



INFORMATION TECHNOLOGY OFFICE

Head 43

BUDGET BRIEF 2016-2017

Presented by

**Senator, the Hon. Michael M. Fahy, JP
Minister of Home Affairs**

March, 2016

Madame Chairman

It gives me great pleasure to present the budget for Head 43, The Information Technology Office found on pages **B-51** to **B-54** of the Budget Book.

MISSION

The Information Technology Office is mandated to empower Ministries, departments and civil servants to improve productivity and services by providing IT Consulting services and core IT infrastructure at reasonable cost.

MANDATE

Madame Chairman

The Information Technology Office is responsible for the following functions:

- Maintaining and securing the IT Infrastructure that host applications used by departments.
- Supporting IT projects underway throughout government.
- Delivering and managing IT services used by departments.
- Sustaining Disaster Recovery Systems for selected departments.
- Supporting IT Governance process for government.

- Delivering training on IT systems to improve effectiveness and productivity.

EXPENDITURE OVERVIEW

Madame Chairman

As noted on page **B-51**, the Information Technology Office has been allocated a budget of six million, one hundred forty two thousand dollars (**\$6,142,000**) for the fiscal year 2016/17. This budget is one hundred and sixty two thousand dollars (**\$162,000**) less than the 2015/16 budget allocation, reflecting a three per cent (3%) decrease. The budget is allocated across eight (8) cost centres within the Information Technology Office. The cost centres are grouped by Operational Divisions that include:

The **Administration & Training Division** that manages the human and financial resources of the department and reports to the Ministry. This division also delivers training and includes the following cost centres:

1. **Administration & Management** (Cost Centre **53000**) which has a budget allocation of one million, three hundred and fifty-seven thousand dollars (**\$1,357,000**); representing an increase of one hundred and twelve thousand dollars (**\$112,000**) or nine percent (9%) higher than the 2015/16 original budget allocation. One hundred and eleven thousand dollars (**\$111,000**) of the increase is Salaries that accounts for two administrative posts. It is the result of:

- a) the reinstatement of a post that was vacated by the Voluntary Early Retirement Programme which accounts for fifty-six thousand dollars **(\$56,000)** of the increase; and,
- b) the transfer of a post to this Cost Centre from Cost Centre Data Entry **(53050)** which has been eliminated accounting for remaining fifty-five thousand dollars **(\$55,000)** increase.
- c) The last one thousand dollar **(\$1,000)** increase is the net result of a ten thousand dollar **(\$10,000)** increase on Rentals for the ITO office at Southside which is offset by reducing the estimates for Repair & Maintenance, Energy and Materials & Supplies by five thousand dollars **(\$5,000)**, two thousand dollars **(\$2,000)**, and two thousand dollars **(\$2,000)**, respectively.

2. **Training** (Cost Centre **53080**) which has a budget allocation of one hundred and fifty-one thousand dollars **(\$151,000)**; representing a decrease of two thousand dollars **(\$2,000)** or one percent (1%) less than the 2015/16 original budget allocation. The decrease is the result of a post holder retiring leaving a post vacant. The vacated post is budgeted at the entry level PS Scale which accounts for five thousand dollars **(\$5,000)** decrease in Salaries. The decrease in Salaries is offset by a small allocation of three thousand dollars **(\$3000)** for Training.

The second division is the **Business Systems Division** that manages the Information Technology (IT) Services delivered by ITO to departments. The

division also provides Project Support for departments that engage in IT projects; and is the net result of the following cost centres:

3. **Service Support** (Cost Centre **53040**) which has a budget allocation of three hundred and sixteen thousand dollars (**\$316,000**); representing a decrease of ninety nine thousand dollars (**\$99,000**) or twenty four percent (24%) less than the 2015/16 original budget allocation. This variance includes the following changes:

(a) A reduction of one hundred and ten thousand dollars (**\$110,000**) in Salaries as a result of Voluntary Early Retirements and,

(b) An increase of six thousand dollars (**\$6,000**) for Training and five thousand dollars for (**\$5,000**) for Professional Services that is allocated to supporting ITO service management application.

4. **Business Systems Support** (Cost Centre **53060**) which has a budget allocation of five hundred and sixty eight thousand dollars (**\$568,000**); representing a decrease of one hundred and twenty-one thousand dollars (**\$121,000**) or eighteen percent (18%) less than the 2015/16 original budget allocation. This variance results from:

(a) An increase of two thousand (**\$2,000**) in Salaries due to grade increases;

(b) A decrease of eight thousand (**\$8,000**) in Professional Services which is allocated to ad hoc application support for departments and,

(c) A decrease of one hundred and fifteen thousand dollars (**\$115,000**) in Repair & Maintenance as a result of transferring the budget allocation for software maintenance to Systems Support (Cost Centre **53070**).

5. **Security** (Cost Centre **53090**) which has a budget allocation of two hundred and seven thousand dollars (**\$207,000**); representing an increase of ninety-one thousand dollars (**\$91,000**) or seventy eight percent (78%) more than the 2015/16 original budget allocation. This increase is attributed to:

(a) additional funding of eighty-six thousand dollars (**\$86,000**) in Salaries for the newly appointed Security Manager; and,

(b) an increase of five thousand dollars (**\$5,000**) in Professional Services for testing of security systems.

The third division is **the Infrastructure Systems Division** that maintains and manages the IT Infrastructure which hosts the IT services and applications used by departments located throughout the island. The division includes the following cost centres:

6. **Device Support** (Cost Centre **53030**) which has a budget allocation of three hundred and forty-seven thousand dollars (**\$347,000**); representing an increase of six thousand dollars (**\$6,000**) or two percent (2%) more than the 2015/16 original budget allocation. This increase is the result of :

(a) a decrease of two thousand dollars **(\$2,000)** in Salaries reflecting a reduced allocation for Overtime which is offset by a corresponding increase in Professional Services; and

(b) an increase of six thousand dollars **(\$6,000)** for Training.

7. **Network Support** (Cost Centre **53035**) which has a budget allocation of one million, seven hundred and fifty-six thousand dollars **(\$1,756,000)**; representing a decrease of one hundred and fifty-five thousand dollars **(\$155,000)** or eight percent (8%) less than the 2015/16 original budget allocation. This variation results from:

(a) An increase of nine thousand dollars **(\$9,000)** for Training; followed by

(b) A decrease of one hundred and fifty three thousand dollars **(\$153,000)** of the Communications budget that reflects ongoing work to optimize data circuits and internet utilization; and,

(c) A decrease of eleven thousand dollars **(\$11,000)** of the Repair & Maintenance budget as consequence of revising the maintenance agreement for network switches.

8. **System Support** (Cost Centre **53070**) which has a budget allocation of one million, four hundred and forty thousand dollars **(\$1,440,000)**; representing an increase of sixty-one thousand dollars **(\$61,000)** or four percent (4%) more than the 2015/16 original budget allocation. The variance includes:

- (a) A decrease in Salaries by sixty nine thousand (**\$69,000**) as a result of the promotion of a Systems Engineer, Mr. Stuart Daniels to Security Manager in cost center **53090** Security;
- (b) An increase of six thousand dollars (**\$6,000**) for Training;
- (c) An increase of ten thousand dollars (**\$10,000**) in Professional Services to provide for external systems engineering services to assist with systems support;
- (d) A decrease of one hundred and nine thousand (**\$109,000**) in Rentals as a result of optimizing data centres by moving servers on premise;
- (e) An increase of two hundred and twenty four thousand (**\$224,000**) in Repair & Maintenance to budget for maintenance of critical servers that were purchased two years ago and, as a result, are no longer under warranty; and,
- (f) Lastly, a reduction of one thousand dollars (**\$1,000**) in Materials & Supplies.

CAPITAL EXPENDITURE

Madame Chairman

The **Capital development** budget, as seen on page **C-8**, of one million, seven hundred and fifty five thousand dollars (**\$1,755,000**) is allocated across four cost centres:

1. **Infrastructure Computers** (Cost Centre **76704**) has been allocated a budget of four hundred and seventy-five thousand dollars (**\$475,000**). The allocation is primarily used to replace aging desktop computers, screens, printers and mobile devices. The plan is to replace approximately three hundred (300) desktop computers that are more than five years old. Included in this budget is an allocation of one hundred and thirty-five thousand dollars (**\$135,000**) for upgrading software licenses and security on remote devices.
2. **Network Upgrade** (Cost Centre **76169**) has been allocated a budget of six hundred and eighty thousand dollars (**\$680,000**) to maintain and upgrade the Government network; and support departmental relocation and renovation projects. This budget is used to support the ongoing programme to refresh aging network equipment in Government buildings throughout the island. This investment will improve services to include voice and wireless that will also reduce expenditure on data circuits accounted for in the Communications budget. Included in this budget is

an allocation of one hundred eighty thousand (**\$180,000**) to improve network security.

- 3. Systems/Servers Upgrade** (Cost Centre **76172**) has been allocated a budget of four hundred thousand dollars (**\$400,000**). This Cost Centre provides funding to maintain and upgrade the servers and system software that supports all of the line of business applications used by departments such as the Transport Control Department (TCD), HM Customs and other core IT Services, such as e-mail and network sign-on. There is also funding to increase capacity to accommodate department projects and finish off an ongoing project to replace the old Microsoft 2003 Operating System. Included in this budget is one hundred and seventy thousand dollars (**\$170,000**) to upgrade border security systems, and one hundred and sixty thousand (**\$160,000**) to refresh email systems and Microsoft software licenses.
- 4. Security** (Cost Centre **76866**) has been allocated a budget of two hundred thousand dollars (**\$200,000**). This is a new Cost Centre that has been established to invest in systems to enhance cyber security and mitigate the increasing threats. The initial investment will be used to procure and setup systems that will continuously monitor the entire IT infrastructure for threats and vulnerabilities. These systems will raise alerts that will trigger a response to rectify weaknesses.

MANPOWER

Madame Chairman

The ITO employee numbers shown on page **B-52** will not change in 2016/17, remaining at thirty-six (36) posts. However, there are changes in allocation to four (4) Cost Centres, such as:

- (a) Cost Centre **53000**, Administration & Management has increased by two (2) posts. One post has been transferred from Cost Centre **53050**, Data Entry which no longer exists. The second is the result of reinstatement of a post after the two-year mandatory vacancy period required by the Voluntary Early Retirement Programme expired.
- (b) Cost Centre **53040**, Service Support has been reduced by one post as a result of the Voluntary Early Retirement Programme.
- (c) Cost Centre **53070**, Systems Support has been reduced by one post as a result of transferring an individual from a Systems Engineering Post in this Cost Centre to become the Security Manager in Cost Centre **53090**, Security, resulting in an increase of one post in that Cost Centre.

OUTPUT MEASURES

Madame Chairman

The Output Measures for the ITO shown on **B-52** and **B-53** remain generally constant year over year.

The Forecast and Target for Cost Centre **53030**, Device Support shows a reduction to **60%** and **75%** respectively that reflects a reduction of service level target that has proven challenging to attain. However, changes planned for methods of support driven by upgrading the software deployment and management systems should improve response times in due course.

The Forecast and Target for Cost Centre **53035**, Network Support – shows a Revised Forecast and Target Outcome for Resolving Repair Tickets of **57%** and **70%** respectively. This is a result of data circuit repairs that rely on the response of our external vendors and normally occur during busy periods after bad weather.

The Forecast and target for Cost Centre **53060**, Business Systems Support shows a general reduction on the Revised Forecast for both categories of Service Level Review meetings. This is a consequence of two factors. Firstly, the staffing levels remain at 60% of the total established posts to realize budget reductions. Secondly, the staffing levels were further reduced by extended medical leave for two of the senior members of this section.

Cost Centre **53090**, Security reports that the Target Outcome for 2016/17 for Servers Checked Monthly will improve to ninety percent (90%) as opposed to the seventy one percent (71%) Revised Forecast 2016/17. The improvement on the 2016/17 Target Outcome is a direct result of appointing a Security Manager. The addition of the Security Manager will allow the Security Analyst to place more emphasis on monitoring processes.

MAJOR ACHIEVEMENTS

Madame Chairman

During the last year the ITO continued work on IT technical risk mitigation and cost savings. The objective of this work is to sustain reliability of the IT Infrastructure that is a critical component of the business activities of almost all departments. The cost reduction efforts continue in anticipation of the ongoing need to reduce operating costs. During the second half of the year greater emphasis was placed on IT Security.

The risk mitigation work consisted of increasing capacity and refreshing of storage in the production and disaster recovery data centers. Work on moving servers from legacy data centres to the more reliable high available data centres continued, but is not yet concluded due to technical challenges. This work will be concluded in the upcoming year.

Good progress was made on developing and field-testing new and less labour intensive technologies for deploying and supporting desktop devices and network locations. This work is designed to reduce the cost and effort related to Devices and Network support activities during the upcoming year.

A project to replace the end-of-life Windows 2003 server operating system began this year and is about 80% complete. It will be concluded in the next fiscal year.

Some very important work was accomplished on enhancing IT Security. A new IT Security Programme was established that is designed to address emerging

Cyber Security threats. A modernized IT Security Policy was approved and work on the compliance regime has begun.

The IT Governance Model was modernized and a new IT Governance Team was empaneled during the second half of the year. Work has begun on developing an IT Governance strategy and updating the associated IT Governance policies and procedures.

Madame Chairman

I now turn my attention to the IT cost optimization efforts. Progress has been made to reduce network costs and re-engineering the disaster recovery facilities. Ongoing examination of network utilization has continued to realize success by reducing bandwidth and associated costs. The work on reengineering the disaster recovery facilities is well underway to the extent that an external data center was shut down resulting in a significant reduction in the budget for Rentals.

PLANS FOR THE UPCOMING YEAR

Madame Chairman

The ITO plan for 2016/17 will focus on implementing the IT Security programme. The Security Programme is designed to mitigate cyber security risks that are becoming more prevalent. This plan includes implementing security processes

and technology that will impact all components of the IT Infrastructure and consequently will involve all sections of the ITO. The work extends from:

- (i) Improving account management processes that will control and require increased authorization to enhance security on levels of access;
- (ii) improving IT Security Policy compliance, including training and the roll out of compliance systems to department and users;
- (iii) installing new systems to monitor threats and vulnerabilities; and
- (iv) improving and modernizing protection systems at the network border, and internally within the network and at device level.

The second component of the plan is more progressive. It will address the business case and opportunities presented by the Cloud and Mobility especially at it relates to modernizing email systems.

Work will continue on replacing ageing desktop computers, network switches, and upgrading applications hosted on Windows 2003 that have reached end of life.

Madame Chairman

The Information Technology Office is critical to sustaining the effective operations of the Government. They have continued to realize cost reductions while maintaining a discerning watch on the Governments' core IT Infrastructure. Next

year IT security will be the priority with the overriding objective to protect and sustain reliable IT services for departments.

I would like to take this opportunity to thank the Director, Mr. Michael Oatley and his team for the staff for the excellent service that they continue to provide to the Government.

Thank you, Madame Chairman