



Audit Report
21/05
State funds spent on the *Integrated Information System of State Treasury*

The audit was included in the audit plan of the Supreme Audit Office (hereinafter the “SAO”) for 2021 under No 21/05. The audit was headed and the Audit Report was drawn up by SAO Member RNDr. Vladimír Koníček.

The **objective of the audit** was to verify whether the state funds for the acquisition, operation and development of the *Integrated Information System of State Treasury* had been spent at the Ministry of Finance in an efficient, economical and effective manner and in accordance with the objectives of the eGovernment development.

The audit was conducted with the audited entities between February 2021 and November 2021.

The audited period was from 2015 to 2020; where relevant, the preceding period and the period up to the end of the audit were also scrutinised.

Audited entities:

Ministry of Finance (hereinafter the “MoF”),
State Treasury Shared Services Centre, state-owned enterprise, Prague (hereinafter the “STSSC”).

The **SAO Board** at its 3rd meeting held on 14 February 2022

approved by Resolution No 13/III/2022

the **Audit Report** as follows:

Integrated Information System of State Treasury

CZK 613 million

Expenditure on the operation and development of the IISSP¹ from 2016 to 2020 exclusive of VAT²

CZK 183 million

Paid by the MoF to the STSSC for operational and development support from 2/2019 to 12/2020³ exclusive of VAT

CZK 103 million

Paid by the STSSC to subcontractors for operational and development support from 2/2019 to 12/2020 exclusive of VAT

**CZK 365.5
million**

Maintenance costs for all SAP platform software products related to the IISSP from 2015 to 2020, exclusive of VAT

5,825

Average number of SAP user licences between 2015 and 2020. On average, 28% of these licences were not used by the MoF

**CZK 10.6
million**

Inefficiently spent on the maintenance of the 28% unused SW products between 2015 and 2020

¹ It includes costs of the MoF directly related to the operation and development of the IISSP, including expenditure for: operation and development support, implementation of the AFIS/MONITOR, implementation of cyber security and related legal services. It does not include the costs associated with the secure data centre (hereinafter the "SDC") and the *service desk* system (hereinafter the "SD"), as these costs are shared with other MoF information systems.

² The amounts are exclusive of VAT to limit distortions due to changes in the VAT rate.

³ Between 2011 and 2/2019, other contractors provided support for the operation and development of the IISSP. The STSSC was involved, in the period from 18 September 2018 to 17 March 2019, in the operation, support and development of the IISSP only as a subcontractor.

I. Summary and Evaluation

The objective of the SAO audit was to verify the economy, efficiency and effectiveness of the funds spent by the MoF on the acquisition, operation and development of the *Integrated Information System of State Treasury* (hereinafter the “IISSP”) and to ensure its compliance with the objectives of eGovernment development. In particular, the SAO looked into areas related to the IISSP operation, support and development services, implementation of measures to ensure the IISSP compliance with cyber security requirements, provision of professional services related to the IISSP, IISSP-related services of the service desk⁴, use of licensing rights for the use of SAP products and expenditure on maintenance of these licences. Most of these services are provided by the MoF through the STSSC as of 2019.

The SAO audit identified the following shortcomings:

To ensure the operation of the IISSP, the MoF spent inefficiently at least CZK 10.6 million from 2015 to 2020 for the maintenance of SW products on the SAP platform acquired in 2008.

From 2019 until the end of the audit, the MoF did not ensure compliance with the contractually agreed processes for managing reports in the service desk system.

The MoF had not met eGovernment sub-objective 3.6 *Implementation of a trusted electronic identification system in practice*, i.e., it had not introduced uniform authentication of the IISSP users, by the time the audit was completed.

For the current IISSP architectural solution, which uses the SAP R/3 platform, the provider will stop providing support services in 2027⁵ (or 2030). The MoF had not decided on a solution for the transition to a new platform by the time the audit was completed. The shortening timeframe for the decision to implement technological changes or to change the IISSP provider represents a risk to the economical use of resources for such a robust IS, especially in connection with the need to switch to a new technology platform.

By the end of the audit, the term “state treasury” was not defined in the legislation. The legislation defines two of the IISSP modules, the *budget information system* (RIS) and the *Central System for Financial Information of the State* (CSÚIS), and the data transfer obligations of the relevant entities.

The overall evaluation is based on the following facts:

Acquisition, maintenance and use of SAP SW products

The MoF purchased a total of 5,912 SAP user licences on the basis of the 2008 Licence Agreement. Between 2015 and 2020, the MoF did not use part of the SAP user licences in the range of approximately 800 to 2,000 per month. These SAP user licences had not been fully used in the previous period, either.

On the basis of the above, the SAO estimated the amount of at least CZK 10.6 million for the maintenance of unused licences as an inefficient spending of state budget funds. The MoF achieved a reduction of 400 unused user licences in negotiations with the provider between

⁴ Service desk is a term for a single point of contact between an IT service provider and users.

⁵ SAP has announced that it will discontinue support services for the SAP R/3 platform in 2027; support for some products is to be extended until 2030.

2009 and 2020⁶. However, this reduction was contingent on acceptance of the SW product to ensure the IISSP compliance with cyber security requirements. For this SW product, the MoF paid to the provider the amount of CZK 94.1 million.

Process of recording service desk reports

The SD reports maintained in the service desk of the MoF are to enable the MoF, among other things, to evaluate compliance with, or breach of, contractually defined parameters of the services provided (SLA⁷). Using a sample of audited reports, the SAO found that the MoF had not ensured the processing of SD reports in accordance with the defined workflow. The current method of maintaining the service desk system thus poses a risk of low reliability for the MoF in identifying potential breaches of SLAs with subsequent penalties.

Development of the IISSP in the framework of the *Information Concept of the Czech Republic*

The MoF committed itself to the implementation of the eGovernment sub-objective 3.6 *Implementation of a trusted electronic identification system in practice* within the *IISSP Architecture Development Plan*. Its implementation in the form of the implementation of the JIP/KAAS identity management⁸ was to be completed by the MoF by the end of 2019.

It did not meet this deadline and postponed the implementation of the JIP/KAAS until 31 December 2022. The MoF informed the Office of the Chief eGovernment Architect of the Ministry of the Interior (hereinafter the “Office of the Chief Architect”) about its procedure, and the Office of the Chief Architect expressed its consent to the further procedure.

Support for the existing architectural solution

For the current SAP products forming the architectural basis of the IISSP modules, the provision of maintenance services by SAP will be discontinued in 2027 (or 2030). The rate of customer adjustments for modified products is estimated by the MoF to range from 5% to 40%. The MoF is taking steps to prepare for the period of post-maintenance for existing SAP products. In particular, consultations with experts and the pilot operation of the new SAP HANA platform are underway. However, the MoF had not decided on the solution by the time the audit was completed. Any technological change to the solution would have implications for the specification of system features that need to be in place well in advance of the end of support for the current SAP platform.

The term “state treasury” in legislation

At the time the audit was completed, the definition of the term “state treasury” was not part of the generally applicable legislation. The legislation regulates two of the main modules of the IISSP, namely RIS and CSÚIS. In 2008, the MoF submitted a draft of Act No 304/2008 Coll., amending Act No 563/1991 Coll., on accounting, as amended, and certain acts, in which it proposed to enshrine the *Central System for Financial Information of the State* (hereinafter also “CSÚIS”) in the provisions of Section 1(3) of Act No 563/1991 Coll., on accounting. This amendment entered into force on 1 January 2010. Furthermore, pursuant to Act No 501/2012 Coll., amending Act No 218/2000 Coll., on budgetary rules and on amendments to certain related acts (the Budgetary Rules), as amended, and certain other acts, Act No 218/2000 Coll.,

⁶ Savings of approximately CZK 1.2 million including VAT per year.

⁷ SLA means a Service Level Agreement.

⁸ JIP/KAAS means the *Unified Identity Space/Catalogue of Authentication and Authorisation Services* (Czech acronyms).

on budgetary rules and on amendments to certain related acts (the Budgetary Rules), was amended, under which a *budget information system* was introduced in the provisions of Section 3(o) as a public administration system administered by the MoF.

The SAO recommends that the MoF should set milestones and define progressive steps leading to a decision on the technical solution of the IISSP after the end of support for the current architectural solution, as soon as possible.

Furthermore, the SAO recommends defining the links and rules of operation of the entire state treasury system, namely in the context of the announced termination of the provision of support services for the current IISSP technical solution and the decision on a new solution, which requires, for example, the definition of the links between individual modules, data flows and outputs, and the rights and obligations of individual users.

II. Information on the Audited Area

According to the Act of the Czech National Council No 2/1969 Coll., on the establishment of ministries and other central state administration authorities of the Czech Republic, the MoF is, among other things, the central state administration authority for the state budget, the state final account, the state treasury, taxes, fees and duties, financial management, financial control and accounting. The MoF is the operator of the IISSP, which is a tool for state finance management, centralisation of financial information of the state, and preparation and implementation of the state budget.

The STSSC is a state-owned enterprise that was established to implement the ICT strategy of its founder, the Ministry of Finance of the Czech Republic. It was established by the division of the state-owned enterprise State Printing Works of Securities (hereinafter also the “SPWS”), or, by a spin-off with the simultaneous establishment of a new state-owned enterprise.⁹ Act No 77/1997 Coll., on state-owned enterprises, as amended on 1 January 2015, did not expressly regulate the establishment of a state-owned enterprise by spin-off.¹⁰ The MoF applied the general regulation on the division of legal entities contained in Act No 89/2012 Coll., the Civil Code, to the formation of the state-owned enterprise by spin-off.

The intention of the MoF in establishing the STSSC was to ensure the reliable and secure operation of the critical information and communication technology (ICT) systems of the state, and therefore their secure operation and related data storage and archiving. The basic platform of the provided services is the services of the national data centre based on the principle of a centrally secured technical infrastructure for the operation of information systems, data storage and archiving and other centralised activities.

The STSSC (formerly SPWS) has been cooperating with the MoF since 2009 as the provider of a service desk and a secure data centre under the provisions of Section 18(1)(e) of Act No 137/2006 Coll., on public contracts, and since 1 October 2016 this vertical cooperation has continued under the provisions of Section 11 of Act No 134/2016 Coll., on public procurement. As of 2019, the STSSC is the provider of the IISSP support and development services.

Basic information about the *Integrated Information System of State Treasury*

According to the Resolution of the Government of the Czech Republic No 169 of 9 February 2005 *on the intention to create the state treasury*, the *Integrated Information System of State Treasury* was created by the MoF for the purpose of state finance management, centralisation of financial information of the state, consolidation of selected economic indicators for the public administration and comprehensive, accurate and timely reporting for the entire public sector in accordance with international standards.

The *Information System of the Register of Rights and Responsibilities* (AIS RPP¹¹) records the IISSP as a public administration information system; this record contains only the items listed in the basic information area. Other areas (e.g., usage, ISVS providers, application breakdown,

⁹ Resolution of the Government of the Czech Republic No 854 of 20 October 2014 *on the division of the State Printing Works of Securities, state-owned enterprise*.

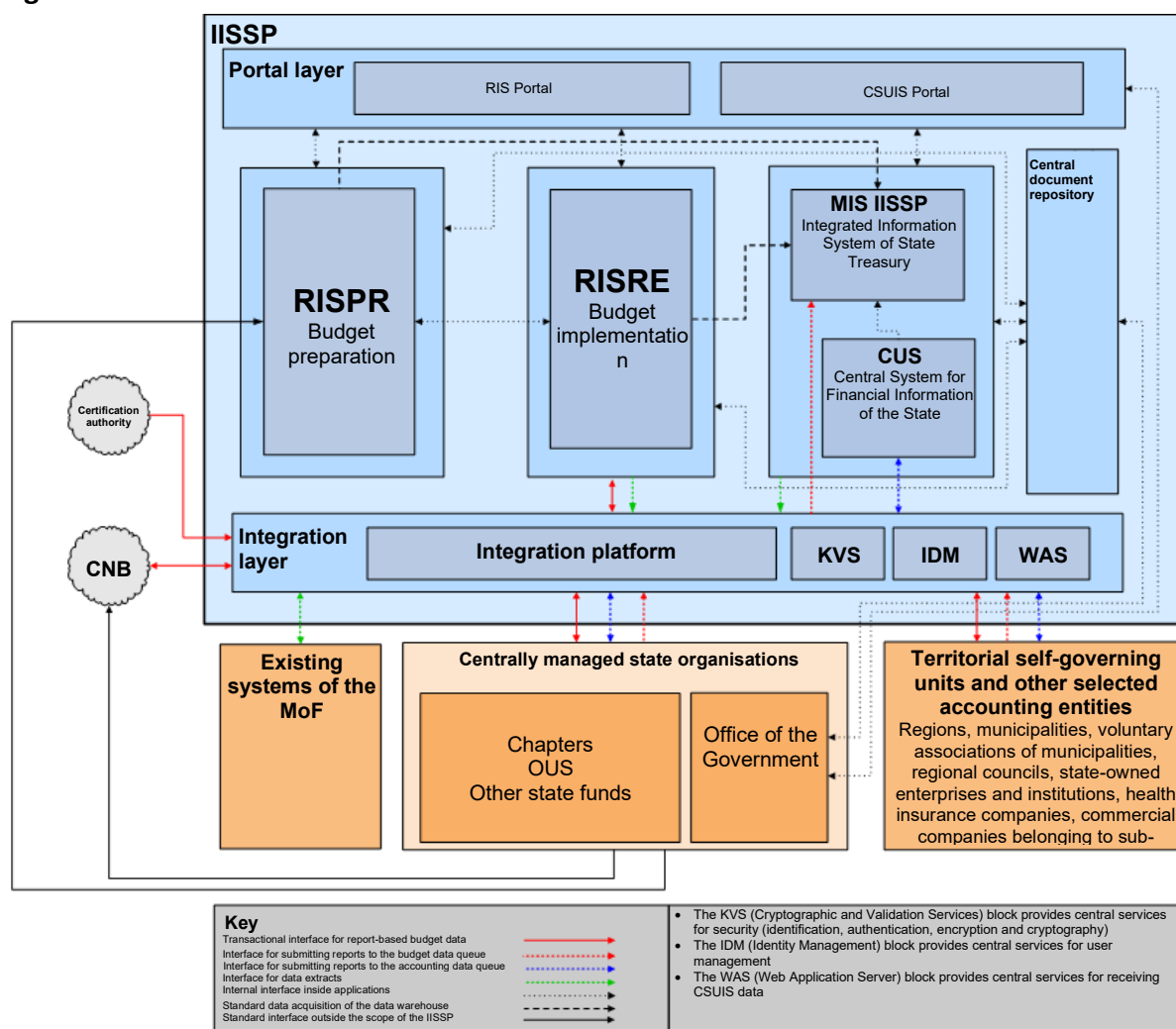
¹⁰ The establishment of a new state-owned enterprise by spin-off was explicitly regulated by Act No 319/2015 Coll., amending Act No 29/2000 Coll., on postal services and on amendments to certain acts (the Act on Postal Services), as amended, and Act No 77/1997 Coll., on state-owned enterprises, as amended, with effect as of 1 January 2016.

¹¹ Available at: <https://rpp-ais.egon.gov.cz/AISP/verejne/isvs/zobrazeni-isvs>.

security parameters, financial parameters) are not filled in. The agendas that the IISSP provides are not listed.

The individual modules of the IISSP are the CSÚIS, the *budget information system for budget preparation* (hereinafter also “RISPR”), the *budget information system for budget implementation* (hereinafter also “RISRE”) and the *Management Information System* (hereinafter also “MIS”). The architecture of the IISSP modules (see Figure 1) is based on the SAP platform (SAP R3).

Figure 1: Basic structure of IISSP modules



Source: MoF documentation.

Note: CUS = *Central System for Financial Information of the State*, MIS IISSP = *Management Information System*.

The IISSP project was launched in January 2009, the productive launch of the CSÚIS module was initiated in January 2010, the RISRE pilot operation was launched in January 2012 and the RISPR module was launched in July 2012.

Supplier relations between the MoF and the STSSC

In total, the MoF paid to the STSSC a total of CZK 183.2 million exclusive of VAT for operations and development support services between March 2019 and December 2020. Of this, the STSSC paid CZK 103.1 million exclusive of VAT to its subcontractors, see Table 1.

**Table 1: Overview of payments for the provision of support for the operation and development of the IISSP exclusive of VAT
(from March 2019 to December 2020)**

Payment	MoF	Payments of the STSSC to subcontractors
– flat-rate	CZK 114,419,909.67	CZK 46,921,998.93
– to order	CZK 68,810,628.25	CZK 56,190,250.00
Total	CZK 183,230,537.92	CZK 103,112,248.93

Source: documentation of the STSSC; table prepared by the SAO.

III. Scope of the Audit

The objective of the audit was to verify whether the state funds for the acquisition, operation and development of the IISSP had been spent at the MoF in an efficient, economical and effective manner and in accordance with the objectives of the eGovernment development.

The efficiency was examined by the SAO in relation to the funds spent by the MoF on the maintenance of SAP user licences, which had been purchased for the needs of the IISSP already in 2008.

As regards the economy and effectiveness of the use of funds, the audit of both the audited entities focused on the examination of procurement (public contracts) and contracts for the provision of services related to the support, operation and development of the IISSP. This area also includes secure data centre and service desk services for the IISSP. Within the audit, the Supreme Audit Office (SAO) also examined the fulfilment of the set service parameters (SLA) and the fulfilment of processes in the IS service desk on a sample of selected SD reports.

In terms of compliance of the IISSP with the objectives of eGovernment development, the SAO audit focused on the implementation of sub-objective 3.6 *Implementation of a trusted electronic identification system in practice*. Specifically on the area of introducing the JIP/KAAS into the current IISSP modules; the MoF committed to execute that step by the end of 2019.

The SAO audited seven public contracts and contractual relationships related to the support, development and operation of the IISSP at the MoF and nine public contracts and contractual relationships at the STSSC.

At the MoF, the audit also focused on the legal anchoring of the IISSP and on the methodological management and monitoring of the transmission of data to the IISSP, including the application of the established penalty mechanisms.

The audited amount of funds was CZK 3.647 billion.¹²

Note: The legal regulations indicated in this Audit Report are applied in their wording valid and effective for the audited period.

¹² It also includes expenditure on the SD and the SDC, which cannot be precisely specified in relation to the operation of the IISSP, but the operation of the IISSP cannot do without the SDC.

IV. Detailed Findings of the Audit

IV.1 Operation of the IISSP

The operator of the IISSP is the MoF. From the establishment of the IISSP until 2019, the MoF outsourced the technical support of the IISSP operation (secure data centre, support, operation and development services and cyber security services). From 2019 until the end of the audit, all of these services were provided on a vertical collaboration basis through the STSSC.

Rights to use SAP SW products

The product basis for the IISSP is the SAP architecture. To ensure the operation of the IISSP, the MoF purchased a total of 5,912 user licences on the basis of the *contract for the supply of the Integrated Information System of State Treasury (IISSP) and related services no 332/215/2008* of 22 December 2008, or, its Annex 1 entitled *Licence Agreement with a contract for the provision of maintenance services* (hereinafter the “Licence Agreement”). This was before the actual setting of the IISSP target concept and the subsequent implementation of the IISSP solution, in accordance with the estimate made in the tender documentation.

The IISSP solution provider reserved the possibility of changing the price of maintenance of SW products by adjusting the percentage rate within the Licence Agreement. According to the wording of the agreement, the MoF had the option to pay, in the event of the purchase of a large number of licences, the amount in accordance with the applicable price list.

Reduction of the number of licences already purchased by the MoF is only possible on the basis of a joint agreement with the provider and a change in the wording of the agreement in the form of an amendment.

Since 1 December 2008, the MoF has had three types of user licences for the use of SAP SW products. These licences are specifically: Developer User (20), Professional User (approximately 5,000) and Limited Professional User (approximately 800). The number of these licences was changed by two amendments to the Licence Agreement, namely Amendment 1¹³ and Amendment 18¹⁴. From 22 December 2008 to 31 December 2020, the MoF spent a total of CZK 271.9 million exclusive of VAT on the acquisition of the licences. In the same period, it spent CZK 661.1 million exclusive of VAT on the maintenance of these licences. In total, the MoF thus spent CZK 933 million exclusive of VAT on the basis of the Licence Agreement.

Use of licences and evolution of the number of licences

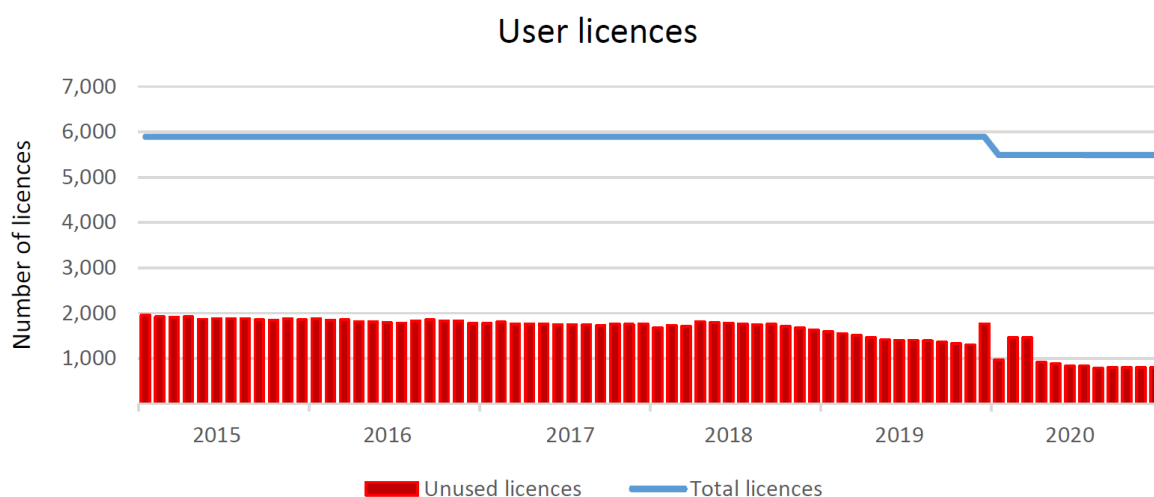
During the audited period, the use of the acquired licences was continuously monitored by the MoF through the *reports on the performance of support services / reports on the provision of support services for the IISSP operation*. These reports are generated from standard SW tools as part of the monitoring of the product platform and are submitted to the MoF for acceptance on the basis of IISSP support and development contracts. In terms of the licence usage, the number of Limited Professional User licences was exceeded in the audited period,

¹³ The amendment reduced the number of Professional User licences in favour of Limited Professional User licences. Along with this change, the number of other SW products was increased, so the total value remained unchanged.

¹⁴ Amendment 18 reduced the total number of Professional User licences by 400 and thus the total value of the maintenance calculation base by CZK 5 million.

but these exceedances did not reach the total number of all contracted user licences. For this reason, the provider did not request an increase in the number of contracted Limited Professional User licences. The above reports from the IISSP support provider show that, in terms of the licence usage, there was an excess of absolute number of user licences consisting of Professional User and Limited Professional User licences during the audited period. Between 2015 and 2019, the average monthly number of unused user licences was 1,733. Following the execution of Amendment 18 to the Licence Agreement, which reduced the total number of user licences by 400¹⁵, i.e., as of the beginning of 2020, the average number of unused user licences was 949. The evolution of the number of unused licences in each month is shown in Chart 1. The average number of unused user licences between 2015 and 2020 was 1,631, i.e., 28% of those held. The MoF does not have information on the costs it pays for the maintenance of each type of licence. However, the MoF pays for all surplus user licences on a quarterly basis for maintenance according to the wording of the Licence Agreement and its amendments. The price for the maintenance of the SW products is 22% of the value of the rights to use the SW products per year.

Chart 1: Overview of the use of user licences in the audited period



Source: information from the audit, own calculations of the SAO.

The amount of the funds spent on the maintenance of unused Professional User licences was calculated by the SAO on the basis of the calculation of the value of the price of individual licences contained in Amendment 18, which had reduced the number of Professional User licences by 400. Specifically, the SAO determined the quarterly value of maintenance of the Professional User licence based on the difference between the amount invoiced before Amendment 18 to the Licence Agreement became effective and the amount invoiced after the Amendment became effective. The difference amounted to CZK 241,999 exclusive of VAT, i.e., CZK 605 per user licence.

The price list value of 1 Professional User licence contained in the Licence Agreement is CZK 80,000 exclusive of VAT, i.e., CZK 405.6 million exclusive of VAT for 5,070 Professional User licences at the price list value.

¹⁵ Savings of approximately CZK 1,171 thousand including VAT per year.

On the basis of the information provided in Amendment 18 to the Licence Agreement, the SAO determined the value of 1 Professional User licence to be CZK 12,647 exclusive of VAT. For 5,070 Professional User licences, the total price corresponds to CZK 64.1 million.

According to the SAO's calculation, the MoF paid CZK 207.7 million exclusive of VAT for the acquisition of rights to SAP SW products without the above-declared value of SAP Professional User licences. However, this amount exceeded the value calculated on the basis of the price list unit prices in CZK (CZK 177.3 million exclusive of VAT) contained in Annex 1.1 to the Licence Agreement by CZK 30.5 million exclusive of VAT. The MoF thus purchased this part of the rights to use SAP SW products at prices higher than the list prices at the time of signing the agreement.

In the years 2015-2020, the MoF did not use part of the user licences for SW products purchased under the Licence Agreement in the range of approximately 800 to 2,000 per month. Most of these unused licences were Professional User licences.

The highest usage of Professional User licences by the MoF occurred in August 2020, with 4,702 out of a total of 5,492. As a result, the MoF did not use 790 Professional User licences (555 licences plus a 5% reserve¹⁶) in August 2020, which was the lowest number of unused licences since the beginning of the period under review.

Table 2: Calculation of the MoF expenditure for maintenance of unused licences for SAP SW products in 2015-2019

Variant	Total number of paid user licences, in units	Number of user licences used, in units	5% reserve, in units	Difference between paid and used user licences, in units (taking into account a 5% reserve)	MoF expenditure for unused user licences (annually)
v1 – maximum number of licences used	5,892*	4,702**	235	955	CZK 2,311,100
v2 – average number of licences used	5,892*	4,159	208	1,525	CZK 3,690,500

Source: documentation of the MoF; prepared by the SAO.

* The total number of paid user licences is shown excluding Developer User licences.

** August 2020.

Table 3: Calculation of the MoF expenditure for maintenance of unused licences for SAP SW products from 2020 onwards

Variant	Total number of paid user licences, in units	Number of user licences used, in units	5% reserve, in units	Difference between paid and used user licences, in units (taking into account a 5% reserve)	MoF expenditure for unused user licences (annually)
v1 – maximum number of licences used	5,492*	4,702**	235	555	CZK 1,343,100
v2 – average number of licences used	5,492*	4,543	227	722	CZK 1,747,240

Source: documentation of the MoF; prepared by the SAO.

* The total number of paid user licences is shown excluding Developer User licences.

** August 2020.

¹⁶ The 5% reserve in the number of user licences for SAP products is based on the SAO's audit practice (see Audit 20/07 – *Funds spent on information and communication technologies at the Ministry of Agriculture*).

Based on audit calculations (see Tables 2 and 3), the SAO estimated that in 2016-2020 the expenditure of the MoF on maintenance of SW products in relation to unused Professional User licences had amounted to CZK 10.6 million (the calculation is based on the maximum number of used licences according to the Licence Agreement). In the case of a calculation based on the average number of unused licences, these costs would amount to CZK 16.5 million.

On the basis of the above, the SAO assessed the expenditure of CZK 10.6 million for the maintenance of SW products as an inefficient use of funds in the performance of public administration and the activities of the chapter administrator.

Within the framework of the obligation of the chapter administrator to monitor and evaluate the economy, efficiency and effectiveness of spending in its chapter, the MoF had achieved a reduction of 400 unused user licences in the last 10 years in negotiations with the provider. However, this reduction was contingent on acceptance of the SW product to ensure the IISSP compliance with cyber security requirements. For this performance, the MoF paid to the provider the amount of CZK 94.1 million. The cost of maintenance of SW products acquired for cyber security purposes amounted to CZK 2.1 million per quarter. The conclusion of the agreement expanded the portfolio of services (products) delivered for the IISSP by the provider.

IV.2 Process of recording service desk reports

According to the internal regulations of the MoF, every user of the IISSP is obliged to register any event¹⁷ in the IISSP through the service desk application of the MoF as an SD report. The SD system serves as an initial identifier of violation of qualitative parameters of given services (so-called SLA). Based on the SLA breaches indicated by the SD system, a detailed analysis is performed by the MoF.

Between 2015 and 2020, the MoF paid CZK 90 million exclusive of VAT (CZK 109 million including VAT) for the provision of flat-rate SD services for all MoF systems. Between 2015 and 2020, 35% of recorded SD reports were directly related to the IISSP.

In the period from June 2016 to December 2020, the MoF identified and applied two penalties in the total amount of CZK 39,333 for violations of qualitative parameters specified in contracts¹⁸.

In order to analyse the SD report records, the SAO verified the SD report process on the basis of the workflow set out in the mandatory annex to contract No 19/906/0008 entitled *Workflow SD Report Management* (hereinafter the "Workflow").

For this reason, 19 SD reports indicated as potential SLA violations were analysed in more detail by the SAO.

- Of these 19 SD reports analysed, none had a closure code entered for the report and in 13 cases the cause of the report was not given.
- In 15 cases, reports were passed between the project teams without any reason being given. For 10 SD reports, the person of the project promoter for the MoF team is identical to the project promoter for the provider's team, and thus it is highly non-

¹⁷ An event in the sense of an incident, aid application or request for information.

¹⁸ Contract No 19/906/0008 and contract No 9009/030/2016.

transparent to identify the activities carried out by the project promoter as a representative of the MoF team and the provider.

- In three cases, the SLA was suspended without giving a reason according to the list contained in the Workflow and without forwarding the SD report to the manager of the project group. In two cases, the Workflow was not followed in terms of changing the status of the SD report to “resolved”. For SD reports for which the user does not respond even after an urgent request for the requested information, the project promoter is entitled to consider the report closed after 10 working days. In one case, the status was changed to “resolved” without requesting a response from the user, which is in violation of the Workflow.

Table 4: Overview of procedural shortcomings in the processing of SD reports and their relation to the Workflow

Procedural shortcoming	Workflow SD Report Management (section)	Number of occurrences
Transmission of a report without giving a reason	3.2.7, paragraphs 2 and 4	15
No closure code	3.2.8.	19
Absence of the cause of the event	3.2.8.	13
Suspension of the SLA without giving a reason	3.2.5.1.	3
Closing a report without requesting a response from the user	3.2.6.2.	2
Exceeding the 5-day time limit for commenting on the workflow	3.2.2.	1

Source: documentation of the MoF and the STSSC; prepared by the SAO.

From a procedural point of view, according to the SD report management workflows, not one of the 19 SD reports analysed was error-free, see Table 4. Thus, the MoF failed to ensure that the SD reports were processed in accordance with the binding annex to contract No 19/906/0008 marked *Workflow SD Report Management*. The SAO assessed these facts as a risk to the reliability of the SLA violation reports, as the MoF had not ensured that the workflow to identify violations of SLA parameters resulting in penalties was followed for the SD reports audited.

IV.3 Development of the IISSP

The MoF is responsible for the development of the IISSP. The MoF outsourced these services from the inception of the IISSP until 2019. From 2019 to the present, all these services, as in the case of operations, are provided on a vertical cooperation basis through the STSSC. A comparison of development prices (for the individual contractors) is shown in the table below.

Table 5: Comparison of rates per man-day of development

Period	Uniform rate per man-day
2014-2016	CZK 15,300
2016-2019	CZK 7,000
from 2019 onwards*	CZK 10,662

Source: contractual documentation, prepared by the SAO.

* The table shows the value of the weighted average price of 1 man-day of work performed to order.

Development of the IISSP in accordance with selected objectives of the *Information Concept of the Czech Republic*

The *Information Concept of the Czech Republic*¹⁹ (document Ref. No 820/2018 approved by Government Resolution No 629 of 3 October 2018, on the “Digital Czechia” programme and the draft amendments to the Statute of the Government Council for Information Society) focuses on the development of electronic identification systems under sub-objective 3.6 *Implementation of a trusted electronic identification system in practice*. This objective is further elaborated in the *National Architectural Plan*²⁰. In the previous period, this objective was already part of the approved *Public Administration ICT Service Development Strategy* of 2 November 2015 as measure O26 – *Complete the implementation of unified identification and authentication of public administration clerks and officials in the Czech Republic in connection with the CzechPoint identity space according to the principle of “one clerk/official, one electronic identity for ISVS*.

The *National Architectural Plan*, which follows the *Information Concept of the Czech Republic*, states, among other things: “Civil servants and other public administration staff should preferably use the Unified Identity Space (JIP) and the Catalogue of Authentication and Authorisation Services (KAAS) for their identification. If the IS is not connected to the JIP/KAAS, the subject administrator together with the IS operator is responsible for the correct access settings and authentication is performed in the local identification system or directly in the IS.”

Pursuant to the provisions of Section 5a(2) of Act No 365/2000 Coll., on public administration information systems and on amendments to certain other acts, defined public administration entities are obliged to bring their information concepts and information systems into compliance with the *Information Concept of the Czech Republic*.

The objective of introducing identity administration through the JIP/KAAS was initially set by the MoF in 2018 in the document *Architecture Development Plan* with an expected implementation date of the end of 2019. However, by letter of June 2018, the MoF subsequently applied to the Ministry of the Interior, specifically the Office of the Chief Architect, inter alia, for a postponement of the planned date of adaptation of the IISSP to the JIP/KAAS system. It stated as reasons for the request that this infrastructure was not available at the time of the implementation of the IISSP. The Ministry of the Interior, or, the Office of the Chief Architect, after reviewing the request, issued a positive opinion on the deadline for completion by 31 December 2020.

Subsequently, by letter of December 2020, the MoF again requested the Office of the Chief Architect to extend the deadline due to restrictions during the emergency state and also due to technical issues associated with the discontinuation of support for certain major software components that were part of the IISSP. Subsequently, the adaptation of the IISSP to the JIP/KAAS system was repeatedly postponed by the MoF with the approval of the Office of the Chief Architect; according to the latest deadline set so far, it should be implemented by 31 December 2022.

The JIP/KAAS system for unified management of IISSP user identities had not been implemented by the MoF by the time of the audit completion and had therefore failed to meet

¹⁹ *Information Concept of the Czech Republic* is a concept of development of information systems of public administration and eGovernment. The Concept is prepared by the Ministry of the Interior and approved by the Government.

²⁰ The *National Architectural Plan* builds on the *Information Concept of the Czech Republic* and elaborates its individual objectives.

eGovernment sub-objective 3.6 *Implementation of a trusted electronic identification system in practice*, thus delaying the achievement of the strategy's objective.

IV.4 Support for the architectural solution

The availability of maintenance related to upgrades of individual components is crucial for the lifetime and up-to-dateness of SAP products. The provider of the current IISSP architecture guarantees to the MoF that it will provide maintenance for most products until 2027 (or 2030).

According to the MoF estimates, customer adjustments ranging from 5% to 40% have been made to selected SAP products for the IISSP purposes. The MoF has to decide whether to switch to the new SAP HANA platform after 2027 or to choose a completely different solution. However, the MoF had not decided on the solution by the time the audit was completed. The MoF is taking steps to prepare for the period of post-maintenance for existing SAP products. In particular, consultations with experts and the pilot operation of the new SAP HANA platform are underway.

IV.5 Legislation related to the IISSP

The MoF was building the IISSP on the basis of a strategic document called *State Treasury Project*, which was part of Resolution of the Government of the Czech Republic No 169 of 9 February 2005 *on the intention to create the state treasury*. According to the *State Treasury Project*, it was desirable to draw up a new law on the state treasury setting out the rules for the operation of the whole system. In the second half of 2005, the MoF prepared a substantive draft of the State Treasury Act, but after an external comment procedure at the beginning of 2006, it withdrew from the preparation of the Act and decided to amend existing laws instead.

The legislation had not defined the term “state treasury” by the time the SAO audit was completed²¹. On the basis of the fulfilment of the tasks resulting from the *Schedule of works on the creation of the state accounting*, which was submitted for information at the Government meeting on 5 September 2007 (Ref. No 1295/07), and on the basis of Resolution of the Government of the Czech Republic No 561 of 23 May 2007 *on the creation of the state accounting*, the establishment of the state accounting was approved as of 1 January 2010. This was implemented, inter alia, by Act No 304/2008 Coll., amending Act No 563/1991 Coll., on accounting, as amended, and certain acts, which entered into force on 19 August 2008 and became effective on 1 January 2010. As part of that amendment, the MoF anchored the *Central System for Financial Information of the State* in the provisions of Section 1(3) of Act No 563/1991 Coll.

Then, in 2012, the MoF submitted a proposal to amend Act No 218/2000 Coll., on budgetary rules and on amendments to certain related acts (the Budgetary Rules). On the basis of the draft, Act No 501/2012 Coll. subsequently amended Act No 218/2000 Coll., as part of which Section 3(o) defined the *budget information system* as a public administration system administered by the MoF. The rules for collecting data in the RIS (RISPR/RISRE) are governed,

²¹ The SAO already pointed out this fact in its Audit Reports on Audits No 08/14 and No 20/34.

in particular, by Act No 218/2000 Coll. and Decrees Nos 133/2013 Coll.²², 419/2001 Coll.²³ and 5/2014 Coll.²⁴

The MoF committed itself once again to drafting a substantive plan for the State Treasury Act in the Government's *Legislative Work Plan for 2015*. It was approved by Government Resolution No 1056 of 15 December 2014. However, this task was cancelled by Government Resolution No 329 of 6 May 2015. In background document no 444/15 to that Government Resolution, the MoF stated as a justification for the cancellation of the task that the issue that was to be addressed by the draft new legislative norm was addressed in the framework of the amendment to Act No 218/2000 Coll., which proposed to include other entities under the general account of the state treasury. The MoF did not proceed with the intention to prepare the State Treasury Act in the following period.

Example of bad practice:

The CSÚIS module contains a number of specific analytical statements; the key one in terms of contractual relations with individual providers and suppliers being the ancillary analytical statement – Part X (hereinafter “PAP X”).

The Methodology for the creation of PAP (version no 7 of 2020) created by the MoF states the obligation to track in the PAP X statement the PC identifier for all contracts awarded since 1 January 2014 to which the identifier has been assigned. However, the “Technical Manual (version 1.16.)” states that in the case of small-scale public contracts, the obligation to indicate the identifier is only for contracts implemented through an electronic marketplace or published on the contracting authority's profile. The documents prepared by the MoF for the registration of PC are thus contradictory.

In 2019, the MoF did not fill in the aforementioned identifier for the selected contractor for even one contract, and in 2020 only for one contract among those audited. Failure to fill in the public contract identifier leads to the impossibility of distinguishing the individual accounting entries contained in the relevant synthetic accounts in relation to the public contract identifier, and thus to the impossibility of allocating individual public contracts to the actual items contained in the selected synthetic accounts. Although the procedures contained in the PAP methodology are optional for entities completing the PAP, the procedure of the MoF as the administrator of the methodology was inefficient, as the MoF did not follow the procedures that it itself had established and implemented in the IISSP.

²² Decree No 133/2013 Coll., on determining the scope and structure of data for the preparation of the draft state budget law and the draft medium-term outlook of the state budget and the deadlines for their submission.

²³ Decree No 419/2001 Coll., on the submission of data for the preparation of the draft state closing account.

²⁴ Decree No 5/2014 Coll., on the method, dates and scope of data submitted for the evaluation of the implementation of the state budget, budgets of state funds, budgets of territorial self-governing units and budgets of voluntary associations of municipalities.

List of terms and abbreviations

AFIS	Accounting and financial information of the state
AIS RPP	<i>Agenda information system of the Register of Rights and Responsibilities</i> (Czech acronym)
CR	Czech Republic
CSÚIS	<i>Central System for Financial Information of the State</i> (Czech acronym)
ICT	information and communication technology
IISSP	Integrated Information System of State Treasury (Czech acronym)
Information Concept	<i>Information Concept of the Czech Republic</i>
IS	information system
ISVS	Public Administration Information System (Czech acronym)
IT	information technology
JIP/KAAS	Unified Identity Space/Catalogue of Authentication and Authorisation Services (Czech acronyms)
Licence Agreement	<i>Licence agreement with a contract for the provision of maintenance services, forming Annex 1 to contract no 332/215/2008 of 22 December 2008 for the supply of the Integrated Information System of State Treasury (IISSP) and related services</i>
MD	man-day
MIS	<i>Management Information System</i>
MoF	Ministry of Finance
MONITOR	Specialised information portal of the Ministry of Finance, which allows the public free access to budget and financial information at all levels of state and local government
Office of the Chief Architect	Office of the Chief eGovernment Architect of the Ministry of the Interior
PAP	ancillary analytical statement (Czech acronym)
PAP X	tenth part of the ancillary analytical statement
PC	public contract
RIS	<i>Budget information system</i> (Czech acronym)
RISPR	Budget information system for budget preparation (Czech acronym)
RISRE	<i>Budget information system for implementation</i> (Czech acronym)
SAO	Supreme Audit Office
SAP	Systeme, Anwendungen, Produkte in der Datenverarbeitung, Systems-Applications-Products in data processing
SD	service desk
SDC	secure data centre
SLA	Service Level Agreement

SPWS	State Printing Works of Securities, state-owned enterprise
STSSC	State Treasury Shared Services Centre, state-owned enterprise
SW	software
VAT	value added tax
Workflow	<i>Workflow SD Reporting Management</i> – document forming a binding annex to the <i>contract for the support and development of the IISSP and the provision of related services no 19/906/0008</i>