation;
- Compliance with all applicable Circulars, directives and guidance from the Department of Public Expenditure and Reform and its offices, including the use of centrally developed procurement frameworks;
- The governance and risk management arrangements proposed. The DGOU will expect to see an appropriate governance structure in place which reflects the scale, level of risk and nature of the initiative. This should include having an identified official, of rank proportionate to the scale of the project, assigned as owner and person responsible for each project or each significant activity not classified as a project;
- For bodies under the aegis, the DGOU should be assured that appropriate governance and oversight arrangements for the initiative are formalised with the parent Department;
- The capacity of the sponsoring organisation to deliver the project.

6. 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. 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.

Organisations must be mindful of the need to achieve optimum value from recurring or ongoing annual expenditure, generally termed non-project expenditure/ business as usual (BAU). 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 in the context of the total cost of ownership for the upgrade /replacement when compared to the total non-project expenditure needed to maintain the existing level of service for the same period.



In addition, organisations are reminded of the ongoing need to ensure value for money and to review support contracts on a regular basis, returning to the market as appropriate.

The DGOU reserves the right to seek further detail in relation to on-going, BAU-related inclusions in Start of Year returns.

Part 2: Additional Oversight Arrangements for Significant Digital and ICT Initiatives – Peer Review

1. Background

The current Peer Review process was implemented by Government Decision in October 2005. The process applied to major digital and ICT-enabled initiatives being run by Government Departments, State Agencies and organisations under the aegis of Departments and Agencies.

This Circular sets out revised arrangements for the peer review of digital and ICT-related initiatives of scale, risk and/or strategic importance in the Civil and Public Service. The arrangements, as set out in this Circular, will be applied to all new projects yet to be approved, and also retrospectively to all projects that are currently in peer review. This Circular complements the requirements of the Public Spending Code.

Peer Review is applicable to projects in organisations that are in scope of this Circular, as set out at Part 1, Section 2.

2. Purpose

The purpose of the Peer Review process is to assess if the governance arrangements of initiatives of scale, risk and/or strategic importance, are appropriately established and operated to provide maximum assurance of successful delivery.

The role of the Peer Review Group (PRG) is to provide independent advice and support to both the DGOU, and also the Project Team, and to act as a *critical friend* to the project. While the opinion of the PRG is primarily for the DGOU, the opinion of the PRG is shared with the Project Team for their consideration.

The PRG is established at the initial outset of the project and supports the DGOU and Project Team throughout the project lifecycle, through to lessons learned and benefits realisation analysis.

While these will vary depending on the nature of particular programme/s projects, the various milestones in the Peer Review process will generally include:

- Business Case
- Procurement Stage (Pre “Go to Market”)



- Investment Decision
- Project Initiation
- Project Closure

Outside of the above, regular checkpoint reviews will also be held at least every 4 months, throughout the project lifecycle and the Project Team will be required to keep the PRG, via the DGOU, up to date in relation to any events/developments that impact on the project budget, schedule, or overall status.

3. Peer Review Structure

Peer reviews are carried out by a group of senior personnel, independent of the Project Team and this Department, with significant experience and knowledge of project management, project governance and/or digital and ICT technical expertise. For projects in excess of €5m, the DGOU establishes the PRG, which is generally comprised of at least 4 members with a DGOU-nominated Chair.

Project Team and PRG engagements are carried out at specific project milestones throughout the project lifecycle until completion and closure. There is also regular engagement outside of these milestones to ensure the PRG is kept up to date on developments with the project.

The PRG reviews project documentation and project status updates and meets with the Project Team to discuss. On foot of each review, the PRG issues an informed opinion, to this Department, on the overall health of the project and its continued viability. This opinion is presented as a Red/Amber/Green (RAG) status, generated by the PRG, with supplementary notes and comments.

The DGOU will consider PRG output and request follow-up action from the Project Team, where appropriate.

Areas of concern identified which are not, in the opinion, of the DGOU, mitigated satisfactorily, may be escalated for the attention of the Government Chief Information Officer, the relevant Expenditure Management Division in this Department and/ or the Accounting Officer of the Sponsoring Organisation.

While the PRG offers support and advice to both the Project Team and this Department, the DGOU is the owner of the relationship. Accordingly, all communication and correspondence, in relation to each Peer Review, is carried out via the DGOU.



4. Implementation Arrangements

Effective from 1 July 2021, there are two categories of project that will be subject to the Peer Review process:

- Projects with a 5 year or lifetime cost of €5million (excluding VAT and internal staff costs) or more, will be subject to the DGOU initiated and managed Peer Review process; and
- Projects with a 5 year or lifetime cost of between €2 million and €5 million (excluding VAT and internal staff costs) will be subject to a Peer Review that is initiated and managed by the Sponsoring Organisation.

Part 1, of this Circular, continues to set out the underlying approval arrangements for all digital/ICT Projects and initiatives. As per Part 1, Section 4.2, Approval in Principle is required for all major projects **prior** to the development of the Business Case. The nominated DGOU liaison is responsible for keeping the DGOU up to date in relation to planned initiatives.

There may be exceptional circumstances where a project is not accepted to the DGOU-managed Peer Review process. This situation, while very unlikely, may arise due to a limited number of factors including time afforded to Departments to plan and/ or relating to capacity in the DGOU at particular time. Inadequate scheduling or planning on behalf of a Sponsoring Organisation is **not** appropriate grounds for such a deviation.

In order for any variation to the standard Peer Review process to be considered by DGOU, the Sponsoring Organisation, as well as its parent Department, will be required to provide assurances to the DGOU with regard to the project governance and oversight measures in place. Such measures could include initiating a self-managed peer review or including independent representation in the project governance structure.

Any arrangements which deviate to those contained in this Circular must be approved by the Accounting Officer and notified to the Sponsoring Organisation's Internal Audit Unit as well as the relevant Expenditure Management Unit of this Department.

Further guidance, including details of implementation arrangements and the process involved will be made available separately.