Extract from the report to the Public Accounts Committee on the management of government IT projects

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revision

I. Introduction and Results

1. This report presents the results of an audit of project management and effectiveness assessments of five government IT projects. The budgets (development expenses) for these five projects amount to between DKK 20.6 million and DKK 131.5 million. The audit was initiated by Rigsrevisionen in June 2008.

2. Budgets for government IT projects are often of significant value. Weaknesses in the planning and management of projects have in recent years occasionally made it necessary to allocate additional funds to ongoing projects, as the value of funds and human resources, already invested has made it impossible to discontinue the projects. Deciding to implement a project on a well founded basis and ensuring that the management of the implementation process is based on principles of best practice are excellent criteria for successful management of IT projects, but not necessarily the only criteria which should be met.

The audit objectives are as follows:

- Were the decisions regarding selection and implementation of the five selected IT projects made on an adequate basis, and were the roles and responsibilities in relation to implementation of the projects defined?
- Was the project management of the five selected projects, including, planning and monitoring of the activities, satisfactory?
- Did the five selected institutions undertake effectiveness assessments of the implemented IT projects, and did they collect experience regarding project management in a systematic manner?

3. The selected IT projects projects were:

- Electronic Law Database (Elektronisk Lovtidende - DKK 20.9 million), the Civil Affairs Agency (the Ministry of Justice).
- The CAP project (Common Agricultural Policy (EU) – DKK 131.5 million), the Danish Food Industry Agency (the Ministry of Food, Agriculture and Fisheries).
- Business Portal (Virk.dk – DKK 27.6 million), the Danish Commerce and Companies Agency (the Ministry of Economic and Business Affairs).
- miniMAKS (updating and quality assurance system – DKK 20.9 million), the National Survey and Cadastre (the Ministry of the Environment).
- POLTACHOVIRK (business control system – DKK 20.6 million), the National Police (the Ministry of Justice).

4. The five projects were selected as examples of government IT project. The projects reflect different ministerial areas in order to provide a broad picture of how departments work with project management and effectiveness assessments of IT projects.

Assessment Criteria
Rigsrevisionen has assessed the management of the projects in relation to either the standards set by the individual institutions, or in relation to principles of good practice governing the respective area (in the instances where no standards were established, or those established were considered inadequate).

5. The five projects were assessed across ministerial departments, and this audit report presents an overall assessment of the five selected institutions and projects in regard to the decision-making process, i.e. the basis for taking the decision to implement the projects, project management and effectiveness assessments.

6. This audit report does not provide an assessment of each of the selected IT projects, however, it provides an analysis of the five selected IT projects in relation to the three defined audit objectives. While project management is being assessed in a broad sense, the audit scope does not include assessment of project functionality, quality, and the aspect of value for money, or whether the projects have been successfully implemented.

RESULTS OF THE EXAMINATION

The selected institutions had in many instances applied relevant project management tools. Rigsrevisionen finds, however, that the management and effectiveness assessments of the five selected IT projects could be improved. The decision-making process, i.e. the completeness of provided information prior to deciding on whether to implement the projects, was in several instances inadequate and the management of the projects did not in all instances comply with best practise for project management. Furthermore, a number of the objectives defined for the five selected IT projects were not specific, which complicated the subsequent effectiveness assessments of the projects.

Rigsrevisionen's assessment is in line with statements made by the Ministry of Finance. The ministry has stated that it does not have adequate documentation to assess whether the selected projects are representative of government IT projects. However, according to the Ministry of Finance, there is considerable scope for improvement in regard to management and implementation of government IT projects.

Rigsrevisionen's overall assessment is based on the following:

The basis upon which it was decided to implement most of the IT projects was not completely adequate. While all five institutions had defined roles and responsibilities in relation to the implementation of the IT projects, the decisions to implement the five selected projects were not based on adequate risk analyses, budgets and cost benefit analyses.

- Four of the five institutions applied/are applying a pre-defined project model to manage the projects. All five institutions had established a governance structure for all the projects, defining roles and responsibilities relating to the implementation of the projects. The institutions had also defined clear overall objectives for the projects.

- The basis of decision for the IT projects could be more adequate in four of the five institutions. Three institutions had not undertaken a risk analysis, three institutions had only to a limited extent conducted a cost benefit analyses, and one institution had not included adequate budget data. Rigsrevisionen finds that decisions regarding implementation of IT projects should be in accordance with best practice and include both a risk analysis and a cost benefit analysis.

The project management of the five IT projects was not entirely satisfactory. None of the five institutions had applied all the elements which in Rigsrevisionen's opinion are indicative of good project management. For instance, weaknesses were identified in regard to definition of project objectives, milestones and compliance with monitoring and reporting standards defined by the institutions. All five institutions had defined the project organisation and had undertaken an analysis of the tenderers, as part of the tender process, prior to selecting the IT-supplier.

- All five institutions had defined the project organisation of the IT projects, either in the contract with the supplier or in the project plans. Both structure of the project and mandate of the project members had been defined. All five institutions had also conducted an analysis of the relevant suppliers, and documented the analysis and the selection of tenderer.

- The planning of the five projects, with respect to definition of milestones and project objectives, was deficient. Two institutions had not defined performance targets, and weaknesses were identified in three institutions, in regard to the estimation of the human resources budget. Defining measurable objectives and performance targets is essential, as they provide the basis for the ongoing monitoring of project progress and the final assessment of the overall success of the project.

- All five institutions had defined standards for undertaking meetings and reporting on results. However, in two of the five institutions, these standards could be improved with respect to content and frequency. In four of the five institutions, the actual monitoring and reporting of results were not in compliance with the standards defined by the institutions. Two institutions did not comply with their own meeting standards, and four institutions did not comply with their own monitoring and reporting standards. Only one institution acted in accordance with its own standards of monitoring and reporting of results. Four of the five institutions did not include a budget status in the regular project status reports provided to management.

Most of the institutions intended to conduct overall assessments of effective-ness, but they had not documented these intensions. A couple of the institutions collect experience regarding project management in a systematic manner.

- Two of five institutions have regularly assessed their IT projects in relation to the objectives and performance targets defined for the projects, and one institution has planned to evaluate achievement of the objectives. None of the three institutions which have implemented their IT projects have conducted overall assessments of effectiveness. Three of the five institutions have stated that they have plans for carrying out overall assessments of effectiveness.

- Three of the five institutions do not collect experience gained throughout the project management process in a systematic manner, and project management experience is only to a limited extent being passed on to the benefit of future projects.