STATEMENT OF INTENT

TREASURER’S DIRECTIONS

INFORMATION AND COMMUNICATIONS TECHNOLOGY

Section ICT 2.1: ICT Investment

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| ICT investment decisions that are based on business requirements, government priorities and testing under the NT Government ICT Governance Framework will ensure effective delivery of ICT solutions and value for money outcomes for government. |

##### MAIN FEATURES

Section 38 of the *Financial Management Act* requires every Accountable Officer and every employee of an agency to comply with the Treasurer’s Directions.

**ICT Investment Proposals**

Agency ICT investment proposals are to address business requirements, ICT solution options, implementation approach, impacts, risks, benefits, resourcing, costs and timeframes.

The agency Accountable Officer must ensure that ICT investment proposals have examined, evaluated and documented all the elements necessary to enable an objective and fully informed ICT investment decision to be made.

A business case is required as a core element of a major ICT investment proposal and must be approved by the agency Accountable Officer.

**ICT Governance Board Review**

Agencies must submit major ICT investment proposals to the ICT Governance Board for review and endorsement prior to a decision.

**ICT Investment Approval**

The agency Accountable Officer must obtain Cabinet approval for a major ICT investment proposal prior to making any commitments.

For authoritative instruction and guidance referenceshould be made to related Treasurer's Directions and associated commentary.

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**AUTHORITIES**

*Financial Management Act* (NT)

*Procurement Act* (NT)

*NTG ICT Governance Framework*

**ABBREVIATIONS**

| ICT | Information and Communications Technology |
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| IGB | ICT Governance Board |
| NT | Northern Territory |
| NTG | Northern Territory Government |

overview – ict investment

Introducing ICT change, whether it is upgrading, replacing or implementing new ICT systems or services, generally requires significant investment of government resources, both financial and human. Such investment needs to provide value for money outcomes for government and deliver benefits to the agency and the community. A comprehensive and rigorous investment proposal and review process is needed to enable informed ICT investment decisions.

ICT INVESTMENT PROPOSALS

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| ICT2.1.1 | Each agency Accountable Officer must ensure that ICT investment proposals have examined, evaluated and documented all the elements necessary to enable an objective and fully informed ICT investment decision to be made. |

1. The elements that must be addressed in developing an ICT investment proposal include:
   1. Business requirements – the agency business need that is intended to be met from the ICT investment. Requirements will be aligned with the NTG’s ICT Strategy, strategic directions within the agency, the NTG’s ICT environment, government policies and agency business needs.
   2. ICT solution options – applications, systems and services available in the market or within government that could meet the business requirements. Options could include reusing/sharing an existing NTG solution, acquiring a commercial-off-the-shelf solution with or without customisations, contracting a service from a solution provider or developing an in-house solution (share, buy, lease or build). The technology delivery model that best suits the agency’s needs and circumstances should be selected.
   3. Implementation approach – the model under which the chosen solution is planned to be implemented. Options would be influenced by the solution and would include an internal project team, a third party implementer, or a mixed project team of internal and vendor resources.
   4. Impacts – how the project and proposed ICT solution will or could affect the agency, government, clients and the community. This element would extend beyond the ICT system and explore changes in processes, culture and information, covering both positive and negative impacts that are likely to arise (some may be addressed within risks and benefits elements).
   5. Risks – all ICT projects involve significant and diverse risks which need to be identified, fully canvassed and mitigation strategies developed. Treasurer’s Direction ICT1.3.4 refers.
   6. Benefits – ICT projects should deliver gains and improvements to the agency, government, clients and/or the community. Benefits need to be articulated and quantified wherever possible. Benefits realisation is a key feature in ICT projects and requires measurable and clear benefits to check and confirm the project’s success. Treasurer’s Direction ICT1.3.5 refers.
   7. Resourcing – experienced and qualified people with specialist expertise are required to deliver ICT projects. These skills are often in short supply, not readily available in the NTG or in the NT and are high cost. The resource requirements need to be identified, along with strategies to source and retain the specialist skills needed for implementation.
   8. Costs – detailed estimation of all costs required to deliver and operate the chosen solution, including direct and indirect costs and governance costs for IGB or internal stage gate reviews. Treasurer’s Direction ICT1.3.3 refers.
   9. Timeframes – the time required to deliver the chosen solution, disaggregated for key project milestones and deliverables, with external deadlines and interdependencies identified.

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| ICT2.1.2 | Each agency must prepare a business case as a core element of a proposal for a major ICT investment. |

1. The business case for a major ICT investment proposal will address the elements listed at ICT2.1.1 (i) at a minimum. Information related to agency or project specific requirements that are non-standard should also be incorporated in the business case.
2. The business case provides an early opportunity to explore all aspects and issues that may arise or could affect the implementation of an ICT solution before a commitment is made. It will raise awareness and garner support within an agency, allow issues to be addressed early and facilitate project planning.
3. Business cases must be objective, not overly optimistic and provide a full and honest account of all known issues. The business case is the basis for the investment decision and will be subject to external scrutiny, particularly if the resultant ICT project experiences difficulties. If issues are subsequently identified that should reasonably have been known and identified in the business case, agencies or individuals could expect criticism and reputation damage.
4. It is important that agency ICT proposals are appropriately explained, justified and approved through a process that is commensurate with the profile of the project.
5. The content of a business case should be matched to the ICT project profile taking into account scale, complexity, risks and cost. ICT projects classified as high profile will require a comprehensive business case, whereas projects classified as low profile can use a simplified business case or another format that provides justification for the proposed investment.
6. Model templates for an ICT business case are provided as part of the NTG ICT Project Management Toolkit at NTG Central.

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| ICT2.1.3 | Each agency Accountable Officer must approve the business case for a major ICT investment proposal. |

1. As the business case provides the justification and specifies the parameters for an investment in an ICT solution, it is essential that the business case be subject to internal scrutiny and receive senior executive approval prior to proceeding.
2. The agency Accountable Officer may delegate this approval function and should consider the profile classifications for ICT projects as a guide to determining the appropriate authority to approve ICT business cases.
3. Business cases should be reviewed and endorsed through the agency’s ICT governance processes prior to submission to the Accountable Officer or delegate for approval.

ICT GOVERNANCE BOARD REVIEW

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| ICT2.1.4 | Each agency must submit the business case and related proposal documents for major ICT investment proposals to the ICT Governance Board for review and endorsement, prior to an investment decision being made. |

1. The *NTG ICT Governance Framework* available at NTG Central, provides that ICT investment proposals and ICT projects are considered major where they meet at least one of the following criteria:

* substantial value (over $5 million)
* high complexity
* high sensitivity
* high risk of implementation failure
* impacts across multiple agencies
* main users are the community/private sector

1. The Minister for Corporate and Information Services, Cabinet or the agency’s portfolio Minister may require an ICT investment or project that falls outside these criteria to be overseen by the IGB.
2. Agencies are encouraged to consult with the IGB and seek advice in developing ICT investment proposals.
3. Major ICT investment proposals must be submitted to the IGB prior to any commitment being made and irrespective of whether the agency is seeking additional funding for the investment or the source of funding.
4. The IGB has an assurance role which requires major ICT investment proposals to be critically analysed in terms of the elements listed at ICT2.1.1, project governance, resource quality and any other requirements necessary to reach a consensus view of the merits and suitability of the proposal; the reliability of the business case, particularly estimates of cost, time and resources; and the level of confidence that the ICT project will be successfully delivered on time, on budget and with planned benefits realised.
5. The IGB may commission an independent stage gate review or other reviews of agency ICT investment proposals, including business cases, to obtain expert advice as to the adequacy of the proposal, any gaps or issues that require further attention, comparisons with similar ICT solutions and projects in other jurisdictions and assessment of agency estimates. This review process provides external scrutiny to test the proposal in order to confirm the agency’s statements and identify any further work that may be required before a decision can be made.
6. Where an independent review under paragraph (vi) is commissioned by the IGB, the agency making the ICT investment proposal will be responsible for meeting the cost of the review. The IGB will consult with the agency prior to engaging a reviewer, provide the agency with input to the review and inform the agency of review findings and recommendations.
7. IGB endorsement of agency major ICT investment proposals is a prerequisite for a subsequent investment decision.

**ICT INVESTMENT APPROVAL**

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| ICT2.1.5 | Each agency Accountable Officer must obtain Cabinet approval for a major ICT investment proposal where funding is required, risks are high and/or community impact is potentially significant. |

1. Major ICT investment proposals can carry significant risks and may have quite broad impacts across the community or industry sectors which would warrant consideration and an investment decision by Cabinet. Portfolio Ministers may approve major agency ICT investment proposals where the risks and impacts are not high, government policy is not changed and no additional funding is needed.
2. Agency Accountable Officers are able to approve ICT investment proposals that have low or medium risk rating, no sensitivities, minimal policy or community change impact and will be funded from within the agency’s existing budget without affecting core service delivery.
3. ICT investment proposals requiring funding are to be addressed through standard Budget Cabinet processes.
4. The IGB will provide comment on agency proposals for major ICT investments, irrespective of the funding source.
5. The ICT investment decision must be made prior to the agency commencing an ICT project to implement a solution, including procurement action and engaging resources. Preparatory and planning work within an agency can be done so the agency is ready and able to quickly commence a project once approved.