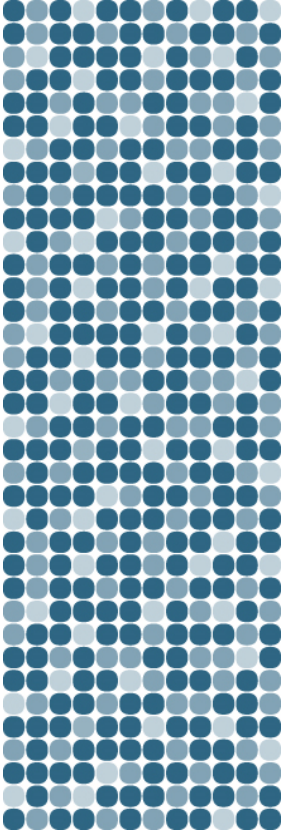

ICT Expenditure Reporting Guideline

for the Victorian Government

PURPOSE Provide reporting data recommendations for ICT expenditure across all levels of government

APPLIES TO	All departments and agencies	AUTHORITY	WoVG CIO Council
PERIOD	2015 to 2019	ADVISED BY	DPC
ISSUE DATE	September 2015	STANDARD ID	GUIDE/Reporting/01
REVIEW DATE	September 2017	VERSION	1.0

DEPARTMENT OF PREMIER AND CABINET
State Government Victoria

Overview

This guideline specifies the recommended ICT expenditure data that should be collected by a departments and agencies to create a consistent approach to recording expenditure. This could also assist in any future benchmarking exercises.

Context

In April 2015, the Victorian Auditor-General's Office (VAGO) tabled an audit report on *Digital Dashboard: Status Review of ICT Projects and Initiatives*. The report recommended the Victorian Government increase its level of transparency around ICT expenditure and the status of ICT projects, with a public-facing reporting mechanism for whole of government.

In response to these recommendations, a high-level ICT reporting standard (STD/Reporting/01) is in place to ensure departments and agencies record relevant ICT expenditure and project information for public reporting.

An ICT expenditure reporting guideline (the 'Guideline') has also been developed to support the ICT Reporting Standard Requirements. This Guideline provides additional expenditure criteria that department and agencies can record, assisting them to further analyse and understand their ICT expenditure compositions.

Audience

This guideline has been developed for all departments, agencies and public entities under the *Financial Management Act 1994 (Vic)*.

The guideline is targeted at officers involved in managing and recording ICT expenditures, including:

- Chief Information Officers (CIOs);
- Chief Technology Officers (CTOs) or IT managers;
- Chief Financial Officers (CFOs) or finance managers;
- ICT expenditure or project owners; and
- Financial analysts

Rationale

Identify cost-saving and investment opportunities

When ICT expenditure can be broken down into various cost elements, it becomes simpler for departments and agencies to aggregate costs per element and allocate ICT investment in required areas. Departments and agencies will benefit from better ICT planning and collaboration across their organisations.

Strengthen ICT expenditure monitoring

While consideration is given for complexity and size, supplying detailed ICT expenditure information allows departments and agencies to easily track expenditure data. Departments and agencies gain the ability to immediately identify how and where they spend, and quickly assess whether to relocate funding to needed areas.

Better benchmarking against jurisdictions in Australia and internationally

Recording ICT expenditures according to various cost elements will help departments and agencies benchmark their ICT costs with the rest of Australia and the world. It allows each entity to plan ahead and gather new ideas on efficiency, scheduling and monitoring.

Support a more effective approach to future information management and technology

By supplying more detailed ICT expenditure information, that data can be integral to understanding the needs of all departments and agencies in the Victorian Government. It will strengthen the future for government ICT by enabling more efficient planning and future-proofing.
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Recommendations

At a minimum, an agency should collect the following:

- ICT expenditure; and
- ICT vendor expenditure.

ICT expenditure

Table 1: Data elements for ICT expenditure reporting

Data element	Detail
ICT BAU expenditure	Total agency ICT Business-As-Usual (BAU) expenditure for the full 12 month reporting period Refer to the glossary for a definition of ICT BAU expenditure
ICT Non-BAU expenditure	Total agency ICT Non-BAU expenditure for the full 12 month reporting period. Provide breakdown for: ▪ Operational expenditure (OPEX) ▪ Capital expenditure (CAPEX) Refer to the glossary for a definition of ICT Non-BAU expenditure
ICT expenditure for each service tower	Total ICT expenditure for each service tower ▪ Non Cloud Applications ▪ Cloud applications (SaaS) ▪ Cloud infrastructure (all cloud excluding SaaS) ▪ End user infrastructure ▪ Facilities ▪ Internet Gateway ▪ Helpdesk ▪ ICT management, strategy and service design ▪ Servers and storage infrastructure ▪ Voice services ▪ Network Refer to the costing definitions for service tower inclusions

ICT vendor expenditure

Inclusion criteria

Record information for every vendor paid over $500,000 as part of an agency's ICT expenditure. Payments to the vendor must fall within the 12 month reporting period.

Frequency

At a minimum, it is recommended that ICT vendor expenditure data be collected every 12 months.

Table 2: Data elements for ICT vendor expenditure reporting

Data element	Detail
Vendor name	The public name of the vendor
Vendor ICT expenditure for each service tower	ICT vendor expenditure for each service tower ▪ Non Cloud Applications ▪ Cloud applications (SaaS) ▪ Cloud infrastructure (all cloud excluding SaaS) ▪ End user infrastructure ▪ Facilities ▪ Internet Gateway ▪ Helpdesk ▪ ICT management, strategy and service design ▪ Servers and storage infrastructure ▪ Voice services ▪ Network Refer to the costing definitions for service tower inclusions

Reference and toolkits

- **Australian Government ICT benchmarking framework**

  The following documents are available from this website:

  www.finance.gov.au/governance-awards-data/ict-benchmarking/

  - *Australian Government ICT trends report 2013-14*
  - *How to get more value from the ICT benchmarking data: Guidance for agencies*
  - *ICT benchmarking: Better practice roadmap*

- **Victorian Government standards**
  - ICT Reporting Standard (STD/Reporting/01)

Document control

Approval

This guideline was approved by the Victorian Secretaries Board on 16 September 2015 and applies from the date of issue (see cover).

Version history

Version	Date	Comments
1.0	16 September 2015	Approved by VSB

Glossary

Term	Meaning
Agency / Agencies	For the purpose of this Standard only ‘an agency’ or ‘ agencies’ refers to any public service body or public entity
BAU	Business as usual, refer to ICT expenditure
ICT	Information and communications technology For the purposes of this guideline the definition of ICT is: *Any technology that stores, retrieves, manipulates, transmits or receives information electronically or in a digital form. It includes communication devices or applications, computer hardware, software, network infrastructure, video conferencing technology, telephones and mobile phones*
ICT expenditure	ICT expenditure represents an agency’s costs in providing business-enabling ICT services and consists of the following cost elements: ▪ Operating and capital expenditure (including depreciation) ▪ ICT services – internally and externally sourced ▪ Cost in providing ICT services (including personnel & facilities) across the agency, whether funded through a central ICT budget or through other budgets ▪ Cost in providing ICT services to other organisations <u>Non-Business As Usual (Non-BAU)</u> Non-BAU ICT expenditure is a subset of ICT expenditure that relates to extending or enhancing current ICT capabilities and are usually run as projects. <u>Business As Usual (BAU)</u> All remaining ICT expenditure is considered BAU ICT expenditure and typically relates to ongoing activities to operate and maintain the current ICT capability. *Total ICT expenditure = ICT BAU expenditure + ICT Non-BAU expenditure*
ICT project	Information and communications technology project For the purposes of this guideline the definition of ICT project is: *Any project or initiative where ICT investment is fundamental to achieving agreed objectives, benefits or outputs. ICT projects have a defined start and end, and focus on delivering:* ▪ *technological change or business capability and may extend to information management, information security or infrastructure improvements, e.g. upgrades, asset replacement, etc.* ▪ *a government strategy or program where ICT is used in whole or in part to effect change and/or deliver outputs and outcomes and/or realise benefits, including business change—not necessarily technological in nature, e.g. business process improvement, community engagement, legislative policy*
IM&T	Information management and technology

Term	Meaning
Public entity/entities	Refer to Victorian Public Entities
Public service body/bodies	Refer to Victorian Public Service
Victorian Public Entities	The definition of a public entity is comprehensive and will not be reproduced here. For a full definition please refer to the *Public Administration Act 2004*
Victorian Public Sector	The Victorian Public Sector is comprised of the Victorian Public Service and Victorian Public Entities - refer to the *Public Administration Act 2004*
Victorian Public Service	The Victorian Public Service (also referred to as 'public service bodies') means: a) Departments; b) an Administrative Office; or (c) the State Services Authority – refer to the *Public Administration Act 2004*
VSB	The Victorian Secretaries' Board comprises all department Secretaries, the Chief Commissioner of Police and the Victorian Public Sector Commissioner. The board is chaired by the Secretary of the Department of Premier and Cabinet
WoVG	Whole of Victorian Government

Costing definitions

Term	Meaning
Service towers As defined in *Australian Government ICT Trends Report 2013-14*, refer to http://www.finance.gov.au/governance-awards-data/ict-benchmarking/	
Non Cloud Applications	Programs and other software (including licensing, the supporting documentation, media, on-line help facilities and tutorials, salaries, and infrastructure costs) that perform user or business related information processing functions.
Cloud applications	Cloud based Software-as-a-service (SaaS)
Cloud infrastructure	All cloud infrastructure excluding Software-as-a-service (SaaS) e.g. Infrastructure-as-a-service (IaaS), Platform-as-a-service (PaaS), Identity/Directory-as-a-service, Storage etc.
End user infrastructure	Services, hardware, software, personnel, functions, activities and responsibilities that are provided directly to end users in an agency. Hardware includes desktop and laptop computers, thin clients, personal digital assistant, and support of these activities, software (including standard operating environment and client software), distributed file, email and print servers, and peripherals such as printers and scanners.
Facilities	Physical facilities, including raised floor space, power supply, air conditioning, and associated utilities, as well as security and facilities monitoring and maintenance services, personnel, activities, hardware and software.
Internet Gateway	Services, hardware, software, functions, personnel, activities and responsibilities that securely connect and provide an interface between two different data networks (typically internal networks and external

Term	Meaning
	networks).
Helpdesk	Buildings, infrastructure, associated technologies and fully trained staff who respond to Level 1 helpdesk calls from end users, co-ordinate incident management, problem management and request management activities, and act as a single point of contact for agency end users in regard to all service towers.
ICT management, strategy and service design	Services, equipment, activities, personnel, functions and responsibilities providing cross-service tower governance, controlling, security, architecture, service design, finance and human resources services to the ICT organisation.
Servers and Storage infrastructure	Services, hardware, software, functions, personnel, activities and responsibilities involved in running server applications and providing data storage capability.
Voice services	All carrier and telecommunications services, carriage, hardware, software, activities, personnel, functions and responsibilities involved in providing voice services and non-internet protocol (IP) videoconferencing services to the business, including Voice over IP services.
Network	Wide area networks and local area networks comprise all network elements (hardware, software, transport systems, interconnect devices, wiring and cabling) including Wireless networks, remote access services and virtual private networks.