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☛ Details: Public Hearing: Audit Report 07-5, A Review: Information Technology Projects

(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2007-08

(session year)

Joint

(Assembly, Senate or Joint)

Committee on Audit...

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
(**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
(**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

Record of Committee Proceedings

Joint Committee on Audit

Audit Report 07-5,

A Review: Information Technology Projects.

May 2, 2007

PUBLIC HEARING HELD

- Present: (7) Senators Sullivan, Lassa and Cowles;
Representatives Jeskewitz, Kerkman, Cullen
and Parisi.
- Absent: (3) Senators Decker and A. Lasee; Representative
Rhoades.

Appearances For

- None.

Appearances Against

- None.

Appearances for Information Only

- Janice Mueller, Madison — State Auditor, Legislative Audit Bureau
- Kate Wade, Madison — Legislative Audit Bureau
- Michael Morgan, Madison — Secretary, Department of Administration
- Oskar Anderson, Madison — Administrator, Division of Enterprise Technology, Department of Administration
- Hal Bergan, Madison — Administrator, Division of Unemployment Insurance, Department of Workforce Development
- Lynn Judd, Madison — Administrator, Division of Motor Vehicles, Department of Transportation
- Anna Biermeier, Madison — Director, Bureau of Vehicle Services, Division of Motor Vehicles, Department of Transportation
- Don Mash, Madison — Executive Senior Vice President, University of Wisconsin System

Registrations For

- None.

Registrations Against

- None.

Registrations for Information Only

- None.

October 18, 2007

PUBLIC HEARING HELD

Present: (8) Senators Sullivan, Lassa, Decker, A. Lasee and Cowles; Representatives Jeskewitz, Kerkman and Cullen.

Absent: (2) Representatives Rhoades and Parisi.

Appearances For

- None.

Appearances Against

- None.

Appearances for Information Only

- Janice Mueller, Madison — State Auditor, Legislative Audit Bureau
- Kate Wade, Madison — Legislative Audit Bureau
- Michael Morgan, Madison — Secretary, Department of Administration
- Oskar Anderson, Madison — Administrator, Division of Enterprise Technology, Department of Administration
- Pat LaShore, Madison — Administrator, Division of Technology Services, Department of Revenue
- Lynn Judd, Madison — Administrator, Division of Motor Vehicles, Department of Transportation
- Hal Bergan, Madison — Administrator, Division of Unemployment Insurance, Department of Workforce Development
- Andrea Reid, Madison — Director, Bureau of Tax and Accounting, Division of Unemployment Insurance, Department of Workforce Development

Registrations For

- None.

Registrations Against

- None.

Registrations for Information Only

- None.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end, positioned above a solid horizontal line.

Pam Matthews
Committee Clerk





WISCONSIN STATE LEGISLATURE

Joint Legislative Audit Committee

Committee Co-Chairs:
State Senator Jim Sullivan
State Representative Suzanne Jeskewitz

April 24, 2007

Mr. Frank Busalacchi, Secretary
Department of Transportation
120B Hill Farms State Transportation Building
Madison, Wisconsin 53707

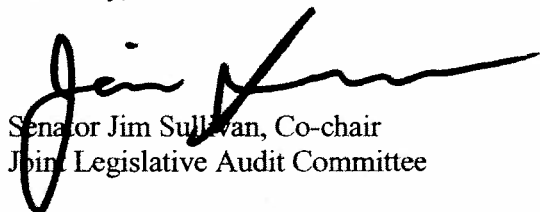
Dear Mr. Busalacchi:

As indicated on the enclosed hearing notice, the Joint Legislative Audit Committee will hold a public hearing on the Legislative Audit Bureau's review of *Information Technology Projects*, on Wednesday, May 2, 2007, at 9:00 a.m. in Room 411 South of the State Capitol.

As this report reviewed the Registration and Titling System (RaTS) project of the Department of Transportation, we ask you, or the appropriate members of your staff, to be present at the hearing to offer testimony in response to the audit findings and to respond to questions from committee members. Please plan to provide each committee member with a written copy of your testimony at the hearing.

Please contact Ms. Pam Matthews in the office of Representative Suzanne Jeskewitz at 266-3796 to confirm the Department's participation in the hearing. Thank you for your cooperation and we look forward to seeing you on May 2nd.

Sincerely,



Senator Jim Sullivan, Co-chair
Joint Legislative Audit Committee



Representative Suzanne Jeskewitz, Co-chair
Joint Legislative Audit Committee

Enclosure

cc: Ms. Janice Mueller
State Auditor



WISCONSIN STATE LEGISLATURE

Joint Legislative Audit Committee

Committee Co-Chairs:
State Senator Jim Sullivan
State Representative Suzanne Jeskewitz

April 24, 2007

Ms. Roberta Gassman, Secretary
Department of Workforce Development
201 East Washington Avenue, Room A400
Madison, Wisconsin 53703

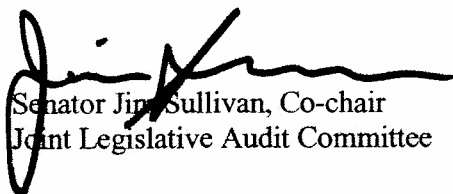
Dear Ms. Gassman:

As indicated on the enclosed hearing notice, the Joint Legislative Audit Committee will hold a public hearing on the Legislative Audit Bureau's review of *Information Technology Projects*, on Wednesday, May 2, 2007, at 9:00 a.m. in Room 411 South of the State Capitol.

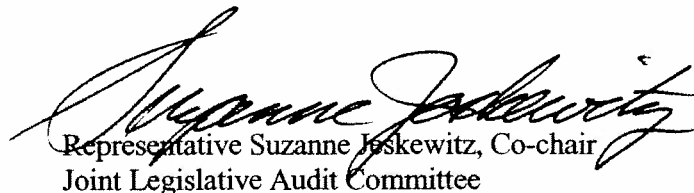
As this report reviewed the State Unemployment Insurance Tax Enterprise System (SUITES) and the Enhanced Automated Benefits and Legal Enterprise System (EnABLES) projects of the Department of Workforce Development, we ask you, or the appropriate members of your staff, to be present at the hearing to offer testimony in response to the audit findings and to respond to questions from committee members. Please plan to provide each committee member with a written copy of your testimony at the hearing.

Please contact Ms. Pam Matthews in the office of Representative Suzanne Jeskewitz at 266-3796 to confirm the Department's participation in the hearing. Thank you for your cooperation and we look forward to seeing you on May 2nd.

Sincerely,



Senator Jim Sullivan, Co-chair
Joint Legislative Audit Committee



Representative Suzanne Jeskewitz, Co-chair
Joint Legislative Audit Committee

Enclosure

cc: Ms. Janice Mueller
State Auditor



WISCONSIN STATE LEGISLATURE

Joint Legislative Audit Committee

Committee Co-Chairs:
State Senator Jim Sullivan
State Representative Suzanne Jeskewitz

April 24, 2007

Mr. Michael Morgan, Secretary
Department of Administration
101 East Wilson Street, 10th Floor
Madison, Wisconsin 53702

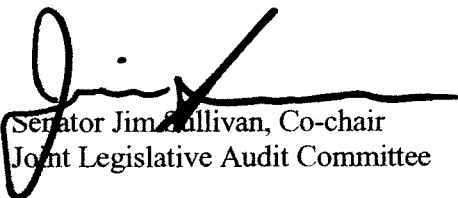
Dear Mr. Morgan:

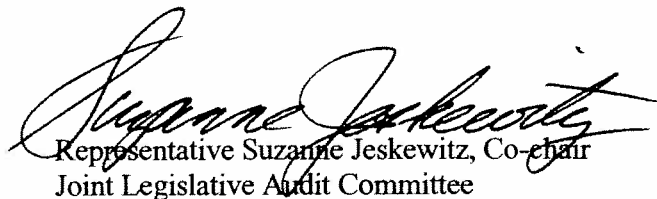
As indicated on the enclosed hearing notice, the Joint Legislative Audit Committee will hold a public hearing on the Legislative Audit Bureau's review of *Information Technology Projects*, on Wednesday, May 2, 2007, at 9:00 a.m. in Room 411 South of the State Capitol.

As this report relates to the activities of the Department of Administration, we ask you, and the appropriate members of your staff, to be present at the hearing to offer testimony in response to the audit findings and to respond to questions from committee members. We anticipate that your testimony would speak both to the larger role of the Department in oversight of information technology projects in the executive branch, and to the specifics of the server consolidation, e-mail consolidation, and Integrated Business Information System (IBIS) projects implemented by the Department. Please plan to provide each committee member with a written copy of your testimony at the hearing.

Please contact Ms. Pam Matthews in the office of Representative Suzanne Jeskewitz at 266-3796 to confirm your participation in the hearing. Thank you for your cooperation and we look forward to seeing you on May 2nd.

Sincerely,


Senator Jim Sullivan, Co-chair
Joint Legislative Audit Committee


Representative Suzanne Jeskewitz, Co-chair
Joint Legislative Audit Committee

Enclosure

cc: Mr. Oskar Anderson, Administrator
Division of Enterprise Technology
Department of Administration

Ms. Janice Mueller
State Auditor



WISCONSIN STATE LEGISLATURE

Joint Legislative Audit Committee

Committee Co-Chairs:
State Senator Jim Sullivan
State Representative Suzanne Jeskewitz

April 24, 2007

Dr. Kevin Reilly, President
University of Wisconsin System
1720 Van Hise Hall
1220 Linden Drive
Madison, Wisconsin 53706

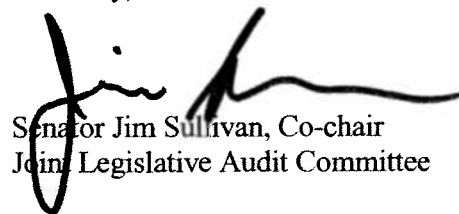
Dear President Reilly:

As indicated on the enclosed hearing notice, the Joint Legislative Audit Committee will hold a public hearing on the Legislative Audit Bureau's review of *Information Technology Projects*, on Wednesday, May 2, 2007, at 9:00 a.m. in Room 411 South of the State Capitol.

As this report reviewed the Appointment, Payroll, and Benefits System (APBS) project of the University of Wisconsin System, we ask you, or the appropriate members of your staff, to be present at the hearing to offer testimony in response to the audit findings and to respond to questions from committee members. Please plan to provide each committee member with a written copy of your testimony at the hearing.

Please contact Ms. Pam Matthews in the office of Representative Suzanne Jeskewitz at 266-3796 to confirm the Department's participation in the hearing. Thank you for your cooperation and we look forward to seeing you on May 2nd.

Sincerely,


Senator Jim Sullivan, Co-chair
Joint Legislative Audit Committee


Representative Suzanne Jeskewitz, Co-chair
Joint Legislative Audit Committee

Enclosure

cc: Ms. Janice Mueller
State Auditor



Information Technology Projects

Legislative Audit Bureau

May 2007

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Executive Branch Agencies and IT Projects Reviewed

Agency	Number of Projects
Departments	
Administration	18
Agriculture, Trade and Consumer Protection	4
Commerce	1
Corrections	7
Employee Trust Funds	1
Financial Institutions	16
Health and Family Services	10
Justice	4
Military Affairs	1
Natural Resources	19
Public Instruction	10
Regulation and Licensing	1
Revenue	13
Tourism	1
Transportation	19
Veterans Affairs	0
Workforce Development	43
Independent Agencies	16
Total	184

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Completed and Ongoing Projects

Agency	Completed Projects		Ongoing Projects		Agency Totals	
	Number of Projects	Final Costs <i>(in millions)</i>	Number of Projects	Projected Costs <i>(in millions)</i>	Number of Projects	All Costs <i>(in millions)</i>
DWD	26	\$ 7.2	17	\$ 81.7	43	\$ 88.9
DHFS	7	36.9	3	37.1	10	74.0
DOT	14	24.9	5	1.5	19	26.4
Elections Board	0	0.0	2	24.5	2	24.5
DOR	9	11.3	4	10.4	13	21.7
DOC	4	0.6	3	15.1	7	15.7
DOA	8	2.2	10	5.4	18	7.6
DNR	9	0.7	10	6.5	19	7.2
ETF	0	0.0	1	6.4	1	6.4
DPI	4	1.6	6	4.3	10	5.9
Subtotal	81	85.4	61	192.9	142	278.3
Other Agencies	22	5.2	20	8.2	42	13.4
Total	103	\$90.6	81	\$201.1	184	\$291.7

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Large, High-Risk, Completed Projects

Project Costs	Number	Percentage	Final Costs	Percentage of Total
<i>(in millions)</i>				
\$1.0 million or more	13	12.6%	\$70.2	77.5%
Less than \$1.0 million	90	87.4	20.4	22.5
Total	103	100.0%	\$90.6	100.0%

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Large, High-Risk, Ongoing Projects

Project Costs	Number	Percentage	Projected Costs (in millions)	Percentage of Total
\$1.0 million or more	22	27.2%	\$186.4	92.7%
Less than \$1.0 million	59	72.8	14.7	7.3
Total	81	100.0%	\$201.1	100.0%

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Projected Costs of Large, High-Risk, Ongoing Projects

Description	Agency	Projected Costs (in millions)
SUITES	DWD	\$46.4
Medicaid Management Information System (MMIS)	DHFS	32.3
EnABLES	DWD	23.6
Statewide Voter Registration System	Elections Board	22.7
Integrated Corrections System, Phase 1a	DOC	9.0
Income and Fiduciary Tax Software	DOR	6.5
Annuity Payment System	ETF	6.4
Integrated Corrections System, Phase 2	DOC	5.9
Other Agencies		33.6
Total		\$186.4

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Cost and Timeliness Standards

- ◆ Accurate cost estimates and realistic projected completion dates are necessary to assess planning and management performance
- ◆ 6 of 13 completed large projects met the cost standard
- ◆ 8 of 13 completed large projects met the timeliness standard

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DOT: Mail-In Title Processing Times

Quarter	Minutes to Serve 80 Percent of Customers at DMV Service Centers	Days to Process and Mail 90 Percent of Mail-In Titles
January through March 2004	28	27
April through June 2004	33	32
July through September 2004	30	37
October through December 2004	32	21
RaTS Implementation		
January through March 2005	45	64
April through June 2005	50	63
July through September 2005	47	81
October through December 2005	38	74
January through March 2006	38	63
April through June 2006	48	39

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DOR: Sales and Use Tax Software

- ◆ Initial contract signed in June 2000
- ◆ Expenditures through September 2006 have totaled \$24.9 million
- ◆ Software will be replaced by December 2007 at an estimated cost of \$3.3 million

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DWD: SUITES

- ◆ Projected costs have increased from \$27.7 million to \$46.4 million
- ◆ Business processes were not simplified
- ◆ Design specifications were not defined in advance

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DWD: EnABLES

- ◆ Expenditures totaled \$23.6 million in February 2007
- ◆ Business practices were not simplified
- ◆ Project was suspended in February 2007

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DOA: IT Consolidation Project Expenditures

	Expenditures <i>(in millions)</i>
Server Consolidation	\$20.2
E-mail Consolidation	6.4
IBIS	0.7
Total	\$27.3

12

FTE Positions Eliminated as a Result of Server Consolidation

Agency	Number Eliminated
DHFS	21.55
DWD	15.41
DNR	12.00
DGC	8.80
DOT	6.95
DOR	6.30
DOA	5.00
DFI	3.46
DATCP	2.75
PSC	2.50
Commerce	2.45
Other Agencies	8.88
Total	96.05

13

52 created
@ DOA

DOA: E-mail Consolidation

- ◆ Expenditures through September 2006 reached \$6.4 million
- ◆ Original projected completion date was June 2005
- ◆ Time line for project completion is currently unknown

14

DOA: IBIS

- ◆ \$135 million projected cost over 10 years
- ◆ Customization is to be controlled
- ◆ Project progress is to be monitored
- ◆ Staff costs are to be tracked

*- 100 types of software
\$66M - 116M - costs
\$500 - 35M - savings*

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DOA's Statutory Oversight Authority for IT Projects

- ◆ Review and approve annual strategic plans developed by the executive branch agencies
- ◆ Develop project development standards
- ◆ Develop methods for monitoring agency progress on IT projects

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Master Lease Financing

Agency	Total Costs Financed	Percentage of Costs Financed
DOA	\$155,271,500	52.7%
DHFS	40,434,400	13.7
DOR	40,222,000	13.7
DOT	20,152,800	6.8
DNR	12,184,000	4.1
DOC	8,354,100	2.8
DOJ	5,760,200	2.0
DWD	4,904,500	1.7
DFI	2,855,000	1.0
DPI	2,229,300	0.8
SWIB	1,000,000	0.3
Other Agencies	1,172,500	<0.4
Total	\$294,540,300	100.0%

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Statutory Mechanisms for Legislative Oversight of IT Projects

- ◆ Joint Committee on Information Policy and Technology
- ◆ IT Management Board
- ◆ Periodic reports to the Joint Committee on Information Policy and Technology from the UW System

18

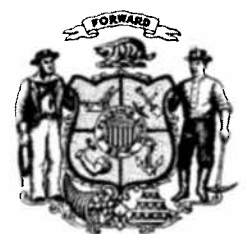
Recommendations for DOA

- ◆ Collaboration with executive branch agencies on selecting a:
 - format for agencies' annual strategic plans for IT
 - methodology for identifying high-risk projects
- ◆ Enhanced project monitoring, including performance measures, process for project modification, and methods for project recovery or discontinuance
- ◆ Policies and procedures to guide the use of master lease financing for IT projects, and an annual report on the program

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WISCONSIN STATE LEGISLATURE



Department of Workforce Development
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201 East Washington Avenue
P.O. Box 7946
Madison, WI 53707-7946
Telephone: (608) 266-3131
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e-mail: dwdsec@dwd.state.wi.us



State of Wisconsin
Department of Workforce Development
Jim Doyle, Governor
Roberta Gassman, Secretary

**Testimony of Administrator Hal Bergan
Division of Unemployment Insurance
Wisconsin Department of Workforce Development**

**Joint Legislative Audit Committee Hearing
on Legislative Audit Bureau's Review of Information Technology Projects**

May 2, 2007

Good morning Co-chairs Senator Sullivan and Representative Jeskewitz and members of the committee. Thank you for the opportunity to address the Legislative Audit Bureau's April 2007 evaluation of the state's IT projects, and in particular, DWD's two largest Unemployment Insurance Projects. The Department of Workforce Development recognizes the significant work that the Audit Bureau invested in producing this report. We concur with the recommendations included in the report, and we are working on their implementation. We look forward to reporting to the Joint Legislative Audit Committee in October 2007 on our follow-up actions regarding each of the recommendations.

With 43 completed and pending projects, DWD has the largest single share of the 184 projects examined by LAB. The fact the DWD was able to accurately report on the costs, timelines and resources on more projects than other agencies of our size, or larger, shows our commitment to tracking and monitoring our projects. We take our responsibilities to create the best business value for our customers very seriously. Despite our generally good track record our largest projects, SUITES and EnABLES, have been problematic.

The Division of Unemployment Insurance is responsible for collecting UI taxes from employers and distributing those monies through the UI benefits program to eligible claimants during periods of lay off. The two primary automated systems which support these efforts are the Tax/Wage System and the Benefits System. Each of these systems was created more than 25 years ago on a mainframe platform. Improvements and enhancements have been made to these applications over the years, but anticipated increased support costs for these old systems and the need for more programming flexibility prompted the division to develop plans for system replacement to take advantage of technological advances and increase the systems' functionality.

SUITES. SUITES is the project name for the modernization of our tax and accounting systems. LAB noted in their report that this project began in 1998 with a series of consultants and contractors who assisted the department in developing the project. The project was already well underway and was experiencing both cost growth and major schedule slippage when I took over as Division Administrator in May of 2004. During my first months on the job, much effort was spent negotiating with the vendor, Accenture, so that the project could go forward. This project, unlike EnABLES, is a custom-built system using the Microsoft .net technology.

After months of negotiation with Accenture and the successful implementation of Release 1 of the system, DWD decided that our interests would be best served by finishing the project ourselves. The Accenture personnel on the project were generally performing well, but the cost

of their services were more than we felt we could afford. There were also knowledge transfer advantages if we finished the project ourselves.

Today the SUITES project is in DWD's hands. This large, complex financial system is progressing steadily. Most of the programming of the project is complete and we are in the testing phase, which is a major part of a large project like this. The testing is going well and we are optimistic about meeting our release date of December, 2007 for the major part of the system. Since this is a financial system, UI is making every effort to ensure SUITES meets all accounting principles and practices and is free of errors. Employers must be able to depend on the accuracy of their tax rates and UI data. UI has delayed any system changes or enhancements which are not critical to the system to maintain the current timeline.

We are aggressively managing the project to stay on schedule and on budget. In our October 1, 2007 report to the committee we will outline our progress to date along with a timeline and detailed project cost.

EnABLES. The modernization of our benefits and appeals systems is called EnABLES. . The project was fundamentally different from SUITES in that the plan was to utilize off-the-shelf hardware -- known as Base Cúram -- and build the new system utilizing as much of its existing functionality as possible. The plan also called for the project to unfold in 6 releases. While building and implementing Release 1, we would be working on the system requirements for Release 2, dealing with appeals. While building and implementing Release 2, we would start gathering requirements for Release 3, dealing with adjudication. Doing several smaller releases seemed to be less risky than the "big bang" approach that was necessary for SUITES.

Release 1 of the new system was designed to install an imaging and workflow system for the division. This meant that we would eliminate most paper files and that virtually all documents in the system would be available within a few seconds to authorized staff in the agency. Release 1 took longer and cost more than expected, but works very well. During this first phase of the project we discovered that working with Base Cúram was more difficult and expensive than we expected. Though the software had been successful when it was utilized in other social services agencies, it proved to be less useful for Unemployment Insurance. As further evidence of this, the vendor is currently developing its own "UI module," designed to be more specific to the needs of an unemployment insurance agency.

We proceeded with Release 2 for the appeals process because we had already done much of work on the system requirements and were hopeful that what we learned about Base Cúram in Release 1 would make us more efficient in Release 2. This was not our experience during Release 2. Despite our experience with Release 1, programming costs continued to mount. This made it prohibitively expensive to complete Release 2. In early February we suspended the project and are now in the process of developing a new plan for handling the modernization of our benefits and appeals processes.

With an aging and unsupportable mainframe system staying with the status quo is not an option for us. Unemployment Insurance is a transaction-based enterprise and we have been highly automated for a long time. Last year we processed 604,000 initial claims and over 3.7 million weekly claims. We handled more than 20,000 appeals. Ten years ago our division had nearly 1,200 employees. Today we have less than half that number and technology is the reason why. We have an obligation to keep our systems up to date. More modern applications will make it possible for us to provide better service to the public and more efficient, effective processes for the UI staff. As we continue our planning efforts, quality and effective customer service will be our guiding principles.

Lessons Learned and Recommendations:

- 1. Large projects are inherently problematic.** There are more variables to manage, more opportunity for error, more system elements that need to work together. Looking to the future, we are expecting to do our work in smaller, more manageable increments. For example, the audit report faults DWD for inadequate planning for both SUITES and EnABLES. The reality is that describing the system requirements for such a large project is a very time intensive, demanding undertaking. In executing a large project, these requirements can become out of date as the project unfolds. Identifying system requirements for smaller, faster projects is more manageable. The same logic applies to the amount of programming and testing that is required. There is some inefficiency in working in smaller increments, but it is a much less risky strategy.
- 2. Working with large IT vendors is expensive and does not guarantee a positive outcome.** A review of the audit report shows that for most of the problematic large projects, a large national vendor is involved. They often bring impressive competence in programming and project management to a project, but not always. Moreover, the process has no transparency. We have no way of knowing how much these firms are making. One model to look to here is the success the state has had in reducing its drug costs. It has done this by working with a pharmacy benefit manager that is very transparent, ensuring that all drug company discounts are passed through to the state. Moving to a more transparent contracting model would likely bring significant savings to the state's IT projects. DWD will try to scale our projects so that most of the work can be accomplished with state employees and be less dependent on outside vendors.
- 3. Strong project management is needed to successfully execute a large IT project.** Skilled, effective project managers are hard to find. There was significant turnover in project managers in both SUITES and EnABLES and that turnover compromised our ability to succeed. A large project involves many people and literally thousands of tasks relating to planning, development, and testing. Keeping track of all those people and all that work demands a special set of skills and significant reserves of energy and character. Our plan is to increase our internal capacity for effective project oversight, and improve our skills in defining user requirements and project estimating. Developing stronger contract management and risk assessment is also a high priority. DWD is establishing its own project management office. We are hopeful that we can attract good outside candidates or "grow our own" from within the current ranks of state IT professionals.

Future Plans. DWD is committed to providing the best value to our taxpayers and our customers. We have reduced reliance on vendors to rein in costs; are working to obtain and retain the resources and skills needed in house to create these systems as cost effectively as possible; and, are refocusing our efforts for improved project management.

I appreciate the opportunity to comment on the Audit Bureau's report and to offer this testimony. I offer my deep appreciation for the hard work and dedication of the LAB staff on this important report as well as the outstanding public service of the many DWD staff who operate this complex program. I would be pleased to answer any questions that you may have.



**Testimony before the Joint Audit Committee
Regarding Information Technology Projects**

**by
Don Mash
Executive Sr. Vice President
University of Wisconsin System
May 2, 2007**

Good morning Representative Jeskewitz, Senator Sullivan, and members of the Committee. Thank you for inviting us here today to discuss the Audit Bureau's review of information technology (IT) projects. I'm Don Mash, Executive Senior Vice President of the UW System. With me are Julie Gordon who heads up our internal audit staff, and Ed Meachen our Chief Information Officer.

President Reilly regrets that he is not able to personally be here today due to a scheduling conflict.

The UW takes seriously its responsibility to manage our IT systems effectively and efficiently. We are reporting today on IT implementation improvements that have already been put into practice and those that are underway within the UW System.

In the last 10 years, the UW System has implemented several IT projects, including five enterprise-wide systems. Of those five large systems, four were implemented as planned. These included the student administration, library, course management, and shared financial systems.

Implementation difficulties with the fifth system – the Appointment, Payroll, and Benefits System, or “APBS” – resulted in our decision to pause that project in February 2006, and then make the tougher decision in July of last year to cancel implementation altogether.

In February 2007, the UW System completed its own review of its IT oversight procedures. Findings from that internal review are consistent with the LAB report that you received, in terms of cost, timeline, and implementation challenges with the APBS project.

In both reports, the lack of three things—standardized business processes, consistent communication, and complete project plans—were identified as contributing factors to implementation challenges with APBS.

To avoid this kind of scenario with future IT projects, UW System has made the following organizational, planning, and procedural changes:

- Project executive committees now approve implementation strategies and major business process changes.
- An IT project director position was created in UW System's Office of Learning and Information Technology. Reporting directly to the Chief Information Officer, this person is responsible for ensuring project-management “best practices” are followed.
- Future projects will require a more thorough planning process, including development of detailed project plans tied directly to the project budgets.
- Each level of oversight in the implementation process, such as the IT project director and executive committees, will regularly examine implementation timelines.
- Major IT projects will be “audited” by individuals external to project management to ensure adequate and appropriate progress is being made.

These changes are being applied as we plan to move forward with implementation of a human resources system and a procurement system. We have purchased and intend to implement the

Oracle/PeopleSoft software being used by DOA as part of its IBIS project. However, due to the magnitude, complexity, and discreet needs of these systems, UW and DOA staffs agreed on a "separate but parallel" implementations.

Close coordination will be important in this separate-but-parallel model. To that end, the UW System has shared with DOA a list of business practices and policies that presented challenges during the APBS project and will require statewide collaboration during the Oracle/PeopleSoft implementations. In addition, UW officials are currently participating on DOA's IBIS steering and other project committees.

In addition to these steps taken by UW System management, the Board of Regents will play a larger oversight role in UW System IT implementations.

At its March 2007 meeting, the Regents' Business, Finance, and Audit Committee discussed the UW System's internal review of IT implementation processes. That review covered:

- A review of oversight practices at other major universities;
- Recent changes made in UW System's approach to major IT projects;
- A discussion of the relationship between BOR approval for IT projects and subsequent project success.

Ultimately, our own staff recommended that the Board be provided with a complete inventory of major IT projects scheduled for implementation across the System. In addition, our report recommended regular status reports to the Regents on project implementation, including costs, timelines, progress toward meeting established benchmarks, and reports on any significant changes that might affect costs and timelines.

In March, the Regents postponed formal action on these recommendations, pending release of the LAB report. Now, we believe that we can move forward, since LAB's recommendations for additional reporting are entirely consistent with our internal recommendations.

At the Board of Regents' meeting next week, we will recommend to the Board a new policy that codifies four key points:

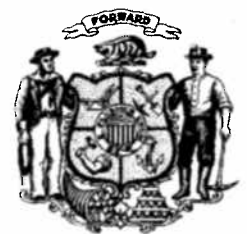
1. It requires the formal reports I just mentioned, including both the IT project inventory and regular status reports. The latter will be presented annually to the Business, Finance, and Audit Committee of the BOR.
2. It requires supplementary reports to the Regents if budgetary limits are exceeded.
3. We'll recommend that the Board fully endorse the LAB recommendation for reports to the Legislature on the human resources and procurement systems.
4. Finally, we'll ask the Board of Regents to go beyond the recommendation by the LAB, and require regular, formal reports to the Legislature any time that UW System management prepares IT implementation reports for the Board of Regents.

I believe the actions that I have just outlined strengthen UW System's IT implementation procedures and oversight. We are committed to ensuring accountability over IT system implementations within the UW System.

In closing, we want to express our appreciation to the Legislative Audit Bureau for their hard work on this report. We would be happy to address any questions the Committee members may have for me or my colleagues.



WISCONSIN STATE LEGISLATURE





**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

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Testimony of Secretary Michael L. Morgan
Joint Legislative Audit Committee Hearing
May 2, 2007

Representative Jeskewitz, Senator Sullivan, and members of the Audit Committee.

Good morning and thank you to the Audit Committee for your invitation to testify this morning on this important topic.

I appreciate the work Jan Mueller, Kate Wade and the Audit Bureau staff put into its review of IT projects, and the professionalism exhibited by the Bureau throughout the process.

And likewise, I appreciate the opportunity to discuss with committee members the Audit Bureau's findings and recommendations. These are issues crucial to the cost and quality of government services we deliver, so it's a discussion we look forward to, both with the committee and our agency partners.

As I wrote in my response letter to the Audit Report, I believe the audit recommendations are reasonable and appropriate, and DOA will implement them.

DOA has to manage its own IT projects more effectively, and, likewise, has to work with state agencies more effectively to increase project success rates across the enterprise and improve accountability for IT projects. We know these are complex challenges, and I am confident we can, and will, achieve the high levels of effectiveness and accountability that the Governor and this committee justifiably expect of us.

In Wisconsin, we've established a strategic direction for IT structure based on consolidation and shared services. I continue to believe that it is, fundamentally, the right course. It fits with Governor Doyle's determination to generate a sustainable source of savings for state and local governments, so that we can reinvest in our priorities: education, job growth, health care, and controlling property taxes.

Server consolidation, as one key example of our overall strategic direction, will over time help the state with the shortage of skilled resources, and allow agencies to concentrate staff on developing and supporting business applications that run on the base system software. Server consolidation has to be done differently and better, but the basic business drivers for it remain clear and compelling.

Likewise, it is clear that the state can achieve functional benefits by consolidating and standardizing e-mail services. This is an effort that involved a change in products after a pilot implementation at DOA, but the project has proceeded very well since then, and we are well on our way toward having an effective, common e-mail service with strong demand from state agencies.

With regard to the Integrated Business Information System, or IBIS, which is highlighted in the Audit Bureau's report, there remains a business imperative to complete the project. When DOA began considering the project, it found that state agencies maintain dozens of stand-alone systems to meet similar administrative business needs, including; 38 systems supporting human resources and payroll and 59 supporting financial management packages.

Some of these systems have been in place for up to 30 years, and key staff with the necessary skills to support them are approaching retirement. This fragmented environment of administrative systems makes it nearly impossible to answer simple operational business questions across the state agencies, and that has to change.

We were encouraged to learn that the Audit Bureau found our initial planning for IBIS quite effective, and we absolutely agree that it is crucial that we monitor IBIS going forward. But go forward we must – we need administrative systems that are more efficient, that are sustainable, and that allow the state to get the most out of its staff and its vendors.

So, we believe in our strategic direction for IT. We don't claim that one size fits all, and we will never use that as an iron-clad approach, but we know that we haven't come close yet to maximizing the value that consolidation and standardization can bring. Clearly, it is our planning, management and oversight that must improve.

I believe we have the leadership to accomplish that. I have great confidence in the state's new Chief Information Officer, Oskar Anderson. He brings more than 36 years of experience with extensive background in both the public and private sectors, and importantly, he brings a wealth of experience in IT project management. He's been the project manager or project director on large application development projects in the areas of transportation, corrections, motor vehicles, law enforcement and taxation. And, during my four years as Revenue Secretary, I saw first-hand how he mobilizes staff resources and how he solves problems. This is absolutely the right person to take on the challenges laid out by the Audit Bureau. DOA, through Oskar's leadership, is proactively and aggressively working with the Information Technology Directors' Council as a key advisory body. The Council is working on new planning processes that will play a major role in standardizing state applications.

I mentioned previously that server consolidation has to move forward, but differently. That is why we are working with an interagency Executive Steering Team of state financial and IT experts on the following principles for proceeding with consolidation;

- We will migrate key applications, regardless of agency while allowing them to develop their own consolidation plans;

- We will also co-locate current IT services at the state's new data center and house all new applications there to avoid possible disruptions from moving them later;
- I want to emphasize this last point. Establishing a new data center, which was funded in part by federal homeland security grants, has finally provided the state security and redundancy for critical applications that did not exist before.

This is important progress in an inherently complex interagency project, and I believe it demonstrates the kind of effective, collaborative process important for the success of enterprise wide IT projects.

I'm sure we can all agree by now that getting the most out of complex government IT projects isn't easy. But we have to stay squarely in the game. We have to continue investigating – aggressively *and* responsibly – any opportunities technology provides for us to serve Wisconsin residents better. Mid-course corrections is a key element of that resolve. The fact is that major IT projects rarely go precisely according to the original script, but they can still be very successful. There has to be accountability and there has to be consistent oversight, and we fully intend to improve in those areas.

In addition, one of the recommendations of the Audit Report was to reappoint the Joint Committee on Information Policy and Technology. We welcome the opportunity to work again with this committee.

Again, thank you for the opportunity to testify. Oskar and I are now happy to answer any questions members of the Committee might have.



Wisconsin Department of Transportation
Testimony before the Legislative Audit Committee
May 2, 2007

Thank you for the opportunity to address the committee. We have reviewed the report of the Legislative Audit Bureau (LAB) and understand the recommendation to report back in October 2007 on wait times in DMV. We are prepared to do that.

While we have concerns about the representations of the original cost estimate and the comparison of wait times before and after implementation of the registration and titling portion of our systems, I would like to give you a broader picture of the IT efforts that DOT is making and what we believe they are accomplishing.

Goals

The Department of Transportation began the redesign of legacy computer systems with the Division of Motor Vehicles in 1988 and implemented the first of 46 modules in 1991. The department sought to replace old technology with new technologies that would reduce DMV's cost of doing business and allows new options for issuing products.

- In 1991, DMV produced 5.45 products per staff hour.
- In 2007, DMV produced 9.03 products per staff hour.

Technology has made us more productive.

It is difficult to isolate the costs of replacing the legacy systems, because, in many cases, the Department redesigned a system in order to implement federal or state legislation. Even without replacing the legacy system, the Department would, for example, have incurred the cost of:

- creating the federally mandated Commercial Driver Licensing System in the early 1990s
- implementing 1997 Wisconsin Act 84, overhauling state laws on driver license revocations and suspensions
- implementing the Federal USA Patriot Act in 2005
- linking to national databases for stolen cars
- implementing the Federal Motor Carrier Safety Improvement Act in 2005
- adding new special plates for various organizations

From the time registration and titling redesign started in 2001 until it was implemented in 2004, DMV implemented 20 significant pieces of vehicle or driver legislation. Each of these efforts required IT work. This type of change is continuous for DMV and the continuous changes increase the complexity of the systems.

During the course of redesign, DOT provided estimates to the Department of Administration and Legislative committees ranging from \$37.4 to \$46.4 million to replace the legacy system for both driver licensing and vehicle registration and titling. As of September 2006, DOT had spent

\$38.5 million dollars, primarily from DOT's operating budget for IT – the budget that would have been used to maintain the old systems and to make changes to meet new federal and state requirements.

In 2003, the Center for Digital Government found in a survey of states that more than 70% of DMVs were running legacy systems. A little over half of all respondents said that they would be migrating their systems away from their current architecture to a more component-based open architecture. Wisconsin has nearly completed what more than half the states are just beginning.

Among states that have worked to replace their systems, a number, including California, Oregon, and Washington, have spent \$40 million or more and are either not done or are re-thinking their approach.

Wisconsin spent \$18.8 million and has a system that has produced more than 15 million titles and registrations in the first 2 years of operation.

The \$9.4 million that is cited as the original estimate for the Wisconsin registration and titling system in the audit report was the estimated cost for Wisconsin to build or purchase a system similar to one contracted for by the state of Missouri. DOT decided that the Missouri choice would not meet legal mandates and provide customer options. \$9.4 million was not an estimate presented to the Department of Administration or the Legislature and did not reflect the scope of the system we built. Missouri ultimately spent more than \$20 million.

Summary

DMV systems support issuance of 4.2+ million registrations and 2+ million titles annually through state employees and a large network of business partners. DMV systems support service for 3+ million in-person customers and 850,000 phone customers annually. The systems meet the requirements of federal and state laws, supporting clear air efforts, anti-car theft initiatives, anti-terrorism requirements, consumer protection programs, and the collection of revenues by state, county and local communities.

DOT planned for the transition from DMV's legacy system:

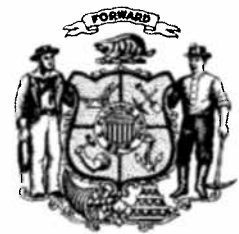
- as part of implementing federal or state mandates (whenever possible)
- in a logical succession of small, medium, and large size projects that built on each other
- relying on shared development between state staff and contractors
- in a way that realized staff savings

The implementation of the registration and titling system was the largest of these transitions. From this experience DOT was reminded of the importance of preparatory staff training, pre-implementation testing and the benefits of smaller-scale projects. These lessons won't be forgotten as DMV focuses on its remaining transitions.

DMV continues to work to improve customer wait times and title processing turnaround times. The Department will report to the legislature on that progress in October 2007.



WISCONSIN STATE LEGISLATURE



Matthews, Pam

From: Handrick, Diane
Sent: Wednesday, May 02, 2007 1:17 PM
To: Matthews, Pam; Chrisman, James; Shannon, Pam
Subject: Journal Sentinel blurb on today's Audit hearing

WEDNESDAY, May 2, 2007, 1:13 p.m.
By [Stacy Forster](#)

Committee pushes for more IT oversight

Madison - The Legislature should reinstate a standing committee to impose greater oversight of state information technology projects, a legislative panel agreed today.

The Legislature's Joint Committee on Audit decided to send a letter to legislative leaders asking them to appoint members to a now-dormant Joint Committee on Information Policy and Technology. The committee has been inactive since 2003.

"There's nobody appointed to it, so let's do that," said Sen. Robert Cowles (R-Green Bay). "It's a simple first step."

The hearing was held in the wake of a sweeping audit of state IT projects that showed expensive state computer projects frequently cost millions of dollars more than budgeted and are delayed for months or years.

Representatives from the state Departments of Administration, Workforce Development, Transportation and Revenue, as well as the University of Wisconsin System, testified to the committee about progress in correcting problems with existing projects and what they were doing to avoid them in the future.

The UW System is also taking steps to require regular status reports - with updates on budgets, timelines and major changes, and supplementary reports if projects go over budget, Don Mash, the system's executive senior vice president for administration, told the committee. Reports would be shared with the Legislature, Mash said.

Reports on seven major computer projects are due back to the audit committee by Oct. 1. The Department of Administration, which monitors information technology projects across state agencies, will deliver a preliminary report in August, said Administration Secretary Michael Morgan.

Diane Handrick

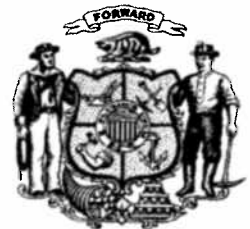
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*314N, State Capitol
Madison WI 53708*

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WISCONSIN STATE LEGISLATURE



Matthews, Pam

From: Matthews, Pam
Sent: Wednesday, May 02, 2007 4:38 PM
To: Rep.Cullen; Rep.Jeskewitz; Rep.Kerkman; Rep.Parisi; Rep.Rhoades; Sen.Cowles; Sen.Decker; Sen.Lasee; Sen.Lassa; Sen.Sullivan
Subject: FW: IT Board

Dear Committee Members,

During today's audit hearing, Rep. Cullen asked Legislative Council attorney, Pam Shannon, for information on the membership of the Information Technology Management Board. After the hearing I asked if she could provide that information to me in writing so that I could forward it on to members in case they were not in attendance or did not have the opportunity to write it all down.

*Pamela B. Matthews
Research Assistant/Committee Clerk
Office of Representative Sue Jeskewitz*

*Madison: 608.266.3796
Toll free (in Wisconsin only): 888.529.0024
pam.matthews@legis.wi.gov*

From: Shannon, Pam
Sent: Wednesday, May 02, 2007 3:23 PM
To: 'Joe Chrisman, Pam Matthews and Lewis Rosser'
Subject: IT Board

Hi all,

Pam M. asked me to e-mail the description of the Information Technology Management Board I gave at the meeting. There are two statutory provisions relating to the board. The board is created in s. 15.105 (28), Stats., and is attached to DOA for administrative purposes. The membership includes:

- 1.The Governor.
2. The cochairs of the Joint Committee on Information Policy and Technology or their designees (who must be from the same house as the cochair).
3. One member of the minority party from each house, appointed as are standing committee members.
4. Two department or independent agency heads appointed by and serving at the pleasure of the Governor.
5. Two other members appointed to serve 4-year terms.
5. The DOA secretary or his or her designee.

Section 16.978, Stats., directs the board to provide recommendations to DOA about any elements of an executive branch agency's strategic plan that are referred to the board under s. 16.976 (3), Stats. It permits the board to: (1) advise DOA on management of state government's IT portfolio; (2) on petition of an executive branch agency, review any IT-related decision of DOA affecting that agency and affirm, modify or set aside the decision; and (3) monitor progress in attaining goals set by DOA or executive branch agencies, except those set by the UW Board of Regents, for IT and telecommunications development, and recommend means of attaining those goals. Under item (2), if the board modifies or sets aside DOA's decision, the board decision is final.

*Pam Shannon
Senior Staff Attorney
Wisconsin Legislative Council*



Matthews, Pam

From: TIMOTHY NUCKLES [olivecg@verizon.net]
Sent: Wednesday, May 02, 2007 6:40 PM
To: Rep.Jeskewitz
Subject: Re: WISCONSIN IT PROJECT AUDITS

Honorable Representative Jeskewitz:

I was not able to attend the public hearing this morning on the LAB audit of IT projects, but I did listen to the webcast. Overall, I thought the hearing went well and was productive.

Following are a few "quick" observations for you (actually, this got a bit longer than I intended). These are some items that stood out to me as either especially thoughtful and instructive, or especially short-sighted or uninformed.

1. LAB's Jan Mueller resisted the notion that "normal" IT projects might also need heightened scrutiny. They're not as complex, etc. I agree that less-complex projects don't need the same type and degree of oversight as more-complex projects do, but I don't want that conclusion to lead us to missing or glossing over an important point. There are a host of reasons to consider a top-to-bottom reworking of the state's technology procurement and project management methodologies, including those applied to smaller projects. Let me know if you want more detail on the reasons (gets lengthy).

2. Mr. Anderson made a very good point when he said (not his exact words): "There are best practices out there, sprinkled among the agencies. Some projects have been managed well and been successful. We need to collect those best practices, put them in one place, and make them available to all." There's a lot of wisdom to that position, and it's probably a good exercise to undertake. However, in my experience, most IT folks already know and embrace a good number of best practices. Usually they just need the tools necessary to put the best practices to work for their project, and they sometimes need a little coaching on which tools to use in a given situation, and which tools need some adapting. They also often need help negotiating best practices with vendors who know every trick in the book to avoid creation of unwanted accountability.

I would bet that, if we were to probe those instances in which a good practice was used, we would find a connection between USE of that best practice and someone having figured out HOW to use it in the particular situation (context). The HOW is the driver. Maybe prior experience turned on the lightbulb for someone: "I did a similar deal a few years back, and here's the sort of fee holdback we used. It was very effective." Again, and this is important, it's most often the case that tech folks know the best practices; they just don't know how to use them in a given situation (how to adapt and apply them, or how to negotiate for their inclusion in a project). I would hope the DOA would work toward this end: standardize best practices, disseminate them along with associated tools, and then provide coaching and mentoring as the agencies attempt to use as many of the best practices as possible for their actual projects.

Another observation for you. If an agency does maybe one or two big tech deals every DECADE, we can't really expect the agency to be a seasoned practitioner, or a sophisticated negotiator, of technology project best practices. Even if they know the best practices, they don't know how to get their vendor to agree to them. In contrast, their chosen vendor might negotiate 100 deals a YEAR. Clearly, the vendor has the negotiating advantage. But the agencies, perhaps with assistance from the DOA, can get someone on their side who also does 100 tech deals a year. This would tend to level the playing field a bit.

At the risk of trying your patience, one last thought on best practices. Having read the LAB Audit Report, it is pretty clear that "feedback loops" are either missing or broken at various levels--within the agencies themselves, and within the DOA. Self-learning feedback loops are important to maximizing individual project success, as well as the success of an overall technology program. We all learn from both positive and negative feedback--good experiences, as well as bad. So, when Mr. Anderson disseminates his newly-gathered collection of best practices, in my opinion he should affirm that they are not static, but rather a work in progress and subject to continual change and improvement. He should then describe some feedback mechanism that facilitates and welcomes continual updating and clarification of the best practices.

3. One person who testified (I don't recall his name, but he is responsible for Unemployment Insurance), was responding to a question from Senator Cowles to the effect: "Why do we allow these contractors to simply walk away from a project? What about penalties? What about accountability? Are our contracts lacking in some respect?"

05/03/2007

The person went on to testify that most of the problem projects at issue involve joint development; that is, development by the vendor and development by the particular agency's internal staff. Therefore, he said, it is very difficult to make a vendor responsible for the whole project. This is a valid observation. Actually, though, it's not a question of difficulty. A quality vendor will NEVER accept 100% responsibility for a project unless it has 100% control of the project, and a vendor cannot have 100% control in any joint development setting. But that's not the end of the story.

There are techniques available to increase vendor accountability in all project settings, including joint development projects. For example, in a joint development setting, deliverables should be divided up between client and vendor. These are ours, and these others are yours. We are responsible and will be held accountable for ours, and you yours.

But we don't stop there. We then have to establish some ground rules. Okay, if I don't finish my work for my deliverable properly and on time, what does that mean? If it's the vendor's deliverable, does the vendor correct or catch up on its own nickel? And what then about other deliverables that depend on the botched deliverable? Should some penalty (in addition to free correction and catch-up) apply? The same ground rules need to be established for when the agency's internal staff botch or delay a deliverable.

So, client and vendor need to be accountable for their respective contributions to the project, and the parties must decide in advance what will happen if and when someone drops the ball. Ground rules also have to address things like change orders as well, including changes in project scope. How will the change affect the existing deliverables, timelines, costs, etc. Often a project owner will give the vendor a one-page change order, and call it a day. What's usually needed, however, is a near-full reshuffling of the accountabilities deck. Time-consuming? Yes. Worth the time and effort? Yes.

This reshuffling of the accountabilities deck is a an example of good project management, but it's also a good example of how a technology procurement structure sets up and facilitates a good project management structure. In other words, if during the procurement process the main contract (the CSA or PSA) were not structured to include numerous deliverables and accountabilities, there would be no ability (indeed, no reason) to renegotiate deliverable accountabilities in the face of a change order. You have to fight for good terms in your contracts in order to optimally manage a project.

Keep in mind, too, that it is wise to create as deliverables things other than chunks of new code or some piece of functionality that figures into the larger project--the things we normally think of as a project deliverable. Literally anything can be a deliverable within a project: planning reports, requirements specifications, environment descriptions, data maps, and so on. By breaking a joint development project down into numerous subparts--well beyond the usual "design, build, test, implement" divisions, accountabilities for every aspect of the project can be established. Indeed, the very process of adding this degree of detail often drives project success all by itself (greater clarity of marching orders). But the carrots and sticks set out in the ground rules certainly have an impact, too. Lastly, we are all accustomed to having the client test and sign off on a deliverable. But in the above model, the vendor should be testing and signing off on the client's deliverables, too. Why? Because it establishes the vendor's accountability. Later in the project, the vendor can't use a flaw in the client's prior deliverable as an excuse for some current project delay, etc.

4. Last item, and I'll sign off. A couple of different people testified about difficulties with the planning stage of a project. Their resources are limited--folks are busy with their normal workday responsibilities (managing existing systems, etc.)--and it is often difficult to pull people away to plan a new system. People have very real daily tasks to accomplish, and it's often difficult to convince them to spend time discussing a new project--a theoretical new system, one that may never be built.

This is a very common scenario, and it occurs frequently in the private sector as well. The bottom line, however, is that a new project should never be undertaken without proper planning. Bad or insufficient planning just begs for trouble, a problem project. So, when planning stretches existing resources such that the ability to plan effectively is compromised, one of two things needs to occur. Either you get the resources you need for the planning by making the planning a top priority (can include relieving folks of other responsibilities for some period of time, hiring good help from the outside, or whatever it takes). Or, you have to make the decision to postpone your project until you have adequate planning resources available. These are really the only two choices available.

Another issue with planning is that it's usually tedious--definitely not fun. Most staffers would rather do their regular work instead of sitting in day-long planning sessions. So, the planning stage of a project produces a morale issue for staffers. This is not something to ignore. I have been in many protracted planning sessions in which the perkier of

the perky eventually lose enthusiasm and focus.

So, these are very real issues concerning project planning. And because poor project planning is such a predominant criticism in the LAB Report, with even the agencies themselves acknowledging it as a problem area, we have to do something to address project planning issues.

In the private sector, I have seen the following approaches taken. Granted, many of these might be difficult to pull off in the public sector for any number of reasons, but we should at least consider them. First, for a critical project, I have seen companies pull people completely from their regular jobs. For three or four months, all they do is plan. Sometimes their normal role is picked by others, and sometimes it is not.

Second, companies often use money to incent employees during the planning phase. They offer bonuses for planning work, sometimes tied to planning milestones. Or they might pay people to work at home on planning tasks (in addition to their regular salary). Money talks, and to some extent it can help with morale during the planning stage as well.

Third, in terms of morale, I have seen companies actually plan for their project planning phase. They figure out what needs to be accomplished and on what timeline. They are then in a position to break up the planning phase into smaller chunks. Folks are less likely to get upset about 5 8-hr. planning sessions spread across 5 weeks, as opposed to 5 8-hr. days in a row. Again, money can also be awarded for good ideas, etc., and I have seen such monetary rewards actually figured into project expense. Now that's good planning!

These tools can be mixed and matched in any fashion. Whatever works.

Hope this helps.

Tim Nuckles

----- Original Message -----

From: Rep.Jeskewitz
To: TIMOTHY NUCKLES
Sent: Tuesday, April 17, 2007 4:36 PM
Subject: RE: WISCONSIN IT PROJECT AUDITS

Dear Mr. Knuckles,

You may have already heard earlier today, but the long awaited IT Audit was released this morning. I am attaching a link to the report for your convenience: <http://www.legis.state.wi.us/lab/reports/07-5full.pdf>. When the hearing notice is published we will include you on our list to receive a copy.

Thank you for your continued interest,

Sue

Office of Representative Sue Jeskewitz

Madison: 608.266.3796

Toll free (in Wisconsin only): 888.529.0024

Rep.Jeskewitz@legis.wi.gov

From: TIMOTHY NUCKLES [mailto:olivecg@verizon.net]
Sent: Saturday, April 14, 2007 3:35 PM
To: Rep.Jeskewitz
Subject: Re: WISCONSIN IT PROJECT AUDITS

05/03/2007

Sue, the UW may be in a category unto itself for review, but take a look at the attached report:
<http://www.wistechology.com/LAP%20Final%20Reportid2356.pdf>

The UW spent \$750,000 (which probably does not count internal staff time and expense) in 2005 to determine whether the University's Appointments, Benefits and Payroll System project should move forward--the "Lawson Assessment Project". Less than a dozen functionality gaps were under reievew.

And who served on the review committee? The very people who were responsible for the then-current state of the project: UW HRIS staff and Lawson, the incumbent vendor.

This is incredible! A classic case of the fox being appointed to watch the hen house. And the UW's announcement of the release of the report proudly stated that the Lawson Assessment Project came in under its budgeted \$1.3M. Amazing.

Please let me know when you hear of release of the LAB's audit report (last I heard, due mid-April).

Regards.

Tim Nuckles
 Wausau, WI
 (715) 574-0534

----- Original Message -----

From: TIMOTHY NUCKLES

To: [Rep.Jeskewitz](#)

Cc: [Rep.Cullen](#) ; [Rep.Jeskewitz](#) ; [Rep.Kerkman](#) ; [Rep.Parisi](#) ; [Rep.Rhoades](#) ; [Sen.Cowles](#) ; [Sen.Decker](#) ; [Sen.Lasee](#) ; [Sen.Lassa](#) ; [Sen.Sullivan](#) ; Linda.Warren@legis.wisconsin.gov

Sent: Tuesday, March 27, 2007 8:13 PM

Subject: Re: WISCONSIN IT PROJECT AUDITS

Sue,

Thanks for your reply.

I would be happy to participate in the public hearing, and I will watch for release of the report(s) and a public hearing date.

I learned from Ms. Mueller and Ms. Wade (Audit Bureau) that the audits are mostly complete at this time, save writing of the report(s). I had hoped to become involved as a volunteer--were that possible--during the field-work stage of the audits. I have a knack for knowing where to look for problems within an IT project and the underlying procurement structure. I also know that what is not found is often more important than what is found.

Although I am confident the audits are a step in the right direction, I have a sneaking suspicion that they will miss the bulk of what I have to contribute to this matter. For example, in Ms. Mueller's March 22, 2006 acknowledgment of your Committee's audit request, she refers to a possible scope of audit as including: 1) inventory of in-progress projects; 2) inventory of completed projects; 3) case studies of selected major projects; and 4) a review of oversight structures established in state law, as well as current contracting procedures as they pertain to IT projects, including mechanisms employed by other states.

I presume this initial possible scope of audit was refined and particularized at least somewhat prior to conduct of the actual audits, but I question whether the Audit Bureau has at its disposal a set of technology procurement "best practices" against which to audit the IT projects that drew the attention of your Committee. Were these best practices known to the Audit Bureau, their inclusion (or a reference to them) in Ms. Mueller's March 22, 2006 acknowledgment would have been logical and appropriate.

In any event, I should wait to see the official report(s) before reaching conclusions, and I will do that. However, if the report(s) and findings leave us with a bit of an empty feeling, I will remain interested to help your Committee's efforts in some fashion. Forgive my ignorance, but maybe something like an *ad hoc* Citizen's Committee could be established, with members receiving no remuneration. I have a number of professional colleagues (IT

professionals, including both sellers and buyers of technology) who would be honored to serve on such a committee. Naturally, the State could always hire an outside consultant (or two or three) to review the State's technology procurement practices, but it may be wise not draw more water from the well until after we have fixed the hole in the bucket. A panel of experts, working without remuneration, might be the easiest sell for you.

Again, thank you for your reply and your interest in my concerns and willingness to help.

Respectfully,

Tim Nuckles
Wausau, WI
(715) 574-0534

----- Original Message -----

From: Rep.Jeskewitz

To: TIMOTHY NUCKLES

Cc: Rep.Cullen ; Rep.Jeskewitz ; Rep.Kerkman ; Rep.Parisi ; Rep.Rhoades ; Sen.Cowles ; Sen.Decker ; Sen.Lasee ; Sen.Lassa ; Sen.Sullivan

Sent: Tuesday, March 27, 2007 3:57 PM

Subject: RE: WISCONSIN IT PROJECT AUDITS

Mr. Nuckles:

Thank you for your email, which I understand was also received by some members of the Joint Legislative Audit Committee and State Auditor Janice Mueller.

As you know, we have directed the Legislative Audit Bureau to conduct a comprehensive audit of information technology systems projects in the executive branch of state government. The audit will identify project budget and scope, start date, and expected completion date. In addition, the audit will inventory completed projects to identify total expenditures and determine whether the project was completed within budget and according to schedule. In order to identify the nature of problems that have occurred and the reasons for them, the audit will include case studies of selected major projects. Finally, the audit will include a review of the effectiveness of oversight structures established in state law as well as current contracting procedures that pertain to IT projects, including mechanisms employed by other states.

When the Legislative Audit Bureau completes its work, which is expected shortly, we anticipate that the Joint Legislative Audit Committee will hold a public hearing on the findings, and work diligently with the administration to follow-up on the audit recommendations. At the public hearing, we would welcome your testimony on the audit findings and your insights about next steps. Once a date for the public hearing is determined, an announcement will be posted on the Legislative Audit Bureau's Web site at www.legis.wisconsin.gov/lab.

Thank you for your interest.

Sincerely,

Sue

From: TIMOTHY NUCKLES [mailto:olivecg@verizon.net]

Sent: Monday, March 19, 2007 7:36 PM

To: Rep.Jeskewitz

Subject: WISCONSIN IT PROJECT AUDITS

Honorable Representative Jeskewitz:

I am a Wisconsin attorney whose practice is dedicated exclusively to technology matters.

Within my practice I offer a comprehensive technology procurement strategy, as well as a novel approach to remediation of stalled development and implementation projects. I have experience with the workout of \$80K

projects at the low end, and a \$32M project at the high end.

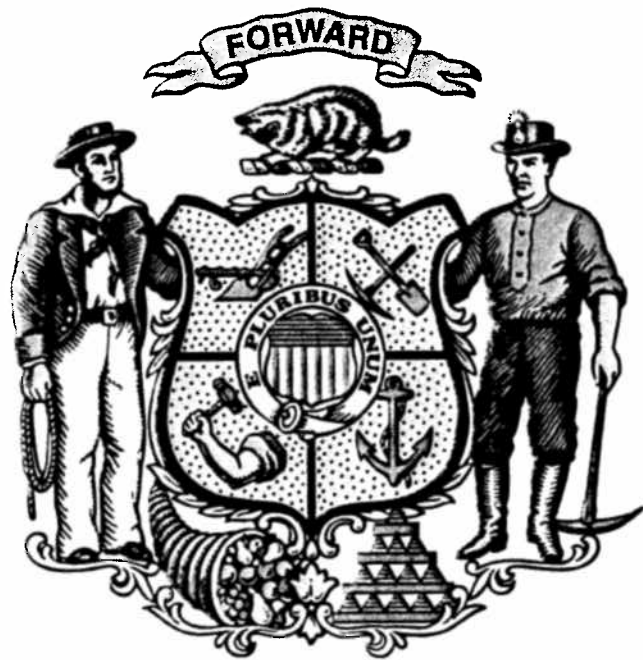
I was wondering if there might be a role for me as a volunteer with respect to the ongoing audits of various state IT projects. I would be happy to participate in one or more of these audits upon your terms and conditions (including confidentiality), with no expectation as to any present or future fee engagement.

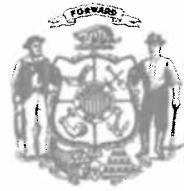
I would find this a valuable experience, and I may have some valuable insights for your audit committee.

If you have any interest in discussing this possibility further, you may reach me in reply to this e-mail or at (715) 574-0534.

Regards.

Timothy J. Nuckles
Attorney at Law
Wausau, WI





Judith B. Robson
Senate Majority Leader

May 30, 2007

Senator Jim Sullivan
Representative Suzanne Jeskewitz
Co-Chairs, Joint Legislative Audit Committee
State Capitol
Madison, WI 53702

Dear Senator Sullivan and Representative Jeskewitz:

Following my review of the Legislative Audit Bureau's (LAB) report of Information Technology Projects and per the May 9th request of the Joint Legislative Audit Committee, I concur with your recommendation of reconstituting the Joint Committee on Information Policy and Technology.

I believe recreating this committee will ensure the state maximizes information technology and related resources to achieve their desired effect; greater government efficiencies and enhanced public services.

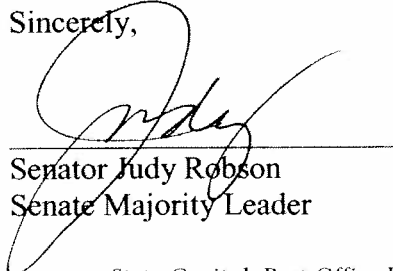
As called for under section 13.58, Wi. Stats. I will appoint three Senators to represent the Senate's majority party as members of this committee. My appointees are:

Senator Pat Kreitlow (Co-Chair)
Senator Bob Jauch
Senator Mark Miller

I am grateful for the work of the Legislative Audit Bureau and your committee in formulating a series of practical recommendations in response to the recent review of Information Technology Projects.

Together, we can ensure that in this era of ever changing technology, the citizens of Wisconsin are being well served.

Sincerely,



Senator Judy Robson
Senate Majority Leader

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Toll-free 1-800-334-1468 • E-Mail: sen.robson@legis.wi.gov

cc: Representative Mike Huebsch
Assembly Speaker

Representative Jim Kreuser
Assembly Minority Leader

Ms. Janice Mueller
State Auditor

Senator Scott Fitzgerald
Senate Minority Leader

Mr. Michael Morgan, Secretary
Department of Administration