

Conclusions and recommendations of the NAOF

Centralised ICT services and procurement

The act on the provision of shared government ICT services (1226/2013) was introduced to make central government ICT services more efficient, to enhance the quality and interoperability of the services and to improve the cost-effectiveness and steering of ICT service production. All this was expected to be achieved by the year 2018. The act entered into force on 1 January 2014.

As part of the shared ICT services project, the services were transferred to a service centre (Valtori) that had been established to manage them. Harmonisation of government's ICT procurement and making Valtori and the government's central purchasing body Hansel responsible for the procurement were also expected to generate savings.

The purpose of the audit was to determine whether the objectives for Valtori had been achieved by the year 2018 and whether centralised ICT procurement is properly organised.

The conclusion was that the cost savings and quality targets laid down in the act on the provision of shared ICT services have not yet been achieved. Some of the objectives set for centralised ICT procurement have been achieved but there is still room for improvement in the steering and organisation of the procurement.

The information base for the centralisation of ICT services remained inadequate

The centralisation of government ICT services was planned on the basis of a survey carried out in 2012. Based on the survey, the Ministry of Finance prepared a cost-benefit calculation, set targets for the centralisation and drew up a project plan.

Only a rough estimate of the savings potential of the project was included in the survey. The life-cycles of the existing services or the agencies' enterprise architecture were not examined in the survey or in the later stages of the planning process. The manner in which a distinction should be made between shared and sector-specific ICT services was not specified either.

The fact that these details were not considered in the planning process caused problems during the transfer of the functions and later during the construction and introduction of the centralised services. The savings targets and their timetable would also have been more realistic if they had been based on more detailed information.

Valtori's service operations are not yet in accordance with the targets laid down in the act on the provision of shared ICT services

The key argument in favour of placing all shared ICT services under Valtori, set out in the act on the provision of shared ICT services and its preparatory work, was that the new services would generate cost savings and bring quality improvements. Valtori was established in 2014 and the tasks and personnel of the customer agencies were transferred to the new ICT centre in stages. However, the centralised and productised services, which were expected to bring cost and quality benefits, are not yet comprehensively available to the customers.

There is no clear indicator-based overall picture of the situation concerning Valtori's services and service processes. New quality indicators should be introduced and monitored so that a better picture can be produced. The Ministry of Finance should have more detailed steering procedures for Valtori and, in addition to cost information, it should also rely more on service process and service quality indicators in the steering.

The cost-effectiveness and savings targets set for Valtori have not been achieved

Valtori and the Ministry of Finance (which is responsible for Valtori's performance guidance) are of the view that most of the savings targets set for the service centre at its establishment have been achieved. However, the reported savings have not resulted from service centralisation and Valtori's operations but they have mainly been achieved through the framework agreements concluded by Hansel.

In the services transferred from government agencies to Valtori (especially those concerning hosting support and hosting services), cost-effectiveness has declined. Calculations also suggest that the new centralised services are not more cost-effective than pre-Valtori arrangements or services available in the market.

For example, even after a long period of transition, Valtori has not yet completed all work on the contracts transferred from the customer agencies. All contracts have not yet been entered into the contracts archive and there is still potential for consolidation in the contract portfolio.

Quality of Valtori's services does not meet customers' needs

It has been impossible to achieve the quality targets laid down in the act on the provision of shared ICT services with Valtori's service processes. Customers' service requirements have not changed but the quality of the services produced by Valtori has declined. The cost of centralised services, quality problems and incompatibility with customers' needs have led to a slower growth in the use of centralised services. As a result, the

cost savings targets that were expected to be achieved through centralised services have not been met. In 2017, Valtori started a series of development measures, the results of which are not yet available.

There have been inadequacies in the steering of centralised ICT procurement

Government ICT procurement is not steered on a centralised basis as individual contracting entities have their own steering practices, which are based on their own priorities. Decentralised steering means that in ICT contracts, it is not possible to make full use of the benefits arising from the volume of government operations.

Centralised ICT procurement should be steered with maximum efficiency and the best way to do this is to have a procurement organisation providing ICT services on a centralised basis. The strategy for centralised ICT procurement should be part of the strategy of the organisation providing the services.

There is no clear division of labour between Hansel and Valtori in centralised ICT procurement

Valtori is responsible for the service provision and basic information technology purchases, while Hansel is responsible for the competitive tendering process. This division of labour is based on a Ministry of Finance decision on joint procurement, which was issued eight years before the establishment of Valtori. Under the existing division of labour, the steering of ICT procurement is dispersed among a large number of actors.

Hansel does not adequately identify customer needs or take them into account in its operations. This makes it more difficult to use the framework arrangements. The existing framework arrangements do not fully meet customers' needs and contracts are also concluded outside them. Especially the existing consultancy framework arrangements for expert services have only received qualified support from customer agencies and a number of contracting entities have carried out their own competitive tenderings.

The basic information technology purchases referred to in the act on the provision of shared ICT services are technology-based. In order to enhance overall efficiency, it should be assessed whether the procurement should be the responsibility of a single body.

Recommendations of the National Audit Office

1. All major rearrangements of ICT operations should be carefully prepared so that realistic timetables and cost targets can be drawn up for the reforms.

2. The Ministry of Finance should develop the steering of Valtori so that it is more clearly based on the cost and quality indicators of service activities and shared services.
3. Valtori should ensure that its service processes and services are at the level laid down in the act on the provision of shared government ICT services (1226/2013).
4. The Ministry of Finance should assess whether all basic information technology purchases should be the responsibility of a single body. This would make it easier to ensure adequate resources and to give consideration to customer needs.