



Comptroller and Auditor General

Report on Value for Money Examination

Department of Social Welfare

# The Development of the Integrated Short-term Schemes Computer System

---

Baile Átha Cliath  
Arna fhoilsiú ag Oifig an tSoláthair

---

Le ceannach díreach ón  
Oifig Dhiolta Foilseachán Rialtais,  
Teach Sun Alliance, Sráid Theach Laighean, Baile Átha Cliath 2  
nó tríd an bpost ó  
Foilseachán Rialtais, An Rannóg Post-Tráchtá,  
4-5 Bóthar Fhearchair, Baile Átha Cliath 2  
(Teil 01-6613111, fo líne 4040/4045, Fax 01-4752760)  
nó trí aon díoltóir leabhar

---

Dublin  
Published by the Stationery Office

---

To be purchased directly from the  
Government Publications Sales Office,  
Sun Alliance House, Molesworth Street, Dublin 2  
or by mail order from  
Government Publications, Postal Trade Section,  
4-5 Harcourt Road, Dublin 2  
(Tel 01-6613111, extension 4040/4045, Fax 01 4752760)  
or through any bookseller

---

Pn 3690

March 1997

Price £5

© Government of Ireland 1997

## **Report of the Comptroller and Auditor General**

### **The Development of the Integrated Short-term Schemes Computer System**

I have, in accordance with the provisions of Section 9 of the Comptroller and Auditor General (Amendment) Act, 1993, carried out a value for money examination on the development of the Integrated Short-term Schemes computer system by the Department of Social Welfare

I hereby submit my report of the above examination for presentation to Dáil Éireann pursuant to Section 11 of the said Act

A handwritten signature in black ink, appearing to read 'John Purcell', with a long horizontal flourish extending to the right.

**John Purcell**  
**Comptroller and Auditor General**

4 March 1997

## Table of Contents

---

	Page
Glossary	<i>ii</i>
Summary of Findings	<i>iii</i>
<b>The Development of the Integrated Short-term Schemes Computer System</b>	
1 Introduction	1
2 Planning and Management of the Project	4
3 Use of Consultants	11
4 Costs and Benefits of the ISTS System	16
5 Implementation of the System	22
<b>Appendices</b>	
A Long-term and Short-term Schemes	
B Social Welfare Services Office	
C Key Events and Decisions	
D Interim Taxation Arrangements	
E Functions of ISTS Phase 2 and Release 3	
F PROMPT Methodology	
G Management Information	
H ISTS Downtime	

---

## Glossary

---

CCC	Continuous Computing Capability
CRS	Central Records System
DB	Disability Benefit
GCC	Government Contracts Committee
ISSS	Integrated Social Services System
ISTS	Integrated Short-term Schemes
IT	Information Technology
OIB	Occupational Injury Benefit
OJEC	Official Journal of the European Community
PROMPT	Project Resource Organisation Management Planning Technique
STIS	Short-term Information System
SWA	Supplementary Welfare Allowance
SWSO	Social Welfare Services Office
TIS	Transaction Information System
UA	Unemployment Assistance
UB	Unemployment Benefit

# Summary of Findings

## Background

The Integrated Short-term Schemes (ISTS) system is the name given to the computer system being developed by the Department of Social Welfare (the Department) to provide for the operation and administration of short-term schemes. ISTS is the first system to be developed by the Department on an integrated basis and replaces a number of systems which had been operating independently of one another.

The development of the ISTS system began in July 1992 and the project is expected to be completed in 1997. The total costs incurred by the Department in the development and implementation of the ISTS system amounted to £25.0m up to 31 December 1996.

Factors which influenced the decision to develop an integrated system included the need to modernise the services provided at Local Offices, the desirability of computerising Supplementary Welfare Allowance schemes and the requirement for improved controls and better management information. In January 1992 the Government decided to tax Unemployment Benefit (UB) and Disability Benefit at source. This decision copper-fastened plans to develop an integrated system, as the Department did not consider it feasible to adapt the existing computer systems to implement this new policy.

## Objectives and Scope of the Study

The study set out to examine

- whether the project was properly planned and managed
- the use of consultancy assistance
- the costs incurred and the extent to which the projected benefits were realised
- the efficiency with which the system was implemented

## Project Planning and Management

The Department did not carry out a formal cost-benefit analysis of the project because of the urgency of meeting the Government imposed deadlines for introducing taxation and because the likely yield from this source would outweigh the costs incurred in developing a new computerised system.

Plans for the individual components of the project, prepared by the Department between July 1992 and February 1993, were inadequate and unrealistic in their estimation of time, costs and resources required. Co-ordination was also lacking as these plans were drawn up independently.

A review of the status of the project by consultants in September 1993 concluded that the project needed to be re-organised and that additional investment would be required which would, however, be justified by reference to the benefits which would accrue from the new system. On this basis the Department decided to proceed with the development of the system. Following the re-organisation and consolidation of the project a comprehensive plan was drawn up in April 1994.

Although much of the administration of short-term schemes is carried out in Local Offices the ISTS system has been developed using a centralised architecture with local terminals connected to a single computer over a network. This was a reasonable approach bearing in mind the time constraints, the skills deficit and the costs associated with developing an alternative system using a client/server architecture. However, there are likely to be significant costs if the ISTS system is required to be re-engineered for a client/server architecture at some time in the future.

A strategic executive committee set up to direct the project met only on two occasions over the course of the project. In addition, the project board had up to 16 members with frequent changes in personnel, which would have hindered efficient decision making. The Department has stated that following the re-organisation of the project clear ownership and responsibilities were established for both the board and the management team and that the project was managed in such a way that it was delivered on time and within the revised budget.

The level of uncertainty in relation to the taxation requirement imposed by Government decisions made it difficult to properly plan and manage the project in the early stages. However, it is recognised that the Department succeeded in converting a number of claim processing and payment systems to a modern integrated system without any disruption of services.

### **Use of Consultants**

Two sets of consultants were used during the project - technical consultants and information systems consultants. The information systems consultants who carried out the review of the status of the project were retained to assist in the development and implementation of the system as the Department did not have the necessary skills and experience to develop a system of this size and complexity. The cost of the consultancies up to 31 December 1996 was £3.0m for the technical consultants and £5.8m for the information systems consultants. The extent of the requirement for this level of assistance and the resulting costs had been significantly under-estimated by the Department.

The approval of the Government Contracts Committee was not obtained for the award of the consultancy contracts during the project. In addition, EU procurement directives were not adhered to.

### **Realisation of Benefits**

The main benefits identified by the Department, which could be realised through the increased use of technology of which ISTS was the key component, included the introduction of a facility to tax UB payments at source, increased productivity at Local Offices, integration of all short-term schemes and improved services to claimants.

The benefits of ISTS cannot be comprehensively assessed until the system is fully implemented. However, some of the projected benefits may not be realised. The Government decided, in October 1995, to defer indefinitely the direct taxation of short-term benefits with the result that this anticipated source of revenue is not being realised. Moreover, at the time of the examination, there had been little change in work practices in the Local Offices visited.

### **Implementation of the System in Local Offices**

Due to delays in the development of the ISTS system and the requirement to introduce direct taxation of UB from April 1995 the Department decided in July 1994 to set up a centralised UB section in Dublin to facilitate the processing and taxation of UB payments. Following a Government decision in January 1995 to defer the taxation of UB payments at source until April 1996, the Department disbanded the section and brought forward the implementation of Phase 1 of the system in Local Offices. The costs incurred by the Department in establishing the unused centralised UB section amounted to £1.08m.

Apart from some minor delays because of capacity problems, Phase 1 of the ISTS system was successfully implemented in all Local Offices during 1995 and early 1996. However, the system has not been implemented in Branch Offices, which are operated on an agency basis, as agreement has not been reached with the managers. As a result, 24% of Unemployment Assistance claims are not processed through the ISTS system.



# **The Development of the Integrated Short-term Schemes Computer System**

# Part 1 : Introduction

## Overview

1.1 The Department of Social Welfare (the Department) is responsible for the administration of social insurance and social assistance schemes. The Department consists of three main entities:

- the Aireacht, which is responsible for policy formulation and general administration
- the Social Welfare Services Office (SWSO), which is responsible for the day-to-day administration of schemes and operates largely at local level through regional offices
- the Social Welfare Appeals Office, which is responsible for determining appeals against decisions on social welfare entitlements

## The Social Welfare Services Office

1.2 The SWSO was established as an executive office in 1985 and is structured as follows:

- Long-term Schemes, Central Records and Control
- Support Services including Information Technology (IT)
- Regionalisation and Localisation Development
- Short-term Schemes.

1.3 There are ten regions<sup>1</sup> which report to a Regional Director. Each region is responsible for the delivery of local services covering mainly unemployment schemes, illness schemes, the investigation of entitlements and the control of fraud and abuse. Within the regions there are 57 Social Welfare Local Offices (Local Offices) staffed by civil servants. In addition, there is a network of 72 Social Welfare Branch Offices (Branch Offices) which are operated by private individuals on an agency basis for the Department and which are controlled by the nearest Local Office.

1.4 The schemes administered by the SWSO can be categorised into long-term or short-term schemes. Long-term schemes are essentially pension schemes such as old age, widows and illness schemes of a long-term nature. Short-term schemes cater for situations considered to be of a temporary nature such as incapacity (through illness or injury), maternity and unemployment. A list of long-term and short-term schemes is set out in Appendix A.

---

<sup>1</sup> Three regions in Dublin and seven covering the remainder of the country

- 1 5 The objectives of the SWSO as set in 1985 are in Appendix B. These objectives have since been developed in the context of the Department's Strategic Management Initiative.

### **Information Technology in Social Welfare**

- 1 6 All schemes administered directly by the Department are computerised, with approximately 800,000 payments being processed weekly. The Department uses a private network to link its offices throughout the State.
- 1 7 Approximately 250 staff are assigned to the IT division and are responsible *inter alia* for the development, maintenance and support of all departmental computer systems. Expenditure on IT in 1996 amounted to some £18m.
- 1 8 Prior to 1992, computer systems had been developed by the Department on a scheme by scheme basis and each of the systems was operationally independent. However, arising from a review of the Department's business requirements, continuing advances in computer technology and improved telecommunications services, the Department adopted a new strategy under which systems would, in future, be developed on an integrated basis.

### **The Integrated Short-term Schemes System**

- 1 9 The Integrated Short-term Schemes (ISTS) system is the name given to the computer system being developed by the Department to provide for the operation and administration of short-term schemes. This system will supercede all systems used for processing Unemployment, General Benefits and Supplementary Welfare Allowance (SWA) schemes. It is the first system to be developed by the Department on an integrated basis. The system has one of the largest databases of its kind in Europe and caters for approximately 197,000 payments totalling £14.3m per week.
- 1 10 Appendix C shows the key events and decisions surrounding the development and implementation of the ISTS project up to December 1996.

### **Objectives and Scope of Examination**

- 1 11 The development of the ISTS system is one of the largest computerisation projects undertaken in the public sector in recent years. The study set out to examine
- whether the project was properly planned and managed
  - the use of consultancy assistance

- the costs incurred and the extent to which the projected benefits were realised
- the efficiency with which the system was implemented.

1 12 The examination was conducted by staff of the Office of the Comptroller and Auditor General, assisted by management consultants<sup>2</sup> The fieldwork consisted of interviews and correspondence with relevant IT and user personnel and the examination of departmental records. A number of Local Offices<sup>3</sup> were also visited

<sup>2</sup> *DBI Associates Ltd*

<sup>3</sup> *Navan Road (Dublin), Tallaght, Cork and Athlone*

## Part 2 : Planning and Management of the Project

### Background

#### Government Decision to Tax Short-term Benefits

- 2 1 In August 1991 the issue of taxing short-term benefits was raised by the Minister for Finance with the Minister for Social Welfare. In December 1991 the Government decided that Disability Benefit (DB) payments should be taxed as soon as possible after April 1992. However, the precise method of implementation had yet to be decided.
- 2 2 Following discussions involving the Department of Finance (Finance), the Revenue Commissioners (Revenue) and the Department, the Government decided in January 1992 that
- DB should be taxed as soon as possible after 6 April 1992 by way of Statutory Sick Pay for the first four weeks of illness and in subsequent weeks by the Department through the operation of a PAYE system
  - Unemployment Benefit (UB) should be taxed with effect from 6 April 1993 or as soon as possible after that date with the Department directly collecting the tax through the operation of a PAYE system
  - methods of taxing maternity benefit with effect from April 1993 should be devised
  - a high-level inter-departmental working group, consisting of officials from Finance, Revenue and the Department, should be established to agree and co-ordinate measures for implementing the Government decisions.
- 2 3 In its initial report of April 1992, the working group considered that it would not be feasible to introduce direct taxation of DB before April 1993 and UB before April 1994. Therefore, it recommended that an interim arrangement should be established for the taxation of DB and that further consideration was required regarding the taxation of UB.
- 2 4 UB and DB were made subject to income tax in the Finance Act 1992. Taxation was brought into effect for DB payments from April 1993 and for UB payments from April 1994 using interim arrangements operated by Revenue. The interim arrangements are described in Appendix D.

### **Deficiencies in Existing Systems**

- 2 5 The Department decided that an integrated system should be developed for all short-term schemes to replace the existing systems because
- The existing systems were not capable of supporting a complex PAYE system which would be required for the taxation of short-term benefits
  - The replacement of the existing systems by an integrated system would provide improved controls across all short-term schemes, better management information and would support Local Office modernisation, including the localisation of services
  - There were difficulties in processing increasing volumes of claims on the existing computerised system for unemployment claims. This system was increasingly unstable, with unsatisfactory levels of performance and downtime
  - The existing General Benefits system was originally developed in the 1970s and was in need of considerable enhancements
  - A common payment module was required to provide for payment by methods other than cash, such as cheque, postdraft or electronic funds transfer
  - SWA schemes were administered on behalf of the Department by the Health Boards at Community Welfare Offices using manually based systems. This restricted the level of control by the Department over this scheme and increased the risk of duplicate payments on other schemes
- 2 6 In July 1992 the Department began the development of the integrated system. The timetable for the completion of the system was based on meeting a revised target date of April 1994 for the introduction of direct taxation of DB and UB. This deadline became the main focus in the planning and development of the new computerised system.

### **Project Appraisal**

- 2 7 Guidelines issued by Finance recommend that Government departments should carry out a cost-benefit analysis at the commencement of a major computerisation project. This analysis should include
- an estimate of all the potential costs of the project

- a statement of all the potential benefits in broad terms to ensure that they are catered for in the design and development of the system
  - an estimate of the cost savings and benefits in sufficient detail to satisfy management that the development will break-even within an acceptable timescale
  - an assessment of benefits over and above those necessary to achieve break-even in order to facilitate a sound management judgment on the justification of the project
- 2 8 The Department did not carry out a full and formal cost-benefit analysis of the ISTS project. The Department has stated that, given the urgency of the taxation deadlines imposed under Government decisions, there was little choice but to proceed with the development of the system. In addition, the Department stated that the likely yield from the taxation of short-term benefits, and the costs involved in operating a manual system for taxation, far outweighed the costs which would be incurred in developing a new computerised system.
- 2 9 An analysis of the costs and benefits at the inception of a project, even in cases where there appears to be a sound basis for proceeding, should be carried out. Such an analysis would provide a basis for
- monitoring progress on the project at key points
  - detecting significant variations from the project plan
  - re-appraisal of the project at later stages, if necessary
  - a strong focus on the containment of costs and on the achievement of benefits identified
- 2 10 The Department has stated that, although no cost-benefit analysis was carried out, it was able to satisfactorily maintain an overview of the costs, benefits and developments of the project as it evolved.

### **Project Planning**

- 2 11 In May 1992 the Department produced an IT position paper on the development of a computer system to cater for the core functions of authorisation, claim maintenance and payment calculation for all short-term schemes. According to the position paper it was envisaged that the core project would take 17 months to develop and implement with a target completion date of October 1993 and that additional modules would be required to complete the system.

- 2.12 The position paper envisaged that resources for the project would be provided mainly from within the IT division of the Department, apart from some external technical consultancy which was estimated to cost £98,000. The paper also stated that the provision of the necessary resources was a prerequisite for the successful development of the core system.
- 2.13 In October 1992 the IT division of the Department produced an overview of the four computer systems which would together comprise the ISTS system.
- The Authorisation and Maintenance System to provide for the authorisation of claims and the modification of claim and claimant details. An initial plan for the development of this component was produced in July 1992
  - The Common Claims Registration System to provide for the registration of all claims for short-term schemes. An initial plan for the development of this component was produced in February 1993
  - The General Payments System to provide for the generation and issue of single and composite payments using a number of different payment methods. An initial plan for the development of this component was produced in December 1992
  - The Taxation System to provide for the calculation and deduction of tax from payments to claimants and for maintaining records of taxation deductions. An initial plan for the development of this component was produced in February 1993
- 2.14 These project plans were inadequate for the following reasons
- The individual milestones and the target completion date of October 1993 were unrealistic given the scale of the project and the level of resources and skills available within the Department
  - The plans under-estimated the extent of consultancy assistance required for a project of this nature. The Department has stated that this was due in part to an expectation that additional internal resources would be provided for the project from an early stage. For example, while approval had been obtained in February 1992 for the recruitment of additional IT staff, 26 posts remained unfilled one year later. This was largely due to uncertainty regarding budgets
  - The plans did not include estimates of costs for the acquisition of equipment, the implementation of the system, user training and for on-going maintenance and support. Three of the plans included estimated costs totalling £458,000 in respect



of internal staff resources and external technical assistance. However, the plan for the main module covering authorisation and maintenance of claims only included estimates of IT training costs.

- The plans for the different components were drawn up independently of each other and there was no consideration as to how the modules would interface with one another or with other systems such as the Central Records System<sup>4</sup> (CRS). The Department has stated that the interface between the ISTS system and the CRS was a complex one, which could not be decided until more information became available.
- 2 15 In September 1993 an external review of the project, carried out by a firm of information systems consultants, concluded that the scope of the project was too large and complex to be delivered in one phase. Arising from this review the Department decided, in November 1993, to split the project into two phases.
- ISTS Phase 1 would provide the basis for the operation and administration of unemployment schemes and the taxation of UB payments at source.
  - ISTS Phase 2 would include the operations of the General Benefits and SWA schemes. The functions to be included in this phase are set out in Appendix E.
- 2 16 In February 1994 Finance wrote to the Department expressing its concern that the project was behind schedule and over budget. One of the main concerns was that no comprehensive plan had yet been drawn up for the project which set out the goals and overall budget for the project, broken down on an annual basis and analysed over the different cost elements, including hardware, software and consultancy costs. The Department was requested to submit an overall budget on these lines to Finance by March 1994.
- 2 17 In April 1994 the Department submitted a summarised cost breakdown of Phase 1 of the project to Finance, which estimated total costs of £15.7m to 31 December 1995. A detailed functional specification for Phase 1 was also drawn up by the Department at that time.
- 2 18 In addition, the Department produced a plan for the development and implementation of Phase 1 of the system. This plan included
- details of the work to be completed
  - principles on which the project would be managed

<sup>4</sup> *The Central Records System is the Department's permanent database of all insured persons and includes their personal details, contribution records and claim history.*

---

- estimates of the work to be completed
- key milestone dates
- critical dependencies from a planning perspective
- project risks and how they would be controlled

### **Systems Architecture**

- 2 19 The ISTS system has been developed using a centralised architecture with local terminals connected to a single computer over a network. However, from an analysis of the business processes it was apparent that much of the administration of short-term schemes is carried out in Local Offices
- 2 20 When planning the project the Department considered local processing using locally sited client/servers<sup>5</sup> but rejected this because it was deemed to be a high-risk approach. The Department considers that a move to a client/server environment for the core ISTS system is possible, should it be required. However, it is the opinion of the consultants appointed to assist me in this examination that significant costs could be incurred if the ISTS architecture is re-engineered based on a client/server environment

### **Project Management**

- 2 21 The Department used a project management framework known as PROMPT<sup>6</sup> to manage the development and implementation of the ISTS system. This methodology requires, *inter alia*, the establishment of a strategic executive committee and a project board. Appendix F illustrates the management structure normally used under PROMPT.

### **Strategic Executive Committee**

- 2 22 Under the PROMPT structure, the strategic executive committee has overall responsibility for the direction of the project but control is delegated to a project board based on a business case<sup>7</sup> for the project. The committee, established by the Department, held its first meeting in February 1993, some three months after the

---

<sup>5</sup> *In a client/server environment users recover and store files through a central file server but the processing of data or the use of an application is carried out on locally based processors*

<sup>6</sup> *Project Resource Organisation Management Planning Technique*

<sup>7</sup> *A business case is usually produced during a feasibility study and describes the scope and costs of the project, the likely timescales and the expected benefits and is revised at critical points during the project*

---

establishment of the overall project board. The committee met on one other occasion only, in June 1993.

- 2 23 The Department has stated that the SWSO management committee, which is made up of senior management of the Department, met at regular intervals during the period concerned and would have discussed ISTS related matters at these meetings. However, it has not been possible to ascertain the extent to which the ISTS project was reviewed at these meetings as no minutes were kept.

### **Project Board**

- 2 24 Separate project boards were set up between July 1992 and February 1993 for each of the four components of the ISTS system. An overall project board, which superseded the separate boards, was established in November 1992. The records of the project board suggest that it acted mainly as a steering committee rather than in a decision making capacity throughout the project with decisions, in general, being made by the individual project managers at an operational level. However, the Department maintains that all major decisions relating to the project were made by the project board or by senior management of the Department in consultation with Finance.
- 2 25 During the period November 1992 to March 1995 membership of the project board increased in stages from 6 members to 16 members. The board also had 25 different members and 4 different chairpersons. These constant variations in personnel, would have hindered efficient decision making. The Department has stated that following the re-organisation of the project in Autumn 1993 ownership of and responsibility for the project was more clearly defined for both the project board and the management team with the result that the project was delivered on time and within the revised budget and was rolled-out to the Local Offices without any disruption of services.

## Part 3 : Use of Consultants

### Cost of Consultancy

- 3 1 The Department required extensive consultancy assistance during the project. These consultancy costs amounted to £9.1m to 31 December 1996. The costs are shown in Table 3.1.

Table 3.1  
ISTS Consultancy Costs to 31 December 1996

	1992 £m	1993 £m	1994 £m	1995 £m	1996 £m	Total £m
Technical						
Phase 1	0.13	0.35	1.25	0.02	-	1.75
Phase 2	-	-	-	0.88	0.37	1.25
Information Systems						
Phase 1	-	0.60	2.69	0.07	-	3.36
Phase 2	-	-	-	1.83	0.65	2.48
Other						
Phase 1	0.06	0.02	0.19	0.03	-	0.30
Phase 2	-	-	-	-	-	-
<b>Total</b>	<b>0.19</b>	<b>0.97</b>	<b>4.13</b>	<b>2.83</b>	<b>1.02</b>	<b>9.14</b>

Source: Department of Social Welfare

### Initial Appointment of Technical Consultants

- 3 2 In July 1992 the Department sought tenders from six firms for technical consultancy support during the initial stages of the project. A contract was awarded to a firm of technical consultants in August 1992 for analysis, project management, and technical support at a cost of £153,750. In July 1993 this contract was extended at an additional cost of £171,400.

### Review of Project

- 3 3 In February 1993, at the request of the Department, the technical consultants carried out a review of the project. Their report in April 1993 stated that there were serious problems in the areas of project management and change management which were endangering the project. Subsequently, the Department carried out its own internal review of the project during June/July 1993. The technical consultants informed the Department that they were not in a position to supply the relevant support in the areas concerned and recommended that a named firm of information systems consultants should be appointed to assist the Department.

3 4 In August 1993 the Department initially appointed the recommended firm of information systems consultants, at a cost of £48,000, to review the status of the project and assess the amount of work required for completion. The Department decided not to seek tenders for this assistance on the basis that the firm concerned had been recommended by the technical consultants and because of the time constraints involved.

3 5 In their report of September 1993, the information systems consultants concluded that

- the full level of functionality of the system could not be delivered by the revised target date of October 1994
- the scope of the system would have to be reduced
- the Department's IT division did not have the experience necessary to manage and develop such a large scale integrated system
- highly skilled external resources would be required to supplement existing resources given the revised deadline<sup>8</sup> to begin taxation of UB at source from April 1995
- the four components were at a different stage of development, were not synchronised and were poorly integrated
- the project needed to be consolidated and re-organised to ensure that there were no duplications or omissions in functionality
- it was unclear as to how various transactions should be processed
- the ISTS architecture lacked the depth of specification and content required to proceed to the development stage
- the interfaces between the modules and the CRS were only partially defined
- in a number of areas the design was too complex and could be difficult to implement, particularly regarding the processing of payments
- users were not taking full ownership of the design of the ISTS system due to a lack of clarity and understanding of the new system

<sup>8</sup> *It was agreed with Finance following discussions late in 1993 to reschedule the introduction of taxation to April 1995*

---

- the operations and network staff were not provided with sufficient information to prepare for the implementation of the system

3.6 The report also noted that

- While additional investment would be required to complete the project, the future benefits of the system strongly supported the additional investment
- The development approach adopted by the Department was correct, given the design components, the existing knowledge base and the tight time frames
- Due to the strategic nature of the system, it may have been worth considering an alternative approach to the overall systems architecture such as client/server. However, given the constraints relating to time, skills and costs it would not have been possible to pursue this option. The design of the ISTS system did not preclude migration to a client/server environment at a later date
- The ISTS logical data model, on first review, was well thought out and clearly defined an integrated and detailed representation of the data required to support the ISTS system
- The development of the ISTS system on a 'relational database'<sup>9</sup> positioned the Department with a leading edge technology

3.7 Based on the findings in the consultants' report the Department decided to continue with the development of the ISTS project

### **Consolidation of the Project**

3.8 Arising from the decision to proceed with the project, the Department sought proposals from the technical and information systems consultants to jointly provide assistance in consolidating and re-organising the project. The proposals from the information systems consultants and technical consultants for this work were accepted by the Department in October 1993. The costs of this assistance was estimated at £350,000 and £98,000, respectively

3.9 As the scale of the consolidation work was greater than the Department had originally anticipated, the consultancy assistance from the information systems consultants and technical consultants was extended in December 1993 at a further cost of £214,000 and £36,000, respectively

---

<sup>9</sup> *A database organised and accessed according to relationships between data items and which is perceived by its users as a collection of tables.*

### **Additional Consultancy Support**

- 3 10 In November 1993 the Department sought proposals from the two firms of consultants for assistance in the development and implementation of Phase 1 of the system. Following negotiation, both firms were appointed, in January 1994, to provide further assistance at an estimated cost of £2.8m in respect of the information systems consultants and £629,000 in respect of the technical consultants. These costs were not fixed but were based on the projected number of days required for the assistance at agreed rates per day.
- 3 11 The Department has stated that it did not seek competitive tenders for these contracts on the basis that, in its view, no other firms had the requisite knowledge, experience and resources to provide the level of assistance required for such a large and complex project.
- 3.12 The two consultancy firms were also retained during 1995 and 1996 to provide assistance in the development and implementation of Phase 2 of the system. In the Department's view it was not necessary to seek tenders for this work on the basis that both firms would provide continuity to the project and would maintain the required level of progress to meet the remaining deadlines.

### **Public Procurement Procedures**

#### **Government Contracts Committee**

- 3 13 Government Contracts Committee (GCC) approval is required where normal tendering procedures are not followed for the awarding of contracts. The approval of the GCC was not obtained for the award of the contracts to the two firms at each stage of the project although the contracts were awarded without following normal competitive tendering procedures.
- 3 14 The Department has stated that while GCC approval was obtained for hardware purchases they did not consider this procedure in respect of the consultancy contracts as the GCC guidelines are less clearly defined in respect of such contracts.

#### **EU Public Procurement Directives**

- 3.15 Under EU Public Procurement Directives any contract placed by a public contracting authority, over a relevant financial threshold, must be awarded in accordance with the procedures set out in the directives. In the case of management services contracts, if

the estimated value of the contract exceeds 200,000 ECUs,<sup>10</sup> the award of the contract must be open to competition across the EU by means of an advertisement in the supplement to the Official Journal of the European Communities (OJEC)

- 3 16 The examination noted that details relating to the assistance required by the Department from the technical and information systems consultants were not advertised in the OJEC. The Department has stated that it availed of an exemption under the directive which allows contracts to be awarded without prior publication of the contract notice in the OJEC in cases of extreme urgency brought about by events unforeseen by the contracting authority. The basis, according to the Department, for availing of the exemption was the urgency of meeting the Government imposed deadlines for implementing taxation of short-term benefits at source

---

<sup>10</sup> *The equivalent amount in Irish pounds ranged from approximately £158,000 to £160,000 during the period October 1993 to December 1995*



## Part 4 : Costs and Benefits of the ISTS System

### Costs

- 4 1 The total costs incurred by the Department in the development and implementation of Phase 1 of the ISTS system amounted to £15.7m. Table 4.1 sets out these costs

Table 4.1  
Costs for Phase 1 of the ISTS Project

	1992 £m	1993 £m	1994 £m	1995 £m	Total £m
Management Staff	0.03	0.11	0.13	0.04	0.31
Technical Staff	0.15	0.38	1.22	0.27	2.02
User Staff	-	0.10	0.93	2.37	3.40
Training	-	0.11	0.65	0.61	1.37
Consultancy					
<i>Information Systems</i>	-	0.60	2.69	0.07	3.36
<i>Technical</i>	0.13	0.35	1.25	0.02	1.75
<i>Other</i>	0.06	0.02	0.19	0.03	0.30
Hardware	-	0.74	1.84	0.25	2.83
Other Associated Costs	-	-	0.38	-	0.38
<b>Total</b>	<b>0.37</b>	<b>2.41</b>	<b>9.28</b>	<b>3.66</b>	<b>15.72</b>

Source: Department of Social Welfare

- 4 2 These costs do not include £2.9m incurred during the period 1993-1995 on upgrading the existing network facility to Local Offices. The upgrading was required for a number of reasons, including the implementation of ISTS. The Department has stated that it is not possible to apportion these costs to the different areas.
- 4 3 The costs of Phase 2 of the project amounted to £9.3m bringing the total cost of the project to £25.0m up to 31 December 1996. The costs incurred in developing and implementing Phase 2 of the system are set out in Table 4.2

Table 4.2  
Costs for Phase 2 of the ISTS Project

	1994 £m	1995 £m	1996 £m	Total £m
Management Staff	-	0 09	0 13	0 22
Technical Staff	0 04	0 56	0 62	1 22
User Staff	-	0 02	0 57	0 59
SWA/Health Board Staff	0 05	0 57	1 14	1 76
Training	-	-	0 19	0 19
Consultancy				
<i>Information Systems</i>	-	1 83	0 65	2 48
<i>Technical</i>	-	0 88	0 37	1 25
Hardware	-	0 73	0 86	1 59
<b>Total</b>	<b>0.09</b>	<b>4.68</b>	<b>4.53</b>	<b>9.30</b>

Source: Department of Social Welfare

### Projected Benefits

4.4 As the Department did not carry out a formal cost-benefit analysis of the project there are no projected benefits against which the actual benefits of the ISTS system can be evaluated. However, a document<sup>11</sup> produced by the Department, in June 1994, set out in detail the benefits which could be realised through the increased use of technology in the provision of welfare services. The ISTS system was recognised as a key component of this technology.

4.5 The main benefits identified in the document were as follows

- the introduction of a facility in Phase 1 to tax UB payments at source
- increased productivity at Local Offices
- the integration of all short-term schemes to provide better management information and control
- improved services to claimants

<sup>11</sup> *ISTS Implementation - Realisation of Benefits*

## **Realisation of Benefits**

### **Facility to Tax Benefits at Source**

- 4 6 ISTS Phase 1 provides a facility for the taxation of UB payments at source and Phase 2 for the taxation of DB at source. In October 1995 the Government decided to defer the implementation of taxation of these benefits at source beyond April 1996. As a result one of the core projected benefits of developing the new system has not materialised.
- 4.7 The Department has estimated that the total potential yield from the direct taxation of these benefits is £54m per annum, of which an estimated £44.5m is being collected under the interim arrangements (see Appendix D). A proportion<sup>12</sup> of the estimated extra yield of £9.5m would represent a one-off cash-flow increase.

### **Increased Productivity in Local Offices**

- 4 8 The Realisation of Benefits document indicated that there was a potential for productivity improvements of up to 30% in Local Offices arising from improved work practices, the reduced number of forms required and the reduction of clerical work involved in the processing of claims.
- 4 9 The examination found that Phase 1 of the ISTS system provides a number of improvements in the administration of unemployment claims. These include
- The automatic calculation of unemployment claims
  - A facility to register and authorise a claim for payment in one working day in comparison with the old system which took a minimum of three working days to carry out the same functions
  - Computerisation of payments to casual workers which were previously manually processed at Local Offices
  - A reduction in the overall level of manually processed payments
  - A facility to suspend payments
  - The automatic issue of all signing dockets by the system

<sup>12</sup> Under a direct taxation system tax would be collected immediately, whereas under present arrangements a proportion of the tax due is collected through an adjustment of tax-free allowances in subsequent years.

- A facility to calculate and issue arrears payments for claims closed on computer which were previously manually processed
- The automatic production of weekly and monthly statistical reports required by the Central Statistics Office. This replaced a system under which Local Office staff were required to manually count the number of claims processed by them
- A reduction in the number of transaction listings to be checked

4 10 However, the examination found that, while these facilities are now in place, staff in the four Local Offices visited during the examination have been slow to change from the work practices which were in operation prior to the implementation of ISTS. There are a number of reasons for this

- Local Office staff interviewed stated that they still manually recalculate payment rates to verify the rate calculated by the system. The Department has indicated that this may be a reflection of the lack of experience with the new system at the time of the visits to the Local Offices
- Local Office staff continued to maintain paper records as a contingency against the system being unavailable. This was due to early performance problems
- The workload in Local Offices had grown during Phase 1 of the project as a result of an increase of 20% in the live register of unemployment

4 11 The Department has stated that a decision was made not to implement changes in the work procedures of Local Offices until after the implementation of Phase 2 of the system. An exercise has been carried out to introduce changes in work practices with the aim of maximising the use of the ISTS system and eliminating redundant clerical procedures

#### **Integration of Short-term Schemes**

4.12 The integration of short-term schemes was expected to provide better management and control of short-term schemes through

- the interface of the ISTS system with the CRS, enabling the Department to detect duplicate payments under the different schemes
- the computerisation of SWA, providing the Department with better information and control of the scheme

- 4 13 The following improvements in control arose from the implementation of Phase 1 of the system
- A new claim cannot be opened where a claim already exists
  - Claimants cannot claim for dependants who are already claiming in their own right
  - Payments to claimants are automatically reduced at certain stages, for example, when a dependent child reaches 18 years of age
- 4 14 However, the following constraints exist within the system as developed up to the completion of Phase 1
- Due to a lack of agreement with Branch Office managers, Unemployment Assistance (UA) claims at these offices are not processed using the ISTS system. As a result, some 13% of all UA claims continue to be processed manually. Although Branch Offices are required to notify the Department's Central Records Section of all claims opened and closed, the risk of duplicate payments remains.
  - Phase 1 provides for the administration of unemployment claims only. The administration of General Benefits and SWA schemes was postponed until the implementation of Phase 2.
  - At the time of the examination, a limited amount of management information was provided under Phase 1 of the system. However, the Department has since implemented an enhanced management information system as part of Phase 2 (see Appendix G).

#### **Improved Service to Claimants**

- 4 15 Phase 1 of the system provides a facility to input a claim on receipt and to inform a claimant of payment arrangements during a single visit to a Local Office. However, visits to the Local Offices during the examination showed that this facility was not in operation. The Department has stated that this facility is now operational in a number of Local Offices and is being extended as part of the continuing re-organisation of Local Offices.
- 4 16 Phase 1 facilitates payment in a variety of ways such as by payable order, through Post Offices or by direct transfer to a claimant's bank account. In addition, the system provides for payments to be made separately to a claimant and/or a claimant's spouse.

- 4.17 Local Office staff have immediate access through the system to claimants' records enabling them to respond promptly to queries

## Part 5 : Implementation of the System

- 5.1 Delays in the development of the ISTS system and the requirement to introduce direct taxation of UB from April 1995 resulted in insufficient time being available to complete user testing, user training and roll-out of the system to Local Offices. Given the time constraints involved, the Department decided, in July 1994, to set up a centralised UB section in Dublin to facilitate the processing and taxation of UB claims.

### Centralised UB Section

- 5.2 The centralised UB section was established in an office premises vacated by the Central Statistics Office under its decentralisation programme. Following the fitting out of these offices, 132 staff were assigned to the section on a phased basis with effect from August 1994.
- 5.3 Following the Government decision in January 1995 to defer the taxation of UB payments at source until April 1996, the Department decided to disband the centralised UB section and bring forward the implementation of Phase 1 of the ISTS system at Local Offices.
- 5.4 At the time of the disbandment of the centralised UB section, preparations for the commencement of operations had been completed. The total costs incurred by the Department in relation to the centralised UB section up to January 1995 were £1.08m, as shown in Table 5.1.

Table 5.1  
Costs of the Centralised UB Section<sup>1</sup>

	£' 000
Staff Costs	730
Telecommunications Equipment	157
Furniture and Fittings	127
Fitting Out	67
<b>Total</b>	<b>1,081</b>

Source Department of Social Welfare

Note <sup>a</sup> These costs do not include rental costs of the accommodation in the period to January 1995, amounting to approximately £100,000, which was paid by the Office of Public Works

- 5.5 Following the disbandment of the section, the Department, with the agreement of Finance, re-deployed 55 of the staff to assist in the implementation of the ISTS system in Local Offices. The remaining staff were deployed to other areas within the Department. The bulk of the telecommunications equipment and furniture was re-used in other areas of the Department. Approximately half of the office space was

retained by the Department for ISTS training and other purposes and the remainder was allocated to the Department of Foreign Affairs.

### **Implementation at Local Offices**

- 5.6 The implementation of Phase 1 of the ISTS system to Local Offices was carried out during the period March 1995 to February 1996 by a team of user representatives. The implementation can be divided into the following elements:

- data clean-up
- Local Office conversions
- training of Local Office staff
- user support

#### **Data Clean-up**

- 5.7 Prior to the implementation of ISTS Phase 1 it was necessary to carry out a 'data clean-up' exercise on claim records which were to be transferred to the ISTS system. This exercise was required to:

- detect any existing data errors contained within the UA/UB system
- detect further data deficiencies which would need to be rectified for claims being converted to the new ISTS system

- 5.8 Of the 220,000 claims transferred to the ISTS system, 455 claims were found to have data problems in relation to the UA/UB system requirements. A further 25,048 claims required clean-up activity to ensure they would be processed correctly on conversion to the ISTS system. The clean-up related mainly to the provision of Revenue and Social Insurance numbers in respect of adult and child dependants.

#### **Local Office Conversions**

- 5.9 The first conversion of a Local Office to the system took place on a pilot basis in March 1995. Following the successful conversion of this office, the implementation schedule to convert all of the Local Offices to the system was modified with a target completion date of December 1995. The roll-out to Local Offices was suspended for a four-week period in October 1995 to allow for upgrading of the hardware due to problems with the system during the conversion process (see Appendix H). The conversion of all Local Offices was completed in February 1996.



### **Training of Local Office Staff**

- 5 10 One week's training in the use of ISTS was provided to all Local Office staff before the conversion of their office to the system. Relief staff were used to provide cover for those attending training courses. As part of the training course a computer based training package was used to simulate the ISTS system. A comprehensive set of user documentation was also issued to each user. Local Office staff, who were interviewed, expressed satisfaction with the level of training provided.

### **User Support**

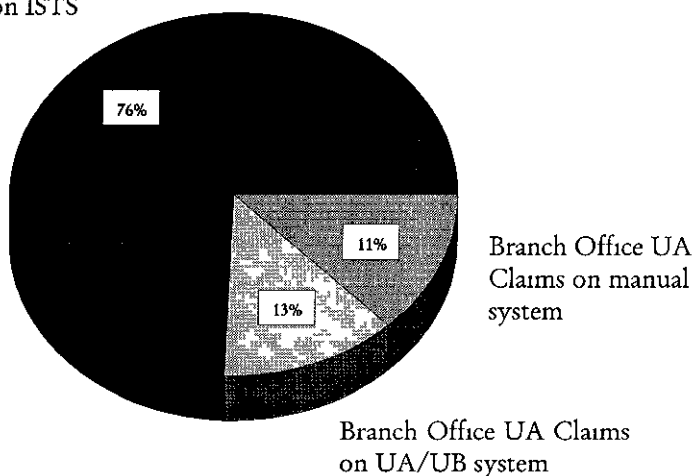
- 5 11 The support available to users was two-fold
- A team of implementers, including the Local Office trainer, on-site for one week before conversion and for three weeks afterwards
  - The Central Help Desk was introduced when Phase 1 went 'live' to provide users with a central location from which to seek assistance. The Help Desk consults with the IT division if a specific query requires more detailed technical knowledge. The Help Desk is currently staffed by six operators, all of whom have experience in the operation of the ISTS system and Local Office operations.

### **Processing of Claims at Branch Offices**

- 5.12 Prior to the implementation of Phase 1 of the ISTS system, Local Offices administered unemployment claims using the UA/UB system. Forty-three Branch Offices also processed claims using this UA/UB system. The remaining 29 Branch Offices processed claims using manually based procedures.
- 5 13 Following the implementation of Phase 1 of the ISTS system, all UB claims dealt with by Branch Offices were transferred to the ISTS system for processing and payment. The procedure for processing UA claims at Branch Offices remains unchanged. The Department is currently negotiating with Branch Offices regarding revised contractual arrangements which would allow for the processing of UA claims through the ISTS system.
- 5 14 Figure 5 1 shows the method under which unemployment claims were processed in the Local and Branch Offices in March 1996 following the implementation of Phase 1 of the ISTS system.

**Figure 5.1**  
**Processing of UA and UB Claims<sup>a</sup>**

Claims processed on ISTS



*Note: <sup>a</sup> As at 1 March 1996*

5.15 The effect of continuing to process UA claims at Branch Offices on systems other than the ISTS system are summarised as follows

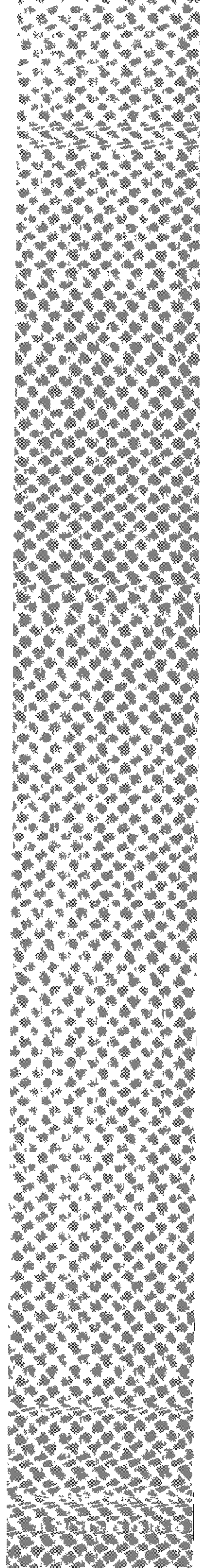
- continuing costs of operating and supporting the UA/UB system have been estimated at £275,000 per annum
- continuing costs of servicing a cash payments system at the Branch Offices
- control of fraud and abuse is limited by the continuing use of manually based systems in Branch Offices for some UA claims

### **Contingency Arrangements**

5.16 The Department has not made contingency arrangements to provide for continuity of business in the event of the failure of any of its computer systems. However, a Continuous Computing Capability (CCC) study was initiated by the Department early in 1996 with the specific purpose of providing the necessary resilience and contingency capacity. This CCC study has not yet been completed.

The existing network on which the ISTS system operates is approximately 10 years old and is currently carrying two and a half times the volume of data for which it was originally designed. An investment proposal to replace this network has been drawn up by the Department.

## Appendices



## Appendix A

### Long-term and Short-term Schemes

The schemes administered by the Department of Social Welfare can be categorised into long-term and short-term schemes

#### Long-term Schemes

- *Old Age Non-contributory Pension* - A weekly payment made to people who are over 65 years of age who do not qualify for an Old Age Contributory Pension. It is paid subject to a means test.
- *Old Age Contributory Pension* - A weekly payment made to insured persons who are over 65 years.
- *Lone Parents Allowance* - A weekly payment made to certain persons if they are bringing up a child without the support of a partner. It is paid subject to a means test.
- *Widows Non-contributory Pension* - A weekly payment made to certain persons on being widowed who do not qualify for a Survivors Contributory Pension. It is paid subject to a means test.
- *Survivors Contributory Pension* - A weekly payment made to certain insured persons on being widowed.
- *Invalidity Pension* - A weekly payment made to insured persons who are permanently incapable of work.
- *Blind Persons Pension* - A weekly payment made to blind persons. It is paid subject to a means test.

#### Short-term Schemes

The short-term schemes listed below will be processed through the Integrated Short-term Schemes system

- *Unemployment Assistance* - A weekly payment made to unemployed people who do not qualify for Unemployment Benefit or who have used up their entitlement to that benefit. It is paid subject to a means test.
- *Unemployment Benefit* - A weekly payment made to insured people who are out of work.

- *Supplementary Welfare Allowance* - A weekly allowance made to people whose means are insufficient to meet their needs and those of their dependants

### **General Benefits**

- *Disability Benefit* - A weekly payment made to insured people who are unfit for work due to illness
- *Occupational Injury Benefit* - A weekly payment made to people who are unfit to work due to an accident at work or through a disease contracted due to the type of work
- *Maternity Benefit* - A payment for women on maternity leave who satisfy certain insurance criteria
- *Adoptive Parents Benefit* - A weekly payment for an employed parent who has a child placed with her/him by a recognised placement agency
- *Health and Safety Benefit* - A weekly payment for employed women who are pregnant or nursing newborn children and who are exposed to a prescribed risk in their normal workplace.

## Appendix B

### Social Welfare Services Office

The Social Welfare Services Office (SWSO), which is responsible for the delivery of the Department's services and day-to-day operations, was set up in 1985 with the following objectives

- to deliver social welfare services with the minimum of delay and error
- to foster client-oriented services, attitudes and conditions
- to provide clients and their representatives with adequate information about their entitlements and claims
- to develop and maintain appropriate management systems, including financial management
- to develop adaptable and cost effective operating systems
- to control abuses of the social welfare system
- to respond to the reporting, evaluation and accountability requirements of the Department and to participate as required in evaluations of schemes being conducted by the Department
- to advise the Department, as required, on the operational implications of policies affecting the social welfare services
- to advise the Department on legislative or policy-related anomalies noted in the administration of the social welfare services and make proposals for eliminating them
- to respond to the relevant requirements of other Departments and agencies who require the co-operation of the SWSO

## Appendix C

### Key Events and Decisions

Date	Events and Decisions
August 1991	Issue of the taxation of short-term benefits considered by the Minister for Finance and Minister for Social Welfare
November 1991	Consultancy report recommends that the Department's computer systems must support a customer personalisation strategy covering consolidation of data, integration of systems and localisation of services
December 1991	Initial Government decision on proposals to tax Disability Benefit (DB) as soon as possible after April 1992
January 1992	Government decision to tax short-term benefits - DB by means of Statutory Sick Pay and deduction at source as soon as possible after April 1992 and Unemployment Benefit (UB) at source from April 1993 High-level inter-departmental working group established to agree and co-ordinate measures for implementing the Government decision
February 1992	Consultancy report on four major issues facing the Department equal treatment arrears, graduated entitlements, control and taxation of short-term benefits Department of Finance (Finance) approval for the recruitment of 39 additional IT staff
April 1992	Report of the working group proposing interim system for DB from October 1992, and deduction at source by the Department from April 1993
May 1992	Department proposed an integrated system for short-term schemes Taxation at source via the new system to commence in April 1994 Department produced an IT position paper on the development of the integrated system
July 1992	Finance agreed to the development of the Integrated Short-term Schemes (ISTS) system and to taxation at source from April 1994 Integrated Social Services System (ISSS) was proposed with ISTS as one of its components Department produced an initial plan for the development of the Authorisation and Maintenance System component of the ISTS system Department sought tenders for technical consulting assistance for the project
August 1992	Consultants appointed to provide technical support for the project Local Office trainers appointed and revised claimants' signing arrangements introduced
October 1992	The working group set April 1994 as target date for the implementation of direct taxation via ISTS, contingent on the availability of resources
November 1992	ISTS project board and strategic executive committee established Social Welfare swipe card introduced



*The Development of the Integrated Short-term Schemes Computer System*

<b>Date</b>	<b>Events and Decisions</b>
December 1992	Department produced an initial plan for the development of the General Payment component of the ISTS system
February 1993	Department produced separate plans for the development of the Taxation and Common Claims Registration components of the ISTS system First strategic executive committee meeting held Twenty-six of the 39 IT staff posts sanctioned in February 1992 remain vacant The working group considered that taxation of DB could commence from April 1994 but that taxation of UB would not be possible from that date
March 1993	Transfer of cash payments from Local Offices to automated Post Offices
April 1993	DB liable for taxation under an interim arrangement operated by the Revenue Commissioners (Revenue) Technical consultants informed the Department of serious weaknesses in project and change management
June 1993	Second strategic executive committee meeting held
July 1993	Internal technical review of the project carried out Overall project manager appointed
August 1993	Department appointed information systems consultants, on the recommendation of the technical consultants, to review the progress of the project
September 1993	Report produced by information systems consultants Project restructured under newly appointed project manager Development and user teams consolidated
October 1993	Full review of system functionality conducted jointly by the development and user teams Proposals for assistance for the consolidation and re-organisation of the project requested and received from the technical and information systems consultants
November 1993	The ISTS project split into two phases Proposals for assistance for the development and implementation of Phase 1 of the system requested from the technical and information systems consultants
December 1993	ISSS approved in principle
January 1994	Cash-out programme completed Proposals for assistance for the development and implementation of Phase 1 of the system received from the technical and information systems consultants
February 1994	Consolidation stage completed and the construction of Phase 1 software commenced Finance expressed concern at the progress of the project and requested that an overall budget be prepared
March 1994	Tenders invited and received for the development of a training programme

*Appendix C*

Date	Events and Decisions
April 1994	Department drew up a budget for Phase 1 of the ISTS system and prepared a functional specification and a detailed plan for Phase 1 of the ISTS system UB liable for taxation under an interim arrangement operated by Revenue
June 1994	Department carried out the first formal assessment of the projected benefits of the ISTS system
July 1994	Department decided to set up a centralised section in Dublin to facilitate the processing and taxation of UB claims
September 1994	Centralised UB section established
October 1994	Branch Office UB claims transferred to parent Local Office and put on postdraft method of payment Data clean-up programme commenced
November 1994	Delivery of Phase 1 software for user acceptance testing
January 1995	Government decision to defer taxation of DB and UB at source until April 1996 Centralised UB section disbanded
March 1995	Implementation of ISTS Phase 1 in Local Offices commenced ISTS Phase 1 roll-out rescheduled with a target completion date of December 1995
October 1995	Government decision to defer taxation of DB and UB at source beyond April 1996 Roll-out of Local Offices suspended to allow for hardware upgrading
February 1996	Implementation of ISTS Phase 1 in Local Offices completed
April 1996	Network redesign study completed
May 1996	ISTS Phase 2 implemented for unemployment claims
June 1996	ISTS Phase 2 for supplementary welfare allowance claims roll-out to Community Welfare Offices in the Health Boards commenced ISSS report approved
November 1996	Implementation of ISTS Release 3
December 1996	Implementation of Short-term Information System and Transaction Information System

## **Appendix D**

### **Interim Taxation Arrangements**

#### **Disability Benefit**

For short-term Disability Benefit (DB), where 85% of claims are from people in employment, employers are notified of the amount of taxable benefit payable and this amount is either included as part of taxable earnings or offset against the employees tax-free allowances, thereby effectively subjecting it to income tax

For long-term DB, the Department notifies the Revenue Commissioners of the amount of taxable benefit so that they can adjust the amount of the recipient's tax-free allowances by the amount of the benefit received

There are approximately 42,000 persons in receipt of DB each week and 200,000 new claims each year

#### **Unemployment Benefit**

The Department continues to pay the gross amount of benefit and tax is deducted by Revenue Commissioners through

- restricting tax refunds to unemployed persons
- adjusting tax-free allowances where an unemployed person takes up or resumes employment
- reviewing the persons tax affairs at the end of the tax year

There are approximately 60,000 persons in receipt of Unemployment Benefit at any one time and 120,000 new claims each year.

## **Appendix E**

### **Functions of ISTS Phase 2 and Release 3**

#### **Phase 2**

Phase 2 of the Integrated Short-term Schemes (ISTS) system contains more than 60 changes and enhancements to Phase 1 of the system. Most of these changes are specific functions which are required to support the processing and operation of the General Benefits and Supplementary Welfare Allowance (SWA) schemes.

#### **General Benefits**

Basic General Benefits processing is largely supported by the functions of ISTS Phase 1. However, specific functions unique to the operation and administration of General Benefits were developed during Phase 2. Phase 2 developments in this regard include

- automated issuing of Disability Benefit (DB), Occupational Injury Benefit (OIB) and Maternity forms
- inter-scheme claim transfer
- certification processing for DB, OIB and Maternity schemes
- automatic rating of DB, OIB and Maternity claims based on earnings and contributions.

Software design and development work has been completed. Testing and implementation of General Benefits has been deferred into 1997 due to the necessity to complete development work in respect of higher priority items arising, for legislative and other reasons.

#### **Supplementary Welfare Allowance**

There are 14 separate schemes which together make up the SWA schemes. These schemes are administered by the Health Boards at Community Welfare Offices. Payments under the SWA schemes are provided to some 60,000 claimants. Prior to the implementation of Phase 2 of the ISTS system SWA schemes were administered on a manual basis. ISTS Phase 2 supports the administration of the SWA schemes and the major benefits of this include

- on-line client data including means details
- claim history
- customised authorisation
- automated payment production
- automated reconciliation and financial reporting
- automated SWA basic claim closure
- on-line verification of business transactions

- streamlined SWA scheme funding
- automated SWA recoupment

About 14,000 SWA claims have been added to the ISTS system to date. The roll-out will continue during 1997.

### **Enhancements to Phase 1**

In addition, Phase 2 includes certain enhancements to the operation and administration of unemployment claims which were not available in Phase 1. The main enhancements which were implemented in May 1996 are:

- **Recoupment** - This feature applies specifically in the case of award of payments under the SWA scheme ('substitute' payments). The recoupment facility ensures that the correct amount of arrears is apportioned between the claimant and the Health Board.
- **Separate payments** - Separate payments cases were traditionally dealt with in a manual or semi-automated fashion. ISTS enables the automatic issue of separate payments to the client and spouse, and provides flexibility regarding the way in which the overall payment can be apportioned.
- **Arrears processing** - ISTS automatically recognises and computes payments in arrears and presents the user with options to either allow the arrears to issue or to withhold arrears.

### **ISTS Release 3**

New legislation introduced in 1996 brought major changes in the administration of the Unemployment Assistance scheme including changes to the means assessment of earnings. The implications of these changes for the work in Local Offices and for the ISTS computer application were significant. Because of the timing of the legislation it was necessary to implement the system changes during the latter part of 1996.

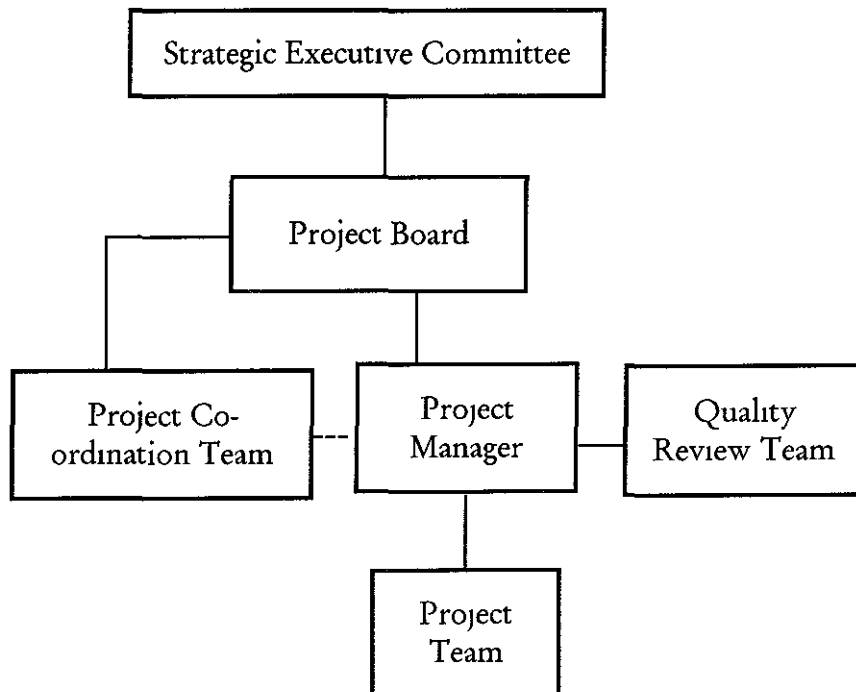
The Department decided to include some further enhancements to ISTS Phase 2 for processing SWA claims. These were requested in the light of experience of live operation of the ISTS system for SWA.

This overall package of work was delivered, as ISTS Release 3 in November 1996.

## Appendix F

### PROMPT Methodology

The Project Resource Organisation Management Technique (PROMPT) methodology covers project organisation, roles, procedures and effective methods of project control. The following illustrates the management structure that is normally found using the PROMPT method.



#### Strategic Executive Committee

The strategic executive committee, which comprises senior management personnel has overall responsibility for the direction of the project and delegates responsibility to the project board based on an overall plan and cost-benefit analysis for the project.

#### Project Board

The project board is responsible for the overall control of the project. Project board members are managers who represent the three main interest groups: business, user and technical.

### **Project Co-ordination Team**

The project co-ordination team is appointed by the project board. Its role is to assist the project manager making sure that the business, user and technical areas are properly served at the working level.

### **Project Manager**

The project board delegates responsibility for the day-to-day running of the project to the project manager based on a plan and budget for the overall project. The project manager's mandate is to produce all the end-products of the project on time, within the specified budget and to the required quality standards.

### **Quality Review Team**

The quality review team ensures that quality procedures are followed throughout the project. On successful completion of a quality review the quality review team is required to sign off and be responsible for the quality of the end-products.

### **Project Team**

The project team comprises users, analysts and programmers and is concerned with the technical and detailed aspects of the project. A team leader is normally appointed, whose function is then to delegate, monitor and report on the detailed progress and quality of the team's work.

## Appendix G

### Management Information

#### ISTS Phase 1

Phase 1 of the Integrated Short-term Schemes (ISTS) system provides management information as follows

- Nightly transaction listings which provide details of transactions entered the previous day which can be checked against source documentation. Control summaries are also produced giving overall totals for the various transactions
- Nightly payments analysis
  - By scheme type, showing the totals of payments made for each scheme for that day
  - By payment instrument type, showing the totals of payments made for each of the payment instruments used such as postdrafts, cheque and electronic funds transfer
- Statistical data files supplied weekly to the Management Services Unit of the Department for analysis and production of various performance reports, such as percentage of claims processed within 1 week, 2 weeks, etc. These analyses are used by the Department's senior management to monitor performance, claim loads and throughput.
- Data extract files are sent on a regular basis to the Planning Unit of the Aireacht, who perform further analysis on this data. This information forms an input to the Department's planning and policy-making process.
- A monthly comprehensive statistical analysis of the Unemployment Live Register, by scheme, Local Office, payment category, age, sex, etc., which provides the raw material for the published Central Statistics Office Live Register statistics

#### ISTS Phase 2

In addition to the facilities available under ISTS Phase 1, a new management information system - the Short-term Information System (STIS) was implemented in December 1996 as part of ISTS Phase 2. This system is a PC-based statistical information system which allows for the display and manipulation of data extracted from the ISTS database



STIS provides detailed statistical information about ISTS data on a weekly basis. Users of the system have the facility to tailor the reports produced.

Report categories produced by the STIS are

- Claim Profile - reports on all claims on the ISTS database
- Claim Workload - activity on claims during the previous week
- Payments - analysis under various headings of the number of payments made on ISTS the previous week
- Claim Duration - how Local Offices have performed against corporate key performance indicators
- Live Register - detailed reports on live register activity
- Dependency analysis - quarterly analysis of the family composition of claimants

With the exception of the dependency analysis report which is run quarterly, all reports are produced weekly from data extracted from the ISTS database.

### **ISTS Phase 2 – Transaction Information System**

The Transaction Information System (TIS) provides a flexible, automated, on-line facility for selection and verification of previous days' transactions. This system was implemented in December 1996. The TIS replaced the paper transaction listings which were used to check and verify transactions entered by users to the ISTS system.

The main features of the TIS are as follows

- a daily summary list of transactions selected for verification is produced
- users can check selected transactions on-screen against source documentation
- transactions which are not verified within a given period are automatically reported by the system to a level of supervision or management
- the system automatically checks that the person checking the transactions is not the person who entered the transaction and is the person authorised to check transactions

It is planned to further develop the TIS to provide the following additional facilities

- Random sample requests from management.
- User profile verification.
- Data Integrity verification of client changes
- High-risk transaction combination reporting

## Appendix H

### ISTS Downtime

Due to concerns about the level of downtime experienced by users following the implementation of Phase 1 of the Integrated Short-term Schemes (ISTS) system, the Department established a working group to analyse the causes of the downtime and to identify any problems which might exist when Phase 2 was implemented

The analysis identified a downtime of 5% of the available working hours during the period March to mid-August 1995. A breakdown of this downtime is shown below

- 16%    ISTS application - ISTS application bugs accounted for 5%, system software problems accounted for 7%, and bugs in ISTS batch programs accounted for 4%
- 20%    Batch environment - errors encountered in managing the nightly batch required by ISTS
- 14%    Operational - errors made by staff operating disks in the computer room
- 50%    Environmental - This includes air conditioning failure, power failure, network equipment failure and peripheral equipment failure