

**For discussion
on 6 December 2004**

**LEGISLATIVE COUNCIL PANEL
ON FINANCIAL AFFAIRS**

**Permanent Redeployment of a Chief Systems Manager post
from the Office of the Government Chief Information Officer
to the Inland Revenue Department**

Purpose

This paper briefs Members on the proposed permanent redeployment of a Chief Systems Manager (CSM)(D1) post from the Office of the Government Chief Information Officer (OGCIO) to the Inland Revenue Department (IRD) and invites Members' views thereon.

Proposal

2. We propose to permanently redeploy a CSM post from OGCIO to IRD with effect from 1 April 2005. This is a cost-neutral transfer to be achieved by the creation of a permanent CSM post in IRD on 1 April 2005 offset by the deletion of a permanent CSM post in OGCIO on the same date.

3. Details of the proposal for the Establishment Subcommittee (ESC) of the Finance Committee are set out at Appendix. Subject to Members' views, we intend to invite ESC to consider our proposal on 19 January 2005.

App.

Advice Sought

4. Members are invited to advise on the above proposal.

Financial Services and the Treasury Bureau
Commerce, Industry and Technology Bureau
November 2004

PROPOSAL FOR ESTABLISHMENT SUBCOMMITTEE OF FINANCE COMMITTEE

INLAND REVENUE DEPARTMENT

PROBLEM

There is a need to strengthen the directorate input in Information Technology (IT) in the Inland Revenue Department (IRD) on a permanent basis and to regularize the establishment structures of IRD and the Office of the Government Chief Information Officer (OGCIO).

PROPOSAL

2. The Commissioner of Inland Revenue (CIR), with the support of the Secretary for Financial Services and the Treasury and the Government Chief Information Officer, proposes to permanently redeploy a Chief Systems Manager (CSM) post (D1) from OGCIO¹ to IRD with effect from 1 April 2005. This is a cost-neutral transfer to be achieved by the creation of a permanent CSM post in IRD offset by the deletion of a permanent CSM post in OGCIO on the same date.

JUSTIFICATION

Need for a permanent CSM in IRD

3. The Information Systems (IS) Division of IRD is responsible for the overall development and application of IT within IRD, including Information Systems Strategy (ISS) planning, IT programme and project management, system development

¹ OGCIO was established on 1 July 2004 following a merger of the then Information Technology Services Department and the IT-related Divisions of the Commerce, Industry and Technology Bureau.

and maintenance, computer operations, data and record administration, IT outsourcing, budgetary control, computer training and implementation of changes to cope with the development of electronic commerce. At present, the IS Division is divided into two streams, namely the Computer Section (Operations) and the Computer Section (Systems). The former, headed by a Chief Assessor (CA) (D1), is responsible for the operation and day-to-day application of IRD's various systems, formulating functional requirements for new systems and system enhancement from a user perspective. The latter is headed by a CSM (D1) who has been assigned by the then Information Technology Services Department (ITSD) since December 2000 to provide dedicated service to IRD in respect of IT system development, maintenance and enhancement, IT outsourcing, security management and to provide advice on IT matters from a technical perspective.

4. Having regard to the strategic importance of IT to IRD and in line with OGCIO's policy to devolve the IT responsibilities to bureaux / departments, OGCIO has proposed that IRD create a permanent CSM post in its own establishment to provide dedicated and professional support to the senior management in the following aspects –

(a) Information Systems Strategic Planning and Implementation

IT applications are of strategic importance to IRD for achieving its business objectives and corporate missions. The department must constantly review its ISS and draw up and implement ISS plan to make full use of IT to support and enhance the department's operation and service delivery, including tax assessment, collection, investigation and taxpayer services. With the central policy to devolve the IT responsibilities to bureaux / departments, it is essential for IRD to have a professional IT officer at the directorate level to assist the senior management to formulate IT strategic plans, and to keep constant review, maintenance and migration of the vital systems to cope with the changing technological advancement and new e-government initiatives. The CSM will play a vital role in providing expert technical advice and support on matters concerning IT standards, technologies, infrastructure, planning and implementation of IT projects, and deployment of the IT resources.

(b) IT Management

Following the implementation of the major projects (System Infrastructure and Data Management Enhancements, Assess First Audit Later System, Electronic Lodgement Services, Document Management and e-Stamping services) under the second Information Systems Strategy Plan (ISSP) (2001-2006), the IT infrastructure of IRD has been thoroughly revamped and enhanced. A three-tier system architecture comprising mainframe, mid-range and personal computer local area network (PC-LAN) technology has been built to form an integrated platform for IRD to deliver its service to both internal and external users. The overall management of the sophisticated and complex systems requires dedicated leadership at the directorate level. These systems also require continuous review on the platform strategy as technology advances. The CSM will have to observe the development in existing and emerging technologies and identify opportunities for adopting modern technology in conducting IRD's business.

(c) IT Security

The rapid increase in the use of IT has enabled the department to function more effectively and efficiently. On the other hand, it has also given rise to more information security risks that threaten the confidentiality, integrity and availability of IRD's information assets. Internally, a vast amount of taxpayer data is readily available to various levels of officers for performing their duties where access must be properly controlled. Externally, Internet-borne threats in the midst of global interconnections such as break-ins, viruses, worms, Trojans, denials of services (DOS) attacks have become more sophisticated and ambitious. To ensure smooth operations of the department and to preserve data confidentiality as required by the secrecy provision of the Inland Revenue Ordinance and the Personal Data (Privacy) Ordinance, IRD must pledge to protect the confidentiality and integrity of taxpayer data. The ongoing challenge of securing information and infrastructure and preserving data confidentiality demands a trained and experienced technical expert at the senior

management level to steer and manage a more vigorous and disciplined approach to information security management compliant to Government's security regulations and conforms with OGCI0's standards and practice, which involves regular audit assessment, analysis of risk exposure, effective implementation of controls to be commensurate with the risks and continuous testing and monitoring.

(d) Management of ITMU and IT Staff

In April 2001, in line with the devolution of IT support from the then ITSD to bureaux/departments, IRD set up its own Information Technology Management Unit (ITMU), which is currently the Computer Section (Systems) Group in the IS Division, for effective management of IT services. A permanent CSM post is required to head the ITMU and lead various ongoing IT activities, and be responsible for the management, staff development, career posting and quality assurance of the unit. He will also serve as the main liaison point between IRD and OGCI0 on service-wide IT initiatives and grade management matters.

Rationalization of the establishment structures in IRD and OGCI0

5. To facilitate the rationalization of the institutional structure, the then ITSD and the IT-related Divisions of the Communications and Technology Branch of the Commerce, Industry and Technology Bureau were merged on 1 July 2004 to form the OGCI0. As the CSM post assigned to IRD is fully devoted to IRD's IT projects and business, the post was not included in OGCI0's organization structure when OGCI0 was established in July 2004. The present proposal will regularize the establishment structures of IRD and OGCI0.

6. The proposed permanent CSM post will report directly to Assistant Commissioner (Headquarters). The proposed job description is at Enclosure 1. The existing and proposed organization charts of the IS Division, Headquarters Unit are at Enclosures 2 and 3 respectively.

Encl. 1

Encls. 2 & 3

Other alternatives considered

7. IRD has considered the option of using IT support from OGCIO and the deployment of a Senior Systems Manager (SSM) to take up the CSM's duties, but has concluded that the proposal is not feasible. Firstly, with the devolution of IT support to bureaux/departments, OGCIO has repositioned its core services and has since relinquished its technical support services to IRD other than providing generic advice and guidelines and government-wide infrastructure support. IRD has to take care of its own needs for IT support and development. Secondly, having regard to the workload, system complexity, project scale and the number of IT staff in the current hierarchy, it is considered that the competencies required to discharge these responsibilities far exceed those of an SSM. Experience gathered since the assignment of the CSM to IRD from OGCIO reaffirmed this need.

8. IRD has also critically examined the feasibility of identifying a directorate post within the department to absorb the duties of the CSM, but has come to the view that this is not operationally feasible as all the existing directorate posts lack the requisite competence in IT, and they are also fully engaged in their existing responsibilities.

9. The absence of an IT expert at the directorate level to provide advice and support to IRD on ISS and IT development and to lead its ITMU in IT planning, co-ordination, implementation and IT operation is unacceptable from the operational as well as e-business planning points of view.

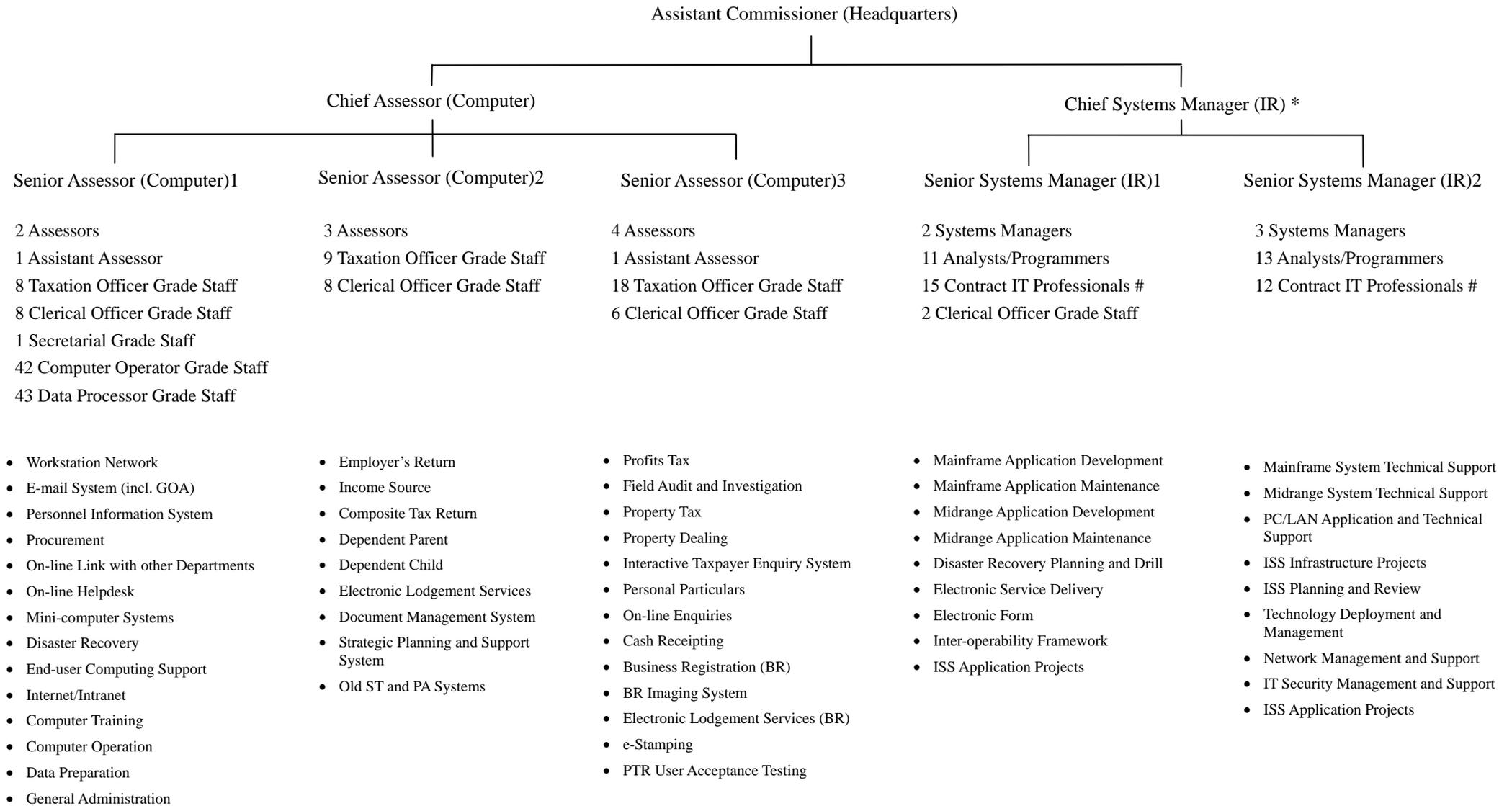
Financial Services and the Treasury Bureau
Commerce, Industry and Technology Bureau
November 2004

**Proposed Job Description of
the Permanent Chief Systems Manager Post (D1)**

The Chief Systems Manager (Inland Revenue) is responsible to the Deputy Commissioner of Inland Revenue (Operations) through the Assistant Commissioner (Headquarters) for the planning, management, co-ordination, implementation and delivery of Information Technology (IT) services in the Inland Revenue Department (IRD). The main duties and responsibilities include:

1. To oversee the computer operations and system maintenance within IRD, and the manpower planning, staff management and staff training of the Information Technology Management Unit in IRD.
2. To formulate management and deployment strategy for building IT infrastructure, systems architecture, information systems and database management system migration.
3. To provide advice on all IT related technical and policy matters and on technology management, and promote government's IT standards and practices in IRD; and to represent IRD in meetings related to IT matters.
4. To co-ordinate the delivery of E-government services in support of the E-government strategy.
5. To oversee the information security management and develop related standards, guidelines and procedures for meeting IT security requirements.
6. To be responsible for the planning, management, co-ordination and implementation of Information Systems Strategy Plan.
7. To steer IT staff, Computer Operator staff, Data Processing staff, Contract IT staff and external contractors in delivering the computer related products and services.
8. To formulate, recommend and execute strategies for IT outsourcing and the procurement of IT services and equipment.
9. To co-ordinate and support activities to enhance IT awareness and competence of IRD staff, and to encourage better and more intensive use of IT in IRD.
10. To act as the focal liaison point between IRD and the Office of the Government Chief Information Officer on issues concerning service-wide IT initiatives, technology infrastructure and grade management matters.

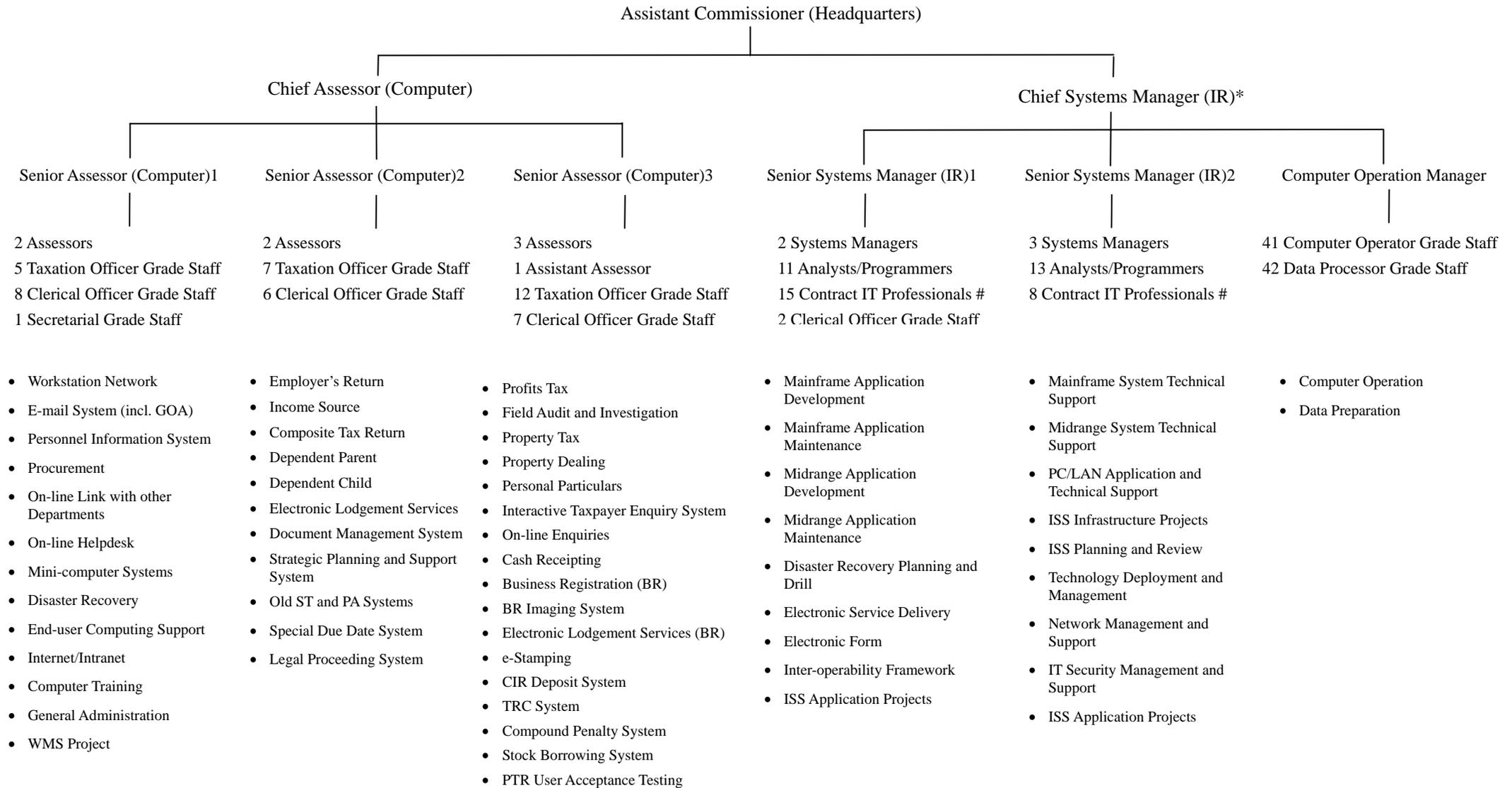
**Existing Organisation Chart of the Information Systems Division,
Headquarters Unit of Inland Revenue Department as at 1 October 2004**



* On loan from the Office of the Government Chief Information Officer

Including contract IT professionals hired for the development of ISS projects

**Proposed Organisation Chart of the Information Systems Division,
Headquarters Unit of Inland Revenue Department as at 1 April 2005**



* Post proposed to be created

Including contract IT professionals hired for the development of ISS projects