



**An Roinn Turasóireachta, Cultúir,
Ealaíon, Gaeltachta, Spóirt agus Meán**
Department of Tourism, Culture,
Arts, Gaeltacht, Sport and Media

Examination of The Arts Council Business Transformation Programme (BTP)

6 February 2025

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EXECUTIVE SUMMARY

1. Introduction

In light of the significant issues arising in the delivery of the Arts Council Business Transformation Programme (BTP) project, initially approved for delivery between July 2019 and May 2021, and at expenditure to date of €6.5 million for the project, the Department of Tourism, Culture, Arts, Gaeltacht, Sport and Media undertook an examination into the project.

The terms of reference for the examination include a review of each phase of the project. These phases comprise an examination of the project from the development by the Arts Council of a business case for ICT Capital expenditure in 2018, to its evolution into a Business Transformation Programme by late 2019, to the most recent proposal in June 2024 for an off-the-shelf grants management system. The outcome of the examination, including findings, are set out in the applicable chapters of the report. The main findings are summarised in Section 5 of the Executive Summary.

The report sets out recommendations for the Arts Council in respect of the governance and operational implementation of any future phase of this project. The report also sets out several recommendations for the Department for the oversight of any future phase of this project and for similar projects in other bodies under the aegis of the Department. The recommendations are listed at the end of each chapter and in Section 6 of the Executive Summary.

2. Background to BTP

The Arts Council, established in 1951, is the Irish Government body responsible for developing the arts in Ireland. The core functions of the Arts Council are governed by the Arts Act 2003, and are: to stimulate public interest in the arts, promote appreciation and practice of the arts, improve standards in the arts and advise the Minister and other public bodies on the arts.

To help realise these core functions and deliver on its remit to develop the arts, the Arts Council publishes periodic strategies and associated plans, the current iteration being *Making Great Art Work – Arts Council Strategy 2016-2025*, under which the Arts Council has published more detailed successive three-year plans. *Making Great Art Work* includes, as one of its five priority areas, an Investment Strategy, with the goal to ensure that public monies are invested effectively to realise the priorities of the Arts Council.

Under the first three-year plan (2017-2019) of *Making Great Art Work*, objectives stemming from the goal to invest public monies effectively included an increase in investment in ICT and information management systems and capacity to better track and report on investment to advocate better for the value of the arts and the work of the artist. This objective originated, first, in the status of the Arts Council ICT architecture, much of which had been in place for over 10 years and was or would soon be, out of support. Second, the Arts Council online application system, which during this period processed over 3,000 applications for funding each year, was based on manual processes, whereby applications forms could be only downloaded by applicants, completed in MS Word and Excel, and uploaded for submission. Online forms were (and are) not available on the system. Forms cannot be completed on mobile applications, the process is manual for applicants and processors in the Arts Council and the three-year plan outlined that it is, therefore highly challenging and time consuming to extract meaningful data on the impact of funding.

It is in this context that the Arts Council initiated a project in 2018 to upgrade the ICT systems in place and significantly change the online system interface with users, with the submission of an “ICT

Capital Request 2018-2020” business case to the Department. In December 2018 the then Minister for Culture, Heritage and the Gaeltacht for Capital approved in principle €2.87 million Capital expenditure for the project. In July 2019, sanction to proceed was provided by the Digital Government Oversight Unit (DGOU) in the Office of the Government Chief Information Officer (OGCIO) of the then Department of Public Expenditure and Reform.

3. Purpose of BTP

The business case submitted to the Department in September 2018 set out the project objectives to:

- address security risks posed by end of life and end of support ICT systems through upgrades to the systems
- improve user experience at application and payment stages by replacing the custom code online application system (OLS) with a lightweight portal and migrate current functionality into the Customer Relationship Management (CRM) platform
- improve the ability to receive performance data from artists and arts organisations on the replaced portal
- enhance development of the arts through better use of data to measure investment impact.

By December 2019, when the Arts Council went to tender for the Technology Delivery Partner to design and build the system, the objective of the project had evolved to the development of a ‘Business Transformation Programme (BTP)’ comprising the vision of an end-to-end cloud based business workflow under MS Dynamics 365 CRM. This workflow would upgrade, integrate and enhance the functionality of the following five existing systems:

- MS CRM 2013 to manage the funding application process
- Finance workflow to process purchase orders (POs), invoices, and grant payments (Sun Financials)
- Online Application Portal for grant applications and grantee payment requests
- Arts Activity Reports (AAR) portal facilitating certain applicant organisations to report on funding received and related arts activities
- Child protection welfare (CPW) audit allowing applicants report on how they meet their legal obligations when working with children.

The Programme included significant amendments to the functionality within the individual five systems to enhance workflow relationship management and business processes. These amendments were identified as part of project research and planning carried out before and after the business case was approved, and which were set out at a high level in 190 functional and 30 non-functional business requirements¹ that issued with the tender for the Technology Delivery Partner to design and build the new system.

4. Approach to Examination

The Department carried out this examination between August and December 2024 under Terms of Reference approved by the Secretary General. The Terms of Reference are comprehensive and include an examination of all phases of the project to date, including, system requirements and

¹ Functional requirements comprised the core features for development as part of the new system operation. Non-functional requirements comprised the scope and limits of how the new system would work, including hosting, performance, security. See Section 3.2.1 of this report for further detail.

development; procurement, governance and compliance with relevant public policy directives. The Department reviewed extensive documentation on the project provided by the Arts Council, as well as documentation provided by the business unit in the Department on its role in the project. The Department met on three occasions with senior officials in the Arts Council who were involved in the project and on one occasion with the Deputy Chair and the Director of the Arts Council. The Department wishes to acknowledge the full and efficient cooperation of officials in the Arts Council with the provision of information for this examination.

5. Findings Summary

Main Findings

The vision, composition and delivery of the Arts Council Business Transformation Programme project has proven to be highly complex, ambitious and ultimately is not, to date, delivered.

A high-level summary of findings derived from the facts identified throughout this examination are set out here:

- The Arts Council was not prepared for the nature and scale of the Business Transformation Programme project that it embarked upon
 - It did not have a dedicated full-time senior manager in place to direct and control the project
 - It did not identify, have available or put in place, as part of project planning, the additional internal resources, including in the ICT Unit, and all external resources it needed for the project in time for project commencement
 - It did not cultivate an adequate culture or process of change management prior to project commencement to ensure that new ways of working and greatly enhanced standardisation of procedures could be introduced under a streamlined, more automated system.
- The Public Spending Code requires that the full costs of a project are adequately estimated in a business case. The full costs were not set out in the business case from the Arts Council to the Department and the Department did not seek clarification on this as part of its assessment of the business case.
- The Arts Council did not calculate a final estimate of the project costs subsequent to business case sanction and prior to the completion of the procurement process for the Technology Delivery Partner, as required by the Public Spending Code, particularly in light of the expansion of the project scope since the submission of the business case for capital funding to the Department.
- The scope of the project changed and/or expanded on several occasions prior to and during system design and build contributing to delays in the development of the system and increasing costs.
- While the Arts Council kept the Department informed of the majority of the additional budgets that it approved for the project between 2021 and 2024, it did not request approval from the Department for these additional budgets.

- The project and the timeline for implementation proved to be extremely challenging and possibly unrealistic: one-year development to upgrade and integrate five separate systems, while also introducing new and automated business processes as part of the development.
- The decision by the Arts Council, following options presented by the Technology Delivery Partner, to move away from its originally specified low code portal for application forms to a customised heavily coded portal and application form processing workflow system contributed to a system that was later found to be complex, difficult to support and update, and identify and track defects.
- The decision to de-scope or postpone certain key elements of the system testing process resulted in system development issues not being identified until development was complete and key contracts were ending.
- ‘Following the cancellation of the June 2022 scheduled launch of the system due to the level of defects identified in testing, the Arts Council withheld payments totalling €200k from two external suppliers, and has since sought to engage in a redress process with the suppliers concerned.’
- The Arts Council put in place changes and extensions to contracts with certain external suppliers, and in so doing, exceeded the prescribed limits for increase in value under several contracts. The Arts Council did not report on these in the Chair’s Letter to the Minister as required under the Code of Practice for the Governance of State Bodies.
- In the absence of both a full-time in-house Senior Manager with responsibility for the project and other key internal resources assigned to the project, the Arts Council over-relied on external suppliers to deliver the project including at Programme Manager level.
- The externally contracted Programme Manager was, in turn, responsible for the management of all other external suppliers to the project.
- The project had in place risk assessment reporting. However, risks were identified across multiple work streams with inadequate evidence of coherence, escalation and prioritisation of risks across the project as a whole.
- The Arts Council Audit and Risk Committee and the Internal Audit function have not examined the project to date.
- The lines of responsibility and accountability between the below-board level governance structure of the project and the project management became blurred from the second phase of the project, such that the Chair of the Steering Committee overseeing the project and the Project management leading delivery are the same.
- The Arts Council Board (the Plenary) increased its oversight of the project as the project evolved, however, it is not clear that the Plenary had the adequate expertise to critically

question and assess the issues arising in the project and make fully informed decisions at critical junctures where the project evolved and the Plenary approved additional budgets.

- The Department did not fulfil the requirements of the Public Spending Code in its inadequate appraisal of the Arts Council 2018 business case for the project and in respect of its obligations under the Code of Practice for the Governance of State Bodies in its approach to oversight of the project during the implementation phase, including in respect of the governance of and expenditure under the project.

6. Recommendations

Key Recommendations addressed to the Department

The Department should carry out an external technical appraisal of the options to deliver the Arts Council ICT project, based on identified need, to include the two Options submitted to the Arts Council Board for decision in June 2024 before the Department decides on future funding of the project. The appraisal should include an assessment of the costs of the Options.

The Department should carry out a review of the Arts Council approach to procurement of external suppliers, including level of compliance with relevant legislation, OGP Guidelines and the Arts Council Procurement Policy and Procedures, as well as overall expenditure and budget/expenditure variance.

The Department should examine the feasibility of putting in place an internal formal process comprised of relevant expertise to assess the business case for and monitor the implementation of approved operational projects within bodies under the aegis of the Department, and that are not part of their independent statutory functions, in particular, for projects that may be higher risk due to the complexity, budget or novelty of the project.

Key Recommendations addressed to the Arts Council

The Arts Council should ensure that a senior manager from within the organisation is assigned full-time to any future phase of this project, and is supported by assigned staff members working on a full or part-time basis, as required. Human resources for the project should be identified as part of the examination of options for the project, and should be in place for project commencement.

To ensure separation of lines of responsibility and accountability, the Steering Committee must include external expertise in any future phase of this project, preferably, to chair the Committee. The Programme Management responsible for delivering the project should not chair the Steering Committee.

The Arts Council Plenary should carry out a review of its skills matrix to ensure it has the appropriate range of skills to adequately oversee any future phase of this project. Where it does not have the appropriate range of skills, the Plenary should consider putting in place independent expertise to advise it, particularly at critical decision-making junctures.

Detailed guidance is available on the steps under the Public Spending Code. The Arts Council, drawing on the resources it now has in place in its recently established Project Management Office, should ensure that it follows these steps and carries out a detailed evidence-based analysis of all

options for delivery of a new project, to include technical delivery details, benefits, risks, internal and external resourcing and total project costs.

Recommendations by Chapter

Chapter 2 BTP Project Initiation

Recommendation 1: The Department should examine the feasibility of putting in place a formal process comprised of relevant expertise to assess the business case for and monitor the implementation of approved operational projects within bodies under the aegis of the Department, and that are not part of their independent statutory functions, in particular, for projects that may be higher risk due to the complexity, budget or novelty of the project.

Recommendation 2: Detailed guidance is available on the steps under the Public Spending Code. The Arts Council, drawing on the resources it now has in place in its recently established Project Management Office, should ensure that it follows these steps and carries out a detailed evidence-based analysis of all options for delivery of a new project, to include technical delivery details, benefits, risks, internal and external resourcing and total project costs.

Recommendation 3: The Arts Council should submit the business case for all new projects to the Board for review and approval, with the approval and the basis of the approval recorded in the meeting minute.

Chapter 3 Management of BTP System Requirements, Development and Testing

Recommendation 4: The Department should carry out an external technical appraisal of the options to deliver the Arts Council ICT project, based on identified need, to include the two Options submitted to the Arts Council Board for decision in June 2024 before the Department decides on future funding of the project. The appraisal should include an assessment of the estimated costs of the Options.

Recommendation 5: For any future phase of this project, the Department should request from the Office of the Government Chief Information Officer (OGCIO) that the peer review process is put in place in accordance with Circular 14/2021.

Recommendation 6: The Arts Council should ensure that a senior manager from within the organisation is assigned full-time to any future phase of this project, and is supported by assigned staff members working on a full or part-time basis, as required. Human resources for the project should be identified and costed as part of the examination of options for the project, and should be in place for project commencement.

Recommendation 7: All required external suppliers to the project should be identified and costed as part of the assessment of options for the project. This identification should follow from adequate scoping of project requirements.

Recommendation 8: The Arts Council should ensure that it has adequate controls in place for the monitoring of external supplier performance against contract deliverables.

Recommendation 9: The Arts Council should ensure that prior to completing a procurement process and signing contracts, all project requirements are finalised, documented and costed, and that the viability of any new proposed ICT system requirements is validated.

Recommendation 10: Once the project commenced, the scope and ensuing costs expanded significantly from that outlined in the business case to the Department. The Public Spending Code and Circular 14/2021 (and formerly 02/2016) set out that where a project changes, including in scope and cost, a new sanction must be requested. The Arts Council should ensure that project governance includes active monitoring for compliance with the requirements of public policy directives and circulars.

Recommendation 11: For any future phase of this project, the Arts Council should ensure that key project assurance measures are put in place, maintained and implemented. System validation and critical steps in the testing process were sacrificed due to issues arising in the design and development processes.

Recommendation 12: The Arts Council has now in place a Content Governance Framework arising from its work on this project. This Framework should be used to inform the outline of project business requirements for any tender process, including a clear description of the level of complexity of the processes involved.

Chapter 4 Role of External Suppliers to BTP Project

Recommendation 13: The Department should carry out a review of the Arts Council approach to procurement of external suppliers, including level of compliance with relevant legislation, OGP Guidelines and the Arts Council Procurement Policy and Procedures, as well as overall expenditure and budget/expenditure variance.

Recommendation 14: A comprehensive approach to project procurement, identifying all key external suppliers required and the estimated costs should be completed as part of project planning for input to the business case for the project.

Recommendation 15: The Arts Council should seek to ensure adherence to procurement financial thresholds when considering the procurement procedure under which to advertise tenders.

Recommendation 16: The Arts Council should ensure a broad range of expertise, to preferably include external expertise, who would not be involved in tendering for the project, when evaluating business critical tender responses.

Recommendation 17: The Arts Council should use fixed term contracts to the greatest extent possible. Where this is not possible, the reasons should be clearly set out.

Recommendation 18: The Arts Council should assign a senior manager to be responsible for managing and holding to account the delivery of services by external suppliers in any future phase of this project.

Recommendation 19: The Arts Council should include in applicable contracts the requirement to schedule and hold regular contract governance meetings with external suppliers, the frequency of which are to be determined by the risk and complexity of the service, to ensure the contract is on track and to identify, record and address areas of risk, including inadequate delivery of services, timelines or budget over-runs.

Recommendation 20: Under the provisions of the Code of Practice for the Governance of State Bodies, the Arts Council should ensure that all instances of non-compliance with procurement requirements are included in the Chair's comprehensive letter to the Minister.

Chapter 5 BTP Below-Board Governance, Management and Internal Control

Recommendation 21: The Arts Council should ensure that it complies with conditions placed on it as part of project sanction under the provisions of the Public Spending Code and relevant circulars.

Recommendation 22: To ensure separation of lines of responsibility and accountability, the Steering Committee must include external expertise in any future phase of this project, preferably, to chair the Committee. The Programme Management responsible for delivering the project should not chair the Steering Committee responsible for guiding and overseeing the project.

Recommendation 23: The Steering Committee should have in place an actions log that records all items and risks for follow up by Programme Management, which is updated for, and discussed at each meeting.

Recommendation 24: The Steering Committee should agree with Programme Management the key information it requires for each meeting and have in place an agenda for its meetings, with key standing items including review of project plan, progress against plan, budget versus expenditure, risk and a review of the actions log.

Recommendation 25: The Steering Committee should ensure adequate recording of Committee discussions, to include deliberations leading to decisions and recommendations to Plenary, the questioning and holding to account of Project Management, and discussions and decisions on risk management.

Recommendation 26: The Steering Committee, as part of its Terms of Reference, should clearly set out the risk appetite for the project, including but not limited to, the tolerance for levels of change in the project scope and plan, budget and timelines. The risks should be monitored continuously, with discussions on risk and actions implemented adequately recorded.

Recommendation 27: Based on the risk appetite set by the Steering Committee, Project Management should develop a risk management policy and procedures to include a single risk register that is owned by the Programme Management and submitted to the Steering Committee meetings for review.

Recommendation 28: Prior to the commencement of any future phase of this project, Programme Management should establish a communications plan that sets out the reporting required at all levels of the project. As part of this plan, reporting should be streamlined to ensure that key information, including project progress, issues arising and risks are identified, categorised in importance and urgency and communicated to the Steering Committee under one coordinated information flow.

Recommendation 29: The Senior Management Team may consider having fewer members on the Steering Committee and include the monitoring of any future phase of this project as part of its functions to manage, control and direct the Arts Council.

Chapter 6 BTP Board-level Governance

Recommendation 30: The Arts Council Plenary should ensure that the below-board governance structure of any future phase of this project has adequate separation of lines of responsibility. The Chair of the Steering Committee and the Project Management lead should be separate.

Recommendation 31: The Arts Council Plenary should carry out a review of its skills matrix to ensure it has the appropriate range of skills to adequately oversee any future phase of this project. Where it does not have the appropriate range of skills, the Plenary should consider putting in place independent expertise to advise it, particularly at critical decision-making junctures.

Recommendation 32: The Arts Council Plenary should ensure that it is fully familiar with the requirements of the Public Spending Code and the ICT Circular on Digital and ICT-related expenditure to have the appropriate approvals in place at all times for additional expenditure and significant project changes.

Recommendation 33: The Arts Council Plenary should review how it ensures compliance with the terms of reference for the Audit and Risk Committee. According to the Code of Practice for the Governance of State Bodies and the Terms of Reference for the Audit and Risk Committee, the Committee should have had a role in monitoring the risks in the Business Transformation Programme project.

Chapter 7 Role of the Department and Other Government Offices

Recommendation 34: The Department should ensure that it records and complies with conditions placed on it as part of project sanctions under the provisions of the Public Spending Code and relevant circulars.

Recommendation 35: The Department should examine how it can ensure appropriate representation on approved project governance structures concerned with operational matters within bodies under its aegis, for example, through a formal project oversight mechanism as set out in Recommendation 1 of this report or through direct representation on governance structures, such as steering committees.

Recommendation 36: In order to ensure compliance with the requirements of the Code of Practice, the Department and Arts Council should review and update its oversight and reporting lines, to include identification of initiatives that require regular and timely progress reports and the format the reports should take (written or in liaison meetings). The Department should also consider putting in place with the Arts Council the requirement for an early warning system for the timely notification of issues arising.

CHAPTER 1 INTRODUCTION

1.1 Introduction

This Chapter introduces the approach to the examination of the Arts Council Business Transformation Programme project. It summarises the Terms of Reference for the examination and outlines the methodology. This Chapter also provides a summary of the key public policy directives and circulars that are relevant to this examination, the requirements of which are referenced at applicable points in Chapters 2 to 7. Finally, this Chapter summarises the contents of the subsequent chapters and outlines how these chapters fulfil the requirements of the Terms of Reference.

1.2 Examination Terms of Reference

The purpose of the examination is to identify what happened at each phase of the Arts Council project to deliver the Business Transformation Programme. The phases include examining the background to the project, the business case and its related approval process, ICT system and business requirements analysis and development, the role of external suppliers, project governance and management by the Arts Council, and engagement in the project by the Department and any other Government offices. An examination of compliance with relevant public policy directives and circulars is a crosscutting term of reference across the examination and, accordingly, is considered in each of the following chapters. The terms of reference also include a requirement to identify lessons learned. Accordingly, findings are set out throughout the report and recommendations are listed at the end of each chapter. While the Terms of Reference also included the provision on an interim report in September, owing to the volume of documentation identified for review and the complexity of the issues at hand, the focus instead remained on the completion of the overall examination.

The full Terms of Reference are included at Appendix I of this examination.

1.3 Examination Methodology

The examination mainly comprised a desk-based review of documentation from 2016 to 2024 on all aspects of the Business Transformation Programme project. The Arts Unit in the Department provided documentation on its role in the project. The Arts Council provided documentation in response to a number of information requests. The Department met with the Deputy Chair and Arts Council Director on one occasion. The Department met with on several occasions with officials from the Arts Council who have been involved in the project. These meetings focussed on clarifying any outstanding questions arising from the review of the documentation.

The Department also asked the Arts Council if there is any additional relevant information that should be considered as part of the examination in addition to the information requested and was advised that there is not. On that basis, the Department may amend and update the report should any other information of relevance emerge to impact the findings and recommendations set out in this report.

The Department wishes to acknowledge the cooperation of the Arts Council in both the provision of information for this examination and in the availability of representatives to meet to discuss and provide clarification on any outstanding items arising from a review of the information provided.

1.4 Relevant public policy directives and circulars

1.4.1 Overview

To ensure the proper management of public funds, all public bodies are required to abide by certain principles including good governance, transparency, equity and value for money, as well as have in place adequate accounting/financial and administrative procedures. To support the proper management of public funds, compliance is required with both general and specific public policy directives and circulars for the allocation of funds to, and expenditure of funds by, public bodies.

On a general level, all public bodies are required to comply with the provisions of the Public Financial Procedures, which set out the financial management framework for the public service in Ireland. While the Procedures set out Constitutional, statutory and administrative requirements, they also address the requirements to ensure value for money and good governance in the management and accounting of public funds.

These requirements are further prescribed in the provisions of specific public policy directives and circulars, including:

- The Public Spending Code governing the appraisal and evaluation of public expenditure
- Circular 14/2021 (formerly Circular 02/2016) for Digital and ICT-related initiatives
- Grant Circular 13/2014
- Public procurement regulations and guidelines
- The Code of Practice for the Governance of State Bodies.

The following subsections outline in summary the key provisions of the relevant public policy directives and circulars that have applied at phases of the Arts Council Business Transformation Programme project. As set out in Section 1.2, compliance with relevant public policy directives and circulars is a crosscutting term of reference in this examination and is, therefore, addressed, where applicable in Chapters 2 to 7.

1.4.2 Public Financial Procedures

Section D of Public Financial Procedures – *Financial Management and Value for Money* – sets out the requirements that all public resources entrusted to public bodies are used in a way that is marked by legality, propriety, economy, efficiency and effectiveness. Coupled with this, is a strong emphasis on good governance and accountability arrangements.

These requirements include:

- effective monitoring and control procedures vis-à-vis bodies under the aegis of Departments
- the duty and responsibility to the taxpayer of Government Departments and public bodies to secure value for money in the use of public resources, including in all stages in the planning, management and delivery of programmes and services
- compliance with conditions set out under delegated sanction for capital expenditure, including guidelines from the Department of Public Expenditure, NDP Delivery and Reform on capital appraisal and value for money requirements
- adequate management structures for procuring and managing the delivery of capital projects, including the appointment of a project manager with personal responsibility to monitor progress against contract requirements for capital projects, who should be a senior official on projects costing above €30 million
- development and implementation of a Corporate Procurement Plan and the conduct of procurement in line with legislation and procedures, as set out in procurement guidelines,

the basic principle being that competitive tendering should be used other than in justifiably exceptional circumstances

- engagement of consultancy or external services only where the expert skills or capabilities are not available within a Government Department or public body
- requirement to apply fixed price contracts as the norm in all ICT projects and appoint an individual as project manager for all major ICT projects and provide for independent parallel peer review of ICT projects over €5 million or where the project is likely to stretch resources of the contracting authority².

1.4.3 Public Spending Code

1.4.3.1 Overview

The Public Spending Code sets out the compliance steps for the management of the appraisal, planning and design, implementation and ex-post review of public Capital and Current expenditure. It sets out the roles and responsibilities of the key bodies concerned with expenditure including the Sponsoring Agency, Approving Authority, the Parent Department, Accounting Officer and the Department of Public Expenditure, NDP Delivery and Reform.

While the Public Spending Code has gone through a number of iterations and refinements over the course of the Arts Council BTP project, the key principles and core guidance have remained largely unchanged following the various updates. Each successive update has, *inter alia*, sought to further simplify and clarify procedures, roles and responsibilities.

In this Examination, any reference to the relevant provisions of the Public Spending Code is based on the version of the Code in place at the particular phase or phases of the project under review in the chapter or individual section concerned.

1.4.3.2 Roles and Responsibilities

It is the role and responsibility of the Sponsoring Agency (in this project the Arts Council) to properly appraise, plan and manage the project implementation, as well as undertake the ex-post review, within the parameters of the Public Spending Code. The Sponsoring Agency may be a government department, local authority, state agency, higher education institute, cultural institution or other state body. The Sponsoring Agency prepares the project business case, procures the project in line with national procurement guidance, monitors and manages the implementation stage of the project in line with approval given including regular reporting to the Approving Authority and robust management of the contract, and notifies the Approving Authority immediately if developments occur to impact on project viability.

It is the role and responsibility of the Approving Authority (in this project the Department of Tourism, Culture, Arts, Gaeltacht, Sport and Media) to assess and approve the business case for the project, including approval in principle at appraisal stage and pre-tender approval. The Approving Authority should take the necessary steps to ensure that it has the requisite expertise to assess project appraisal proposals from Sponsoring Agencies. The Approving Authority monitors the project, as it is implemented, and reviews whether the project should progress if major

² Under Department of Public Expenditure, NDP Delivery and Reform Circular 14/2021 on Digital and ICT-related initiatives, the threshold for the provision of an independent parallel peer review is revised to €2 million.

developments occur that threaten the viability of the project. Each Approving Authority is responsible for drawing up its own procedures, as required, applicable to its area of control. These procedures should comply with the principles set out in the Public Spending Code. Each Approving Authority should also ensure that bodies under its aegis follow the procedures laid down by it.

It is the role of the Accounting Officer to adhere to the Guidelines of the Public Spending Code in terms of accountability, delivery, regularity, propriety, and ensuring value for money. It is a matter for each Accounting Officer to decide whether processes in place in his/her department and associated agencies are appropriate to ensure compliance with the PSC Guidelines, manage capital budgets overall, and manage budgets at an individual project level. The Accounting Officer of the Government Department funding the project has ultimate responsibility for the project.

It is the role and responsibility of the Department of Public Expenditure, NDP Delivery and Reform (DPENDR) (2019 Guidelines) to set the overall multi-annual capital expenditure ceilings for each Ministerial Vote Group, issue the delegated capital sanction letter on behalf of the Minister for Public Expenditure, NDP Delivery and Reform. The Department of Public Expenditure, NDP Delivery and Reform also monitors actual aggregate spend against monthly expenditure profiles based on information submitted by departments to the relevant Vote Section of the Department.

Finally, the Public Spending Code Guidelines set out that the Office of the Government Chief Information Officer has a role in relation to ICT projects as set out in Circular 14/21: Arrangements for Digital and ICT-related Expenditure in the Civil and Public Service. This is addressed in more detail in Section 1.4.5.

1.4.3.3 Project Lifecycle under the Public Spending Code

The Public Spending Code distinguishes in the number of steps to be taken in the lifecycle of a project, particularly at the appraisal stage, for projects with costs over and under €20 million. Projects under €20 million do not require advance strategic assessment and require a one-step appraisal and approval from the Approving Authority, rather than a preliminary and final appraisal, a feature for larger projects.

The Public Spending Code 2013 set out that the core tenets of good appraisal are a clearly defined objective, exploration of the realistic options for delivery including risks, cost and funding source, identification of a preferred option in a business case for submission and approval by the Authorising Authority.

The core tenets of adequate planning and design comprise the establishment of a project management structure including accountability lines and key personnel, development and agreement of a project plan based on the approved business case, detailed planning and design of the project which should be then reviewed for any changes in circumstances, including costs or project requirements. The approval of the Approving Authority should be obtained to go to tender for any external suppliers in light of the completion of the planning and design and any new information identified. The planning and design stage ends with the procurement process for any external suppliers for the project. The case for proceeding with the project should be again considered in the context of information provided in the tender responses, including the prices quoted.

Public Spending Code Guidelines 2019 and 2023 set out that the core tenets of effective implementation are adequate management, monitoring, supervision and control of the project,

including in respect of all contracted external suppliers to the project. The focus is on ensuring what was planned and approved is delivered within budget, to standard and on time. Responsibilities for delivery should be assigned. For capital projects, a project manager should be appointed within the Sponsoring Body.

The project management structure should continuously monitor and report on progress against plans, budget and delivery timeframes, and should include the project manager and a representative from the Approving Authority. The Guidelines set out that all developments must be communicated to the Approving Authority, with overall implementation closely monitored by the Approving Authority. The Approving Authority should be prepared to step in and take action should circumstances necessitate within the context of any contractual arrangements in place, including changes to governance, changes to project scope or delivery timeframes, project cancellation or changes in the wider environment.

1.4.4 Grant Circular 13/2014

Circular 13/2014 from the Department of Public Expenditure, NDP Delivery and Reform on the *Management of and Accountability for Grants from Exchequer Funds* sets out the public financial management principles, procedures, and reporting requirements for the management of grant funding provided from public money. The Circular applies to the movement of funds from a Vote to an outside body, and to any/all onward movements of that funding. The objective is to ensure that all Exchequer funds, regardless of the method of distribution, are accounted for and properly managed.

It is the responsibility of the grantor to ensure that they have an effective grant-funding supervision regime in place, which provides clarity on the objectives of the grant, its terms and conditions, and the financial and operational monitoring and reporting arrangements for the grant. These provisions should be included in an SLA with the grantee.

It is the responsibility of the grantees to report in their financial statements on their activity under the grant and to confirm that they have adequate financial control systems in place to manage granted funds. Grantees should not dispose of publicly funded assets without the prior approval of the relevant Government Department/Office on foot of sanction of the relevant Vote Section in the Department of Public Expenditure, NDP Delivery and Reform.

1.4.5 Circulars on Digital and ICT-related Initiatives

As referenced in Section 1.4.3.2, the Office of the Government Chief Information Officer (OGCIO) has a role in respect of ICT-related proposals from Public Service Bodies (PSBs). This role was originally set out in Department of Public Expenditure and Reform Circular 02/2016, *Arrangements for Digital and ICT-related Expenditure in the Civil and Public Service*, superseded by Circular 14/2021 of the same title. The Digital Government Oversight Unit (DGOU) of the OGCIO manages arrangements under the Circular.

The Circular sets out general and specific arrangements for the approval by Digital Government Oversight Unit (DGOU), OGCIO, of ICT-related and digital projects. General arrangements include the requirements that:

- Proposals must align with relevant strategies and strategic objectives of Government, the Department of Public Expenditure, NDP Delivery and Reform and the organisation within which the Accounting Officer for the expenditure resides
- Public Service Bodies must comply with all applicable circulars and directives from the Department of Public Expenditure, NDP Delivery and Reform and its offices, including the Public Spending Code and the use of centrally developed procurement frameworks
- Submission to DPENDR under the terms of the Circular must be by a member of the senior management team in the Government department 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 to DGOU 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
- 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
- Governance arrangements for the management of ICT expenditure in bodies under the aegis must be formalised within the parent organisation
- 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 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 PSB being directly responsible for the success of all digital and ICT-related initiatives, including associated expenditure.

The following categories of expenditure Require Specific Approval (RSA) by Digital Government Oversight Unit, OGCIO, in the Department of Public Expenditure NDP Delivery and Reform (DPENDR):

- 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 DPENDR 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
- 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 DPENDR. All proposed significant remedial action(s) or aggregated additional expenditure intended to address project drift requires prior approval

In addition to the above requirements, Circular 14/2021 Part 2 formalised additional oversight arrangements in the form of a peer review process for proposals with a 5-year lifetime cost in excess

of €2 million. The peer review process assesses 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. A Peer Review Group (PRG) is convened to provide independent advice and support to both the DGOU, and 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, supports the DGOU and Project Team throughout the project lifecycle, through to lessons learned, and benefits realisation analysis.

As the peer review process was not formalised under Circular 02/2016 and was not a condition of the sanction from DPER, outlined in more detail in Section 2.5, the Arts Council BTP, approved in July 2019, was not subject to the PRG process. If the budget for the project had been approved under the provisions of the latter Circular 14/2021, it would have triggered the convening of the PRG for the project.

1.4.6 Code of Practice for the Governance of State Bodies

The Code of Practice for the Governance of State Bodies, introduced in 2016, sets out the principles and practice by which commercial and non-commercial State bodies in Ireland carry out their internal governance and their external relations with Government, the Minister whose aegis under which they fall and the Minister for Public Expenditure, NDP Delivery and Reform, where applicable.

The Code prescribes the requirements for key governance areas including the critical role of the board and its chairperson, the internal control environment, oversight by the parent department and the reporting procedures for procurement. State bodies are required to confirm to their relevant Minister that they comply with the Code in their governance practices and procedures.

The board of the State body is collectively responsible for leading and directing the body's activities. The Board's key functions include reviewing and guiding strategic direction and major plans of action, risk management policies and procedures, annual budgets and business plans, setting performance objectives, monitoring implementation and State body performance, and overseeing major capital expenditure and investment decisions.

The board should have a formal schedule of matters specifically reserved for it for decision to ensure that it has control of the State body, including significant acquisitions, disposals and retirement of assets, major investments and capital projects, and quantitative thresholds for contracts above which Board approval is required.

The board is responsible for ensuring that effective systems of internal control are in place and implemented in the State body, including financial, operational and compliance controls and risk management. The Board should review the effectiveness of these systems annually and confirm in the annual report that the review was undertaken.

The board should satisfy itself that procurement policies and procedures are in place and that it is aware of EU and national procurement thresholds. Non-commercial State bodies should have a Corporate Procurement Plan and a contracts database for all contracts/payments in excess of €25,000 with monitoring systems in place to detect non-competitive procurement.

The chairperson of each State body should furnish to the relevant Minister, in conjunction with the annual report and financial statements of the State body, a comprehensive report covering the

governance arrangements and the outcome of the review of effectiveness of the internal controls in the State body.

The Code sets out that Government Departments should have written oversight agreements with State bodies under their aegis, in accordance with the Governance Framework for Government Departments under the Corporate Governance Standard for the Civil Service.

The oversight agreement should reflect the legal framework of the State body, the environment in which it operates (e.g. commercial, non-commercial, regulatory body), its purpose, responsibilities and level of compliance with the Code, details of the Performance Delivery Agreement; and arrangements for oversight, monitoring and reporting on conformity with the oversight agreement.

The Department should also have in place a Performance Delivery Agreement (reviewed annually) with each of the State bodies under its aegis, which should include high level goals and objectives for the body, key programme activities, outputs and expenditure, as well as annual and multi-annual targets for outputs with milestones.

1.4.7 Public Procurement

Public procurement refers to the process by which public service bodies purchase goods, services or works from suppliers, which they have selected for this purpose. To create a level playing field for all businesses across Europe, EU law sets out minimum harmonised public procurement rules that apply to tenders for public contracts exceeding the EU threshold³, while national rules apply to all lower value tenders⁴.

The key principles of public procurement include:

- adherence to the law and spirit of the EU Treaty to open up the market to ensure the free movement of goods, services and works within the EU
- accountability through procurement decisions that are fair, equitable and ensure value for money
- appropriate risk assessment and management where the purchase value is high and/or complex, and
- implementation of appropriate measures to prevent, identify and remedy conflicts of interest.

In Ireland, the Office of Government Procurement (OGP) has responsibility for sourcing goods, services and works on behalf of the public service and for national procurement policy for the public service. The OGP issues periodic guidelines outlining the up-to-date policy context and providing guidance and templates for use in all phases of the procurement process. The guidance also emphasises the need to ensure that the correct procurement procedure is used, i.e. above or below EU threshold, establishment of a realistic estimate of cost for the entire term of the contract, clear specification of the need based on that outlined in the business case and budget approval in place.

³ EU public procurement thresholds in place since the initiation of the Arts Council BTP are: 2019 €143,000; 2020 €144,000; 2021-2023 €140,000; 2024 €143,000.

⁴ National thresholds are set out in OGP Public Procurement Guidelines and in relevant circulars. In brief: procurement below €5,000 can be carried out via verbal quotes from one or more competitive suppliers; procurement from €5,000 up to the national threshold, which was €25,000 until March 2023 and is increased to €50,000 is carried out via written quotes from at least three competitive suppliers or via eTenders; and the national threshold to the EU threshold is carried out via eTenders.

As part of its role in sourcing goods, services and works, the OGP has in place an extensive range of framework agreements⁵ with operators, from which call-off contracts can be awarded by mini-competition of direct drawdown, depending on the nature of the requirement.

1.4.8 Application of public policy directives and circulars to the Arts Council BTP

The management of both funding to and the expenditure of funding by the Arts Council for the delivery of the Business Transformation Programme project fell under certain provisions of the above directives and circulars. A number of these directives and circulars were subject to updates during the lifetime of the project. As stated in Section 1.2, compliance with the relevant public policy directive and circular at each stage of the project will be examined as a crosscutting term of reference at the end of the Chapters 2 to 7 of this Examination.

The Arts Council receives its funding by annual grant from the Department. The Arts Council was required to prepare its ICT Request for the Business Transformation Programme as the Sponsoring Body under the relevant provisions of the Public Spending Code. The Department as the Approving (then Sanctioning) Authority approved the project in principle before submitting to the Digital Government Oversight Unit (DGOU) of the then Department of Public Expenditure and Reform under the provisions of Circular 02/2016, and receiving sanction for the project to proceed subject to prescribed conditions.

Management of the implementation of the project is subject to provisions of the Public Financial Procedures, Public Spending Code, Public Procurement, the Grant Circular and the conditions set out in DGOU Sanction.

1.5 Chapter layout

This examination has identified and categorised implementation of the Business Transformation Programme following the July 2019 project sanction into three temporal phases:

- Phase 1 July 2019 – June 2022
- Phase 2 June 2022 – December 2023
- Phase 3 December 2023 – August 2024

While there is some blurring of activity under the individual phases, the end of each phase is marked by a key point in the status of BTP from which the project evolved in a new direction. The following Chapters 2 to 7 provide the information and analysis in fulfilment of the Terms of Reference of the Examination. The timelines and information in the chapters is broken down according to the phases set out here. As referenced in Section 1.2 of this report, the examination of compliance with relevant public policy directives and circulars is a crosscutting term of reference and, therefore, is addressed in each of the following chapters, with cross-reference back to the requirements set out in Section 1.4 of this report.

Chapter 2 concerns the initiation of the Business Transformation Programme project. The Chapter details and examines the context for the development of the business case for the project as well as the approval by the then Department of Culture, Heritage and the Gaeltacht and sanction by the

⁵ Framework agreements are agreements between one or more contracting authorities and one or more economic operators that set out the terms governing contracts to be awarded, in particular with regard to price and where appropriate, quantity [insert OGP guidelines].

Digital Government Oversight Unit, OGCIO, in the then Department of Public Expenditure and Reform.

Chapter 3 examines the management by the Arts Council of the process to develop BTP system requirements, the process to validate and market test the required system, and the approach to system development and quality assurance.

Chapter 4 examines the role of external suppliers to BTP, including the procurement process, services provided, extent of reliance on external suppliers as part of the project and budget versus expenditure.

Chapter 5 examines BTP below-board level project governance, management and internal controls including the role of the Stakeholder Board (July 2019 – June 2022), replaced by the Steering Committee (February 2023 to August 2024) and the role of the project execution team. The chapter also examines the role of the Arts Council Senior Management Team in the project, the approach to risk management and the role of the Internal Audit Unit.

Chapter 6 examines the role of Arts Council Board – referred to throughout this report as the Arts Council Plenary – as well as relevant subcommittees of the Plenary, specifically the Business and Finance Committee and the Audit and Risk Committee.

Chapter 7 examines the role of the Department throughout the project and other relevant Government offices, notably the Office of the Government Chief Information Officer and the Office of Government Procurement.

CHAPTER 2 BUSINESS TRANSFORMATION PROGRAMME INITIATION

2.1 Introduction

As set out in Section 1.4.3, the Public Spending Code requires all new project proposals to have in place a business case, outlining the need for the project, the realistic options for delivery, the total cost of ownership under each option and the identification of a preferred option. ICT projects are also required to comply with the provisions of the Circular on Arrangements for Oversight of Digital and ICT-related Initiatives in the Civil and public Service. In this regard, Circular 02/2016 was in place at the time of the Arts Council 2018 business case submission to the Department.

This chapter examines the process to develop, review and approve the Arts Council business case in the context of compliance with the relevant provisions of the Public Spending Code and the ICT-related Circular.

2.2 Arts Council ICT Capital Request 2018-2020

In June 2018, the Arts Council submitted a business case to the Department of Culture, Heritage and the Gaeltacht, entitled “ICT Capital Request 2018-2020”. The business case set out ICT system requirements in the wake of both system architecture and business process reviews, the former undertaken by IT Executive Focus identifying ICT system upgrades required and the latter undertaken by Deloitte identifying business process efficiencies and improvements to external and internal user experience. The reports from these reviews were appended to the business case.

Following review and a request for more information by the Department, the Arts Council submitted an updated business case in September 2018.

2.2.1 Context and need for Request

In line with the requirements of the Public Spending Code, the Arts Council business case set out the need for the project, expressed in the contexts of policy, technical and business requirements.

The policy context cited Recommendation 8.3.4 in the 2015 Value for Money and Policy Review of the Department recommending improvements to the Arts Council systems to enable enhanced data collection and analysis to measure the impact of funding⁶. The business case also referenced Making Great Art Work (MGAW) 2016-2025, the Arts Council 10 Year Strategy for the sector, one of its five principles being an Investment Strategy to enhance Arts Council delivery including through improved systems to support their work⁷.

The technical context concerned the status of Arts Council ICT systems, in particular, the systems supporting the Arts Council online grant application system (OLS), which, the business case stated, were reaching end of life and beyond end of support, therefore posing significant operational and security risks. In this regard, the business case noted that the Arts Council had engaged a company in 2016, IT Executive Focus, to carry out a review and recommend how it should approach its ICT systems roadmap.

The business context was based on work with Deloitte in early 2018 to review the Arts Council business processes, the output of which made recommendations to enhance services, including through the introduction of online forms, real time feedback to applicants as part of the application

⁶ Value for Money and Policy Review Arts Council of the Arts Council, Department of Arts, Heritage and the Gaeltacht, September 2015.

⁷ Making Great Art Work, 2016 – 2025, http://www.artscouncil.ie/uploadedFiles/Making_Great_Art_Work

process and automated updates on applications and payments. It also included automation and efficiencies in the internal processing and assessment of applications.

2.2.2 Project Objectives

The business case outlined the objectives of the project were to:

- Address current security risks through upgrades to relevant systems
- Improve user experience at application and payment stages by replacing the OLS portal with a thin portal⁸ using web forms instead of existing Word/Open Office application forms.
- Enhance Arts Council ability to receive performance data from artists and arts organisations as part of the introduction of web forms under a new portal, allowing easier data processing and report running
- Through performance data, enhance the development of arts in Ireland as the impact of investment can be better understood under the capabilities of a new portal.

2.2.3 Consideration of Options and Budget Estimate

In line with the requirements of the Public Spending Code to identify all realistic options for delivery, the business case set out the following five options, which were summarised as follows by the Department in the submission to the Minister:

Option	Arts Council Analysis	Arts Council Assessment
1. Do Nothing	OLS supported platforms are at end of life resulting in only limited further development including for any new funding schemes. Security risks heightened due to limited security fixes. Lack of MS support. Costs not set out. Risks: possible return to manual processing/ increased staff costs/ reputational damage.	Not a viable option
2. Do Minimum	Workarounds through standalone non-integrated systems in addition to OLS to meet business objectives. Risks: costly (although it is noted that it is hard to estimate costs, so costs are not set out)/ongoing poor user experience/ongoing security risks/greater complexity from multiple systems.	Not a viable option
3. Upgrade OLS on a supported platform	Maintain current OLS functionality on a supported platform. Cost would be 25-30% more than Option 4 due to complexities of OLS customisation and systems integration	Option is ruled out on costs and possible project creep

⁸ A thin portal is built on a low code or no code basis that can be revised or updated in future on an administrative basis without the need for significant system development.

	Risks: project creep due to possible CRM upgrade requirement/higher costs	
4. Upgrade systems as recommended in ITEF Report	<p>Migrate OLS functionality to MS CRM, redevelop OLS as a lightweight portal, upgrade MS CRM to latest version, upgrade platform for Arts Council public website and introduce Power BI for data analytics, upgrade Sun financials system. The Option also referenced that it incorporated the business process enhancements in the Deloitte study. Result will be modernised and efficient service for users.</p> <p>Estimated cost: €2.87m based on the estimate in the ITEF Study</p> <p>Risks: none identified by the Arts Council</p>	Preferred option
5. Option 4 extended to other public bodies to use	<p>Not costed or discussed with other public bodies but could be assessed if there are potential partners.</p> <p>Risks: complex design for multiple agencies/revised IT organisational structure/increase staffing/delays/complex post-implementation governance</p>	Not a viable option

The Public Spending Code requires a proper assessment of the potential benefits, risks and estimated costs of all realistic options to meet the identified need and deliver on objectives. The business case from the Arts Council did not meet the requirements of the Public Spending Code. The potential benefits and an evidence-based effort to estimate the costs of all alternate options was not provided in the business case, while no risks were identified under Option 4.

If the Arts Council had carried out a proper assessment, the Arts Council would or should have identified that the estimated €2.87m cost for Option 4 was based solely on the proposed system architecture changes from the IT Executive Focus Study. The proposed business process changes identified in work with Deloitte, which were referenced but not elaborated on under Option 4, and which would require significant ICT system design and development, were not included in the business case cost estimate.

When this gap was queried with the Arts Council as part of this examination, it was confirmed that the proposed business process changes had not been costed and were not included in the estimated cost of Option 4 in the business case. The Arts Council did note in a meeting as part of this examination that by going out to the market in the request for tender for the Technology Delivery Partner, it tested the estimated cost to build the system requirements. However, the Arts Council had set a €1.1m cost ceiling for the services to be delivered by the Technology Delivery Partner in the core system build, which once the project started, proved to be inadequate, contributing to early and multiple change requests to project scope by the Technology Delivery Partner, as set out in more detail in Section 3.2.5.

2.3 Review and Approval by Arts Council Board

The Public Spending Code requires project approval by the Board of the State Body concerned in advance of submission to the Parent Department for approval. The June 2018 meeting of the Business and Finance Committee of the Arts Council Board recorded that the Members were presented with an update on ICT, which included a reference that the major capital proposal had been submitted to the Department. An accompanying one-page paper for the Committee meeting entitled "ICT Update" recorded that, "we have submitted our request for capital funding to the department. The overall request is for €2.6ml for spend over 2019 and 2020. We hope to receive feedback in the coming weeks".

The Board Plenary meeting of September 2018 was provided with a report of the June 2018 Business and Finance Committee meeting, including the "ICT Update", which was noted by the Plenary.

While the minutes of the meetings of both the Business and Finance Committee of the Board and the Plenary record that they were informed that the ICT Capital Request project had been submitted to the Department, there is no record that the proposal was brought to the Board for review and approval.

2.4 Review and Approval by Department

As set out in Section 1.4.3.2, under the Public Spending Code, the Parent Department as the Approving Authority, is responsible for assessing and approving the business case for the project. As also noted, the Approving Authority should take the necessary steps to ensure that it has the requisite expertise to assess project appraisal proposals from Sponsoring Agencies.

In June 2018, the Arts Council submitted the ICT Capital Request to the Arts Unit of the Department, the business unit in the Department with corporate responsibility for the Council. The Arts Unit reviewed the business case and sought observations from other units. While this review process identified the need for more detail and analysis on options available as well as the need for more information on the total cost of the project, leading to an updated business case submission in September 2018, the process for appraising the project in the Department was not formalised.

While there are formal processes in the Department for major capital projects, such as the National Cultural Institutions Investment programme, there is not a formalised process in the Department to review significant operational project proposals within bodies under its aegis that are under the threshold for larger scale infrastructure builds, and that are not part of their independent statutory functions, which could draw on the appropriate range of expertise, where not all relevant skills are necessarily within an individual business unit. A more formal review may have further queried the level of analysis of the options in the business case, identified that a record of Arts Council Board approval was not provided for the project and that the estimated costs for all key components of the project were not included in the business case.

The lack of a formal approach to the review of the business case also resulted in gaps in the documentation. For example, the record of observations from one unit consulted could be only identified from secondary documentation. A central record of the review by all stakeholders in the Department, including any recommendations on the business case and for project implementation would have avoided such gaps.

Following a submission setting out the purpose, details and estimated cost of the proposed project, with the supporting documentation, the then Minister gave approval in principle in December 2018 for Capital expenditure for the project.

2.5 Sanction by Department of Public Expenditure and Reform

In compliance with the then Department of Public Expenditure and Reform IT Circular 02/2016 on Arrangements for Oversight of Digital and ICT-related Initiatives, in January 2019 the Department designated ICT Liaison Officer submitted the Arts Council business case to DGOU in the Office of the Government Chief Information Officer (OGCIO).

Subsequent to seeking clarification from the Department that Capital funding was in place and querying the estimated cost of the project, noting that the costs seemed quite high, and receiving a further breakdown from the Department, in July 2019 the Digital Government Oversight Unit (DGOU) of the Office of the Government Chief Information Officer sanctioned the project to proceed. As part of the sanction, DGOU noted the estimated €2.97m⁹ budget and an envisaged 2.5 years' timescale for delivery.

The following conditions of approval were set out in the DGOU Sanction¹⁰:

- Compliance with Circular 02/2016 on Arrangements for Oversight of Digital and ICT-related Initiatives in the Civil and Public Service
- Sufficient funds being available in the allocation to the Arts Council
- Ownership and responsibility assigned to an internal senior official
- Appropriate governance structures being established and maintained throughout the life of the project. The Department of Culture, Heritage and the Gaeltacht should have appropriate representation on project governance structures
- Agreement by stakeholders on requirements and to cooperate during design, development, implementation and operational phase
- Scope of initiative being fully agreed prior to commencement
- The Arts Council using the opportunity to identify any opportunities for the further streamlining of grants management
- The initiative being progressed on a phased basis, and payment linked to tested and working deliverables where possible.

DGOU also suggested that the potential to use MyGovID for electronic login and Digital Post Box for secure electronic equivalent of hardcopy post should be examined, and any potential bottlenecks in Government Networks used for Cloud or hosted solutions for core systems to be raised with Government Networks.

⁹ The Arts Council requested and the Minister for Culture, Heritage and the Gaeltacht approved in principle €2.87m budget for the BTP project. The figure of €2.97m in the sanction letter from DGOU was evidently a typo. Subsequent budgeting and expenditure by the Arts Council in the project has been based on the €2.87m figure.

¹⁰ Letter to ICT Liaison, Department of Culture, Heritage and the Gaeltacht, from Digital Government Oversight Unit, 3 July 2019.

2.6 Recommendations

Recommendation 1: The Department should examine the feasibility of putting in place a formal process comprised of relevant expertise to assess the business case for and monitor the implementation of approved operational projects within bodies under the aegis of the Department, and that are not part of their independent statutory functions, in particular, for projects that may be higher risk due to the complexity, budget or novelty of the project.

Recommendation 2: Detailed guidance is available on the steps under the Public Spending Code. The Arts Council, drawing on the resources it now has in place in its recently established Project Management Office, should ensure that it follows these steps and carries out a detailed evidence-based analysis of all options for delivery of a new project, to include technical delivery details, benefits, risks, internal and external resourcing and total project costs.

Recommendation 3: The Arts Council should submit the business case for all new projects to the Board for review and approval, with the approval and the basis of the approval recorded in the meeting minute.

CHAPTER 3 MANAGEMENT OF BTP SYSTEM REQUIREMENTS, DEVELOPMENT AND TESTING

3.1 Introduction

This chapter outlines what happened in each phase to date of the project following sanction in July 2019 to proceed. The chapter focusses, first, on the process to outline business requirements for the tender for the Technology Delivery Partner, which would design and develop the system. It then outlines the phases between 2020 and 2023 of BTP system design, development and testing and the issues arising in each phase. Finally, it provides an overview of the process in late 2023 and early 2024 to reorient the objective of the project from a 'business transformation programme' to the procurement of a grant management system.

While references are made in this chapter to recommendations of the project Stakeholder Board/Steering Committee and decisions of the Council Plenary, they are made here in the context of illustrating the background to the progression of the phases of the project. This chapter does not examine governance of the project. Governance of the project by the Stakeholder Board/Steering Committee is examined in Chapter 5 and by the Council Plenary in Chapter 6.

3.2 Phase 1: July 2019 – June 2022

Phase 1 of the project covered the initial detailed definition of business requirements for the project for inclusion in the request for tender, the procurement of the Technology Delivery and Quality Assurance partners, and the work on the design and development of the system up to the May 2022 planned go-live of a Minimum Viable Product. Finally, Phase 1 includes the decision to halt 'go live' due to the volume of system defects identified during User Acceptance Testing.

3.2.1 Defining BTP system requirements

The 2017 IT Executive Focus report on improvements to the Arts Council system architecture laid out an approach involving¹¹:

- Implementing a portal providing a UX (User Experience) platform for
 - Accessing on-line services (replacing OLS)
 - Intranet access
- A content management system supporting the public facing B2B (Business to Business) and B2C (Business to Consumer) websites
- Upgrade and custom development of the Dynamics CRM platform to support the functionality residing in OLS, with gaps in functionality also addressed
- Retention and upgrade of the SharePoint EDM (Electronic Document Management) system
- Retention and upgrade of the Sun Account system
- Development of a new data warehouse with an enterprise wide data model (not just financial data) and the implementation of appropriate BI (Business Intelligence) tools.

The approach to building the system architecture was further elucidated in a diagrammatic roadmap, which is included at Appendix II to this report.

In its report, IT Executive Focus noted that the Arts Council wished to move aspects of its ICT infrastructure to the cloud, pointing out that there may be some challenges to this in the short term including cost and 3rd party storage of sensitive data. Nonetheless, it recommended that the new architecture roadmap should have full Cloud readiness.

¹¹ IT Executive Focus, Application Architecture Roadmap Arts Council, May 2017, p.19.

The 2018 Deloitte study set out key changes to business processes, which would include ICT system changes to automate manual processes including¹²:

- Planning – enhanced access by internal users to workload data to improve task allocation; automated instructions on online form completion and real-time automated feedback to applicants on their applications
- Application processing – workflow for online application forms to automatically route through system; automated real-time checks for missing information and past data for applicant; real-time tracker of application status; link to submit application to assessor
- Assessment and Decision-Making (ADM) – auto notification to multiple assessors; auto-generation of assessment panellist papers with applications involving a conflict of interest (COI) auto-removed from a panellist’s list; online sign off; automated emails to applicants using auto generated text
- Payments – documentation checked in real-time and incomplete information cancelled; drawdown reminders auto-generated to grantees; auto-prioritisation of Head of Team tasks; real-time alerts on payment detail changes.

Following sanction to proceed with the project in July 2019, the contracted Programme Manager and Business Analyst to the project worked with business units in the Arts Council to define the detailed business requirements for inclusion in the tender for the Technology Delivery Partner to design and develop the new system. The business processes identified in the 2018 work with Deloitte formed the basis for discussions and developing the detailed requirements¹³.

The Arts Council Business Transformation Programme – Strategy and Plan 2019-2028, dated 4 September 2019, set out that the proposed architecture needed to be able to support the main business flow from planning, applications, payments and appeals. The system should create an automated workflow for all major internal processes. In addition, it was proposed to put data at the centre of the solution architecture by having a database that links all systems storing historical data on funding schemes, customer data and past applications.

There were also changes to the scope of the project from that outlined in the business case to the Department. Hosting of the systems would move to a cloud based architecture, with Dynamics 365 as the new middle office workflow supporting Customer Relationship Management (CRM). The IT Executive Focus report had recommended an upgrade to the existing middle office CRM 2013 system and expressed the view that there was not a perfect cloud-based solution for the Arts Council in the short to medium term.

In addition, the Stakeholder Board¹⁴ requested additional functionality as part of the review of the proposed scope in November and December 2019. These requests included adding resource management to the planning functionality, records management, marketing capability for campaign

¹² Deloitte workshop outputs, February 2018.

¹³ Deloitte as part of its work in 2018 also carried out an exercise to assess the viability at a high level of the proposed business changes from a technical perspective. It found that this would be achievable and could be delivered by both on-premises and cloud based hosting solutions. Deloitte advised that further effort was required by the Arts Council to define functional and non-functional requirements of the business processes at an adequate level of detail to select the appropriate technical solution, hosting option or IT vendor.

¹⁴ The Stakeholder Board, the role and responsibilities of which are described in Section 5.2.3, oversaw the work of the Project Execution Team from July 2019 to June 2022. Its duties included review the Programme budget, monitoring Programme scope and the overall plan and guiding supplier and system selection processes.

management, tracking of time an adviser spends on an application and reporting by location of activity vis-à-vis address of grantee¹⁵.

A review of the documentation did not record, and the Arts Council confirmed in a meeting as part of this examination, that no analysis of additional estimated cost was undertaken in respect of the changed scope of the project from that outlined in the business case.

The Business Requirements Document that issued as part of the Request for Tender for the Technology Delivery Partner listed 190 functional and 30 non-functional requirements for the new system. Functional requirements included workflow planning, registration, applications, assessment and decision-making, payments, procurement and more. Non-functional requirements included cloud hosting, extendibility through a low code/no code build model¹⁶, system configurability capability and documentation of any customised coding used.

3.2.2 Procurement of Technology Delivery Partner

On the advice of a contracted procurement adviser, the Arts Council used a Competitive Dialogue with Negotiation procedure to procure the Technology Delivery Partner as it set out that the following criteria needed to be met to properly deliver the programme:

- The solution requires a customer relationship manager tool as well as the ability to archive documents, pay clients and assess future funding schemes. No such solution appears to be in the market currently
- The programme concerns not only the delivery of an ICT solution, but also seeks to redefine existing processes flows while putting in place a new operating model that will change how people work
- As this is a data centric solution it requires legacy data to be migrated and available as part of the migration. This cannot be achieved using traditional off-the-shelf solutions¹⁷.

Following a pre-qualification questionnaire process, five suppliers were shortlisted for invitation to tender for the contract, of which two responses were received. While the evaluation panel for the tender included an Arts Council in-house ICT Manager and the Senior Management involved in the project as well as the contracted Programme Manager, it may have been beneficial to also include external expertise for a greater range of perspectives.

On 30 April 2020, a one-year fixed price contract was signed with the selected Technology Delivery Partner, which eventually ended in June 2022 following a restructuring of the contract in July 2021 and a number of changes under the change request procedure over the period of the contract.

The main services under the contract comprised:

- Discovery and Planning including Statement of Works, project plan
- Series of Increments 1-5 to build the system with System Integration Testing (SIT) and sign off after each increment
- User Acceptance Testing Increments 1-3 after Increment 3 SIT sign off and exit

¹⁵ Stakeholder Board Minutes, 6 November and 10 December 2019.

¹⁶ A low code/no code build model does not require heavy system development with low/no custom coding and allows for future changes and developments to the system on an administrative basis with little or no technical development required.

¹⁷ Arts Council Business Transformation Programme – Strategy and Plan 2019-2028, 4 September 2019, p.12.

- User Acceptance Testing Increments 1-5 after Increment 5 SIT sign off and exit
- Production, Deployment and PGLS (post go live support)
- Warranty and project close.

3.2.3 Procurement of Testing/Quality Assurance Partner

On 9 November 2020, the Arts Council signed a 9-month contract with the BTP Quality Assurance Partner, procured via open competition. The contract was ultimately extended to June 2022 under a number of individual extensions, further details on which are set out in Chapter 4 and Appendix V.

The main services under the contract included:

- Definition and delivery of an overall Test Strategy for the project
- Development of an Overall Project Test plan to include approach, resource plan and test environments, and set up including the proposal of test tools to be used throughout project lifecycle
- Definition of the product Acceptance Criteria for the delivery of the overall solution
- Business analysis in order to support the definition of the Acceptance criteria
- Individual Test plans for each component of the overall test plan to include User Acceptance Testing, integration testing (CAS (Central Authorisation System) with third party interfaces), regression test, quality assurance test, security test and pre-production testing
- Update, and management of the update of test scripts, test reporting and defect management and re-testing process and management of all on site testing activities.

3.2.4 System Design and Development

The Technology Delivery Partner commenced work on 8 May 2020. The BTP Roadmap and Plan set out the following schedule:

- May – June 2020 Discovery phase to include analysis of system requirements and design of system
- July 2020 – March 2021 Programme execution to include development/build of system and Technology Partner System Integration Testing (SIT)
- March – April 2021 User Acceptance Testing (UAT)
- May – August 2021 Warranty period.

The actual period of system requirements analysis, system design, development and SIT lasted until the middle of June 2022, whereupon the fixed contract with the Technology Delivery Partner ended. Two developers from the company then moved to an interim 6-month Time and Materials contract to support work to fix identified defects and transfer knowledge to a different external supplier development team.

At the same time, in June 2022, having completed two rounds of User Acceptance testing, the Arts Council, with input from the Quality Assurance Partner, decided to cancel a soft (Minimum Viable Product) launch of the system, which had been scheduled for a number of funding schemes to go live. The decision was based on the fact that there remained a large number of outstanding areas to test, and the active defects in areas tested, posed too much risk to the business.

From early in the process to design, develop and test the new system, challenges and problems were encountered that contributed to the decision to cancel the soft launch.

These challenges and problems are summarised as follows:

1. Delays in meeting design and development milestones

Delays to project milestones occurred for several reasons –

- In the early months of the work of the Technology Delivery Partner, the Arts Council was dissatisfied with the quality of deliverables. The issues included the work to accurately and comprehensively document business processes that would require design and development as part of the new system. These requirements are created in the form of user stories¹⁸ that are then used to develop or build the system. The user stories took longer than planned to sign off due to Arts Council requirements for amendments and improvements. In addition, the Arts Council recorded that the Partner was slow to update the project plan (MS Project was used for project planning), therefore making progress more difficult to track, while it stated changes were also being made by the Technology Delivery Partner to design prior to discussions with the Arts Council. This dissatisfaction culminated in the invoking of the formal escalation process in October 2020, where it was agreed that two new forums would be established – Project Design and Project Assurance – meeting fortnightly to ensure design was on track and risks were addressed at an early stage. The Arts Council subsequently noted¹⁹ that the situation had improved.
- At each milestone, delivery was slower than planned. From the first milestone – Discovery – to the final milestone – System Integration Testing – delivery by the Technology Partner ran at any given time between 4 and 16 weeks behind schedule. While this was due to a range of factors including, the items listed in 2-4 below, one factor was that the Technology Delivery Partner noted that Arts Council business processes were greater than expected²⁰ with in excess of 400 user stories created by July 2020 for validation by the Arts Council. In addition, 17 Change Requests were agreed over the life of the project, adding at least 1,000 man-hours to the project²¹.

2. Adequate resources were not in place at project commencement –

- The Project Product Owner in the Arts Council – the senior manager with responsibility for the operational management of the project on a day-day basis – worked part-time on the project, in addition to their full-time role as a Head of Division in another area of the Arts Council.
- The Programme Manager – an external supplier – had responsibility to make recommendations on key decisions and sign off on major deliverables in the project as well as having responsibility for the management of performance and deliverables of the other external suppliers to the project, including the Technology Delivery Partner and Quality Assurance Partner.
- Key internal roles vital for the success of the BTP project, identified in a 2019 external review of the ICT structure in the Arts Council, were not in place for the initiation and early stages of implementation. These included an IT Manager and Business Analyst²² as well as a HR

¹⁸ User stories are common language descriptions of ICT system functions written from the end user perspective to describe business processes. The user stories for BTP were created under 16 umbrella EPICs or broader functional categories of work in the Arts Council, for example, applicant registration, application process, assessment process etc.

¹⁹ Stakeholder Board meeting, 19 November 2020.

²⁰ Update to Stakeholder Board, 10 September 2020.

²¹ Figure based on a calculation of manhours in Change Requests provided as part of this examination.

²² Delivering the best ICT Organisation structure for the Arts Council to deliver its Strategy Making Great Art Work – Final Report and Recommendations, Avendris, September 2018.

Manager to support change management, resulting in gaps in critical roles, placing more pressure on existing resources and contributing to over-reliance on the external suppliers. These gaps were only filled between late 2020 and late 2021.

- The over-reliance on external suppliers contributed to multiple extensions to key contracts that breached procurement statutory requirements (see Section 4.4.7).

3. Impact of COVID19 Pandemic

- The initial lockdown in late March 2020 arising from the designation of COVID 19 as a pandemic was introduced four weeks before the Arts Council signed the contract with the Technology Delivery Partner. This resulted to major changes to how the Arts Council worked. Staff moved to remote working. The criteria for Arts Council funding schemes had to be revisited and revised. The need for significant supports for the sector resulted in the Arts Council budget rising from €78m at the beginning of 2020 to €128m by the beginning of 2023. This resulted in a jump in applications to the Arts Council from 3,491 in 2019 to 7,350 in 2023²³.

When queried as part of this examination whether consideration was given to postponing the project due to the impact of COVID on Arts Council work, the Arts Council advised that it was not considered as the risks remained – unsupported platforms and an online system that was manual and difficult to use for many applicants. While it is not possible to measure in retrospect, it is possible to infer that the totality of the new working conditions imposed by the COVID lockdown had some detrimental effect on the successful implementation of the project. The counterfactual would have been the entire project team working together on-site in closer proximity to staff in the Arts Council who were not simultaneously responding to a crisis for the sector, including through the disbursement of significantly increased funds under several new funding schemes and programmes.

4. Non-implementation of external validation of Technology Delivery Partner solution

- The July 2020 update to the Stakeholder Board set out that a gap in the expertise required for the project needed to be addressed. The project required an independent expert to validate the solution during the process of being designed and built by the Technology Delivery Partner. As this expertise was not available in-house, an external supplier would be required.
- By the time the independent expert joined in mid-October 2020 following a procurement process, the project was running 8 weeks behind schedule and they were deployed to work on development instead of validation, focussing on integration with the Sun financial systems in place in the Arts Council.

This resulted in the absence of early stage independent validation of the system under development.

5. Changes in the Technology Delivery Partner team

²³ Application numbers provided by the Arts Council on 6 December 2024.

- At three meetings with the Arts Council as part of this examination, the Arts Council raised as an issue the frequent changes in senior members of the Technology Delivery Partner team, which contributed to disruption and delays to the project while the new team members were brought up to speed
- A review of the documentation as part of this examination indicates that the Technology Delivery Partner Project Manager changed on five occasions between May 2020 and June 2022, with one change being the return of a Project Manager working on the project at an earlier point.
- The review also indicated that the Solution Architect – the lead developer – changed twice, with the final change being the designation of the role to a developer on the project.

6. Change to Arts Council application forms design and development

- In September 2020, following discussions with and the presentation of options for future development by the Technology Delivery Partner, the Arts Council decided to change its requirements from a low code out of the box (OOB) solution for the design and development of its grantee application forms in the new online portal to a dynamic format, which required custom coding of certain requirements in the online application forms in the portal.
- This change arose from the fact that the original requirements set out by the Arts Council in the request for tender for an out of the box low code/no code solution for its application forms, whereupon the user would be navigated through a Wizard-type experience, more often referred to as a web form, for the input of large volumes of data, would not meet the actual requirements of the Arts Council once they were set out in more detail during the Discovery phase of the project.
- In this regard, the Technology Delivery Partner set out five key issues that mitigated against an OOB solution, as follows:
 - “Low code/no code application forms - while the application forms were not very complex (list of questions, mostly mandatory questions, no branching, etc.) they may still involve some custom code to handle some validations, such as checking for correct documents
 - Number of application forms - this affects the data model more so than the portal. In using out of the box portals, any field or question on a web form (wizard) in PowerApps Portals is a field on an entity in CRM, the underlying workflow system. Questions cannot be constructed on a web form that do not exist in CRM, at least not without extensive custom development. The more application forms and associated questions, the more data entries in CRM, which can lead to bad design. It noted that while the tender requirements document listed approximately 15 application forms, there were in reality significantly more²⁴
 - Custom validations – if the number of application forms is relatively static, a low code/no code solution works well. In the Arts Council, there is a requirement to

²⁴ The 2018 business case to the Department outlined that the Arts Council provides 150 schemes. As part of this examination, the Arts Council confirmed that there are approximately 150 variations to their application forms, once the number of grant rounds are included.

create new applications on a regular basis, and the PowerApps Portals web forms are not quite suited to non-developers to implement if there is custom logic to include

- Form layout – having discussed requirements with the Arts Council during Discovery, a Wizard experience may not work best as a long application form with collapsible questions is preferred, which would probably require custom code
- Irish translation – while noting it is a requirement, maintaining the Irish text for all fields on an application form can be complex, as the labels and options shown can be a mixture of CRM content and portal content, which can also complicate the task of the Arts Council spinning up new application forms easily in the OOB approach”.
- The Technology Delivery Partner presented three options, noting that the approach in the tender was to use the OOB PowerApps Portals web forms, with some customisation as needed and stating that the three options are based on knowing more about the requirements, and on concerns around the viability of the OOB approach going forward.
 - “Option 1 – stay with OOB entailing a single application entity. The application forms would be analysed and streamlined as much as possible to reduce the number of fields needed, with as few customisations as possible. The pros are that it uses as much OOB as possible, has quick delivery of application forms and will be familiar to any Dynamics consultant. The cons are that with this approach the application forms will be too complex to maintain by the Arts Council, too many fields on one form and will create too many fields in Dynamics to maintain.
 - Option 2 – Dynamic approach, staying within the PowerApps Portals model, but using some of the extension techniques available, such as Liquid Templates to create custom effects and layouts. It would handle the application questions as data records in CRM. The pros are that it is a better data model, should be easier for the Arts Council to maintain and there will be more control over the look and feel of the application form due to custom development. The con is that potential heavy custom development may be required.
 - Option 3 – Fully custom approach, involving the creation of an application form outside of the PowerApps Portals model. A separate website could be created to just house the application forms. The pros are that it would maximise control over the application forms and would be generic web development so any developer could maintain it. The con is that it would involve heavy web development”.
- The Technology Delivery Partner recommended:
 - “Streamlining the application forms, as fewer, more static application forms is more in line with the OOB approach and will avoid many of the issues highlighted in the Options.
 - If this cannot be done, invest in a more dynamic approach to make future application form management easier. There are different versions of the dynamic approach, but the level of work in all cases would be heavy development. The result however would be an application form builder app, which could be used to shape application forms in future”.
- The Arts Council selected Option 2 – the dynamic approach.

A subsequent third party review of the development of the system, requested by the Arts Council and submitted to it in January 2023, identified as a key issue the level of customised code in the

portal, which ultimately made the PowerApps approach unsuitable for the Arts Council application forms. In addition, the level of hardcoding and plugins that were required to send the data to the Dynamics CRM workflow system combined to make the overall approach so complex it would be difficult to support as the investigation of any issue arising would take an unknown amount of time to fix. The 3rd party review stated that a commercial off the shelf solution for the portal would have been better for the Arts Council Portal requirements. This report is discussed further in Section 3.3.2.1.

7. Changes to the Testing Strategy

- The impact of changes to the Testing Strategy on the successful delivery of BTP is examined in Section 3.2.6 below.

3.2.5 Change Requests

Under the Terms of Reference of the Business Transformation Programme, approved by the Plenary in May 2020, it was the responsibility of the Product Owner – the Senior Manager with responsibility for the day-day management of the project – to approve product change requests.

Under the contract with the Technology Delivery Partner, 17 Change Requests were implemented, totalling €707,770 in expenditure. The Change Requests ranged from minor changes for a proof of concept for additional scope (€5,719 DocuSign POC (Proof of Concept)) to a change request for additional analysis and design resulting from the impact of COVID19 on project progress and the complexity of Arts Council business processes (€286,667). A review of the records as part of this examination indicates that larger value change requests were brought before the Stakeholder Board. A review of the change requests confirms that all requests were approved and signed by the Arts Council Product Owner.

In July 2021, the Arts Council Plenary agreed an additional €622,000 Capital expenditure to the project to meet the costs of approved changes and to provide for contingency funding.

3.2.6 Testing of System

A Test Strategy developed by the Quality Assurance Partner and signed off by the Arts Council, and the Technology and Quality Assurance Partners guided the Testing or ‘Acceptance’ phase of the BTP project.

The Test Strategy set out respective responsibilities as follows²⁵:

- **Phase 1: Unit Testing, System Test & System Integration Testing (SIT)**
 - This Phase is owned by the Arts Council Technology Delivery Partner with oversight from a Test and QA Governance perspective from the Quality Assurance Partner.
 - Arts Council SIT Feedback both Informal & Formal, to be incorporated into the SIT Phase, allowing the Arts Council early visibility to the E2E (End-to-End) Business processes to provide constructive feedback and aid training and awareness planning. Irish L10N²⁶, SIT execution inclusion, OLS / Portal front end only.
- **Phase 2: Functional E2E Validation, UAT Testing & Automated Regression Test Development**
 - This Phase will be owned and managed by the Arts Council Quality Assurance Partner with development and issue support from the Technology Delivery Partner.

²⁵ Test Strategy for the Arts Council Business Transformation Programme, V.1.6, Expleo, November 2021.

²⁶ Irish language version of the online services Portal

- Phase 2 is **ALL** UAT / Validation – Arts Council have determined how UAT is structured (2 Phases (E2E & UAT)) following on from SIT Feedback execution and UAT Preparations
- Irish L10N Functional Validation
- **Phase 3: OAT (Operational Acceptance Testing) / Deployment Testing (Full Release)**
- **Phase 4: Warranty (Full Release)**

In addition to the overall Test Strategy developed by the Quality Assurance Partner, the Technology Delivery Partner was required to develop a Test Plan for System Integration Testing. Under the contract with the Arts Council, the Technology Delivery Partner was required to undertake its System Integration Testing and to, accordingly, develop a Plan for the writing of Test Cases based on the user stories and the process for, and timelines for carrying out the tests.

Similarly, the Quality Assurance Partner was responsible for the process to carry out User Acceptance Testing (UAT) and, accordingly, work with the Arts Council and Technology Delivery Partner to develop UAT Test Cases, put in place a plan and resources for testing, report on the outcomes and work with the Technology Delivery Partner on the resolution of any defects.

However, owing to issues and delays arising over the course of the analysis, design and development of the system, which had a knock-on effect on project timelines and budget, changes were made to the Test Strategy and Plans that significantly contributed to problems and defects in the system being only identified at a late stage in the process.

The changes were:

1. Automated Testing was de-scoped from the project in September 2021 and the budget diverted into test management²⁷. The Test Strategy recorded that,

“automated testing is a core activity within any development methodology. It becomes ever more important due to the quick feedback response that it provides to the development and test team about the health of the application or system under development / test. Teams must ensure quality is high throughout the development process and this requires continuous testing and feedback. To support this, testing must happen early and often, i.e., testing must be continuous.

Automation will enable this level of continuous testing and will be a key strategy for The Arts Council Business Transformation Programme, testing will be automated and integrated into the build and deployment pipeline. Test automation will be the responsibility of both developers and testers and will require a collaborative approach”.

The Test Strategy then noted that under the agreements for BTP, the Technology Delivery Partner have no requirement to develop SIT Level test automation, making this solely under the remit of the Quality Assurance Partner had it not been de-scoped.

²⁷ Arts Council – Quality Assurance Partner Monthly Governance report, 3 September 2021

2. Following a proposal by the Technology Delivery Partner, the Arts Council agreed that all System Integration Testing could be moved to the end of system development so that the build could continue under pressure to catch-up on scheduled timelines. As referenced in Section 3.2.2 above, the Technology Delivery Partner was required under the contract to carry out SIT after the build of each increment. In January 2021, SIT was carried out at the completion of Increment 1 build and passed. No further SIT was carried until the end of development.

Together with the absence of automated testing, there was no substantive testing of the system under development until late 2021, thereby missing the opportunity to identify issues and defects in the system as it was being built. From September 2021, the Quality Assurance Partner included the change to the format of SIT as a risk in the weekly project team updates.

3. To mitigate the risks arising from the relocation of System Integration testing to the end of development, it was agreed that the Arts Council (led by the Quality Assurance Partner) would undertake Informal and Formal Feedback on the system under development. This required a Change Request as support by the Technology Delivery Partner for Feedback or testing of the system was not included in the contract.

Informal feedback involved the Arts Council led by the Quality Assurance Partner testing the system before the Technology Delivery Partner formally started the SIT phase. Formal feedback involved the Arts Council led by the Quality Assurance Partner testing the system subsequent to testing by the Technology Delivery Partner.

4. The Technology Delivery Partner was slow in producing Test Cases for review by the Quality Assurance Partner as it was still working on development up to and including its own SIT phase. The Quality Assurance Partner recorded as a risk in the project team updates that it initially could not confirm that all user stories had test case coverage and later, once test cases were produced, that user story functionality appeared to be insufficient as it was 1:1²⁸: they would have expected multiple test cases to cover various scenarios on the functionality.
5. From a review of the records on testing as part of this examination, there is evidence that the User Acceptance Testing phase, where internal users in the Arts Council (staff members) and external users (grantees) testing the system, struggled to fulfil the test requirements. Testing was carried out remotely and the Quality Assurance Partner had in place a limited core group of internal testers while it also tried to recruit volunteers to undertake some of the testing who were not always available or adequately trained instead of having in place a full complement of dedicated test resources.

The Technology Delivery Partner undertook System Integration Testing from November 2021 to February 2022, while the Arts Council undertook System Feedback. The results were:

²⁸ 1:1 refers to one test case for each user story. Subsequent testing of the system in Phase 2 planned for 4-5 test cases for each user story as standard good practice.

Technology Delivery Partner SIT	Arts Council SIT Feedback	Technology Delivery Partner SIT Exit report
Total defects logged: 8 Critical 78 High 142 Medium 8 Low	Total defects logged: 2 High 116 Medium 5 Low	Upon review of Arts Council SIT Feedback: 2 High – 1 is Deployed, 1 is New 116 Medium – 59 are Resolved, 2 Active, 2 Closed, 23 Deployed, 19 New, 10 Not a bug 5 Low – 1 New, 2 Resolved, 2 Not a bug The Development Team would work to resolve any open defects by the start of UAT on 14 th February.

Project Team updates²⁹ in early February 2022 record that a delay to the sign off in SIT because of end-to-end (E2E) quality (any Priority 1 defects that the Arts Council identify) could delay moving into UAT phase. The Quality Assurance Partner presented options for this scenario:

- Fix defects and delay UAT start
- Accept the open defects and fix and re-test in UAT
- Defer fix to future release

In the end, the Quality Assurance and Test Governance Review from the Quality Assurance Partner, included in the Technology Delivery Partner SIT Exit report, identified 17 “High” Category findings that had to be resolved prior to commencing the subsequent test phase, but did not prevent Approval and Sign off in the SIT Exit Report.

On 23 February 2022, the Arts Council, Technology Delivery Partner and Quality Assurance Partner signed off on the SIT Exit Report, agreeing that³⁰:

- “The report is an accurate reflection of the quality gate meeting, and that if the build is not of sufficient quality, it may be returned to the previous testing phase with additional costs and time incurred
- The system has been adequately tested in this SIT phase
- All of the important defects have been resolved to satisfaction, and re-testing has been completed correctly
- The system is in a fit state to proceed to the UAT Phase”.

User Acceptance Testing (UAT) focussed on the end-to-end journey of five main Arts Council funding programmes and included both internal and external users. It commenced on 28 February 2022, and

²⁹ Project Team updates 4 and 11 February 2022.

³⁰ SIT Exit Report, Arts Council Business Transformation Programme SIT Cycle, Codec, 23 February 2022, p.97.

while it was originally planned that just one round of UAT would be undertaken, a second round was added arising from the number of defects identified in the first round.

UAT ended on 10 June 2022 with the following summary of defects by severity and status (active/closed)³¹:

Status/Severity	1 - Critical	2 - High	3 - Medium	4 - Low	Grand Total
Active	27	31	170	2	230
Closed	9	6	139	5	159
Grand Total	36	37	309	7	389

By 13 June 2022, the Project Team had decided not to progress to Soft Launch as there remained a significant number of outstanding areas for testing, while the number of active defects posed too much risk to the business. It was noted that the E2E Journeys were also not of sufficient quality to progress to live funding programmes during Soft Launch.

The Quality Assurance Partner UAT exit report – QA Recommendations set out the following³²:

- Greater clarity was needed on requirements of the system, including possible additional user stories and development. No further testing should take place until this exercise is completed
- More SIT Test Cases were required on the end-to-end journey for programmes. The Technology Delivery Partner SIT Test Cases were light compared to the end-to-end UAT cases
- The issues at SIT exit were known in advance and accepted
- Lighter SIT resulted in more extensive UAT than scoped
- A dedicated user assignment was needed in the Arts Council for UAT execution, as their experience was that UAT assignees had mixed knowledge and engagement with UAT.

While there were a number of further discussions in June – September 2022 between the Arts Council and the Quality Assurance Partner on the respective roles and responsibilities to ensure delivery of the project, the contract ended and the Quality Assurance Partner undertook no further work on the project.

3.3 Phase 2: June 2022 – December 2023

From June 2022, the project entered a new phase. Different external suppliers became involved in the project to manage it, work on fixing defects and further development and undertake quality assurance. Following a number of months in abeyance, the Stakeholder Board also reconstituted into a Steering Committee, which first met in February 2023.

During this phase, in April 2023, the Arts Council Plenary, following the presentation of options and a recommendation from the Steering Committee on a way forward, approved a further €2.495m Capital funding and €1.347m Current funding to the project to deliver BTP by Q4 2024. This was in

³¹ UAT Exit Report, June 2022.

³² UAT Exit Report – QA Recommendations, June 2022, pages 5-8.

addition to the €4.17m expenditure to that date. This phase ended in December 2023 with a further decision by the Plenary on the future of the project.

Section 3.3 sets out the details from the examination of BTP in the period June 2022 to December 2023.

3.3.1 Defining BTP Project Structure

In June 2022, following the end of the fixed term contracts with the Technology Delivery and Quality Assurance Partners, the remaining project team members advised the Stakeholder Board that it would work towards a full relaunch in Q1 2023 and that new test resources would be required to continue testing the system.

The Stakeholder Board dismantled at the end of June and members of the Senior Executive, working with a recently contracted change management external supplier to the project, developed a new project structure that included three new workstreams, led by members from the Senior Management Team, with the following functions:

- Product – agreement and documentation of product requirements; resolution of all open defects and development of all open product requirements; comprehensive system and business acceptance testing of the system
- Content – deliver user focused accessible, consistent content across all phases of the application and award processes including a system of governance for awards and grants content and online application system content such as guidance and application forms
- Business readiness - ensure the business understands the BTP system in advance of launch to support full adoption; training plan for internal users and supports for external users; transition plan for pre and post launch.

New external suppliers were engaged to support the work of each workstream.

Under the new structure, the incumbent external supplier Programme Manager would remain in situ and additional quality assurance external suppliers would be contracted to continue testing the system for defects. A further external supplier, already contracted to provide post-launch maintenance and future development on the system, would work with the two remaining developers from the Technology Delivery Partner to fix defects identified through further testing.

At the beginning of 2023, the change management external supplier exited and a Chief Information Officer (CIO) was contracted to the project for one year.

During this period, in June 2022, the Arts Council Plenary agreed a further €300,000 Current funding³³ to the project to fund the continued testing of the system and the transfer of knowledge from the Technology Delivery Partner to the external supplier originally contracted to manage the post go-live environment.

3.3.2 Options for a Way Forward 2023

3.3.2.1 Review of BTP System

In January 2023, the 3rd party referred to in Section 3.2.4 that undertook a review of the system under development provided its report to the Arts Council³⁴. The review set out that the overall system delivered was highly complex. In addition to the customisation of code in the Portal to fit

³³ This €300,000 Current funding approval was in addition to €300,000 Current funding approved by the Plenary in April 2022. See Section 6.3.1 for further details.

³⁴ Dynamics 365 Solution Approach and Recommendations, 18 January 2023.

Arts Council application forms, the code in the Dynamics workflow application was also customised to an unusually high degree through Plugins to enable the requested automated end-to-end flow of application forms through the system. This code was also inadequately annotated so it was almost impossible to determine its purpose. The report set out that a commercial off the shelf rules engine application could have met requirements.

The report also set out that there were significant issues with the integration of the five separate systems that were part of the scope of BTP to the extent that it may only work in ‘happy path’ or with standard processes but any less standard processes may encounter significant issues in flowing through the system. The report recommended replacing the integration architecture with LogicApps, a cloud platform that runs automated workflows on a low code basis. The report set out that the recommendations would result in significant redundant code being removed from the system and therefore make it easier to navigate and manage.

The report set out that the overall complexity of the system is summarised by the following:

- Increased costs to implement updates and changes
- Increased complexity in supporting the online services portal and forms
- Extended timelines to implement any fixes, updates and changes as may be required.

The 3rd party set out that if they were engaged to implement their recommendations, they could stand over getting the system live, while also providing ongoing support and enhancements to the system.

3.3.3.2 Options to Plenary April 2023

In March 2023, the Plenary requested that a paper be prepared setting out the options for a way forward for the project, including for each option the advantages, disadvantages, costs, timelines and risks, with an Executive recommendation on the preferred approach³⁵.

The CIO and the Senior Management Team leads for the BTP workstreams presented the options to the Plenary at its April meeting.

	<p>Option 1 – Full Launch in 2024 with Current Solution Architecture Full Launch in 2024 Q3/4 with the ability to cater for all current funding schemes. The current solution architecture will be maintained including the approach to integrating with SUN Financials.</p>	<p>Option 2 – Full Launch with Architectural Changes Full Launch in 2024 Q4 with the ability to cater for all current funding schemes. Dynamics 365 Plugins will be replaced with InRule business rule engine and Integration approach to SUN financials will be changed as per 3rd party report recommendations.</p>	<p>Option 3 – Phased Launch in November 2023 for Bursary Schemes Phased Launch in November 2023 with Bursary and Agility Round 1 applications. No architectural change due to time constraints. Balance of schemes to follow in 2024.</p>
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³⁵ Plenary Minutes, March 2023.

<p>Advantages</p>	<ul style="list-style-type: none"> - Only 1 system to manage, maintain & enhance. Full data migration of selected historical data. - Reduced confusion for internal and external users. Reduced complexity of integration into SUN financials. - Will not require extra operational and support staff to run 2 systems. - Provide the team with the time and space to properly address must have functional gaps and bugs identified in testing resulting in a more mature system for launch. - Reduced duplication of effort i.e. testing (functional, non-functional and business acceptance) - Impact to www.artscouncil.ie will be minimized. Communications will be simplified. - No parts of the system will have to be turned off to facilitate a full launch 	<ul style="list-style-type: none"> - Only 1 system to manage, maintain & enhance. - Full data migration of selected historical data. - Communications will be simplified. - Reduced confusion for internal and external users. - Reduced complexity of integration into SUN financials. - Will not require extra operational and support staff to run 2 systems. - Provide the team with the time and space to properly address must have functional gaps and bugs identified in testing resulting in a more mature system for launch. - Reduced duplication of effort i.e. testing (functional, non-functional and business acceptance) - Impact to www.artscouncil.ie will be minimized. - 3rd party will stand over the solution in terms of the SLA and share risk in delivering the solution. 	<ul style="list-style-type: none"> - The Arts Council will have a system live which will inform us of the future considerations and learning for rolling out other funding schemes. - Facilitates applications for the largest cohort of applicants with the simplest application process. - Large cohort of applicants will benefit from the improved user experience of the new solution more quickly.
<p>Disadvantages</p>	<ul style="list-style-type: none"> - The solution may require additional development especially when it comes to adding new funding schemes. 	<ul style="list-style-type: none"> - More expensive option. InRule will cost an additional EUR112K per annum OPEX and EUR500k CAPEX. - Before any testing can begin additional development work to replace selected Microsoft CRM Plugins will have to be completed. 	<ul style="list-style-type: none"> - Will have to run the current and new systems at the same time. Not good practice. - Will require additional operational and support staff and cost to run both systems. - Organisational impact of workshops and Business Acceptance Testing.

		<ul style="list-style-type: none"> - Potential of additional technical work in the future - Create a long term lock-in to 3rd Party for InRule & MS CRM development, maintenance & support. - No Irish customers (450 worldwide). - InRule/3rd Party 1 customer. <p>Project went live 3.5 years ago, still delivering on project.</p> <ul style="list-style-type: none"> - A business rules engine is more suited to a financial/insurance class of system making objective assessments rather than one that relies on subjective assessments. 	<ul style="list-style-type: none"> - Will create confusion in external (dual profiles and holistic view of funding) and internal users of the system. - Communications will be complex. - Integration with SUN Financials will be considerably more complex i.e. SUN financials being fed financial data from two systems at the same time. - Limited opportunities for data migration of historical data. - Limited ability to address must have functional gaps. - Changes will have to be made to the system facilitate the phasing out, i.e. turn certain portions of the system off. - Impact to www.artscouncil.ie website. - The solution may require additional development especially when it comes to adding new funding schemes.
Risks	<ul style="list-style-type: none"> - 3rd party will only support the solution on a best endeavors basis until satisfied the solution is stable. - Arts Council assumes all risk as development resources will be under the Arts Council's management & control. 	<ul style="list-style-type: none"> - Additional 3rd Party project management. Replacing the core of the solution with another technology is extremely risky and adds another layer of complexity to the overall solution. - Procurement process for InRule software may delay development 	<ul style="list-style-type: none"> - Limited time to complete i.e. testing, bug fixes, ways of working, training, translation etc. - Reputational risk of not delivering a system i.e. Missing the launch window and confusing communication - 3rd Party will only support the solution on a best endeavors basis

			until satisfied the solution is stable - The Arts Council assumes all risk as development resources will be under the Arts Council's management & control.
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The complexity issues with the system set out in the January 2023 3rd party review, and summarized in Section 3.3.2.1 of this report, were not included as a disadvantage, but as a risk under Options 1 and 3 to the extent that the 3rd party would only support the solution on a best endeavours basis until satisfied that the solution is stable.

The key points were summarised in the Table below³⁶

	Option 1 – Full Launch & Retain Current System Architecture	Option 2 – Full Launch & Change System Architecture	Option 3 – Phased Launch & Retain Current System Architecture
2023 – 2024 CAPEX Requirements	EUR 2,495K	EUR 2,977K	EUR 2,495K
2023 – 2024 OPEX Requirements	EUR 1,347K	EUR 1,595K	EUR 1,660K
2023 – 2024 Combined CAPEX + OPEX	EUR 3,842	EUR 4,572K	EUR 4,155K
Solution Architecture	Retain	Change	Retain
Launch Window	Q3/Q4 2024	Q4 2024	Q4 2023 – Q4 2024
Risk	Medium	High	Extremely High
Complexity	Medium	High	Extremely High

³⁶ Briefing to Plenary, 26 April 2023.

Steering Committee Recommended Option	Yes	No	No
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The Minutes of the Arts Council Plenary record that after Members discussed in detail all recommendations (Options) presented, Members agreed to the proposal to fully roll out the new system in the final quarter of 2024 (i.e. Option 1)³⁷.

3.3.3 Project Progress April – December 2023

In the April to November 2023 period, the Project Team put in place a new programme plan that focussed on:

- Baseline Phase (April – October 2023): finalising system scope including open business requirements for the system, developing agreed system changes, preparing test cases for Acceptance Phase
- Acceptance Phase (October 2023 – June 2024): intensive testing of the system by an expanded team of testers procured for the project, the fixing of identified defects and the securing of the system from an unmanaged to a managed state
- Launch Phase (June – December 2024): user training on the system, rollout of standardised content, launch preparation, cut-over from existing systems and launch, transition to business as usual (BAU).

Regular updates from the three workstreams and the overall project team to the Steering Committee over this period set out the progress on this work.

However, by November, the project plan was still not ready to move from the Baseline Phase to the Acceptance Phase. For the November meeting of the Plenary, the Project Team submitted a short briefing note informing the Plenary that the ongoing assessment of the risks associated with BTP had led to the decision to review the programme of work so a more detailed update could be provided to members at the December plenary meeting.

The Project Team advised that as part of the review, three strands of work were underway:

1. Review of system under development
2. Comparative assessment of alternative off the shelf software solutions
3. Review of the currently operating systems

3.3.4 Council Plenary Decision December 2023

A Project Team briefing paper to the Plenary for its December 2023 meeting set out that as part of the ongoing delivery process, since September increased effort had gone into project planning and discovery. This process had highlighted, with a better understanding of the detail and with each iteration of planning, that there was a significant amount of work from an analysis, quality assurance

³⁷ Minutes Arts Council Plenary, April 2023.

and development perspective for completion in order to move to formal testing of the system in preparation for launch.

The briefing paper set out that “despite reductions in scope of the system and the reduction of change requests to a minimum³⁸, the re-planning exercise had been unable to produce a roadmap that meets the launch target of Q3/Q4 2024. Current planning indicates that a 2028 Q2 go-live, which would require an additional estimated capital expenditure of €6,635,895 and an additional estimated operational expenditure of €2,524,040 to those amounts already approved, which is untenable³⁹”.

The key issues were summarised in the below Table in the briefing paper:

Indicator	Value	Comments
Software Bugs	145	Bugs need to be reviewed and remediated before the software will be ready for the acceptance phase.
Maturity of Requirements	Low	User stories still need to be authored, reworked where there are identified gaps or if peer review indicates, additional effort is required to bring the user story up to standard.
Number of User Stories	710	The number of user stories drives the testing effort required as well as the complexity of the product.
Must Have Change Requests	3 Minor	The number of change requests that have been identified as must haves for launch.
Sensitivity to change	High	Any change made to the software has implications for analysis, development and testing due to the highly integrated/coupled nature of the software as built.
Maintainability	Low	Specialist knowledge required to enhance, maintain and change i.e. Developers, Quality Assurance and Business Analysts.
Testability	Complex	Complex scenarios, many combinations and the high number of test cases (4970).
Accessibility	Good	Accessibility good according to original test.
Usability	Low	Usability test needs to be redone as the last test did not perform a full coverage test.
Degree of Customisation	High	Negates the benefits of using a low/no Code platform. 95% of Front-end Web Pages are customised.
Functional Complexity	High	Product has been built that caters for all scenarios and edge cases which has led to large complex software product.
Platform Environment	Managed	Platform has moved from an unmanaged to managed status.
Successful Testing coverage to date	Minimal	The software platform has only recently passed a basic end-to-end test in the new DEV and SIT environment. Prior testing of the software platform was unsuccessful.
Team Experience	Low	New development and quality assurance teams. The software development team on-boarded in July 2023 and the remaining members of the quality assurance team on-boarded in August to September 2023. These teams

³⁸ Items de-scoped included procurement processes, Aosdána processing, contracts processing, while change requests were reduced from 17 to 3 identified as critical.

³⁹ Business Transformation Programme Briefing Paper for the Arts Council Plenary, 13th December 2023.

		have to understand the software products technical implementation as well as understand the functionality of the software product before becoming productive.
Backlog	Large	Items out of scope e.g. procurement, expenses and 13 identified change requests already in backlog.
Estimated Cost of Ownership post launch	High	Continuous Improvement <ul style="list-style-type: none"> • Developer, Business Analyst & Tester (€43,083 pm) Business as usual support <ul style="list-style-type: none"> • AC ICT Team • Ergo Managed Services (€18,700 pm).

Following detailed discussion, the Members of the Plenary agreed the following -

- “Advices are to be prepared detailing implications of ceasing project versus implications and associated costs should it continue
- A detailed review of all costs to understand what is unusable versus usable if project was to cease should be undertaken immediately
- The architecture review should be broadened to include options to accompany high-level review
- If possible, an intellectual type property memorandum should be prepared using the current baseline status on what added value has been generated from the project so far and how it can be used going forward
- The Executive should continue to review off the shelf software
- A special plenary or Business and Finance Committee meeting should be arranged for the first week in February to review update on progress to date and agree on next steps⁴⁰.

At the end of December 2023, the Arts Council had spent a total of €6 million on the project since commencement.

3.4 Phase 3: December 2023 – August 2024

Phase 3 of the project has involved a pause on any further work on the system under development, a further 3rd party review of the system under the auspices of the Office of the Government Chief Information Officer (OGCIO) and research on possible alternative off the shelf solutions. The Arts Council has developed an assessment methodology to compare the costs and benefits of continuing with the existing system under development based on recommendations in the most recent 3rd party review against reorienting the objective of the project to a more confined focus on a Grant management System provided through a commercial off the shelf solution (COTS). In June, the Project Team presented the assessed options to the Plenary for review and approval of a preferred option.

3.4.1 External Review of BTP

Following the December 2023 meeting of the Arts Council Plenary, the Executive contacted the OGCIO to enquire about advice on possible next steps for the project including a review of the

⁴⁰ Arts Council Plenary Minutes, 13 December 2023.

architecture. The OGCIO commissioned an external review by a 3rd party under a procurement framework the Office has in place.

The 3rd party was asked to review the architecture in the context of the top ten most complex user stories to assess if the current architecture was viable and the current project plan was feasible (Option 1 approved by the Plenary on 26 April 2023)

In February the 3rd party provided its review setting out the following:

Findings:

- 1) Current architecture is inadequate and over simplistic for the business requirements and design principles it should satisfy and
- 2) Current project plan is not feasible as the project may overrun schedule, such that business users may not adopt the system.

Recommendations:

- 1) Restructure the overarching architecture to make it component based and test in parallel to legacy system,
- 2) Change project plan to include automatic unit testing to be done in parallel to architecture restructuring,
- 3) Automatic regression testing would expedite testing after bug fixes and retain current manual testing for testing of systems integration
- 4) Decompose composite user stories⁴¹.

3.4.2 Options for a Way Forward 2024

Over the final months of 2023 and the early months of 2024, the BTP project team researched commercial off the shelf solutions, identifying, according to their records, several feasible vendors that could fit Arts Council requirements. The project team also developed a methodology for the assessment of two options:

- Option A – Continue with the system under development implementing changes identified in the 3rd Party review recommendations
- Option B - Procure and implement an off-the-shelf product for a grants management system.

The project team undertook an evaluation of the two options and, in June 2024, presented the results to the Arts Council Plenary. At the request of the Members of the Plenary, the Government Chief Information Officer was also invited to, and did attend, the meeting.

The results of the evaluation by the project team, based on the assessment methodology it created, are summarised in the below table provided to the Plenary:

⁴¹ Breakdown and divide user stories into smaller components for development.

Criteria	Description	Recommendation Margin – Option B over Option A
Cost	The capital costs to initial launch, costs post launch to get to full launch and the ongoing operational costs – licensing, upgrades, support and maintenance. Also considers reusable capital costs to date.	+111%
Timeline	Assesses the timeline to establishing the implementation team, the time to initial launch as well as the consequences of the initial release. The anticipated full launch date is then assessed as well as the consequences of what will be delivered in the full launch.	+63%
Impact	Considers the impact on the work of the staff using the system, the sector users who will be interacting with it, as well as impact to other stakeholders like ICT and finance. In addition, the impact to the organisation of the staffing required to resource the implementation of the option.	+57%
Risk	The comparative operational risks relating to the option, including delivery risk, risk of cost overrun or timeline delay, and the risk to ongoing operation of the system after launch.	+82%
Strategic Alignment	Assesses how well the option aligns to the strategic goals of the Arts Council, the future ICT roadmap, the operations of the organisation and the agility to adapt to future changes whether planned or unplanned.	+13%

The project team estimated the costs of the two options as:

	Implementation Costs (000's)	Average Annual Costs over 10 years (000's)
Option B Costs	€1,482	€241
Option A Costs	€5,314	€567

The Steering Committee recommendation to Council Plenary was to begin a procurement process to secure an off-the-shelf product that will provide a grants management system (Option B). The Steering Committee recommended Option B over Option A, noting that it had a lower cost, a shorter delivery timeframe, lower risk and meets Arts Council requirements. It also noted that Option A, in addition to higher costs, a longer timeline and increased risk, has, following external review, shown not to be technically viable without additional corrective work.

Minutes of the meeting record that following detailed discussion, Members agreed to discontinue with the system under development and agreed to proceed with *Option B – Procure and implement an off-the-shelf product for grants management* noting that Option B has a lower cost, a shorter delivery timeframe, lower risk and meets our business requirements. The Members also noted that the OGCIO would provide additional oversight through its Peer Review Process⁴². The OGCIO has confirmed that a peer review process is put in place at the request of Departments.

3.4.3 Business Case to Department for Grant Management System

Subsequent to the June 2024 Plenary meeting, the Arts Council submitted to OGCIO a specific request for approval for this new phase of the project to procure a commercial off-the-shelf grant management system. On 10 July, the OGCIO, in correspondence to the Department, sought assurance that the Department remained supportive of the project. In line with the requirements of the Public Spending Code, the Department then requested a business case from the Arts Council on the new phase of the project agreed by the Council Plenary. The Department received the business case on 7 August, by which point this examination was in progress.

3.5 Recommendations

Recommendation 4: The Department should carry out an external technical appraisal of the options to deliver the Arts Council ICT project, based on identified need, to include the two Options submitted to the Arts Council Board for decision in June 2024, before the Department decides on future funding of the project. The appraisal should include an assessment of the estimated costs of the Options.

Recommendation 5: For any future phase of this project, the Department should request from the Office of the Government Chief Information Officer (OGCIO) that the peer review process is put in place in accordance with Circular 14/2021.

Recommendation 6: The Arts Council should ensure that a senior manager from within the organisation is assigned full-time to any future phase of this project, and is supported by assigned staff members working on a full or part-time basis, as required. Human resources for the project should be identified and costed as part of the examination of options for the project, and should be in place for project commencement.

Recommendation 7: All required external suppliers to the project should be identified and costed as part of the assessment of options for the project. This identification should follow from adequate scoping of project requirements.

⁴² Arts Council Plenary Minutes, 24 June 2024.

Recommendation 8: The Arts Council should ensure that it has adequate controls in place for the monitoring of external supplier performance against contract deliverables.

Recommendation 9: The Arts Council should ensure that prior to completing a procurement process and signing contracts, all project requirements are finalised, documented and costed, and that the viability of any new proposed ICT system requirements is validated.

Recommendation 10: Once the project commenced, the scope and ensuing costs expanded significantly from that outlined in the business case to the Department. The Public Spending Code and Circular 14/2021 (and formerly 02/2016) set out that where a project changes, including in scope and cost, a new sanction must be requested. The Arts Council should ensure that project governance includes active monitoring for compliance with the requirements of public policy directives and circulars.

Recommendation 11: For any future phase of this project, the Arts Council should ensure that key project assurance measures are put in place, maintained and implemented. System validation and critical steps in the testing process were sacrificed due to issues arising in the design and development processes.

Recommendation 12: The Arts Council has now in place a Content Governance Framework arising from its work on this project. This Framework should be used to inform the outline of project business requirements for any tender process, including a clear description of the level of complexity of the processes involved.

CHAPTER 4 ROLE OF EXTERNAL SUPPLIERS TO BTP PROJECT

4.1 Introduction

To end July 2024, the Arts Council had incurred €6.47m in expenditure to support delivery of the Business Transformation Programme. A breakdown of the expenditure by year is included in Appendix III.

As set out in Section 1.4 of this report, certain public policy directives and circulars outline the requirements and procedures that public bodies must follow to ensure value for money and good governance in the management and accounting of public funds. These include the Public Financial Procedures and Office of Government Procurement (OGP) Guidelines requirement for the development and implementation of a Corporate Procurement Plan, the engagement of Consultancy or external suppliers only where internal expertise is not available, and the application of fixed price contracts as the norm in all ICT projects. They also include the Public Spending Code requirements to ensure that appropriate approvals are in place before going to tender for a new external supplier. Finally, the OGP Guidelines more broadly set out the legislative and administrative requirements for external supplier procurement and management.

This Chapter examines the role of external suppliers in the Business Transformation Programme project. It provides an overview of the main areas of procurement under the project. It then examines the procurement processes to engage the suppliers, provides an overview of the role of the key suppliers and the approach by the Arts Council to their contract management. Finally, it examines the budget versus expenditure for these contracts.

A detailed breakdown of the contracts discussed in this Chapter is provided in Appendix V.

4.2 Procurement Planning

The Arts Council has in place Procurement Policy and Procedures 2024⁴³, which was provided in response to a request as part of this examination for the organisation's Corporate Procurement Plan. The Policy and Procedures set out detailed information and guidance on the key principles, roles and responsibilities, financial approval thresholds, and procedures for the procurement of external suppliers.

In line with Public Spending Code requirements for projects, the Business Transformation Programme Strategy and Plan 2019-2028⁴⁴ included a section on the "Approach to the Procurement of Systems and Suppliers". However, this section only covered the approach to procurement of a technology delivery partner to design and build the system. It did not include the need for or proposed approach to the procurement of other possible external suppliers that had been identified as required for the project in a previous section of the Strategy and Plan, namely a business analyst and data analyst.

Furthermore, and as was subsequently evidenced, the requirement for and the approach to the procurement of other external suppliers that were contracted within the following year of the Strategy and Plan to support the project were not identified, including:

- Quality Assurance Partner
- Systems Solution Architect for external validation of system under development

⁴³ Arts Council Procurement Policy and Procedures 2024, 19 November 2024.

⁴⁴ Arts Council Business Transformation Programme Strategy and Plan 2019-2028, 4 September 2019.

- Copy writer services.

A more comprehensive outline of the approach to procurement in a strategy and plan, prepared before the business case was completed, should have identified all key resource gaps in the project. An assessment could have been then made before design and development started on whether the gaps would be filled in-house or through procurement of external suppliers, a point also referred to in Section 3.2.4 above.

The Terms of Reference for the Business Transformation Programme set out that the Stakeholder Board, shall among its duties, approve the processes for supplier and system selection to ensure they are in line with procurement best practice. It shall also review outcomes from the selection processes⁴⁵.

4.3 Main Categories of Procurement

There are four key categories of external supplier procurement in the Business Transformation Programme, which together constitute 93% of the total expenditure on the project up to the end of July 2024.

The table below summarises the categories and expenditure.

Programme Management	Business Analysis	Development	Quality Assurance/Testing
€1,358,644	€1,033,082	€2,584,325	€1,065,840

These four categories of procurement cover the key areas of project implementation.

Programme management: from June 2019 to up the latter half of 2024, the Arts Council had in place an externally procured Programme Manager through an ICT resourcing organisation, one of whom was in place for two years and one for over three years. The CIO in place in 2023 as well as the Product Workstream Project Manager, in place in 2023-2024, also fall under expenditure for this category.

Business analysis: reflecting the complex and evolving business requirements of BTP, the project has engaged at successive phases four different external suppliers to provide business analysis services, the key function of which is to work with the business units and Technology Delivery Partner to identify and document business requirement specifications to build the user stories for system development.

Development: expenditure on services from the Technology Delivery Partner comprise 76% of the expenditure in this category. The remaining 24% comprises defect fixing and minor development work undertaken in 2023 by the 3rd party contracted to provide post-launch maintenance and development work, as well as the systems solution architect initially engaged to validate the system under development but whose work was diverted into development.

Quality Assurance/Testing: reflecting the challenges with quality assurance in the project, due to issues in the design and development of the system and the quality assurance process in Phase 1, six different external suppliers have been engaged in testing the system between 2021 and 2023.

⁴⁵ Arts Council Business Transformation Programme Terms of Reference, 11 May 2020, p.3.

The remaining 7% expenditure (€428,345) is spread across a range of expenditure categories comprising:

- Project initiation
- Business readiness
- Content governance
- Change management
- Licensing.

As noted in the introduction above, further detail on the main external supplier contracts to BTP project are included in Appendix V.

4.4 Procurement Processes for External Suppliers

4.4.1 Overview

As part of this examination, the Department requested for review procurement documentation for all external suppliers to the project, including requests for tender, tender response documents, evaluations, contracts and any extensions to contracts. The Arts Council made available the documentation for most procurement processes. Where a limited number of documents were not available, mainly concerning extensions or change notices to contracts, the Arts Council were able to provide confirmation of the details.

4.4.2 Procurement Procedure

A review of the tender documentation for the various services the Arts Council required indicates general compliance with the Guidelines of the OGP to carry out open procedure competitions and to use framework agreements in place through the OGP, where possible. The contracts listed in Appendix V to this report demonstrate broad use of these procurement procedures. Tenders in excess of the EU threshold were advertised appropriately on eTenders and the Official Journal of the EU. However, a number of tenders at lower values that issued via direct invitation to a number of suppliers (Contract numbers 10: €24,300; 11: €26,400, 19: €24,800 and 20: €21,000 in the Appendix) ended up exceeding the €25,000 excluding VAT threshold in place at the time, once total expenditure, including contract extensions, was taken into account. This is further outlined in Section 4.4.7.

4.4.3 Evaluation

The Arts Council provided evaluation documentation for the vast majority of procurements undertaken. A review of the documentation demonstrated recording of scores and comments and evaluation sign off. Conflicts of interest were avoided, for example, the externally procured Programme Manager declared a conflict of interest and excused themselves from one evaluation.

An official from the Office of the Government Procurement chaired the evaluation panel for the 2019 Programme Manager tender with the other evaluators from the Arts Council. A review of the evaluations for the Technology Delivery Partner and Quality Assurance Partner indicate that in-house evaluators carried it out. A review of the evaluations for all other tenders received from the Arts Council, including the 2021 and 2023 Programme Managers tenders, indicate that they were also carried out by in-house evaluations. It is suggested that external expertise may be of benefit in evaluating tender responses to business critical procurements to facilitate a broad range of views and experience in the evaluation.

4.4.4 Contract approval

The Arts Council Procurement Policy and Procedures outline the requirements and financial thresholds applicable for contract approvals. Council Plenary must approve all contracts included in the approved Annual Budget with a cumulative value in excess of €150,000. The Plenary must also approve all contracts not included in the Annual Budget with a value in excess of €25,000.

A review of update reports to the Stakeholder Board and the Council Plenary indicate that they were informed of, and approved contracts as per the approval thresholds in place in the Arts Council.

4.4.5 Contract Type

In line with OGP Guidelines to use fixed term contracts, where possible, the Arts Council contracts with the Technology Partner and the Quality Assurance Partner were fixed term contracts. However, the three contracts for the Programme Manager were based on days' service per annum. Ultimately, these contracts significantly exceeded the days set out in the contracts (see Table in Section 4.4.7 and Appendix V for further details).

4.4.6 Role and Management of External Suppliers

As evidenced in this report, the Arts Council placed a significant reliance on external suppliers across the delivery of the Business Transformation Programme. The roles of and services provided by the key suppliers is outlined in various sections. The overall role of the categories of external supplier is outlined in Section 4.3. The services of the Technology Delivery Partner are set out in Section 3.2.2 of this report. The services of the Quality Assurance Partner are set out in Section 3.2.3 of this report. The services of the Programme Manager included, managing 3rd party suppliers to contracts, authorising and approving the work stream structure for the Business Programme, managing and resolving delivery issues, and ensuring the allocation of necessary resources and their accountability throughout the programme duration⁴⁶. Appendix V summarises the main services for each listed contract.

Having regard to the above paragraph, this Section focuses on the approach to the management of BTP external suppliers. As set out in Section 1.4.3.3 of this report, the Public Spending Code Guidelines 2019 and 2023 set out that –

the core tenets of effective implementation are adequate management, monitoring, supervision and control of the project, including in respect of all contracted external suppliers to the project. The focus is on ensuring what was planned and approved is delivered within budget, to standard and on time. Responsibilities for delivery should be assigned. For capital projects, a project manager should be appointed within the Sponsoring Body.

In response to a request as part of this examination for project or performance review meetings with external suppliers, the Arts Council provided records of the project assurance meetings with the Technology Delivery Partner and monthly governance reports from the Quality Assurance Partner.

As referenced in Section 3.2.4 of this report, one outcome of the formal escalation procedure initiated by the Arts Council with the Technology Delivery Partner in October 2020, was the establishment of a project assurance forum with regular meetings between Senior Management from the both Arts Council and the Technology Delivery Partner. The terms of reference for the

⁴⁶ SRFT for Programme Manager, 2019; Arts Council Business Transformation Programme Terms of Reference, May 2020, p.13

forum were to jointly assess progress against key concerns raised by the Arts Council and consider risks and issues with a material impact on budget and/or schedule⁴⁷.

The meetings took place almost monthly, and on occasion, more frequently. The records from the meetings were written by the Technology Delivery Partner, and focussed on operational matters: progress on development, change requests and as time went on, progress on testing. There is no evidence that contract governance matters were specifically discussed and measured, for example, progress against milestones. While these records provide information from the Technology Delivery Partner on certain contract-related matters, minutes of meetings recorded by the Arts Council, as the contracting authority, would have been beneficial to record matters discussed and any issues arising.

As set out above, the Arts Council also provided records of monthly governance meetings with the Quality Assurance Partner dated between September 2021 and May 2022. The Quality Assurance Partner wrote the records from these meetings, which are in the form of updates for the meeting and not minutes of the meeting. The records provide detailed information on the actions of the Quality Assurance Partner, including overall progress against milestones, a RAID (risks, assumptions, issues, dependencies) log, actions log, updates on remaining milestones and budget in the fixed price contract as well as external supplier resourcing. While these records provide information from the Quality Assurance Partner on the status of the contract, minutes of meetings recorded by the Arts Council, as the contracting authority, would have been beneficial to record matters discussed and any issues arising.

The Arts Council did not provide records of governance meetings between the Arts Council and the Programme Manager; however, the Arts Council did confirm that the Arts Council Senior Manager with responsibility for the project was in daily contact with the Programme Manager on the progress of, and issues arising in the project.

As set out above and in Appendix V, there were a significant number of external suppliers involved in the work to deliver the Business Transformation Programme. There is no evidence that systematic procedures were put in place for the proper management of the performance of external suppliers against deliverables.

4.4.7 Budget versus Expenditure on External Suppliers

Drawing on the EU (Award of Public Authority Contracts) Regulations 2016 (S.I. No. 284/2016) and OGP Guidance on contract modifications, the Arts Council Procurement Policy and Procedures set out the circumstances under which contract modifications may occur. These include where additional works by the supplier have become necessary and a change cannot be made for economic or technical reasons and would cause significant inconvenience or substantial duplication of costs. It is then stated that any modification shall not exceed 50% of the value of the original contract price and where several successive modifications are made that limitation shall apply to the value of each modification and consecutive modifications shall not have the aim of circumventing the European Union (Award of Public Authority Contracts) Regulations 2016⁴⁸.

It could be reasonably argued that the Arts Council, in working to deliver the Business Transformation Programme, required additional works from existing external suppliers such that a

⁴⁷ Minutes of Stakeholder Board meeting and update report, 13 October 2020.

⁴⁸ Arts Council Procurement Policy and Procedures, November 2024, p.13.

change would have caused significant inconvenience and/or duplication. This was set out in a number of business cases to Plenary for contract extensions (see Appendix V).

As outlined in Appendix V of this report, 12 of the 20 contracts listed incurred expenditure in excess of the original contract value. As part of this examination, extension documentation in respect of a number of contracts was provided, however, extension documentation covering the full term of certain contracts was not available (Contract Nos. 2, 3, 4 & 5 in Appendix V), therefore, the value of individual extensions could not be fully determined.

A review of the contract extension documentation, provided by the Arts Council as part of this examination, indicates that most individual extensions to contracts were within 50% value of the original contract price. However, one contract above EU threshold, for which contract extension documentation was available (Contract No.9 in Appendix V), and three contracts below EU threshold, for which contract extension documentation was available (Contract Nos. 10, 11 & 19 in Appendix V), exceeded the 50% value of the original contract. The three contracts below EU threshold did not have provision for contract extension in the original contract. Business cases for the extensions referenced in this paragraph were brought to the Arts Council Plenary for approval setting out that non-competitive procurement was required as no reasonable alternative to the external suppliers with the technical and domain knowledge existed due to their experience working on the project.

Section 7.11(vii) of the Code of Practice for the Governance of State Bodies sets out that the Internal Audit Unit should review compliance with procedures for procurement.

Section 8.16 of the Code sets out that the Board should satisfy itself that procurement policies and procedures have been developed and published to all staff. It should also ensure that procedures are in place to detect non-compliance with procurement procedures. Entities should have a contracts database/listing for all contracts/payments in excess of €25,000 with monitoring systems in place to flag non-competitive procurement. Non-competitive procurement should be reported in the Chairperson's comprehensive report to the Minister.

The Code of Practice for the Governance of State Bodies 2016 – A Guide to the Implication for the Annual Financial Statement and the Annual Report sets out that reporting by the Executive to the Board should distinguish between instances of non-competitive procurement supported by a valid reason or non-compliant procurement, for example, where contracts are simply rolled over without a competitive process⁴⁹.

A review of the Internal Audit Statements on Internal Control 2019 – 2023 and the annual comprehensive report from the Chair of the Arts Council to the Minister do not reference the use, under the Business Transformation Programme project, of non-competitive procurement procedures and non-compliance with procurement requirements, through a number of contract extensions in excess of the 50% value of the original contract.

⁴⁹ The Code of Practice for the Governance of State Bodies 2016 – A Guide to the Implication for the Annual Financial Statement and the Annual Report, November 2017, page 8.

The Guide sets out that non-competitive procurement covers all instances where goods or services were procured without a competitive process. Non-compliant procurement relates to instances where goods or services were procured without a competitive process and the circumstances did not include exceptions, allowed under procurement rules, e.g. purchases from sole supplier, force majeure, maintenance contracts tied to a given contractor etc. In general, this should happen in limited circumstances.

4.5 Recommendations

Recommendation 13: The Department should carry out a review of the Arts Council approach to procurement of external suppliers, including level of compliance with relevant legislation, OGP Guidelines and the Arts Council Procurement Policy and Procedures, as well as overall expenditure and budget/expenditure variance.

Recommendation 14: A comprehensive approach to project procurement, identifying all key external suppliers required and the estimated costs should be completed as part of project planning for input to the business case for the project.

Recommendation 15: The Arts Council should seek to ensure adherence to the procurement financial thresholds when considering the procurement procedure under which to advertise tenders.

Recommendation 16: The Arts Council should ensure a broad range of expertise, to preferably include external expertise, who would not be involved in tendering for the project, when evaluating business critical tender responses.

Recommendation 17: The Arts Council should use fixed term contracts to the greatest extent possible. Where this is not possible, the reasons should be clearly set out.

Recommendation 18: The Arts Council should assign a senior manager to be responsible for managing and holding to account the delivery of services by external suppliers in any future phase of this project.

Recommendation 19: The Arts Council should include in applicable contracts the requirement to schedule and hold regular contract governance meetings with external suppliers, the frequency of which are to be determined by the risk and complexity of the service, to ensure the contract is on track and to identify, record and address areas of risk, including inadequate delivery of services, timeline or budget over-runs.

Recommendation 20: Under the provisions of the Code of Practice for the Governance of State Bodies, the Arts Council should ensure that all instances of non-compliance with procurement requirements are included in the Chair's comprehensive letter to the Minister.

CHAPTER 5 BTP BELOW-BOARD GOVERNANCE, MANAGEMENT AND INTERNAL CONTROLS

5.1 Introduction

Chapters 5 and 6 of this report examine the Arts Council governance and management of the Business Transformation Project, including the extent to which the project was reflected in the internal controls matrix of the organisation, specifically with regard to risk and internal audit. The table below provides an overview of governance and management in the three phases. Key governance documents are also listed.

Overview of Arts Council BTP Governance and Management Structures

Governance/ Management Level	Phase 1 2019 – June 2022	Phase 2 June 2022 – December 2023	Proposed Phase 3
Board	Plenary Business & Finance Committee	Plenary	Plenary
Below-Board	Stakeholder Board	Steering Committee	Steering Committee
Management	Arts Council Senior Manager (Part-time BTP) Programme Manager Project Execution Team	Programme Management (Chief Information Officer & Programme Manager) Project Execution Team	BTP ICT Director Programme Manager Agile Implementation Team

Key Governance Documents

- Arts Council Strategy and Plan 2019-2028, September 2019
- Arts Council Business Transformation Programme Terms of Reference, May 2020
- Project Plan (iterative on MS Project)
- Communications Plan, September 2019
- Arts Council Business Transformation Programme Steering Committee Terms of Reference (draft), July 2023
- Arts Council BTP Team Structure, July 2023
- Project Charter, Grants Management System, (GMS 2024)

This chapter details and analyses the below-board governance and management of BTP according to the phases of the project as already outlined in this report. The chapter also examines the approach to risk management in the project as well as how the project was included in the overall corporate risk register of the Arts Council. Finally, this chapter also sets out the extent to which the Internal Audit Unit of the Arts Council examined and sought assurance on the controls in place for the project.

Public policy directives including Public Financial Procedures, the Public Spending Code and the Grant Circular set out the requirement for management of public funding to ensure value for money. It is in the context of these requirements that the below-board level governance of BTP is examined.

The 2019 sanction from the Digital Government Oversight Unit, OGCIU, of the then Department of Public Expenditure and Reform, outlined in Section 2.5 of this report, also included several governance requirements as part of the conditions of sanction. These conditions were that ownership and responsibility for the project should be assigned to a senior manager in the Arts

Council and that the then Department of Culture, Heritage and the Gaeltacht should have representation at the appropriate level within the project governance structure.

5.2 BTP Management Phase 1: July 2019 – June 2022

The governance and management structure of BTP project was developed between July 2019 and May 2020, whereupon the first Terms of Reference for the Programme were approved by the Arts Council Plenary. The Terms of Reference outlined the Stakeholder Board structure and duties, the reporting lines of responsibility and the structure and role of the Project Execution Team. In reality, elements of the project structure were operational from July 2019 with the first meeting of the Stakeholder Board and the procurement of the Programme Manager and Business Analyst. This Section discusses the project management in place for Phase 1 of the project.

5.2.1 Overview of BTP Project Management

Appendix IV provides an infographic of the Phase 1 reporting lines of responsibility for BTP as outlined in the approved May 2020 Terms of Reference for the project. As this chapter only addresses below-board governance and management of the project, the following parts of the structure are examined:

- Project Execution Team, comprising business analysis and product definition, and quality assurance
- Stakeholder Board, established as a sub-committee of the Arts Council Plenary, comprising executives from the Arts Council, chaired by a member of the Plenary, and with representatives of the Project Execution Team in attendance to provide subject matter expertise.

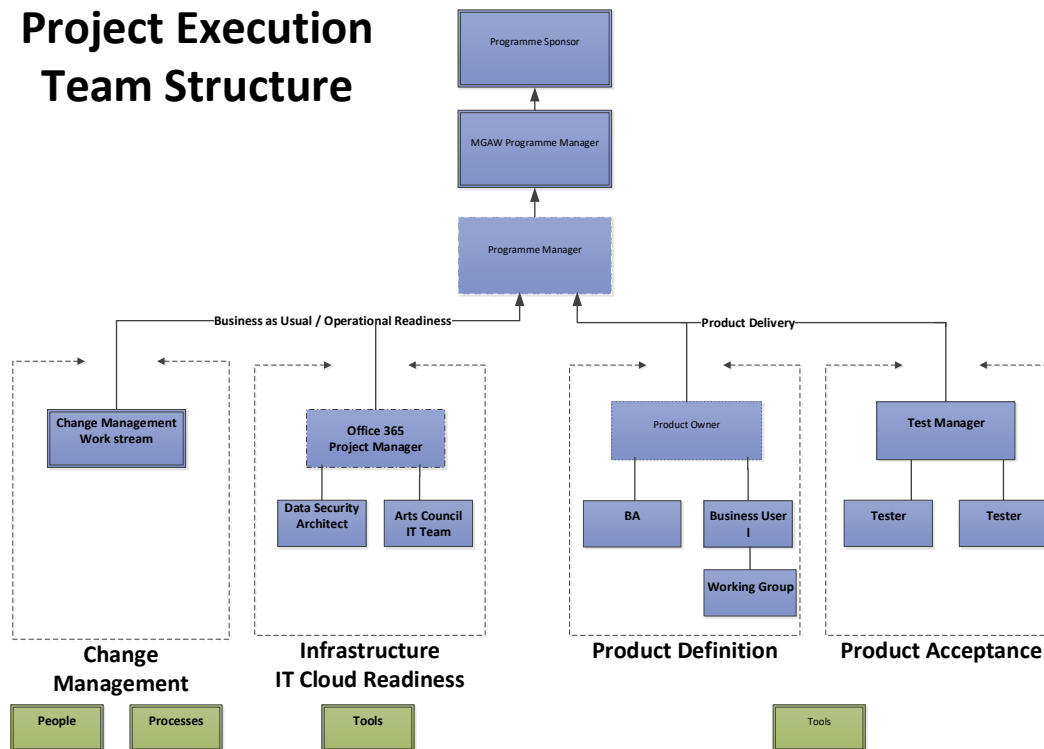
5.2.2 Role of Project Execution Team

An infographic of the Project Execution Team outlined in the approved May 2020 Terms of Reference is provided below. The roles and responsibilities of the Team members are not set out in the Reporting Lines of Responsibility appended at Appendix IV but high-level individual roles and responsibilities set out in the May 2020 Terms of Reference provided for the:

- Programme Sponsor (Arts Council Director July 2019-March 2020 and from March 2020 Deputy Director): strategic direction and guidance; make final decisions; be a champion for the delivery of the Programme; communicate progress to key stakeholders. Secures funding and resources. Resolve escalated issues.
- MGAW Programme Manager (senior manager with day-to-day responsibility for the project assigned part-time): strategic direction and guidance to the Business Transformation Programme and stakeholder board to ensure it aligns with overall Making Great Art Work (MGAW) objectives. Lead on the programme's internal and external communications.
- Product Owner (MGAW Programme Manager and Product Owner were the one official): responsible for the approval of Business Requirements and the approval of the User Acceptance Criteria that will drive the Arts Council's acceptance of the product.
- Business Transformation (Programme) Manager (external supplier): deliver the Business Programme; deliver Plan required to achieve the Business Transformation and ensure it aligns with overall MGAW objectives. Report to Stakeholder Board on plan and budget; advise and make recommendations on strategic decisions including the approach to system and supplier procurement; ensure all risk matters are pro-actively identified and managed.

- Working Group (Arts Council officials from across business units): document business requirements, validate proposed solution against agreed requirements, oversee acceptance testing and user feedback, support user trials and champion the new system.

Project Execution Team Structure



It is not clear why product design and development was not included as part of product delivery in the project execution team structure, particularly as once the contract with the Technology Delivery Partner commenced, it became the responsibility of the Partner to maintain and update the project plan.

5.2.2.1 Project Execution Team Actions and Reporting

The information in this section is based on an examination of Programme progress reports. From mid-2020 to mid-2021, the reports were written by the Technology Delivery Partner and provided on a regular basis, usually weekly, to the Programme Manager, although there were several periodic gaps in the reports received for review as part of this examination, for example between August and December 2020, and April and August 2021. From mid-2021 to mid-2022, the Technology Delivery Partner reports were joined by monthly wider Team reports that were collated by the project execution team and provided to the Programme Manager. The wider team reports included updates on the work of the Quality Assurance Partner, financial system integration and data migration. While all these reports included identified risks, risk is not discussed in this section as it is covered in Section 5.6. All reports produced used the traffic light system to indicate the overall status of progress, with a focus on key deliverables – schedule, budget, system scope and quality – to indicate overall RAG status.

An examination of the reports indicates that they provided an overview from the team members concerned on the status of the project on the specified dates, including a summary of progress against Programme Plan. For example, the update reports from the Technology Delivery Partner

detailed the area of analysis and design or development that they were working on, their progress on system build to include overall percentage built, and the extent to which they were running behind plan as the project progressed. The reports also record where changes were made to the project scope arising from agreed change requests or due to delays in meeting milestones, where launch dates were postponed and rescheduled and updates on changes to the System Integration Testing, as outlined in Section 3.2.6.

For most of 2021, the project tracked amber or red. The stated reasons included the Technology Delivery Partner analysis and design for Increment 2 taking longer than planned⁵⁰, the time taken between the Arts Council and the Technology Delivery Partner to agree and sign off on user stories⁵¹, and the time taken to design and develop change requests⁵². Throughout the early months of 2021, the reports indicate that the project was running 8 – 16 weeks behind plan. This was subsequent to the launch date for the project being previously moved from April to October 2021.

In late 2021, during the period the Technology Delivery Partner was working to complete development and commence system testing, the overall progress status fluctuated between amber and red, with each update recording the tight timelines remaining for the project to complete development, work on outstanding agreed change requests and progress testing.

From the period February to June 2022, the reports from the Technology Delivery Partner tracked green, recording that it completed System Integration Testing on 7 February and the SIT Exit Report was signed on 23 February. The reports up to the final report on 19 June, record that it was supporting the UAT process, and resolving all UAT defects assigned to it in a timely manner.

The last wider team update report that was received as part of this examination was for March 2022, which tracked amber. The report outlines the need for a second round of UAT, noting that the Technology Delivery Partner still needed to update the Solution Design Document, and that the number of issues and defects in the system build needed ongoing changes.

5.2.3 Role of Stakeholder Board

The Terms of Reference approved by the Arts Council Plenary in May 2020, set out that the Stakeholder Board was established as a sub-committee of the Arts Council Business and Finance Committee, itself a sub-committee of the Council Plenary. The Chair of the Stakeholder Board was also the Chair of the Business and Finance Committee. The other members of the Stakeholder Board Committee comprised six senior managers in the Arts Council.

The Terms of Reference set out that the Programme Manager, Technology Delivery Partner and Business Analyst would attend to provide subject matter expertise. While there were initially plans to have external expertise from the Office of the Government Chief Information Officer advise the Stakeholder Board, and a representative was put in place, the Arts Council did not maintain engagement with the representative on Stakeholder Board meetings after February 2020. In addition, neither the Arts Council nor the Department followed up on a DGOU condition of sanction to ensure that the Department had appropriate representation on project governance structures (see Sections 2.5 and 7.2 of this report).

⁵⁰ Project updates, 10 January – 14 March 2021

⁵¹ Project updates, 28 February & 14 March 2021

⁵² Project update 20 August 2021

The high-level role and responsibilities of the Stakeholder Board were:

- Chairperson: chair meetings of the Stakeholder Board, provide the link between the Stakeholder Board and the Council Plenary.
- Board Members: bring individual knowledge and skill to enhance the deliberative process and support good decision making; review and oversee the Programme plan; oversee the supplier selection process; monitor progress against milestones and budget; evaluate risks, issues and escalations that impact upon the overall Programme delivery; validate change control requests.

As set out in the Appendix IV infographic, the duties of the Stakeholder Board were to:

- Review the Programme budget (cost)
- Monitor Programme scope
- Monitor the overall schedule/plan
- Review Programme Strategy
- Guide the supplier and system selection processes
- Ensure strategic alignment with MGAW
- Coordinate transition to business as usual

5.2.3.1 Stakeholder Board Meetings

According to the records received for this examination, the Stakeholder Board met almost monthly from July 2019 to June 2022. The Department reviewed the records to establish if the Stakeholder Board received adequate information on the progress and issues arising in the project and how it responded to information received, including, the extent to which it sought to question and hold to account the project team for any issues arising.

Meetings from July 2019 to March 2020, as well as the meeting in June 2021, record the attendees at the meeting. Attendees included the Programme Manager and the Arts Council Senior Manager with responsibility for the day-to-day operation of the project, who was also a Stakeholder Board member. The attendees are not recorded for other meetings of the Stakeholder Board, however, as part of this examination, the Arts Council did confirm that the Programme Manager attended meetings. The records also indicate that the Technology Delivery Partner attended several meetings, particularly, in 2020. It would have been beneficial if the Technology Delivery Partner attended all meetings to update the Stakeholder Board first-hand on their work and to allow the Stakeholder Board the opportunity to question them on progress and any issues arising. Similarly, there is no record of the Quality Assurance Partner attending or providing information or updates to the Stakeholder Board.

A review of the reports to and minutes of the meetings, indicate that the Board was provided with comprehensive information on the status of the project, including overall progress, where delays and issues were experienced, and how the project timeline was tracking against the agreed project plan in place at the time, i.e., how far behind schedule it was. The records indicate that change requests, the gaps in and requirements for additional internal resources and external suppliers and additional budget requirements were also brought before the Stakeholder Board. The records of the majority of meetings reviewed included an actions log. There was also comprehensive information on risks, including a description of the risk, category of risk, risk score, mitigation measures and owner.

However, the minutes from the meetings are, for the most part, in the form of summary bullet points. They do not record deliberations the Stakeholder Board may have had: whether the Board did indeed adequately identify, question and hold to account the project execution team on the issues, or the extent to which assurance was sought from the project team on mitigations to the risks and issues arising.

As set out in Section 5.2.3 above, the Stakeholder Board was comprised of internal managers, a number of whom were part of the project execution team, and chaired by a member of the Council Plenary. It would likely have been of benefit to the Stakeholder Board and to the overall governance of the project to have external representation, preferably with experience of delivering or overseeing complex ICT related projects, on the Stakeholder Board to bring fresh and objective perspective. The Department and Arts Council should have also ensured that the Department had appropriate representation on the project governance structures (see also Chapter 7 of this report).

5.3 BTP Management Phase 2: June 2022 – December 2023

Phase 2 of BTP experienced a number of changes to the below-board level governance structure. In May 2022, in preparation for go live of the new system, the Stakeholder Board, with the approval of the Plenary, had decided to disband. However, subsequent to June 2022, with the failure to launch the new system, the governance and management structure changed, first, to encompass elements of a proposed management structure from the external supplier contracted to programme manage the transition to business as usual, then with the procurement of a new CIO for the project. These changes were coupled with a reconstituted and renamed Steering Committee, which met from February 2023. The governance and management structure for this period, is outlined in a document entitled “Business Transformation Programme Team Structure”, dated July 2023, but, which, on the basis of the other documentation received as part of this examination, was in place from February 2023⁵³.

5.3.1 Overview of Project Management

The infographic below outlines the overall Phase 2 below Board project management structure.



⁵³ As part of this examination, the Department also received a marked-up draft Terms of Reference for the Steering Committee, dated 13 July 2023.

5.3.2 Programme Sponsor

The Team Structure sets out that the Programme Sponsor – the Arts Council Director under Phase 2 of the project – champions the programme by acting as the highest-level change leader, communicating the importance to stakeholders and senior leadership, and obtaining buy in and collaboration.

Responsibilities comprised:

- Vision and people - aligning the project with the Arts Council's goals, strategy, and objectives
- Governance – as part of the steering committees ensuring the proper execution of the programme
- Decision making – contributing to the decision making, managing risks and changes while ensuring the project's quality
- Support and advise the programme management and team with knowledge and guidance
- Promote the project's value and make sure it has the resources to succeed
- Define the criteria of the project's success and get stakeholder buy-in
- Help maintain open and ongoing communication between the programme, stakeholders and the Council
- Review changes to the programme (e.g., schedules, tasks, priorities, etc.) and help manage risks as they arise.

5.3.3 Role of Programme Management and Workstreams

The Team Structure set out that the Programme Management, comprising the Chief Information Officer (contracted in January 2023 under an OGP framework) and the incumbent Programme Manager, leads and manages the delivery of the programme objectives⁵⁴.

Responsibilities comprised:

- Provide leadership to the programme team
- Engage with wider organisation and governance structure
- Set and manage the programme plan, budget, risks and issues, change control process
- Procurement of resources and vendors
- Contract and vendor management oversight.

The Programme Management was required to deliver the programme plan and budget, stakeholder/resource map, decision log, risk register and governance reporting.

The designated Product, Content and Business Readiness workstreams were introduced in Phase 2 of the project. Details of their functions are outlined in Section 3.3.1 of this report.

⁵⁴ The Arts Council Senior Manager who had day-to-day responsibility for the project under Phase 1 departed the project in early 2023.

5.3.4 Role of the Working Group

The Working Group supported and advised the programme on better decision-making by bringing organisational representation availability to all workstreams. The Working Group comprised staff representatives from business units within the Arts Council.

Responsibilities comprised:

- Confirmation of business requirements ahead of testing
- Advising on the new ways of working
- Contributing to business acceptance testing
- Sign-off of testing at the end of UAT
- Contributing to discussion on post go-live BAU (business-as-usual) governance approach and resourcing.

5.3.4.1 Project Management and Workstreams Actions and Reporting

For the duration of Phase 2 of BTP, the three workstreams – Product, Content and Business Readiness – produced regular status reports on their work to the Chief Information Officer. The reports included progress to date, planned next steps and risks. The risks were listed but did not include categorisation or ranking. Several reports from the Working Group were also received as part of the documentation for this examination.

Throughout 2023, the Product workstream trended red. In the early months of the year, it trended red due to uncertainty on the future project direction. Once the Arts Council Plenary agreed in April 2023 to maintain the system under development for full launch in Q4 2024, the Product workstream experienced delays while new development team members and system testers were contracted to the project between June and August. Later in the year, due to the volume of issues arising in the testing and fixing of defects in the system, the Product workstream did not reach its October milestone to move from project baseline phase of defining requirements and completing the update of user stories to project acceptance phase of testing for launch. By late October 2023, the workstream was looking at options to replan the programme, including a reduction in scope of the requirements due to the continuing defects identified, which are outlined in Section 3.3.4 of this report.

5.3.5 Role of Steering Committee

The BTP Team Structure set out that the Chief Information Officer was Chair of the Steering Committee with seven members of the Senior Management Team as Members of the Committee and the Programme Manager as observer (from July 2023). As set out in Section 5.3.3, the Chief Information Officer also led the Programme Team responsible for project delivery.

The Terms of Reference set out that the Steering Committee would provide governance oversight of the programme delivery, and make and ratify decisions on programme matters as appropriate.

Responsibilities comprised:

- Oversee programme progress, seeking further clarifications as needed
- Review changes and recommendations and make timely decisions on behalf of the business
- Review and ratify recommendations being made to Council Plenary
- Support the programme to overcome risks and issues as they arise

- Help communicate the programme goals and objectives within their own teams.

Deliverables from the Steering Committee were decisions, feedback and recommendations for the Programme and Council Plenary.

5.3.5.1 Meetings of the Steering Committee

As noted in the introduction to this chapter, the Stakeholder Board was reconstituted to a Steering Committee with meetings commencing from February 2023. From February to April 2023, records of meetings comprised the agenda and brief updates on work to identify and analyse options on a way forward for the project (see Section 3.3.2 of this report for more details).

From April to July 2023, the records from the Steering Committee comprise summaries of the progress of the three workstreams in the preceding week. There is no record of the minutes of the meetings. From July 2023, the Programme Manager was added to the Steering Committee as an observer and the updates to the Committee became more detailed, providing additional information on project progress, items for decision of the Steering Committee, budget versus expenditure and Programme risks. The Arts Council was also able to provide a number of sets of meeting minutes from the period August to December 2023.

In line with the late October 2023 identification by the Product workstream that a re-plan of the Programme would be required due to the non-achievement of project milestones (set out in Section 5.3.4.1), the minutes of Steering Committee meetings on 24 and 26 October indicate that the CIO informed the Committee that, due to the amount of work required to complete testing, a Q4 2024 launch would not be feasible. The minutes record that Steering Committee members at this point queried whether a fundamental issue existed with the system and whether the extent of further defects with the system were known.

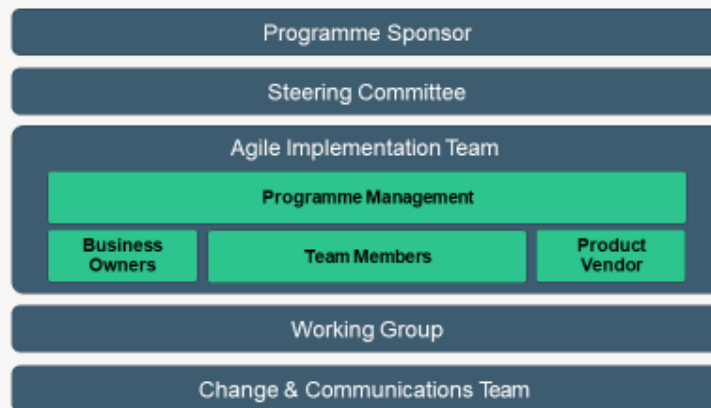
5.4 BTP Management Phase 3: December 2023 – Present

As set out in Section 3.4 of this report, in late 2023, following discussion with the Steering Committee, BTP Programme Management commenced research and information gathering on commercial off-the-shelf options grants management systems, an “Option B” proposal on which was agreed by the Council Plenary in June 2024. The Arts Council then submitted a Request for Specific Approval to the Office of the Government Chief Information Officers. In August 2024, following a request from the Department, the Arts Council submitted a business case to the Department for funding for the latest phase of the project, which included a paper on the proposed GMS (Grants Management System) Team Structure, Governance and Reporting.

5.4.1 Overview of Project Management

The infographic below illustrates the organisation structure under the proposed latest phase of the project for the delivery of a commercial off-the-shelf Grants Management System.

Overall Programme Organisation



5.4.2 Role of Programme Sponsor

The role and position holder of Programme Sponsor is identical to that in Phase 2 of the project, outlined in Section 5.3.2.

5.4.3 Role of Agile Implementation Team

As illustrated in the infographic in Section 5.4.1, the proposed Agile implementation team comprises programme management, business owners, team members and the product vendor.

The objective of the Agile implementation team is the successful implementation and transition to business as usual of a new grants management system.

Responsibilities comprise:

- Delivery of the agreed requirements to budget, plan and quality
- Report on progress, risks and issues
- Take considered business decisions required for timely delivery
- Collaborate with the working group and change & communications team to ensure a successful launch and subsequent business as usual operations.
- Define and evaluate the benefits metrics to determine the success of the programme

Stated deliverables are a grants management system and associated components that support the scoped requirements of the Arts Council.

5.4.4 Role of Working Group

The team structure paper sets out that the working group contributes collaboration, insight and expertise to inform better decision-making and ensure a successful delivery. These contributions include, confirm business requirements ahead of testing, advice on operation of current systems, contribute on the new ways of working, participate in business acceptance testing, and help to build confidence and knowledge of the new grant management system across the organisation. The Working Group again comprise representatives from across the business units of the Arts Council.

5.4.5 Role of Change and Communications Team

The paper sets out that the Change and Communications Team devise and support the change delivered by the project to ensure the successful adoption and operation of the new system. Responsibilities include the creation of an integrated change and communications plan, and oversight, advisory and support for the execution of the change and communications plan. The Team comprises representatives from Arts Council staff.

5.4.6 Role of Steering Committee

The paper sets out that the Steering Committee will be chaired by the BTP Director⁵⁵, who is also the Programme Manager leading the Agile Implementation Team. Other members of the Committee comprise ten members of the Arts Council Senior Management Team with the product vendor invited as required. The Programme Manager will be an observer.

The objective and responsibilities of the Steering Committee are identical to those in place for the Steering Committee in Phase 2 of the project in 2023, as outlined in Section 5.3.5.

5.5 Role of Senior Management Team

While the role of the Arts Council Senior Management Team is not prescribed in the Corporate Governance Framework of the Arts Council, the annual report sets out that the regular day-to-day management, control and direction of the Arts Council is the responsibility of the Director and the Senior Management Team. The Director and the Senior Management Team must follow the strategic direction set by the Council, and must ensure that all Council members have a clear understanding of the key activities and decisions related to the Arts Council, and of any significant risks likely to arise. The Director acts as a direct liaison between the Council members and management of the Arts Council⁵⁶.

As part of this examination, a request was made for records of any input from the Senior Management Team to the project. The Arts Council advised that as there was a Stakeholder Board and then Steering Committee in place, which included members of the Senior Management Team, the project was not formally brought to the Senior Management Team.

As set out above, the Steering Committee would benefit from the inclusion of external members who are not involved as part of the implementation of the project. The Senior Management Team, as part of its role working with the Director, has a different function: the day-to-day management, control and direction of the Arts Council. In that regard, the Arts Council may consider including fewer members of the Senior Management Team on the Steering Committee in any future phase of the project to broaden the perspective of the Committee, but also to enable greater distance by the Senior Management Team to monitor the project as part of its management and control functions.

5.6 Risk Management

The public policy directives and circulars outlined in Section 1.4 of this report emphasise the importance of risk management as part of good project governance. The Public Spending Code emphasises the importance of risk assessment as part of sound project appraisal, Circular 14/2021

⁵⁵ In early 2024, a newly recruited Arts Council BTP Director replaced the contracted Chief Information Officer.

⁵⁶ Arts Council Annual Report 2022, p.21.

sets out that appropriate risk management should be in place throughout the project lifecycle, while one of the key principles of public procurement is appropriate risk assessment and management where the purchase value is high and/or complex.

5.6.1 BTP Risk Management

A review of the Business Transformation Programme Terms of Reference, May 2020, do not include information on the risk management policy for the project. However, the Arts Council has provided Business Transformation Programme Risk Registers from 2019 to February 2024. The risk register sets out the risk categories for the project and the risk ratings. A review of the risks indicates consistently high and medium ratings. In addition, while the project had in place a BTP Risk Register, risks were recorded across multiple forums in the project. As noted in earlier sections of this chapter, the project execution teams and the project workstreams recorded risks in every report. As also set out in earlier sections of this Chapter, minutes from meetings were most often not recorded in a format to adequately identify discussions and decisions, therefore it is not clear from the records of BTP project meetings and update reports how these risks were reviewed and an assessment made on their inclusion in the BTP Risk Register. Any future phase of this project requires the development of a risk management policy and procedures for the project to include the establishment of a single cohesive risk register that is owned and managed by the Arts Council Programme Manager.

A review of the Stakeholder Board meetings 2019-2022 indicates that risk was a standing item on the agenda. In 2019, minutes of meetings indicate that the Board discussed risk. As the records of meetings from 2020 are in the form of PowerPoint summaries, it cannot be seen whether the Board discussed risk, but a list of project risks are included in the summaries.

A review of Steering Committee meetings 2023 indicates that risks were not included in reports to the Committee until August 2023. The meeting minutes that were made available for the period between August and December 2023 indicate that the CIO presented the risks to the Committee.

5.6.2 Arts Council Corporate Risk Register

The examination of the Arts Council Corporate Risk Register that is submitted to meetings of the Arts Council Plenary indicates that the Business Transformation Programme has been consistently on the Corporate Risk Register since February 2021. At all times, the risk score recorded is either 'extreme' or 'high'.

A review of the Arts Council Plenary Minutes between 2019 and 2024 indicates that BTP risks were discussed on one occasion in 2020, when the Plenary requested at its May meeting that project resource gaps be included on risks to the project, and on one occasion in 2022, when the Plenary requested at its June meeting that the risk register be updated to reflect the information available to the Arts Council on the delay to the then scheduled project launch.

In 2023, BTP risks were discussed at several meetings of the Arts Council Plenary. In March 2023, the meeting minutes record that the Plenary requested that the April options paper to the Plenary should include the risks under each option for a way forward for the project. In April 2023, the Plenary requested that all monthly update reports on the project include risks, while in October 2023, the Plenary asked that priority risks be further categorised in project update reports.

In 2024, the meeting minutes record that the Plenary regularly discussed project risks. The March 2024 Plenary minutes set out that the Members agreed that risk registers for all project options and for ICT business as usual need to be provided to the Plenary going forward. In June 2024, in agreeing to proceed with Option B – procurement and implementation of an off-the-shelf grants

management system – the Plenary noted as one of the factors in the decision, the lower risk of Option B compared to Option A.

5.7 Role of Internal Audit

The Arts Council outsources the function of Internal Audit to an external supplier. As part of this examination, the Department requested Internal Audit workplans 2020 to date, as well as any internal audits carried out on the Business Transformation Programme.

5.7.1 BTP in Internal Audit Planning and Auditing

The Internal Audit supplier, in its Strategic Internal Audit Plan 2022-2024, sets out that they are appointed to provide the Arts Council (Plenary), Audit and Risk Committee and management with assurance on the adequacy of internal control arrangements, including risk management and governance⁵⁷. The examination of the Internal Audit plans for the period 2020 to 2024 indicates that in the 2022-2024 Strategic Internal Audit Plan, 'MS Dynamics 365' is categorised as a 'medium' audit priority.

To date, Internal Audit has not audited expenditure under the Business Transformation Programme project, notwithstanding the fact that the project has been on the Arts Council Corporate Risk Register since 2021, with 'extreme' or 'high' scores.

5.8 Recommendations

Recommendation 21: The Arts Council should ensure that it complies with conditions placed on it as part of project sanction under the provisions of the Public Spending Code and relevant circulars.

Recommendation 22: To ensure separation of lines of responsibility and accountability, the Steering Committee must include external expertise in any future phase of this project, preferably, to chair the Committee. The Programme Management responsible for delivering the project should not chair the Steering Committee responsible for guiding and overseeing the project.

Recommendation 23: The Steering Committee should have in place an actions log that records all items and risks for follow up by Programme Management and is updated for, and discussed at each meeting.

Recommendation 24: The Steering Committee should agree with Programme Management the key information it requires for each meeting and have in place an agenda for its meetings, with key standing items including review of project plan, progress against plan, budget versus expenditure, risk and a review of the actions log.

Recommendation 25: The Steering Committee should ensure adequate recording of Committee discussions, to include deliberations leading to decisions and recommendations to Plenary, the questioning and holding to account of project management and discussions, and decisions on risk management.

Recommendation 26: The Steering Committee, as part of its Terms of Reference, should clearly set out the risk appetite for the project, including but not limited to, the tolerance for levels of change in

⁵⁷ Arts Council Strategic Internal Audit Plan, 2022-2024, May 2022, p.3.

the project scope and plan, budget, timelines. The risks should be monitored continuously and discussions on risk and actions implemented adequately recorded.

Recommendation 27: Based on the risk appetite set by the Steering Committee, Project Management should develop a risk management policy and procedures to include a single risk register that is owned by the Programme Manager and submitted to the Steering Committee meetings for review.

Recommendation 28: Prior to the commencement of any future phase of this project, Programme Management should establish a communications plan that sets out the reporting required at all levels of the project. As part of this plan, reporting should be streamlined to ensure that key information, including project progress, issues arising and risks are identified, categorised in importance and urgency and communicated to the Steering Committee under one coordinated information flow.

Recommendation 29: The Senior Management Team may consider having fewer members on the Steering Committee and include the monitoring of any future phase of this project as part of its functions to manage, control and direct the Arts Council.

CHAPTER 6 BOARD-LEVEL GOVERNANCE OF BTP

6.1 Introduction

Section 5.1 of this report provided an overview of the Arts Council below-board and board level governance structures in place for the Business Transformation Programme. Chapter 5 examined the below-board level governance. This chapter examines the role of the Arts Council Plenary and its relevant sub-committees in the BTP project. The Code of Practice for the Governance of State Bodies outlines the critical role of the board and its chairperson in guiding, monitoring and reviewing the performance of State bodies, and overseeing major capital expenditure and investment decisions. The State body must confirm to the relevant Minister compliance with the Code in their governance practice and procedures (see also Section 1.4.6 of this report).

The Arts Council Plenary initially designated oversight of the project to a Plenary sub-committee, the Business and Finance Committee, the Chair of which was also Chair of the Stakeholder Board, and who reported to the Plenary on Committee meeting outcomes. However, due to delays, increasing costs and other issues arising in the project, from July 2021, the project also became a standing item on the agenda of meetings of the Plenary. From July 2022, when the Stakeholder Board disbanded, BTP reported solely to the Plenary at board level and was no longer under the particular remit of the Business and Finance Committee.

6.2 Role of Council Business and Finance Committee

As set out in the BTP Reporting Lines of Responsibility at Appendix IV, it was the role of the Business and Finance Committee, as a sub-committee of the Arts Council Plenary, to approve the BTP project plan and change requests.

The Business Transformation Programme Project was a standing item on the agenda of the Business and Finance Committee from April 2019 to June 2022. As noted in the Introduction to this chapter, the Chair of the Business and Finance Committee also chaired the Stakeholder Board, established as a sub-committee of the Business and Finance Committee⁵⁸. The Chair briefed the Plenary on BTP as part of their briefing from the Business and Finance Committee meetings.

The records received for this examination indicate that the Business and Finance Committee received update reports from BTP Programme Management in advance of each Committee meeting. The reports contained an update on the overall project status, progress against project plan including timelines, budget versus expenditure, risks and key issues arising. The reports outlined the key issues. The minutes of the meetings record that the Senior Manager in the Arts Council with day-to-day responsibility for BTP and/or the BTP Programme Manager joined each meeting to provide further information on the issues arising, including:

- initial development quality and gaps in internal resourcing,
- delays in meeting system development timelines
- the update at the February 2021 meeting of the postponement of the original planned launch date from April 2021 to October 2021, at which the meeting minutes record that the members noted that the project was behind schedule but were also made aware of the proactive actions being taken to optimise the project plan to achieve delivery in 2021

⁵⁸ Arts Council Plenary Minutes, September 2019.

- the update at the April 2021 meeting of the postponement of the launch to April 2022 and that an agreed plan was now in place with the Technology Delivery Partner. The Committee was also informed that it may be necessary to request an additional sanction from the Department. Committee members noted with concern changes in the Technology Delivery Partner team (Project Manager and Solution Architect changes) and that legal advice should be sought on the project commercial strategy (to make contract amendments⁵⁹)
- the approval at the June 2021 meeting of an additional €622,000 to bring the total budget for the project to €3.492 million. The minutes record that it would be necessary to inform the Department and that a revised project plan was now in place and resource issues mitigated. The Committee also requested that a “lessons learned” be completed and submitted to the Committee⁶⁰
- The October 2021 update that there was a risk to the April 2022 launch date and it may move to May due to development being 8 weeks behind schedule.

Reports to the Business and Finance Committee in February and April 2022 provide updates on System Integration and subsequent User Acceptance Testing, including a request in April to approve a second round of User Testing. The reports to the Business and Finance Committee do not record that System Integration Testing had been moved to the end of development. The final report to the Committee in June 2022, subsequent to the Arts Council decision to cancel the launch, notes that a full review was underway with a revised project plan to be prepared for system launch in February 2023.

It is evident from the minutes of the Business and Finance Committee that the members raised concerns on several occasions in respect of the issues arising in the project. The minutes record that assurances were provided at intervals by the Project Team in respect of measures being put in place to address the issues. Apart from the request to have a lessons learned analysis completed, the minutes do not record the extent to which the Committee questioned the progress and overall plan for delivery of the project or sought to hold the project team accountable for delays and cost overruns.

6.3 Role of Arts Council Plenary

This section examines the overall role of the Plenary in the BTP project. As the key decisions of the Plenary in respect of next steps and additional funding, and the information on which the Plenary based these decisions are outlined in earlier sections of this report, they are not repeated here in detail. In that regard and for cross-reference, Section 3.2.5 outlines the July 2021 Plenary approval for €622,000 additional funding for system design and development changes and contingency funding. Section 3.3.2.2 outlines the options for the way forward presented to the Plenary in April 2023 and the decision of the Plenary to approve the plan for “Option 1” to continue to test and fix defects in the system under development for a Q4 2024 launch at €3.842m projected cost. Section 3.2.5 outlines the information presented to the Plenary in December 2023 concerning the issues arising in the implementation of the “Option 1” plan and the decision of the Plenary to pause that work and ask the project team to examine other options for project delivery. Section 3.4.2 outlines

⁵⁹ This legal advice was subsequently sought. Amendments to the contract with the Technology Delivery Partner included the de-scoping of certain business requirements and the addition of new business requirements to the scope. The amendments also provided for the extra costs arising for longer than anticipated analysis and design and the impact of COVID on project progress.

⁶⁰ The lessons learned was submitted to the Business and Finance Committee in September 2021.

the decision by the Plenary in June 2024 to halt development on the system under development and the Plenary approval of the Steering Committee recommendation to proceed with an “Option B” commercial off the shelf grants management system at €1.482m projected cost.

This Section examines reports to, and minutes of Plenary meetings to establish the role of the Plenary in the governance of the project.

6.3.1 Phase 1: July 2019 – June 2022

Section 2.3 of this report outlines that the 2018 business case to the Department for the project was not brought to the Plenary for approval in advance of submission to the Department, as per the requirements of the Public Spending Code, but for noting subsequent to the submission.

Recommendation 3 in this report sets out that the Arts Council should ensure that it obtains sanction from the Plenary for future projects, as applicable.

Over 2019, the Plenary received quarterly updates on BTP from the Chair of the Business and Finance Committee as part of the Chair’s meeting reports. The Plenary meeting minutes record that the Plenary welcomed the initiation of the project, requested a project plan by year-end, noted the need for early communication with the arts sector, and later in the year welcomed the shortlisting of suppliers for the Technology Delivery Partner contract while emphasising the need for budgetary control in the project⁶¹.

In April 2020, the Plenary approved the signing of the contract with the Technology Delivery Partner. In May 2020, the Plenary approved the Project Plan, Terms of Reference and the budget breakdown. Further updates in May and June 2020 to the Plenary from the Chair of the Business and Finance Committee reference in the Plenary minutes progress to date on the project, gaps in internal resourcing of the project (ICT and HR Managers) and the Plenary request to have this gap included on the project risk register. The July and October Plenary minutes note the updates from the Business and Finance Committee Chair with no further information provided.

In 2021, the first reference to the BTP project is in the April minutes of the Plenary where the Business and Finance Committee Chair updated the Plenary on the outcome of the recent Committee meeting to review the project commercial strategy and plans for a one-item agenda meeting to consider the project budget and any required additional Departmental sanction.

The July 2021 Plenary minutes record that the Plenary was updated on the BTP project and the need for the project budget to be increased. Members noted that the recommendation to increase the budget had been reviewed and approved, as per the agreed governance structure for the project. The minutes record that following detailed discussion, Plenary Members agreed the recommendation to 1) increase the project budget to €3.492m (from €2.87m), and 2) request the Executive to proceed to complete the commercial negotiations (to amend the scope of the Technology Delivery Partner services).

Members noted that lessons learned needed to be developed with resulting actions implemented. Members agreed that the Business Transformation Programme Project would be a standing Plenary agenda item going forward. Members also agreed that a project benefits slide should form part of

⁶¹ Plenary meeting minutes April, September, October, December 2019.

the next presentation to Council Plenary and that the matter should remain as an agenda item for all Plenary meetings until the project was completed in mid-2022⁶².

There is no reference in the July 2021 Plenary minutes to seeking approval for the additional funding from the Department of Tourism, Culture, Arts, Gaeltacht, Sport and Media or for sanction from the Department of Public Expenditure, NDP Delivery and Reform for the project scope and budget amendments, as per the requirements of the Public Spending Code and OGCI0 Circular 14/2021. The Arts Council did not request approval for the funding for the project amendments.

From September 2021, the Project Team provided written update reports to the Plenary in advance of meetings. The Senior Manager in the Arts Council with day-to-day responsibility for the project and the Programme Manager also started to attend Plenary meetings for the BTP agenda item.

Between September 2021 and May 2022, the Plenary received monthly reports and updates from the Project Team on BTP progress. The information provided included:

- October 2021 the overall red status of the project due to 6-8 weeks delays in system development putting the April 2022 launch date at risk as well as a list of system benefits post go-live
- November 2021 approval of the Stakeholder Board recommendation to postpone go-live to May 2022 and launch with a pilot number of schemes, with full launch in October 2022. The Plenary also requested for the December meeting a full project update, budget requirements, change management and communications plan
- December 2021 approval to drawdown part of the contingency budget to ensure adequate funds were in place to bring the project to go-live
- January – March 2022 reports and meetings updating the Plenary on the progress of System Integration and User Acceptance Testing
- April 2022 meeting approval for €300,000 post system deployment operational readiness budget⁶³.

In June 2022, following the failure of the system to pass User Acceptance Testing, the Plenary minutes record that Members noted the project launch delay, and that following detailed discussion, Members agreed that an external review of the project needed to be undertaken and that additional support to bring the project to a successful conclusion should be considered. Members also agreed that project momentum needed to be maintained, with a full progress review to be brought to September Plenary. Members asked that the Risk Register be updated to reflect the information available⁶⁴.

6.3.2 Phase 2: June 2022 – December 2023

The record of minutes from Phase 2 of the BTP project indicate that in the latter half of 2022 the Plenary was concerned about the delivery of the project and the need to agree a project plan, timeline and budget for project completion⁶⁵. Records from this period also indicate that a review of the most recent 3rd party test strategy was requested and later provided in December 2022.

⁶² Plenary meeting minutes July 2021.

⁶³ As part of this examination, the Arts Council confirmed that the approved €300,000 was drawn from Current funding. This is the first commitment of Current funding under the project.

⁶⁴ Plenary Minutes, meeting June 2022.

⁶⁵ Plenary Minutes, meeting October 2022.

The November 2022 meeting minutes record that Plenary Members were informed of the need to allocate more dedicated internal resources to the project and of senior management’s commitment to do so and that the project’s budget requirements needed to be reviewed and recast following a further review of the consultancy support required for the revised programme approach⁶⁶. Members also noted that the Chief Information Officer sanction had been delayed and that the position would be filled via public procurement. Members asked the Executive to ensure that the scope of requirements for the role fully reflected its required needs.

The December 2022 minutes note that a review of the system was underway⁶⁷ and that the next update from the Project Team should include greater clarity on the timeline for when the system would be in place and what it would comprise. The minutes also record that the Department was updated on the current project status, including budget.

From February 2023, the newly contracted Chief Information Officer replaced the Arts Council Senior Manager and Programme Manager in reporting to the Plenary meetings. The report to the Plenary referenced the 3rd party “technical assessment of the solution as it currently stands and remediation recommendations to address their concerns as to the long term viability and sustainability of the product as built”⁶⁸. However, the Plenary minutes make no reference to any discussion on the possible implications from the findings and recommendation in the report (see Section 3.3.3.1 of this report).

At the March Plenary meeting, the Members agreed that the Project Team return in April with a paper setting out all options (for a way forward for the project) detailing, costs, timeline and risks, as well as the advantages and disadvantages for each option available, with an Executive recommendation on the preferred approach, so members could make an informed decision. Members agreed that the paper also address all reputational concerns and confirm that the Department was updated.

The options presented to the Plenary in April 2023 and the decision of the Plenary are outlined in Section 3.3.3.2 of this report, namely, to continue with the system under development with a full launch planned for Q4 2024 at a projected €3.842 million cost.

Plenary meetings between May and October 2023 record the Plenary focus on ensuring that reports submitted from the Project Team highlighted priority information, including updates on adherence to the agreed timeline for delivery of the project.

Section 3.3.4 of this report outlines the information provided to the Plenary in December 2023, including, that based on the then project plan, the system could not be delivered before Q4 2028. The Plenary minutes record, among other things that the Members agreed advices were to be prepared detailing the implications of ceasing the project versus the implications and associated costs should it continue.

⁶⁶ The revised programme approach was outlined in Section 3.2.2 and incorporated the establishment of the Product, Content and Business Readiness workstreams and a November 2023 Go-live for certain Arts Council schemes.

⁶⁷ 3rd party review producing report Dynamics 365 Solution, outlined in Section 3.3.2.1 of this report.

⁶⁸ Business Transformation Programme Update – Arts Council Plenary, 15th February 2023.

6.3.3 Phase 3: December 2023 – Present

The February 2024 Plenary meeting minutes record that the Arts Council ICT Service Delivery Manager and the Programme Manager reported to the meeting⁶⁹. As per the request of the Plenary at the December meeting, the Project Team informed the Plenary that an independent review of the system architecture had commenced under the auspices of the Office of the Government Chief Information Officer. Plenary Members also noted that a recommendation regarding future options would likely come to the May Plenary meeting by which stage it was hoped that an informed decision could be taken by Members⁷⁰.

The February 2024 Plenary meeting minutes record that the Members discussed in detail the 3rd party technical report carried out by external experts under the auspices of the OGCIO (see Section 3.4.1. of this report). Members noted that a special decision meeting may need to be scheduled outside of the agreed meeting dates.

The May 2024 Plenary meeting deferred the discussion on future options to the June meeting, the details of which are outlined in Section 3.4.2 of this report. This was in order that the incoming Chair be fully briefed on the matter and it was agreed that a date for a special Council meeting would then need to be set. At the June meeting, the Plenary agreed to proceed with “Option B” – the procurement and implementation of an off-the-shelf product for grants management at a projected €1.482m implementation cost.

The examination of the Plenary records 2019-2024 indicate that the Plenary was informed of the key issues arising in BTP as they have occurred over the life of the project. The Plenary took action to increase its oversight of the project including having it as a standing item on the agenda from July 2021, seeking further information as required and requesting independent reviews. However, it is not clear from the records that the Plenary had the adequate expertise in the oversight and implementation of complex projects such as BTP to adequately hold the below-board governance structures – the Stakeholder Board/Steering Committee and Project Team – to account and fully assess the options presented at intervals for a way forward. In this regard, it is suggested that the Plenary should carry out a review of its skills matrix to ensure it has the appropriate range of skills to adequately question the below-board project governance and management team on progress and hold them to account for any issues arising. Notwithstanding the fact that the Plenary did commission a number of external expert reports at various stages in the project, where the expertise is not available within the Plenary, the Plenary should consider having independent advisory expertise to support it at critical decision-making junctures. Furthermore, from the records, the Plenary also did not seem to consider the requirement for a new approval for the project as it evolved and for agreed additional budgets.

6.4 Role of Council Audit and Risk Committee

Guidance for Audit and Risk Committees under the Code of Practice for the Governance of State Bodies sets out that the annual report of a State body Audit and Risk Committee should present its opinion on the adequacy of risk management and internal control systems, and the adequacy of sources of assurance to the Board⁷¹. The Guidance also sets out that the Audit and Risk Committee should satisfy itself that the State body’s system of internal control operated effectively during the

⁶⁹ The one-year Chief Information Officer contracted had ended.

⁷⁰ Plenary meeting minutes, January 2024.

⁷¹ Guidance for Audit and Risk Committees, paragraph 1.19.

reporting period and that the system of internal reporting gives early warning of internal control failures and emerging risks⁷².

The Arts Council Code of Governance Framework sets out that the terms of reference for the Plenary Audit and Risk Committee include:

- ensuring that efficient, effective and value-for-money principles are being adhered to;
- communicate any matters of internal control, risk management and governance arising
- monitor and review business risk
- ensure that management maintains a risk register and that a risk management strategy is in place. The committee shall periodically review the risk register⁷³.

As outlined in Section 5.6.2 of this report, since February 2021, the Business Transformation Programme project is an “extreme” or “high” risk on the Arts Council Corporate Risk Register.

In response to a request as part of this examination for extracts from minutes of Audit and Risk Committee meetings that addressed the Business Transformation Programme project, the Arts Council advised that the Audit and Risk Committee did not review the project as it was under the remit of the Business and Finance Committee. According to the Terms of Reference of the Audit and Risk Committee, the project by the nature of its inclusion on the Corporate Risk Register, particularly over such a prolonged period and the consistently high score on same, should have been under the purview of the Committee. The Audit and Risk Committee, with its focus on risk and value for money, and its responsibilities in respect of communicating on matters of internal control and risk management, brings a specific perspective to the examination of items on the risk register that the Business and Finance Committee does not have as part of its remit. This absence of oversight by the Audit and Risk Committee may also provide some explanation as to why Internal Audit did not include the project in its annual audit plan at any date since 2020, as the plan is developed in consultation and agreement with the Audit and Risk Committee.

6.5 Recommendations

Recommendation 30: The Arts Council Plenary should ensure that the below-board governance structure of any future phase of this project has adequate separation of lines of responsibility. The Chair of the Steering Committee and the Project Management lead should be separate.

Recommendation 31: The Arts Council Plenary should carry out a review of its skills matrix to ensure it has the appropriate range of skills to adequately oversee any future phase of this project. Where it does not have the appropriate range of skills, the Plenary should consider putting in place independent expertise to advise it, particularly at critical decision-making junctures.

Recommendation 32: The Arts Council Plenary should ensure that it is fully familiar with the requirements of the Public Spending Code and the ICT Circular on Digital and ICT-related expenditure to have the appropriate approvals in place for additional expenditure and significant project changes.

Recommendation 33: The Arts Council Plenary should review how it ensures compliance with the terms of reference for the Audit and Risk Committee. According to the Code of Practice for the Governance of State Bodies and the Terms of Reference for the Audit and Risk Committee, the

⁷² Guidance for Audit and Risk Committees, paragraph 2.1 (ix).

⁷³ Arts Council Code of Governance Framework, p.29.

Committee should have had a role in monitoring the risks in the Business Transformation Programme.

CHAPTER 7 ROLE OF DEPARTMENT AND OTHER GOVERNMENT DEPARTMENTS AND OFFICES

7.1 Introduction

As the Government department with the corporate relationship with the Arts Council, this chapter examines the role of the Department of Tourism, Culture, Arts, Gaeltacht, Sport and Media in the Arts Council Business Transformation Programme project. This chapter also examines the role of any other Government department or office that has input to the project. In that regard, the examination has identified that the Office of the Government Chief Information Officer (OGCIO) has had input at certain points and the Office of Government Procurement had input primarily, through the running by the Arts Council of drawdown competitions and participation at an early point of the project in the evaluation panel of one tender competition.

7.2 Role of Department

The Corporate Governance Framework of the Department of Tourism, Culture, Arts, Gaeltacht, Sport and Media sets out that the Arts Council is a body under the aegis of the Department. The Framework also sets out that the principal Ministerial and Department functions in respect of the Arts Council comprise its funding, policy direction, board appointments, governance and oversight.

Section 1.4.6 of this report outlines the Code of Practice for the Governance of State Bodies requirements for the governance by Government Departments of State Bodies, including having in place a written oversight agreement setting out responsibilities, oversight, monitoring and reporting arrangements, as well as an annually reviewed Performance Delivery Agreement setting out high level goals, activities, outputs and expenditure.

Section 1.4.3.3 of this report outlines the Public Spending Code specific responsibilities of the Department as the Approving Authority for a project, including the close monitoring of project implementation and preparedness to step in should circumstances necessitate within the context of contractual arrangements in place.

Finally, Section 1.4.5 of this report outlines that one of the general arrangements for the approval by OGCIO of ICT-related and digital projects is that governance arrangements for the management of ICT expenditure in bodies under the aegis must be formalised within the parent organisation. This is as per Circular 14/2021 on *Arrangements for Digital and ICT-related Expenditure in the Civil and Public Service*. This requirement was elaborated on by OGCIO in the specific condition in the 2019 sanction letter for the project that the Department should have appropriate representation on the governance structures of the project.

This Section examines the role of the Department in the context of the above requirements. The records examined include quarterly liaison meeting minutes between the Arts Unit in the Department and the Arts Council, and other relevant correspondence between the Department and the Arts Council.

7.2.1 Review and Approval of ICT Capital Request 2018 – 2020

Section 2.4 of this report sets out the detail on the appraisal by the Department of the Arts Council ICT Capital Request 2018 – 2020 and the approval in principle for the capital expenditure for the project by the then Minister.

Section 2.5 of this report sets out that the conditions of the sanction by the Digital Government Oversight Unit of the then Department of Public Expenditure and Reform for the project to proceed. One condition was that appropriate governance structures were established and maintained throughout the life of the project, and that the then Department of Culture, Heritage and the Gaeltacht should have appropriate representation on project governance structures.

As set in Section 5.2.3 of this report, neither the Arts Council nor the Department followed up to ensure compliance with this condition.

7.2.2 Phase 1: July 2019 – June 2022

The 2019 liaison meeting minutes indicate that the Arts Council updated the Department on the progress of the project at certain meetings. The August meeting noted that the project was making good progress. Terms of Reference were being developed for the project and the scoping of project requirements was underway. It further noted that a governance structure was in place to oversee the project and that the overall project will be largely complete by 2020 although some capital funding requirements might be required going into 2021.

The December liaison meeting noted that the project was progressing well and the report to the most recent Stakeholder Board meeting would be forwarded to the Department, which the records indicate, was received two days later.

The 2020 liaison meeting minutes refer to the BTP project in one meeting – September 2020 – noting that the project is progressing well and due for completion in mid-2021. There are no further records of progress updates or correspondence on the project in this year.

In 2021, the first record in this year indicates that the Arts Council sent the Department the update report for the April Stakeholder Board meeting. The report shows that the project was tracking red and that the project launch was postponed from the original April 2021 launch date to the operational delivery of a Minimum Viable Product launch in November 2021 and a full launch in April 2022, and that project delays will impact budget. The report also lists the key risks to the project. There is no reference to the BTP project in the minutes of the liaison meeting between the Department and Arts Council in the previous month, March 2021.

The 6 July 2021 liaison meeting noted that the Arts Council advised on the progress of the project including that there would be some variations, arising from a range of factors, particularly the impact of COVID on team availability. The records of the meeting do not provide a figure but set out that it would be in the region of 10-15% including contingency. It was noted the Council's Business and Finance committee, and the C&AG were alerted while auditing the Arts Council's accounts.

Section 6.3.1 of this report records that the Plenary approved an increase in the budget from €2.87m to €3.492m at its meeting on 12 July 2021.

There are no further records for 2021.

In January 2022, the Department emailed the Arts Council requesting an update on the project for 2021 and information on whether the proposed extra expenditure items had become clearer since they were discussed in mid-2021. The Arts Council responded advising that the project was making progress with a May launch scheduled and provided the report to the December 2021 meeting of the Plenary. The Arts Council also advised that the Plenary had approved the increased budget to €3.492m in July 2021. There is no record that the Department raised the matter of approval for additional funding for the project.

The May 2022 liaison meeting minutes record that the Arts Council informed the Department that the project was progressing well with pilot phase scheduled to run from June to the end of September, with the full launch expected in October. The Arts Council also emailed to the Department the Stakeholder Board report to the April Plenary.

The Department files do not contain a record that the Arts Council informed the Department in June 2022 that the system did not pass User Acceptance Testing and therefore did not launch as planned.

7.2.3 Phase 2: June 2022 – December 2023

In Phase 2 of BTP, the Arts Council provided regular updates to the Department. The updates included an oral progress report at each liaison meeting and the forwarding to the Department of reports to the Plenary. The February 2023 liaison meeting minutes record that the Department advised the Arts Council that details of the BTP project may require inclusion in the Chair's letter to the Minister for 2023. The minutes also record that the Department would prepare a brief note to update the Minister. There is no record that the note was prepared.

The Department received the report to the April 2023 Plenary setting out the options for a way forward that are detailed in Section 3.3.2 of this report. There is no record that the Arts Council would submit a request for approval of funding or that the Department requested a submission. The June liaison meeting records that the Arts Council had confirmed a revised figure for the project, with sufficient funds to cover costs in 2023, with the Department advising that every step in the project is documented.

In August 2023, the Arts Council Director wrote to the Arts Unit in the Department to provide an update on BTP project progress. The letter noted that a new project governance structure was working effectively and Council Plenary had agreed a revised launch timeline of Q3/Q4 2024. It also noted that the capital budget for the project was agreed at €6.6 million. The letter did not reference the Current budget or expenditure. The letter set out that the Arts Council had reviewed the "Public Expenditure Code" and believed that contractual commitments were in order and that the Comptroller and Auditor General had reviewed the project as part of its 2022 audit and no issues about the project were highlighted in the audit report. Finally, the letter set out that the Director wanted to confirm that the Department was satisfied with the ongoing monthly briefing updates from the Arts Council and that the information on project cost, quality and timelines was adequate.

There is no record that a response issued to the Arts Council Director or that the information in the letter was subsequently discussed.

The September 2023 liaison meeting records that the project was on budget and working to the late 2024 launch. The December liaison meeting records that following a review, the best estimate for project completion is late 2028 and that the Arts Council is now looking at all options including off the shelf products.

There is no record that the Arts Council informed the Department in November 2023 that the project plan was not reaching the project plan milestones and that the project team was reviewing the programme of work to bring a detailed update to the December Plenary meeting (see Section 3.4.2 of this report).

7.2.4 Phase 3: December 2023 – August 2024

Under Phase 3 of the project, the Arts Council provided regular updates to the Department on the project. While the first liaison meeting of the year took place in April, early in the year, the Arts Council provided updates to the Department on engagement with the OGCI0 and the outcome of the technical review carried out under the auspices of the OGCI0.

On 14 June 2024, the Arts Council forwarded to the Department an email from OGCI0 following the Arts Council submission to OGCI0 of a Request for Specific Approval for the procurement of a grants management system. The OGCI0 sought relevant documents, including a business case and, if available, an explanation for the variation from the 2019 approval and all remedial actions proposed, as well as a note from the parent Department stating that they remain supportive of the project. The Department had not received a business case for this most recent phase of the project as required by the Public Spending Code.

On 24 June 2024, the Arts Council sent the Department the papers submitted to the Plenary meeting on 13 June setting out the options for a way forward, regarding which the Plenary agreed to proceed with the “Option B” commercial off-the-shelf grants management system.

On 26 June 2024, the Arts Council Director sent to the Arts Unit in the Department the Arts Council 2023 Statement of Internal Control and the Report of the Comptroller and Auditor General on the Arts Council 2023 financial statements. The report of the Comptroller and Auditor General includes a section on “termination of grant management system development”, concluding that the overall loss of value in respect of the project to June 2024 is estimated at €5.3 million.

On 3 July 2024, the issue of the Arts Council ICT project was brought to the meeting of the Management Board of the Department, whereupon the Department initiated this examination of the BTP project. The project was again brought to the 23 July meeting of the Management Board. On 24 July, the Secretary General approved the Terms of Reference for the examination, which were then forwarded to the Director of the Arts Council, along with an initial request for project information.

7.3 Role of Other Government Departments and Offices

7.3.1 Office of the Government Chief Information Officer

The role of the Office of the Government Chief Information Officer is set out in several sections of this report.

Section 2.3 details the Digital Government Oversight Unit of the OGCI0 sanction for the project and the conditions of sanction.

Section 3.4.1 outlines the 2024 3rd party technical review of the BTP system commissioned under the auspices of the OGCI0 and the role of the CIO in reviewing the process to evaluate the options for a way forward in advance of submission to the June 2024 Plenary for decision and the attendance by the CIO at the Plenary meeting.

Section 5.2.3 references that an official from the Office of the Government Chief Information Officer was nominated to advise the project. The official and the BTP Programme Manager met and corresponded on several occasions between late 2019 and early 2020. The official was due to attend Stakeholder Board meetings but while the official could not attend the first meeting after nomination, the Arts Council did not engage with the official in respect of Stakeholder Board meetings after February 2020.

Finally, as set out in Section 7.2.4, in June 2024, the OGCI0 requested further information from the Arts Council in response to a Request for Specific Approval for the “Option B” grants management system.

7.3.2 Office of Government Procurement

In line with the Office of Government Procurement (OGP) Guidelines, over the life of the project to date, the Arts Council has tendered by mini-competition for applicable services under OGP framework contracts.

A review of the BTP procurement documentation indicates that the OGP supported the Arts Council with the procurement process and evaluation of the 2019 Programme Manager tender response.

7.4 Recommendations

Recommendation 34: The Department should ensure that it records and complies with conditions placed on it as part of project sanctions under the provisions of the Public Spending Code and relevant circulars.

Recommendation 35: The Department should examine how it can ensure appropriate representation on approved project governance structures concerned with operational matters within bodies under its aegis, for example, through a formal project oversight mechanism as set out in Recommendation 1 of this report or through direct representation on governance structures, such as steering committees.

Recommendation 36: In order to ensure compliance with the requirements of the Code of Practice, the Department and Arts Council should review and update its oversight and reporting lines, to include identification of initiatives that require regular and timely progress reports and the format the reports should take (written or in liaison meetings). The Department should also consider putting in place with the Arts Council the requirement for an early warning system for the timely notification of issues arising.

Terms of Reference for the examination of the Arts Council Business Transformation Project

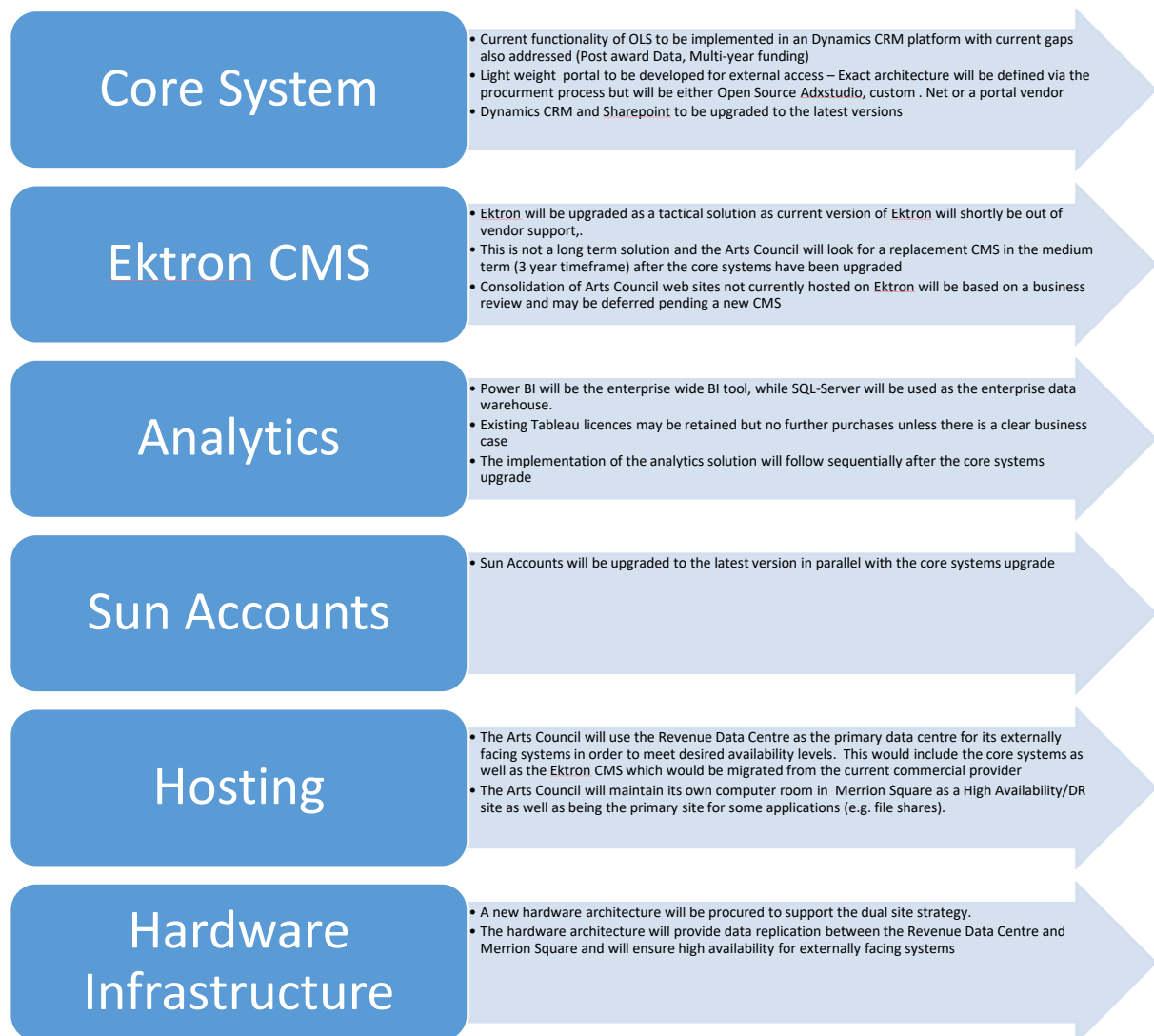
The purpose of the examination is to identify what happened at each stage of the project to develop a new IT system including system requirement analysis and development, project governance and management by the Arts Council, engagement in the project by the Department and any other Government offices, and to identify lessons learned.

The terms of reference are to:

- (a) Examine management by the Arts Council of the proposed IT system requirements, including system definition and validation, and system development and testing;
- (b) Identify and examine the role of all suppliers to date under the project including procurement by the Arts Council, key tasks, outputs and payment;
- (c) Examine project management to date by the Arts Council including the role of Senior Management, the Steering Group and risk management, as well as any work undertaken by Internal Audit;
- (d) Examine project governance to date by the Arts Council including the role of the Board and compliance with relevant provisions of the Public Spending Code, Public Financial Procedures, Government Circulars and the Code of Practice for the Governance of State Bodies;
- (e) Identify and examine the role to date of the Department and any other Government offices in the project;
- (f) Identify lessons learned;
- (g) Furnish an interim report to the Department by 9 September;
- (h) Furnish a final report to the Department as soon as possible thereafter; and,
- (i) Amend these terms of reference as may be required by the Department.

24 July 2024

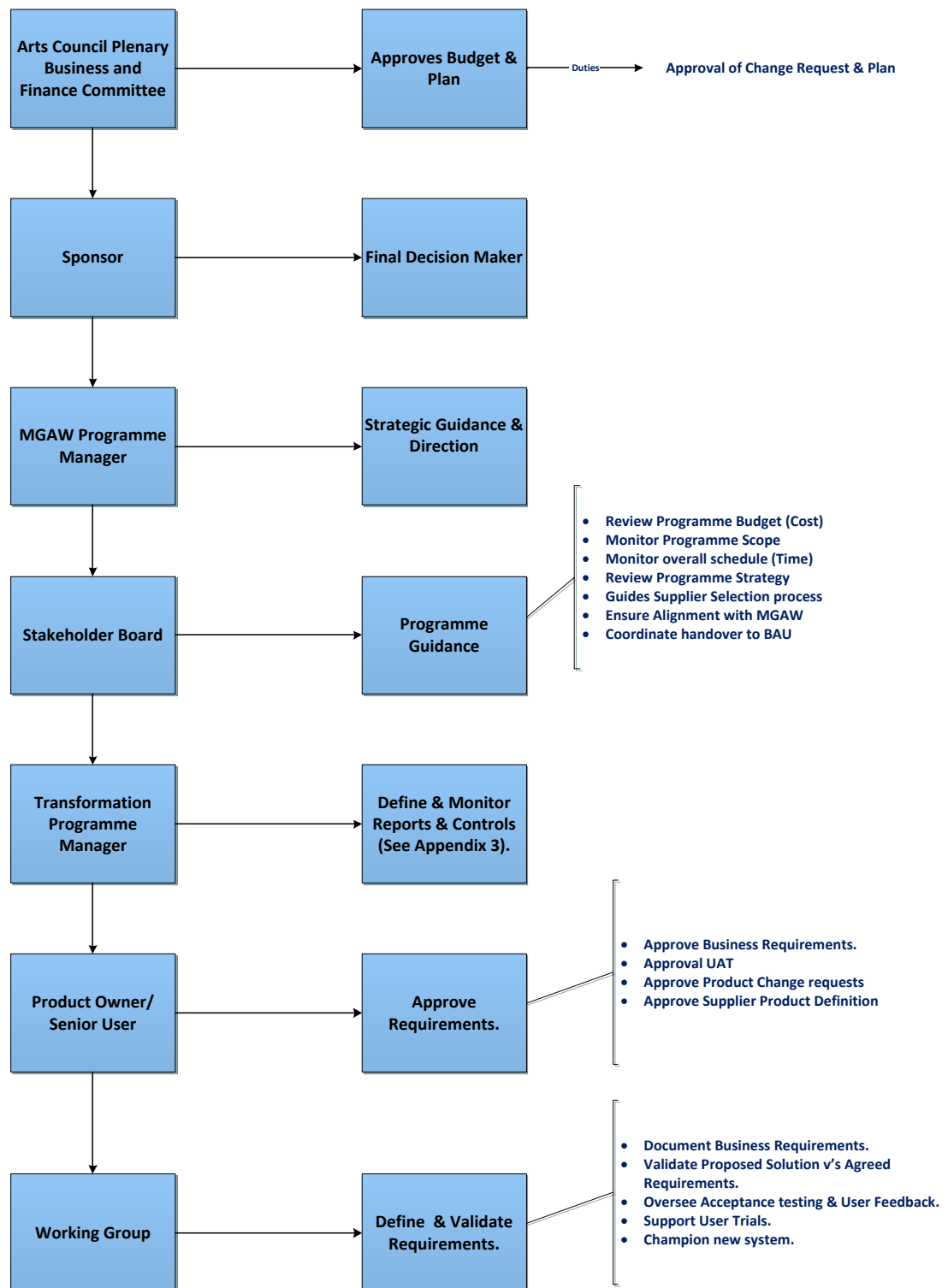
Appendix II – Roadmap for Arts Council Applications Architecture, May 2017



Appendix III Expenditure by Year

Profile	Year						Total Cost	Withheld	Total Expenditure
	2019	2020	2021	2022	2023	2024			
Capital	€153,805	€752,892	€1,243,448	€1,280,055	€822,226	€424,894		(€127,222)	
Current				€ 816,331	€880,800	€293,019		(€ 73,120)	
Total	€153,805	€752,892	€1,243,448	€2,096,386	€1,711,026	€717,913	€6,675,470	(€200,342)	€6,475,128

APPENDIX IV - BTP Terms of Reference May 2020 – Reporting Lines of Responsibility



APPENDIX V – BTP Procurement Table

Contract No.	External Supplier	Contract Name	Procurement Type	Services	Contract Start Date & Duration	Value (ex VAT)	Contract Extensions	Total Expenditure (inc VAT) to end July 2024
1	Ergo Resourcing	Programme Manager	SRFT via OGP	<ul style="list-style-type: none"> Lead the design, implementation and delivery of the new applications, infrastructure upgrades, technologies and services to deliver innovative and flexible ICT solutions to support the Arts Council business strategy. Lead out on both the refinement of the new business processes and the build of the new ICT systems. 	Start date 6/6/2019 12 months with option for one 12 month extension	€230,000	12 month extension exercised	€393,852.00
2			SRFT via OGP		Start date 1/8/21 12 months for 3 days a week (120 days) with option for 72 days extension	€102,000	72 day contract extension exercised	
3			SRFT via OGP		Start date 13/2/23 6 months (90 days) with option for two 6 month extensions	€90,000	Contract extension exercised	
4	Ergo Resourcing	Business Analyst	Open via etenders	<ul style="list-style-type: none"> Deliver High Level Business requirements specification deriving a detailed set of requirements from the design principles. Perform business analysis and created detailed functional and technical specifications. Document and map complex business processes and solutions using standard procedures, methods and tools. 	Start date 19/9/19 6 months (120 days) with option for one 6 month extension	€60,000	Contract extension exercised	€163,216.00
5	Ergo Resourcing	Quality Assurance Services (Test Manager)	SRFT via OGP	<ul style="list-style-type: none"> Work with the Arts Council to procure test team. Deliver test plans and write test scripts. 	Start date 23/1/23 6 months with an option for two 6 month extensions	€78,540	Contract extension exercised	€231,850.00
6	Ergo Resourcing	Quality Assurance Services (Senior Tester)		<ul style="list-style-type: none"> Work with the Test Manager to design the overall test plan to include User Acceptance Testing, integration testing (3rd party cloud services and on-premises finance system), regression test, quality assurance test, security test and pre-production testing 	Start date 21/8/23 12 months with an option for two 6 month extensions	€122,100	None	€128,338.00

Contract No.	External Supplier	Contract Name	Procurement Type	Services	Contract Start Date & Duration	Value (ex VAT)	Contract Extensions	Total Expenditure (inc VAT) to end July 2024
7	Ergo Managed Services	Managed ICT Services	OJEU	<ul style="list-style-type: none"> Maintain and support D365 CRM to include service desk; platform administration and upgrades; change requests and ICT Roadmap; support finance system integration; integrate defined external services <p>Quality assurance services also brought in under this service</p>	<p>Start date 27/5/2022</p> <p>3 years with option for two 1 year extensions</p>	<p>Year 1 €268,275</p> <p>Years 2-5 €217,200 p.a.</p>	None	€558,068.00
8	Codec	Technology Delivery Partner	Competitive Procedure with Negotiation	<p>1) System design and build</p> <p>2) Interim Development Services</p>	<p>Start date 30/4/20</p> <p>12 months</p> <p>Contract renegotiated on 28/7/21 to amend scope of services</p>	942,662	<p>None</p> <p>Total expenditure does include €707,770 in implemented Change Request</p>	€1,967,278
9	Expleo	Quality Assurance Partner	Open via etenders	Quality Assurance Partner	<p>Start date 24/11/20</p> <p>9 months with option for one 6 month extension</p>	€280,880		€734,701.00
		Business Case to the Board to extend: QA contract by 110 days BA contract by 120 days		<p>Quality Assurance Partner (€81,950)</p> <p>Business Analyst Services (93,000)</p>	<p>Start date 13/1/22</p> <p>Jan - June 2022</p>	€174,950	Contract extended on approval of the Board	
				<p>Business Analyst services</p> <p>Change Control Note (001)</p>	<p>Start date 27/11/20</p> <p>60 days</p>	€43,500		
				<p>Business Analyst services</p> <p>Extension 1</p>	Contract extensions for July - Dec 2022			
				<p>Business Analyst services</p> <p>Extension 2</p>				
				<p>Business Analyst Extension - Change Control Note (007) -</p>			€93,000	

Contract No.	External Supplier	Contract Name	Procurement Type	Services	Contract Start Date & Duration	Value (ex VAT)	Contract Extensions	Total Expenditure (inc VAT) to end July 2024
10	RC Analytics	Technical Consultant Finance Systems	Direct invitation to three suppliers	<ul style="list-style-type: none"> Product validation in Dynamics 365 Customer Service Enterprise. Review solution design. 	Start date 2/10/20 9 months	€24,300	Extension not provided for	€98,523.25
		Technical Consultant Finance Systems			Start date 13/1/22 for 6 months (130 days)	€39,000	Contracted extended on approval of the Board	€37,269.00
		Business case to the Board to extend contract						
		Technical Consultant Finance Systems			Start date 12/4/22 for 3 months (110 days)	€33,000	Contracted extended on approval of the Board	€51,844.00
		Further business case to the Board to extend contract						
11	RC Analytics	Dynamics and Sun Integration expertise (Quality Assurance Services)	Direct invitation	<ul style="list-style-type: none"> Subject Matter Expertise on Dynamics and Sun integration Support to development team Quality assurance services and verification of integration 	Start date 1/9/23 66 notional days over 6 months.	€26,400	12 month contract extension by approved business case	€80,073.00
		Business case to extend contract by 12 months						
12	CPL	External ICT Technical Support Services (Business Analysis)	SRFT via OGP	Business Analyst Services	Start date 1/2/23 6 months (130 days) with an option for two 6 month extensions	€84,500	Contract extended 2/7/23. Contract extended 2/1/24.	€267,033.00
					Start date 2/7/23 6 months (130 days)	€84,500	Extension of original contract	
					Start date 2/1/24 6 months (130 days)	€84,500	Extension of original contract	
13	Grant Thornton	Chief Information Officer	SRFT via OGP	<ul style="list-style-type: none"> Reporting to the Arts Council Director, lead the business transformation programme and oversee delivery of the programme through to launch. Embed digital platforms and lead out on the implementation of a reformed operating model. 	Starts date 20/1/23 1 year	€187,000	None	€241,250.00

Contract No.	External Supplier	Contract Name	Procurement Type	Services	Contract Start Date & Duration	Value (ex VAT)	Contract Extensions	Total Expenditure (inc VAT) to end July 2024
14	I.T. Alliance Resourcing Services (Auxilion Ireland)	External ICT Technical Support Services (Business Analysis)	SRFT via OGP	Business Analyst Services	Start 9/1/23 6 months (120 days) with option for two 6 month extensions	€78,000		€193,052.00
			N/A		Extension 9/7/23 - 8/1/24		Extension 6 months	
15	Libertat	Content Design Services	Open via eTenders	<ul style="list-style-type: none"> Phase 1: Develop a content operations model with Arts Council to better manage the preparation of funding content for users using content design principles. Work with Arts Council to establish a governance model to ensure management of content is maintained to a high standard. Phase 2: Provide training for Arts Council staff to support new content operations model 	Start date 1/6/22 180 days	Phase 1: €114,442.50 Phase 2: €51,680	None	€154,009.00
16	BDO Eaton Square Limited	Organisational Change Management and Transformation	SRFT via OGP	Change management services to support planned BTP launch in April 2022 to include: <ul style="list-style-type: none"> assessment and definiton of the target operating model to streamline processes and enhance reporting Lead and support the transition to the target operating model. Communication and stakeholder engagement. 	Start date 1/12/21 13 months with an option to extend by a further 12 months.	€102,500	5 month extension to end May 2023 exercised but not fully taken up	€134,748.00
					Extension 1/1/23 - 31/5/23			
17	EY	QA Test Analyst (Intermediate) X 2	SRFT via OGP	<ul style="list-style-type: none"> Work with the Test Manager in the design of the overall test plan to include User Acceptance Testing, integration testing (3rd party cloud services and on-premises finance system), regression test, quality assurance test, security test and pre-production testing. 	Start date 8/9/23 1 year (220 days)	€105,600 X 2	None	€101,844.00

Contract No.	External Supplier	Contract Name	Procurement Type	Services	Contract Start Date & Duration	Value (ex VAT)	Contract Extensions	Total Expenditure (inc VAT) to end July 2024
18	Sureskills	Project Management Services	Open via etenders	<ul style="list-style-type: none"> Project manage the product workstream within the Business Transformation Programme Prepare detailed project plans for the testing and launch of a new ICT system Manage the project team and associated suppliers 	Start date 8/5/23 6 months with option for 6 month extension	€36,000	Contract extension exercised	€52,362.00
					Extended 8/11/23 - 7/5/24			
19	Webwrite	Copywriter Services	Direct invitation	<ul style="list-style-type: none"> Review portal including the profile, application, AAR, COI, assessments, panels and payments screens Coordination of changes in conjunction with UI/UX Designer Revision or addition of text elements on screens and forms 	Start date 24/8/2020	€24,800	N/A	€31,436.00
		Copywriter Services Business case to the Board to extend contract			June - November 2022	€16,000		€18,942.00
20	Cedar Wall Consulting	Workshop Facilitation Services	Direct Invitation	<ul style="list-style-type: none"> Two weeks (10 days) of workshop planning with product owner and business readiness working group. Delivery of 8 weeks of workshops with approximately 1 day a week spent hosting and facilitating the workshops and 1 day spent planning/following up. 	January 2023 for 14 weeks	€21,000	N/A	€30,258.00