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☞ Details: State information technology management.

(FORM UPDATED: 08/11/2010)

## WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

### 2007-08

(session year)

### Joint

(Assembly, Senate or Joint)

### Committee for Review of Administrative Rules...

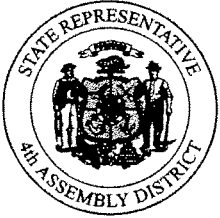
#### COMMITTEE NOTICES ...

- 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**

\* Contents organized for archiving by: Stefanie Rose (LRB) (August 2012)



# Phil Montgomery

Serving the Communities of Allouez, Ashwaubenon, De Pere and Green Bay

## Testimony of Phil Montgomery to the Joint Committee on Information Policy and Technology March 27, 2008

Welcome to the first meeting of the Joint Committee on Information Policy and Technology. I am pleased that this committee has been reconvened and am honored to Co-Chair this committee with Senator Pat Kreitlow. Being a member of this committee carries with it a responsibility to learn from our past IT project policy mistakes in order to chart a successful path in the future. It is a responsibility we share and I am sure we all welcome this responsibility in order to work together in a positive way for the state of Wisconsin.

The duties of this committee as they are written in statutes require us to review state IT systems, plans, practices and policies in order to provide constructive feedback to those implementing the IT program. We also will analyze studies relating to these programs in order to make recommendations to the Governor, legislature, and other units of government.

Let us use this authority and responsibility to work in a cooperative fashion with those constructing these IT projects and most importantly with our Department of Administration staff. In this committee, we will surely look back to learn from mistakes, but let us not become enamored in the negative; let us chart a positive/cooperative path forward so we benefit from successful IT project outcomes in the future.

Many of you may be familiar with how we came to be here today from your experience on the Speaker's Task Force on Information Technology Failures or by just reading the news media columns filled with millions of dollars being spent on failed IT projects. If you are not, allow me to briefly touch on the work of that Task Force, of which I was Chair, and briefly on those IT failures in order to refresh our memories.

The Speaker's Task Force was composed of IT experts and elected representatives of both parties. We conducted three hearings focused on past mistakes, ongoing IT projects, and recommendations for change. Largely, the past mistakes were detailed in an audit performed by the Legislative Audit Bureau. In the audit, large, high-risk IT projects [those with costs over \$1 million] constituted 92.7 percent of ongoing IT projects at that time.

This was sobering especially considering some large projects had already been suspended with huge losses at that time such as; the Department of Workforce Development program titled EnABLES which cost \$23.6 million before it was suspended. This audit

and an analysis of past mistakes helped to form recommendations that, coupled with Task Force and public input, constituted the final recommendations of the Task Force.

I would like to thank Jan Mueller and Kate Wade from the Legislative Audit Bureau who testified for the Task Force during those hearings regarding their audit on the state's Information Technology Projects, and for their diligent work on that audit. I would also like to thank Department of Administration Secretary Morgan and Oskar Anderson, the Director of Enterprise Technology. Oskar has been working diligently to implement the Task Force recommendations and to institute effective reforms to the current state IT project procedures. Also, Secretary Morgan's openness allowed the Task Force to recommend workable and effective solutions.

After the Task Force completed its hearings on past mistakes and ongoing projects, we formed recommendations focused on four broad categories which were: IT Project Needs Assessment and Identification; Project Development and Procurement; Implementation; and Oversight.

The recommendations included:

- Standardized written policies for IT project procedures; increased IT staffing accountability; smaller project sizes; and vendor-selection criteria that include a vendor's track record on similar projects.
- Uniform information technology policies and procedures across agency lines; use of off-the-shelf systems when possible, and required approval when project customization is necessary; vendor contracts that include clauses that require vendors to complete projects without additional payments, or prior approval to exclude the clause; more aggressive upgrade and innovation cycles; and a greater emphasis on cross-agency resource sharing.
- "Executive Sponsors" for all projects; reassigning ineffective project staff; education of human resources employees on the needs of the information technology staff; and providing an environment where employees can raise and resolve issues.
- Reinstating the Joint Committee on Information Policy and Technology and the Information Technology Management Board; careful review of all ongoing information technology projects; and the creation of a more cohesive Project Management Office within DOA.

The biennial budget bill directed the Department of Administration to address many of the items mentioned above. Those items are included in a Legislative Council memo prepared by John Stolzenberg and Dan Schmidt. That memo is included in materials provided to you all today along with the Task Force letter to Speaker Huebsch containing our final recommendations.

The Department of Administration has been working to implement these recommendations. Oskar Anderson will update this committee on the status of these implementations. I am confident in Oskar and his department and the cooperation by this committee will be vital to future success for Information Technology projects in Wisconsin.

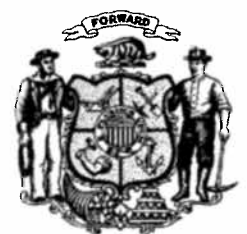
The recommendation of the Task Force to convene this committee was a very important step to ensure effectual implementation of state IT projects. A standing legislative committee with the authority necessary to monitor and approve present and future IT projects will be important to provide the taxpayers of the state with assurance that the state will be good stewards of taxpayer dollars.

I am pleased that we have been given this important opportunity to look in depth at the state's Information Technology projects. We owe it to the people paying the bills in this state to spend their money in a responsible way. I would like the committee to move forward so we will not be inclined to repeat mistakes that have already been made and, indeed, learn as much as possible from them - always keeping a forward looking focus in order to be cooperative and have positive outcomes in state IT projects.

Again, thank you to all who are here today and for your participation on this committee. I look forward to working with you all and by putting our heads together and working hard we will make the most of this opportunity given to us.



# WISCONSIN STATE LEGISLATURE





# Phil Montgomery

Serving the Communities of Allouez, Ashwaubenon, De Pere and Green Bay

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## MEMO

**TO:** Joint Committee on Information Policy and Technology

**FROM:** Representative Phil Montgomery

**DATE:** March 27, 2008

**RE:** Speaker's Task Force on Information Technology Failures  
Recommendations

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This memorandum contains:

- The recommendations of the Speaker's Task Force on Information Technology Failures and what in the biennial budget that passed last year addressed or related to them.
- The letter submitted to the Speaker of the Assembly containing the Task Force recommendations regarding IT project oversight, implementation, policies, and procedures.



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## WISCONSIN LEGISLATIVE COUNCIL

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Terry C. Anderson, Director  
Laura D. Rose, Deputy Director

TO: REPRESENTATIVE PHIL MONTGOMERY *JSM*

FROM: John Stolzenberg, Chief of Research Services, and Dan Schmidt, Senior Analyst *DWS.*

RE: Information Technology Provisions in the State Budget and Recommendations of the Speaker's Task Force on State Information Technology Failures

DATE: March 24, 2008

This memorandum, prepared at your request, summarizes provisions in the recently enacted state budget law, 2007 Wisconsin Act 20, relating to state information technology other than telecommunications and appropriations for information technology programs and projects in ch. 20, Stats., and identifies whether these provisions implement or address the recommendations of the Speaker's Task Force on State Information Technology Failures. These recommendations were set forth in the document titled *Member Recommendations for Task Force Consideration*. The organization of this part is based on the four major areas of the task force's recommendations.

The summaries of provisions in Act 20 in this memorandum include a description of relevant provisions in 2007 Senate Bill 40, as passed by the Legislature and partially vetoed by the Governor when he signed Senate Bill 40 into law as Act 20.

### BUDGET PROVISIONS IMPLEMENTING OR ADDRESSING THE TASK FORCE'S RECOMMENDATIONS

#### Task Force Topic 1. Needs Assessment and Identification Recommendations

**Task Force Summary:** Members have recommended standardized written policies for project procedures; increased staffing accountability; smaller project sizes; and vendor-selection criteria that include a vendor's track record on similar projects.

**Relevant Budget Provisions**

***University of Wisconsin Strategic Plans***

Act 20 directs the Board of Regents to require the University of Wisconsin (UW) System and each institution and college campus in the system to adopt and submit to the board no later than March 1 of each year, a strategic plan for the utilization of information technology to carry out the functions of these entities in the succeeding fiscal year. Each proposed plan must be reviewed and approved by the board.

The board must require the following elements as a part of each of these proposed strategic plans:

- The addressing of the business needs of the entity preparing the plan.
- The identification of all proposed information technology development projects that serve those business needs.
- The priority for undertaking these projects.
- The justification for each project, including the anticipated benefits of the project.
- The identification of any changes in the functioning of the entity under the plan.

**Task Force Topic 2. Project Development and Procurement Recommendations**

**Task Force Summary:** Members have recommended uniform information technology policies and procedures across agencies; use of off-the-shelf systems when possible, and required approval when project customization is necessary; vendor contracts that include clauses that require vendors to complete projects without additional payments, or prior approval to exclude the clause; more aggressive upgrade and innovation cycles; and a greater emphasis on cross-agency resource sharing.

**Relevant Budget Provisions**

***Written Policies for Information Technology Development Projects***

Act 20 directs the Department of Administration (DOA) to develop and adopt written policies for information technology development projects included in executive branch agencies' strategic plans required under prior law for agencies other than the Board of Regents of the UW System, and that either cost more than \$1 million or that are vital to the functions of the agency that address the following:

- A standardized reporting format.
- A requirement that both proposed and ongoing projects be included.



DOA must develop these policies in consultation with each executive branch agency other than the Board of Regents of the UW System. The Act establishes that these policies are not rules for purposes of the state's administrative procedures law in ch. 227, Stats.

In addition, DOA must submit these policies and proposed revisions to the policies for review by the Joint Legislative Audit Committee and for approval by the Joint Committee on Information Policy and Technology (JCIPT).

A nonstatutory provision in Senate Bill 40 directed DOA to submit by January 1, 2008 a preliminary draft of these written policies for review by the Joint Legislative Audit Committee and for approval by JCIPT. The Governor partially vetoed the January 1, 2008 deadline and the requirements in this provision for review of the preliminary draft by the Joint Legislative Audit Committee.

### ***Large, High-Risk Information Technology Projects***

Act 20 directs DOA to promulgate all the following relating to large, high-risk information technology projects:

- A definition of and a methodology for identifying these projects.
- Standardized, quantifiable project performance measures for evaluating these projects.
- Policies and procedures for routine monitoring of these projects.
- A formal process for modifying information technology project specifications when necessary to address changes in program requirements.
- Requirements for reporting changes in estimates of cost or completion date to DOA and JCIPT.
- Methods for discontinuing projects or modifying projects that are failing to meet performance measures in such a way to correct the performance problems.
- Policies and procedures for the use of master leases to finance new and maintain current large, high-risk information technology systems.
- A standardized "progress point" in the execution of these projects at which time the estimated costs and date of completion of the project is reported to DOA and JCIPT.

Senate Bill 40 included that DOA should promulgate the above items in consultation with the Legislative Audit Bureau and the Joint Legislative Audit Committee and that these items should be promulgated as administrative rules applicable to each executive branch agency, other than the Board of Regents of the UW System. This bill also directed DOA to submit a draft version of these rules to the Legislative Council Rules Clearinghouse no later than June 30, 2008. The Governor partially vetoed these consultation and administrative rule requirements and submittal deadline.

Act 20 also directs the Board of Regents to promulgate the same types of policies and procedures on large, high-risk information technology projects as the Act requires of DOA.

Senate Bill 40 included comparable consultation requirements and administrative rule requirements and submittal deadline for the Board of Regents as for DOA, and the Governor also partially vetoed these requirements and deadline.

### ***Use of Commercially Available Information Technology Products***

Act 20 directs DOA to promulgate all the following relating to the use of commercially available information technology products:

- A requirement that each executive branch agency review these products prior to initiating work on a customized information technology development project to determine whether any commercially available product could meet the information technology needs of the agency.
- Procedures and criteria to determine when these products must be used and when an executive branch agency may consider the modification or creation of a customized information technology product.
- A requirement that each executive branch agency submit for approval by DOA and prior to initiating work on a customized information technology product a justification for the modification or creation by the agency of the customized product.

Senate Bill 40 included that DOA should promulgate the above items as administrative rules applicable to each executive branch agency, other than the Board of Regents of the UW System. The Governor partially vetoed this administrative rule requirement.

Act 20 directs the Board of Regents to promulgate comparable types of requirements and procedures on the use of commercially unavailable information technology projects as the Act requires of DOA.

Senate Bill 40 included the same administrative rule requirement for the Board of Regents as for DOA, and the Governor also partially vetoed this requirement.

### ***DOA and Board of Regents Approval for Changes in Information Technology Contracts***

Act 20 directs DOA to, in general, include in each contract with a vendor of information technology for specified information technology projects a stipulation that does all the following:

- Requires the vendor to submit to DOA for approval any order or amendment that would change the scope of the contract and have the effect of increasing the contract price.
- Authorize DOA to review the original contract and the order or amendment to determine whether the work proposed in the order or amendment is within the scope of the original contract and is necessary, and, if necessary, to negotiate with the vendor regarding any change to the original contract price.

This provision applies to contracts for large, high-risk information technology projects and to contracts with a projected cost greater than \$1 million. In addition, DOA must require each executive

branch agency authorized by DOA to enter into contracts for information technology for these types of projects to include this stipulation in these contracts.

Either DOA or an executive branch agency may exclude the required stipulation from these contracts if all the following conditions are satisfied:

- Including such a stipulation would negatively impact contract negotiations or significantly reduce the number of bidders on the contract.
- If the exclusion is sought by an executive branch agency, that agency submits to DOA a plain-language explanation of the reasons the stipulation was excluded and the alternative provisions the agency will include in the contract to ensure that the contract will be completed on time and within the contract budget.
- If the exclusion is sought by DOA, the department prepares a plain-language explanation of the reasons the stipulation was excluded in the alternative provisions DOA will include in the contract to ensure that the contract will be completed on time and within the contract budget.
- DOA submits for approval by JCIPT in a 14-day passive review process any explanation and alternative contract provisions required under the preceding two points.

Act 20 also directs the Board of Regents to include in each of its contracts and in contracts entered into by a system institution or college campus with vendors of information technology the same stipulation for the same projects described above that DOA must include in its contracts and the contracts of other executive branch agencies with vendors of information technology.

The Act also authorizes the Board of Regents to exclude the required stipulation in these contracts under the same conditions that DOA may use to exclude the comparable stipulation.

#### ***Reports on Open-Ended Contracts for Information Technology Development***

Act 20 directs DOA to require each executive branch agency, other than the Board of Regions of the UW System, which has entered into an open-ended contract for the development of information technology to submit quarterly reports to DOA. These reports must document the amount expended on the project.

As used in this provision, an "open-ended contract" is a contract for information technology that includes stipulations providing that the contract vendor will do one or both of the following:

- Deliver information technology products or services but does not specify a maximum payment amount.
- Be paid an hourly wage but does not set a maximum limit on the number of hours required to complete the project.

In addition, DOA must compile and submit the above reports to JCIPT.

Act 20 also directs the Board of Regents to require the system and each institution and college campus in the system that has entered into an open-ended contract for the development of information technology to submit to the board quarterly reports documenting the amount expended on the project. The Act defines open-ended contracts in this provision the same as in the comparable provision applicable to DOA described above. The Act also requires the board to compile and submit these reports to JCIPT.

### **Task Force Topic 3. Implementation Recommendations**

**Task Force Summary:** Members have recommended assigning an "Executive Sponsor" to all projects; reassigning ineffective project staff; education of human resources employees on the needs of the information technology staff; and providing an environment where employees can raise and resolve issues.

#### **Relevant Budget Provisions**

There were no provisions in the budget act that related to Task Force Topic 3.

### **Task Force Topic 4. Oversight Recommendations**

**Task Force Summary:** Members have recommended including reinstating JCIPT and the Information Technology Management Board; careful review of all ongoing information technology projects; and the creation of a more cohesive Project Management Office within DOA.

#### **Relevant Budget Provisions**

##### ***Use of Master Leases for Information Technology Projects***

Act 20 directs DOA to annually by October 1 submit to the Governor and the members of JCIPT a report documenting the use by each executive branch agency, other than the Board of Regents of the UW System, of master leases to fund information technology projects in the previous fiscal year. These reports must contain all the following information:

- The total amount paid under master leases towards information technology projects in the previous fiscal year.
- The master lease payment amounts approved to be applied to information technology projects in future years.
- The total amount paid by each executive branch agency on each information technology project for which debt is outstanding, as compared to the total financing amount originally approved for that project.
- A summary of repayments made towards any master lease in the previous fiscal year.

Act 20 also directs the Board of Regents to report annually by October 1 to the Governor and members of JCIPT a report documenting the use by the UW System and each institution and college

campus in the system of master leases to fund information technology projects in the previous fiscal year. These reports must contain the same information as the comparable DOA reports on master leases required by the Act.

### ***Reports on Executive Branch Agency Large Information Technology Projects***

Act 20 directs DOA to submit biannually by March 1 and September 1 a report to JCIPT that documents each executive branch agency information technology project with an actual or projected cost greater than \$1 million or that DOA has identified as a large, high-risk project. These reports must include all the following for each covered project:

- Original and updated project cost projections.
- Original and updated completion dates for the project and any stage of the project.
- An explanation for any variation between the original and updated costs and completion dates identified in the preceding two points.
- A copy of any contract entered into by DOA for the project and not provided in a previous report.
- All sources of funding for the project, including the amount of funding through a master lease.
- Information about the status of the project, including any portion that has been completed.
- Any other information about the project, or related projects, requested by JCIPT.

Act 20 also directs the Board of Regents to submit biannually by March 1 and September 1 a report to JCIPT that documents each information technology project within the UW System with an actual or projected cost greater than \$1 million or that the board has identified as a large, high-risk project. These reports must include the same information on these projects as is required in the comparable reports from DOA described above.

### ***Information Technology Server Consolidation Study***

Senate Bill 40 prohibited DOA from requesting the Joint Committee on Finance (JCF) to supplement its specified appropriation for the purpose of continuing the consolidation of certain executive branch agency information technology functions until all the following occurred:

- DOA completes, in consultation with other executive branch agencies, a study of the ongoing information technology server consolidation project. This study must include a revised timeline for completion of server consolidation and a revised analysis of the costs and benefits of proceeding with the server consolidation project, including certain specified costs.
- DOA submits the study identified in the preceding point for review by JCF and JCIPT or, if JCIPT is not organized, the Joint Legislative Audit Committee.

The bill also specified that the JCF could not supplement this appropriation by any amount in fiscal year 2007-08 and by more than \$2,352,800 in fiscal year 2008-09.

The Governor partial vetoed all of these provisions relating to the information technology server consolidation study and supplemental appropriation.

*Joint Committee on Information Policy and Technology and Joint Legislative Audit Committee*

As noted in the summaries of budget provisions in this memorandum, many of the provisions involve reports to or approvals by the JCIPT.

Senate Bill 40 also established that, if the JCIPT is not organized, the Joint Legislative Audit Committee shall assume the new responsibilities assigned to the JCIPT in the bill. These responsibilities are described below. The Governor partially vetoed this assignment to the Joint Legislative Audit Committee.

If you have any questions on the information provided in this memorandum, please feel free to contact either of us at the Legislative Council staff offices.

JES:DWS:ksm



## WISCONSIN LEGISLATURE

P.O. BOX 8952 • MADISON, WI 53708

January 29, 2008

Representative Mike Huebsch  
Wisconsin State Assembly Speaker  
Room 215 West  
State Capitol  
Madison, WI 53708

Speaker Huebsch:

Let us begin by thanking you for convening a task force charged to examine the state's recent Information Technology (IT) failures and to consider solutions aimed at preserving taxpayer dollars. The taxpayers of this state are justifiably frustrated by the tax dollars that have been wasted and misused. A closer look at these troubles was certainly in order.

The Speaker's Task Force on State Information Technology Failures, comprised of eight legislative members and eight private-sector Information Technology experts, sought to examine these problems in more detail. The Task Force conducted case studies, interviews and hearings devoted to learning from past mistakes in order to protect tax dollars in the future.

A state audit of Information Technology Projects finished its work shortly before our Task Force convened. The various recommendations of the audit have been examined closely throughout the work of the Task Force, and the audit team has provided invaluable assistance as we worked to ensure every effort was taken to protect the state from the types of failures that have come to light.

During the Task Force process members presented testimonies, offered suggestions and the public also submitted concerns. In addition, the legislature voted on a biennial budget bill that contained provisions aimed at curbing the culture of mismanagement which facilitated the waste of tax dollars on IT projects.

After considering the many factors which contribute to state IT delays or failures, Task Force members were asked to identify final proposals within four broad categories: IT Project Needs Assessment and Identification; Project Development and Procurement; Implementation; and Oversight.

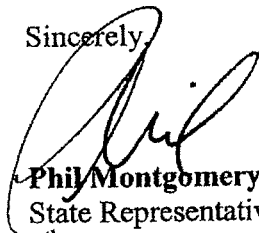
The recommendations include:

- Standardized written policies for IT project procedures; increased IT staffing accountability; smaller project sizes; and vendor-selection criteria that include a vendor's track record on similar projects.
- Uniform information technology policies and procedures across agency lines; use of off-the-shelf systems when possible, and required approval when project customization is necessary; vendor contracts that include clauses that require vendors to complete projects without additional payments, or prior approval to exclude the clause; more aggressive upgrade and innovation cycles; and a greater emphasis on cross-agency resource sharing.
- "Executive Sponsors" for all projects; reassigning ineffective project staff; education of human resources employees on the needs of the information technology staff; and providing an environment where employees can raise and resolve issues.
- Reinstating the Joint Committee on Information Policy and Technology (JCIPT) and the Information Technology Management Board; careful review of all ongoing information technology projects; and the creation of a more cohesive Project Management Office within DOA.

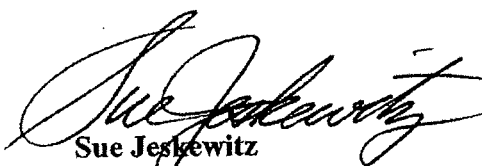
While the biennial budget bill directs the Department of Administration to address many of the items mentioned above, it is clear that the most glaring omission in the state's IT projects is consistent and careful oversight to ensure compliance with current state statutes prescribing effective management practices. Convening the JCIPT seems to be a necessary step to ensuring that provisions designed to preserve taxpayer funds directed toward state IT projects are not only conserved, but are utilized in a manner that provides effectual implementation of state IT projects.

Convening the Speaker's Task Force on State Information Technology Failures has been a key step in strengthening the state's IT procedures. Reconvening a standing legislative committee with the authority necessary to monitor and approve present and future IT projects will be the next important step in providing the taxpayers of the state with assurance that the state will continue to be good stewards of taxpayer dollars.

Sincerely,

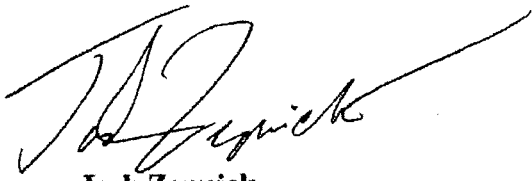


**Phil Montgomery, Chair**  
State Representative  
4<sup>th</sup> Assembly District



**Sue Jeskewitz**  
State Representative  
24<sup>th</sup> Assembly District





**Josh Zepnick**  
State Representative  
9<sup>th</sup> Assembly District



**Don Pridemore**  
State Representative  
99<sup>th</sup> Assembly District



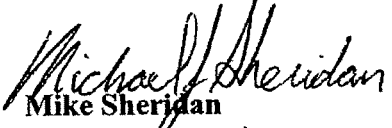
**Louis Molepske**  
State Representative  
71<sup>st</sup> Assembly District



**Jeff Wood**  
State Representative  
67<sup>th</sup> Assembly District



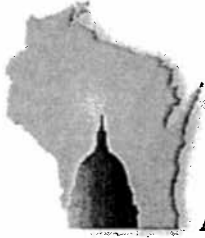
**Jim Ott**  
State Representative  
23<sup>rd</sup> Assembly District



**Mike Sheridan**  
State Representative  
44<sup>th</sup> Assembly District

- cc: Public Members, Speaker's Task Force on State Information Technology Failures  
 Governor Jim Doyle  
 Secretary Michael Morgan, Department of Administration  
 Oskar Anderson, Department of Administration  
 John Stolzenberg, Legislative Council  
 Dan Schmitt, Legislative Council  
 Jan Mueller, Legislative Audit Bureau  
 Kate Wade, Legislative Audit Bureau





**WISCONSIN DEPARTMENT OF  
ADMINISTRATION**

**JIM DOYLE**  
GOVERNOR  
**MICHAEL L. MORGAN**  
SECRETARY

Office of the Secretary  
Post Office Box 7864  
Madison, WI 53707-7864  
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Fax (608) 267-3842

**COPY**

April 11, 2008

The Honorable Pat Kreitlow, Co-Chair  
Joint Committee on Information Policy and Technology  
10 South – State Capitol  
Madison, WI

The Honorable Phil Montgomery, Co-Chair  
Joint Committee on Information Policy and Technology  
129 West – State Capitol  
Madison, WI

Dear Senator Kreitlow and Representative Montgomery:

The Department of Administration has committed to early communication with the Joint Committee on Information Policy and Technology on important information technology issues. As part of the new IT process that was based on recommendations from the Legislative Audit Bureau and implemented last October, we agreed it is important to provide for mid-course corrections as we reach certain decision points in large IT projects.

Today, we are at a crucial decision point on the Integrated Business Information System (IBIS) project. We must decide if committing millions of dollars in state funds necessary to work on the project is the correct course. In light of the current budget situation, the only prudent step is to postpone implementation of IBIS.

The 2007-09 biennial budget authorized \$19 million for the first phase of IBIS which is estimated to cost a total of \$150 million when all four phases are complete. To date, about \$11 million has been spent on software, hardware and preliminary project steps. We have determined that it is not fiscally responsible to implement IBIS at this time. However, the investment in these initial steps on the IBIS project will be just as valuable to the project when we re-start implementation.

IBIS is an enterprise resource planning (ERP) project to replace the state government's accounting systems. Through the state's competitive bid process, PeopleSoft was selected as the contractor on the IBIS project in May 2006.

The funds already spent on IBIS helped to develop a standard chart of accounts, hire staff, provide ERP training and purchase computers and other hardware. These initial steps on the IBIS project provide a good foundation for the project when we start it up again.

At this time every year, all agencies prepare an IT strategic plan outlining projects and technologies being pursued in support of their business areas. The Department of Administration reviews these plans and matches priorities with resource availability. The strategic planning process supports our decision to postpone implementation of the IBIS project. Postponing the project now will help us address current budgetary concerns and re-direct resources to other state IT priorities and provide increased oversight of other agencies' high profile projects.

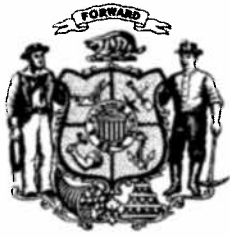
IBIS is an important project that must move forward in the future. The decision to postpone IBIS was made only after careful consideration of the challenges our current systems pose and the hard work our staff has already put into the project. In the final assessment, it does not make good fiscal sense to continue to expend funds on IBIS as state agencies are making significant cuts in their operating budgets to respond to the budget deficit.

We appreciate the relationship we have with you and members of the Joint Committee on Policy and Information Technology to be able to make these tough decisions that will lead to better use of resources in tight budget times and provide for IT successes in the future.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael L. Morgan". The signature is stylized and cursive, with a large initial "M" and a long, sweeping underline.

Michael L. Morgan  
Secretary of Administration

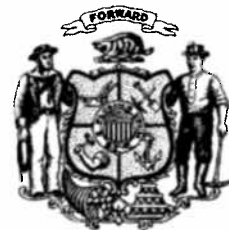


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**State of Wisconsin  
Department of Administration**

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**Report to the  
Joint Legislative Audit Committee:  
A New Approach to  
Information Technology Management**

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**Report to the Joint Legislative Audit Committee:  
A New Approach to IT Management**

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